§ 7.03 Celebrity Licensing

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> *"Fame has also this great drawback, that if we pursue it we must direct our lives in such a way as to please the fancy of men, avoiding what they dislike and seeking what is pleasing to them."*[1]

[A] Overview of Celebrity Licensing

The recent growth in the celebrity licensing market can be attributed to the development of publicity laws supporting the industry.[2] This growth will continue as an increasing number of states implement right of publicity laws prohibiting the unauthorized appropriation of a personality's likeness or image.[3] Celebrities, or their estates, have become ever more savvy in licensing their image or likeness.[4] Manufacturers seek recognizable personalities to be associated with their product, and advertisers want the magnetic power of a celebrity image to draw consumers' attention to their advertisements. The combination of these elements explains the emergence of celebrity licensing as a growth industry for the new millennium.

Putting this growth into historical perspective shows how the laws supporting celebrity licensing emerged partly out of necessity, and partly out of logical evolution. *The Wall Street Journal* explored this topic in a special Millennium edition: "Today's superstar celebrities have achieved what entertainers for much of the millennium could only dream about. Indeed, thanks to their ability to sell tickets and raise television ratings, top stars now command contracts and fees that make them more wealthy than the royal patrons who supported entertainers of yore."[5] And indeed, as *The Wall Street Journal* article suggests, some of the greatest achievers in history, including William Shakespeare, Michelangelo Buonarroti, and Nicolo Paganini, made great efforts toward increasing their persona, images, namesakes, and yes, their wealth.

[B] The Overlap of Trademark, Copyright, and Right of Publicity

Celebrity licensing can involve right of publicity, trademark, and copyright elements, or any combination thereof. Thus, it is critical to know the differences between copyright, trademark, and right of publicity laws. The historical origins of trademark, copyright, and the right of publicity reveal vastly different ideologies and policy rationales for the interests that each are designed to protect.

The areas of trademark and copyright law obviously are not exclusive to celebrity licensing, whereas the right of publicity is basically the exclusive domain of celebrity licensing.[6] Accordingly, this section will not address trademark or copyright laws; instead, this chapter will focus on the development and licensing of the right of publicity in the United States. Celebrity licensing clearly is an international business, but right of publicity laws are only beginning to be considered by many other countries. Those that have begun enacting such legislation are looking to the United States' laws as a model for their own statutes. Even so, it may be some time before the right is universally understood on an international basis. For this reason, a celebrity relies on a combination of trademarks and the right of publicity to effectuate protection of his or her persona.

[C] The Value of a Persona

When a person reaches celebrity status, that individual has created something of value inherent in their persona. It is this intangible "value" which is the stock and trade of celebrity licensing. Licensing a celebrity's persona accomplishes several objectives: 1) directing a percentage of the profits derived from utilizing a celebrity's persona to the celebrity or the

celebrity's estate; and 2) ensuring that the celebrity, or the respective estate, maintains some control over how their image or likeness is commercialized.

In some ways, the notion of a right of publicity is a simple concept, and it is intuitive that this area of law usually applies to celebrities.[7] The right of publicity is the right of an individual to exploit the commercial value of her image, likeness, or persona, and similarly, to prevent the unauthorized use of an individual's name, image, voice or likeness in advertisements for goods and services on or in products. Because a celebrity's persona is the greatest asset he or she has available to "sell," the celebrity suffers economic harm when appropriation of his or her persona occurs. In many instances, a celebrity's livelihood depends on the marketing and promotion of their image or likeness. While most celebrities do not object to public exposure, they would be unfairly deprived if they do not receive compensation for such use, and they would be vulnerable if they did not have some method of controlling how their persona is commercialized.

[D] The Origin of the Right of Publicity

The phrase "right of publicity" was coined by Judge Jerome Frank in *Haelean Laboratories, Inc. v. Topps Chewing Gum, Inc*.[8] Following New York law, Judge Frank delineated the distinction between the "right of publicity" and the "right of privacy." New York's publicity law enabled individuals to protect themselves from unauthorized commercial appropriation of their personas. Judge Frank thereby recognized an independent common law right protecting economic interests rather than the personal, emotional interests associated with the right of privacy.

Unlike the right of privacy, which is a personal right, the right of publicity is generally regarded as a property right. While damages in privacy cases are measured by emotional

distress,[9] damages in publicity cases are measured by the commercial injury to the business value of personal identity. Infringement damages are therefore determined by the fair market value of the plaintiff's identity, the infringer's profits, and damage to the licensing opportunities for the plaintiff's identity.[10]

Because publicity rights are conceptually regarded as property, the right of publicity is a transferable right. For the right of privacy, it is generally accepted that the right dies with the individual; however, most jurisdictions recognize the right of publicity as a descendable and transferable property right. These critical distinctions between the right of privacy and the right of publicity allow publicity rights to be economically productive even after a celebrity dies.

[E] Legislation of Publicity Rights

While the right of publicity originated from common law,[11] an increasing number of states have enacted right of publicity statutes.[12] Moving from privacy to publicity has not been an easy transition, and varying interpretations by the courts of these common law and statutory rights have caused considerable confusion.

New York led the way with the 1903 enactment of New York Civil Right Law sections 50 and 51. This statute prohibits the use of the name, portrait, or picture of any living person without prior consent for "advertising purposes" or "for the purposes of trade." In the early part of the twentieth century, when there was very little precedent for the right of publicity, New York viewed publicity rights more as a personal right than a property right. Most states following New York in adopting publicity statutes recognized the importance of extending the right of publicity to the estate of the personality, because it is in fact a property right. As such, post-mortem publicity rights are increasingly a component in right of publicity legislation.

California's publicity rights are perhaps the preeminent models for right of publicity laws. California protects against unauthorized uses of a deceased celebrity's persona for the purpose of advertising or selling, and for the unauthorized use of a celebrity's persona on or in a product. California began establishing publicity rights for living personalities in 1972 through section 3344 of the Civil Code. When California enacted Section 990 in 1985, it thereby allowed the celebrity's publicity rights to pass to a successor in interest, who can then prevent the unauthorized use of the decedent's name and likeness for a period of fifty (50) years.[13] In 1999, the California legislature amended Section 990 and incorporated it into 3344; hence, Section 990 became Section 3344.1. By virtue of the amendment, the post-mortem duration was extended to seventy years, consistent with the copyright term extension as effectuated by the Sonny Bono Copyright Term Extension Act in 1998. In addition to these statutory provisions, California's common law publicity rights can also be useful in providing protection to a celebrity.[14]

While California's statutes are perhaps the most debated right of publicity laws due to their visibility, the distinction of having the most comprehensive right of publicity statute to date belongs to the State of Indiana. Indiana enacted its statute in 1994, which is considered by many to be the most broad and sweeping of the right of publicity statutes. Indiana's law protects a deceased individual's right of publicity for a period of 100 years.[15] The Indiana statute is very similar to California's Section 3344.1, and contains many similar exemptions for First Amendment purposes.

The Supreme Court of the United States has confirmed that the right of publicity for an individual resides in the associative value of his or her name, likeness or image. In *Zacchini v. Scripps-Howard Broadcasting*, the Court stated: "[p]etitioner's right of publicity here rests on more than a desire to compensate the performer for the time and effort invested in the act; the

protection provided an economic incentive for him to make the investment required to produce a performance of interest to the public."[16] In language reminiscent of the policies supporting copyright and patent laws, Justice White articulated what has become the foundation of the right of publicity.

Various state courts have grappled with the parameters of the right of publicity, and these decisions have no doubt led to the shaping of each state's statutes (of those with publicity statutes on the books). Even so, it is possible to discern a consistency in the judicial interpretation of the right of publicity.[17]

[F] Licensing the Right of Publicity

> *He whose honour depends on the opinion of the mob must day by day strive with the greatest anxiety, act and scheme in order to retain his reputation. For the mob is varied and inconstant, and therefore if a reputation is not carefully preserved it dies quickly.*[18]

As it pertains to the right of publicity, licensing is a grant that allows the use of the name, image or likeness of a celebrity. For the most part, licensing the right of publicity is very similar to other licensing situations, and a license can be as broad or as narrow as the parties desire.

The most important component in publicity licensing is to articulate precisely the scope of what the licensee is receiving by virtue of the license. Celebrities often possess a variety of identifiable, and licensable, elements. For example, Marilyn Monroe has a variety of licensable attributes, from her name alone (including Marilyn Monroe, Marilyn, Norma Jeane, etc.) to her sultry voice singing "*Diamonds are a Girl's Best Friend*," to her distinctive lips, and, of course, the multitude of Marilyn Monroe images and photographs. Because of the potential variety of licensable characteristics within a single person, the purpose and scope of the license should be explicitly defined.

Unlike trademark licensing, there is no requirement that a licensor exercise quality control over right of publicity licensees. Even so, there is a vested interest for a personality or a celebrity's estate to exercise control over the image or likeness. The preservation of the value in the celebrity's persona can ultimately depend on keeping a watchful eye on how the celebrity's right of publicity is used. For example, at one point the family of Vincent Lombardi struggled to prevent uses of his image that detracted from his character and reputation. As Vince Lombardi Jr. has said: "Nothing anyone can do is going to enhance my father's reputation, but they certainly can detract from it."[19] Indeed, the estates of celebrities often have differing priorities and concerns involved with licensing. For this reason, it is also essential to understand the concerns and priorities of the celebrity or estate in order to structure licensing agreements in an appropriate manner.[20]

In the context of a license negotiation for the use of a celebrity's name, image, or likeness, there are several basic criteria that are determinative in the license terms. On the most basic level, there is a difference between a license for a merchandise campaign as compared to a license for an advertising campaign. An advertising use typically involves a flat fee while a merchandising use usually involves some type of royalty payment, contingent upon an advance payment against royalties, which can, and often does, function also as a guarantee for the celebrity. This point effectively ensures that the celebrity is not sharing the risk with the licensee, which is proper given that it is the licensee's duty to know its market and the risks associated with the program.

Other material criteria in a license for the use of a celebrity include the duration of the advertising or merchandising campaign, and how, when and where the campaign is using the celebrity. Naturally, a campaign that has a one year term will be more expensive than a

campaign that lasts one month. For advertising campaigns, the medium used for the campaign is critical. A use restricted to radio only will usually not be as expensive as a use involving radio and television, and it also must be determined whether the use is to be spot run or a prime time use, and whether the campaign is local, regional, national, or international. Lastly, a licensee should expect to pay a premium if it desires exclusivity for the use of that celebrity in a certain product category, or for a certain period of time.

Exceptions to these rules obviously exist. It is the celebrity's prerogative (or that of his or her heirs, if the celebrity is deceased) to determine whether he or she will be involved in a campaign at all. As such, the personality has the right to set the terms and compensation required for participation in the campaign, and of course, the licensee has the right to negotiate those terms or find a different personality to use in the campaign if the first personality's terms are more than the licensee can accommodate. This is a reflection of the control element which the right of publicity ensures remains with the personality, where it belongs.

There are some risks involved with celebrity licensing, and a licensee must be careful in selecting a celebrity to represent their product. Some years ago, Pepsi-Cola Co. wound up in a difficult situation just after it completed a huge ad campaign involving Madonna. After Madonna released a controversial video, Pepsi cancelled the entire campaign because Pepsi felt that the controversy surrounding Madonna's video would be detrimental to the image Pepsi was seeking to portray. Such is the privilege of a celebrity of Madonna's caliber, and it is safe to assume that the rights related to Madonna's name, image and likeness will continue to be very valuable for a long time to come. Nevertheless, an interesting counterpoint can be found in campaigns involving deceased celebrities, as deceased celebrities offer certain advantages to a licensee. Deceased celebrities obviously cannot act in a manner that is inconsistent with the

positive public image on which the manufacturer depends. To quote the title of a March 1997 story in *Business Week*, "Dead Men Don't Screw Up Ad Campaigns."

Despite these potential complications, there can be no question that the association between a product and a celebrity, living or deceased, creates an indelible image in the consumer's mind, which translates into product recognition, and ultimately, sales. This association is especially attractive to companies seeking to distinguish their product from competitors in the marketplace. For instance, after Converse found a photograph of James Dean wearing Converse sneakers, they launched an ad campaign based on the picture. Immediately following the Dean ads, Converse sales increased by fifty percent. Such results underscore the potential benefit that a carefully selected celebrity can bring to an advertising campaign. Whether the celebrity is a legend of the past, or the hottest athlete of the moment, it is evident that celebrity licensing is now recognized as a powerful means of generating revenue – for the celebrity and the licensee.

[G] Conclusion

Over the course of the twentieth century, celebrity licensing has emerged as a worldwide growth industry. Once manufacturers began to realize the power and effectiveness of celebrity association with their product, the focus quickly broadened to include all sorts of celebrities and superstars. From the days when Babe Ruth was the greatest athlete to play baseball, to the $50 million world of Michael Jordan endorsements, the business of celebrity licensing has experienced an upswing that continues to accelerate. The advent of new technologies promises to sustain this growth, allowing instantaneous global exposure for manufacturers. Across oceans and continents, celebrities who are household names are helping manufacturers become the same

(and perhaps vice versa). While the turn of the millennium will soon be spoken of in the past tense, it is evident that the business of celebrity marketing is here to stay.

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[1] Benedict (Baruch) Spinoza [1632-1677], from *Tractatus de Intellectus Emendatione*

[2] At the outset, it is important to note that this chapter focuses on celebrity licensing in the United States of America. While celebrity licensing is obviously an international business, the laws supporting the right of publicity in other countries are only beginning to emerge.

[3] One topic that could be pivotal in the arena of right of publicity is the possible adoption of a federal right of publicity statute. In 1995, the Patent, Trademark and Copyright section of the American Bar Association began exploring the federalization of this right by drafting proposals for such a law. The PTC feels that a federal statute would be preferable, if only for the uniformity a single statute would provide. See CARDOZO ARTS & ENT. L. J. 209, 1998.

[4] Witness the February, 1999 alliance between McCann-Erickson and PMK. The advertising agency (clients include GM and Coca-Cola) and the publicity firm (clients include Tom Hanks and Tom Cruise) will now be able to pool the strengths of their respective clientele. Says John Dooner, CEO of McCann-Erikson: "Celebrity icons are brands." Chris Taylor, *Marriage of Convenience: It's General Motors on Line One*, *Mr. Redford*, TIME MAGAZINE, February 22, 1999, at 22.

[5] Peter Gumber, *Fame and Fortune*, THE WALL STREET J., January 11, 1999, at R34.

[6] The right of publicity is more akin to trademark than copyright, because, like trademark, right of publicity does have the effect of assuring the nature or quality of goods or services to the consumer. However, while trademark has its eye on protecting the consumer, the right of publicity is designed to protect a personality from the unauthorized appropriation of his or her image or likeness. Both trademark and the right of publicity transfer goodwill, both are affected by dilution, and both seek to derive economic benefit from the investment of time, money and energy in the development and promotion of the mark or celebrity. Most importantly, proprietors of these rights seek to prevent others from reaping unjust rewards by appropriation of the mark or celebrity's fame. Thus, overlap between the two areas of law is perhaps inevitable. For instance, trademark laws have been used to protect the "persona" of the Supremes. *Motown Record Corp. v. Hormel & Co.,* 657 F.Supp. 1236 (C.D. Cal. 1987).

[7] Right of publicity cases usually involve celebrities, but the majority view extends the right to non-celebrities as well. See J.T. McCarthy, The Rights of Publicity and Privacy, s 4.3 (1989). However, publicity rights do not yet extend to animated characters.

[8] 202 F.2d 866 (2nd Cir. 1953).

[9] J. Thomas McCarthy says, "[p]rivacy rights are personal rights. Damage is to human dignity." From The Spring 1995 Horace S. Manges Lecture, *The Human Persona as Commercial Property; The Right of Publicity*, March 9, 1995, Columbia University School of Law, at 134. McCarthy continues: "The right of publicity is not. . .just another kind of privacy right. It. . . is a wholly different and separate legal right." 19 COLUM.-VLA J.L. & ARTS 129.

[10] For example California's 3344.1 states "rights recognized under this section are property rights freely transferable." Cal. Civ. Code § 3344.1(b).

[11] Eleven states recognize publicity rights by way of common law; sixteen via statute. See J.T. McCarthy, *The Rights of Publicity and Privacy,* §§ 6.1, 6.2 (1997) (Supp. June 1997).

[12] Cal Civ Code § 3344 (1995) and 3344.1 (1999); Florida Civ. Code Title 31 §540.08 (1967); Ind. Code Ann. §§32-13-1 et seq. (Michie 1995); Ky. Rev. Stat. Ann. §391.170(1984); Mass. Gen. L. 214 §3A (1994); Neb. Rev. Stats. §§20-201-20-211(1979); Nev. Rev. Stat. 597.810(1)(b) (1993); Ohio Rev. Code Ann. §2741 (Anderson 2001); 12 Ok.St.Ann. §1449 (1986); R.I. Pub. Laws c.281, §1,§9-1-28(1972); Tenn. Code Ann. §47-25-110--47-25-1108(1984); Tex. Prop. Code Ann. Title 4, C. 26(1987); Utah Code Ann. C. 95, 45-3-1(1981); Va. Code Ann. c. 617, §8.01-40 (1977); Wash. Rev. Code Ann. 63.50-040-070 (West 1998); 1977 Wis. Laws c. 176, §5, §§895.50. Note also that the American Law Institute's Third Restatement of Unfair Competition (1995) § 46 also recognizes the right of publicity as a separate legal theory.

[13] The dissent in *Lugosi v. Universal Pictures* shaped the language of section 990. 603 P.2d 425 (Cal. 1979). Cal. Civ. Code §§ 990(a), 3344(a). Section 990, now 3344.1, also addresses the First Amendment concerns that the Lugosi majority and dissent raised.

[14] "The remedies provided for in this section are cumulative and shall be in addition to any others provided for by law." Cal. Civ. Code s 3344(g) (West Supp. 1997). Subsection 3344.1(m) contains the same provisions.

[15] Ind. Code Ann. §§32-13-1 et seq. (Michie 1995).

[16] *Zacchini v. Scripps-Howard Broadcasting Co*., 433 U.S. 562, 576 (1977).

[17] See *Foster-Milburn Co. v. Chinn*, 120 S.W. 364 (Ky 1909); *Kunz v. Allen*, 172 P. 532 (Kan. 1918); *Flake v. Greensboro News Co*, 195 S.E. 55 (N.C. 1938); *Carson v. Here's Johnny Portable Toilets*, 698 F.2d 831 (6th Cir. 1983). Note that the image of the individual was not used in any of these cases—the right of publicity was infringed because of the association of certain objects, phrases, or characteristics with the individual. Also see the famous impersonator cases *Midler v. Ford Motor Co*., 849 F.2d 460 (9th Cir. 1989); *Waits v. Frito-Lay*, *Inc*., 978 F.2d 1093 (9th Cir. 1992); *White v. Samsung Electronics America, Inc*., 971 F2d 1395 (9th Cir. 1992. In contrast to these cases, note that Nevada's right of publicity statute explicitly exempts impersonators from liability for infringement of a celebrity's right of publicity.

[18] Benedict (Baruch) Spinoza [1632-1677], *Ethics*, Prop LVIII.

[19] Mark Hyman, BUSINESS WEEK, *Dead Men Don't Screw Up Ad Campaigns*, March 10, 1997.

[20] On a related note, some film historians objected to the use of Fred Astaire dancing with a vacuum cleaner in a recent television ad. I would submit that even if some purists disapprove of the ad, it is only fitting that the heirs and estate of the celebrity be in a position to make such subjective assessments.