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**Session B: Updates on College Athletes NIL & Celebrities Right of  
Publicity**



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## **Publicity Rights and the First Amendment: Balancing Athletes and Other Celebrity Interests**

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### **Introduction**

Right of publicity jurisprudence presently constitutes one of the most volatile areas of intellectual property law. Although publicity rights have been recognized by courts for decades, in recent years, advances in digital information technology and other technological developments have spurred variegated litigation disputes through which parties seek to delineate the parameters of these rights. This outline summarizes the history and development of the right of publicity, as well as the leading and recent court decisions which continue to clarify this highly unsettled field of intellectual property protection.

### **Publicity Rights: Common Law History and Development**

The origins of the right of publicity can be traced to the landmark law review article published by Samuel D. Warren and Louis D. Brandeis, who defied prevailing convention and called for judicial recognition of “a right to be let alone.”<sup>1</sup> Perturbed with the growing encroachment upon private matters by the press and the consequential public fascination with sensationalism, Warren and Brandeis’ social observations could well have been made today:

Of the desirability—indeed of the necessity—of some such protection, there can, it is believed, be no doubt. The press is overstepping in every direction the obvious bounds of propriety and of decency. Gossip is no longer the resource of the idle and of the vicious, but has become a trade, which is pursued with industry as well as effrontery. To satisfy a prurient taste the details of sexual relations are spread broadcast in the columns of the daily papers. To occupy the indolent, column upon column is filled with idle gossip, which can only be procured by intrusion upon the domestic circle. The intensity and complexity of life, attendant upon advancing civilization, have rendered necessary some retreat from the world, and man, under the refining influence of culture, has become more sensitive to publicity, so that solitude and privacy have become more essential to the individual; but modern enterprise and invention have, through invasions upon his privacy, subjected him to mental pain and distress, far greater than could be inflicted by mere bodily injury.<sup>2</sup>

Although the right of privacy was not immediately embraced by the courts,<sup>3</sup> gradually some courts began to accept the notion that individuals are entitled to some legal protection from intrusion upon their private lives and personas. The trend culminated in a pivotal decision by the

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<sup>1</sup> See Samuel D. Warren & Louis D. Brandeis, *The Right to Privacy*, 4 Harv. L. Rev. 193, 195 (1890).

<sup>2</sup> Id. at 196

<sup>3</sup> See J. Thomas McCarthy, 1 *Rights of Publicity and Privacy* §6.3(2d ed. 2006); see, e.g., *Roberson v. Rochester Folding Box Co.*, 64 N.E. 442, 451 (N.Y. 1902).

Second Circuit Court of Appeals, wherein the right of publicity was recognized as a distinct species of the right of privacy. In *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, the plaintiff had entered into an exclusive contract with a professional baseball player to place his photograph on trading cards.<sup>4</sup> The defendant, however, induced the baseball player to allow it to also use his photograph on trading cards, and thereby breach his prior agreement. In defense, the defendant argued that the baseball player had no legally recognized property interest in his image that he could have assigned to the plaintiff, and thus the plaintiff had no legal interest that the defendant could have invaded.<sup>5</sup> The Court of Appeals disagreed:

We think that in addition to and independent of [a] right of privacy . . . a man has a right in the publicity value of his photograph, i.e., the right to grant the exclusive privilege of publishing his picture. . . . This right might be called a ‘right of publicity.’ For it is common knowledge that many prominent persons (especially actors and ball-players), far from having their feelings bruised through public exposure of their likenesses, would feel sorely deprived if they no longer received money for authorizing advertisements, popularizing their countenances, displayed in newspapers, magazines, busses, trains and subways. This right of publicity would usually yield them no money unless it could be made the subject of an exclusive grant which barred any other advertiser from using their pictures.<sup>6</sup>

Finally in 1960, Dean Prosser published a seminal article charting the various judicial conceptions of privacy rights, wherein he outlined four categories of judicially recognized privacy interests,<sup>7</sup> and describing the latter-most interest as the right to protect one’s image or likeness from misappropriation.<sup>8</sup> Thereafter, both the Restatement (Second) of Torts and the Restatement (Third) of Unfair Competition included the right of publicity, enumerating the elements of the cause of action.<sup>9</sup>

### *Elements and Scope of the Right of Publicity*

The right of publicity provides individuals control over the commercial exploitation of their images or personas. “The right of publicity is an intellectual property right of recent origin which has been defined as the inherent right of every human being to control the commercial use

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<sup>4</sup> 202 F.2d 866, 867 (2d Cir. 1953)

<sup>5</sup> Id. at 867.

<sup>6</sup> Id. at 868. See also Melville B. Nimmer, *The Right of Publicity*, 19 *Law & Contemp. Probs.* 203, 203-04 (1954), available at <http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2596&context=lcp> (“Well known personalities...do not seek the ‘solitude and privacy’ which Brandeis and Warren sought to protect... However, although the well-known personality does not wish to hide his light under a bushel of privacy, neither does he wish to have his name, photograph, and likeness reproduced and publicized without his consent or without remuneration to him.”)

<sup>7</sup>William L. Prosser, *Privacy*, 48 *Cal. L. Rev.* 383, 389 (1960), available at [http://www.californialawreview.org/assets/pdfs/misc/prosser\\_privacy.pdf](http://www.californialawreview.org/assets/pdfs/misc/prosser_privacy.pdf). Dean Prosser enumerated the following four categories of invasion of privacy: “[i]ntrusion upon the plaintiff’s seclusion or solitude, or into his private affairs;” “[p]ublic disclosure of embarrassing private facts about the plaintiff;” “[p]ublicity which places the plaintiff in a false light in the public eye;” and “[a]ppropriation, for the defendant’s advantage, of the plaintiff’s name or likeness.” Id.

<sup>8</sup> Id. This is the interest the *Haelan* court denominated as the right of publicity, see 202 F.2d at 868.

<sup>9</sup> See e.g. Restatement (Third) of Unfair Competition § 46 (1995); Restatement (Second) of Torts § 652C (1977).

of his or her identity. . . . [It] is a creature of state law and its violation gives rise to a cause of action for the commercial tort of unfair competition.”<sup>10</sup>

Although the right of publicity is now widely recognized,<sup>11</sup> the scope and breadth of the right is still somewhat unsettled. This is due in part to varying, regional privacy customs and values, but the most pervasive issue is that of perceived conflicts between publicity rights and the First Amendment. For obvious reasons, society has a revered interest in promoting the accurate discourse of historic and public events, including the roles of public and private individuals in such events. If individuals were to possess an absolute right to determine when their images or personas could be used or referenced by others in commercial contexts, such as in commercially distributed newspapers or history texts, they could effectively censor public discussion and even historical accounts of actual events.<sup>12</sup> Consequently, the right of publicity is often said to end where the First Amendment begins. “[T]he right of publicity cannot be used to prevent someone’s name or picture in news reporting. It cannot be used to prevent the use of identity in an unauthorized biography. It cannot prevent use of identity in an entertainment parody or satire, such as that of Rich Little or Saturday Night Live.”<sup>13</sup>

At the same time, however, courts have recognized that the right of publicity also serves important social utility functions. The United States Supreme Court has observed that the right of publicity provides important incentives to individuals to invest effort and resources in the development and stylization of personal skills, attributes, and innovations, and to pursue activities and accomplishments of public and popular interest, with the possibility of celebrity, public renown, and commercial reward. *See Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 573 (1977). “[T]he State’s interest in permitting a right of publicity is in protecting a proprietary interest of the individual in his act to encourage such entertainment....[t]he State’s interest is closely analogous to patent or copyright law, focusing on the right of the individual to reap the reward of his endeavors....”

Accordingly the social value of the right of publicity is held in the same esteem as that afforded to other forms of intellectual property. “[A state’s] decision to protect [a performer’s]

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<sup>10</sup> *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915, 928 (6<sup>th</sup> Cir. 2003); *see also Memphis Development Foundation v. Factors Etc., Inc.*, 616 F.2d 956 (6<sup>th</sup> Cir. 1980) (“[T]he famous have an exclusive legal right during life to control and profit from the commercial use of their name and personality.”)

<sup>11</sup> Virtually every state recognizes the right of publicity; in some states it is a right of common law, in others it is a statutory right, and in some states it is both. *See* J. Thomas *The Rights of Publicity and Privacy* 2d at Sec. 6:3; *see also* Gregory L. Curtner, Atleen Kaur, and Suzanne L. Wahl, *Show and Tell: Misappropriation of the Right of Publicity*, *Counseling Clients in the Entertainment Industry* 2011, p. 263 (PLI 29016)

<sup>12</sup> *See e.g. Time, Inc. v. Hill*, 385 U.S. 374 (1967); *Mason v. Jews for Jesus*, No. 06 Civ. 6433(RMB), 2006 WL 3230279 (S.D.N.Y. Nov. 8, 2006); *Nussenzweig v. diCorcia*, 832 N.Y.S.2d 510 (N.Y. App. Div. 1st Dept. 2007) certified question answered, order aff’d, 878 N.E.2d 589 (N.Y. 2007); *Arrington v. New York Times Co.*, 434 N.E.2d 1319 (N.Y. 1982).

<sup>13</sup> J. Thomas McCarthy, *The Spring 1995 Horace S. Manges Lecture--The Human Persona as Commercial Property: The Right of Publicity*, 19 *Colum.-VLA J.L. & Arts* 129, 130-31 (1995); *see also* *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 969 (10<sup>th</sup> Cir. 1996) (“[P]arody trading cards receive full protection under the First Amendment. The cards provide social commentary on public figures, major league baseball players, who are involved in a significant commercial enterprise, major league baseball. While not core political speech... this type of commentary on an important social institution constitutes protected expression.”); *Vinci v. Am. Can Co.*, 591 N.E.2d 793, 794 (Ohio Ct. App. 1990) (per curiam) (permitting unauthorized use of athletes’ personas where “the mention of the athletes’ names within the context of accurate, historical information was incidental to the promotion of the... partnership... [and] reference to the athletes and their accomplishments was purely informational.”)

right of publicity...rests on more than a desire to compensate the performer for the time and effort invested in his act; the protection provides an economic incentive for him to make the investment required to produce a performance of interest to the public. This same consideration underlies the patent and copyright laws long enforced by this Court.”<sup>14</sup> Similar to authors and inventors, holders of publicity rights can make important contributions to the greater societal good. “[C]elebrities ‘create’ their valuable personas in much the same way that a novelist creates a work of fiction or an inventor a new device. Thus, giving the famous individual a property right in this form of intellectual property has been explained as an incentive to promote future creativity, as a reward for a valuable service to the public, or as a means of preventing unjust enrichment.”<sup>15</sup>

Consequently the greatest challenge in delineating the parameters of the right of publicity has been in balancing the right against First Amendment interests.<sup>16</sup> In other fields of intellectual property protection, the courts have developed various judicial tests for balancing rights holder interests as against the right to free expression. In copyright the balance is achieved through the idea/expression dichotomy and the Fair Use doctrine. In trademark, nominative descriptive and non-source designation uses of marks are permitted under the law. Although the tension between the First Amendment and rights holder property interests can be particularly acute where the right of publicity is at issue, the courts have yet to devise uniform, socially efficacious tests for balancing these sometimes competing interests.

### **Publicity Rights and Competing First Amendment Interests: The Leading Judicial Balancing Tests**

Although the Supreme Court made clear in *Zacchini* that First Amendment interests do not eclipse publicity rights, many courts seem reluctant to recognize and protect publicity rights when an unauthorized commercial use of an individual’s image or persona is defended on First Amendment grounds. In the years since the *Zacchini* decision, several courts have tried to construct judicial mechanisms for balancing these rights and interests.

#### *The Rogers Test*

One of the first judicial tests for balancing right of publicity and First Amendment interests was set forth by the Court of Appeals for the Second Circuit in *Rogers vs. Grimaldi*. In *Rogers*, the unauthorized use consisted of a reference to movie legend Ginger Rogers in the title of the film *Ginger and Fred*. The gist of Rogers’s claims was that, even though the film was not about the famous Rogers and Astaire dance team, the phrase *Ginger and Fred* invoked her famous persona

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<sup>14</sup> *Zacchini*, 433 U.S. at 576

<sup>15</sup> Melissa B. Jacoby & Diane Leenheer Zimmerman, *Foreclosing on Fame: Exploring the Uncharted Boundaries of the Right of Publicity*, 77 N.Y.U.L. Rev. 1322, 1330 (2002). See also Roberta Rosenthal Kwall, *The Right of Publicity vs. The First Amendment: A Property and Liability Rule Analysis*, 70 Ind. L. J. 47, 74 (1994) (“As a society, we can suffer two general types of harms from the toleration of unauthorized uses of an individual’s persona. One type of harm focuses on the increased potential for consumer deception, and the other focuses on the increased potential for diminished incentives.”)

<sup>16</sup> Of course, parties often also litigate whether an unauthorized use even involves a publicity persona. See e.g. *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395, 1397-99, 1400-01 (9th Cir. 1992) (use of Vanna White’s likeness as a robot in an advertisement for VCRs held to infringe White’s publicity rights).

when used as the title of a film and therefore traded upon her persona in order to market a work to which she had no connection.<sup>17</sup>

In deciding the dispute, the court found that the invocation of Rogers' persona was an instance of artistic expression, in that although the movie was not about Rogers and Astaire, the reference to Rogers in the movie title did have an artistic, expressive connection to the film's subject: a satiric, social commentary on the Hollywood Glamour Age, which Rogers and Astaire often personified. The court determined that the relationship between Rogers' persona and its use in the movie title was akin to that of a parody: the film was about two fictional, and decidedly unglamorous "contemporaries" of the famous Rogers and Astaire dancing team, and was intended as a social commentary on Hollywood and television facades and hypocrisies. Consequently, the Court held the unauthorized use protected by the First Amendment:

In light of the [state's] concern for the protection of free expression, [the court] would not expect [the state] to permit the right of publicity to bar the use of a celebrity's name in a movie title unless the title was "wholly unrelated" to the movie or was "simply a disguised commercial advertisement for the sale of goods or services." Here . . . the title "Ginger and Fred" is clearly related to the content of the movie and is not a disguised advertisement for the sale of goods or services or a collateral commercial product.<sup>18</sup>

While the *Rogers* test is frequently invoked by right of publicity defendants, many courts have since come to appreciate that the test is very limited in application and is typically of value only in assessing the marketing objectives or impact of a persona as part of the title of a work, which of course is often a means of advertising the work.<sup>19</sup> "Courts have determined that application of the *Rogers* test makes sense 'in the context of commercial speech when the appropriation of a celebrity likeness creates a false and misleading impression that the celebrity is endorsing a product.'"<sup>20</sup>

### *The Comedy III Test*

Perhaps the most widely used judicial test for balancing First Amendment/expressive interests against publicity rights is that articulated by the California Supreme Court in *Comedy III Prods., Inc. v. Saderup*.<sup>21</sup> In *Comedy III*, plaintiffs therein brought suit for infringement of the publicity rights of the Three Stooges, when their exact likenesses were reproduced without permission on T-shirts sold by the defendant.<sup>22</sup> In response, defendant argued that he had a First Amendment right to engage in his use – in essence, a right to "express himself" by reproducing and disseminating the Three Stooges' images.<sup>23</sup>

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<sup>17</sup> 875 F.2d 994, 1000-01 (2d Cir. 1989)

<sup>18</sup> *Id.* at 1004-0

<sup>19</sup> See Lateef Mtima, *What's Mine is Mine But What's Yours is Ours: IP Imperialism, the Right of Publicity, and Intellectual Property Social Justice in the Digital Information Age*, 15 SMU Sci. & Tech. L. Rev. 323, 363-366 (2012)

<sup>20</sup> See *Hart v. Electronic Arts, Inc.*, 808 F. Supp. 2d 757, 788 (D. N.J. 2011) (rev'd on other grds)

<sup>21</sup> 21 P.3d 797, 58 USPQ2d 1823 (Sup. Ct. Cal. 2001).

<sup>22</sup> *Id.* at 801

<sup>23</sup> *Id.* at 802



In balancing the defendant's asserted First Amendment claims against the plaintiffs' publicity rights, the court delineated the social utilities encompassed by the right of publicity, in the context of purportedly expressive but nonetheless unauthorized uses.

What the [plaintiff] possesses is not a right of censorship, but a right to prevent others from misappropriating the economic value generated by the celebrity's fame through the merchandising of the 'name, voice, signature, photograph, or likeness' of the celebrity. . . .When artistic expression takes the form of a literal depiction or imitation of a celebrity for commercial gain, directly trespassing on the right of publicity without adding significant expression beyond that trespass, the state law interest in protecting the fruits of artistic labor outweighs the expressive interests of the imitative artist....We ask, in other words, whether a product containing a celebrity's likeness is so transformed that it has become primarily the defendant's own expression rather than the celebrity's likeness.<sup>24</sup>

Consequently under the *Comedy III* "transformation test",<sup>25</sup> the unauthorized use of an individual's image or persona without sufficient transformative contributions or alterations by the user is not afforded First Amendment protection. "This inquiry into whether a work is 'transformative' appears to us to be necessarily at the heart of any judicial attempt to square the right of publicity with the First Amendment."<sup>26</sup> Given that the defendant had reproduced exact replicas of the Three Stooges' likenesses, the court held that the images had been in no way "transformed" and that "the marketability and economic value of [defendant's] work derives primarily from the fame of the celebrities depicted. While that fact alone does not necessarily mean the work receives no First Amendment protection, we can perceive no transformative elements in [the defendant's] works that would require such protection."<sup>27</sup>

### *Comedy III Test and Digital Avatars*

The *Comedy III* test has become the leading test for balancing First Amendment and publicity rights in an unauthorized expressive work. A particularly volatile area in right of publicity jurisprudence has been litigation involving unauthorized digital avatars (including several important cases involving the rights of athletes). A paradigmatic *Comedy III* digital avatar case is *No Doubt vs. Activision Publishing, Inc.*,<sup>28</sup> wherein the California Court of Appeals applied the *Comedy III* test in assessing the unauthorized use of the avatar of the rock band No Doubt in a video game.<sup>29</sup> The court found that the unauthorized use simply depicted the band "doing what they do" (performing rock music) and thus lacked sufficient expressive transformation to outweigh the band's publicity rights:

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<sup>24</sup> Id. at 808-09

<sup>25</sup> The Court derived the test from the copyright Fair Use Doctrine, which permits the unauthorized use of copyrighted works; one issue considered under the Doctrine is the extent to which the unauthorized use builds upon, repurposes, or otherwise "transforms" the copyrighted work.

<sup>26</sup> 21 P. 3d at 808

<sup>27</sup> Id. at 811

<sup>28</sup> 192 Cal. Rptr. 3d 397 (2011)

<sup>29</sup> The band had granted permission for their likenesses to be used in the game but complained that defendant exceeded the agreement and used their likenesses in ways they had not and would never consent to. Id. at 400, 402

In [the video game] *Band Hero*...no matter what else occurs in the game during the depiction of the No Doubt avatars, the avatars perform rock songs, the same activity by which the band achieved and maintains its fame. Moreover, the avatars perform those songs as literal recreations of the band members. That the avatars can be manipulated to perform at fanciful venues including outer space or to sing songs the real band would object to singing, or that the avatars appear in the context of a videogame that contains many other creative elements, does not transform the avatars into anything other than exact depictions of No Doubt's members doing exactly what they do as celebrities.<sup>30</sup>

### *Keller and Hart: Student Athletes and Unauthorized Digital Avatars*

Litigation concerning the rights of student athletes has produced some of the most important unauthorized digital avatar decisions in recent years. In *Keller v. Electronic Arts, Inc.*,<sup>31</sup> a former quarterback for the Arizona State University and University of Nebraska football teams brought suit against Electronic Arts, which produced the "NCAA Football" video game series. These games offered players the opportunity to simulate matches between various real-world college and university teams. Plaintiff Keller argued that Electronic Arts designed the virtual players in "NCAA Football" to replicate their real-life counterparts, such that "these virtual players are nearly identical to their real-life counterparts: they share the same jersey numbers, have similar physical characteristics and come from the same home state."<sup>32</sup> Consequently plaintiff alleged that the video game series commercially exploited his persona without his authorization and thus constituted an infringement upon his publicity rights. Relying on *Comedy III*, however, EA argued that it had a First Amendment right to utilize plaintiff's persona in an expressive work, contending that its unauthorized video games were "protected by the First Amendment inasmuch as [the game] contains significant transformative elements [and/] or that the value of the work does not derive primarily from the [plaintiff's] fame."<sup>33</sup>

Virtually coterminous with *Keller*, the New Jersey District Court was confronted with essentially identical facts and allegations regarding "NCAA Football" in *Hart v. Electronic Arts, Inc.*<sup>34</sup> Once again, Electronic Arts argued that it had a First Amendment right to produce its video games.

The two district courts reached diametrically opposing dispositions of the disputes. Similar to the court in *No Doubt*, the *Keller* court found insufficient transformation of plaintiffs' personas to permit the unauthorized production of "NCAA Football" on First Amendment grounds – the court concluded that the plaintiffs were depicted "doing what they do". In contrast, the *Hart* court extended its *Comedy III* transformation assessment to encompass Electronic Arts' expressive contributions to the video game as a whole, including a game feature that allowed

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<sup>30</sup> Id. at 410-11; cf. *Winter v. DC Comics*, 134 Cal.Rptr.2d 634, 69 P.3d 473, 476 (2003) (application of *Comedy III* test to comic book depictions of rock star personas as half human, half worm creatures in a fantasy tale finds sufficient transformation to warrant First Amendment protection of the unauthorized use.)

<sup>31</sup> 94 U.S.P.Q. 2d 1130 (N.D. Cal. 2010)

<sup>32</sup> 94 U.S.P.Q. 2d at 1132

<sup>33</sup> 94 U.S.P.Q. 2d at 1134

<sup>34</sup> 808 F. Supp. 2d 757 (D. N.J. 2011)

users to alter an athlete's avatar by using "add-ons" designed by EA.<sup>35</sup> Consequently, considering EA's total "expressive contributions", the *Hart* court concluded that EA's use was a transformative use "overall" and thus entitled to First Amendment protection.<sup>36</sup>

On appeal, the potential split between the Third and Ninth Circuits was resolved. In each case, the appellate court ruled in favor of the plaintiff athletes. Moreover, the courts' opinions were consistent with the social utility theory of publicity rights articulated in *Zacchini*.

The Court of Appeals for the Third Circuit rendered its decision first, reversing the New Jersey District Court.<sup>37</sup> Among other things, the *Hart* appellate court expressly observed that, similar to other intellectual property rights, the right of publicity "is designed to encourage further development of this property interest."<sup>38</sup> Affirming that the *Comedy III* transformation test is the appropriate test for balancing First Amendment and publicity interests within an expressive work, the court held that EA's "Hart avatar" was not a transformative use of Hart's persona, in that "[t]he digital Ryan Hart does what the actual Ryan Hart did while at Rutgers: he plays college football, in digital recreations of college football stadiums, filled with all the trappings of a college football game."<sup>39</sup>

Moreover, the court rejected the finding of the district court that the inclusion of the "avatar alteration" function in the game provided a sufficient "transformation option" to satisfy the transformation test. The court noted that if this argument were accepted, "video companies could commit the most blatant acts of misappropriation only to absolve themselves by including a feature that allows users to modify the digital likeness."<sup>40</sup> The *Hart* appellate court also rejected the argument that the game's other "expressive contributions" rendered the work transformative as a whole, holding that "the Transformative Use Test invariably looks[s] to how the celebrity's identity is used in or altered by other aspects of a work."<sup>41</sup> Concluding that the use of Hart's replicated persona was "central to the core of the game experience",<sup>42</sup> the court held that EA's use did not sufficiently transform Hart's identity so as to defeat his right of publicity claim.

Shortly thereafter, the Court of Appeals for the Ninth Circuit affirmed the decision of the California District Court in *Keller*, and also held that EA's avatar use "literally recreates Keller in

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<sup>35</sup> 808 F. Supp. 2d at 785. Interestingly, the court acknowledged that the fact that the athlete is presented unaltered and in his usual /celebrity setting (i.e., on the football field) is "problematic" for a finding of "transformation", and moreover, "[i]t seems ludicrous to question whether video game consumers enjoy and, as a result, purchase more EA-produced video games as a result of the heightened realism associated with actual players".

<sup>36</sup> "Viewed as a whole, there are sufficient elements of EA's own expression found in the game that justify the conclusion that its use of Hart's image is transformative and, therefore, entitled to First Amendment protection.... the *NCAA Football* game contains 'virtual stadiums, athletes, coaches, fans, sound effects, music, and commentary, all of which are created or compiled by the games' designers.'" 808 F. Supp. 2d at 784. As a side issue, the New Jersey district court further determined that in choosing between the *Comedy III* and *Rogers* tests, the *Rogers* test is more appropriate for assessing the marketing use of a persona in the title or advertising of a work, as opposed to the expressive use of a persona in the work itself. 808 F. Supp. 2d at 788. The *Hart* court nonetheless went on to also assess "NCAA Football" under *Rogers*, and determined that it would reach the same conclusion under either test.

<sup>37</sup> *Hart v. Electronic Arts, Inc.*, 717 F.3d 141 (3d Cir. 2013)

<sup>38</sup> *Id.* at 151

<sup>39</sup> *Id.* at 166

<sup>40</sup> *Id.* at 167-68

<sup>41</sup> *Id.* at 169

<sup>42</sup> *Id.* at 168

the very setting in which he has achieved renown.”<sup>43</sup> Here too, the court found that the plaintiff’s digital avatar has been placed in the very setting in which the plaintiff achieved fame, and which also provides the basis for the public’s interest in the EA game.<sup>44</sup> In addition, the Ninth Circuit also found that neither the “avatar alteration” feature nor EA’s expressive contributions to other aspects of the game outweigh this key appeal of “NCAA Football”.<sup>45</sup>

### *Student Athlete Publicity Rights and Antitrust Law: O’Bannon v. NCAA*

The publicity rights of student athletes were a pivotal aspect of the highly publicized class action litigation brought to obtain compensation for student athletes. In *O’Bannon v. National Collegiate Athletic Association*,<sup>46</sup> plaintiffs brought suit in California district court on behalf of dozens of former college athletes, alleging that certain rules and practices of the National College Athletes Association (“NCAA”) violate the federal antitrust laws. Among other things, plaintiffs alleged that the NCAA member institutions constitute a cartel which restrains competition in two discreet markets: (i) the market for recruitment of “Division I” amateur athletes, in which student athletes “sell” their services and their publicity rights to colleges and universities (the “College Education Market”), and (ii) the market for amateur game recording/television broadcasts and related rights, in which various entities purchase the rights to record and make commercial use of collegiate game footage (the “Group Licensing Market”). Plaintiffs alleged that the NCAA cartel fixes the “prices” for plaintiffs’ services and intellectual property rights, and also precludes and otherwise injures competition in the respective markets.

Based on plaintiff’s allegations and applicable antitrust principles, it was necessary for the court to determine whether the alleged discreet markets did in fact exist, and if so, whether there was impermissible restraint upon competition in these markets. Reviewing the evidence, the court concluded that plaintiffs had established the existence of each alleged market, and consequently addressed the question of injury to competition in the respective markets.

With respect to the College Education Market, the court found that the NCAA member institutions are essentially the only “buyers” to whom plaintiffs are allowed to “sell” their athletic services and accompanying publicity rights, and moreover, through the NCAA rules and practices, the member institutions cooperate to fix the prices that student athletes are paid for same (i.e., the cost of attendance at the college or university). Accordingly the plaintiffs prevailed on their antitrust claims arising in connection with the College Education Market.

With respect to the Group Licensing Market, however, the court held that competition in that market had not been restrained, in that various entities did in fact compete to obtain the rights at issue in that market. In other words, once the student athletes granted these rights to the colleges and universities (pursuant to the transactions undertaken in the College Education Market) the colleges and universities subsequently permitted – indeed, actively encouraged – competition in the Group Licensing Market, among broadcasters and others, for the opportunity to exploit these rights, such as through taping and televising game footage. The court noted that

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<sup>43</sup> *Keller v. Elec. Arts* (*In re NCAA Student-Athlete Name & Likeness Licensing Litig.*), 724 F.3d 1268, 1276 (9th Cir. 2013)

<sup>44</sup> *Id.* at 1276-77

<sup>45</sup> *Id.* at 1277

<sup>46</sup> No. C 09-3329 CW (N.D.C. 2014)

the fact that the student athletes received no compensation in connection with the underlying transfers of their publicity rights might provide a basis for a cause in conversion of their rights, but that was irrelevant as to whether plaintiffs had established antitrust injury in the Group Licensing Market.<sup>47</sup>

Finally, the court structured a remedy for the antitrust injury which it found to occur in the College Education Market. In light of arguments made by the NCAA regarding the need to preserve the amateur nature of collegiate sports, the court ruled that said injury would be appropriately addressed by permitting the NCAA member institutions to (i) cover the full cost of college attendance for their student athletes and (ii) make payments of up to \$5,000 per student per year in to a trust fund for each athlete.

A key underpinning of the court's holdings in *O'Bannon* was its acknowledgment that in accordance with the decisions in *Hart* and *Keller*, the subject uses of the student athletes' publicity rights were not protected by the First Amendment under *Comedy Three*. Absent these prior decisions, the California district court would likely have reached a different result, in that the "product" in the College Education Market would be limited to the athletes' "services" (in playing collegiate sports) for which they are (arguably) compensated with college scholarships and related benefits. As indicated above, other than the finding that the NCAA could permit its members to cover the full costs of student athlete college attendance, the only recovery awarded the plaintiffs was the holding that the NCAA could make the trust payments to student athletes, *which payments were to be derived from the revenues generated from the exploitation of athletes' publicity rights*.

#### *The Ninth Circuit Overturns the Students' Right to Compensation*

On appeal, the Court of Appeals for the Ninth Circuit upheld the substantive findings of the district court with respect to plaintiff's antitrust claims. "We conclude that the district court's decision was largely correct. Although we agree with the Supreme Court and our sister circuits that many of the NCAA's amateurism rules are likely to be procompetitive, we hold that those rules are not exempt from antitrust scrutiny..."<sup>48</sup>

Nonetheless, the Court of Appeals reversed the district court's remedy mechanism, as being inconsistent with the NCAA's amateurism policies:

In our judgment...the district court clearly erred in finding it a viable alternative to [the NCAA prohibition on compensation to] allow students to receive...cash payments untethered to their education expenses. [T]he district court identified two procompetitive purposes served by the NCAA's current rules: "preserving the popularity of the NCAA's product by promoting its current understanding of amateurism" and "integrating academics and athletics." ... The question is whether the alternative of allowing students to be paid...compensation [for their publicity rights] unrelated to their education expenses, is "virtually as effective" in

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<sup>47</sup> That lack of compensation was of course relevant to the court's finding of price fixing in the College Education Market.

<sup>48</sup> Case No. 14-16601, D.C. No. 4:09-cv-03329-CW, 9/30/2015, at p. 7, 26-31

preserving amateurism as *not* allowing compensation. ...We cannot agree that a rule permitting schools to pay students pure cash compensation and a rule forbidding them from paying compensation [for publicity rights] are both *equally* effective in promoting amateurism and preserving consumer demand. Both we and the district court agree that the NCAA's amateurism rule has procompetitive benefits. But in finding that paying students cash compensation would promote amateurism as effectively as not paying them, the district court ignored that not paying student-athletes is *precisely what makes them amateurs*.<sup>49</sup>

Thus, notwithstanding its finding that the NCAA amateurism rules are subject to antitrust scrutiny, the court effectively subordinated the plaintiffs' right to an antitrust remedy (for the loss of their ability to "sell" their publicity rights in a competitive market) to the NCAA'S amateurism traditions. Put differently, while students are arguably "compensated" for their services in playing college sports (when they are allowed to attend college at no charge) the Ninth Circuit concluded that any further compensation (for the use of their publicity rights) would undermine the NCAA's objective in preserving the amateur nature of collegiate sports. *See also Marshall v. ESPN, Inc.*, 111 F. Supp. 3d 815 (M.D. Tenn. 2015) (dismissing student athlete publicity claims by distinguishing *Zacchini* as inapplicable to performance events organized by someone other than the publicity plaintiff).

*Beyond Digital Avatars: Jordan v Jewel Food Stores, Inc.*

Not all of the recent, important athlete publicity rights cases involve digital avatars, or for that matter, student athletes. One of the most important recent cases involved one of the world's most famous professional athletes, Michael Jordan. In *Jordan v Jewel Food Stores, Inc.*<sup>50</sup> the publisher of *Sports Illustrated*, produced a special commemorative issue devoted exclusively to Jordan's career. Defendant Jewel Food Stores was offered free advertising space in the issue in exchange for agreeing to stock the magazine in its stores, wherein Jewel included a full-page ad congratulating Jordan on his induction into the Basketball Hall of Fame. The text of Jewel's ad read:

After six NBA championships, scores of rewritten record books and numerous buzzer beaters, Michael Jordan's elevation in the Basketball Hall of Fame was never in doubt! Jewel-Osco salutes #23 on his many accomplishments as we honor a fellow Chicagoan who was "just around the corner" for so many years.

In addition, the ad also displayed the Jewel-Osco logo and the supermarket chain's marketing slogan, "Good things are just around the corner," both of which are registered trademarks and were positioned in the middle of the ad, above a photo of a pair of basketball shoes, each bearing Jordan's number "23."

Jordan brought suit asserting, *inter alia*, claims for trademark false endorsement and violation of publicity rights, in response to which Jewel claimed a First Amendment right to produce and disseminate the ad and moved for summary judgment on those grounds. In response

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<sup>49</sup> Id. at 56-57

<sup>50</sup> 743 F.3d 509 (7<sup>th</sup> Cir. 2014)

to the motion, Jordan argued that Jewel's ad constituted commercial speech and thus was not entitled to First Amendment protection; nonetheless, Jordan conceded that if the ad was not held to be commercial speech, then Jewel's First Amendment defense would prevail. Finding that the ad was not commercial speech, the district court granted Jewel's motion.

On appeal, the Court of Appeals for the Seventh Circuit reversed. The Court began its analysis by noting that it was clear that a finding that the ad is not commercial speech disposes of the dispute.

This is not a public-law case; it's a clash of private rights. Even if Jewel's ad qualifies as noncommercial speech, it's far from clear that Jordan's trademark and right-of-publicity claims fail without further ado....there is no judicial consensus on how to resolve conflicts between intellectual-property rights and free-speech rights; instead, the courts have offered 'a buffet of various legal approaches to [choose] from'....The Supreme Court has not addressed the question, and decisions from the lower courts are a conflicting mix of balancing tests and frameworks borrowed from other areas of free-speech doctrine.<sup>51</sup>

In other words, the dispute implicated the various publicity rights/First Amendment balancing tests discussed herein. Given the positions of the parties, however, the Court held it was not necessary to engage in the balancing of these interests.

Jordan's litigating position allows us to sidestep this complexity. The parties have agreed that if Jewel's ad is 'noncommercial speech' in the constitutional sense, then the First Amendment provides a complete defense to all claims in this suit. We're not sure that's right, but for now we simply note the issue and leave it for another day. With that large unsettled question reserved, we move to the task of classifying Jewel's ad as commercial or noncommercial speech for constitutional purposes.<sup>52</sup>

The Court then concluded that the ad did constitute commercial speech.

The district court held that the ad was fully protected noncommercial speech and entered judgment for Jewel. We reverse. Jewel's ad...prominently features the 'Jewel-Osco' logo and marketing slogan, which are creatively and conspicuously linked to Jordan in the text of the ad's congratulatory message. Based on its content and context, the ad is properly classified as a form of image advertising aimed at promoting the Jewel-Osco brand. The ad is commercial speech and thus is subject to the laws Jordan invokes here. The substance of Jordan's case remains untested, however; the district court's First Amendment ruling halted further consideration of the merits. We remand for further proceedings.<sup>53</sup>

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<sup>51</sup> Id. at 514

<sup>52</sup> Id. at 515

<sup>53</sup> Id. 511-12. As noted above, the Court acknowledged that the judicial balancing of publicity rights and First Amendment is a complex terrain. See Id. at note 5, citing cases employing the various balancing tests. For cases balancing parties' competing intellectual property rights, *i.e.*, plaintiff's publicity rights versus defendant's copyrights in the same work, see *e.g.* *Facenda v. NFL Films, Inc.*, 542 F.3d 1007, 1015-18 (3d Cir. 2008); *Ray v. ESPN, Inc.*, 783 F.3d 1140 (8<sup>th</sup> Cir. 2015).

*Sarver v. Chartier: Coming Full Circle to Zacchini?*

Although not a case involving the publicity rights of athlete, the recent decision in *Sarver v. Chartier*<sup>54</sup> portends that right of publicity jurisprudence as a whole has arguably come full circle to the Supreme Court's analysis in *Zacchini*. In *Sarver*, plaintiff therein was an Army Sergeant who had served as an Explosive Ordnance Disposal technician in Iraq. Sarver was interviewed by a journalist who wrote a magazine article about Sarver's experiences in Iraq, and who subsequently wrote the screenplay for the film *The Hurt Locker*. Sarver sued the producers of the film, contending that "Will James, the movie's main character, is based on [Sarver's] life and experiences, pointing to characteristics of James and events in the movie that allegedly mirror his life story."<sup>55</sup>

Defendants moved for dismissal of plaintiff's complaint under California's "Anti-SLAPP" statute.<sup>56</sup> The court observed that plaintiff could defeat defendants' motion if defendants failed to demonstrate that plaintiff's suit "involves a matter of public concern."<sup>57</sup>

Interpreting the California Supreme Court's pronouncements, we have 'construe[d] 'public issue or public interest'...broadly in light of the statute's stated purpose to encourage participation in matters of public importance or consequence.'...The California Court of Appeal for the First District has identified 'three categories of public issues: (1) statements 'concern[ing] a person or entity in the public eye'; (2) 'conduct that could directly affect a large number of people beyond the direct participants'; (3) 'or a topic of widespread, public interest.'... California's Court of Appeal for the Third District has explained that "'public interest' does not equate with mere curiosity," but instead 'a matter of public interest should be something of concern to a substantial number of people.'... Further, 'there should be some degree of closeness between the challenged statements and the asserted public interest,' and the 'focus of the speaker's conduct should be the public interest.' Finally, a 'person cannot turn otherwise private information into a matter of public interest simply by communicating it to a large number of people.'<sup>58</sup>

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<sup>54</sup> 813 F.3d 891 (9<sup>th</sup> Cir. 2016)

<sup>55</sup> *Id.* at 896

<sup>56</sup> The Anti-SLAPP statute "is designed to discourage suits that 'masquerade as ordinary lawsuits but are brought to deter common citizens from exercising their political or legal rights or to punish them for doing so.'" "Tracking the language of the statute, we evaluate anti-SLAPP motions in two steps. The defendant must first 'make a prima facie showing that the plaintiff's suit arises from an act by the defendant made in connection with a public issue in furtherance of the defendant's right to free speech under the United States or California Constitution.'...Second, if the defendant has made such showing, we evaluate whether the plaintiff has establish[ed] a reasonable probability that the plaintiff will prevail on his or her . . . claim....Put another way, the plaintiff must demonstrate that the complaint is both legally sufficient and supported by a sufficient prima facie showing of facts to sustain a favorable judgment if the evidence submitted by the plaintiff is credited." 813 F.3d at 901.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* at 901-02



The court had little difficulty finding that given that the film was about the War in Iraq, the suit concerned matters of public concern.<sup>59</sup>

The *Sarver* court then turned to whether plaintiff had met his burden under the statute to “state and substantiate a legally sufficient claim.”

First, *The Hurt Locker* is not speech proposing a commercial transaction. Accordingly, our precedents relying on the lesser protection afforded to commercial speech are inapposite. Second...unlike the plaintiffs in *Zacchini*, *Hilton*, and *Keller*, Sarver did not ‘make the investment required to produce a performance of interest to the public,’... or invest time and money to build up economic value in a marketable performance or identity.... Rather, Sarver is a private person who lived his life and worked his job. Indeed, while Sarver’s life and story may have proven to be of public interest, Sarver has expressly disavowed the notion that he sought to attract public attention to himself. Neither the journalist who initially told Sarver’s story nor the movie that brought the story to life stole Sarver’s ‘entire act’ or otherwise exploited the economic value of any performance or persona he had worked to develop. The state has no interest in giving Sarver an economic incentive to live his life as he otherwise would....*The Hurt Locker* is speech that is fully protected by the *First Amendment*, which safeguards the storytellers and artists who take the raw materials of life—including the stories of real individuals, ordinary or extraordinary—and transform them into art, be it articles, books, movies, or plays.<sup>60</sup>

In short, whereas defendants have an important First Amendment interest in the producing *The Hurt Locker*, Sarver has little to no publicity rights at issue in the work, and thus the balance weighed in favor of permitting any attendant use of his persona therein.<sup>61</sup>

*Developing Standards for Balancing Publicity Rights and the First Amendment*

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<sup>59</sup> Although Sarver argued that the film was about his *personal* role in the War, and thus not a matter of public concern, the Court disagreed, finding that the film was about Sarver’s *occupation in the War as a military demolition expert*.

<sup>60</sup> Id. at 905

<sup>61</sup> As the Court noted, however, if the work had constituted commercial speech such as an advertisement, it would not be afforded the kind of First Amendment consideration that can outweigh publicity interests. See e.g. *Yeager vs. AT&T Mobility, LLC*, 104 U.S.P.Q.2d 1165, 2012 WL 3778926 (E.D. Ca. 2012) concerning the unauthorized incorporation of a persona and attendant historical information in an advertisement. Defendant AT&T had issued a press release in connection with its new cell phone emergency signal service, dubbed MACH 1. The press release included the following statements: “Nearly 60 years ago, the legendary test pilot Chuck Yeager broke the sound barrier and achieved Mach 1. Today, Cingular is breaking another kind of barrier with our MACH 1 and MACH 2 mobile command centers, which will enable us to respond rapidly to hurricanes and minimize their impact on our customers.” Yeager brought suit for violation of his publicity rights and a jury found in his favor. In support of a JNOV motion, AT&T argued, *inter alia*, that “(1) the press release cannot be characterized as an advertisement under [California’s publicity] statute, (2) that AT&T did not knowingly use plaintiff’s name for advertising purposes, (3) that plaintiff’s name was connected to news or public affairs, and (4) that the press release is shielded by the First Amendment.” Rejecting AT&T’s contentions, the court held that a use need not strictly qualify as an advertisement to infringe publicity rights, nor was it necessary that the defendant intend its use to be an advertisement per se, particularly where “one purpose of the press release “was to create positive association in consumers’ minds.” \*2-\*3. Moreover, notwithstanding the historical accuracy of the Yeager references, the court concluded that the press release constituted commercial speech.

Just as continuing technological and other developments will raise new issues as to what qualifies as a right of publicity persona, such advances will also present new challenges for balancing publicity rights and the First Amendment. The *Comedy III* test, when properly applied, provides a threshold mechanism for balancing these interests when they conflict in expressive works. Although the *Comedy III* test was not central to the disposition of *Sarver*, that case does illustrate the importance of an often overlooked prerequisite to its proper invocation, namely that a court should first confirm and qualify the presence of both publicity and First Amendment rights.<sup>62</sup> In some cases, careful scrutiny will reveal the absence of any meaningful publicity right or First Amendment interest, in which case there will be no conflict to be resolved.

If a court finds that publicity and First Amendment interests are indeed in conflict in an expressive work, then the *Comedy III* test can be applied to determine how they should be balanced. As elucidated in *No Doubt*, *Keller*, and *Hart* (and presaged in *Jordan*), the purpose of the transformation test is just as its name suggests: *to assess the extent of any expressive transformation of the plaintiff's persona in the work*. Thus, among other things, the test allows a court to scrutinize any expressive embellishments that have been added to plaintiff's persona, in order to determine whether consumer interest in the work is motivated primarily by those embellishments, or rather, is motivated by what is principally a replication (and commercial exploitation) of plaintiff's persona. Moreover, as pronounced by the appellate courts in *Keller* and *Hart*, extending the *Comedy III* expressive assessment to defendant's contributions to the work as a whole can defeat the purpose of the test, making it more an evaluation of the work's eligibility for copyright protection, than a balancing of publicity and expressive interests.<sup>63</sup>

## Conclusion

Perhaps the best way to approach the problem of balancing publicity rights and the First Amendment is to organize the paradigmatic conflicts into a linear spectrum of jurisprudential social balancing. At one end of the spectrum is the unauthorized use of a persona in commercial speech, such as an advertisement, wherein the expressive message receives only limited First Amendment protection, which would be outweighed by almost any meaningful publicity interest, as illustrated in *Yeager* (and likely *Jordan*). Next on the spectrum is "quasi-commercial" speech combined with significant expressive elements or objectives, such as the movie title in *Rogers*; as discussed above, however, courts should be wary of extending *Rogers* beyond its application to expressive titles of works.<sup>64</sup> Finally, where the unauthorized persona use is a part of an expressive

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<sup>62</sup> See e.g. *Davis v. Electronic Arts, Inc.*, 775 F.3d 1172 (9<sup>th</sup> Cir. 2015) (affirming denial of Anti-SLAPP motion to dismiss publicity claims on similar grounds, and distinguishing between news and reporting uses and artistic uses in balancing First Amendment and publicity interests).

<sup>63</sup> For example, it is possible to place a depiction of Fred Astaire dancing in any number of settings, from the desert to the moon, but such uses would still depend principally upon Astaire's celebrity to generate consumer interest and/or commercial value. Despite the presence of these expressive settings, the subject publicity rights would typically outweigh the First Amendment interests. See Mtima, *supra*, *What's Mine is Mine But What's Yours is Ours*, 15 SMU Sci. & Tech. L. Rev. at 384 ("Some courts, however, employ the transformative test to evaluate and weigh the overall expressive quality of the defendant's work, which misconstrues the purpose of the test. While an overall assessment of the defendant's expressive contributions may be relevant to analyzing whether the work is copyrightable, it says little or nothing about the impact of those contributions on the plaintiff's image and concomitant publicity interests.")

<sup>64</sup> See also *Davis v. Electronic Arts, Inc.*, 775 F.3d at 1179 (holding that the *Rogers* test is designed to prevent consumer confusion and thus does not apply to publicity claims).

(albeit commercial) work, the appropriate balancing test would be the *Comedy III* transformation test.<sup>65</sup> As *Sarver* cautions, however, in applying *Comedy III*, it is critical to first confirm that both publicity rights and First Amendment interests are indeed present and in conflict, before attempting to determine which interest should take priority in a given situation.<sup>66</sup>

With ever advancing capabilities to make expressive use of individual personas, courts will be increasingly confronted with cases of “blended” expressive but unauthorized persona uses, wherein the issue may be less one of an irreconcilable conflict between First Amendment and publicity interests, but rather a question of equitable allocation of the fruits of the commercial activity. In many such cases, the pertinent rights and equities might be properly balanced by permitting the use but allowing the publicity rights holder to share in the attendant commercial rewards,<sup>67</sup> arguably a result mandated by the Supreme Court in *eBay v. Mercexchange, L.L.C.*<sup>68</sup> In this way, all of the relevant social utilities might not only be served, but perhaps even harmonized, toward society’s benefit as a whole.

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<sup>65</sup> The predominant purpose test is yet another publicity rights/First Amendment balancing test, and one particularly well-suited to assessing such disputes, in that focuses on whether the primary purpose of the work is to capitalize on the plaintiff’s persona, or rather, to make an expressive statement. To date, however, the test has only been adopted in Missouri. See *Doe v. TCI Cablevision*, 110 S.W.3d 363, 374 (Mo.2003).

<sup>66</sup> Although *Sarver* could be misconstrued as authority for the proposition that a serious First Amendment interest will always outweigh publicity interests, the fact is that in *Sarver*, there was little to no publicity interest being weighed against highly important First Amendment objectives.

<sup>67</sup> Indeed, even the dissent in the *Keller* appellate decision notes the inequity of a system wherein colleges and universities, coaches, television networks, and others all make millions off the talent and hard work of student athletes, many of whom hail from inner city neighborhoods and rural towns, while the athletes are themselves precluded from sharing in any of these revenues. “The issue of whether this structure is fair to the student athlete is beyond the scope of this appeal, but forms a significant backdrop to the discussion. The NCAA received revenues of \$871.6 million in fiscal year 2011-12, with 81% of the money coming from television and marketing [\*59] fees. However, few college athletes will ever receive any professional compensation. The NCAA reports that in 2011, there were 67,887 college football players. Of those, 15,086 were senior players, and only 255 athletes were drafted for a professional team. Thus, only 1.7% of seniors received any subsequent professional economic compensation for their athletic endeavors. NCAA, Estimated Probability of Competing in Athletics Beyond the High School Interscholas-tic Level (2011), available at <http://www.ncaa.org/wps/wcm/connect/public/ncaa/pdfs/2011/2011+probability+of+going+pro>. And participation in college football can come at a terrible cost. The NCAA reports that, during a recent five-year period, college foot-ball players suffered 41,000 injuries, including 23 non-fatal catastrophic injuries and 11 fatalities from indirect catastrophic injuries. NCAA, Football Injuries: Data From the 2004/05 to 2008/09 Seasons, available at <http://www.ncaa.org/wps/wcm/connect/public/ncaa/health+and+safety/sports+injuries/resources/football+injuries>.” 724 F.3d 1289, n.5.

<sup>68</sup> 547 U.S. 388, 391-92 (2006)



## Status Update on Student Athlete NIL Legislation

by Cole Baker

Name, image, and likeness (NIL) legislation takes effect in 7 states throughout July. These states (Alabama, Arizona, Florida, Georgia, Mississippi, Nebraska, and New Mexico) are part of a nationwide push by state legislatures to enact laws that allow for collegiate student-athletes to profit off their NIL. 39 states have introduced bills to their legislatures, and 16 states have officially signed NIL legislation into law.

### How We Got Here

In September 2019, Gov. Gavin Newsome (CA) signed into law California's Fair Pay to Play Act making it unlawful for universities to revoke a student-athlete's scholarship for receiving compensation from use of his or her NIL in a commercial nature.<sup>1</sup> After numerous states followed suit by enacting similar legislation, the NCAA Board of Governors released a statement indicating that it would look to "modernize" its rules and add "flexibility" to its policy of banning any monetization of NIL by participating student-athletes.<sup>2</sup> After months of deliberation and direction to each subdivision of competition to discuss changes to its

policy, the NCAA released another statement in April 2020 indicating that it is supportive of allowing athletes to sign endorsement contracts and appear in advertisements.<sup>3</sup> The NCAA received draft legislation from each of its 3 subdivisions for updates to NIL policy in November of 2020.<sup>4</sup>

The NCAA has repeatedly called on Congress to enact federal legislation to both standardize NIL policy on a national scale and carve out an antitrust exemption for the NCAA to allow caps on NIL compensation earned by its athletes.<sup>5</sup> So far there have been 8 bills introduced to Congress dealing with the issue. The Senate Committee on Commerce, Science, and Transportation held a hearing on June 9th to receive testimony on the issue of NIL for collegiate athletes, how a national policy would benefit consistency and fairness of its implementation both for institutions and athletes, and the competing interests at state between the NCAA, its member-institutions, and athletes. Senators Booker and Blumenthal stressed the importance of health-care related legislation being included in the prospective bill and championed their Athlete Bill of Rights. Mark Few, head coach of the Gonzaga men's basketball team testified indicating it is embarrassing that nothing has been done thus far with respect to creating avenues for athletes to exploit their NIL rights. Mark Emmert, president of the NCAA, also testified urging the Senate Committee to consider five policy matters included in any NIL bill: (1) the bill put in place a unified national NIL model, (2) the bill support Title IX considerations, (3) the national policy expressly preempts state NIL law, (4) the bill safeguard the non-employee status of student athletes, and (5) the bill create legal exemptions for the NCAA and its member-institutions to antitrust concerns. Emmert received push back on the latter two recommendations from testifying witnesses and senators alike. Senator Cantwell, chair of the committee, concluded the hearing by indicating that due to the fact that more than half of the senate-committee members testified, the Commerce Committee is committed to get something done in regards to national NIL policy.

The NCAA has also received federal attention from the Department of Justice's antitrust division, which undertook meetings and corresponded with NCAA officials regarding the policy reforms.<sup>6</sup> The DOJ has expressed it's wariness of the NCAA policies as violating antitrust laws. It has specifically taken issue with the antitrust concerns arising out of the NCAA's purported 3rd-party "clearinghouse" agency proposal. The policy proposal indicates athletes would be forced to disclose NIL earnings to ensure compliance with a capped sum. The sum would be dictated by the NCAA's determination of what represents a "fair-market value" for NIL.<sup>7</sup> Furthermore, the Supreme Court heard oral arguments in *Alston v. NCAA*. While not dealing directly with NIL, it is an antitrust suit which may answer the question of whether the NCAA model is truly one of amateurism in a decision likely to be released this month.<sup>8</sup> To learn more about the case, NPR recently looked into it in their *Planet Money* podcast.

### A Summer of Change

So far, 39 states have introduced bills relating to student-athlete NIL compensation within their legislatures, and 16 of those states have signed these policies into law.<sup>9</sup> The NCAA Division I council is expected to act on proposed policies on June 23, 2021.<sup>10</sup> On July 1, 2021, NIL laws take effect in Alabama, Florida, Georgia, Mississippi, Nebraska (pending individual school adoption) and New Mexico; Arizona's laws will take effect on July 23.

These state laws differ in scope. Some are less restrictive than the proposed NCAA policies, whereas others are more restrictive. For example, Mississippi's law permits schools to prohibit athletes from wearing any clothes with a sponsoring entity's logo or insignia at any school-sponsored event, whereas the NCAA policy would regulate the appearance of athlete sponsors' logos only during pre- and post-game activities.<sup>11</sup> Furthermore, Mississippi prohibits athletes from receiving NIL compensation prior to enrollment in their first college class, whereas the current NCAA policy would allow for high school students to seek NIL compensation as early as their 9th grade year.<sup>12</sup> On the other hand, New Mexico has some of the most lenient rules pertaining to NIL compensation. The state prohibits schools from terminating an athlete's eligibility to participate or receive scholarships regarding any "food, shelter, medical expenses or insurance from a third party." The state further prohibits schools from interfering with a student-athlete's choice of footwear during any mandatory team activity.<sup>13</sup>

There are many questions left unanswered without a national policy in place from the NCAA or Congress. Will athlete's still be subject to exploitation of their schools when most of the state laws leave determining acceptable commercial conduct up to the school's own internal policy? How will school's handle licensing issues where athletes appear in advertisements or promotions with their logos and insignia? Will athlete's have their NIL earnings be capped or confined to monetary compensation, and is that even lawful under antitrust laws? Nevertheless, athletes in these seven states may be able to sign endorsement deals in July so long as they are compliant with state law. However, it is expected that the NCAA will file suit against these states if they do not come up with a national policy plan beforehand.<sup>14</sup> Regardless, this summer marks the start of a new era of collegiate athletics which will undoubtedly change the landscape of sport for athletes who have for decades had their talents and work exploited by the NCAA model.

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<sup>1</sup> CAL. EDUC. CODE §§ 67456-57 (2019).

<sup>2</sup> *Board of Governors starts process to enhance name, image and likeness opportunities*, NCAA (October 29, 2019).

<sup>3</sup> Dan Murphy, *NCAA group supports player endorsement plan*, ESPN (April 29, 2020).

<sup>4</sup> *Taking Action—Name, Image, and Likeness*, NCAA (2021).

<sup>5</sup> Murphy, *supra* note 3.

<sup>6</sup> Steve Berkowitz et. al., *DOJ critical of NCAA's view of antitrust compliance; association president Mark Emmert wants voting delay on rules proposals*, USA Today (January 9, 2021).

<sup>7</sup> *Id.*

<sup>8</sup> Dan Murphy, *Everything you need to know about the NCAA's NIL debate*, ESPN (May 24, 2021).

<sup>9</sup> *Tracker: Name, Image and Likeness Legislation by State*, Business of College Sports (June 2, 2021).

<sup>10</sup> Murphy, *supra* note 8.

<sup>11</sup> Steve Berkowitz, *Name, image and likeness laws vary by state. A closer look at those going into effect July 1*, USA Today (May 28, 2021).

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Murphy, *supra* note 8.



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For more on this topic, check out these posts:

[Video: Right of Publicity Update](#)

[NCAA's Proposed NIL Regulations Are an Antitrust Violation Waiting to Happen](#)

[Recent Name/Image/Likeness Legislation Will Change the NCAA \(or Not\)](#)



## A Historic Victory for Student Athlete's IP Rights—The NCAA Changes NIL Compensation Rules

by: Cole Baker & IIP SJ Staff

Starting July 1, the NCAA changed its rules regarding student athlete commercial use and exploitation of their names, images, and likenesses ("NIL") and their accompanying intellectual property rights, referred to as the right of publicity. For the first time in its history, the NCAA will allow member-schools to permit student-athletes to pursue opportunities to profit from their NIL and publicity rights, such as in product endorsement deals. The NCAA change in policy will finally allow student-athletes to participate in the billion dollar NIL industry derived from their talent, eradicating decades of unfair exploitation and IP social injustice. The NCAA adopts the new rules on an interim basis until "federal legislation or new NCAA rules" are enacted.

College Athletics as a Path to Education: The "Play for Pedagogy" Bargain

The modern tradition of the collegiate athlete is rooted in a bargain of the exchange of young athletic talent for a college education. However, with the advent of mass televised events and games, colleges and universities changed that bargain and insisted that student-athletes also allow them to exploit their NIL IP rights, but without adding anything to the student-athletes' side of the deal. By unilaterally restructuring the student-athlete bargain, NCAA schools gained as much as \$11 billion in revenues annually.<sup>1</sup> Seemingly everyone shared in these revenues, with the NCAA president earning more than \$2 million a year, the top-50 Division I

football coaches earning a median salary of more than \$4 million a year, and NCAA schools receiving hundreds of millions of dollars in endorsements from athletic brands.<sup>2</sup>

Everyone benefited except the student-athletes. Under NCAA rules, students were not only denied a share in these revenues, they were also prevented from engaging in their own deals to benefit from their NIL intellectual property. For instance, for most of the past two decades, college athletes had their images and likenesses copied into video games but were not compensated by the video game makers. These rules even resulted in the loss of two University of Iowa swimmer's eligibility due to a clothing line they created. The clothing line had nothing to do with swimming; however, the GoFundMe page that they used to start production mentioned that the two had met by swimming together at Iowa. In order to regain eligibility, both swimmers had to remove any pictures of themselves from the business's website as well as any mention of University of Iowa swimming.<sup>3</sup>

A Policy Shift Toward IP Social Justice

In the wake of growing public criticism, targeted social activism, and a rapidly changing legal landscape, the NCAA Board of Governors voted on June 30, 2021 to approve a new policy, effective July 1. The Board announced that it had adopted a, "uniform interim policy suspending NCAA name, image and likeness rules" for student-athletes in every sport.

The policy is effective across "all three divisions," and provides a four-prong guidance structure for member schools. The first guidance indicates that "Individuals can engage in NIL activities that are consistent," with each school's state law, and that schools "are responsible for determining whether those activities are consistent with state law." The second indicates that athletes in states without a NIL statute can "engage in this type of activity" in accordance with NCAA rules. The third allows athletes to retain a "professional services provider" for advice in pursuing NIL monetization opportunities. Finally, the fourth guidance urges athletes to report their NIL activities to their schools.

The NCAA's change in policy comes in response to immense public pressure, including new state laws and successful challenges to NCAA policies in the courts. In 2019 California enacted the "Fair Pay to Play Act", which prohibits schools from preventing their student-athletes from exploiting their NIL intellectual property, and more than 30 other states soon passed similar legislation. Recently, in *NCAA v. Alston* the United States Supreme Court ruled in favor of an antitrust challenge to the NCAA's policies, with Justice Kavanaugh noting that "the NCAA's current compensation regime raises serious questions under the antitrust laws."<sup>4</sup> And the NCAA's change in policy comes in the wake of a national conversation about systemic racial exploitation. While the NCAA's compensation policies

affect student-athletes of every race and gender, the disproportionate impact on black athletes, who make up the majority of athletes in the NCAA's top revenue generating sports, football and basketball,<sup>5</sup> has long been evident.

IIP SJ has long advocated for and today welcomes this progressive evolution in NCAA policy, which implements an IP social justice perspective toward student-athlete NIL intellectual property rights. While the policy change does not require schools to pay student-athletes, and still allows NCAA schools to capitalize on student-athlete NIL intellectual property through televised games, merchandising deals, and the like, the change in policy finally allows the student-athletes the chance of also benefiting from their intellectual property.

The NCAA is not out of the weeds of litigation, however. There is another consolidated class action in progress in the Northern District of California where athletes are claiming the NCAA's rules on NIL are in violation of antitrust laws. Notwithstanding the NCAA's changed policy, the suit goes further than what the NCAA's policy change did. It seeks to permanently tear down all remaining NIL strictures. Furthermore, the suit seeks to recoup and distribute money to athletes made by the NCAA and its member conferences in licensing television rights.<sup>6</sup>

As the NCAA acknowledges, federal legislation is necessary to provide a national, uniform framework for student-athlete use of their NIL intellectual property rights. In the meantime, the new NCAA policy is an important step toward providing student-athletes a meaningful stake in the IP system, and fulfilling the social justice obligations of the intellectual property regime.

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<sup>1</sup> Robert Zafft, *Forbes*, *The Supreme Court, NCAA, and Juneteenth* (July 5, 2021).

<sup>2</sup> *Id.*

<sup>3</sup> Erin Jordan, *The Gazette*, *Hawkeye swimmers' clothing line causes NCAA violation* (August 14, 2017).

<sup>4</sup> *NCAA v. Alston*, 141 S. Ct. 2141, 2208 (2021).

<sup>5</sup> NCAA.org, *NCAA Demographics Database* (March, 2021).

<sup>6</sup> Zachary Zagger, *Law360*, *NCAA Athletes Say Name, Image 'Experiment' Proves Case* (July 27, 2021) (January 9, 2021).

For more on this topic, check out this page: <https://iipsj.org/iipsj-advocacy/student-athlete-nil/>



# Expert Q&A on the Copyright Preemption and Right of Publicity Claims Conflict in Entertainment

by PLC Intellectual Property & Technology

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An expert Q&A with Jonathan D. Goins of Lewis Brisbois LLP regarding the recent *In re Jackson* decision by the US Court of Appeals for the Second Circuit. The Second Circuit adopted the copyright preemption doctrine to bar plaintiff's state right of publicity claim. It includes useful tips for managing risks and potential liability arising from right of publicity claims when reproducing copyrighted music.

On August 19, 2020, the US Court of Appeals for the Second Circuit issued a pivotal decision in *In re Jackson*, a case of first impression in the Second Circuit (972 F.3d 25 (2d Cir. 2020)). Jonathan D. Goins of Lewis Brisbois LLP led the legal team that secured a victory for Defendant William Roberts, publicly known as Rick Ross, against Plaintiff Curtis Jackson, publicly known as 50 Cent. In its ruling, the Second Circuit adopted the copyright preemption doctrine to bar Jackson's state right of publicity claim. The decision is the first publicly-reported ruling on this preemption issue in the Second Circuit, the home of many multi-media entertainment giants.

Practical Law asked Mr. Goins for his insight on the Second Circuit's decision and the circuit split, and to explain how best to manage the risks and potential liability arising from right of publicity claims when reproducing copyrighted music. Mr. Goins is vice-chair and member of the firm's Intellectual Property & Technology and Entertainment, Media & Sports Practices. He has extensive experience as lead counsel in litigating federal cases nationally for a range of clients involving trademarks, copyrights, trade secrets, right of publicity, entertainment, breach of software contracts, and related business torts. Mr. Goins has been consistently ranked in peer-recognitions and publications for his expertise in intellectual property, including most recently being named among the world's leading trademark professionals for the third time in the annual edition of the World Trademark Review 1000. In addition to his IP litigation background, Mr. Goins provides strategic advice in negotiating IP-related rights in multi-million dollar corporate deals and manages large-scale trademark

and copyright portfolio registrations. Mr. Goins is a frequent speaker and author on various topics regarding intellectual property, and since 2012 has lectured on copyright law, trademark law, entertainment law, and sports law as an Adjunct Professor at Atlanta's John Marshall Law School.

## What Was the Underlying Dispute in *In Re Jackson*?

The facts underlying this five-year litigation battle are fairly straightforward. In December 2015, Jackson sued Roberts after Roberts recorded and made publicly available for free a remix version of Jackson's most popular song, "In Da Club." Released in 2003, In Da Club has been ranked as one of the "500 Greatest Songs of All Time" and one of the top 100 songs of that decade.

Roberts's remix version was one of 26 remixes included on his Renzel Remixes mixtape, in which Roberts performed his own lyrics over the original (the "master") recordings of popular songs by other well-known artists, including Adele and Snoop Dogg. Jackson's complaint alleged that Roberts's use of Jackson's voice in the song and stage name in the track's title violated Jackson's right of publicity under Connecticut common law.

In his initial complaint, Jackson also included claims of trademark infringement, false advertising, and dilution under the Lanham Act. After Roberts moved to dismiss, Jackson later dropped the trademark claims and amended the complaint to include only the right of publicity claim.

After years of extensive discovery, including depositions of both artists and each artist's damages experts, the US District Court for the District of Connecticut granted summary judgment in favor of Roberts. The court's decision was based on Jackson's having contractually surrendered or waived his right to license and approve his likeness associated with the master recording of In Da Club given that he had assigned this right to his record label by executing his recording artist agreement. The court rejected his right of publicity claim because he had contractually surrendered that right. In February 2019, Jackson appealed.

### What did the Second Circuit Decide in *In re Jackson*?

The Second Circuit affirmed the lower court's grant of summary judgment in Roberts's favor but disagreed with the reasoning, instead determining that Jackson's right of publicity claim was preempted under the doctrine of implied preemption, or in the alternative, statutorily preempted under Section 301 of the Copyright Act (*In re Jackson*, 972 F.3d at 33).

Regarding implied preemption, the Second Circuit:

- Analyzed whether the state law claim furthers substantial state law interests that are distinct from the interests served by the federal law which may preempt the claim.
- Determined that Jackson's claim does not seek to vindicate any substantial state interests distinct from those furthered by the copyright law.
- Concluded that the policy considerations justifying the doctrine of implied preemption prevail and therefore Jackson's insubstantial claim of violation of his publicity is precluded.

(*In re Jackson*, 972 F.3d at 34-42.)

Regarding statutory preemption, the Second Circuit applies a two-part test to determine whether a state law claim is statutorily preempted under Section 301 (see *How Have Courts Determined Whether Right of Publicity Claims Based on Reproduction of Copyrighted Works are Preempted?*). The court ultimately concluded that Jackson's right of publicity claim was based on the reproduction of a copyrighted work embodying Jackson's voice. The claim was preempted by Section 301 because its focus was Roberts' use of a work falling within the subject matter of copyright and it asserted rights that were sufficiently equivalent to the rights protected by federal copyright law.

### Does the Copyright Preemption Doctrine Bar Right of Publicity Claims?

Many courts have rejected copyright preemption defenses to right of publicity claims. This is because typically, the subject matter of a publicity claim is the unauthorized use of a plaintiff's name or likeness, which are not works of authorship within Section 102 of the Copyright Act. However, where the right of publicity claim is based only on a defendant's use of the plaintiff's name or likeness in a copyrighted work, some courts have found the claim preempted.

For more on copyright preemption, see [Practice Note, Copyright Preemption](#). For more on the legal framework for the right of publicity, see [Practice Note, Right of Publicity: Overview](#) and [Right of Publicity Laws: State Q&A Tool](#).

### How Have Courts Determined Whether Right of Publicity Claims Based on Reproduction of Copyrighted Works are Preempted?

Courts generally apply a two-part test to determine whether a state law claim is preempted under Section 301 of the Copyright Act. The claim is preempted if both:

- The work at issue, which would be affected by the plaintiff's exercise of a state-created right, falls within the subject matter of copyright defined by Sections 102 and 103 of the Copyright Act (17 U.S.C. §§ 102, 103).
- The claimed right is equivalent to any of the exclusive rights identified in Section 106 of the Copyright Act (17 U.S.C. § 106). The Second Circuit refers to this prong as the "equivalence requirement" or the "general scope" requirement (*In re Jackson*, 972 F.3d at 42-43).

While Circuit courts have uniformly applied the two-part test to determine whether a state law claim is statutorily preempted under Section 301 of the Copyright Act, there is a developing split regarding whether there is a commercial use or advertising exception to the two-part test.

With its *In re Jackson* decision, the Second Circuit joins the Eighth and Ninth Circuits in applying the copyright preemption doctrine to bar right of publicity claims based solely on the reproduction of a copyrighted work. For example:

- The Eighth Circuit applied the copyright preemption doctrine to bar a professional wrestler's right of publicity claim based on ESPN's broadcast of wrestling matches depicting his performance where the claim was an "attempt to merely prevent rebroadcast of a copyrighted film" to which he did not own the rights (see *Ray v. ESPN, Inc.*, 783 F.3d 1140, 1143-44 (8th Cir. 2015)).
- The Ninth Circuit applied copyright preemption to bar a right of publicity claim based on the use of Debra Laws's name and a sample of her song "Very Special" in Jennifer Lopez's hit song "All I Have" (see *Laws v. Sony Music Ent., Inc.*, 448 F.3d 1134, 1141 (9th Cir. 2006); see also, *Jules Jordan Video, Inc. v. 144942 Canada Inc.*, 617 F.3d 1146 (9th Cir. 2010) (holding that the Copyright Act preempted plaintiff's right of publicity claims against movie distributors that copied and sold without authorization copyrighted DVDs owned by the actor or his company and featuring the actor's performance)).

Conversely, the Third and Fifth Circuits have found, in limited circumstances, against applying the copyright preemption doctrine to right of publicity claims. Specifically:

- The Third Circuit found that copyright preemption did not bar a right of publicity claim where the NFL used a broadcaster's previously recorded voice within a later television advertisement for a video game (see *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1029 (3d Cir. 2008)).
- The Fifth Circuit concluded that copyright preemption did not bar the plaintiff's right of publicity claims because the right of publicity claims involved use of the musicians' vocal styles, which did not fall within the subject matter of copyright (see *Brown v. Ames*, 201 F.3d 654, 659-61 (5th Cir. 2000)).

Falling in the middle is the Seventh Circuit, which has ruled on both ends of the spectrum, holding that:

- The Copyright Act preempted baseball players' publicity rights in their performances in baseball games that were captured in recorded telecasts. Major league baseball clubs owned the copyright in the baseball games because the telecasts were fixed in a tangible form (see *Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, 674 (7th Cir. 1986)).
- The Copyright Act did not preempt a model's right of publicity claim against L'Oreal for using her photograph in advertising after the term of her authorization to the company expired, on the basis that an individual's identity could not be fixed in a tangible form and therefore could not satisfy the first condition of the test for preemption (see *Toney v. L'Oreal USA, Inc.*, 406 F.3d 905 (7th Cir. 2005)).

The First, Fourth, and Tenth Circuits have yet to issue or rule on whether the copyright preemption doctrine bars a right of publicity claim. However, though not traditionally recognized as a copyright preemption case, the Tenth Circuit's decision in *Cardtoons, L.C. v. Major League Baseball Players Ass'n* may provide insight into whether the Tenth Circuit would apply the copyright preemption doctrine to right of publicity claims (95 F.3d 959, 962-64 (10th Cir. 1996)). In *Cardtoons*, the Tenth Circuit determined that a right of publicity claim based on the unauthorized use of certain baseball players' likeness on parody baseball cards established substantial state law interests unrelated to the exclusive rights of a copyright holder because the value of the works was based on the unauthorized exploitation of the players' valuable persona (see *Cardtoons*, 95 F.3d 959, 962-64).

The tension between right of publicity claims and copyright preemption will likely continue to be litigated in many circuits until the US Supreme Court weighs in.

### How Have Courts Distinguished Right of Publicity Claims Involving Commercial or Advertising Uses?

Courts that have not applied copyright preemption to bar right of publicity claims have based their decisions largely on a "commercial use" exception. The Third and Seventh Circuits have acknowledged that there are claims involving certain uses, even if they are reproductions of copyrighted works, that should survive preemption if the uses are commercially exploitive of the plaintiff's persona. For example:

- The Third Circuit affirmed summary judgment in favor of a plaintiff on a right of publicity claim where the defendant used a thirteen-second sound recording of the plaintiff broadcaster's voice in a twenty-two minute television program promoting a video game (see *Facenda*, 542 F.3d 1007 at 1025-32).
- The Seventh Circuit reversed dismissal of a right of publicity claim where the defendant L'Oreal used the plaintiff model's likeness after her authorization of use expired in advertising for their commercial advantage (see *Toney*, 406 F.3d 905 at 910).

In the Second Circuit, Jackson's legal team asserted this same position, arguing that Roberts's remix version of In Da Club repeated a lyrical phrase ("Only on the Black Market, December 4th, The Album is out") six times that promoted his next commercially released album, and therefore, this constituted an exploitive use of Jackson's identity, bringing the claim outside the scope of copyright

preemption. However, the Second Circuit rejected this argument, noting that the pertinent distinction is whether the defendant's use of a work involves the plaintiff's identity, such as when:

- The plaintiff is identified in a manner that:
  - implies the plaintiff's endorsement, sponsorship, or approval; and
  - holds opinions favored by the defendant.
- The value of what the defendant distributes lies in its reference to the plaintiff's identity.

(*In re Jackson*, 972 F.3d at 48-49.)

In this case, the Second Circuit concluded that the crux of Jackson's right of publicity claim was not the use of his identity but rather the use of the copyrighted work itself, relying on the combination of:

- The absence of any apparent message of endorsement.
- The evidence that it is commonplace for hip-hop artists to sample each other's songs without permission.
- The large number of artists other than Jackson who Roberts similarly sampled and identified.

(*In re Jackson*, 972 F.3d at 51-52.)

### Are Performers Contractually Precluded from Bringing Right of Publicity Claims Because of Rights Surrendered in Typical Recording Agreements?

Performers must read the fine print of their agreements. Some recording artist agreements contractually transfer their name, image, and likeness only with respect to advertising of their contributions in limited mediums, or only for a limited duration.

Interestingly, Jackson's recording artist agreement actually required his approval for use of In Da Club or as a sample. Therefore, the court noted that Roberts's use of the sample was not only unauthorized by the rightsholder (here, Shady/Aftermath) but also was a use that Shady/Aftermath could not authorize without Jackson's approval. The court found by reason of the unauthorized sample, Roberts was presumably liable for copyright infringement to Shady/Aftermath but not to Jackson. Jackson may have a right to compel Shady/Aftermath to sue Roberts for copyright infringement or seek damages from Shady/Aftermath for its failure to protect Jackson's right to royalties by suing Roberts. However, Jackson possessed

no legal right to directly control Roberts's use of the song. (*In re Jackson*, 972 F.3d at 41.)

### How Does the Second Circuit's decision in *In Re Jackson* Impact Music Licensing?

Apart from the preemption holding, the Second Circuit's opinion is also relevant because of how the court construed Jackson's assignment of his right of publicity.

Generally, performers assign to their record labels the right to use their names, images, and likenesses in connection with their contributions to master recordings. This is done to make it easier for the record labels to approve later licensing and marketing uses without the licensee having to otherwise obtain approval or seek a license from multiple varying different parties (see Bob Kohn, *KOHN ON MUSIC LICENSING* (4th ed. Aspen Law & Business 2010)). With this provision, seeking any approval for subsequent licensing directly from the performer of that master recording is typically unnecessary.

Although Jackson granted his recording label the perpetual and exclusive right to use his name and likeness to advertise and exploit the applicable recordings, the Second Circuit noted in dicta that this grant was exclusive only during the term of the recording agreement. Upon expiration of the term, Jackson recovered a shared interest in this right of publicity and therefore was not contractually precluded from bringing a right of publicity claim (the basis for the district court's conclusion that the right of publicity claim was barred). This finding is significant and could create a floodgate of litigation from many artists who may want to take this same position.

Many music licensing and entertainment industry experts will disagree with this contractual interpretation, as most recording artist agreements include a survival clause or provisions that survive the term.

### How Can Music Licensees Minimize the Risk of Right of Publicity and Related Claims Involving the Unauthorized Use of an Individual's Identity?

Music licensees should:

- Continue to obtain approval from both the record label (as the copyright holder in the sound recording) and the publisher (as the copyright holder in the composition).

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- Evaluate the type of use intended so that the music licensee knows what type of license is needed (for example, synchronization license versus mechanical license).
- Consider when the performers' recording artist agreement or contractual assignment of their name, image, and likeness expires or terminates.
- Obtain as many approvals as possible before engaging in use of an individual's identity.

Some organizations have gone so far as to include indemnification clauses in applicable agreements

involving the use of music for potential claims of copyright infringement or right of publicity violations. In the music industry, obtaining approval and the licensing rights to the use of music will reduce any chance of a related claim or cause of action for right of publicity so long as the use is:

- Incorporated into the recording of the music itself.
- Not separately focused on commercial advertising that is unconnected to the performer's name, image, or likeness.

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IP Law News

# Second Circuit Sets Precedent in 50 Cent Right of Publicity Case

By Jonathan Goins

Oct. 16, 2020, 4:00 AM

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The Second Circuit recently gave courts in its jurisdiction a blueprint for deciding cases involving right of publicity claims based on the use of copyrighted music. Jonathan Goins, partner at Lewis Brisbois Bisgaard & Smith LLP, says the case involving rappers 50 Cent and Rick Ross furthers a circuit split and the court's language suggests that performers' approval could be required for licensing that occurs following the expiration of their contracts.

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In a precedential 66-page opinion in a case brought by Curtis Jackson (a/k/a 50 Cent) that will be cited as a seminal decision going forward, the U.S. Court of Appeals for the Second Circuit adopted the copyright preemption doctrine in barring a right of publicity claim.

Given the growing tension between copyright and right of publicity laws, this opinion is significant because it likely creates a further circuit split that the U.S. Supreme Court may ultimately resolve, and it potentially complicates longstanding practices of the music licensing process.

## So, What Happened?

The facts underlying this five-year litigation battle are fairly straightforward. In December 2015, Jackson sued William Roberts (a/k/a Rick Ross) after Roberts recorded and made publicly available a remix version of Jackson's most popular song, "In Da Club."

Roberts' remix version was one of 26 remixes included on his *Renzel Remixes* mixtape, in which Roberts performed his own lyrics over the original (i.e., "master") recordings of popular songs by other well-known artists, including Adele and Snoop Dogg. Jackson's complaint alleged that Roberts' use of Jackson's voice in the song and stage name in the track's title violated Jackson's right of publicity under Connecticut common law.

The U.S. District Court for the District of Connecticut granted summary judgment in favor of Roberts, holding that Jackson had contractually surrendered his right to use his likeness associated with the master recording of "In Da Club" vis-à-vis his recording agreement, and thus his right of publicity claim was preempted under the federal copyright preemption doctrine. In February 2019, Jackson appealed.

## The Second Circuit Decision

The Second Circuit affirmed the lower court's ruling, but for different reasons, determining that statutory preemption by the express provision of Section 301 of the Copyright Act, as opposed to the terms of Jackson's recording artist agreement, barred Jackson's right of publicity claim.

It ultimately concluded that Jackson's right of publicity claim was based on the reproduction of a copyrighted work embodying Jackson's voice, which was preempted by Section 301 because its focus was Roberts' use of a work that fell within the "subject matter of copyright" and it asserted rights that were sufficiently equivalent to the rights protected by federal copyright law.

## Circuit Split

In issuing its opinion in this case of first impression, the Second Circuit has provided courts within its jurisdiction a blueprint for deciding cases involving right of publicity claims based on the use of copyrighted music.

Moreover, it now joins the Eighth and Ninth Circuits in adopting the copyright preemption doctrine to right of publicity claims in the entertainment context. Conversely, the Third, Fifth, Seventh, and Tenth Circuits have found, in limited circumstances, against applying the copyright preemption doctrine to right of publicity claims, especially when commercial or advertising uses are involved.

A circuit split is taking shape on this issue, and additional circuits will likely grapple with the right of publicity-copyright tension in future cases. As such, the U.S. Supreme Court may ultimately some day determine the issue.

## Heartburn

There is at least one takeaway from the Second Circuit's decision that may give the entertainment industry heartburn concerning the future of music licensing. Artists routinely assign away any copyright ownership, or any name, image or likeness rights in advertising, in connection with the master recordings of their songs.

This eliminates the need for others to obtain performers' approval for subsequent licensing, thus making the music clearing process less cumbersome.

According to the Second Circuit's interpretation of Jackson's recording artist agreement, however, artists' consent for subsequent licensing may be required. In a surprising twist, and contrary to the lower court's interpretation, the Second Circuit found, in dicta, that Jackson's right of publicity for use of "In Da Club" possibly survived the expiration of his agreement.

The court stated that "upon expiration of the Recording Agreement, Jackson recovered a shared interest in his right of publicity and is not contractually precluded from bringing this right of publicity claim." Leaving the court's preemption ruling aside, this contractual interpretation could afford Jackson a limited ability to have approval rights for the future licensing of one of the top songs in history.

Although legal experts may maintain that the record label's rights received under Jackson's contract survived the termination of the parties' agreement, the Second Circuit's language certainly suggests that performers' approval could be required for licensing that occurs following the expiration of their contracts.

This outcome would significantly complicate the music licensing and clearing processes. At the very least, the Second Circuit has left the meaning of its words open to further analysis (albeit likely unintentionally).

Many complex issues surrounding music, including how it is licensed, who may sue based on its unauthorized use, and which laws apply, will likely remain hotly contested for years to come. In the interim, as William Shakespeare once said, let the music "play on."

*This column does not necessarily reflect the opinion of The Bureau of National Affairs, Inc. or its owners.*

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#### **Author Information**

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### **Law Firms**

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## NCAA's Proposed NIL Regulations Are an Antitrust Violation Waiting to Happen



*by Ronald S. Katz*

The NCAA is no stranger to antitrust violations. Defendant in a landmark U.S. Supreme Court antitrust case in 1984, the NCAA has been on the wrong side of two Ninth Circuit decisions in the past five years (a blink of the eye in antitrust time). That record of recidivism, however, has not stopped the NCAA from, once again, ignoring the free market and proposing new regulations (“Proposal”) on the sale of the names, images and likenesses of college athletes. The Proposal, not surprisingly, runs afoul of those earlier court decisions.

Names, images and likenesses have been sold since time immemorial in a free market. Of course, in a free market, these transactions are confidential. How much someone is being paid for a name, image or likeness is clearly competitively sensitive information.

Such confidentiality will not exist in the contracts of college athletes, however. According to the NCAA's October 14, 2020 press release on the Proposal, “student-athletes would be required to disclose name, image and likeness activities including compensation arrangements and details of relationships developed through the process.” Such disclosures would be made to what the press release calls “a third-party administrator.”

Also, a free market enables competitors to deal with whom they please. According to the press release, however, there will be significant restrictions on the college athletes. First, they cannot “participate in activities involving a commercial product or service that conflicts with NCAA legislation (such as sports wagering or banned substances) ...” However, sports betting and so-called banned substances like cannabis are, of course, legal in many states.

More ominously, according to the press release, “schools would have the opportunity to prohibit activities that conflict with school values or existing sponsorship arrangements.” Because many of the schools have sponsorship arrangements with major sports equipment/apparel companies like Nike and Adidas, this is a significant curtailment of competition. As for “school values,” this hopelessly vague phrase has the potential of blotting out all NIL activity by college athletes.

Measuring the Proposal against the major antitrust cases lost by the NCAA paints a clear picture of antitrust violations on the horizon. The 1984 U.S. Supreme Court case, for example, *NCAA v. Board of Regents of the University of Oklahoma*, 468 U.S. 85 (1984), involved the NCAA’s policy of curtailing the number of football games a school could televise, much as the Proposal curtails the quantity of names, images and likenesses that a college athlete can sell.

The Supreme Court’s holding was foursquare against the NCAA: “that the record supports the District Court’s conclusion that, by curtailing output and blunting the ability of member institutions to respond to consumer preference, the NCAA has restricted, rather than enhanced, the place of intercollegiate athletics in the Nation’s life. Accordingly, the judgment of the Court of Appeals [against the NCAA] is Affirmed.”

The Proposal does not fare any better under the 2015 Ninth Circuit case, *O’Bannon v. National Collegiate Athletic Association*, 802 F.3d 1049 (2015). That case involved paying athletes for their names, images and likenesses, which was completely forbidden at that time.

The Ninth Circuit held that higher educational institutions were prohibited from preventing such payments up to the cost of attendance at an institution of higher education: “In this case, the NCAA’s rules have been more restrictive than necessary to maintain its tradition of amateurism in support of the college sports market. The Rule of Reason [of the Sherman Antitrust Act] requires that the NCAA permit its schools to provide up to the cost of attendance to their student athletes.”

The Proposal also does not meet the standards of the 2020 Ninth Circuit case, *In re National Collegiate Athletic Association Athletic Grant-in-Aid Cap Antitrust Litigation*, No. 19-15566 (May 18, 2020). That case involved paying athletes for education-related expenses. The Ninth Circuit opinion prohibited the NCAA member schools “from enforcing rules that restrict the education-related expenses that its member institutions may offer students who play Football Bowl Subdivision football and Division I basketball.” Again, the Ninth Circuit’s holding was crystal clear: “the district court properly concluded that NCAA limits on education-related benefits do not ‘play by the Sherman Act’s rules.’”

Based on the above, the Proposal, if it is enacted by the NCAA, will violate the antitrust laws. As Senator Richard Blumenthal of Connecticut was quoted in the November 14, 2020 issue of USA Today, the Proposal was “functionally useless” and “will do little to change the current exploitive state of college athletics.”



*Ron Katz is a Senior Counsel at GCA Law Partners LLP in Mountain View, California. A co-author of the textbook *Sport, Ethics and Leadership* (Routledge, 2017), he will be speaking on the subject covered above at the 2021 IP and Social Justice CLE this coming March 5.*

For more on this topic, check out these posts:

[Recent Name/Image/Likeness Legislation Will Change the NCAA \(or Not\)](#)

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