

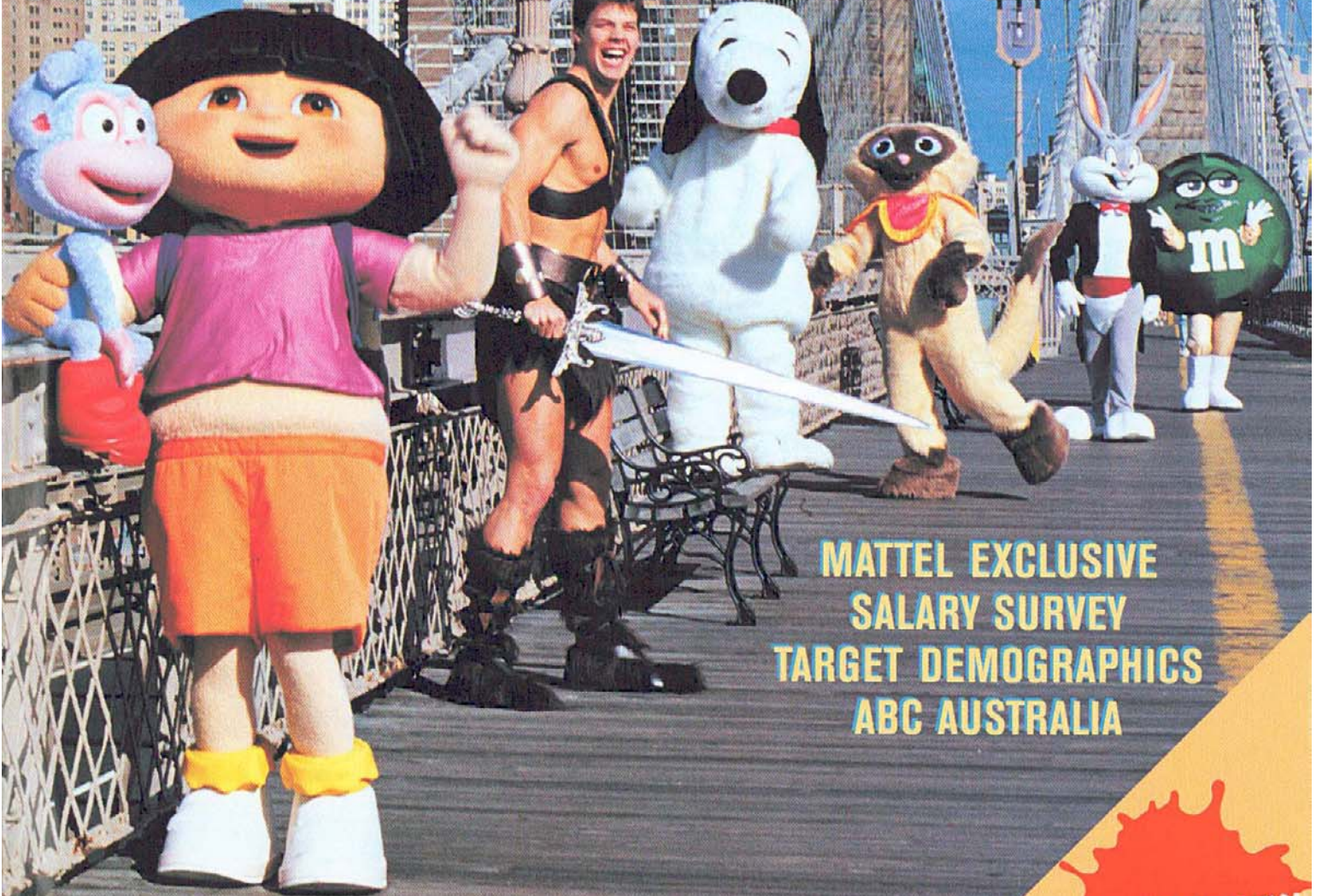
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JUNE 2003

License!

WHERE CONCEPTS COME TO MARKET

DESTINATION: LICENSING SHOW 2003



MATTEL EXCLUSIVE
SALARY SURVEY
TARGET DEMOGRAPHICS
ABC AUSTRALIA

★
ADVANTAR COMMUNICATIONS

NICKELODEON

Star Struck

Featuring a deceased celebrity could cost you millions if you don't have authorized use.

Television advertisements in the last year for Ford Thunderbird featuring Frank Sinatra and AIG featuring Jackie Robinson demonstrate the commercial use of deceased celebrities constitutes a lucrative and alluring component of the licensing industry. The top 10 revenue-generating deceased celebrities in 2001—including Elvis, Marilyn Monroe, Dr. Seuss, Dale Earnhardt, and Jimi Hendrix—grossed a com-

bined total of \$195 million, much of which derives from licensing revenue, according to Forbes.com's "Earnings from the Crypt," released in August 2002.

The allure of deceased celebrities for advertisers and merchandisers is clear: Celebrities of yesteryear embody ideals and personify attributes that advertisers hope to attach in consumers' minds to their client's campaign, and that manufacturers seek to exploit to sell more product. Further, deceased celebrities cannot act in a way that contradicts the integrity of a campaign the way many living celebrities often do (just ask Pepsi about its aborted campaign with Madonna several years ago).

While the value of incorporating deceased celebrities into a licensing campaign is clear, the laws surrounding the commercial use of them are anything but. Litigation over the unauthorized use of celebrities is rising as applicable laws increasingly are passed by state legislatures. The representatives of celebrities and celebrity estates are becoming more aware of these laws and are availing themselves of the remedies afforded by the law.

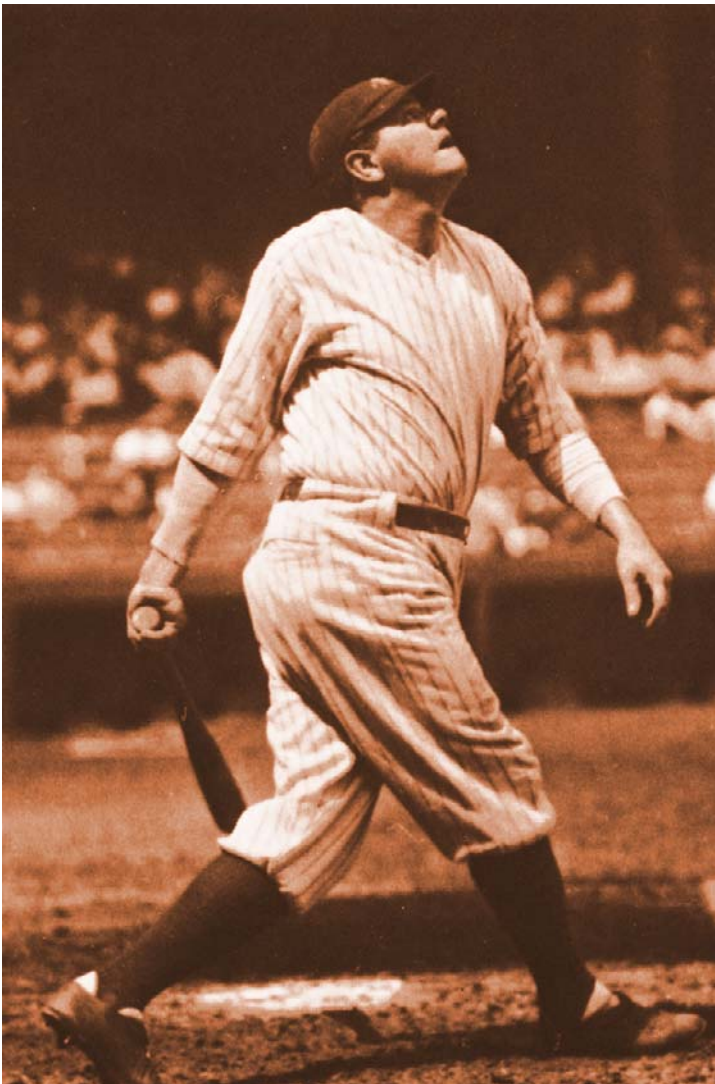
For this reason, licensing professionals, merchandisers, and advertising executives must acquire a general understanding of the laws surrounding the commercial use of celebrities, both living and dead. Such knowledge will not only help bring that great new marketing idea involving, say, James Dean or Buddy Holly, to fruition, but also will help prevent accidental exposure to liability.

Liability Laws

Perhaps one reason licensing captivates everyone who operates in the industry is the diverse array of proprietary interests that can be licensed. A cursory scan of the Licenses Recently Granted and Available section in each issue of License! demonstrates this diversity, from Scooby-Doo to the United States

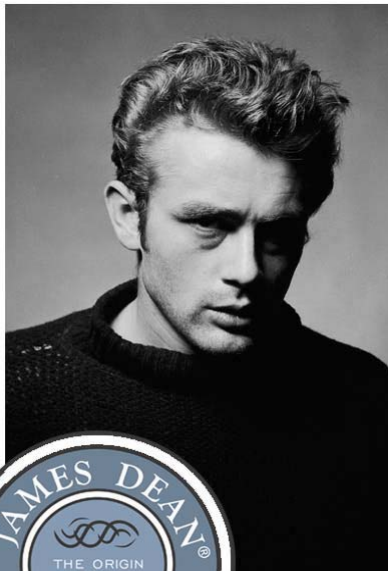
Can baseball legend Babe Ruth be a licensing home run?

Postal Service. In most cases, the legal doctrine that gives the owner of such properties the exclusive right to protect



and develop such characters, brands, logos, or properties is trademark.

The body of law governing commercial use of celebrities, both living and deceased, is a lesser known breed of intellectual property called the “Right of Publicity.” Simply stated, the right of publicity addresses every individual’s right to control the commercial use of his or her persona. The Right of Publicity refers to the property interest inherent in an individual’s “name, voice, signature, photograph, image, likeness, distinctive appearance, gestures, or mannerisms,” as proscribed by Indiana’s Right of Publicity, which is recognized as the most progressive Right of Publicity statute in the United States.



To the public, James Dean is still a Rebel Without a Cause.

The Right of Publicity often is confused with its more recognized cousins, copyright and trademark. However, the historical origins of copyright, trademark, and the Right of Publicity demonstrate distinct policy rationales for the interests that each is designed to protect. The Right of Publicity has little to do with copyright. Copyright applies to the right one acquires in “original works of authorship fixed in any tangible medium of expression,” according to 17 U.S.C. Section 102

(a), so the exclusive rights held by a copyright owner apply only to the work itself, not the subject matter featured in the work. This can get complicated, as Right of Publicity and copyright considerations can be implicated in a single use. An advertisement featuring a celebrity’s picture typically requires authorization from the photographer for the copyright use, and from the celebrity for the Right of Publicity use.

There are some noteworthy similarities between the Right of Publicity and trademark law. The Right of Publicity is of the same genus as unfair competition and, more precisely, the doctrine of misappropriation—two hallmarks of trademark law, as reflected in the

Lanham Act. Like a trademark, the Right of Publicity can function as a quality assurance to a consumer, especially if a celebrity—or his or her estate—maintains self-imposed quality standards and exercises discretion in licensing publicity rights. Many celebrities and their respective estates secure trademark registrations for the

Celebrities of yesteryear embody ideals and personify attributes that advertisers hope to attach in consumers’ minds to their client’s campaign.

use of a celebrity’s name, signature, or other unique aspects of their persona, which provides an additional basis for legal protection, as well as more advanced licensing and branding opportunities.

Eighteen states presently recognize the Right of Publicity via statute. Post-mortem publicity rights also exist at common law in every state that has not expressly rejected them through legislation. Only New York and Wisconsin have done so. Ohio, Illinois, and Washington are among the most recent states to pass Right of Publicity statutes with post-mortem provisions, and Pennsylvania presently is considering its own Right of Publicity bill.

Most publicity statutes contain exceptions that address First Amendment concerns the Right of Publicity might otherwise raise. Right of Publicity statutes typically provide specific exemptions for books, films, single and original works of art, and news reporting purposes. As a practical matter, it is advisable for any nationwide merchandise or advertising campaign to comply with the strictest Right of Publicity statute on the books. For example, a campaign using Mark Twain that is distributed in Indiana can subject that company to liability, as the Indiana Right of Publicity statute provides a 100-year recognition of post-mortem publicity rights.

Penalty Box

Licensing fees for a deceased celebrity can be substantial, but the penalties for an unauthorized use can be far more severe. The stakes are high, as confirmed by the sizable damages awards in Right of Publicity cases when an infringer is caught and held liable. In 1988, Bette Midler won \$400,000 against Ford Motor Company, and in 1992, Tom Waits won \$2.5 million. In each case, advertisers hired sound-alikes of the famous singers after each singer rejected an invitation to participate in an advertising campaign. The increase in the damages award over the four years between these

two cases reveals the evolving awareness of the commercial damage caused by, unauthorized uses of a personality.

Continuing that evolution is the 1999 case brought by Dustin Hoffman against Los Angeles Magazine. The publication ran a photo expose where digitally manipulated images made Hoffman's character in *Tootsie* appear in a Richard Tyler gown and Ralph Lauren heels. The damages awarded at trial were \$3.27 million. While the ruling was overturned on appeal, Hoffman reportedly is appealing, and the damages awarded at trial level are still relevant as a measure of infringement damages. In December 2001, hip-hop act

The Sugar Hill Gang won an award of \$3 million against Snapple for the unauthorized use of the group in a television campaign.

As the verdicts in all of these cases reveal, infringing a celebrity's Right of Publicity can be a costly error. However, the Right of Publicity does not exist simply to provide revenue to celebrities and celebrity estates; publicity rights also ensure a degree of control over how a celebrity is commercialized. For example, Bogart,

Inc.—the entity that owns the rights to the late Humphrey Bogart—routinely rejects licensing opportunities that exist with tobacco companies, despite the fact that such opportunities would be extremely lucrative because of the actor's perpetual appeal, and because there are numerous famous images of Bogart smoking. The reason for rejecting such opportunities? Humphrey Bogart died of cancer. It would be unconscionable if Humphrey Bogart's children were forced to endure advertising campaigns for tobacco products featuring images of their father smoking, thereby promoting the very thing that caused their father's death.



Glamour and sensuality defined Marilyn Monroe's star appeal.

Vince Lombardi, Jr., son of legendary football coach Vince Lombardi, succinctly articulates the importance of ensuring that control is in the hands of the heirs of a famous individual: "Nothing anyone can do is going to enhance my father's reputation, but they certainly can detract from it."

Star Search

One challenge that arises in navigating the minefield of rights clearance relates to the simple act of finding the proper representatives to secure clearance. Most celebrity estates with the good fortune of having measurable market value also likely will have a presence in the industry, thereby making them easy to locate. The accessibility and visibility of a celebrity estate is a key factor in its profitability, and most heirs of celebrities realize this subtlety.

A simple, yet effective method for finding a particular celebrity is to enter the name of the celebrity into a Web browser URL address line, i.e., www.JamesDean.com. The laws governing use of such domain names are well established in favor of celebrities, so many celebrity estates have possession of the most valuable domain names incorporating the celebrity's namesake, and often will have a Website with contact information for licensing inquiries. Likewise, using a search engine such as Google or Lycos may generate a promising lead in the quest for information on a particular celebrity representative.

Another valuable resource in searching for celebrity estates is the California Secretary of State Special Filings Division. The registry is optional for celebrity estates, but it does give celebrity representatives an opportunity to put the public on notice of its claim to a deceased celebrity's name, image, and likeness. This registry is limited in scope to those estates based in California, but since so many celebrities maintain residences in California, the registry can be an invaluable resource. Offering a searchable database, the registry can be accessed. ©

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