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Money for Nothing, or Smart Business Move?

Ten things you need to know about licensing celebrity likenesses, from attorneys Allan Grafman and Sean F. Kane

Can you make more money with a celebrity likeness endorsing your product? The licensing industry has found that the answer is often yes. If done effectively, a very big "YES." This is largely due to the fact that celebrities aid in building awareness and consideration among consumers, key steps to building sales. But following this path also has pitfalls. As such, this article seeks to discuss 10 important concepts to contemplate when considering working with a celebrity.

1. Names and Likenesses

As a general rule, the name, image, or likeness of a living person, not necessarily just a celebrity, cannot be used for commercial purpose without his/her written consent. Some jurisdictions have extended the coverage to provide additional protection to such elements as signature, voice, mannerisms, or even expressions. In the majority of states, this "right of publicity" provides the celebrity the right to control the commercial use of the above rights.

2. Federal Framework

While the United States does not have a national right of publicity legislation, that doesn't mean there aren't federal statutes applicable to commercial use of celebrity rights. As discussed below, a celebrity may seek trademark protection which provides coverage under federal statute. Moreover, Section 43(a) of the Lanham Act covering "unfair competition" arguably supports an action alleging false source of goods or false endorsement if an unauthorized use of a celebrity's name, image, or likeness leads to a likelihood of confusion that the celebrity is endorsing the product or service.

3. States' Rights

Unauthorized use of a celebrity's name, likeness, or image potentially violates his/her right of publicity, which is currently recognized in 31 states. These states protect the right of publicity by statute, common law, or a combination of both. As each state's common law or statute evolved separately there are often significant differences in coverage developed. Specifically, New York and California, the key states for rights of publicity due to the number of celebrities residing there, protect different rights and are diametrically opposed on whether these rights extend beyond death, with New York not recognizing these rights beyond death.

4. Real People or Not

The vast majority of states only recognize a protectable right of publicity for a natural person and do not extend coverage to non-human persons such as corporations. But a few cases that have extended coverage to certain collections of individuals like musical groups.

5. Impersonators

If the general public is deceived into believing that it is seeing or hearing an actual celebrity, when in fact it is an impersonator, the celebrity may have a cause of action. Additionally, if a fictional character portrays the readily identifiable persona of a celebrity, a right of publicity claim may also exist. Impersonators clearly identified as such receive a level of protection.

6. Are They Dead?

The law concerning the use of the name, image, or likeness of a deceased celebrity is an area of legal uncertainty. Currently, statutes in California, Florida, Illinois, Indiana, Kentucky, Nevada, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, and Washington specifically provide some level of protection for publicity rights after death. These states provide protection that gives the celebrity's estate or his/her heirs

the right to control the commercial use of the name, image, or likeness for a period from 20 to 100 years following the celebrity's death. A particular celebrity's coverage under this right may depend on a number of factors, including whether the celebrity commercialized his/her name, image, or likeness while still alive.

7. Trademarks vs. Rights of Publicity

A celebrity who is in the business of commercializing his/her rights of publicity may arguably assert that said name, image, or likeness is subject to trademark protection. Therefore, it is conceivable that a celebrity who uses his/her name, likeness, or image in connection with a product or service may file for and obtain a registered trademark from the United States Patent and Trademark Office. Therefore, any unauthorized use would constitute parallel infringement of both the celebrity's relevant trademark and right of publicity.

8. Fair Use or Commercial Use

While the First Amendment supports the right to portray people with great latitude, it is not exhaustive. The doctrine of "fair use" is a copyright concept that allows for certain non-infringing uses of covered content even without the owners' consent. Generally, the test of allowable fair use involves determining the extent of the use and whether usage is for commercial purposes. The commercial purposes factor is often the one that dooms the majority of attempts at unauthorized use. Parody may constitute fair use, however, regardless of whether it is done for commercial purposes. Depending on the jurisdiction, certain specific commercial uses of a celebrity's name, image, or likeness, in connection with the news, public affairs, or other identified uses are not violative of a right of publicity.

9. When You Do Not Need a License

It is also possible to commercially use a celebrity's name, likeness, or image if the use is significantly "transformative." This legal concept pits First Amendment interests against a celebrity's right to control the commercial use of his/her name, image, and likeness. For illustrative purposes, California's test states that "when artistic expression takes the form of a literal depiction or imitation of a celebrity for commercial gain," without the inclusion of other significant expression, the use is an infringement and not "transformative." But if the celebrity image is merely one of the "raw materials from which an original work is synthesized," the work is transformative and subject to First Amendment protection. While sounding straightforward, even the decisions of the California courts are not consistent. In 2006 a California Court of Appeal held in Kirby v. Sega that a video game's depiction of pop singer Deee-Lite in a fanciful outer space setting is a transformative use protected by the First Amendment. Earlier this year, however, the California Court of Appeal in No Doubt v. Activision held that a video game's depiction of pop singer Gwen Stefani (actually being used under a license) in a fanciful outer space setting singing songs she would never perform is not transformative, and therefore receives no First Amendment protection. The inconsistency between those two rulings for the same court demonstrates the difficulty of relying on a transformative use defense.

10. Don't Do This

Don't get charged with infringement or stuck paying for what becomes a worthless celebrity license. Infringement actions are expensive and penalties can be considerable. Therefore, it is very important to obtain a written license that specifically details what celebrity rights are available for use and how they may be used. Additionally, by their natures, celebrities are people and subject to the same foibles and misfortunes as everyone else. We have seen numerous recent examples of celebrity meltdowns that have cut short formerly promising careers. Therefore, a licensor would do well to consider in advance an exit strategy for the possible circumstances of when a celebrity licensor tarnishes his/her persona or otherwise causes a loss of public favor. One method to do this is to insist on a "morals clause" that will allow for termination of the agreement if the celebrity engages in any criminal acts or other conduct involving moral turpitude. As a "morals clause" termination can be contested, a unilateral right to terminate provides more protection.

Conclusion

The real value in a celebrity endorsement comes from obtaining it the right way. Licensing the rights from a celebrity or his/her estate will avoid the very real possibility of expensive infringement litigation. Moreover, be cognizant of what specific rights you will need and how you will seek to use them to ensure the proper scope and breadth of the license. That said, if you are planning to move forward without obtaining a license on "fair use" grounds or through the use of a celebrity impersonator, you would do well to retain an experienced licensing attorney to ensure that you are in full compliance with these limited defenses.

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