
October 13, 2019 | 10:45 am – 12:15 pm

Program Description

This session will explore the factors and considerations that underpin the valuation of legacy entertainment estates, including intellectual property assets and rights of publicity, particularly at time-of-death. Topics will include tax implications, valuing rights of publicity, commercialization strategies, and ongoing estate planning/administration considerations.

Lead Facilitator

• Derek Crownover, Partner, Loeb and Loeb, Nashville, TN

Speakers

• Bradford S. Cohen, Partner, Jeffer Mangels Butler & Mitchell, LLP, Los Angeles, CA

• Nancy Fannon, CPA, ASA, MCBA, Business Valuation & Litigation Services Leader, Marcum, LLP, Portland, ME

• Mark Roesler, Founder, Chairman and CEO, CMG Worldwide, Los Angeles, CA

• Chuck Fleckenstein, General Manager & Chief Operating Officer, “Roy’s Boy’s” and Still Working Music, Nashville, TN

Program Materials

1. Intellectual Property’s New Frontier by Mark Roesler
2. Adobe Presentation: Tax and Estate Planning for Postmortem Celebrity, By Brad Cohen
“If a man can live on after he has died, then maybe he was a great man.” — James Dean
1862 Pepper’s Ghost
Hologram Illusion
1990 Diet Coke Commercial
Featuring Elton John & Humphrey Bogart

Hologram Tech
In Feature Film 2004
What comes after Holograms

Michael Jackson
Hologram Tech in ‘13

Apart of the Iconic
Tupac Reincarnated in ‘12
Now the New Frontier - XR Technology

XR is the fourth wave of consumer technology—the future hardware and software platforms for communication, information & entertainment.

XR – Extended or Cross Reality, is the umbrella term for Augmented, Virtual & Mixed Reality

It is immersive digital content consumed on platforms like smartphones, tablets and HMDs (head mounted displays).
“...let’s say Clint Eastwood really wanted to do one last Dirty Harry movie, looking the way he did in 1975. He could absolutely do it now. And THAT would be cool.”

-James Cameron
Deepfake is an AI-based technology used to produce or alter video content so that it presents something that didn't, in fact, occur.
The number of deepfake videos online is spiking. Most are porn

By Rachel Metz, CNN Business
Updated 11:38 AM ET, Mon October 7, 2019
Russian Company Promobot has begun the mass production of human like robots that can be made to order and based on real people!
Other Issues: Robotics
Extended reality is the fourth platform wave of disruption after PCs, the internet and mobile devices. The XR technology shift will impact all business verticals and change the way people consume entertainment, utilities, education, travel, every communications platform, careers in the enterprise sector and much more.
XR or Extended Reality

**VR**
Computer Generated VR: Unity, Unreal Engines
360 Film VR: 360 video cameras with post-production software.
Spatial 3D and binaural audio recordings intensify immersive experiences and provide direction cues.

**AR**
Augmented Reality; the ability for a person to see an Augmented Image in a Real World Environment.
Examples: Football first Down Markers, Driving Down Street and Window Displaying Navigation, etc.

**MR**
Mixed reality is a combination between Augmented Reality & Virtual Reality.
Asset Creation: volumetric, photo-realistic
SLAM – Simultaneous localization and mapping– creating maps and tracking the asset within them.
### Solutions Across the XR Spectrum

<table>
<thead>
<tr>
<th>WebAR</th>
<th>Augmented Reality</th>
<th>Mixed Reality</th>
<th>Virtual Reality</th>
<th>WebVR</th>
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<td><img src="image" alt="virtual_reality" /></td>
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**WebAR**
- Overlays digital information onto the physical world of the user
- In web browser

**Augmented Reality**
- Overlays digital information onto the physical world of the user
- In app

**Mixed Reality**
- Hybrid reality merges real & virtual worlds. Physical and Digital objects co-exist and interact
- In app / headset

**Virtual Reality**
- Simulated environment that immerses users in a virtual world
- In app / headset

**WebVR**
- Interactive and 360° but in a web browser based experience
- In web browser
LET'S GET READY FOR A 5G WORLD

Augment on-device processing for boundless photorealistic mobile XR

Cloud
Less latency sensitive content

Edge Cloud
with rendering

On-device processing augmented by edge cloud

XR headset
with on-device processing

5G
with on-device processing

6-DoF head pose
Encoded data

Power-efficient, latency sensitive on-device rendering and tracking

Today's latency is unpredictable

Partial rendering offload possible with 5G's low latency, capacity, and quality of service
Facebook-Rayban Team Up To Make AR Glasses, Which Will Enable Calling and Live Streaming On Social Media

1 week ago  Liliana Donato
How many people in the US will use virtual and augmented reality in 2019?

It is anticipated that 43 million people will use VR and 69 million will use AR at least once per month. This represents 13% and 21% of the population.
BUSINESSES USING XR TODAY

- Education: 23%
- AEC (Architecture / Engineering / Construction): 18%
- Manufacturing: 10%
- Healthcare: 7%
- Travel & Tourism: 4%
- Automotive: 4%
- Banking & Finance: 2%
- Film / TV / Broadcast media: 1%
- Gaming: 1%
- Retail: 1%
- Sports: 1%
- Other: 29%
XR BUSINESSES
Next 12 Months Rate of Growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth Rate</th>
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<td>Education</td>
<td>50%</td>
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<tr>
<td>Healthcare</td>
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<td>Film / TV / Broadcast media</td>
<td>34%</td>
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<tr>
<td>AEC (Architecture / Engineering / Construction)</td>
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<tr>
<td>Travel &amp; Tourism</td>
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<td>Manufacturing</td>
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<td>Automotive</td>
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<td>Retail</td>
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<td>Sports</td>
<td>18%</td>
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<td>Banking &amp; Finance</td>
<td>8%</td>
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<td>Other</td>
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</table>
5G is the key to it all since the technology is already here

100 MILLION PEOPLE WILL SHOP WITH AR NEXT YEAR
WHAT IS NEXT?

Digital Asset Valuation & Methodologies
Google Cardboard, Google Daydream, Samsung GearVR, HTC Vive, HTC Focus, Lenovo Mirage, Oculus Rift, Oculus Quest, Oculus Go, Windows Mixed Reality, Microsoft HoloLens, Magic Leap One and Mobile AR--iOS & Android Devices.

Spatial Computing

Digital Humans

Deep Fake
Copyright and Machine Learning: Deep-fake technology and comparable audio technology relies on machine learning. Essentially, the AI is fed hundreds of—often copyrighted—materials to learn a person’s speaking pattern or facial cues.

Issue: Are these AI driven technologies derivative works of the materials they “learn” from?
  ○ Is the authorship in the code sufficient to create authorship in what the AI then produces?
  ○ Is the code of the AI network sufficient fixation in a tangible medium?
  ○ Does the AI borrow enough from each work to constitute a derivative work?
Unprecedented: Legal Issues & Emerging Tech: Persona And Publicity Issues

- We are moving into a future where any person’s likeness, voice, and mannerisms can be convincingly recreated by computers- and made to do anything.

- To make things more complicated, we are also moving into a future where the lines between the real world and the virtual world will become increasingly blurred.

- These technologies present new opportunities, but also new risks.
Unprecedented: Legal Issues and Emerging Tech: Persona And Publicity Issues

The game Watchdogs Legion, (installment 3) to be released next year, is also capitalizing on this technology:

- Instead of hiring a different voice actor for each of its wide cast of characters, the developers instead used only one or two voice actors and used voice modulation to alter their voices for each character.
- This allowed them to cut production costs and reduce the file size of the game.
- Many argue that this tech will eventually replace voice actors entirely.
Earlier this year, voice imitation technology made headlines when an artificial speech synthesis program was posted online that imitated the voice of popular psychologist Jordan Peterson. Users on the site were able to input any messages they chose to be said in Dr. Peterson’s voice.

Peterson soon publicly called for the technology to be banned entirely, suggesting that the creation of such content should be a felony.
As noted in the CNN article at the beginning of this presentation, the majority of deep-fake videos online are not political fake news, nor are they false endorsements.

The majority of deep-fake videos online today are pornographic, and many of them are made to imitate everyday people.
Unprecedented: Legal Issues and Emerging Tech: Persona And Publicity Issues

- All of these emerging issues make it more important than ever for celebrities to have strong rights in their persona; otherwise they will soon have no real way of controlling their most valuable asset.

- However, the implications of this technology mean that strong persona rights are no longer only important for famous living personalities, but with the emergence of deep-fake and other technologies, persona issues are soon likely to affect everyone
  - Deceased personalities
  - Everyday people

- The rapid emergence of XR is going to affect all of us in many different ways
Now More Than Ever - We Need a Federal Right of Publicity Law

It is time for Congress to address these issues head on - with a Federal Right of Publicity Statute in order to:

1. Create a uniform system to address Persona issues, as infringements now occur instantaneously worldwide.
2. Protect famous personalities from infringements that are increasingly indistinguishable from the real thing.
3. Ensure that famous personalities are able to control their most valuable asset, both during and after their lifetimes.
4. Ensure that when these technologies are used, the use is consistent with the wishes of the subject being depicted or their loved ones.
5. Safeguard the reliability of information and protect our political discourse.
6. Enable everyone to protect themselves and their deceased loved ones from impersonation, reputational damage, and humiliation.
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SWANSON, MARTIN & BELL, LLP
Tax and Estate Planning for Postmortem Celebrity

Brad Cohen
Jeffer Mangels Butler & Mitchell LLP
Bcohen@jmbm.com
(310) 201-3575
Introduction

Moviegoers who sat down to watch the 2016 Star Wars film, Rogue One: A Star Wars Story, may have been surprised to see a middle-aged Peter Cushing reprising the role of Grand Moff Tarkin, the ruthless overseer of the Death Star’s construction.

Since Cushing passed away in 1994 at the age of 81, the posthumous performance could only be that of an impersonator or the work of a cutting-edge special effects studio.
Introduction

Other examples:

- 1997 Super Bowl appearance of Fred Astaire in a Dirt Devil vacuum commercial.
- Tupac’s hologram performance at the 2012 Coachella Music Festival.
- Justin Timberlake’s decision not to use Prince’s hologram during his 2018 Super Bowl performance; he did use Prince’s image in his duet.
Introduction

- Is it a privacy right protected by the Constitution?
  - Protect the filmmaker on free speech grounds?
  - Protect the celebrity based on privacy right?
- To trusts and estates practitioners, the posthumous performance raises a number of other questions: Does a studio have the right to use a celebrity’s image after his or her death?
- If so, is there any way to plan ahead to avoid the misappropriation of a celebrity client’s likeness after death?
- Advances in technology expand the ways a celebrity’s likeness can be exploited during life and post death.
Introduction

- As such, the **tax implications of pre- and post-death publicity rights will become more significant.**
- If a posthumous performance can generate income for the performer’s estate or its beneficiaries, **what are the income and estate tax implications?**
- How can the income and estate tax impact be minimized?
- These questions all touch on the treatment of the Right of Publicity after a celebrity’s death.
- There is **no single, clear definition** of the Right of Publicity.
Right of Publicity—Generally

- Right to use an individual’s:
  - Name, nicknames and former names
  - Likeness (drawings, paintings, prints, etc.)
  - Image (photos, videos, or film)
  - Persona
  - Voice
  - Distinctive Appearance
  - Signature
  - Gestures or mannerisms
Right of Publicity—Generally

- It extends to every individual, not just those who are famous.
- Disputes usually involve celebrities, since it is they who possess the names and images that can be monetized.
- Right of Publicity laws are not only about assuring a celebrity or celebrity’s estate gets paid, but also about the right to control how a celebrity is commercialized, or to determine if the celebrity will be used at all.
Right of Publicity vs. Copyright

Right of Publicity can be distinguished from copyright in that copyright law protects the owners of a work, but the Right of Publicity protects the person depicted in that work.

For example, a photographer may hold a copyright to a given photograph and may bring an action under federal copyright law for a third party’s unauthorized use of the photograph.

In contrast, the subject of the photograph would not have a claim under copyright law for the unauthorized use since he or she does not own a direct interest in the photograph.

The subject’s claim must be that unauthorized use violates a more personal right by, for example, suggesting a personal endorsement or involvement, creating an unwanted association.
Publicity rights are more analogous to federal trademark rights, which prevent one person from commercial use of words, terms, names, or symbols that are likely to mislead consumers regarding association with another person or regarding the quality or origin of a product or service.

Right of publicity and trademark may overlap when there is false endorsement, unauthorized commercial use of a celebrity’s likeness, or the likelihood of consumer confusion.

However, federal trademark law is concerned more with misrepresentation regarding the commercial source of a product, whereas the Right of Publicity is concerned with unauthorized commercial use of an individual’s name, likeness, or other distinguishing characteristics.

Trademark laws were used to protect the “persona” of the Supremes (the music group)

- Motown Record Corp. v. Hormel & Co.
Right of Publicity and Federal Law

- Federal Copyright or Trademark law does not preempt a state-based right of publicity claim.
- In contrast to other intellectual property rights, such as copyrights, trademarks, and patents, federal law does not currently provide direct protection for an individual’s Right of Publicity.
- Instead, the Right of Publicity developed under state common law as an outgrowth of the common law right to privacy.
US Supreme Court first and only review of the Right of Publicity was in 1977

  - Court recognized Zacchini’s Right of Publicity and rejected the Broadcasting Company’s First and Fourteenth Amendment defenses.
  - Because “the entire act” was shown, the First Amendment did not insulate the network from liability.
    - What if just name or likeness and not the “entire act”? 

![Image of a human cannonball performer](https://www.humancannonball.com)
Right of Publicity vs. the Constitution

- Olivia de Havilland filed suit and won at trial over the miniseries “Feud,” now under review by the California Court of Appeals. de Havilland’s claim rested on the assertion that filmmakers should seek permission before including characters based on real people in their movies. *Olivia de Havilland DBE vs FX Networks LLC et al*

- Her $2 million lawsuit was not based upon a claim that the portrayal was false or damaging to her reputation. The lawsuit alleged that the use of her identity without her permission is enough to create liability under the Constitution and the California Right of Publicity statute.

- The California trial court concluded that because the portrait of de Havilland was “realistic, rather than fantastical,” the filmmakers were not protected by the First Amendment of the Constitution.

- What about Tonya Harding’s mom?
- Books? Documentaries?
- News reports about real people?
Right of Publicity vs. the Constitution

- In California, the courts look to see if the work in question “adds significant creative elements” that “transform” it into something more “than a mere literal depiction or imitation” of the person.
- If so, filmmakers should be protected by the First Amendment of the Constitution.
- Many Right of Publicity cases against filmmakers have been rejected. For example: “Hurt Locker,” “The Perfect Storm,” and “The Sandlot.”
- The transformativeness test is very narrow and may require a literal transformation to protect the filmmakers as Johnny and Edgar Winter into a half-worm, half-human in the “Jonah Hex” comic series.
- de Havilland was just a small part of a miniseries that focused on the stormy relationship of Bette Davis and Joan Crawford.
- Stay tuned, the Court of Appeals decision is expected shortly.
Impersonator Cases

- **Midler v. Ford Motor Co.** and **Waits v. Frito-Lay, Inc.**
  - Similar fact patterns, related to use of celebrity’s voice.
  - Midler and Waits awarded $400,000 and $2,500,000, respectively.

- **White v. Samsung Electronics America, Inc.**
  - Robot imitated Vanna White, she was awarded $403,000.

- **Carson v. Here’s Johnny Portable Toilets**
  - Did not involve name or image—just the “Here’s Johnny” audio introduction when the seat was lifted.
Impersonator Cases

- **Hoffman v. Capital Cities/ABC Inc., Los Angeles Magazine**
  - Los Angeles magazine created a photo spread of celebrity images (digitally altered) from well-known movies without celebrity authorization.
  - Hoffman was awarded $3,270,000 for violations of his publicity rights.
  - Case overturned on First Amendment grounds.
Currently, 38 states provide a Right of Publicity under statute, common law, or both.

While each of these 38 states protects at least the individual’s name and likeness, the protection provided by states varies widely in scope.

- Photograph, voice, signature, appearance, gestures and mannerisms may or may not be included.

After death, state laws diverge further—23 states provide rights.

- A majority of states do not extend rights of publicity after death.
- Of the states that do provide a Right of Publicity after death, 15 states—including California—currently provide statutory protection.
  - Arizona, Florida, Hawaii, Illinois, Indiana (100 years), Kentucky, Nevada, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, and Washington are the other states.
- Eight states currently provide protection under common law.
Right of Publicity: CA History

- California’s Right of Publicity statute was enacted in 1971.
  - Did not extend beyond a celebrity’s death
- In 1979, heirs of Bela Lugosi brought a case against Universal Pictures, and the CA Supreme Court reversed a ruling that the heirs were entitled to recover profits made from the use of Lugosi’s likeness, and held that there were no post-death rights.
In 1984, partly in response to the Lugosi lawsuit, the CA Legislature enacted Civil Code Section 3344.1, which extended the Right of Publicity after death and making it inheritable and assignable.

In 1999, expanded the length of time from 50 to 70 years after a celebrity’s death.

In 2007, in response to litigation around the estate of Marilyn Monroe, the postmortem Right of Publicity was extended to celebrities who died before January 1, 1985 AND explicitly allowed for transfer of the right in contracts, trust and other testamentary instruments executed before that date.

File CA Form NPSF 407. Registration of Claim as Successor-In-Interest (Civil Code Section 3344.1) and pay $10 filing fee.
State of California
Secretary of State

REGISTRATION OF
CLAIM AS SUCCESSOR-IN-INTEREST
(Civil Code section 3344.1)

Instructions:
1. Complete and mail to: Secretary of State, P.O. Box 942870,
Sacramento, CA 94277-2870 (916) 653-3384
2. Include filing fee of $10.00

Deceased Personalty's Name:

Legal Name (optional):

Date of Death:

Name of Claimant:

Address of Claimant:

Percentage Interest Claimed: ( ) 100% ( ) 50% ( ) 25% ( ) ___% The above percentage is claimed in ( ) all types of rights OR ( ) limited rights described as follows:

I make this claim as Successor-in-Interest on the basis that I am the surviving ( ) spouse ( ) child ( ) grandson ( ) parent OR that property rights of said deceased personality have been transferred to me by ( ) contract ( ) trust ( ) will.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

RETURN ACKNOWLEDGMENT TO:

NAME

ADDRESS

CITY/STATE/ZIP

Date

Signature of Claimant

Typed Name and Title of Claimant
Postmortem Right of Publicity

- Unsurprisingly, California is among the states that provide the strongest protections for publicity rights after death.
- **New York does not currently provide postmortem protection.**
- Given the disparity among state protections after death, the state in which a celebrity was domiciled at the time of his or her death can be the determining factor in whether the celebrity’s Right of Publicity continues to have lasting value to beneficiaries.
Case Study: Marilyn Monroe

- Despite the fact that Monroe’s estate was probated in New York after her death in 1962, a successor to Monroe’s estate attempted to enforce Monroe’s posthumous Right of Publicity in California.

- A successor tried to enforce rights against a company that was selling unauthorized merchandise bearing Monroe’s likeness and photographs.

- However, a federal district court, held that Monroe’s estate was estopped from claiming California domicile, since Monroe’s executor repeatedly took the position that she was domiciled in New York in probate and other proceedings.

- The lack of rights in successors probably contributed to increased exposure and exploitation of her Rights of Publicity.

- Estate lost millions of dollars of revenue. Eventually, the estate rehabilitated the rights through a series of copyrights and trademarks.
Case Study: Jimi Hendrix

- The case involved the estate of Jimi Hendrix against a website selling t-shirts, posters and other items with the singer’s image.
- Hendrix was a resident of NY when he died in 1970.
- The Washington state law attempted to expand the rights of publicity to non-domiciliaries.
- In 2011, a federal judge ruled that Washington state’s publicity rights law violated due process and full faith and credit by allowing undomiciled celebrities to come to the state to take advantage of likeness statues.
Case Study: Jimi Hendrix

- In 2014, the 9th Circuit reversed a decision that would have made the state of Washington’s publicity rights law unconstitutional.

- In providing the rights holders a huge victory, the 9th Circuit said Washington state has an interest in applying its own law within its borders.

- Should vendors doing business nationwide fear being sued in Washington state?

- Will other states try to conform their publicity rights statute to the Washington state statute?
Estate Planning for Postmortem Rights of Publicity

- A celebrity’s living trust (or the irrevocable trust to which the celebrity’s publicity rights are transferred) should name an experienced individual or team responsible for management of the client’s publicity rights after death.

- This can help to maximize the value of the celebrity’s publicity rights.
  - May also avoid conflict among the celebrity’s beneficiaries.
  - If the celebrity has specific wishes regarding their publicity rights after death, estate planning documents can provide direction.
    - Robin Williams—restricted exploitation for 25 years.
    - Unclear how the self-imposed restriction impacts value for estate and gift tax purposes.
Tax Planning for Postmortem Rights of Publicity

- Does the right represent an **asset or an income** stream for tax purposes?
  - If it’s an asset, it may be **subject to estate tax** and receive a “step up” in it’s income tax basis equal to the right’s fair market value.
  - If it’s an income stream derived from the personal efforts of the decedent during his or her lifetime, it does not receive this income tax basis adjustment, but would still be **subject to estate tax** as income in respect of a decedent.

- In either case, the estate may have a significant non-liquid asset.
  - Consider additional life insurance?
Asset vs. Income Stream: *Estate of V.C Andrews vs U.S.*

- Author of young adult paperback novels in the 1970s and 1980s.
- When she died in 1986, her publisher sought to capitalize on demand for her novels by continuing to release books under her name.
- A ghost writer was hired to write additional novels, which were released under Andrews’s name and went on to commercial success.
- Andrews’s estate tax return did not include the right to use Andrews’s name as an asset.
- An IRS audit determined that Andrews’s name was an asset with a fair market value of over $1 million, based on the anticipated revenue stream from the posthumously published novels.
In reporting the value of Jackson’s Right of Publicity on his estate tax return, the executor of Jackson’s estate initially claimed the Right of Publicity to be worth just $2,105 at the time of his death in 2009, based on an analysis of the modest earnings generated by Jackson’s publicity rights in the years leading up to his death.

In an audit of Jackson’s estate, the IRS initially claimed that Jackson’s publicity rights were worth more than $400 million at the time of his death; prior to trial, the IRS revised this valuation downward, to $161 million.

In negotiations, the estate raised its claim to $2,700.
Case Study: Michael Jackson

- Not surprisingly, no settlement was reached and the case went to Tax Court.
- Hearings before the Tax Court regarding this issue took place in February 2017.
- We are still waiting for a decision from the Tax Court.
Right of Publicity: Is it a Capital Asset?

- If the decedent’s Right of Publicity is an asset of his or her estate (rather than income), estate planning practitioners must also consider whether the Right of Publicity constitutes a capital asset for income tax purposes related to the estate and its beneficiaries.

- If the Right of Publicity is a capital asset, and the celebrity’s estate later sells the Right of Publicity to a third party, any gain recognized by the estate on the sale would be taxed at capital gains rates rather than ordinary income rates.
Right of Publicity: Is it a Capital Asset?

- The Internal Revenue Code defines “capital asset” negatively—if it’s not on a list of excluded categories of assets, it’s a capital asset.
- Self-created copyrights, literary works, and “similar property” produced by a taxpayer’s personal efforts are excluded from the definition of “capital asset.”
  - Exception for self-created musical compositions.
Right of Publicity: Is it a Capital Asset?

- Is the Right of Publicity self-created or God-created?
  - Do you create the right or enhance its value?
  - What about body parts? Lock of hair?
  - Personal goodwill?
  - If the creator of non-capital assets sells the assets during his or her lifetime, the gain will be subject to tax at ordinary income tax rates up to 37% (currently less favorable than the 20% capital gains rates for individual taxpayers and pass throughs).
  - 20% vs 23.8% – active pass through
  - What about 20% deduction for Qualified Business Income of pass throughs?
Right of Publicity: Is it a Capital Asset?

- It is unclear whether the Right of Publicity is excluded from the definition of capital assets.
- If the Right of Publicity is excluded from the definition of capital asset under this provision during the celebrity’s lifetime, certainly the Right of Publicity would become a capital asset upon the celebrity’s death (since the efforts of the estate and its beneficiaries did not produce the asset).
  - Inventory and depreciable property used in a trade or business are also excluded for definition of capital asset.
  - Is the estate conducting a trade or business or holding the rights for future sale?
Right of Publicity: Is it a Capital Asset?

Regardless of whether the Right of Publicity is a capital asset, it appears the IRS views the Right of Publicity as an asset of the celebrity’s estate, **subject to estate tax**.

What if the celebrity decedent is domiciled in a state that does not extend posthumous rights of publicity?

- No Rights
- No Value
Is there anything that can be done during a celebrity’s lifetime to remove publicity rights from the their taxable estate, or to reduce their value? Gifting? Selling? Transfer?

It may not be so simple to remove them from a celebrity’s estate for a number of reasons.

- Given the personal nature of the Right of Publicity, there is a question as to whether the Right of Publicity may be transferred during the celebrity’s lifetime.
  - In California, the answer seems to be yes—see *Timed Out, LLC v. Youabian, Inc.*
Managing Right of Publicity During a Celebrity’s Life

- Second issue is whether the celebrity’s continued control over those rights following the intervivos transfer might result in the rights being included in his or her taxable estate.
- Celebrities may reduce the risk of their publicity rights being brought back into their taxable estates.
  - The celebrity should consider selling (for adequate and full consideration), rather than gifting, the publicity rights to the trust—no 2036 retained interest on sales.
Transferring Right of Publicity to a Trust

- No assignment of income because sale/gift is ignored for income tax purposes.
- What about lifetime transfer of posthumous rights and retaining lifetime rights?
- Celebrity should not be the trustee of the irrevocable trust to which he or she transfers the publicity rights.
- Appoint independent protector to fire and hire trustee.
- If they retain the right to replace the trustee, the terms of the trust should require that an independent trustee must be chosen as a replacement.
- In order to continue using their persona or likeness during their career, they should enter into a written contract with the irrevocable trust to continue using their name or likeness in exchange for royalty payments.
- Get appraisal to establish commercially reasonable license.
- Receipt of the royalty payments is a non-income, gift and estate-taxable transfer of wealth.
Transferring Right of Publicity to a Trust

- Paying royalties for their name and likeness may further reduce the taxable estate.
  - The irrevocable trust is disregarded for income tax purposes
  - Payments represent a **fair value price** for the celebrity’s use of his or her name and likeness, so they should not be treated as gifts to the beneficiaries of the trust.
    - Gift tax and income free transfer of wealth
  - **Recommend getting an appraisal to determine adequate royalty payment**
  - **Slightly overpaying is better than underpaying**
    - Retained interest vs. gift
  - If you acquire the rights and have an income tax basis, can you amortize and write off the costs?
Conclusion

As technology advances and posthumous performances become more prevalent, postmortem publicity rights are likely to continue to expand. As technology advances to allow digital recreation of celebrities’ likenesses, studios may create digital amalgamations of various body parts and gestures of beloved celebrities. Such as a digital Frankenstein, which might subliminally spark feelings of recognition and goodwill in audiences without obviously infringing on any one celebrity’s rights. O brave new world, that has such actors in’t!
Brad Cohen's practice emphasizes business planning related to complex corporate and partnership transactions, including mergers and acquisitions, financing and business succession planning, income tax planning, and estate tax planning, all on an integrated basis.

He is best known for his business and tax advice related to the motion picture, television, music, emerging media and sports industries. One of the focuses of his practice is coordinating the relationships among the entertainment, advertising and nonprofit industries.
Tax and Estate Planning for Postmortem Celebrity

MOVIEGOERS WHO SAT DOWN TO WATCH the latest Star Wars film, Rogue One: A Star Wars Story, may have been surprised to see a middle-aged Peter Cushing reprising the role of Grand Moff Tarkin, the ruthless overseer of the Death Star's construction. Since Cushing passed away in 1994 at the age of 81, the posthumous performance could only be that of an impersonator or the work of a cutting-edge special effects studio. To those in the movie industry, the performance represents a notable achievement in special effects. To trusts and estates practitioners, the posthumous performance raises a number of other questions: Does a studio have the right to use a celebrity's image after his or her death? If so, is there any way to plan ahead to avoid the misappropriation of a celebrity client’s likeness after death? If a posthumous performance can generate income for the performer’s estate or its beneficiaries, what are the income and estate tax implications? How can the income and estate tax impact be minimized? These questions all touch on the treatment of the right of publicity after a celebrity’s death.

There is no single, clear definition of the right of publicity, but it may be defined generally as the right to use an individual’s name, image, likeness, or persona. The right of publicity can be distinguished from copyright in that copyright law protects the owner of a work, whereas the right of publicity protects the person depicted in that work. For example, a photographer may hold a copyright to a given photograph and may bring an action under federal copyright law for a third party’s unauthorized use of the photograph. In contrast, the subject of the photograph would not have a claim under copyright law for the unauthorized use since he or she does not own a direct interest in the photograph. Instead, the subject’s claim must be that the unauthorized use violates a more personal right by, for example, suggesting a personal endorsement or involvement, creating unwanted associations with the subject’s likeness, or profiting from a persona that the subject, at least intuitively, feels should belong only to him or her.

Publicity rights are more analogous to federal trademark rights, which prevent one person from commercial use of words, terms, names, or symbols that are likely to mislead or deceive consumers regarding association with another person or mislead consumers regarding the quality or origin of a product or service. Right of publicity and trademark may overlap, for example, when there is false endorsement, unauthorized commercial use of a celebrity’s likeness, falsely suggested endorsement, or the likelihood of consumer confusion. However, federal trademark law is concerned more with misrepresentation regarding the commercial source of a product—whether an individual, a corporation, or otherwise—whereas the right of publicity is concerned with unauthorized commercial use of an individual’s name, likeness, or other distinguishing characteristics.

In contrast to other intellectual property rights, such as copyrights, trademarks, and patents, federal law does not currently provide direct protection for an individual’s right of publicity. Instead, the right of publicity developed under state common law as an outgrowth of the common law right to privacy. Currently, 38 states provide a right of publicity under statute, common law, or both. While each of these states protects at least the individual’s name and likeness, the protection provided by states varies widely in scope, with some states explicitly extending protection to an individual’s photograph, voice, signature, and appearance—even gestures and mannerisms.

After death, state laws diverge further in protection of publicity rights. A majority of states do not extend rights of publicity after death. Of the states that do provide a right of publicity after death, 15 states—including California—currently provide statutory protection and six states currently provide protection under common law. California’s right of publicity statute was originally enacted in 1971. Under the statute in its original form, rights of publicity did not extend beyond a celebrity’s death. In 1979, in a case brought by the heirs of Bela Lugosi against Universal Pictures, the California Supreme Court reversed a trial court ruling that had held that Lugosi’s heirs were entitled to recover the profits made by the defendant for use of Lugosi’s likeness, directing the trial court to enter a judgment in favor of Universal Pictures. In 1984, in part in response to Lugosi v. Universal Pictures, the California legislature enacted what is now Civil Code Section 3344.1, extending the right of publicity beyond death and making the right inheritable by a celebrity’s heirs and assignable to a celebrity’s beneficiaries. In 1999, the California legislature further expanded the postmortem right of publicity by extending the length of the right from 50 to 70 years after the celebrity’s death. In 2007, in response to litigation around the estate of Marilyn Monroe, California enacted a further amendment to Section 3344.1, which explicitly extends the postmortem right of publicity to celebrities who died before January 1, 1985, and which explicitly allows for transfer of the postmortem right of publicity in contracts, trusts, or other testamentary dispositions.

Bradford S. Cohen is a partner and Scott J. Loresch is an associate in the Tax, Trusts & Estates group at Jeffer Mangels Butler & Mitchell LLP in Los Angeles.
ramentary instruments executed before January 1, 1985.14

Perhaps unsurprisingly, California is among the states that provide the strongest protections for publicity rights after death.15 In contrast, New York does not currently provide post-mortem protection for an individual’s right of publicity. Given the disparity among state protections after death, the state in which a celebrity was domiciled at the time of his or her death can be the determining factor in whether the celebrity’s right of publicity continues to have lasting value to beneficiaries, as the successors to Marilyn Monroe’s estate discovered. Despite the fact that Monroe’s estate was probated in New York after her death in 1962, a successor to Monroe’s estate attempted to enforce Monroe’s posthumous right of publicity in California, based on Monroe’s ties to California at the time of her death, against a company that was selling unauthorized merchandise bearing Monroe’s likeness and photographs. In response to the Monroe litigation, the California legislature passed a law clarifying that even the rights of publicity of decedents who died before the January 1, 1985, effective date of California’s posthumous right of publicity statute, were protected under the statute.16 However, a federal district court, affirmed by the Ninth Circuit, held that Monroe’s estate was estopped from claiming California domicile, since Monroe’s executor repeatedly took the position that she was domiciled in New York in probate and other proceedings.17

In light of the wide range of states’ approaches, lack of uniformity, and increasingly national and even global scope of the use of publicity rights, some commentators have called for a federal statute addressing right of publicity.18

Given the expanding scope of publicity rights after death, a celebrity’s estate planning advisors should plan ahead for the postmortem management of these rights. Just as an individual’s estate planning documents may name an investment advisor to assist in management of the estate’s investments or a business manager to assist in oversight of a business held by the estate, a celebrity’s living trust (or the irrevocable trust to which the celebrity’s publicity rights are transferred) should name an individual or team responsible for management of the client’s publicity rights after death. This person or team should include an experienced entertainment lawyer and business manager, not necessarily the client’s executor, trustee, agent, or family. Not only can such an appointment help to maximize the value of the celebrity’s publicity rights, but it also may avoid conflict among the celebrity’s beneficiaries and avoid saddling an executor or trustee with the responsibility of navigating business negotiations after the celebrity’s death. If the celebrity has specific wishes regarding how his or her publicity rights should or should not be used after death, estate planning documents should provide direction to the publicity rights manager. For example, Robin Williams’s living trust reportedly provided that his right of publicity should not be exploited during the 25-year period following his death.19 It is not yet clear, however, the extent to which such limitations on exploitation of a celebrity’s publicity rights may be considered when valuing a celebrity’s posthumous publicity rights for estate tax purposes.

As advances in technology expand the ways in which celebrities’ likenesses are utilized after death, the tax implications of publicity rights after death will also become increasingly important. In considering a given right held by a decedent’s estate, a threshold question for the estate tax practitioner is whether the right represents an asset or an income stream for tax purposes. If the right is an asset, it may be subject to estate tax20 and receive a “step up” in its tax basis equal to the right’s fair market value.21 If the right is instead an income stream derived from the personal efforts of the decedent during his or her lifetime (or “income in respect of the decedent”), it would not receive this tax basis.
Among the first cases to address directly whether a decedent's right of publicity was an asset to be included in a decedent's gross estate for federal estate tax purposes was *Estate of Andrews v. United States*. Andrews was an author of young adult paperback novels in the 1970s and 1980s. When she died in 1986, Andrews's publisher sought to capitalize on the record demand for her novels by continuing to release books under her name. With the agreement of the executor of Andrews's estate and her surviving family, a ghost writer was hired to write first one and then several additional novels, which were released under Andrews's name and went on to commercial success. Andrews's estate tax return did not include the right to use Andrews's name as an asset, and on audit of the estate tax return, the IRS determined that Andrews's name was an asset with a fair market value of over $1 million, based on the anticipated revenue stream from the posthumous publication of ghostwritten novels. The U.S. District Court for the Eastern District of Virginia held that Andrews's name was an asset of the estate and had a value of $703,500 on her date of death.

More recently, the valuation of a celebrity's right of publicity arose in the estate of Michael Jackson. In reporting the value of Jackson's right of publicity on his estate tax return, the executor of Jackson's estate initially claimed the right of publicity to be worth just $2,105 at the time of his death in 2009, based on an analysis of the modest earnings generated by Jackson's publicity rights in the years leading up to his death. In an audit of Jackson's estate, the IRS initially claimed that Jackson's publicity rights were worth more than $400 million at the time of his death, however, prior to trial, the IRS revised this valuation downward, to $161 million. Hearings before the Tax Court regarding this issue took place in February 2017.

If the decedent's right of publicity is an asset of his or her estate, rather than income in respect of the decedent, estate planning practitioners must also consider whether the right of publicity constitutes a capital asset for income tax purposes in the hands of the estate and its beneficiaries. If the right of publicity is a capital asset, and the celebrity's estate later sells the right of publicity to a third party, any gain recognized by the estate on the sale would be taxed at capital gains rates rather than ordinary income rates.

The Internal Revenue Code defines "capital asset" negatively: if an asset is not in one of an enumerated list of excluded categories of assets, it is a capital asset. Among the types of assets excluded from the definition of capital asset are certain self-created intangibles.
and certain inventory and other property used in the taxpayer's trade or business. 29

Self-created copyrights, musical and literary works, and similar property produced by a taxpayer's personal efforts are excluded from the definition of "capital asset." 30 Accordingly, if the creator of such assets sells them during his or her lifetime, the gain will be subject to tax at ordinary income tax rates (currently less favorable than capital gains rates for individual taxpayers). Upon the death of the author, these self-created works become capital assets in the hands of the estate (since the efforts of the estate and its beneficiaries did not produce the assets). The right of publicity is distinct from rights under copyright law and generally bears more resemblance to trademark rights. Accordingly, while the value of publicity rights is undoubtedly generated by the personal efforts of the celebrity, the right of publicity probably is not excluded from the definition of capital asset under the exclusion for self-created copyrights and similar works. Further, if the right of publicity is excluded from the definition of capital asset under this provision during the celebrity's lifetime, the right of publicity would become a capital asset upon the celebrity's death.

Intangible and depreciable property used in a taxpayer's trade or business are generally also excluded from the definition of capital asset. 31 This raises the question of whether a celebrity's right of publicity is 1) depreciable property in the hands of the estate or 2) used by the estate in a trade or business (rather than, for example, held for investment). The answers to these questions likely depend upon the facts and circumstances of a given case. If the estate establishes a company that licenses the celebrity's name to third parties, the right of publicity probably would constitute depreciable property used in the taxpayer's trade or business; therefore, the right of publicity would not be a capital asset. If the estate instead merely holds the right of publicity for future sale, the right of publicity probably would be a capital asset.

Regardless of whether the right of publicity is a capital asset in the hands of a celebrity's estate, it appears that, at least for decedents domiciled in states extending postmortem rights of publicity, the IRS views the right of publicity as an asset of the celebrity's estate, subject to estate tax. It remains an open question what position the IRS might take for celebrity decedents who are domiciled in states that do not extend postmortem rights of publicity.

An obvious next question for the estate tax practitioner is whether there is anything that a celebrity can do during his or her lifetime to remove these publicity rights from the celebrity's taxable estate or to reduce the value of the publicity rights included in the estate. With traditional assets, this might be accomplished by, for example, gifting or selling the assets to an irrevocable grantor trust established during the grantor's lifetime for the benefit of his or her children or other beneficiaries. For estate and gift tax purposes, the transfer to the irrevocable grantor trust is a completed sale or gift of the beneficial ownership of the transferred asset, which means that the asset is removed from the grantor's estate for estate tax purposes. However, for income tax purposes, a grantor trust is disregarded during the life of the grantor, 32 meaning that the grantor would continue to be taxed on the income generated by the transferred assets. This presents an additional benefit to the grantor, since the grantor's payment of income tax: 1) is not treated as a taxable gift to the beneficiaries of the trust 33 and 2) further reduces the grantor's taxable estate.

In the estate of a popular celebrity, such a transfer of publicity rights during life might save the estate from paying hundreds of millions of dollars in estate tax on an asset that may not be easily liquidated. 33 However, rights of publicity may not be so simple to remove from a celebrity's estate for a number of reasons. First, given the personal nature of the right of publicity, there is a threshold question as to whether the right of publicity may be transferred during the celebrity's lifetime. 34 At least in California, the answer...
appears to be yes. In *Timed Out, LLC v. Youabian, Inc.*, a California Court of Appeal reversed a trial court decision holding that two models could not assign rights in their likenesses. In reaching its conclusion that the models' publicity rights were assignable during their lifetimes, the court of appeals noted that Civil Code section 3344.1(b) explicitly contemplates such a transfer:

Nothing in this section shall be construed to render invalid or unenforceable any contract entered into by a deceased personality during his or her lifetime by which the deceased personality assigned the rights, in whole or in part, to use his or her name, voice, signature, photograph, or likeness.

There is also precedent for celebrities' selling outright interests in their rights of publicity during life. For example, in April 2016, Mohammed Ali reportedly sold an 80 percent interest in his name and likeness to a New York-based company for $50 million.

A second issue raised by an inter-vivos transfer of a celebrity's rights of publicity is whether the celebrity's continued control over those rights following the transfer might result in the rights being included in his or her taxable estate. Notwithstanding the transfer, Section 2036(a)(2) of the Internal Revenue Code requires that, when a decedent retained the right during his or her lifetime to determine the persons who may possess or enjoy the income from property, the decedent must include that property in his or her taxable estate upon death, notwithstanding the fact that beneficial ownership may have been formally transferred during the decedent's lifetime.

While the application of Section 2036 and related provisions of the Internal Revenue Code to rights of publicity transferred during a celebrity's lifetime remains untested, celebrities may reduce the risk of such rights being brought back into their taxable estates. First, the celebrity should not be the trustee of the irrevocable trust to which he or she transfers the publicity rights, and if the celebrity retains the right to replace the trustee, the terms of the trust should require that an independent trustee (rather than a related or subordinate trustee) must be chosen as the replacement. Second, the celebrity should consider selling, rather than gifting, the publicity rights to the irrevocable trust since transfers resulting from a sale "for adequate and full consideration" are outside the scope of Section 2036. A third issue, if the celebrity's career is ongoing, concerns the need to continue to make use of his or her persona and likeness without, for example, first seeking the approval of the trustee of a trust. This issue may create an opportunity, however, since the celebrity may enter into a contract with the irrevocable trust pursuant to which the celebrity is allowed to
continue to use his or her name, likeness, or other publicity rights in exchange for a series of royalty payments. Since the irrevocable grantor trust is disregarded for income tax purposes, these payments will not result in taxable income to the celebrity or the celebrity’s beneficiaries. Also, since the payments will represent an arm’s-length fair value price for the celebrity’s use of his or her name or likeness, the payments should not be treated as gifts to the beneficiaries of the irrevocable trust. Accordingly, the celebrity may achieve a further reduction to his or her taxable estate. Celebrities domiciled in California may be able to avoid some of these tax risks because the California Civil Code creates distinct lifetime (Section 3344) and posthumous (Section 3344.1) rights of publicity. A celebrity domiciled in California could transfer only the posthumous right of publicity to an irrevocable grantor trust during his or her lifetime, retaining the lifetime right of publicity. Section 3344.1 specifically allows the transfer of posthumous rights alone. By retaining a lifetime right of publicity, the celebrity could avoid risks related to retention of control and determining an arm’s-length royalty rate for the lifetime use of the publicity rights. Further, since the retained lifetime right of publicity would terminate at the time of the celebrity’s death pursuant to Section 3344, the celebrity should not be required to include the retained lifetime right of publicity in his or her estate.

As technology advances and posthumous performances become more and more prevalent, postmortem publicity rights are likely to continue to expand in scope. This will present new challenges to executors and beneficiaries, but it will also present new opportunities and responsibilities for celebrities and their advisors to plan ahead to minimize taxation, provide for their beneficiaries, and manage a lasting legacy. Moreover, as technology advances to allow digital recreation of celebrities’ likenesses, studios may, in an effort to reduce the cost of hiring talent, create digital amalgamations of various body parts and gestures of beloved celebrities. Such a digital Frankensteins’ monster might subliminally spark feelings of recognition and goodwill in audiences without obviously infringing on any one celebrity’s rights. O brave new world, that has such actors in’t!

1 See U.S.C. §1125(a).
3 See McCarthy, supra note 4, at §1.25.
4 See ANSON, supra note 3, at 72.
5 Arizona, Florida, Hawaii, Illinois, Indiana, Kentucky, Nevada, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, and Washington are the other states.
6 Georgia, Michigan, New Jersey, Pennsylvania, South Carolina, and Tennessee (Pennsylvania and Tennessee recognize a postmortem right of publicity under both common and statutory law).
7 Id. at §55:7-17 (2d ed. 2016) (discussing differences between trademark and publicity rights) [hereinafter McCarthy].
8 An individual may seek relief under federal trademark law for the use of his or her image or likeness, for example, on the theory that the defendant’s use of the individual’s likeness or persona is likely to give the impression of the involvement or endorsement of the individual or his or her estate.
9 See McCarthy, supra note 3, at §1.25.
10 See ANSON, supra note 3, at 72.
12 Id. at §3344.1(b)-1(d) (1994, ch. 1060, §9.5).
13 Id. at §3344.1(p) (2007, ch. 1135, 5334.1(g) (1999, ch. 1000, §9.5).
14 Id. at §3344.1(p) (2007, ch. 1135, 5334.1(g) (1999, ch. 1000, §9.5).
15 See, e.g., Eugene Salomon Jr., The Right of Publicity Run Riot: The Case for a Federal Statute, 60 S. CAL. L. REV. 1179 (1987). More recently, the Uniform Law Commission announced its intention to create a committee to “study the need for and feasibility of drafting a uniform act or model law addressing the...


20 I.R.C. §2031(a).

21 I.R.C. §1014(a).

22 I.R.C. §§854(a)(10), 1014(c); see also O’Daniel’s Estate v. Comm’r, 173 F.2d 966 (2d Cir. 1949).


26 Id., supra note 24.

27 Estate of Jackson v. Comm’r, Tax Court Docket No. 017152-13, As of the date of writing, the Tax Court has not reached a conclusion on this issue.

28 I.R.C. §1221(a)(2)–(3).

29 Treasury Regulations interpreting the definition of “capital asset” clarify that the phrase “similar property” is intended to include other property eligible for copyright protection. Treas. Reg. §1.1221-1(c)(1).

30 I.R.C. §1221(a)(3). However, under I.R.C. §1221(b)(3), authors of musical works may elect to treat the works as capital assets.

31 I.R.C. §1221(a)(1)-(2). A number of interconnected provisions of the Internal Revenue Code may alter the character of gain recognized on the sale of property used in a trade or business. See, e.g., I.R.C. §§1231, 1245. A complete discussion of these provisions is beyond the scope of this article.

32 I.R.C. §§671-79; see also Rev. Rul. 85-13, 1985-1 C.B. 184 (holding that a sale between a grantor and an irrevocable grantor trust established by the grantor is disregarded for federal income tax purposes).


34 For example, if the IRS’s original assertion as to the value of Michael Jackson’s publicity rights were sustained, the estate could owe in excess of $160 million in additional estate taxes (40 percent of $400 million).

35 Compare, for example, rights of privacy, which are fundamentally attached to the individual and cannot be transferred or assigned in a traditional sense.


37 I.R.C. §2036(a). The performer would need to hire an appraiser to perform an independent appraisal.

38 Compare a grantor’s payment of rent to an irrevocable trust in exchange for continued use of a personal residence that the grantor transferred to the irrevocable trust.

39 In determining the amount of these arm’s-length royalty payments, the celebrity should err on the side of overpaying the irrevocable trust, since any excess above fair value would be treated as a taxable gift. If instead the IRS determined that the celebrity was underpaying for the use of these rights, the IRS may argue that he retained an interest in the rights and that they should be brought back into the celebrity’s estate for estate tax purposes.
## Chapter 23.
### Damages and Right of Publicity Infringements

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1.0 Introduction

Damages related to right of publicity infringements can vary by state statutory law and by common law. The damages may include both compensatory damages and punitive damages, and compensatory damages are often determined by the fair market value of the use of the personality’s rights. In this chapter, we discuss the process of determining which laws may apply in a given context, along with the case law that has developed in this area, and the methods for determining the fair market value of the use. We also briefly comment on the relationship between right of publicity damages and trademark damages, as well as other factors that may affect recovery.

To properly describe the process for determining damages related to the use of a personality’s right of publicity, a brief history of the right of publicity is instructive. This area of the law continues to change and evolve—while such is true for most (if not all) areas of law, it is particularly true for the concept of right of publicity, which has come to prevalence more significantly in the past few decades. It is important to keep this continued development in mind as we discuss damages, since certain aspects of the damages analysis still remain indefinite.

2.0 Historical Significance

2.1 Brief History

The “right of publicity” is an intellectual property right that recognizes the inherent right of every human being to control the commercial use of his or her identity.1 The right, if available, generally protects a personality’s name, image, voice, signature, and likeness.2 While it is a distinct legal category from other intellectual property rights, the right of publicity bears some resemblances to neighboring areas of the law, including trademark, copyright, false advertising, and, particularly, the right to privacy.

The right of publicity largely stems from the understanding that individuals maintain a right to privacy. In 1890, Samuel D. Warren and Louis Brandeis wrote an article for the Harvard Law Review titled “The Right of Privacy.”3 In their article, Warren and Brandeis expressed concern that an individual’s photograph could be taken and used without his or her consent.4 Warren and Brandeis are recognized as the first to articulate that an individual’s own likeness constitutes his

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4 Ibid. at 195.
or her unique property. Ultimately, the Warren and Brandeis article set the stage for the recognition of an individual’s right of privacy by the courts.

In Roberson v. Rochester Folding Box Co., 64 N.E. 442, 443 (N.Y. Ct. of App. 1902), the defendant, Franklin Mills Co., knowingly used the plaintiff’s image without prior authorization by printing and circulating around 25,000 lithographic prints, photographs, and likenesses of the plaintiff, with the caption, “Flour of the Family,” in large, plain letters. The New York Court of Appeals was asked to recognize a right to privacy on behalf of the plaintiff for the unauthorized use of her photograph in the advertisement. The court rejected the plaintiff’s request and failed to adopt a common law right of privacy. However, Judge John Clinton Gray, in his dissenting opinion, declared that permitting a portrait to be put to “commercial, or other, uses for gain, by the publication of prints therefrom” was an invasion of the individual’s privacy, “possibly more formidable and more painful in its consequences, than an actual bodily assault might be.” Judge Gray concluded that the security of a person was “as necessary as the security of property and that for complete personal security, which will result in the peaceful and wholesome enjoyment of one’s privileges as a member of society, there should be afforded protection, not only against the scandalous portraiture and display of one’s features and person, but against the display and use thereof for another’s commercial purposes or gain.” Thus, the dissenting opinion articulated that the plaintiff had the right to be protected against the use of her face for defendant’s commercial purposes, regardless of the existence of property.

In 1903, the New York State legislature responded to the substantial outpouring of concern regarding the Roberson decision by enacting a statute that created a right to privacy. New York Civil Rights Law Sections 50 and 51 prohibit using the name, portrait, or picture of any living person without prior consent for “advertising purposes” or “for the purposes of trade.” Moreover, New York viewed these rights as “personal” or “service” related.

The right of privacy became firmly entrenched in the legal landscape after the Georgia Supreme Court’s decision in Pavesich v. New England Life Insurance Co., 50 S.E. 68 (Ga. 1905). The New England Life Insurance Co. ran a testimonial-style advertisement that featured the plaintiff’s photograph without authorization. “The question, therefore, to be determined is whether an individual has a right of privacy which he can enforce and which the courts will protect against invasion.” Ultimately, the Georgia Supreme Court adopted the reasoning of Judge Gray’s dissent in Roberson, thus creating a common-law right of privacy.

The term “right of publicity” was not coined for nearly another 50 years, in Haelean Laboratories, Inc. v. Topps Chewing Gum, Inc. 202 F.2d 866 (2nd Cir. 1953). In Haelean, Judge Jerome Frank delineated the distinction between the “right of publicity” and the “right of privacy.” Judge Frank recognized an independent common-law right protecting economic interests or property rights, rather than the personal, emotional interests associated with the right of privacy.

The United States Supreme Court considered the concept of a publicity right for the first and only time in Zacchini v. Scripps-Howard Broadcasting Co. 433 U.S. 562 (1977). The petitioner was a performer in a live human cannonball act. A reporter filmed one of his entire acts, even though the petitioner had asked him not to do so, and the full recording was later released during a television program. The petitioner alleged that the broadcast constituted an unlawful...
appropriation of the petitioner’s professional property under Ohio state law.\footnote{15} When the case eventually ended up in front of the United States Supreme Court, the issue was “whether the First and Fourteenth Amendments immunized respondent from damages for its alleged infringement of petitioner’s state-law ‘right of publicity.’”\footnote{16} The court found neither amendment immunized respondent, therefore, setting the stage for many states to enact their own laws covering a right of publicity.\footnote{17}

2.2 Current Status and Determining Domicile

Given this history, individual states have enacted right of publicity statutes that govern most right of publicity law in the United States, some of which includes protections for deceased personalities. In cases of right of publicity infringement, the first step is determining which law applies.

“A person’s domicile is her permanent home, where she resides with the intention to remain or to which she intends to return.”\footnote{18} “A person residing in a given state is not necessarily domiciled there, and thus is not necessarily a citizen of that state.”\footnote{19} “Residence is physical, whereas domicile is generally a compound of physical presence plus an intention to make a certain definite place one’s permanent abode, though, to be sure, domicile often hangs on the slender thread of intent alone, as for instance where one is a wanderer over the earth. Residence is not an immutable condition of domicile.”\footnote{20}

Courts have held that the determination of an individual’s domicile involves a number of factors (with no single factor controlling), including: current residence, voting registration and voting practices, location of personal and real property, location of brokerage and bank accounts, location of spouse and family, membership in unions and other organizations, place of employment or business, driver’s license and automobile registration, and payment of taxes.\footnote{21} In cases involving deceased celebrities, the state in which the estate was probated can also be relevant to the determination of domicile.\footnote{22}

After a determination has been made as to the appropriate state of domicile for either a deceased or living personality, the next step, of course, is to determine the protections that state provides, keeping in mind that states that do not have specific statutes may still have common-law protections that have developed from state or federal courts.

3.0 Types of Damages Available

Since Zacchini, many states have enacted specific statutes protecting an individual’s “right of publicity,” with many states extending such protection to deceased personalities for a certain number of years. Despite the right of publicity’s relatively progressive history, no federal statutory protection has been enacted in the United States. Thus, recognition of the right of publicity still varies by state and may be governed either through the state’s statutory language or by common law. To date, 31 states recognize a right of publicity (19 by statute, 21 by common law, and nine by a combination of the two), and 21 states recognize a right of publicity in the identity of a deceased person (14 by statute and seven by common law).\footnote{23} Given the inconsistencies that exist in merely recognizing the right of publicity, it should be of no surprise that the damages permitted under the right can also differ by state and statute.
While there are some general theories behind calculating the right of publicity damages regardless of territory, the best approach for determining damages in a right of publicity infringement is to start with each state’s statute. We provide the following as examples of the differences in various states’ statutes.

3.1 California
California, for instance, acknowledges the statutory right of publicity for living and deceased personalities, as well as the ability to recover damages from infringement of that right. Section 3344(a) mirrors section 3344.1(a)(1), with the only substantive difference between the two statutes being that 3344.1 is designated to protect deceased personalities and lasts for 70 years following the death of the personality.

One who knowingly uses another’s right of publicity “on or in products, merchandise, or goods, or for purposes of advertising or selling, or soliciting purchases of, products, merchandise, goods or services” without the individual’s prior consent shall be liable for any damages resulting from the individual’s injury. Regarding damages, those who are in violation of this section shall be liable for “an amount equal to the greater of seven hundred fifty dollars ($750) or the actual damages suffered by him or her as a result of the unauthorized use, and any profits from the unauthorized use that are attributable to the use and are not taken into account in computing the actual damages.” Such profits are calculated by considering the gross revenue attributable to the unauthorized use, which the injured party or parties are required to prove, as well as the opposing party’s requisite showing of deductible expenses. Additionally, the injured party or parties may be entitled to punitive damages. Attorney’s fees and costs may be awarded to the prevailing party in both 3344(a) and 3344.1(a)(1).

3.2 Indiana
Indiana also recognizes a statutory right of publicity for both living and deceased personalities up to 100 years after death and prohibits the unauthorized use of either for commercial purposes. Regarding damages, “[a]ny person who violates such right may be liable for the greater amount of either one thousand dollars ($1,000) in damages, or actual damages, which include profits attributable to the unauthorized use.” Further, if the violation was done so willingly, knowingly, or intentionally, treble or punitive damages may be available to the injured party. Indiana’s statute, like California’s, requires that, in establishing profits, the plaintiff prove gross revenue resulting from the violation and that the defendant properly show deductible expenses. Furthermore, the court shall award to the prevailing party “reasonable attorney’s fees, costs, and [related] expenses.” In addition to damages, a court may also grant temporary or permanent injunctive relief, barring certain exceptions listed in IN ST 32-36-1-13.

3.3 New York
New York famously does not protect a postmortem right of publicity but provides both equitable and legal remedies for violations under its statutory right of publicity for living personalities. Any living person whose right of publicity

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24 Cal. Civ. Code §§ 3344(a) and 3344.1(a)(1).
25 Ibid. at 3344.1(a)(1).
26 Ibid.
27 IN ST 32-36-1-8.
28 Ibid. at 32-36-1-10.
29 Ibid.
30 Ibid. at 32-36-1-11.
31 Ibid. at 32-36-1-12.
is used for advertising or trade purposes without prior written consent may prevent or restrain further use through an equitable action and may recover damages for any injuries sustained, as determined after suit. If the defendant’s unauthorized use was knowingly “forbidden or declared to be unlawful” under state law, then a jury is entitled to award exemplary damages.\[33\]

### 3.4 Ohio

Ohio explicitly provides for several types of damages within its right of publicity statute. These include: “(a) Actual damages, including any profits derived from and attributable to the unauthorized use of an individual’s persona for a commercial purpose as determined under division (A)(2) of this section; (b) At the election of the plaintiff and in lieu of actual damages, statutory damages in the amount of at least two thousand five hundred dollars and not more than ten thousand dollars, as determined in the discretion of the trier of fact, taking into account the willfulness of the violation, the harm to the persona in question, and the ability of the defendant to pay a civil damage award; (c) If applicable pursuant to section 2315.21 of the Revised Code, punitive or exemplary damages.”\[34\]

After evaluating what each state’s statute allows, the next step is to investigate the types of damages that have been allowed in a certain jurisdiction. Several courts have allowed compensatory damages, which have taken the form of: (1) fair market value of services; (2) injury to emotions/feelings; and (3) injury to goodwill and future publicity value. Courts have also allowed for punitive damages and attorney’s fees in certain circumstances.

**Example 1: Waits v. Frito-Lay, Inc., 978 F.2d 1093 (9th Cir. 1992)**\[35\]

In November 1988, Tom Waits sued the advertising agency, Tracy-Locke, and snack company, Frito-Lay, alleging claims of misappropriation under California law and false endorsement under the Lanham Act. Tracy-Locke had created a Frito-Lay commercial with a voice actor who sang in “near-perfect imitation of Waits.”\[36\] At trial, the jury found in Waits’ favor, awarding him $375,000 in compensatory damages, $2 million in punitive damages for voice misappropriation, and $100,000 in damages for violation of the Lanham Act.\[37\] The 9th Circuit Court of Appeals vacated the $100,000 in damages from the Lanham Act violation, finding it duplicative of the damages granted for voice misappropriation,\[38\] but affirmed the remaining holdings.

The $375,000 in compensatory damages awarded for voice misappropriation was calculated as follows: $100,000 for the fair market value of his services; $200,000 for injury to his peace, happiness, and feelings; and $75,000 for injury to his goodwill, professional standing, and future publicity value.\[39\] The court noted, “Although the injury stemming from violation of the right of publicity ‘may be largely, or even wholly, of an economic or material nature,’ we have recognized that ‘it is quite possible that the appropriation of the identity of a celebrity may induce humiliation, embarrassment, and mental distress.’”\[40\] The court further explained, “Added to this evidence of Waits’ shock, anger, and embarrassment is the strong inference that, because of his outspoken public stance against doing commercial endorsements, the Doritos commercial humiliated Waits by making him an apparent hypocrite.”\[41\] The court found that “[a] rational jury also could have found that the defendants, in spite of their awareness of Waits’ legal right to control the commercial use of his voice, acted in conscious disregard of that right by broadcasting the commercial.”\[42\]

\[33\] Ibid.
\[34\] Ohio Rev. Code Ann. § 2741.07 (West).
\[36\] 978 F.2d. at 1097.
\[37\] Ibid. at 1098.
\[38\] Ibid. at 1111.
\[39\] Ibid. at 1103-1106.
\[40\] Ibid. at 1103 (citing Motschenbacher v. R.J. Reynolds Tobacco Co., 498 F.2d 821,824 & n. 11).
\[41\] Ibid. at 1103.
\[42\] Ibid. at 1105-06.
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The 9th Circuit found that, given the evidence presented, the jury could have inferred “that the commercial created a public impression that Waits was a hypocrite for endorsing Doritos” and inferred “damage to his artistic reputation,” largely relying on Waits’ testimony in which he stated, “[P]art of my character and personality and image that I have cultivated is that I do not endorse products.” The court also found that, based on testimony from Waits’ expert witness, the jury could have inferred that, if Waits ever wanted to do a commercial in the future, his starting fee would be diminished by $50,000 to $150,000, as a result of the Doritos commercial.

Example 2: Cher v. Forum Int’l, Ltd., 692 F.2d 634 (9th Cir. 1982)
The artist Cher sued several defendants for damages arising out of the unauthorized publication of portions of an interview. Cher recorded an interview for the purpose of its use in Us magazine, with the potential accompaniment of a cover story. However, at Cher’s request, Us did not use the interview. The freelance writer who conducted the interview, Fred Robbins, eventually sold the interview to Star and Forum, despite knowing that Cher had recorded the interview for the sole purpose of sharing it, exclusively, with Us.

The district court determined that Cher was entitled to general, special, and exemplary damages against four defendants to varying degrees, as well as litigation fees against all defendants. The 9th Circuit vacated the judgment as to two of the defendants but upheld the judgment as to the other two. Cher was entitled to general damages of $69,117, special damages of $100,000, and exemplary damages of $100,000. The 9th Circuit also confirmed that “[s]ome exemplary damages can be supported as punishment for the false advertising and promotional misrepresentations of those defendants” based on the facts of that case.

In this case, the self-employed professional model and actress Lynda Clark became aware that a publication called Celeb Magazine was using her image on its cover and in advertisements. The court in this case awarded damages on four different theories.

The first was an award of $25,000 for the mental anguish she suffered as a result of the unauthorized publication of her photographs. While the court did not elaborate on its process of determining $25,000 to be a reasonable amount, it stated that the plaintiff testified at length that the publication caused her humiliation, mental anguish, and distress, and she gave examples of ridicule by various persons and consequences to her health. Under California law (the state of plaintiff’s residency), the plaintiff was entitled to recover compensation for mental anguish.

The second type of damages was compensation for the appearance of the image in the publication. The plaintiff introduced an affidavit from the controller of Penthouse International Limited, as the plaintiff had previously appeared in Penthouse. This affidavit stated that, as compensation for appearing on the cover of an issue of Penthouse in 1979, the plaintiff was paid $5,550, and the value of the additional items received (including clothing from the photo shoot and portfolio photographs) was approximately $1,200. Accordingly, the court decided to award the plaintiff $6,750 for the loss of compensation for the use of her photographs.

The third element of damages awarded to plaintiff was compensation for economic injury that she suffered. “Plaintiff testified that the editor of Penthouse Magazine and various advertisers in Penthouse, unaware that the photographs in Celeb Magazine were unauthorized, disparaged plaintiff for selling her identity to a magazine of that caliber. Because of her

43 Ibid. at 1104.
44 Ibid.
46 Cher v. Forum Int’l, Ltd., 692 F.2d 634, 640 (9th Cir. 1982).
47 Ibid.
appearance in *Celeb Magazine*, plaintiff claims that *Penthouse* and these advertisers want nothing more to do with her as a model." The court found that the plaintiff’s projected earnings from modeling fees in that year were $7,000 (although the court does not elaborate on how this was proven) and awarded the plaintiff $7,000 for economic losses.

Finally, the court found that the defendant was guilty of “oppression, fraud or malice, express or implied” because, even after the publication was informed of the unauthorized use of the photographs, the defendant continued to release additional issues of the magazine containing the unauthorized images. Without going into many details regarding how this amount was reached, the court found that an award of $25,000 for punitive damages was appropriate.49

4.0 Calculating Compensatory Damages
While statutes and various cases may indicate the availability of certain damages, such statutes and cases do not always define how to calculate those damages. Typically, calculating compensatory damages, particularly special damages, is based on the fair market value of the use at the time of the infringement, with interest.50 The market value for celebrities is often determined with "comparables," offered by expert testimony—that is, expert opinion as to the licensing values that comparable celebrities receive for comparable uses of their identities.51

4.1 The Fair Market Value
The “fair market value” is determined as the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.52 This is the standard upon which many valuations are based when determining a fair market value for the use of one’s right of publicity. Several methods of computation can be used to find the fair market value for a particular use, but most often the market approach is used.

The market approach is a market-condition adjusted computation of expected price based on comparable transactional data.53 This approach assumes there is an existing market of comparable uses.54 This method is usually logical in cases of calculating infringement damages, as, often, the celebrity may have entered into similar contracts for similar uses of his or her name or likeness prior to the infringing use. As can be seen in the case law examples that follow, often these data may be paired with an expert report or expert witness testimony. The valuer will normally make necessary projections and assumptions for differences in each use as compared to the infringing use. Then, the valuer will offer an opinion regarding what a reasonable fee would have been based on prior similar uses.

Depending on the extent of the infringement, as we’ve seen above, the plaintiff may also pursue a cause of action for dilution of his or her rights,55 which may reach beyond the market approach and a simple calculation based on similar past projects. In such a case, the market approach may combine with other approaches to calculate the overall damage to a plaintiff’s right of publicity as perceived by the public. The legal and financial experts involved with such a case may utilize various methods to estimate the damage to a personality’s overall reputation.56

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49 Ibid. at 983-84.
51 Ibid. (quoting 2 Rights of Publicity and Privacy § 11:32 (2nd ed.)).
54 See IVS 105: Valuation Approaches and Methods, supra note 23, at § 20.2.
56 See, e.g., Hirsch v. S.C. Johnson & Son, Inc., 90 Wis. 2d 379, 400 (1979) ("The economic damage caused by unauthorized commercial use of a name may take many forms, including damage to reputation if the advertised product or service is shoddy and the dilution of the value of the name in authorized advertising.").
An example of the market approach used in practice appears in *Town & Country Properties, Inc. v. Riggins*, 457 S.E.2d 356 (1995). The case involved former football player John Riggins, whose name was used “strictly in a promotional sense to generate interest in the sale of real estate” on a flyer advertising the sale of a home. The plaintiff estimated that his previous endorsement and personal appearance fees had been in the range of $5,000 to $90,000. (In another section of the opinion, the court says $20,000 to $90,000.) Riggins also brought in an expert who had spent seven years in sports marketing, owned a sports marketing company specializing in promotion and marketing of athletes, and had represented several famous athletes. The expert’s opinion was that a fee of approximately $50,000 would be charged for plaintiff’s endorsement, given that the use was on a flyer distributed only within a certain area and only to real estate professionals. The jury awarded, and the Virginia Supreme Court affirmed, damages of $25,000 based on both the expert testimony and the value of plaintiff’s previous endorsements.

This analysis becomes more difficult where the plaintiff’s rights have not been utilized previously or have not been utilized to the extent that would create a book of comparable uses. This could occur in the case of a celebrity who has participated in very few endorsements (by choice or otherwise) or the case of a person who is not a celebrity. In these situations, there are several options to find the fair market value, although they may be less exact than the use of standard market approach. Courts may evaluate similar uses that feature similarly situated celebrities and may also look to similar or comparable data in cases where the plaintiff is not a celebrity. Often, these data can be difficult to find, as most of the payments received for such uses are not publicly available. In these cases, the value of expert witnesses can become extremely high. Expert witnesses who are in an industry relevant to the infringement, and particularly who may have knowledge of standard licensing or endorsement fees for certain uses, become almost necessary in cases where the market approach is not a feasible method.

For example, in *Christoff v. Nestlé*, the plaintiff’s image was used in a coffee label beginning in 1998 for various types of coffee and in various languages. Only a portion of the plaintiff’s face was visible, as the picture was cropped above the eyebrows, and, for the label sold in Mexico, the plaintiff's image was altered to add sideburns and darken his complexion. The coffee jars were also included in advertising campaigns in various forms of media. At trial, two expert witnesses were called on the topics of damages and profits.

First, a former partner at Ford Models, a prominent modeling agency, testified that a model generally charges “a day rate for a photo shoot and a usage fee for different uses such as packaging, billboards and transit.” He valued the use of the plaintiff’s photograph for a six-year period at $1,475,000. In addition to the six-year period, the expert assumed that the photo was used “in virtually all kinds of media that existed.” The expert acknowledged that, in 2003, Nestlé again redesigned its label using another model, who was paid $150,000 for the use of his image for 10 years, but the expert testified that $150,000 was a low fee. Based on this testimony, the jury awarded the plaintiff $330,000 in actual damages.
Second, an adjunct professor of marketing at the University of California at Berkeley and Stanford University testified as to the profits the defendant realized that were attributable to the plaintiff. He attributed 50% of the sales of the coffee to the logo, and 5% to 15% to the icon of the plaintiff. “The remaining [forty] percent is the shape of the jar, the shape of the label, the predominant color red, the smoother taste richer flavor promise, the ... weight of the product, a hundred percent pure coffee.” Most importantly, he stated that “if you took that icon off the package during the time he was on the package, I think you would lose ten percent of the sales of Taster’s Choice.”

In conjunction with this testimony, the plaintiff’s accounting expert testified that, during the six-year period the defendant used the plaintiff’s likeness, Nestlé’s total profits from Taster’s Choice were $531,018,000 and, based on the testimony that attributed between 5% and 15% of the sales to the plaintiff’s image, the plaintiff was entitled to $53,101,800 in profits, or 10% of the total profits.

However, the Court of Appeal noted that, on cross-examination, the plaintiff’s accounting expert acknowledged he was not testifying that “it is [the plaintiff], the human being, who is responsible for ten percent of any sales” but instead that “it is the image of the taster which has become the icon” that is responsible for the 10% of the sales. Thus, the Court of Appeal reversed this award on the grounds that the expert provided no evidence that the plaintiff’s specific characteristics (even if generic) created a value in the icon of the taster. However, the court noted that, if on retrial, the plaintiff was able to carry the initial burden of demonstrating that some portion of the defendant’s profits was attributable to the use of his likeness, the defendant then would bear the burden of “disentangling” the contribution of the various other factors.

4.1.2 Calculating Additional Damages

As we have discussed, depending on jurisdiction, compensatory damages can include injury to emotions/feelings and injury to goodwill and future publicity value in addition to the fair market value of services we have evaluated.

For instance, in Cher v. Forum Int’l, Ltd., the court stated that a fair approximation of the measure of general damages would be the amount that would be necessary to conduct a corrective advertising campaign to inform the public of the unauthorized use. In Big O Tire Dealers v. Goodyear Tire & Rubber Co., 561 F.2d 1365, 1374 (10th Cir. 1977), the court awarded a sum equal to 25% of the cost of the defendant’s wrongful initial advertising. The Cher court used this calculation—the value of Forum’s false, misleading, and wrongful advertising using Cher’s name and likeness was $276,468 and thus an award of $69,117 was appropriate as to Cher. The 9th Circuit affirmed this amount.

Despite this example, and the case law discussed herein such as Waits and Clark, wherein courts have assigned value to these damages, there is scant information as to how courts have determined the amounts for these additional compensatory damages. This remains to be an uncertain area of calculating right of publicity damages, but the case law that does exist can prove instructive in appropriate jurisdictions.

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69 Christoff v. Nestlé USA, Inc., 152 Cal. App. 4th 1439, 62 Cal. Rptr. 3d 122, 142, as modified on denial of reh’g (July 24, 2007), review granted and opinion superseded, 169 P.3d 888 (Cal. 2007), and aff’d in part, rev’d in part, 47 Cal. 4th 468, 213 P.3d 132 (2009).
70 Ibid. at 127.
71 Ibid. at 143.
73 692 F.2d at 640 (9th Cir. 1982).
5.0 Other Considerations

5.1 Intersections With Trademark Law

It is important to note that often, there are intersections between the right of publicity and other areas of intellectual property, particularly trademark law. Section 43(a) of the Lanham Act has been held to be an appropriate vehicle for the assertion of claims of falsely implying the endorsement of a product or service by a real person.\(^74\) In the context of §43(a)(1)(A), a human persona or identity is a kind of “trademark” that a false endorsement may infringe.\(^75\) Alternatively, a claim of false endorsement could be a false or misleading representation, which, under § 43(a)(1)(B), in commercial advertising or promotion, misrepresents the nature, characteristics, or qualities of defendant’s goods, services, or commercial activities.

As such, in the case of a right of publicity infringement, such trademark claims are also often included, which may bring the case within the scope of defined damages under the Lanham Act. It is important to note that courts have vacated damage awards based on a false endorsement claim under section 43(a) of the Lanham Act as duplicative of damages awarded for right of publicity—specifically, in the case of Waits v. Frito-Lay, as duplicative of damages awarded for voice misappropriation claims representing the fair market value of Waits’ services in the same case. While most attorneys would advise a client to claim violations of as many statutes and laws as are relevant and allow the courts to filter out duplicative damages, it is nonetheless worthwhile to consider that it is possible a plaintiff may not recover damages under both the Lanham Act and the relevant state law.

5.2 Forum Shopping

Since the right of publicity is a state-created right, and, given the differences in each state’s statute, forum shopping often becomes a consideration when deciding to pursue a right of publicity infringement.

As discussed earlier, only some states provide for a statutory right of publicity, and a section of those states provide for a postmortem right of publicity. It is each state’s statute that creates the right for the celebrity who is domiciled in a certain state or a deceased celebrity who was domiciled therein at his or her death—but it is not necessarily the statute under which the infringement must be pursued. A deceased celebrity may have a postmortem right of publicity under California law, but, if the infringement took place in, for instance, Texas, it may be pursued in Texas under Texas law with the understanding that the celebrity’s protection is provided by California law.

In contrast, if the celebrity was domiciled in a state that does not provide post-death protection for a celebrity who was domiciled in New York at the time of death, an attorney may think about researching whether the infringement was prevalent in a state such as Washington or Indiana, which provides protection regardless of where a celebrity was domiciled at death, as long as the infringement occurred inside the state. How courts react to this tactic remains a bit of a gray area. For example, in Experience Hendrix L.L.C. v. Hendrixlicensing.com Ltd.,\(^76\) the plaintiff, Experience Hendrix, held a bundle of rights related to the late Jimi Hendrix. The defendants began licensing photographs and pieces of art depicting Hendrix to produce and sell Jimi Hendrix-related merchandise, including apparel, posters, and household items. Experience Hendrix sued the defendants under both the Lanham Act and Washington state’s Consumer Protection

75 Waits v. Frito-Lay, Inc., 978 F.2d 1093, 1110 (9th Cir. 1992) (“[U]nauthorized use of a celebrity’s identity is a type of false association claim, for it alleges the misuse of a trademark.”). See also Abdul-Jabbar v. General Motors Corp., 85 F.3d 407, 410 (9th Cir. 1996) (“[F]alse endorsement claims are properly cognizable under section 43(a)” as a form of misuse of a “trademark,” causing likely confusion as to endorsement.); Wendt v. Host Intern., Inc., 125 F.3d 812, n.1 (9th Cir. 1997); (“In a case involving confusion over endorsement by a celebrity plaintiff, ‘mark’ means the celebrity’s persona.”); Downing v. Abercrombie & Fitch, 265 F.3d 994, 1007 (9th Cir. 2001) (“We noted that the term ‘mark’ applies to the celebrity’s persona.”). See also White v. Samsung Elec. Am., Inc., 971 F.2d 1395.
76 762 F.3d 829 (9th Cir. 2014).
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Act. The defendants counterclaimed, asking the court to declare that the Washington’s Personality Rights Act (WPRA)\(^\text{77}\) “does not provide Experience Hendrix with Hendrix’s postmortem publicity rights.”

In 2008, the Washington legislature amended the WPRA by making it applicable “to all individuals and personalities, living and deceased, regardless of place of domicile or place of domicile at time of death.”\(^\text{78}\) The 9th Circuit Court of Appeals noted there was no dispute that the amended WPRA recognized postmortem personality rights belonging to Hendrix even though: (1) he died in 1970, before Washington originally enacted the WPRA; (2) he was domiciled in New York at the time of his death; and (3) New York law does not recognize a postmortem right of publicity that would survive Jimi Hendrix’s death and descend to his heir.\(^\text{79}\) The district court initially held that applying Washington’s right of publicity to this infringement was in violation of the due process, full faith and credit, and dormant commerce clauses of the U.S. Constitution. However, the 9th Circuit, performing de novo review, reversed, finding that “the WPRA can be applied constitutionally to the narrow controversy at issue here.”\(^\text{80}\)

Even though the 9th Circuit was very clear that the statute can be applied in a constitutional fashion as to the narrow controversy at issue, its decision does give some legitimacy to the provisions in right of publicity statutes such as those of Washington and Indiana that protect against right of publicity infringements in their own states, regardless of the domicile of the deceased personality. However, whether or not other circuits would agree with the 9th Circuit, and whether the 9th Circuit itself would judge the statute to be constitutional as to a broader set of facts, remains unclear. Thus, while forum shopping can perhaps allow the plaintiff to claim rights in states such as Washington and Indiana that may not exist in other states, the plaintiff may not have a strong reliance on such laws under the current status.

Finally, if a right of publicity infringement occurs concurrently with a trademark infringement, the plaintiff may consider filing the lawsuit in federal court. Filing in federal court may be especially prudent if the infringement takes place in a state where there is no specific statute protecting against right of publicity infringements. In such case, the plaintiff must consider whether the relevant federal courts have made any notes about the right of publicity in a certain jurisdiction.

Consider Ventura v. Titan Sports, Inc., decided by the 8th Circuit Court of Appeals in 1995.\(^\text{81}\) In this case, the court found that it must determine whether the law of the state of Minnesota concerning publicity rights applied. Since the Minnesota Supreme Court had not addressed the issue, the court made a determination of what the Minnesota Supreme Court would probably hold if it did decide the issue. For its prediction, the 8th Circuit relied on “relevant state precedent, analogous decisions, considered dicta, scholarly works and any other reliable data.”\(^\text{82}\) The 8th Circuit concluded that the Minnesota Supreme Court would recognize the tort of violation of publicity rights.\(^\text{83}\) This case shows that a federal court may comment on a right of publicity even if there is no direction from the state on the issue.

### 5.3 Conclusion

Pursuing an entity for infringement of a right of publicity, and calculating the related damages, can often be a complicated matter with a level of uncertainty. While this uncertainty remains, it is essential to review all relevant case law and statutes in each jurisdiction where a lawsuit is intended to be filed and to be knowledgeable about related case law in additional jurisdictions. Thereafter, it is most likely that experienced financial experts and damages experts will also be required to prove an exact amount of damages at trial. Regardless of the difficulty and work involved in proving such damages, various cases have proven that this can be a worthwhile endeavor, as many plaintiffs have been able to recover substantial damages for the unauthorized use of their rights of publicity.

\(^{77}\) Wash. Rev.Code §§ 63.60.010-63.60.080
\(^{78}\) Ibid. at § 63.60.010.
\(^{79}\) Ibid. at 835.
\(^{80}\) Ibid. at 837.
\(^{81}\) 65 F. 3d 725 (8th Cir. 1995).
\(^{82}\) Ibid. at 729.
\(^{83}\) Ibid. at 730-31.
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