

The Forgotten Defense?

By David H. Levitt

Defendants will want to reexamine this defense's very viable and well-settled protections.

# Right of Publicity and Commercial Speech

In 2009, Michael Jordan was inducted into the Naismith Memorial Basketball Hall of Fame. *Sports Illustrated* produced a special commemorative issue devoted exclusively to Jordan's career. It offered free advertising space to

Chicago area grocers, Jewel and Dominick's, if they would agree to stock the special issue in their stores. Both accepted the offer, and both ran ads congratulating Jordan on his induction into the Hall of Fame.

Proving that no good deed goes unpunished, both grocers were sued by Jordan for violating his right of publicity, pursuant to the Illinois Right of Publicity Act, 765 Ill. Comp. Stat. 1075/1, *et seq.* Jordan prevailed in both cases, but what is remarkable is not that he prevailed but *how* he prevailed. Dominick's apparently conceded liability and tried the case on damages only, resulting in an \$8.9 million verdict. Jewel argued that its ad fell within the protection of the First Amendment as non-commercial speech. The Seventh Circuit, however, ruled that the ad was commercial speech, reversed summary judgment for Jewel, saying that its ruling "defeats Jewel's constitutional defense, permitting Jordan's case to go forward." *Jordan v. Jewel Food Stores, Inc.*, 734 F.3d 509, 522 (7th Cir. 2014).

But the Seventh Circuit never considered—apparently because Jewel never asked it to consider—whether its ad was nonetheless protected by the First Amendment even if it was commercial speech. And Jewel is not alone in failing to raise this defense to a right of publicity claim. As noted by Northwestern University law professor Martin Redish, "the paucity of judicial decisions applying the Supreme Court's famed four-part *Central Hudson* test to determine the appropriate protection for speech relative to publicity rights is astounding." Martin H. Redish & Kelsey B. Shust, *The Right of Publicity and the First Amendment in the Modern Age of Commercial Speech*. 56 Wm. & Mary L. Rev. 1443, 1478–79 (2015) (Redish).

Redish and Shust are right to be "astounded." While it is understandable that right of publicity defendants would first seek to characterize their speech as non-commercial—since that classification brings with it certain additional defenses and strict scrutiny under the First Amendment—there



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is no rational explanation why defendants have not raised the very viable and well-settled protections available even to speech deemed “commercial.” This is the forgotten defense.

### Weak Underpinnings of the Right of Publicity

A full discussion of the history and development of the law on the right of publicity is beyond the scope of this article. Although the right of publicity is not recognized everywhere, it is recognized in some form in a majority of states. Some 38 states have some form of common law precedent, including 22 states that have enacted right of publicity statutes. Right of Publicity, Statutes & Interactive Map, <http://rightofpublicity.com/statutes> (last visited June 27, 2017).

There is considerable variation in the parameters of the tort, including whether it applies to those who have not previously exploited their identity or persona, whether the right descends to heirs, and remedies. A number of state statutes not only create a cause of action for non-celebrities, but they can allow recovery of infringer’s profits (with a burden shift to the defendant as occurs in trademark and copyright cases), statutory damages, or attorney’s fees. *See, e.g.*, 765 Ill. Comp. Stat. 1075/40, 45, and 55 (Illinois); Wash. Rev. Code §63.60.060. The consequences of being found in violation, then, even for a non-celebrity who has no actual damages or when there are little, if any, infringer’s profits, can be quite substantial.

But there is little justification for this expansion of a long-established but nonetheless less than compelling cause of action. As *Restatement (Third) of Unfair Competition* acknowledges:

The rationales underlying recognition of a right of publicity are *generally less compelling than those that justify rights in trademarks or trade secrets*. The commercial value of a person’s identity often results from success in endeavors such as entertainment or sports that offer their own substantial rewards. Any additional incentive attributable to the right of publicity may have only marginal significance. In other cases, the commercial value acquired by a person’s identity is largely fortuitous or otherwise unrelated to any investment made by the individual, thus diminish-

ing the weight of the property and unjust enrichment rationales for protection. In addition, the public interest in avoiding false suggestions of endorsement or sponsorship can be pursued through the cause of action for deceptive marketing. Thus, *courts may be properly reluctant to adopt a broad construction of the publicity right*.

*Id.* at §46, cmt. (c) (emphasis added). The right of publicity, codified by the Illinois Right of Publicity Act, has relatively weak justification. *See generally* David H. Levitt, *A Critical Look at the Right of Publicity: Proper Plaintiffs and Proper Damages*, John Marshall News Source (2000).

This questionable public policy support for a broad construction of the right, and the lack of any truly substantial governmental interest in creating a cause of action (especially for those who never before exploited their persona commercially), is an important factor in evaluating how to balance the economic interests of an individual protected by the tort against the First Amendment rights of a speaker affected by claims asserting the tort.

### The First Amendment and Commercial Speech

In almost every reported right of publicity case in which a defendant has asserted a First Amendment defense, the defendant’s argument consisted primarily of trying to don the glass slipper of non-commercial speech. Sometimes the shoe fit—and the defendant prevailed. Sometimes the shoe did not fit—and the defendant lost. At the risk of mixing metaphors, defendants should not put all of their eggs in that one basket. They should at least explore the opportunity to prevail even if their speech is deemed commercial speech.

### Sorrell Prohibits Different Treatment for Different Speakers

Most of the state right of publicity statutes include carve outs for certain uses of a person’s identity. The Illinois statute, for example, provides that it does not apply to uses, among others, for “news, public affairs, or sports broadcast or account, or any political campaign.” 765 Ill. Comp. Stat. 1075/35(b)(2). Similarly, the California statute states that use of an individual’s attributes “in connection with any news, public

affairs, or sports broadcast or account, or any political campaign, shall not constitute a use for which consent is required....” Cal. Civ. Code §3344(d). These carve outs are not surprising, and they are consistent with the common law development of the tort; they are intended to avoid the most obvious First Amendment concerns. Nevertheless, they represent a recognition

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that certain speakers are allowed to use the name, image, voice, or other attributes of a person’s identity without that person’s consent, while the statutes prohibit others from using those exact same attributes.

In *Sorrell v. IMS Health Inc.*, 564 U.S. 552, 131 S. Ct. 2653 (2011), the Vermont legislature—in response to what lawmakers perceived as aggressive marketing by the pharmaceutical industry—passed a statute that prohibited the dissemination of prescriber-identifying information for marketing or promotion purposes. So-called “detailers,” who aggregated data from various public sources to produce reports requested by paying customers, challenged the legislation on First Amendment grounds. The Supreme Court sustained the challenge.

The Court noted that while the statute limited the dissemination of prescriber-



identifying information to detailers for marketing purposes, it did not similarly restrict the dissemination of this information when it was done for purposes other than marketing and when it was disseminated to other parties, such as private or academic researchers. *Id.* at 562–63. The Court characterized the statute as a “content- and speaker-based” rule because it “disfavors [(1)] marketing, that is, speech with a particular content [as well as]... [(2)] specific speakers, namely pharmaceutical manufacturers.” *Id.* at 564. Thus, *Sorrell* held, “The law on its face burdens disfavored speech by disfavored speakers” so as to warrant “heightened judicial scrutiny.” *Id.* at 564–65. The statute’s differential treatment that barred use of the prescriber-identifying information by some speakers but not others rendered the statute unconstitutional. *Id.* at 580.

*Sorrell* was not a right of publicity case, but its holding is especially relevant and applicable to such cases. A statute that disfavored commercial speakers, those who were involved in marketing products, but allowed other speakers to use the exact same information was found unconstitutional. That is precisely what the state statutes, as well as many common law interpretations, on right of publicity do: they disfavor speakers who use a person’s identity in connection with commercial activities while at the same time allowing use by others. The Court in *Sorrell* applied strict scrutiny, and it disallowed application of the statute on First Amendment grounds. The same logic applies equally to right of publicity claims.

Importantly, the Court rejected the state’s claim that it was only regulating commercial conduct or commercial speech and that a lesser level of scrutiny was required. “As in previous cases, however, the outcome is the same whether a special commercial speech inquiry or a stricter form of judicial scrutiny is applied,” the Court noted. *Id.* at 571. Thus, whether the speech was deemed “commercial,” the First Amendment applied to bar the statute’s speech prohibition.

#### **Central Hudson’s Four-Part Test also Presents a Viable Defense**

Even before *Sorrell*, it had long been held that commercial speech is protected

speech under the First Amendment, although somewhat less protected than non-commercial speech. *Virginia Pharmacy Board v. Virginia Citizens Consumer Council*, 425 U.S. 748, 96 S. Ct. 1817 (1976); *Central Hudson Gas & Elec. Corp. v. Public Service Commission of New York*, 447 U.S. 557, 100 S. Ct. 2343 (1980). *Central Hudson* described a four-part analysis for evaluating restrictions on commercial speech:

1. Is the speech about a lawful activity or is it misleading?
2. Does the regulation relate to a substantial governmental interest?
3. Does the regulation directly advance the asserted governmental interest?
4. Is the regulation more extensive than necessary to serve that interest?

*Central Hudson*, 447 U.S. at 566. These factors have been referred to as “intermediate scrutiny.” See, e.g., *Vrdolyak v. Avvo, Inc.*, 2016 WL 4765716, at \*2 (N.D. Ill. 2016)

In most instances, when a right of publicity claim is brought, there is no question that factor 1—lawfulness—is met. Rarely, if ever, will a plaintiff be able legitimately to claim that the use of the plaintiff’s identity is in connection with anything other than a lawful and truthfully described activity. No assertion was made, for example, that the businesses of Jewel and Dominick’s (groceries) were unlawful, nor that their ads congratulating Mr. Jordan on his election were misleading in any way. If, however, the use is for, say, gambling (where it is illegal), or in connection with a defamatory comment, factor 1 might still be important.

Most often, though, the critical elements are likely to be the final three factors. Given the less than compelling underpinnings of the right of publicity to start with, especially as it is applied to non-celebrities who have never commercialized their identities, it is difficult to discern or to articulate a “substantial governmental interest” in creating a cause of action (factor 2). It is even more difficult to find a justification for those states that provide plaintiff friendly damages regime, establishing (in some states) a minimum amount of statutory damages for such persons, allowing recovery of infringer’s profits as in trademark and copyright cases, or applying the same kind of burden shift on infringer’s profits that apply in other

forms of intellectual property (factors 3 and 4).

It performing this analysis—and presuming for present purposes that there has already been a finding that the speech at issue qualifies only as commercial speech—several principles must be kept in mind. First, the Supreme Court has recognized that merely because the speech was commercial is not a basis to prohibit it: “In the absence of factors that would distort the decision to advertise, we may assume that the willingness of a business to promote its products reflects a belief that consumers are interested in the advertising.” *Central Hudson*, 447 U.S. at 567–68.

The Court also stated:

We review with *special care* regulations that entirely suppress commercial speech in order to pursue a non-speech policy.... Indeed, in recent years this Court has not approved a blanket ban on commercial speech unless the expression itself was flawed in some way, either because it was deceptive or related to unlawful activity.

*Id.* at 566, n.9 (emphasis added). Thus, the Court has articulated a preference for allowing commercial speech when balanced against mere economic interests.

Second, again assuming that the speech in question is deemed “commercial” speech, the interests to be balanced are economic interests—the interest of the individual in controlling the commercial exploitation of his or her persona against the interests of the defendant in conveying the defendant’s commercial message. That balance ought to be struck in favor of speech, commercial or otherwise, unless that speech is itself deceptive or related to an unlawful activity. Because the vast majority of the right of publicity cases involve no such factors, application of the right of publicity, whether by statute or common law, to bar such commercial speech, violates the First Amendment.

Beyond that, the remedies provided are far more than needed for a “reasonable fit” to whatever substantial governmental interest might be found, failing to meet factor 4 of the *Central Hudson* test. Both the *Restatement (Third) of Unfair Competition* and the leading treatise on the subject, McCarthy’s *The Rights of Publicity and Privacy* (McCarthy), fail to account

for this, especially as pertains to non-celebrity plaintiffs. *McCarthy* espouses the view that the non-celebrity should at least be allowed to prove what that fee would have been, and be allowed to recover at least that relatively small amount. *McCarthy*, section 4.3. The *Restatement* suggests, “A private figure may recover for a reduction of commercial value of his or her identity upon proof that the unauthorized use has diminished the value of the identity for use in the plaintiff’s own business.” *Restatement (Third) of Unfair Competition* §49, cmt. (d).

These sound fine as far as they go; they at least require proof of actual damages—of some diminishment of the commercial value of the plaintiff’s persona due to the defendant’s unauthorized use as a prerequisite to stating a claim. But both *McCarthy* and the *Restatement*—and many state statutes—abandon this proof requirement when it comes to damages. For example, once liability is found, the treatise, the *Restatement*, and some statutes allow recovery of the defendant’s profits and shift the burden to the defendant to prove what gross revenue is *not* attributable to the violation. Indeed, the *Restatement* demonstrates the weakness and inconsistency of its position:

*Although there is little case law*, it is widely assumed that the defendant’s profits are an appropriate measure of relief in right of publicity cases under rules analogous to the recovery of profits in trademark, trade secret, and copyright cases. See, *McCarthy*, The Rights of Privacy and Publicity Section 11.8D.

*Restatement (Third) of Unfair Competition*, §49, reporter’s note to cmt. (d) (emphasis added). It then goes on to cite one New York federal district court case, a second New York case, which was reversed on other grounds, one Minnesota federal district court case, and the *dissent* in *Lugosi v. Universal Pictures*, 25 Cal.3d 813, 603 P.2d 425 (Cal. 1979).

Thus, the *Restatement* is inconsistent with itself. It indicates “wide assumption” of the rule, yet it cites almost no authority to support the statement doing so. The authority that it does cite can hardly be legitimately considered “wide,” consisting as it does of a treatise that does not itself cite any authority (*McCarthy*), three

district court opinions (one of which was reversed), and a dissenting opinion. Since it cannot accurately be said that the recovery of the infringer’s profits is “widely assumed” to be allowed, a review of the theoretical underpinnings of those rights that do provide this remedy, compared with those underlying the right of publicity, is appropriate.

Add to this framework the existence of a statutory damages option even when there is no proof of actual damages or infringer’s profits, as exists, for example, in Illinois (\$1,000, 1075 Ill. Comp. Stat. 1075/40(a) (2)), and California (\$750, Cal. Civ. Code §3344(a)), and add further the possibility of an award of attorney’s fees, and the lack of a “reasonable fit” as is required to meet *Central Hudson* factors 3 and 4 becomes more evident.

Indeed, it can be strongly argued that the remedy goes beyond that allowed even in the far more justified intellectual property areas of copyright and trademark. For example, there is a considerable body of case law in trademark cases that suggests that the remedy of infringer’s profits is not available unless there is some evidence of bad faith or intent by the defendant. The Lanham Act gives the court discretion, “subject to the principles of equity,” to decide whether the defendant’s profits should be considered in any damages award. 15 U.S.C. 1117(a). And, as noted by *McCarthy* in another treatise, “later decisions have almost unanimously required some showing of egregious conduct or intent by an infringer before an accounting of profits will be granted.” *McCarthy*, *Trademarks and Unfair Competition* §30:61.

Yet those jurisdictions that allow recovery of infringer’s profits (with or without an attendant burden shift to the defendant) in right of publicity cases make reference to neither principles of equity nor the requirement of a showing of intent by the infringer. In this way, they exalt right of publicity—the less substantially justified claim—over the other more established and more public-policy supported claims, such as trademark claims. Even if one conceded for the purposes of discussion that a substantial governmental interest existed to satisfy *Central Hudson* factor 2, the remedy in many instances is far more extensive than is needed to serve that interest, contrary to factor 4.

To be sure, celebrities such as Michael Jordan who can establish the commercial value for their persona generally do not need to worry about the ability to prove actual damages and will most likely not be looking at minimum statutory damages amounts. Nonetheless, a full *Central Hudson* analysis may still apply, and invoking it may still succeed in defeating even such claims, depending on the circumstances of the case. There may well be grounds, for example, for arguing that there is no sufficient governmental interest to support a right of publicity limitation on free speech, even as to celebrity plaintiffs. Would the situation be different if those ads went beyond merely congratulating Jordan but instead suggested that he endorsed them or their products? Would it be different if the ads were somewhere other than in a magazine whose entire purpose was to cover the story of Jordan’s career (and whose publisher had its own economic motive in publishing the magazine)? Defendants even in celebrity cases would be well advised to consider how these issues apply to their particular fact patterns.

## Conclusion

There is good reason to be skeptical about the expansion of the right of publicity. In many instances, statutes have been passed with little, if any, legislative history. There are legitimate First Amendment concerns, and efforts by the courts and the legislatures to craft the contours of the tort to meet those concerns have been less than complete. Too often, courts have not been asked to consider the full extent of the available First Amendment protections. While it is wise to seek to categorize the speech at issue in any given case as non-commercial or otherwise subject to heightened, strict scrutiny, the failure to meet that standard ought not necessarily be the death knell of the defense.

Even commercial speech is protected under the First Amendment. It is, perhaps, time to end the “astounding paucity” of decisions, and to ask courts to apply the Supreme Court’s jurisprudence on how the First Amendment applies to commercial speech where appropriate. It is, perhaps, time for this defense to lose its “forgotten” nature. 