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Comedy III Productions, Inc. v. Gary Saderup, Inc.: Finding a Balance between the Right of Publicity and the First Amendment Right of Freedom of Speech

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CASE NOTE

Comedy III Productions, Inc. v. Gary Saderup, Inc.: Finding a Balance Between the Right of Publicity and the First Amendment Right of Freedom of Speech

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I. INTRODUCTION

The right of publicity provides celebrities with a common law intellectual property right in the economic value of their personae. In California, this right has been extended by statute to vest in the heirs and assignees of deceased celebrities.[1] California Civil Code section 990[2] states that:

> [a]ny person who uses a deceased personality's name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or for purposes of advertising or selling or soliciting purchases of, products, merchandise, goods, or services, without prior consent from the person or persons specified in subdivision (c), shall be liable for any damages sustained by the person or persons injured as a result thereof.[3]

By its very nature this statute threatens to abridge the right of freedom of speech. Therefore, in affording protection to the right of publicity, courts must ensure that such a statute does not transgress this constitutional guarantee. Where to draw the line is often a difficult determination for the court.

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1 CAL. CIV. CODE § 990 (West 1987) (current version at CAL. CIV. CODE § 3344.1 (West 2001 electronic update)).

2 *Id.* At the time of trial and during the pendency of the appeal, the statute was numbered section 990. As the court interprets section 990, that is the statute that will be discussed.

3 *Id.*

In *Comedy III Productions, Inc. v. Gary Saderup, Inc.*,[4] a case alleging that the reproduction on lithographs and T-shirts of the likenesses of deceased celebrities infringed the celebrities' right of publicity, the California Supreme Court attempted to resolve the inherent conflict between the First Amendment and the right of publicity by formulating a balancing test.[5] The test asked whether the work at issue "adds significant creative elements so as to be transformed into something more than a mere celebrity likeness or imitation."[6] If significant creative elements are added to a likeness in a reproduction of a celebrity image, the new work receives protection equal to that accorded original works of art.[7]

This Note examines the balancing test addressed by the California Supreme Court in *Comedy III* and its application in that case. The Ninth Circuit Court of Appeals is the only other court to mention that test in a published opinion, and this Note will also describe the circumstances in which it did so.

II. FACTUAL AND PROCEDURAL BACKGROUND

"Comedy III is the registered owner of all rights to the former comedy act known as The Three Stooges, who are deceased personalities within the meaning of [California Civil Code section 990]."[8] Gary Saderup is an artist who has created charcoal drawings of celebrities for over twenty-five years.[9] Through his company, Gary Saderup, Inc., Mr. Saderup reproduces these charcoal drawings both as lithographic prints and as silkscreen images on T-shirts.[10]

Gary Saderup, Inc., without the consent of Comedy III, reproduced and sold Mr. Saderup's charcoal drawings of The Three Stooges for lithograph prints and T-shirts.[11] As the court found: "These lithographs and T-shirts did not constitute an advertisement, endorsement, or sponsorship of any product."[12] Comedy III brought suit against Gary Saderup and Gary Saderup, Inc., alleging a violation of California Civil Code section 990 and seeking damages and

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4 Comedy III Prods., Inc. v. Gary Saderup, Inc., 21 P.3d 797 (Cal. 2001), *cert. denied*, 2002 U.S. LEXIS 212 (Jan. 7, 2002) (No. 01-368).

5 *Id.* at 799.

6 *Id.*

7 *Id.* at 799, 810.

8 *Id.* at 800.

9 *Comedy III Prods.*, 21 P.3d at 800.

10 *Id.*

11 *Id.* at 800–01.

12 *Id.* at 801.

injunctive relief.[13] Both parties waived the right to jury trial and agreed to try the case on the stipulated facts.[14]

The trial court entered judgment in favor of Comedy III, awarding damages of $75,000, the amount of Gary Saderup, Inc.'s profits from the sale of unlicensed goods bearing the likeness of The Three Stooges, as well as attorney's fees of $150,000, plus costs.[15] The trial court also issued a permanent injunction preventing the defendants from using the likeness of The Three Stooges on lithographs, T-shirts, or in any other medium in further violation of the statute.[16] Gary Saderup, Inc. was further enjoined from "'[c]reating, producing, reproducing, copying, distributing, selling or exhibiting'" any products or any kind of merchandise that contained "'the photograph, image, face, symbols, trademarks, likeness, name, voice or signature of The Three Stooges'" collectively or any one of them individually.[17] The sole exception from injunction was for Mr. Saderup's original charcoal drawings, which had served as the basis for the lithographs and T-shirts.[18]

The defendants appealed. The California Court of Appeal for the Second District affirmed the district court's holding and award of damages, but modified the judgment by eliminating the injunction.[19] The appellate court's rationale was that Comedy III had not proven a likelihood that the statute would continue to be violated, and that the injunction went beyond the terms of the statute, possibly overreaching into areas protected by the First Amendment.[20] The appellate court rejected the defendants' argument that their conduct did not violate the statute, and their First Amendment defense.[21] The California Supreme Court granted review for both issues.[22]

III. OVERVIEW OF THE ARGUMENTS

The defendants presented two arguments before the California Supreme Court. First, the defendants argued that the statute applies only when the "deceased personality's name, voice, photograph, etc.,"

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13 *Id.*

14 *Comedy III Prods.*, 21 P.3d at 800.

15 *Id.* at 801.

16 *Id.*

17 *Id.* (quoting the trial court).

18 *Id.*

19 *Comedy III Prods.*, 21 P.3d at 801.

20 *Id.*

21 *Id.*

22 *Id.*

are used to sell or advertise a product.[23] Since the defendants' lithographs and T-shirts did not advertise or endorse any product, they asserted the statute did not apply.[24]

Second, the defendants argued that enforcement of the judgment against them would violate their right of free speech and expression under the First Amendment.[25] This second argument raised the greatest concern for the court and led to the formulation of the balancing test.

IV. HOLDING, RATIONALE AND DISCUSSION

A. Construction of the Statute

The California Supreme Court did not find the defendants' statutory interpretation persuasive. The court pointed to the statute's wording that provides protection against the use of a celebrity's image or likeness "on or in products, merchandise, or goods," as well as against such use "for purposes of advertising or selling, or soliciting purchases of products."[26] When originally enacted, the statute did not provide the former protection, but only provided protection against using a celebrity's image or likeness "for purposes of advertising or selling a product."[27] The legislature broadened the statute's application to protect against use of a celebrity's image or likeness "on or in products, merchandise, or goods" when it amended section 3344 in 1984 and, in the same legislation, it adopted section 990, which incorporated the identical phrase.[28]

Applying the statute to the facts of this case, the court agreed with the appellate court that Gary Saderup, Inc. did not sell just the likeness of The Three Stooges.[29] Rather, both the lithographic prints and the T-shirts were "tangible personal property"[30] to be sold and displayed or worn.[31] By making and selling such products, Gary Saderup, Inc. used the likeness of The Three Stooges "on . . .

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23 *Id.*

24 *Comedy III Prods.*, 21 P.3d at 801

25 *Id.* at 802.

26 *Id.*

27 *Id.* at 801.

28 *Id.*

29 *Comedy III Prods.*, 21 P.3d at 802.

30 *Id.*

31 *Id.*

products, merchandise, or goods" within the meaning of the statute.[32] Thus, the defendants' actions were in violation of section 990.

B. *Freedom of Speech versus the Right of Publicity*

The court noted that the defendants' First Amendment issue was a difficult one, due to the existing tension between the right of publicity and the First Amendment right of freedom of speech.[33] This tension is highlighted by two frequently recognized purposes of freedom of speech.[34] First, the First Amendment serves "'to preserve an uninhibited marketplace of ideas' and to repel efforts to limit the 'uninhibited, robust and wide-open' debate on public issues."[35] Second, the right to freedom of speech serves "to foster 'fundamental respect for individual development and self-realization.'"[36] The court recognized that the right of publicity could hinder both of these purposes.[37] Because celebrities influence and affect society, the use of their likenesses may be important for uninhibited debate about public issues.[38] Therefore, the right of publicity has the potential of frustrating the right of freedom of speech by censoring commentary and alternative interpretations of celebrity images.[39]

The threat to freedom of speech does not, however, abrogate the need to protect the right of publicity.[40] The court remarked that the right of publicity is similar to copyright, in that it offers protection to a form of intellectual property deemed by society to have some social utility.[41] Individuals expend time, money, and energy to become prominent in a particular field and, hopefully, realize an economic return on that investment, normally through some medium of commercial promotion.[42] The California legislature recognized that the heirs and assigns of a celebrity have a legitimate protectible interest in using the celebrity's image to obtain economic value,

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32 *Id.*

33 *Id.* at 802–03.

34 *Comedy III Prods.*, 21 P.3d at 803.

35 *Id.* (citation omitted).

36 *Id.* (citation omitted).

37 *Id.*

38 *Id.*

39 *Comedy III Prods.*, 21 P.3d at 803.

40 *Id.* at 804.

41 *Id.*

42 *Id.* at 804–05.

"whether that interest [is] a kind of natural property right or [] an incentive for encouraging creative work."[43]

The court next looked to other cases in an attempt to reconcile the right of publicity and the First Amendment. The first case, *Zacchini v. Scripps-Howard Broadcasting Co.*,[44] is the only United States Supreme Court case that has addressed directly the right of publicity.[45] In *Zacchini*, the defendant television station appropriated the plaintiff's entire human cannonball act. The Court rejected the argument that federal copyright or patent law would preempt the plaintiff's right of publicity claim under Ohio state law protecting that form of intellectual property.[46] The Court further held that the First Amendment would not protect the defendant's acts, which constituted a free ride on the plaintiff's goodwill.[47]

The California Supreme Court stated that two of the principles from *Zacchini* applied to the *Comedy III* case.[48] First, states have a right to protect forms of intellectual property not covered by federal copyright and patent law to reward a performing artist's labor.[49] Second, states have an interest in protecting intellectual property from being misappropriated by others, and the First Amendment does not provide a safe harbor for every misappropriating act.[50] In other words, the state interest in protecting against misappropriation and the interest in freedom of expression must be balanced according to their relative importance.[51]

The second case on which the *Comedy III* court relied, *Guglielmi v. Spelling-Goldberg Productions*,[52] is an earlier California Supreme Court decision that also adopted a balancing test.[53] In *Guglielmi*, the defendants had produced a fictional film based on a deceased personality's life without the heir's consent.[54] The balancing test proposed by the *Guglielmi* court attempted to distinguish appropriation of celebrity likenesses that were protected

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43 *Id.* at 805.

44 Zacchini v. Scripps-Howard Broadcasting Co., 433 U.S. 562 (1977).

45 *Comedy III Prods.*, 21 P.3d at 805.

46 *Id.*

47 *Id.*

48 *Id.* at 806.

49 *Id.*

50 *Comedy III Prods.*, 21 P.3d at 806.

51 *Id.*

52 Guglielmi v. Spelling-Goldberg Prods., 603 P.2d 454 (Cal. 1979).

53 *Comedy III Prods.*, 21 P.3d at 806.

54 *Id.*

under the First Amendment from those that were unprotected: "[A]n action for infringement of the right of publicity can be maintained only if the proprietary interests at issue clearly outweigh the value of free expression in this context."[55]

Finally, the *Comedy III* court discussed *Presley's Estate v. Russen*, a federal case brought in New Jersey.[56] In *Presley's Estate*, the district court balanced the interests in the right of publicity with the expressive or informational value of the work in question, and concluded that the value of the latter right is minimal and thus should be outweighed by the former.[57]

In formulating its own balancing test, the California Supreme Court was also influenced by copyright's fair use doctrine.[58] While refusing to introduce all the fair use factors into the right of publicity, the court did find helpful "the purpose and character of the use" factor in balancing the right of publicity and the right of freedom of speech.[59] Therefore, this test's crucial inquiry is: "[W]hether and to what extent the new work is 'transformative,'"[60] or, "whether a product containing a celebrity's likeness is so transformed that it has become primarily the defendant's own expression rather than the celebrity's likeness."[61] If a work is a product of significant transformation, it is especially entitled to First Amendment protection and it would be less likely to interfere with the economic interest protected by the right of publicity.[62]

In deciding whether a work is sufficiently transformative, the court suggested a trial court inquire further into whether "the marketability and economic value of the challenged work derive primarily from the fame of the celebrity depicted."[63] A right of publicity claim would probably fail if the value of the work did not result primarily from the celebrity's fame.[64] If the work has some value independent of a celebrity's fame, the transformative character

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55 *Comedy III Prods.*, 21 P.3d at 806 (quoting *Guglielmi*, 160 Cal. Rptr. at 461).

56 Presley's Estate v. Russen, 513 F.Supp. 1339 (D.N.J. 1981).

57 *Comedy III Prods.*, 21 P.3d at 806.

58 *Id.* at 807.

59 *Id.* at 807–08.

60 *Id.* at 808.

61 *Id.* at 809.

62 *Comedy III Prods.*, 21 P.3d at 808.

63 *Id.* at 810.

64 *Id.*

of the work may be presumed and First Amendment protection accorded.[65]

Applying the balancing test to the present case, the court examined whether Gary Saderup, Inc. had introduced significant transformative elements to the image of The Three Stooges when it created the lithographs and T-shirts.[66] The court concluded that those creative elements added by Gary Saderup, Inc. were not significant enough to overcome the right of publicity.[67] The court found the value of the works Gary Saderup, Inc. had sold resided mainly in the fame of The Three Stooges.[68] Thus, the lithographs and T-shirts were not entitled to First Amendment protection.[69] If the defendants wished to continue depicting The Three Stooges in their work, the court noted, they needed to obtain the consent of Comedy III, the owner of the right of publicity.[70]

In affirming the judgment, the California Supreme Court nevertheless rejected the categorical approach adopted by the lower court's holding that "reproductions" of celebrity images are not protected by the First Amendment.[71] By focusing on the transformative requirement, the court held that, if they contain significant creative elements, reproductions of celebrity images are entitled to the same First Amendment protection as an original work of art.[72] First Amendment protection depends on whether the artist has sufficiently transformed the portrait's likeness, such that the final expression is that of the artist.[73]

V. *HOFFMAN*: THE RIGHT OF PUBLICITY AFTER *COMEDY III*

Soon after the California Supreme Court decided *Comedy III*, the Ninth Circuit Court of Appeals heard the case of *Hoffman v. Capital Cities/ABC, Inc.*,[74] addressing the right of publicity versus the right of freedom of expression in a somewhat different context.

In *Hoffman*, Los Angeles Magazine ("LAM") featured photographs of actors, both living and deceased, wearing Spring 1997

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65 *Id.*

66 *Id.* at 810–11.

67 *Comedy III Prods.*, 21 P.3d at 811.

68 *Id.*

69 *Id.*

70 *Id.* at 811.

71 *Id.* at 810.

72 *Comedy III Prods.*, 21 P.3d at 810–11.

73 *Id.*

74 Hoffman v. Capital Cities/ABC, Inc., 255 F.3d 1180 (9th Cir. 2001).

fashions.[75] The photographs were stills taken from movies in which the various actors had appeared.[76] Using a famous still taken from the movie "Tootsie," in which the plaintiff, Dustin Hoffman, wore a red dress, LAM artists replaced Hoffman's body with that of a male model wearing a different evening dress and high-heeled sandals.[77] LAM did not obtain Hoffman's permission to publish the altered photograph, or that of the copyright owner of the movie "Tootsie," Columbia Pictures.[78] Hoffman alleged that LAM misappropriated his name and likeness in violation of his right of publicity.[79]

Unlike *Comedy III*, the main issue for the *Hoffman* court was not the existence of "significant creative elements." As the court pointed out in dicta, under its interpretation of the *Comedy III* test, the LAM photograph, containing the altered image of the celebrity, would have contained sufficient creative elements.[80] In fact, the plaintiff impliedly conceded the photograph's transformative character by alleging it was a false portrayal, i.e., "not a 'true' or 'literal' depiction of [the celebrity]."[81] The issue in this case, therefore, was narrowed to whether LAM, a media defendant engaged in noncommercial speech, had acted with "actual malice" in producing the photograph, thus relieving the court of the need to address the *Comedy III* balancing test directly.[82]

The court concluded that the plaintiff had failed to show the defendant acted with knowledge or with reckless disregard that the photograph would mislead readers into thinking the body in the altered work was that of the plaintiff.[83] Therefore, under the facts of this particular case, framed as one deciding the limits of free speech in a noncommercial context, the right of freedom of expression prevailed.[84]

VI. CONCLUSION

The California Supreme Court's balancing test in *Comedy III* sets out a helpful measure in resolving the tension between the right

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75 *Id.* at 1183.
76 *Id.*
77 *Id.* at 1182–83.
78 *Id.* at 1183.
79 *Hoffman*, 255 F.3d at 1183.
80 *Id.* at 1184 n.2.
81 *Id.*
82 *Id.* at 1184.
83 *Id.* at 1188–89.
84 *Hoffman*, 255 F.3d at 1189.

of publicity and the right of freedom of speech. In addition, the U.S. Supreme Court recently denied certiorari in this case, thus leaving the balancing test undisturbed.[85] The right of publicity will prevail when the author simply uses the image or likeness of the deceased personality in her work without making any significant changes to it or adding enough of her own creative elements. The right of freedom of speech will prevail when the author adds significant creative value to the image or likeness of the deceased personality to make it her own creative expression. The First Amendment is meant to protect this type of creative expression and not to protect someone simply trying to capitalize on another's expression.

To what extent a work will be deemed transformative, or regarded as containing significant creative elements, remains to be tested in future cases. The *Comedy III* court developed and applied the test, but it did not provide much guidance on how courts should act to determine what constitutes transformative elements. The *Hoffman* court has been the only other court to apply the *Comedy III* balancing test, albeit in dicta. Attention should be paid to how other courts will apply it in the future.

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[85] Saderup v. Comedy III Prods., Inc., 2002 U.S. LEXIS 212 (Jan. 7, 2002) (No. 01-368).