

9th Circ. Ruling Generates Copyright Preemption Confusion

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Law360, New York (April 20, 2017, 12:25 PM EDT) --Earlier this month, in *Maloney v. T3Media Inc.*,^[1] the Ninth Circuit held that former college athletes could not assert a right of publicity to prevent the NCAA and its licensee, T3Media, from distributing images of the players. The court ruled that the players' right of publicity was preempted by Section 301 of the Copyright Act because photographs of the college athletes were within the "subject matter" of copyright. While the outcome of the case may be justifiable on the facts, the decision raises more questions than it answers, further muddying the already difficult terrain of copyright preemption under Section 301.



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Section 301 is intended "to preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright and that extend to works coming within the scope of the Federal copyright law."^[2] Courts have distilled this statutory mandate into a two-part test for determining when preemption is warranted, asking: first, does the "subject matter" of the state law claim fall within the subject matter of copyright law, and second, if so, are the rights asserted under state law "equivalent" to the rights contained in Section 106 of the Copyright Act, which grants certain exclusive rights to copyright holders.^[3]



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This standard is easy to apply in many circumstances, such as when a copyright plaintiff claims that a defendant engaged not only in copyright infringement by copying, say, images created by the plaintiff, but also in unfair competition or conversion. Such claims are no different than a claim of copying and so are preempted. But the standard can be more difficult in application when a celebrity claims her state law right of publicity — a person's right to prevent commercial use of her name, likeness, or voice without permission — is violated by the defendant's distribution of a copyrighted work in which the celebrity's image or trait is captured. If a defendant's use is licensed by the entity that owns the copyright in the photograph, can the celebrity still claim her publicity right is violated?

Maloney's "Merchandise" vs. "Personal Use" Dichotomy

In *Maloney*, plaintiffs Patrick Maloney and Tim Judge were former NCAA basketball players whose images were captured in certain photographs. The NCAA owned copyrights in a large collection of such photographs, and it contracted with defendant T3Media to store, host and license that collection.

T3Media, in turn, made the photographs available to the public on its website Paya.com, through which customers could obtain a nonexclusive license to download copies of the images. Before downloading, customers had to pay \$20 to \$30 and agree to license terms that permitted them only to “use a single copy of the image for non-commercial art use.”[4] So customers could only make a print of the photograph for personal use.

Plaintiffs challenged T3Media’s sale of NCAA photographs, claiming the service violated their exclusive right to use their name and likeness for commercial purposes. T3Media moved to strike the complaint under California’s anti-SLAPP statute, which allows for early dismissal of an action aimed at chilling expression.[5] This required that the plaintiffs establish a probability of success at the pleading stage, so the court considered whether the publicity claim was entirely preempted by the Copyright Act.

On step one of the preemption test (whether the subject of the state law claim falls within the subject matter of copyright), plaintiffs argued that photograph-based publicity right claims categorically fall outside of the subject matter of copyright. They drew a distinction with performances captured in film and sound recordings (which have been held to be within the subject matter of copyright law), because “unlike a performance, a person’s mere likeness is not [itself] a copyrightable contribution to a photograph.”[6] In plaintiffs’ view, the preemption inquiry thus hinged on the type of copyrighted work at issue.

Not so, the Ninth Circuit reasoned, rejecting the performance versus photograph distinction. Instead, it held, “the distinction pertinent to the preemption of a publicity-right claim is not the type of copyrightable work at issue, but rather the way in which one’s name or likeness is affected by the use of the copyrighted work.”[7] As such, it concluded, “a publicity-right claim is not preempted when it targets non-consensual use of one’s name or likeness on merchandise or in advertising. But when a likeness has been captured in a copyrighted artistic visual work and the work itself is being distributed for personal use, a publicity-right claim interferes with the exclusive rights of the copyright holder, and is preempted.”[8]

With this guiding principle in mind, the Ninth Circuit characterized its prior precedents and those of other circuits consistent with a “merchandise” versus “personal use” dichotomy — claims concerning images used on “merchandise” would not be preempted, but claims about use on items for “personal use” would be. It then applied that principle to the case: because T3Media licensed plaintiffs’ photographs for non-commercial personal use, rather than in connection with any merchandise or advertising, the court reasoned, plaintiffs’ publicity rights were preempted by the NCAA’s exclusive right to control its copyrighted works.

Finally, the court engaged in a cursory discussion of the second step of the preemption analysis, finding first that plaintiffs had waived any argument that their publicity rights were not equivalent to rights within the scope of copyright. And in any event, the court noted, plaintiffs had failed to “identify any use of their likenesses independent of the display, reproduction, and distribution of the copyrighted material in which they [were] depicted.”[9] Finding both prongs of the preemption inquiry thus satisfied, the court concluded plaintiffs’ publicity-right claims were preempted by copyright law.[10]

Open Questions and Uncertainty Around the Meanings of “Merchandise” and “Personal Use”

The Maloney decision sets up a test that — at first glance — seems simple enough to apply, at least to the facts there: If a person’s name or likeness is embodied in a copyrighted work that is used for merchandise or advertising, that person can maintain his or her right of publicity claim. On the other

hand, if a person's likeness appears in a copyrighted artistic work that is being distributed only for personal use, the right of publicity is preempted by the Copyright Act. And the outcome in the case makes some sense — if a photographer (or someone who controls the photographer's copyright) is simply allowing customers to print a single copy of a photograph of a person, it is hard to distinguish the copyrighted work from the person's image, so disallowance of the claim may seem understandable.

However, when you think further about the Ninth Circuit's decision, you realize it raises a host of unanswered questions as to how this test will work in practice. Specifically, the decision provides little guidance into what counts as "merchandise." For instance, would plaintiffs' publicity right claims have been tenable, and not preempted, if, after a customer clicked to accept the license terms on Paya.com, T3Media mailed the buyer a photograph or poster of the image, rather than transmitting a digital copy? Would that photograph or poster count as "merchandise" even if the buyer simply hung up the poster in his or her room, thereby abiding by the "personal use" restriction? If yes, that begs the question of why a digital copy of an image should be treated differently from a physical copy if both are ultimately used in the same way. Is there a legally relevant distinction between physical and digital media that retailers should be mindful of in setting up their services?

On the other hand, if sale of a poster or photograph would not qualify as merchandise (meaning publicity rights are still preempted), then is there any principled basis to distinguish such products from a mug or a t-shirt featuring the same image of an athlete? If a website sells such objects — typically considered "merchandise" — to consumers for personal use, should the athletes be able to claim a publicity rights violation? It's not clear why a photograph and a mug with a photograph would be treated differently, but the Ninth Circuit's opinion suggests they should be. It's certainly likely that, in both cases, the primary reason a consumer buys the object is because of the athlete depicted. So should it change the outcome that the photograph is only a decoration that portrays the athlete, whereas the mug can also be used to drink coffee?

The opinion also raises the question of whether wholesalers and retailers may be subject to substantially different potential exposure as to publicity rights. Consider the wholesaler that sells to retail outlets photographs and posters (and perhaps mugs and T-shirts) containing the likenesses of college athletes. The wholesaler's sales are not for "personal use," and so under the court's language, would be vulnerable to right-of-publicity claims; and yet the retail outlets' sale of those same goods would potentially be immune from such claims. It's not immediately clear why the two levels of distribution of the same products, with the same images, should be treated differently under the preemption analysis.

Finally, the decision has uncertain implications for license negotiations involving all sorts of public figures, such as athletes, celebrities and models. When such people agree to be photographed, have they given up all right to control distribution of the resulting photographs (at least for "personal use"), so long as the distributor gains permission of the copyright holder (usually the photographer)? Absent contractual terms to the contrary, the answer appears to be yes, at least as to photographs — and maybe as to other media, as discussed above. So such public figures will want to negotiate usage rights and compensation at the outset, as they may not be able to do so later.

These are just some of the questions left open by the Maloney opinion. It remains to be seen how the Ninth Circuit's merchandise/noncommercial artistic use test will be deployed in future cases, and how the distinction could impact the ways in which image rights are bargained for and compensated in business transactions. In the meantime, copyright holders and licensees are faced with significant uncertainty — and perhaps, in some instances, a false sense of security — regarding when they may be

subject to right-of-publicity claims for distribution of copyrighted images of celebrities, and when such claims will be preempted by copyright law.

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[1] *Maloney v. T3Media, Inc.*, No. 15-55630, slip. op. (9th Cir. Apr. 5, 2017) (hereinafter “Slip. Op.”).

[2] H.R. Rep. No. 94-1476, at 130 (1976).

[3] *Laws v. Sony Music Entm’t, Inc.*, 448 F.3d 1134, 1137-38 (9th Cir. 2006).

[4] Slip. Op. 6-7.

[5] Cal. Civ. Proc. § 425.16.

[6] Slip. Op. at 17 (internal quotations omitted).

[7] *Id.* at 18 (emphasis in original).

[8] *Id.* at 13 (emphasis in original).

[9] *Id.* at 31.

[10] *Id.* at 32.
