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Court Delivers Bitter Result To Coffee Company In Right Of Publicity Case

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On January 27, 2005, a California jury awarded \$15.6 million to a former model whose picture was used without his permission on Taster's Choice coffee product labels. This is an important development for any company dealing with rights and clearances, and serves as an important warning as to the substantial damages a defendant faces if the appropriate permission is not obtained.

Russell Christoff posed for a two-hour Nestle photo shoot in 1986 for \$250 and signed a modeling contract stating that he would be paid \$2,000 if Nestle's Canadian division used his likeness in its marketing. While shopping in a Rite-Aid store in 2002, Mr. Christoff, 58 and now a kindergarten teacher, noticed his image on Taster's Choice coffee jars. Claiming that he was never paid the \$2,000 pre-

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scribed in his original modeling contract, Mr. Christoff filed a lawsuit in February 2003 against Nestle USA, the makers of Taster's Choice, under California Civil Code § 3344, California's right of publicity statute, which bars, among other things, the unauthorized use of a person's image for commercial purposes.

Section 3344 is violated where a person "knowingly uses another's name, voice, signature, photograph, or likeness, . . . for purposes of advertising or selling, . . . without such person's prior consent." To sustain a cause of action for commercial misappropriation under Cal.Civ. Code § 3344, a plaintiff must prove: (1) the defendant's use of the plaintiff's identity, (2) the appropriation of the plaintiff's name or likeness to the defendant's advantage, commercially or otherwise, (3) lack of consent, and (4) resulting injury. If a plaintiff prevails on a Section



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3344 claim, he may be able to recover significant damages. Specifically, the statute provides that "the person who violated the section shall be liable ... in an amount equal to the greater of seven hun-

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dred fifty dollars (\$750) or the actual damages suffered by him or her as a result

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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. ... Punitive damages may also be awarded [and the] prevailing party ... shall also be entitled to attorney's fees and costs." Cal. Civil Code § 3344(a) (emphasis added). These remedies are cumulative and in addition to any other remedies provided for by law. Cal. Civil Code § 3344(g).

During discovery, Mr. Christoff learned that Nestle's Canadian company began using his image in 1986, and that from 1997 to 2003, Nestle used his image on coffee labels in the United States, Mexico, South Korea, Japan, Israel and Kuwait. Nestle offered \$100,000 to settle the dispute, and rejected Mr. Christoff's counter-offer to settle for \$8.5 million. After a six-day trial, a jury determined that Nestle should have paid Christoff \$330,000 for the use of his likeness, and that Mr. Christoff should receive damages equal to five percent of Nestle's profits from Taster's Choice sales from 1997 to 2003, or \$15.3 million.

California's right of publicity statute significantly differs from other states' right of publicity statutes in that it allows for the recovery of a defendant's profits. This remedy, which could be significant, is typically reserved for copyright infringement and trademark actions. Notably, in establishing the burden of proof on a plaintiff seeking to recover profits, the California statute tracks the language set forth in the Copyright Act, and places a heavy burden on the defendant. Specifically, the Copyright Act provides that "[i]n establishing the infringer's profits, the copyright owner is required to present proof of the infringer's gross revenues and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work." 17 U.S.C. § 504 (b). Likewise, Section 3344 provides that in seeking to recover the defendant's profits, "the injured party or parties are required to present proof only of the gross revenue attributable to such use, and the person who violated this section is required to prove his or her deductible expenses." Cal. Civil Code § 3344(a).

Thus, under Section 3344, the burden of proof on the plaintiff is relatively minimal – he is only required to show the defendant's gross revenues. The defendant, however, bears a significant burden of establishing all of its deductions and expenses and establishing what elements of its profits are due to matters other than the infringement.

Whatever the outcome of this case (Nestle USA's attorney has said that the company will appeal the verdict), this case signifies the importance of getting signed releases for the use of any person's likeness and to ensure that any limitations on those releases are memorialized appropriately. It also highlights the significant verdict a defendant could face for violating Section 3344.

When sued for infringement in connection with use of an advertisement, many companies used to believe that it was unlikely that a plaintiff would recover a portion of the defendant's profits because the "link" between the infringement and the defendant's profits from the advertising was deemed too speculative. But this case and other cases brought under the Copyright Act show that is not the case. For example, in *Andreas v. Volkswagen, Inc.*, 336 F.3d 789, 798-99 (8th Cir. 2003), a jury found that 10% of Audi's profits from one of its models was attributable to an infringing phrase used in a television commercial used to advertise that car. Likewise, in *Bouchat v. Baltimore Ravens*, 215 F. Supp. 2d 611, 619 (D. Md. 2002), *aff'd*, 346 F.3d 514 (4th Cir. 2003), the Court let the jury decide whether the sale of merchandise bearing the Raven's logo was attributable to the infringing logo. Whether a plaintiff satisfies his burden of proof to recover a defendant's profits may be an issue of fact and a defendant should be prepared to litigate the factors that contribute to product sales. And even where a defendant is successful in arguing that only a small percentage of its profits should be attributable to the infringing advertising, the verdict can still be substantial if the product is profitable. For example, in *Taster's Choice*, the jury found that only five percent of Taster's Choice sales during the six years at issue were due to its use of plaintiff's photograph. Despite this relatively small percentage, the profitability of the prod-

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uct coupled with the extended period of infringing use, resulted in an extremely substantial jury award.

Notably, the Ninth Circuit appears to place a more exacting burden of proof on a plaintiff seeking to recover profits in a copyright case where the infringement is used indirectly, to advertise a product and not on the product sold itself (i.e., the Taster's Choice jar with the infringing photograph). See *Mackie v. Rieser* 296 F.3d 909, 911 (9th Cir. 2002) (in indirect profits cases, plaintiff bears burden of establishing a causal connection between defendant's revenues and the infringement before burden shifts to defendant). Thus, because the portion of Section 3344 making available an award of profits tracks the damages provision contained in the Copyright Act, arguably, the same burden of proof that applies in litigating copyright damages claims in the Ninth Circuit, applies to litigating profits claims under Section 3344. Nevertheless, this decision illustrates that judges and juries will attempt to apportion some amount of a defendant's profits to infringing advertising. In light of the jury's award in *Taster's Choice* and the breadth of remedies provided by Section 3344 – which includes attorneys' fees and punitive damages – a defendant sued under this statute may wish to seriously evaluate settlement of such claims before trial and not dismiss what may appear to be an inconsequential use of a person's name or likeness in advertising.