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Nannette Diacovo

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GOING ONCE, GOING TWICE, SOLD: THE FIRST SALE DOCTRINE DEFENSE IN RIGHT OF PUBLICITY ACTIONS

NANNETTE DIACOVO*

I. INTRODUCTION

Congress allows individuals to have limited monopolies in the areas of patent,¹ copyright,² and trademark.³ Although Congress saw a need to create these monopolies, it also saw a need to limit them. One such limitation is known as the first sale doctrine.⁴ The first sale doctrine allows a party who has legally obtained property which is protected by intellectual property law to distribute or vend that property without violating the intellectual property owner's prescribed right to a monopoly.⁵ Hence, a party who legally obtains a patented, copyrighted, or trademarked good may sell this good without violating intellectual property laws.

The law concerning a right of publicity has just begun to cope with the first sale doctrine.⁶ Indeed, the only reported case that recognizes the first sale doctrine as a defense in a right of publicity action does so without any analysis or concern for possible analy-

* Nannette Diacovo currently works in the entertainment industry in Los Angeles, California. She received her B.S. degree from the Newhouse School of Public Communications, Syracuse University, in 1985, and her J.D. degree from Southwestern University School of Law, Los Angeles, California, in 1994. The author would like to thank Professor Robert Lind at Southwestern University School of Law for his guidance and support, and Tammara Billik, Esq. for her support.

1. See 35 U.S.C.A. § 154 (West 1993); see also DONALD CHISUM AND MICHAEL JACOBS, INTELLECTUAL PROPERTY LAW: UNITED STATES § 2E, at 2-213 (1992) .

2. See 17 U.S.C.A. § 106 (West 1993). The copyright owner has the exclusive right to authorize and to reproduce, prepare derivatives, distribute copies, and to publicly perform and display his copyrighted material.

3. See generally *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916).

4. The first sale doctrine is also known as the "exhaustion rule" in patent law, and the "exhaustion theory" in trademark law. This article will use the terms interchangeably.

5. See I. FRED KEONIGSBERG ET AL., UNDERSTANDING BASIC COPYRIGHT LAW 35 (1993); see, e.g., *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947) (allowing second hand dealer to sell used Champion Spark plugs with Champion trademark on plug); *Adams v. Burke*, 84 U.S. 453 (1873) (finding purchaser of patented machine to have no further restriction despite the monopoly); *C.M. Paula Co. v. Logan*, 355 F. Supp. 189 (N.D. Tex. 1973) (allowing purchaser of copyrighted greeting cards to put cards on tiles and sell them).

6. See J. THOMAS MCCARTHY, THE RIGHTS OF PUBLICITY AND PRIVACY §7.7E, at 7-26 (1994).

sis.⁷ This paper will examine whether the first sale doctrine should be applicable in a right of publicity action.

In an effort to show the recognition and use of the first sale doctrine in intellectual property law, Section II of this paper will discuss the use of the first sale doctrine as a defense to a patent infringement claim. This will be followed by an examination of the underlying rationale ("just rewards") for the use of the first sale doctrine in patent law.

Part III discusses the first sale doctrine as applied to copyright law. It begins by examining the doctrine's recognition throughout the history of copyright, then discusses two justifications (the theory against restraint of alienation and an economic theory) for the use of the first sale doctrine in copyright.

Trademark law's use of the first sale doctrine is found mainly in collateral use cases. Part IV will examine both collateral use cases and non-collateral use cases, as well as the economic rationale for the doctrine's place in trademark law.

Part V analyzes the first sale doctrine as it relates to the right of publicity. The section first surveys the recognition and subsequent history of the right of the publicity, then discusses the applicability of the first sale doctrine as a defense in a right of publicity action. It concludes by formulating a rule for use of the first sale doctrine in publicity actions.

The paper concludes, in Part VI, that the first sale doctrine is a viable and necessary defense in publicity actions. Such a doctrine is needed to maintain the balance between the interests of the owner of the right and the interests of the public.

II. THE FIRST SALE DOCTRINE IN PATENT LAW

A. *Recognition Of The First Sale Doctrine In Patent Law*

Patent law gives the patentee the right to exclude others from making, using or selling an invention.⁸ It has been said that patent law is fundamental to the American economy, and that the free

7. *Major League Baseball Players Assoc. v. Dad's Kids Corp.*, 806 F. Supp. 458, 460 (S.D.N.Y. 1992). The court found that ball players did not have a right of publicity action against a defendant who had properly bought baseball cards, cut out the players' figures, mounted them in a frame and resold them in this form. However, the court handled the right of publicity claim in one paragraph, and offered no analysis for use of the first sale doctrine in a right of publicity action.

8. See 35 U.S.C.A. § 154 (West 1993); see also *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1577-78 (Fed. Cir. 1983) (recognizing that patent law grants to patentee the right to exclude others from making, using, or selling a patented invention for 17 years), *cert. denied*, 464 U.S. 996 (1983).

market economy alone (i.e. without patent law) does not provide the incentives necessary to create better and cheaper products.⁹ Patent law, therefore, provides the incentive to produce technology which in turn helps to make the United States economy strong and stable.¹⁰

Technology is an important component in the United States' quest for international recognition as the best and most productive country in the world.¹¹ In order to make this country an international force, computers and communication systems must be developed, and items such as military and civilian aircraft must be efficient. Export goods such as cars, stereos, televisions and other electronics must be refined and updated in order to compete with newer and more efficient products from other countries. Patent law provides the incentive to create these goods by protecting the rights of the patentee. Thus, patent protection helps the United States maintain its status in the world and "improve the performance of the American economy."¹²

Although Congress saw the need to create monopolies in order to advance the American economy, the courts saw the need to limit the scope of patent monopoly.¹³ The first sale doctrine, or the "exhaustion theory" as it is commonly referred to, is the device used to limit the monopoly created by patent law.¹⁴

The exhaustion theory states that "the first authorized sale of

9. See generally John W. Schlicher, *If Economic Welfare is The Goal, Will Economic Analysis Redefine Patent Law*, 6 J. PROPRIETY RTS. 12 (1992) [hereinafter Schlicher, *Economic Welfare*].

10. See *Paulik v. Ritzkalla*, 760 F.2d 1270, 1276 (Fed. Cir. 1985) (stating that patent law encourages innovation, creates new jobs and industries, and benefits trade); see generally Schlicher, *Economic Welfare*, *supra* note 9.

11. The United States has always been competitive in the areas of science and technology. As an obvious example, we wanted to be the first on the moon and to have the best satellites. Patented machines are extremely useful in this quest to be the best. See generally JOHN W. SCHLICHER, *PATENT LAW: LEGAL AND ECONOMIC PRINCIPLES*, § 1.02 [hereinafter SCHLICHER, *PATENT LAW*] (discussing technical information and its relationship to patent law).

12. Schlicher, *Economic Welfare*, *supra* note 9, at 12; see generally *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 47 (1974) (discussing how patent law promotes progress, new products, and new processes of manufacturing in the United States economy which in turn creates better lives for United States citizens).

13. See, e.g., *Adams v. Burke*, 84 U.S. 453 (1873) (concluding that purchaser of patented object was not within the scope of the monopoly and could resell the purchased patented item without violating patent law).

14. See generally CHISUM & JACOBS, *supra* note 1, at 2-229; SCHLICHER, *PATENT LAW*, *supra* note 11, at § 8.05[1][A] (quoting *Bloomer v. McQuewan*, 55 U.S. 539, 540 (1852), the case where the exhaustion theory originated ("[A]nd when the machine passes to the hands of a purchaser it is no longer within the limits of the monopoly. It passes outside of it and is no longer under the protection of the Act of Congress.")).

a patented product exhausts the patent owner's exclusive rights."¹⁵ Therefore, "[a] purchaser may thereafter use, repair, and resell the product"¹⁶ without violating the patentee's exclusive rights. The purchaser, however, must have legally obtained¹⁷ the patented item before he may avail himself of the exhaustion theory.¹⁸ Once an individual has legally obtained a patented object, the exhaustion theory limits the patentee's exclusive rights to exclude others from using or selling the object, and the purchaser can use or sell this object without violating patent law.¹⁹

Why do the courts find it necessary to limit the monopoly Congress created? The next section will discuss a possible theory behind the use of the first sale doctrine in patent law.

15. CHISUM & JACOBS, *supra* note 1, at 2-229; see also Zachariah Chafee Jr., *Equitable Servitudes On Chattels*, 41 HARV. L. REV. 946, 1002 (1928). For an example of the Supreme Court's treatment of this theory, see *United States v. Univis Lens Co.*, 316 U.S. 241, 249-50 (1942) (stating that the sale of patented article exhausts the patent monopoly and patentee may not, subsequent to this sale, control the use of the patented article).

16. CHISUM & JACOBS, *supra* note 1, at 2-229; see also *Adams v. Burke*, 84 U.S. at 454; *Keeler v. Standard Folding-Bed Co.*, 157 U.S. 659 (1895). In *Adams*, the Court concluded that an undertaker who purchased patented coffin lids within the prescribed patented area could use or sell these lids outside the geographic limitation stated in the patent. In the Court's view, "when a machine passes to the hands of the purchaser, it is no longer within the limits of the monopoly. It passes outside of it, and is no longer under the protection of the act of congress." 84 U.S. at 454. In *Keeler*, the patentee had assigned exclusive rights to sell his patented goods to different persons in Massachusetts and Michigan. The Court determined that a person who bought and paid for the patented article in Michigan, could use or sell this article in Massachusetts without permission of the patentee's assignee in Massachusetts, stating that once an item is purchased it passes outside the monopoly and is no longer protected by patent law. 157 U.S. 659.

17. One legally obtains a patented item by the authorized sale of that item. An authorized sale can be a purchase from the patentee or the patentee's licensee. See CHISUM AND JACOBS, *supra* note 1, at 2-230.

18. See, e.g., *Wilder v. Kent* 15 F. 217 (S.E. Pa. 1883) (stating that since defendant had purchased patented machines from a sheriff's sale, which was an authorized sale, defendant could resell the machine without infringing the patentee's right to sell).

19. There exists an exception to the first sale doctrine in patent law when the patentee has both a United States patent and a foreign patent for an item. In *Griffin v. Keystone Mushroom Farm, Inc.* 453 F. Supp. 1283 (E.D. Pa. 1978), plaintiff patentee held a patent for compost machine in the United States and Italy. Defendant bought several machines in Italy under the Italian patent. Defendant then brought machines back to United States, used the machines, and sold one of them here. The Court did not allow a first sale doctrine defense, stating that it was "more concerned with the potential practical effects of undercutting the United States patent system than with those of subjecting importers of patented articles to bearing costs imposed by valid patent monopolies in two countries." *Id.* at 1287. The Court, thus recognized that allowing the first sale doctrine in this situation would undermine United States patent law, which would in turn undermine the incentive to create inventions so necessary to the economy. See *supra* notes 8-12 and accompanying text.

B. *Underlying Rationale Behind The First Sale Doctrine In Patent Law*

1. The "Just Rewards" Theory

The use of the first sale doctrine as a defense in patent law stems from the theory that once the patent owner has received his reward for inventing a patented machine, the subsequent purchaser is free to sell the machine without fear of infringing the patent.²⁰ The sale represents the royalty which the patentee claims for the use of the machine. Therefore, the patentee has received his "just reward" for inventing the patent from the money he receives from the sale of the patented object.²¹

The "just rewards" theory logically flows from the theory that patent law was developed as an incentive for individuals to invent.²² The patentee, as a reward for inventing a patented object, obtains exclusive rights which are his for a limited period of time.²³ During this time the patentee is free to exploit his patented product and gain financial reward, thus, the incentive to invent. Once the patentee has benefitted from the rights conferred upon him by patent law, i.e. by controlling the sale of his product, he has seen his invention and effort rewarded. Once this financial reward and protection is conferred upon him by patent law through the first sale, it is only equitable that the purchaser can sell or use the product.²⁴

If the patentee were allowed to control the patented product beyond the rights conferred upon him, such an extended monopoly would bar a purchaser from ever being able to use or sell his product without first asking permission from the patentee (or paying more royalties for the right to resell the product). This would give the patentee rights beyond the scope of patent law. Therefore, it is important that once the patentee receives his "just reward," the patented product passes outside the scope of the monopoly.

20. See, e.g., *Adams v. Burke*, 84 U.S. 453 (1873) (concluding that when a patentee or assignee sells a machine whose value is in its use, the sale is consideration for its use and the machine passes to the purchaser without the limitations of the monopoly).

21. See, e.g., *Keeler v. Standard Folding Bed Co.*, 157 U.S. 659, 661 (1895) (finding the first sale doctrine to be a viable defense, and that purchaser is free to resell machine without permission from patentee, since once patentee receives satisfactory compensation for his patented machine he has received all rights conferred to him by law).

22. See *supra* notes 9-10 and accompanying text.

23. Seventeen years. 35 U.S.C.A. § 154 (West 1993).

24. See generally *Keeler*, 157 U.S. at 661.

III. FIRST SALE DOCTRINE IN COPYRIGHT

A. *What is The First Sale Doctrine?*

Copyright law²⁵ gives the author of an original work,²⁶ such work being fixed in a tangible medium of expression,²⁷ the exclusive right to reproduce, prepare derivatives, distribute, publicly perform, and publicly display the copyrighted work.²⁸ As was the case with patent law,²⁹ Congress created this monopoly as an economic incentive for individuals to create, which in turn would benefit society.³⁰ However, just as the courts limited the monopoly in patent law, Congress saw the need to limit the copyright monopoly it had created.³¹ In particular, Congress decided it was necessary to limit the copyright holder's Section 106(3) right of distribution,³² and created Section 109³³ of the copyright act. This section is commonly referred to as the first sale doctrine.³⁴

Section 109 states that "notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without authority by the copyright owner, to sell or other-

25. 17 U.S.C.A. § 101 *et. seq.* (West 1994).

26. For judicial interpretations of what constitutes an original work, see *Burro-Giles Lithographic Co. v. Sarony*, 11 U.S. 53, 57-58 (1884); *Alfred Bell & Co. v. Catalda Fine Arts Inc.*, 191 F.2d 99 (2d Cir. 1951) (finding original to mean that the copyrighted work has its origin in the author of the work); *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 54 (2d Cir. 1936).

27. See 17 U.S.C.A. § 101 (West 1994); *see also* *Midway Manufacturing Co. v. Artic International, Inc.*, 547 F. Supp 999 (N.D. Ill. 1982).

28. 17 U.S.C.A. § 106 (West 1994).

29. See *supra* notes 9-12 and accompanying text.

30. See, e.g., *Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539, 558 (1985) (discussing how copyright law provides an economic incentive to create); *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 419 (1984); *Mazer v. Stein*, 347 U.S. 201, 219 (1954) ("[E]ncouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors . . . in science and the useful arts."). See generally Article 1 of the United States Constitution ("The Congress shall have the power . . . to Promote the Progress of Science and useful Arts by securing for a limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.") U.S. CONST. art. 1, § 8.

31. See 17 U.S.C.A. §§ 107-109 (West 1993).

32. 17 U.S.C.A. § 106(3) (West 1993) gives a copyright owner the exclusive right of distribution. The first sale doctrine limits this right only; it does not limit the other § 106 rights. Hence, if "X" buys copyrighted material, makes a derivative and then sells it, the first sale doctrine is inapplicable.

33. 17 U.S.C.A. § 109 (West 1993).

34. The first sale doctrine was developed and used prior to the 1976 Copyright Act. Nonetheless, unless otherwise stated, the phrase "first sale doctrine" will be referring to the 1976 Act, 17 U.S.C.A. § 109. See *infra*, note 40.

wise dispose of the possession of that copy or phonorecord.”³⁵ This statutory version of the first sale doctrine means that the copyright owner, absent an independent contract to do so,³⁶ cannot restrict the transfer of a legally³⁷ obtained copyrighted work.³⁸

The first sale doctrine has been a recognized defense throughout the history of copyright law. Prior to the 1909 Copyright Act, courts adhered to the proposition that the sole right to vend a copyrighted work conferred upon the owner of a copyright did not allow the owner to limit the price of the resale once the copyright owner had sold the work to another party.³⁹

Under the 1909 Copyright Act,⁴⁰ courts continued to uphold the first sale doctrine. They confirmed the proposition that the copyright act gives the owner the exclusive right to vend his work, but gives him no further right to vend the individual copy once he sold it or otherwise disposed of it.⁴¹

Likewise, the 1976 Copyright Act continues to acknowledge the use of the first sale doctrine as a defense to copyright infringement.⁴² Courts interpret the first sale doctrine under the 1976 Copyright Act as “extinguish[ing] the copyright holder’s ability to

35. 17 U.S.C.A. § 109 (West 1993).

36. A copyright owner can restrict the transfer if there is an independent contract between the copyright owner and the purchaser, which limits the purchaser’s right to sell the copyrighted work.

37. “Legally” means that the party receiving the copyrighted material bought it or received it as gift, under court order, or by any other legal method of transfer. *See generally*, 2 NIMMER, NIMMER ON COPYRIGHT, § 8.12[B] (1993) (discussing sale, gift, or other transfer of title constituting the first sale of an object).

38. For example, a record store may sell records it has purchased from a record company. A student who purchased a book for English class may sell that book to a second hand book dealer, who in turn, may sell it to another customer. An individual who receives a portrait of himself as a birthday gift that was painted by a friend, may sell that portrait at a garage sale.

39. *See, e.g.*, *Bobbs Merrill Co. v. Strauss*, 210 U.S. 339 (1908). In this case, the copyright owner sold books to a wholesaler, who then sold them to a third party. The third party resold the books for less than the contracted price agreed to by copyright owner and wholesaler. The Court concluded that the right to vend the book, given to copyright owner by the copyright act, did not continue after the first sale to the wholesaler, and that the third party purchaser could therefore resell the book at whatever price he chose.

40. 17 U.S.C.A. § 27 (1909, repealed 1978).

41. *See, e.g.*, *Burke & Van Heusen v. Arrow Drug Co.*, 233 F. Supp. 881 (E.D. Pa. 1964). Here, the plaintiff, copyright owner, contracted with a second party, allowing them to sell compositions of the plaintiff’s musical works in conjunction with shampoo. The defendant purchased these shampoo/musical work combinations and then resold the compositions independent of the shampoo. Concluding that the copyright act does not give control to vend once a copyright owner has disposed of or sold the copyrighted work, the Court ruled that defendant did not violate plaintiff’s right to vend.

42. *See* 17 U.S.C.A. § 109 (West 1993).

control the course of copies placed in the stream of commerce."⁴³

Congress clearly saw the need to limit the monopoly it had created, when it enacted Section 109 of the Copyright Act. It is again appropriate, as it was with regard to the judicial limitations on the patent monopoly, to examine why Congress saw the need for such a limitation. The next section explores the underlying rationale of the copyright first sale doctrine, and attempts to show why, after creating a monopoly in order to promote science, art, and learning, Congress would limit such a monopoly by codifying the first sale doctrine.

B. The Underlying Rationale Behind The First Sale Doctrine In Copyright Law

1. Theory Against Restraint of Alienation of Property

Congress has stated that the first sale doctrine "has its roots in the English common law rule against restraint on alienation of property."⁴⁴ This common law rule originates from the idea that once a grantor has, by deed, granted a fee simple, the grantee cannot be forced by the grantor to not sell the land without his consent.⁴⁵ Any deed that proposes to restrict such alienation is void, as "it is difficult to conceive of a condition more clearly repugnant to the interest created by a grant of an estate in fee simple than the condition that the grantee shall not alien the same without the consent of the grantor."⁴⁶

In defense of the common law rule against restraint of alienation, it has been said that the right of alienation "is one of the

43. *Sebastian International, Inc. v. Consumer Contacts*, 847 F.2d 1093 (3d Cir. 1988). The plaintiff in this case entered into an agreement with the defendant to distribute Sebastian products only in salons in South Africa. Defendant subsequently sold product in South Africa and then shipped the product to the United States for distribution. The Court concluded that under the first sale doctrine, plaintiff's sale of the item relinquished any further right to control sale of that product.

44. H.R. 987, 98th Cong., 2d Sess. (1984); see also Peter F. Nolan, *All Rights Not Reserved After The First Sale Doctrine*, 23 BULLETIN, COPYRIGHT Soc'y 76 (1975) (stating that the copyright limitation also arose from the exhaustion theory of patent law); see generally Richard Colby, *The First Sale Doctrine - The Defense That Never Was*, 32 J. COPYRIGHT Soc'y U.S. 77, 88 (1984). Aside from the Nolan article stating the exhaustion theory, there is no other use of this theory as it relates to the issue at hand. Accordingly, this article will not examine the exhaustion theory as an underlying rationale to the first sale doctrine in copyright.

45. See *Murray v. Green*, 64 Cal. 363 (Cal. 1883).

46. *Id.* at 367. The court was unable to fathom that an individual could not sell the land he owned in fee simple; it viewed a fee simple as conveying a right to the whole, undivided portion. Once a person owned the whole property, it was his to do with as he saw fit. Conversely, once a person parted with his property it was no longer his to control.

essential incidents of the right of general property in movables, and restraints upon alienation have generally been regarded as obnoxious to public policy, which is best served by great freedom of traffic in such things as pass from hand to hand."⁴⁷ That public policy is to promote trade, and uphold bargaining and contracting between men.⁴⁸

Copyright law adheres to the principles opposing restraint of alienation by distinguishing the intangible copyright from the tangible, copyrighted property.⁴⁹ The Copyright Act affords an individual exclusive rights.⁵⁰ These rights are intangible, and separate from the copyrighted tangible property.⁵¹ Since the copyrighted property retains its status as tangible property, it naturally flows that this property should retain all the qualities afforded tangible property, namely the right of alienation. Therefore, although the copyright owner may have intangible exclusive rights conferred upon him by law, the tangible copyrighted property remains subject to the common law notion opposing restraints against alienation.

Professor Nimmer agrees with this proposition, and has commented that in a situation where the copyright owner consents to the sale or distribution of his copyrighted works, continued control over the distributed work is primarily a device for controlling the tangible property and not the intangible copyright.⁵² Nimmer further maintains that "at this point the policy favoring a copyright monopoly for authors gives way to the policy opposing . . . restraints of alienation."⁵³

47. Chafee, *supra* note 15, at 981.

48. Chafee, *supra* note 15, at 982.

49. See generally *Stephans v. Cady*, 55 U.S. 528, 530-31 (1852) (examining whether a subsequent owner of a map engraving plate could use the plate to make maps without infringing the copyright on the map, and determining that a copyright secured in the map engraving plate independent of the copyright for the map, with the plate remaining subject to the principles of tangible personal property).

50. See 17 U.S.C.A. § 106 (West 1994).

51. See, e.g., *Knickerbocker Toy Co. v. Winterbrook Corp.*, 554 F. Supp. 1309, 1324 (D.N.H. 1982) (finding that ownership of copyright is distinct from ownership in the material object.); *C.M. Paula Co. v. Logan*, 355 F. Supp. 189 (N.D. Tex. 1973) (distinguishing between the intangible copyright in greeting cards and stationary, and the cards and stationary themselves); see generally *American Tobacco Co. v. Werckmeister*, 207 U.S. 284, 298 (1907); *Stephans v. Cady*, 55 U.S. at 528 (describing Copyright as a "property in notion, and has no corporeal tangible substance"); *Walt Disney Productions v. United States*, 327 F. Supp. 189, 192 (C.D. Cal. 1971).

52. 2 NIMMER, NIMMER ON COPYRIGHT § 8.12, at 128-129 (1993) [Hereinafter, NIMMER, ON COPYRIGHT].

53. *Id.* at 129. The theory is that the copyright owner has only those benefits conferred to him by the copyright statute. One such benefit is the exclusive right of distribu-

Case law also supports the application of the first sale doctrine to sustain the free alienation of copyrighted property. One court concluded that when the owner of a copyright in a particular object "parts with that ownership, the ordinary incident of alienation attaches to the particular copy parted with in favor of the transferee, and he can not be deprived of it."⁵⁴ Another court commented that whenever a copyright owner parts with a copy, the public policy of "alienation belonging alike to all property attach[es] to the material object in the hands of the new owner, and that copy is no longer under the copyright law insofar as the purchaser's right is concerned."⁵⁵

In sum, the first sale doctrine reflects the common law notion that an individual has the right to alienate property that he lawfully owns. Specifically, it supports the idea that one must distinguish between the intangible copyright and the tangible property, the latter having the basic right of alienation. Once the copyright owner has sold or given away his copyrighted property, he has used his intangible right to exclusively distribute his property conferred upon him by the Copyright Act. The focus then turns to the tangible property in the hands of the subsequent purchaser. This tangible property carries with it the basic right to alienation, a right Congress views as essential to trade and contracting. In order to protect this basic right, Congress created the first sale doctrine within the Copyright Act.

tion. Once the copyright owner has sold his goods he has exercised his rights and control over his exclusive distribution. Therefore, if the copyright owner tries to restrict the resale of his object, he is really trying to control the object itself and not the intangible property right. This is contradictory to the theory against restraint of alienation. *See also* Blazon, Inc. v. Deluxe Game Corp., 268 F. Supp. 416, 434 (S.D.N.Y. 1965) (concluding that once an item is lawfully obtained, the first sale doctrine supports the notion of the unrestrained right of alienation).

54. *Harrison v. Maynard Merrill & Co.*, 61 F. 689, 691 (2d Cir. 1894). Here, the plaintiff owned a copyright in books, and gave waste dealers the exclusive right to sell the books for waste only. The defendant, who had bought some debris from the waste dealers and found salvageable books, sold them. Plaintiff claimed that defendant could not sell these salvaged books because of his restriction placed upon the waste dealers. In finding for the defendant, the court stated that when the waste dealers sold the defendant the debris (books), the right of alienation attached to the debris/books, and the defendant was free to resell the items without the copyright owner's permission.

55. *Independent News Co. v. Williams*, 293 F.2d 510, 517 (3d Cir. 1961). Independent News had a contract to sell copyrighted comic books to retailers, by the terms of which it was to dispose of any remaining comics without selling them. After buying a large quantity of comics, Independent News sold comics to retailers and sold left over comics to the public. The court concluded that this sale to the public did not infringe upon plaintiff's copyright, despite agreement not to sell left over comics. It stated that with the sale of comics comes the right of alienation of those comics, and that the defendant had the right to sell property he had purchased).

2. The Economic Theory of Just Rewards

An additional rationale for allowing the first sale doctrine to limit the copyright owner's monopoly finds its roots in an economic theory of "just rewards."⁵⁶ This theory asks the question whether the copyright owner has disposed of his goods and received a reward for such disposition.⁵⁷ If so, then the first sale doctrine is correctly applied.⁵⁸

This theory of "just rewards" flows logically, as in patent law,⁵⁹ from the theory that copyright was developed as an incentive for individuals to create.⁶⁰ If the incentive to create has been fulfilled by the first sale and the accompanying royalties or compensation received from this first sale, then the purchaser has a right to resell the merchandise, the goal of copyright law having been fulfilled. In essence, the copyright owner, through the control of the first sale, has received the protection afforded to him by copyright law (the exclusive right(s)), as well as the economic incentive (the "just rewards") which accompanies this protection. Once the copyright owner has been afforded these rewards of copyright law, the subsequent purchaser is allowed to resell the product.

Theoretically, the law is balancing the interests of the copyright owner and the interests of the public. Once the copyright owner's interests in the right to vend and to gain monetarily

56. See, e.g., *Platt & Munk Co. v. Republic Graphics*, 315 F.2d 847, 854 (2d Cir. 1963) The facts of this case are as follows: Plaintiff licensed the defendant to manufacture his copyrighted children's chalkboards and games. Dissatisfied with defendant's product, the plaintiff refused to pay, whereupon the defendant sold the items to a third party. This purchaser subsequently sold the merchandise. At this point, plaintiff sued both the defendant and third party for copyright infringement based on his exclusive right to vend. The court determined that the defendant had lawful possession of the goods and, therefore, the third party legally obtained the goods. It stated that the "ultimate question embodied in 'first sale' doctrine [is] whether or not there has been such a disposition of the article that it may fairly be said that the patentee [or copyright proprietor] has received his reward for the use of the article." *Id.* The court determined that the sale by defendant to pay off plaintiff's debt constituted a "just reward" to the plaintiff. Defendant could then sell merchandise to a third party. The third party, having legally obtained the merchandise was free to resell the product based on first sale doctrine.

57. See, e.g., *Burke & Van Heusen, Inc. v. Arrow Drug, Inc.*, 233 F. Supp. 881 (E.D. Pa. 1964) (stating that when a copyright owner in a phonorecord was paid royalties for the initial sale of a record, he had received his "just rewards," and could not restrict resale of the record through his copyright).

58. See also *Sebastian v. Consumer Contacts*, 847 F.2d 1093, 1099 (3d Cir. 1988). For a discussion of the facts and opinion in this case, see *supra* note 43. The court stated that once the plaintiff had sold products to the defendant, "plaintiff had already received its reward through the purchase price," and, therefore, the first sale doctrine was correctly applied.

59. See *supra* part II. B. 1.

60. See *supra* note 30 and accompanying text.

have been fulfilled by the first sale of his product, the public's interest in the alienation of property stands to be fulfilled.⁶¹

C. *Exceptions To The First Sale Doctrine*

It would seem from the alienation and "just rewards" theory that the first sale doctrine has solid footing in the area of copyright.⁶² However, Congress has found the first sale doctrine to be inappropriately applied to the rental of phonorecords⁶³ and computer software.⁶⁴

1. Rental of Phonorecords - Threat To The Record Industry

Prior to 1984, there were approximately two-hundred establishments in the United States that rented records.⁶⁵ One store advertised "never, ever buy another record."⁶⁶ There was also evidence that commercial rental businesses in Japan represented twenty percent of all record retailers, which seriously hurt record sales.⁶⁷ These statistics led Congress to embrace the view that while "the number of rental outlets in the United States is still relatively small, development of inexpensive technology of audio taping equipment and new record software such as compact disc has given the commercial rental of phonorecords the prospect of a viable business venture."⁶⁸ Regarding the rental of phonorecords as a threat to the record industry, Congress adopted the Rental Records Act of 1984,⁶⁹ and modified the first sale doctrine.⁷⁰ However, where the rental or lease of a phonorecord occurs for non-profit library or educational purposes there is no infringement.⁷¹

61. See *supra* notes 44-55 and accompanying text. Individuals have a right in the alienation of property, thus they expect to be able to resell products they have purchased without violating copyright laws. Once the copyright owner has received his "just rewards" (the right to vend and monetary gain), the public receives its "just reward" (the ability to alienate products they legally obtain).

62. See *supra* part III. B. 1-2.

63. See NIMMER, ON COPYRIGHT *supra* note 52, § 8.12, at 151.

64. See NIMMER, ON COPYRIGHT *supra* note 52, § 8.12, at 151.

65. See H.R. 987, 98th Cong., 2d Sess. (1984).

66. *Id.*

67. *Id.* at n.6.

68. *Id.*

69. See NIMMER, ON COPYRIGHT *supra* note 52, § 8.12, at 147.

70. 17 U.S.C.A. § 109(b)(1)(A) states that in the case of sound recordings, the owner of a phonorecord cannot rent, lease or do anything in the nature of rental, leasing or lending. 17 U.S.C.A. § 109(b)(1)(A) (West 1994).

71. See 17 U.S.C.A. § 109(b)(1)(A); NIMMER, ON COPYRIGHT, *supra* note 52, § 8.12, at 155. The theory behind this exception (to an exception) is that there is no economic harm when patrons of a library use a rented record. Furthermore, Congress is very concerned with

One can conclude from this amendment that when the first sale doctrine has an adverse effect on an entire industry, Congress will not support its use, notions of the right of alienation or "just rewards" notwithstanding. In regard to the record industry, Congress did not address whether an industry, as a whole, could ever receive its just rewards and, therefore, be subject to the first sale doctrine. It simply maintained that the doctrine does not apply because it is a threat to the entire industry.⁷² This suggests that when examining the appropriate application of the first sale doctrine, one must not view an entire industry in the same light as an individual.

2. Computer Software Rental - Information to Society Overrides The Use Of The First Sale Doctrine

In 1990, Congress extended the scheme of the Rental Amendment Act to reach the rental of computer software.⁷³ During the late 1980's, computer software could be rented well below the selling price of computer software.⁷⁴ In addition, such rental was generally short-term and, thus, economically unrewarding for the software creator.⁷⁵ Based on the low rental price and the short-term rental period for computer software, Congress determined that consumers were more likely to rent the software and copy it, thus, depriving the "copyright owners of a return on investment, and thereby discourag[ing] the creation of new products."⁷⁶

If software inventors become discouraged and do not create new products, technological advances in computer software are hampered, and information does not reach the public. Society loses by not having new and innovative products developed. In essence, it has been noted that the software amendment to the first sale doctrine was implemented in order to "facilitate the continued progress of software - the technology that makes computers work and fuels our information society"⁷⁷ This suggests that when

information reaching society and the free flow of ideas.

72. See H.R. 987, 98th Cong. 2d Sess. (1984).

73. Computer Software Rental Amendment Act of 1990, Title VIII of Judicial Improvements Act 1990, Pub. L. No. 101-650, 104 Stat. 5089, 5134 (1990) (requiring an individual engaging in commercial rental, leasing, or lending of computer programs to obtain authorization from the copyright owner of the computer software); see also NIMMER, ON COPYRIGHT *supra* note 52, § 8.12, at 151 (1993).

74. See H.R. No. 735, 101st Cong., 2d Sess (1990) (detailing how software selling at \$495.00 could be rented for as little as \$35.00.).

75. *Id.*

76. *Id.*

77. NIMMER, ON COPYRIGHT, *supra* note 52.

there is a balancing between individuals' rights and society's collective right to obtain useful information to promote growth, the latter will prevail.

Sebastian Int'l v. Consumer Contacts,⁷⁸ supports this reasoning. The court, while deciding if the copyright owner had received his just rewards (thus making the first sale doctrine applicable), explained that the copyright statutes have been amended to balance the author's interest and the free flow of ideas and information.⁷⁹ In fact, the court states that, "ultimately, the copyright law regards financial reward to the owner as secondary consideration."⁸⁰

Again, Congress and the courts look at the overall scheme of balancing the interests of an individual against the interests of society, not just the individual copyright owner. Since limiting the first sale doctrine promotes the free flow of information and the advancement of society, the financial reward for the copyright owner takes a back seat to this greater public interest.

IV. TRADEMARK AND THE FIRST SALE DOCTRINE

A. *How The First Sale Doctrine Is Used In Trademark*

Trademark law protects a symbol in the marketplace that distinguishes and identifies goods from one another.⁸¹ A trademark also signals a single anonymous source⁸² and denotes the quality of the product from this source,⁸³ and protects consumers from the likelihood of confusion as to the source of the product.⁸⁴ All of these trademark qualities help to advertise and sell the trademarked goods.⁸⁵

78. 847 F.2d 1093, 1095 (3d Cir. 1988); see also *supra* note 58.

79. *Id.* at 1095.

80. *Id.* These words were expressed as the court looked at copyright as a whole. They do not negate the court's finding of a "just reward" theory as discussed in part III. B. 2 of this paper. See *generally* *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) ("The immediate effect of our copyright law is to secure a fair return for any creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the public good."); *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (commenting that the best way to advance public welfare is through the talents of authors in science and art, and that Copyright helps this endeavor).

81. See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 3.01[2], at 3-3 (3rd ed. 1992).

82. *Id.*

83. See MCCARTHY *supra* note 81, §§ 2.03, 2.05[4].

84. See, e.g., *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44 (2d Cir. 1978); *Polaroid Corp. v. Polaroid Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961); see also 15 U.S.C. § 1125 (a) (West 1994).

85. See *generally* MCCARTHY *supra* note 81, at 2.01 [2]. A trademark stands as a sym-

Although Congress saw the need to protect the trademark owner's right in his name, symbol or device,⁸⁶ courts have also applied the first sale doctrine in certain trademark cases.⁸⁷ The first sale doctrine, sometimes referred to as the exhaustion rule,⁸⁸ is usually found in collateral use cases in trademark law.⁸⁹ The exhaustion rule generally states that the rights of the trademark owner are exhausted once there is a first sale of the product by the trademark owner,⁹⁰ and therefore, the subsequent distributor/purchaser "has the right to resell a branded item in an unchanged state"⁹¹

The first type of collateral use case is the situation in which there is a first sale of a product, followed by a reconditioning and reselling of this trademarked product.⁹² In this situation, the individual reconditioning and reselling the used goods must take appropriate measures to disclose the inferiority of the reconditioned good and to disassociate this inferior quality from the original source of the trademark.⁹³ The rationale is that if the trademark

bol for a product and denotes quality. Through advertising, the public is made aware of the product and the accompanying trademark; they then associate the trademark to the product. In addition, the trademark represents the product, and helps consumers spot the product they see advertised. Needless to say, trademarks help sell the trademarked goods.

86. See 15 U.S.C. §1127 (West 1993) (defining trademark as any word, symbol, device or any combination thereof).

87. See generally *Debinicare U.S.A., Inc. v. Toys "R" Us*, 21 U.S.P.Q. 2d 1711 (N.D. Cal. 1991).

88. *Id.* at 1712; see also 2 J. MCCARTHY, MCCARTHY ON TRADEMARK § 25.11[1] at 60. This article may use this term interchangeably with the phrase "first sale doctrine".

89. A collateral use of a trademark occurs when an individual uses an established trademark for reasons other than to just pass his goods off as the goods normally associated with the trademark. See, e.g., *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947) (involving a second hand dealer who sells reconditioned spark plugs with trademark still on it to identify the original source of mark, but not to pass the spark plugs off as original, new plugs); *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969) (allowing independent repair shop to use Volkswagon name to advertise repair business of Volkswagons, but not to pass himself off as a franchised, licensed Volkswagon repair shop).

90. See MCCARTHY, *supra* note 88, § 25.11[1], at 60 & n.3. Collateral use cases will be the focus of this paper's text. However, there are non-collateral uses cases which adhere to the general principle of the first sale doctrine. See, e.g., *Debinicare*, 21 U.S.P.Q. 2d at 1713 (analyzing the role of the first sale doctrine, and concluding that once the trademark owner places his goods in the stream of commerce, "his right to control is exhausted, and the subsequent resale of the item can not serve as the basis for an infringement suit[)").

91. MCCARTHY, *supra* note 88 § 25.11[1], at 60 & n.3.

92. E.g., *Champion Spark Plug*, 331 U.S. 125 (determining that defendant did not infringe plaintiff's trademark when defendant reconditioned and resold used Champion spark plugs with the original "Champion" trademark still on the plug).

93. *Id.* The Court stated that the inferiority of the second hand plug was "immaterial so long as the article is clearly and distinctively sold as repaired or reconditioned rather than as new." *Id.* at 130. The court was concerned with deceiving or confusing the public; as long as the public is not deceived or confused as to the source of inferiority of the recondi-

owner is disassociated from the inferior quality of the reconditioned good, he is afforded the protection granted to him by trademark law.⁹⁴ Therefore, use of the first sale doctrine is appropriate.

The second type of collateral use case, which uses the same rationale as the reconditioned goods cases,⁹⁵ is when an individual wants to advertise that he repairs a certain product, and use that product's trademark in their advertising.⁹⁶ The first sale is the sale of the product to the public. Subsequently, an individual who repairs the product independently of a franchised dealer is allowed to use the trademark of the product as long as he does not deceive or confuse the public of his non-affiliation to authorized dealers.⁹⁷

A third type of collateral use case falls under the category of repackaged goods.⁹⁸ Again, as long as the purchaser of the trademarked good does not confuse or deceive the public as to the origin of the goods, he is allowed to resell the repackaged goods using the original trademark.⁹⁹

Essentially, the collateral use cases suggest that absent public deception or confusion as a result of the subsequent sale, a purchaser of trademarked goods remains free to sell the product bearing the original trademark without violating trademark law.

B. Underlying Economic Theory of the Exhaustion Rule

The aforementioned cases suggest an economic theory behind the use of the first sale doctrine in trademark. Trademark protection is based on an economic principal of attempting to promote a free market and economic efficiency,¹⁰⁰ and allows consumers to

tioned plug, the use of the mark is appropriate.

94. *Id.*

95. *See supra* notes 92-94 and accompanying text.

96. *See, e.g., Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969) (allowing independent Volkswagon mechanic to display the word "Volkswagon" and the abbreviation "VW" over his place of business in order to advertise).

97. *See Volkswagenwerk*, 411 F.2d 350. The Court allowed independent Volkswagon dealer to use the Volkswagen trademark to advertise his business as long as he did not use the same typeface, font and size as the trademark. He also had to use the word "independent" on his advertisement, so as to inform the public that he was not associated with an authorized Volkswagon dealer. Thus, the public is not deceived or confused, as to the quality of work expected by the independent dealer as compared to the authorized dealer.

98. *See, e.g., Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924) (upholding defendant's repackaging of trademarked powder and perfume into smaller packages each of which bore the original trademark of the goods).

99. *Id.* at 368 (concluding as part of its analysis that when a trademark does not deceive public, distributor of repackaged goods is allowed to tell public the truth as to origin of goods by using original trademark.)

100. *See McCARTHY, supra* note 81, § 2.01[2], at 2-3; *see generally* Landes and Posner,

buy goods based on the quality associated with the trademark.¹⁰¹ This can reduce consumers' costs of shopping and decision making. Trademark also encourages manufacturers to create quality goods by ensuring that their quality will be represented by their trademark.¹⁰² It is this combination of reduction in shopping costs and encouragement of quality products that creates a free market and efficient economy.

Trademark's goal—to produce a free market and efficient economy—is also the goal of other economic theories and public policies.¹⁰³ Therefore, there will be times when competing economic interests arise, against which trademark interests must be balanced. When these competing economic interests outweigh the trademark interests, courts apply the first sale doctrine.

Theoretically, this is what happens in collateral use cases. In the cases that deal with the resale of used goods, there must be a balancing of the trademark owner's rights against the public policy of a secondary market.¹⁰⁴ Consumers rely on the sale of used goods. Those who can not afford new cars, bikes, furniture often shop at second hand stores and dealerships. If this secondary market is removed or diminished, then those who can not afford new products are denied access to these goods, and subsequently the economy is harmed.

In the reconditioned goods case of *Champion Spark Plug Co. v. Sanders*,¹⁰⁵ the Court balanced the trademark owner's interest against the public's interest of having a secondary market, and allowed the defendant to sell reconditioned the spark plugs with the "Champion" trademark still on them. The balancing of such interests led the court to conclude that as long as the public was not being deceived, the defendant should be free to do business in this secondary market.¹⁰⁶ Although the Court hinted that the defendant would benefit from the trademark and that the reconditioned spark plugs will cost less to consumers,¹⁰⁷ it nonetheless allowed the defendant to sell the used spark plugs with the original trademark on them. The Court likely balanced the trademarks owner's

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101. See McCARTHY, *supra* note 81, § 2.01[2], at 2-3.

102. See McCARTHY, *supra* note 81, § 2.01[2], at 2-4.

103. Anti-trust laws, for example, are based on the economic theory that one individual or enterprise should not monopolize an entire area of business, so that a more efficient economy is produced. See generally 15 U.S.C.A. § 1, 2 (West 1993).

104. See *supra* notes 92-94 and accompanying text.

105. 331 U.S. 125 (1947); see also notes 92-94 and accompanying text.

106. See *supra* notes 92-94 and accompanying text.

107. 331 U.S. at 130.

interest against the public's interests, and afforded the trademark owner protection of his interests while allowing the defendant/public to realize *their* interests.¹⁰⁸ Allowing the used dealer to sell the plugs potentially helps the free flow of economy; this is akin to the alienation doctrine discussed earlier in this paper.¹⁰⁹

*Volkswagenwerk Aktiengesellschaft v. Church*¹¹⁰ and *Prestonettes v. Coty*¹¹¹ are two cases which also display a balancing between the trademark owner's interests and the businessman's interest. Again, the courts saw that the trademark owner had the inherent benefit offered by trademark law, and accordingly protected the business interests of the secondary marketers.¹¹² In *Volkswagenwerks*, the court vindicated the mechanic's need to advertise; in *Prestonettes*, the court protected the distributor's need to distribute products economically and efficiently.

In the non-collateral use case of *Debinicare U.S.A., Inc. v. Toys "R" Us*,¹¹³ the court emphasized the trademark owner's conduct of placing the product into the stream of commerce,¹¹⁴ stating that he had waived his trademark-protected interests.¹¹⁵ The court's focus on "the stream of commerce" suggests a strong tendency for the court to support commerce and trade. In essence, the court balanced the individual's trademark interest against the economic interests of commerce and trade, and found in favor of the latter. It did so by using the first sale doctrine.

Trademark, therefore, like patent and copyright, acknowledges the use of the first sale doctrine as a viable defense against infringement. The next section explores the use of the first sale doctrine as a defense in right of publicity actions.

108. The public has an interest in a secondary market, since a major part of business in this country is carried on by secondhand dealers who sell items ranging from used cars to furniture. They are part of the economy and a valid public interest.

109. See *supra* notes 44-55 and accompanying text. One of the big issues in the alienation doctrine is allowing the free flow and trafficking of goods so that the economy can thrive. The secondary market could not exist without the alienation theory.

110. 411 F.2d 350 (9th Cir. 1969); see *supra* notes 95-97 and accompanying text.

111. 264 U.S. 359 (1924); see also *supra* notes 98-99 and accompanying text.

112. See *supra* notes 95-99 and accompanying text.

113. 21 U.S.P.Q. 2d 1711 (N.D. Cal. 1991). Here the plaintiff manufacturer of diapers consented to the first sale of diapers, to be managed by a bankruptcy trustee. Defendant purchased diapers from the seller who acquired them in the bankruptcy sale; he subsequently sold diapers with plaintiff's trademark on them. The Court determined that defendant's sale of plaintiff's diapers did not infringe plaintiff's trademark because the bankruptcy sale constituted the first sale of the diapers. See also *supra* note 90.

114. Toys "R" Us, 21 U.S.P.Q. 2d 1711; see also *supra* note 90.

115. *Id.*

V. THE RIGHT OF PUBLICITY

A. *The History*

The right of publicity grew out of the inadequacy of the right of privacy.¹¹⁶ To the extent that privacy law focused on embarrassing disclosure of private facts and the general notion to be left alone,¹¹⁷ it afforded no protection for the commercial use of an individual's name or likeness.¹¹⁸

One reason for the failure of the privacy laws to protect against the appropriation of a person's name or likeness was that courts determined that one could not claim a privacy right for a name or likeness which he had made public and famous.¹¹⁹ Such was the case in *O'Brien v. Pabst Sales*,¹²⁰ in which the court held that a famous football player had lost his right to privacy because of his consent to fame.¹²¹ This rationale was followed in *Paramount Picture v. Leader Press*,¹²² where the court determined that a celebrity had no cause of action under the right of privacy for the use of his/her name and pictures, as such items were already sold to the public.¹²³ In these types of cases the court saw fame as a waiver to the right of privacy.¹²⁴

Furthermore, even in jurisdictions where courts held that an appropriation of name or likeness fell under a claim of privacy, the

116. See generally Lee Goldman, *Elvis Is Alive, But He Shouldn't Be: The Right Of Publicity Revisited*, 1992 B.Y.U. L. REV. 597 (1992); Melville B. Nimmer, *The Right of Publicity*, 19 LAW & CONTEMP. PROBS. 203 (1954).

117. See generally Nimmer, *supra* note 116; Samuel D. Warren and Louis D. Brandeis, *The Right To Privacy*, 4 HARV. L. REV. 193 (1890).

118. See, e.g., *O'Brien v. Pabst Sales Co.*, 124 F.2d 167 (5th Cir. 1942) (providing a famous football player no remedy under privacy laws against beer company for publishing his photograph on beer calendar); Melville B. Nimmer, *The Right of Publicity*, 19 LAW & CONTEMP. PROBS. 203, 205 (1954) (citing to *Martin v. FIY Theatre Co.*, 10 Ohio Ops. 338 (1938)) (denying actress any remedy under privacy laws to prevent theatre from using her photograph on front of theatre during time that she was not appearing at theatre).

Although the right of publicity protects both celebrities and non-celebrities, the majority of the cases involve celebrities because of the dollar amount involved. This paper will generally talk about celebrities when discussing this right.

119. See Nimmer *supra* note 116, at 205.

120. 124 F.2d 167.

121. *Id.* at 168. The court rationalized that the plaintiff had authorized Texas Christian University to publicize his football career by sending his photo and biography to newspapers, magazines, and the general public. In essence, the plaintiff had made himself famous and injected himself into the public spotlight. Privacy law only protects a person's private life, not that part of one's life that is in the public eye. *Id.*

122. 24 F. Supp. 1004.

123. *Id.* at 1007.

124. See, e.g., *id.*; see also Nimmer *supra* note 116, at 208.

plaintiff was still left with little or no damages for such use.¹²⁵ In these cases the courts generally concluded that although the plaintiff made out a right of privacy claim, he or she nonetheless needed to show an offensive use of his name or likeness to obtain damages.¹²⁶

Consequently, privacy laws were ineffective in helping celebrities protect themselves from the unauthorized commercial use of their name and likeness. Plaintiffs were thus unable to collect damages from those who profited from their fame. This may not have been a problem when the privacy laws were first created, but as the entertainment industry grew and fame began to result in enormous revenue, the right of privacy proved to be woefully inadequate.¹²⁷

Those individuals who wanted to profit from their fame and commercial use of their name and likeness needed laws to help them do so. The next section will discuss a successful mode of attack for celebrities in such cases: the right of publicity.

B. Recognition Of The Right Of Publicity And Its Rationale

The right of publicity ensures that celebrities will profit from the commercial use of their name and likeness.¹²⁸ This right protects against the "unauthorized commercial appropriation of a person's name, likeness, performance or identity,"¹²⁹ and is an inherent right to control the commercial use of one's identity.¹³⁰ The right of publicity is seen as an assignable property right. Furthermore, old privacy notions, such as waiver or (lack of remedy for) the non-offensive use of one's name and likeness, have no place in publicity law.¹³¹ Therefore, celebrities can now profit from the

125. Nimmer, *supra* note 116, at 208.

126. See, e.g., *Miller v. Madison Sq. Garden*, 28 N.Y.S.2d 811 (N.Y. Sup. Ct. 1941) In this case, defendant used plaintiff's picture in bicycling magazine which was also used as a program for a biking event. Defendant made over \$3,000 in sales. The court did not award damages to plaintiff, finding that he had failed to show actual damages. In fact, it determined that the publication actually helped, not hurt, the plaintiff; *Fisher v. Rosenberg*, 23 N.Y.S.2d 677, 678 (N.Y. Sup. Ct. 1940) (denying dancer compensatory damages because ads that used her name were not offensive).

127. Goldman, *supra* note 116, at 600.

128. See, e.g., CAL. CIV. CODE § 3344 (West 1993); CAL. CIV. CODE § 990 (West 1993) (extending the right of publicity to the case of a deceased person).

129. Goldman, *supra* note 116, at 597.

130. See *McCarthy* *supra* note 88, § 28.01 [2][a], at 28-3.

131. See generally *Haelen Laboratories, Inc. v. Topps Chewing Gum*, 202 F.2d 866 (2d Cir. 1953). This was the first time a court legally recognized the right of publicity. The court enjoined a baseball card company from using a ball player's photograph, coining the phrase "right of publicity." Additionally, the court determined that the right of publicity was a

commercial use of their name and likeness, and are able to sue for damages based on the unauthorized use of such name or likeness.¹³²

The policy reasons and justifications for the creation of the right of publicity fall into three major categories.¹³³ These categories are (1) the incentive to create,¹³⁴ (2) the prevention of unjust enrichment,¹³⁵ and (3) the protection of and need to inform the consumer.¹³⁶ While these theories may fall under the general umbrella of economics, each one has its own distinct rationale for the need to create the right of publicity. Therefore, each theory will be discussed individually.

1. The Incentive To Create Theory

The "incentive to create" theory is analogous to the incentive theory of copyright¹³⁷ and patent law.¹³⁸ Indeed, the Court in *Zacchini v. Scripps Howard*¹³⁹ compared the right of publicity to the laws of copyright and patent, stating that the right of publicity "provides economic incentive for [a person] to make an investment required to produce a performance of interest to the public,"¹⁴⁰ and is intended to encourage "the production of works of benefit to the public."¹⁴¹ Thus, the Court perceives that granting a property right in one's identity will encourage a person to pursue a ca-

right in gross, assignable, and not waiveable because of fame.

132. The right of publicity is found in state law, and each state has its own version of protection. See, e.g., N.Y. CIV. RIGHTS LAW § 50 (West 1993); KY. REV. STAT. ANN. § 391.170 (West 1993); FLA. STAT. ANN. § 540.08 (West 1993); CAL. CIV. CODE § 3344 (West 1993).

133. There is an economic theory for the creation of the right of publicity based on allocation of scarce resources. However, it has been noted that this theory is of marginal persuasiveness because judges and lawyers are not used to thinking of legal rights in terms of maximizing allocation efficiency. Therefore, since it is not a predominantly recognizable theory, it will not be discussed in the main text. See J. THOMAS MCCARTHY, *THE RIGHTS OF PUBLICITY AND PRIVACY*, § 2.2 at 2-12 (1993).

134. See, e.g., *Zacchini v. Scripps Howard*, 433 U.S. 562, 576 (1977) (acknowledging the need for the right of publicity as an incentive to create, and analogizing the right of publicity to the incentive theory of copyright and patent); see also J. THOMAS MCCARTHY, *supra* note 133, § 2.2, at 2-9 (1993); Michael Madow, *Private Ownership Of Public Images: Popular Culture And Publicity Rights*, 81 CAL. L. REV. 125, 205 (1993).

135. See generally *Zacchini*, 433 U.S. at 576.

136. See Madow, *supra* note 134, at 125, 178 & 229. Although Mr. Madow generally speaks out against this rationale, he is none the less aware that others espouse this theory and that it is an arguable, but possible theory. See also MCCARTHY, *supra* note 133, § 2.1[A], at 2-3.

137. See *supra* note 30 and accompanying text.

138. See *supra* notes 9-10 and accompanying text.

139. 433 U.S. 562 (1977).

140. *Id.* at 576.

141. *Id.* at 577 (quoting *Washington Pub. Co. v. Pearson*, 306 U.S. 30, 36 (1939)).

reer that will place him in the public eye. This career will then produce creative works to benefit the public.

In accordance with *Zacchini*, it has been noted that the legal right to control the commercial use of one's name or likeness is a necessary inducement to encourage people to venture into the public eye,¹⁴² and that if "legal recognition of a right to control commercial use of a successful person's identity can even slightly induce socially enriching activities, then we are all better off."¹⁴³ Therefore, the right of publicity gives individuals an incentive to develop their craft that will eventually place them in the public eye; this craft will ultimately benefit society.

2. Unjust Enrichment Theory

In addition to the incentive-to-create theory, *Zacchini* also discussed the "unjust enrichment" theory. The court stated that "the rationale for [protecting the right of publicity] is the straightforward one of preventing unjust enrichment by theft of good will."¹⁴⁴ In effect, a plaintiff "should be entitled to the fruits of [his] labor and a defendant should not be allowed to 'reap where another has sown.'"¹⁴⁵

It is further argued that in order to gain prominence in one's field, years of hard work and labor may be required before one has sufficiently developed a reputation that will permit an economic gain.¹⁴⁶ Therefore, "when one makes an unauthorized use of another's identity for his own commercial advantage, he is unjustly enriched, having usurped both profit and control of that individual's public image."¹⁴⁷ In essence, he has reaped where another has sown. The right of publicity, therefore, prevents others from this unjust enrichment. Hence, if the right of publicity prevents others from profiting off one's fame, one is more inclined to become famous and create, again providing a benefit to society.

3. Consumer Information and Protection

Some authors have argued that the right of publicity was cre-

142. See McCARTHY *supra* note 133, § 2.2, at 2-9 (quoting *Zacchini* at 576-77).

143. See McCARTHY *supra* note 133, § 2.2 at 2-10.

144. 433 U.S. at 576.

145. Goldman, *supra* note 116, at 609; (quoting J. THOMAS McCARTHY, *supra* note 133, § 2.1[A], at 2-1 to 2-3).

146. See *Lugosi v. Universal Pictures*, 603 P.2d 425, 438 (Cal. 1979) (Bird, J., dissenting) (noting that it takes years to develop a craft and no one should benefit from this hard work other than the person who developed the craft).

147. *Id.* at 441 (Bird, J. dissenting).

ated as a form of consumer protection; this is the third theory as to the creation of the right of publicity—the theory of “consumer information and protection.”¹⁴⁸ The right of publicity promotes information about the goods and services to the public and protects them from deception.¹⁴⁹

The theory of consumer protection is also espoused by Professor Treece in an article where he states that publicity laws protect consumers from being “misled about the willingness of a celebrity to associate himself with a product or service.”¹⁵⁰ Further, authors have theorized that publicity, like trademark, helps to “promote the useful information about commercial goods and services to the public by ensuring that the public is not confused by a false implication that a particular celebrity has endorsed a particular good.”¹⁵¹

Thus, the principles supporting the right of publicity arose from those supporting the creation of patent, copyright, and trademark laws. Moreover, just as in those areas of the law, where one had to ask whether the monopoly created by these laws caused a detrimental effect to the economy that would warrant the use of the first sale doctrine,¹⁵² one must ask this question of the right of publicity. The next section examines this issue.

148. See Madow, *supra* note 134 at 178; see also McCARTHY, *supra* note 133, § 2.4, at 2-14, 15. Although McCarthy refers to this category as a “falsity justification,” he is stating the same principles of false endorsement and consumer protection as the “consumer information and protection” theory. Compare this with trademark protection offered in Section 43(a) of the Lanham Act, where the likelihood of confusion must be proven. 15 U.S.C.A. § 1125(a) (West 1994).

149. See Madow *supra* note 134, at 178-179. Similarly, for example, Candice Bergen is viewed by the public as a bright, steadfast, secure woman with good common sense. She represents authority and stability. If Ms. Bergen promotes a product, her good characteristics are projected onto the product that she is endorsing. Hence, the endorsed product is seen as good, steadfast, and stable. So, if “Joe Loser” coffee uses Ms. Bergen’s picture in its ads, it is reasonable to assume that a consumer will project the same good qualities onto this product. The right of publicity allows the celebrity to contest this unauthorized use of their likeness, thus telling the public (via a lawsuit) that they should be wary of this product. In this sense, the right of publicity helps protect the consumer from false impressions that the celebrity endorses the product and that the product is of any value.

150. James M. Treece, *Commercial Exploitation Of Names, Likeness, And Personal Histories*, 51 TEX. L. REV. 637, 641 (1973), quoted in Madow, *supra* note 134, at 125, 229.

151. See Madow *supra* note 134, at 229 (quoting Douglas G. Baird, Note, *Human Cannonballs And The First Amendment: Zacchini v. Scripps-Howard Broadcasting Co.*, 30 STAN. L. REV. 1185, 1186 n.7 (1978)); see also McCARTHY *supra* note 133, § 2.4, at 2-14.

152. See *supra* notes 13, 31, 87 and accompanying text. Each area discusses the fact that the court and legislature both saw the need to limit the monopolies of patent, copyright and trademark by using the first sale doctrine.

C. Rationale For The First Sale Doctrine In The Right Of Publicity

1. "Just Rewards" Theory Allows For Defense of First Sale Doctrine

The theory of "just rewards," which explains the use of the first sale doctrine in patent¹⁵³ and copyright,¹⁵⁴ can also be used as a logical justification for the use of the doctrine in right of publicity cases. The "just rewards" theory is predicated on the notion that once an individual has received his reward for his invention or expression, the public should be able to resell the goods legally obtained without fear of violating any intellectual property laws.¹⁵⁵ Therefore, once an individual benefits from a commercial use of his name or likeness, he has received his just rewards, and any goods bearing his name or likeness that he puts into the stream of commerce should not be affected by the monopoly created by publicity laws.¹⁵⁶

Again, the first sale doctrine focuses on the distribution right of the purchaser or receiver of the goods bearing the name or likeness of a celebrity. If the celebrity has already made money from the use of his name or likeness on these goods,¹⁵⁷ then the subsequent purchaser of these goods should be able to sell them without infringing the celebrity's right of publicity.¹⁵⁸

2. Secondary Market Rationale Allows Defense of First Sale Doctrine

The secondary market rationale, discussed in trademark law,¹⁵⁹ also has relevance with regard to the use of the first sale doctrine, as a viable defense in right of publicity claims. In collat-

153. See *supra* notes 22-26 and accompanying text.

154. See *supra* notes 56-61 and accompanying text.

155. See *supra* notes 22-26, 56-61 and accompanying text.

156. See *supra* notes 22-26, 56-61 and accompanying text. The celebrity, just like the patent and copyright owner, should lose his right to control the sale of goods once he places the goods into the stream of commerce.

157. A celebrity can contract to use his name or likeness on a t-shirt. Once he has done so, he has made money off the very thing that the right of publicity has sought to protect. Since he has been afforded the protection of publicity law, a subsequent purchaser of the t-shirt should be able to sell this purchased good.

158. See *Major League Baseball Players Assoc. v. Dad's Kid Corp.*, 806 F. Supp. 458,459 (S.D.N.Y. 1992) (suggesting, without analysis, that the first sale doctrine is applicable in publicity actions if an individual receives a royalty from the first sale of an item).

159. See *supra* notes 100-109 and accompanying text.

eral use cases, concerning resale and reconditioned goods,¹⁶⁰ the courts balanced the interest of the intellectual property owner with that of the secondhand businessman. In this type of case, the overriding public policy of allowing a secondary market caused the court to use the first sale doctrine as a limitation of the rights created by trademark law.¹⁶¹

This should be the case in publicity as well. Too many secondhand dealers that sell buttons, shirts, memorabilia, or compact discs with the name and likeness of others on these goods would be stopped from selling their wares, thus hampering their livelihoods.¹⁶² Congress is just as concerned with the world's overall economy, as it is in giving an individual a monopoly as an incentive to create.¹⁶³ In this respect, it is important to the secondary market to allow the defense of the first sale doctrine in a right of publicity action. When one balances the interest of a celebrity in avoiding making less money (as opposed to *no* money), which would concededly happen with the use of the first sale doctrine, against society's gain in the secondary markets, society's interest should prevail.¹⁶⁴

3. Theory Against Restraint of Alienation Allows Defense of First Sale Doctrine

The theory against restraint of alienation¹⁶⁵ provides another valid reason for allowing the use of the first sale doctrine in publicity cases. Public policies behind the common law notion against restraint of alienation are to ensure the buying and selling of personal and real property,¹⁶⁶ and to promote the free flow and traf-

160. See *supra* notes 92-94, 104-109 and accompanying text.

161. See *supra* notes 104-109 and accompanying text.

162. Antique dealers with memorabilia or posters that have anyone's name on them would technically be in violation of publicity law if they sell these goods. Thrift stores and garage sales will be subject to the same problem.

163. See *supra* notes 27-38, 44-62, 100-115 and accompanying text. Courts allow use of the first sale doctrine to protect the right against restraint of alienation of property, secondary markets, promote trafficking and free trade, and to support the economy. Each of these items helps the growth of our economy.

164. Congress and the Courts have consistently decided in favor of society over individual economic gain. In trademark collateral use cases the court balanced individual interests of reward and exclusive use of a trademark against society's interest in a secondary market and found in favor of society. See *supra* notes 100-115 and accompanying text. When deciding whether to use the first sale doctrine in copyright cases, the court has found in favor of society's interest in information and economics over an individual economic gain. See *supra* part III. B-C; see, e.g., *Major League Baseball Players Assoc. v. Dad's Kid Corp.*, 806 F. Supp. 458, 459 (S.D.N.Y. 1992).

165. See *supra* notes 44-55 and accompanying text.

166. See generally *supra* notes 44-48 and accompanying text.

ficking of goods.¹⁶⁷ The fact that an individual's name or likeness appears on such property should not interfere with this widely accepted public policy. Publicity law should focus on distinguishing the intellectual property right from the tangible property to which it is attached.

In copyright law, it was important to distinguish the intellectual property right from the property, giving the latter the right of alienation.¹⁶⁸ This distinction should also be made in publicity claims. There is a difference between the right of publicity and the tangible property that bears the celebrity's name or likeness. This tangible property should also be subject to the long-supported theory against the restraint of alienation. Courts have used this theory in a multitude of cases, ranging from those involving fee simple grants to copyrights. It is a natural progression of this doctrine to extend it to any case that involves tangible property, including right of publicity cases.

4. First Sale Doctrine Will Not Destroy the Underlying Rationales for The Creation of the Right of Publicity

Further support for the use of the first sale doctrine as a defense in right of publicity cases stems from the fact that use of the first sale doctrine in such cases will not destroy the underlying rationales for the creation of the right of publicity.¹⁶⁹ As noted earlier, one reason for the emergence of publicity rights was to have an economic incentive for individuals to create and become famous, so that society can reap the benefits of this creativity.¹⁷⁰ This theory is analogous to the incentive theory espoused in patent and copyright law.¹⁷¹ However, the courts in these areas of law have allowed the use of the first sale doctrine, in part because its use does not diminish the economic incentive to create.

The use of the first sale doctrine in the area of publicity law will certainly not diminish the incentive to create and become famous.¹⁷² People become famous actors and musicians for a myriad of reasons.¹⁷³ It is hard to imagine a situation in which an individ-

167. See *supra* note 48 and accompanying text.

168. See *supra* note 49-55 and accompanying text.

169. See *supra* notes 134-137 and accompanying text.

170. See *supra* notes 133, 137-142 and accompanying text.

171. See *supra* notes 9-10, 30 and accompanying text.

172. See generally Madow, *supra* note 134, at 209-210. Celebrities today make multi-million dollar deals for movie parts, record albums and book writing. This alone is enough incentive to become famous.

173. See generally Goldman, *supra* note 116, at 603; see also McCARTHY, *supra* note

ual would deny himself the opportunity to become famous because his monopoly rights in his name and likeness have been limited by the first sale doctrine. Indeed, the restrictiveness of the first sale doctrine in patent, copyright and trademark law has not caused a mass exodus from the creative process. Individuals still invent machines, write books, and create trademarked products.

One must keep in mind that the first sale doctrine only restricts the right of distribution.¹⁷⁴ It will not prevent a celebrity from capitalizing on their fame, and does not infringe on the initial payment to the celebrity.¹⁷⁵ It will only limit the celebrity's economic gain in situations where public policy dictates that others' interests must prevail.¹⁷⁶ Despite the use of the first sale doctrine, publicity will still be a right in gross which is assignable.¹⁷⁷ Celebrities will still have remedies available to them for the misuse of their name and likeness,¹⁷⁸ and at the same time the first sale doctrine will help society benefit by providing a secondary market.¹⁷⁹ Therefore, the use of the first sale doctrine as a defense in a right of publicity action will not vitiate the incentive to create, just as it does not vitiate the incentive to create in patent and copyright law.

Additionally, prevention of "unjust enrichment"¹⁸⁰ will not cease because of the first sale doctrine's application to publicity law. In "unjust enrichment" cases the court does not want anyone to be entitled to the fruits of another's labor. This opposition to someone "riding the coattails" of another is one rationale behind

133, § 2, at 1-10 (observing that non-profit motivations, such as the joy of work, guilt from not working, service to man-kind, and sheer habit also motivate people to create).

174. See 17 U.S.C.A. §§ 106(3), 109 (West 1993).

175. Madow, *supra* note 134, at 209-210. Eddie Murphy received 10 million dollars for "Coming To America"; Michael Jackson received an advance of 10 million dollars for an album; Michael Douglas received 9 million dollars for the film "Fatal Attraction." The money received on these deals includes not only compensation for their acting or singing ability, but merchandising and profits that can be obtained from use of the celebrities name and likeness in connection with a project. Use of such prominent celebrity's names and likeness on posters, CD covers, and other ancillary products produce enormous revenue. These types of deals will still go on despite the use of the first sale doctrine. Million dollar deals will still be negotiated based on the selling power and value of a celebrity's name and likeness despite the first sale doctrine. In fact, the celebrity may be able to increase his asking price if the first sale doctrine is used to compensate for any of the nominal revenues that may be lost by use of the first sale doctrine.

176. See *supra* part V. C. 1-3.

177. See *supra* note 131 and accompanying text.

178. First, the right of publicity will still be available for the unauthorized use of one's name. Second, the remedies of state unfair competition and misappropriation will be available. Finally, trademark law will be an available remedy.

179. See *supra* notes 159-164 and accompanying text.

180. See *supra* notes 144-147 and accompanying text.

trademark law, yet trademark allows the use of the first sale doctrine. Indeed, our culture thrives on imitation and free riding.¹⁸¹ Even in collateral use cases in trademark, the courts have understood that the secondary businessman would get some advantages from using the trademark of another,¹⁸² but still allowed the use of the first sale doctrine.

In this area one must distinguish between enrichment and "unjust" enrichment. Unjust enrichment results when one individual benefits at the expense, or to the detriment, of another.¹⁸³ There is simply no detriment or expense to a celebrity when an individual who legally obtains a product bearing the name or likeness of a celebrity, sells that product to a third person.¹⁸⁴ Assuming the celebrity initially licensed his name or likeness for use on the product, the celebrity has been enriched by this licensing agreement and the royalties from the first sales of this product. Reselling the product will not infringe upon the celebrity's initial contract or royalty price.

The celebrity will make money from his initial contract. In essence, then, what is actually being discussed is the possibility of denying the celebrity of some of his profits from the initial sales because some consumers may wait to buy the product in the secondary market. This may cause minor losses in profits to the celebrity, but it is not detrimental to the overall profits from the licensing of his name or likeness for use on the product. Since there is no detriment to the celebrity, there is no unjust enrichment. Furthermore, state unfair competition laws and the Lanham Act will help prohibit the kind of free riding the court speaks of in right of publicity cases.¹⁸⁵

Finally, the theory that the right of publicity was created for consumer protection¹⁸⁶ also will not be hampered by the use of the first sale doctrine. Once again we return to the idea that trademark, which was created for consumer protection, allows the use of

181. Goldman, *supra* note 116, at 609. The author discusses IBM starting the computer craze and all others following, celebrities who "free ride" off news media coverage, the "coincidental" rash of same-genre movies that accompany a hit film, and the recent craze in talk shows.

182. See *supra* note 105 and accompanying text.

183. See generally *Kossian v. American National Insurance Co.*, 62 Cal. Rptr. 225 (Cal. Ct. App. 1967) (distinguishing between enrichment and unjust enrichment).

184. This is assuming that the celebrity initially had a license for the use of his name and likeness on the product in the first place.

185. Goldman, *supra* note 116, at 612.

186. See *supra* notes 148-152 and accompanying text.

the first sale doctrine.¹⁸⁷ The very essence of trademark law is to protect the consumer from the likelihood of confusion, yet the first sale doctrine is a viable defense in a trademark actions.¹⁸⁸ The public will not be left stranded and confused as to the source of a product because of the use of the first sale doctrine in publicity actions. They will still have trademark laws and false advertising laws to protect them.¹⁸⁹

In summary, the use of the first sale doctrine as a defense in right of publicity cases will help achieve the goals of Congress and the courts.¹⁹⁰ It will not destroy the incentive to create, or unjustly enrich, or stop consumer protection. It will, however, help the economy and further the public interest of free trade and bargaining.

D. Copyright Preemption Conflict Justifies Use of First Sale Doctrine in Right of Publicity Cases

Congress' intent to have federal copyright law preempt state law is found in section 301 of the 1976 Copyright Act.¹⁹¹ Generally, federal copyright law will pre-empt state-law publicity causes of action.¹⁹² However, several courts have determined that the right of publicity protects rights other than copyright, and, as such, is not subject to preemption by federal copyright law.¹⁹³ By not al-

187. See *supra* part V. C. 1-4.

188. See *supra* note 84 and accompanying text.

189. See 15 U.S.C.A. § 1125(a) (West 1994). This section of the trademark act protects the consumer from false or misleading descriptions and representations on products or in advertising. Use of the first sale doctrine in right of publicity actions will not diminish the public's protection from misleading advertising or products under this section.

190. See *supra* part V. C. 1-3 (discussing the goals of individual reward for creativity, secondary market, and the right of alienation of tangible property).

191. 17 U.S.C.A. § 301 (West 1993). Section 301 states:

all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression . . . are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

Id.

192. See generally *Baltimore Orioles Inc. v. Major League Baseball Players Ass'n.*, 805 F.2d 663, 667 (7th Cir. 1986). Plaintiff, baseball players, claimed that state publicity laws gave them the right to control the broadcasts of their games. Defendant, broadcasters, claimed federal copyright law gave them the right to broadcast games without permission from the players. The court, finding for the broadcasters, concluded that when a state law and federal law protect the same right (in this case, promotion of performance), federal law preempts state law.

193. See generally *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1100 (9th Cir. 1992) (determining that publicity and copyright have elements different in kind, and therefore, right of

lowing copyright law to preempt publicity actions, the courts deny to a copyright owner his exclusive right to distribute.¹⁹⁴ Also, those goods no longer protected by copyright are barred from entering the public domain as Congress intended.¹⁹⁵

Section 106 of the federal Copyright Act specifically grants a copyright owner the right to exclusive distribution.¹⁹⁶ The right of publicity takes away this exclusive right.¹⁹⁷ A good example of this conflict is found in *Factors Etc., Inc. v. Pro Arts, Inc.*,¹⁹⁸ where the court concluded that the defendant's Elvis poster could not be distributed because it infringed upon Elvis' right of publicity, which was assigned to Factors.¹⁹⁹ While the court acknowledged that the defendant had a valid copyright in the poster,²⁰⁰ it also acknowledged that the plaintiff "had a valid and transferrable right of publicity that survived Elvis Presley's death . . ."²⁰¹ The court further stated that "this right is neither contrary to nor preempted by federal copyright law."²⁰²

The *Factors* court denied the owner of a valid copyright the right to distribute, which was conferred to him by the 1976 Copyright Act. If a copyright owner is denied any of his exclusive rights, his incentive to create may wane.²⁰³ This is completely opposite to the rationale for the the creation of copyright law. Congress intended that federal copyright law act as an incentive to create, so

publicity law is not preempted by federal copyright law); *Midler v. Ford Motor Co.*, 849 F.2d 460, 462 (9th Cir. 1988) (finding that publicity and copyright do not protect same rights, and that, since a voice is not copyrightable, singer's claim based on right of publicity was not preempted by copyright law); see also Goldman *supra* note 116, at 623; see generally Marc J. Apfelbaum, *Copyright and the Right of Publicity: One Pea in Two Pods?*, 71 GEO. L.J. 1567 (1983) (discussing copyright is equivalent to publicity and federal copyright law should preempt state publicity laws, although it does not always do so).

194. 17 U.S.C.A. § 106 (West 1993). Section 106 gives the copyright owner six exclusive rights, one of which is the exclusive right to distribute a valid copyrighted work.

195. 17 U.S.C.A. § 302 (West 1993). Duration for copyright protection is "life of the author and fifty years after the author's death." *Id.* Once this duration is over, the work enters the public domain and is free to be used by others without consent of former copyright owner.

196. See *supra* note 28.

197. If a copyrighted work bears the name or likeness of an individual, the copyright owner will not be able to sell the work unless he obtains authorization from the individual whose name or likeness appears on the work. This bars the copyright owner from exercising his exclusive right to distribute.

198. 496 F. Supp. 1090 (S.D.N.Y. 1980).

199. *Id.*

200. *Id.* at 1096.

201. *Id.* at 1104.

202. *Id.*

203. See generally David E. Shipley, *Publicity Never Dies; It Just Fades Away: The Right of Publicity and Federal Preemption*, 66 CORNELL L. REV. 673 (1981).

that society could benefit from creative expression. The right of publicity undermines Congress' intent, and as a result lessens the incentive to create.²⁰⁴

Implementation of the first sale doctrine, as a defense in right of publicity cases, will afford copyright owners the protection intended to be conferred upon them by the copyright act. The first sale doctrine will allow an individual, with a valid copyright, to distribute his work despite having an individual's names or likeness on his copyrighted work. Therefore, Congress' intent for copyright law to act as an incentive will be preserved.

Furthermore, recall that the duration of federal copyright protection is life of the author plus fifty years.²⁰⁵ Once copyright protection has ended, the work goes into the public domain and is available for use by the public without regard to copyright violation.²⁰⁶ The right of publicity, however, protects an item bearing the name or likeness of an individual from being used, despite the fact that the duration of copyright protection has ended.²⁰⁷

This too undermines federal copyright policy. Professor Nimmer explains that Congress adopted the durational scheme of the author's life plus fifty years for several reasons.²⁰⁸ The most basic reason for the durational scheme is to ensure that the author and

204. For example, if an individual creates a work that uses a name or likeness that is actionable under a right of publicity, thus prohibiting him from distributing his work, his incentive to create will be diminished. Likewise, companies will have no incentive to accept copyright assignments from an individual who uses the name or likeness of an individual if distribution can be enjoined by a publicity action. *See generally*, Shipley, *supra* note 203, at 730.

205. *See supra* note 195.

206. *See* NIMMER, ON COPYRIGHT, *supra* note 52, at § 9.01[A] 2°.

207. For example, a photographer takes a photo of a child celebrity at the age of ten. The photographer then suddenly dies. The copyright in the photograph ends fifty years after the death of the photographer. 17 U.S.C.A. § 302 (West 1994). The celebrity will be sixty years old when the copyright in the photo ends, and is supposed to enter the public domain. The right of publicity, however, affords the sixty year old celebrity the exclusive control of the reproduction and distribution of the photo. *See, e.g.*, CAL. CIV. CODE § 990 (West 1994). Therefore, the photo does not enter the public domain despite the fact that it is no longer protected by copyright law. Hence, the right of publicity grants a larger monopoly on this photograph than intended by Congress. *See generally* Shipley *supra* note 203, at 731. *Cf.*, 17 U.S.C.A. § 301 (West 1994) (showing Congress' intent that an active copyright does not preempt the right of publicity). *Compare*, 17 U.S.C.A. § 302 (West 1994) (showing, however, that Congress specifically intended that a copyrighted work enter the public domain at the end of its durational limit). There is no statutory evidence to indicate that it was Congress' intent, by any means, including a right of publicity, to preclude a copyrighted work from entering into the public domain at the end of the statutory period of copyright protection.

208. *See* NIMMER, ON COPYRIGHT, *supra* note 52, at § 9.01 [A][2].

his family obtain a fair economic return.²⁰⁹ It is reasonable to conclude that Congress determined that the duration was long enough for the author to receive his just rewards from his work. Once the author received his rewards, society is then able to use this work and create further works, without fear of violating copyright laws. The durational scheme strikes an equal balance between the copyright owner's economic interest and society's interest to create. Conversely, the right of publicity destroys this balance by allowing an individual to preclude a work from entering the public domain, once the durational limit of the copyright protection has expired. Additionally, the right of publicity makes society wait longer to use the supposed public domain works in their own creations and works of art. This, in turn, hampers the creative process of society as a whole.

Use of the first sale doctrine as a defense in right of publicity cases would help maintain the delicate balance, intended by Congress, between the copyright owner's interest and that of society. The first sale doctrine would allow society the opportunity to use works no longer protected by copyright in their works of art, thus enticing others to create. In addition, the first sale doctrine would not impede upon the economic interest of the celebrity.²¹⁰

E. The First Sale Doctrine In Publicity: The Rule

The right of publicity, trademark, patent, and copyright each have similarities and differences. This section will compare the right of publicity to trademark, patent, and copyright in terms of validity,²¹¹ identification,²¹² and infringement.²¹³ This comparison will show that the right of publicity is most analogous to patent and copyright, and therefore, the rule for the use of the first sale doctrine should be the same for all of these areas.

1. Right of Publicity Is Least Analogous To Trademark

In order to obtain protection from a trademark, the individual

209. See NIMMER, ON COPYRIGHT, *supra* note 52, at § 9.01[A][2]. Nimmer discusses how technological advances in communications have allowed many works to have a longer commercial life. The copyright durational scheme of author's life plus fifty years allows the copyright owner to benefit from this longer commercial life of his work.

210. See *supra* notes 180-185 and accompanying text.

211. Validity refers to when the protection from the right actually takes effect.

212. Identification looks at what each right identifies and protects.

213. Infringement analysis examines the elements of infringement for publicity, trademark, patent, and copyright.

needs prior exploitation of the mark.²¹⁴ The mark must actually be used in order to be valid.²¹⁵ This is not true of the right of publicity, which is a right in gross. One does not need to have prior exploitation of their name or likeness, in order to have protection under this right.²¹⁶ Publicity is therefore dissimilar to trademark in the area of validity.

In terms of identification, trademark identifies a single commercial source,²¹⁷ whereas publicity protects the persona of an individual.²¹⁸ In addition, a trademark does not need to disclose the owner of the work, hence, trademark identifies an anonymous source.²¹⁹ Publicity, on the other hand, identifies a particular individual. One always knows what human identity is being protected under publicity rights. Therefore, publicity is dissimilar to trademark in the area of identification.

Finally, publicity is dissimilar to trademark in the area of infringement. Trademark infringement is determined by the likelihood of confusion.²²⁰ A right of publicity claim does not include the element of confusion. Rather, a violation of the right of publicity occurs when there is an intentional, unauthorized use of an individual's name or likeness.²²¹

In sum, the comparison of trademark to publicity in terms of validity, identification, and infringement illustrates that the right of publicity is more dissimilar than similar to trademark law.

2. Publicity is More Analogous To Copyright And Patent Law

Copyright and patent rights, along with publicity rights, do not need prior exploitation in order to be valid. Copyright protection begins as soon as there is originality and fixation.²²² The copyright owner need not use the copyrighted material in order for the protection to begin. Likewise, the patent owner is protected once he has met all of the necessary criteria for obtaining a patent and

214. See McCARTHY, *supra* note 88, § 28.02[2], at 28-12; see also McCARTHY, *supra* note 133, § 5.2[B], at 5-6.

215. See 15 U.S.C.A. § 1051(a)(b) (West 1993); see also McCARTHY, *supra* note 133, § 5.2[B] at 5-6.

216. See CAL. CIV. CODE § 3344 (West 1993) (suggesting that the right of publicity is a property interest vested at the beginning of an individual's life).

217. See McCARTHY, *supra* note 88 § 28.02[2], at 28-12.

218. See McCARTHY, *supra* note 88 § 28.02[2], at 28-12.

219. See McCARTHY, *supra* note 88 § 28.02[2], at 28-13.

220. See McCARTHY, *supra* note 88 § 28.02, at 28-12.

221. See CAL. CIV. CODE § 3344 (West 1993).

222. See 17 U.S.C.A. § 102 (West 1993); see also *supra* notes 27-28 and accompanying text.

is issued the patent.²²³ Once issued a patent for an invention, the patent owner need not use the invention in order to maintain protection.²²⁴ Therefore, publicity is more similar to copyright and patent law in the area of validity.

In terms of identification, copyrights and patents, unlike publicity rights, may not identify a particular individual with the protected goods.²²⁵ However, they *do* (together with publicity), protect an inherent quality of the individual.²²⁶ Therefore, copyright and patent are more analogous to publicity in this area than trademark law.

Copyright and patent law also remain more similar to publicity than trademark in terms of infringement. The tests for infringement of copyright, patent and publicity do not involve the element of confusion, as does the test for trademark infringement. Rather, the elements for copyright infringement are substantial similarity and unauthorized copying.²²⁷ Similarly, infringement of a patent right occurs if an individual sells, uses or creates a machine or invention using the patent of another without the patent owner's consent.²²⁸ Lastly, a right of publicity is infringed when there is an unauthorized use of an individual's name or likeness.²²⁹ Unauthorized use remains the common element with each of these rights-infringement claims. Furthermore, none of these rights requires the likelihood-of-confusion element present in trademark claims. Therefore, copyright and patent law are more analogous to publicity than trademark as they relate to infringement.

Although copyright and patent law may not be exactly similar to publicity law, they are more analogous to publicity than trademark law in terms of validity and infringement. That being the case, the rule for the first sale doctrine in right of publicity cases

223. See 35 U.S.C.A. §§ 101, 102 (West 1993); see also CHISUM & JACOBS, *supra* note 1, at § 2D.

224. See generally FORD W. HARRIS, PATENTS: A PRACTICAL TREATISE ON PATENT LAW AND PROCEDURE 23 (1934).

225. Although one may see the copyright or patent symbol next to an item, the symbol does not denote the source of the creation or invention.

226. Publicity protects a persona which is arguably created by the individual. One's persona is a creative expression of an individual, and this is what is protected by publicity law. Patent protects the inherent creativity and expression of a human in the form of an invention. Copyright protects the inherent creative expression of an individual. Trademark however, protects the good will of a product and prevents consumer confusion. This technically is not a protection of an inherent creative expression of a human being. Therefore, publicity is more analogous to patent and copyright.

227. 3 NIMMER, NIMMER ON COPYRIGHT, § 13.01, at 13-5 (1993).

228. See 35 U.S.C.A. § 271 (West 1993).

229. See CAL. CIV. CODE § 3344 (West 1993).

should be the same rule used in the areas of patent and copyright.

3. The Rule

The general rule for the use of the first sale doctrine in copyright and patent law states that once the intellectual property owner sells or legally transfers his good(s) to a subsequent purchaser, that subsequent purchaser has the right to sell the good(s) without infringing the intellectual property laws associated with it.²³⁰ Hence, the rule for the first sale doctrine in publicity actions should state that once a lawfully created object bearing a celebrity's name or likeness is legally acquired by an individual, this individual may sell the object without violating the celebrity's right of publicity.

Although patent and copyright have exceptions to the use of the first sale doctrine,²³¹ there does not seem to be the need for the same type of exceptions in the area of right of publicity. The exceptions seen in patent and copyright prevent the use of the first sale doctrine, where there are economic ramifications associated with its use. In patent law, the courts created an exception because the use of the first sale doctrine in the area of a foreign patent undermined the entire area of United States patent law.²³² As for copyright, an exception to the use of the doctrine was needed 1) to save an entire segment of the music industry,²³³ and 2) to allow society to obtain necessary information.²³⁴ These types of situations simply do not arise in the area of publicity law.

Allowing the first sale doctrine in publicity cases does not undermine the entire area of publicity law (publicity law still stands as is). It only limits the effect of the right of publicity in terms of distribution. Likewise, the use of the first sale doctrine in the right of publicity will not ruin the entire film or entertainment industry. There will always be celebrities and a film industry. People will not stop becoming famous simply because the first sale doctrine limits their resale publicity rights.²³⁵ Finally, the use of the first sale doctrine will not prevent information from reaching the public. One can hardly compare the exception in copyright for the computer industry, and the essential information obtained from such an in-

230. See *supra* notes 35-38, 15-16 and accompanying text.

231. See *supra* notes 19, 63-80 and accompanying text.

232. See *supra* note 19 and accompanying text.

233. See *supra* notes 65-72 and accompanying text.

234. See *supra* notes 73-80 and accompanying text.

235. See *supra* notes 172-179 and accompanying text.

dustry, with the right of publicity and the information obtained from publicity law. Therefore, there is no need to have an exception to the rule in right of publicity cases.

VI. CONCLUSION

The first sale doctrine is a viable defense in a right of publicity action. Public policy underlying the common law notion against the restraint of alienation dictates that tangible property should be freely bought and sold in order to promote general economic welfare. The first sale doctrine will enable tangible property, bearing the name or likeness of an individual, to be freely alienable after the first authorized sale of the tangible property. This, in turn, will support a policy favoring alienation of property.

Furthermore, the secondary market rationale espoused in trademark law focuses on the need for products to reach the resale market. The first sale doctrine, applied to the right of publicity, will allow objects or creations bearing an individual's name or likeness to reach secondhand dealers and afford them an opportunity to compete and earn a living. Secondary market consumers unable to partake in the primary market will also benefit from the first sale doctrine in publicity cases, as they will be able to purchase goods they would normally be unable to purchase in the primary market.

The just rewards theory of patent and copyright law, which balances the interests of the intellectual property owner against the interests of the public, also supports the use of the first sale doctrine in publicity actions. Once an individual has benefitted from the commercial exploitation of his name or likeness through an authorized first sale, the public's interest in alienation and resale of property should prevail.

Use of the first sale doctrine in publicity actions will not hamper the principles behind the creation of the right of publicity. First, the first sale doctrine will not diminish an individual's incentive to become famous and create. The potential revenue available to a celebrity is large enough to entice an individual to become famous. Second, the first sale doctrine will not unjustly enrich purchasers that resell an object bearing the name or likeness of an individual, since there is no detrimental effect on the individual claiming protection under publicity law. Third, the first sale doctrine will not destroy protection against misleading or false representations. The public still has adequate protection under trademark and false advertising laws.

The first sale doctrine in publicity actions, will, however, promote the free flow and trafficking of goods. This will stimulate the economy and help promote growth in commerce and trade in the United States. Therefore, the first sale doctrine is an important component in the right of publicity for balancing the interests of the individual and the interests of the society as a whole.