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Conflicts of Law: Conflicts Bring Harmony to the Picture when Focusing upon Publicity Rights

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CASENOTES

CONFLICTS OF LAW: CONFLICTS BRING HARMONY TO THE PICTURE WHEN FOCUSING UPON PUBLICITY RIGHTS

Money for nothing, prints for free! When it comes to the right of publicity, British rockers may lose to the tune of big profits.

One threat to musicians' rights in Great Britain is staged in the arena of conflict of laws. Conflict of laws focuses upon which state's or which country's laws should be applied during a legal dispute. In *Bi-Rite Enterprises v. Bruce Miner Co.*,[1] the First Circuit Court of Appeals held that rights relating to commercial exploitation of names or likenesses of British musicians were not governed by the law of Great Britain which did not recognize these "rights of publicity." Rather, the law of the United States, which recognizes the right of publicity, should apply.[2] Furthermore, the court was forced to use a balancing test to arrive at its conclusion because the issue was one of conflict of laws, where rigid rules rarely exist.

FACTS

The plaintiffs in Bi-Rite included Bi-Rite Enterprises, an Illinois corporation, and Artemis Inc., a Connecticut corporation, who both manufactured and distributed novelty merchandise which included posters of British performers.[3] Members of the British rock groups Judas Priest, Iron Maiden and Duran Duran ("the performers") were also plaintiffs in this case. These performers had licensed commercial exploitation of their names and likenesses[4] to Bi-Rite and Artemis through their United States merchandising representative, the Great Southern Co. Inc., a Massachusetts corporation.[5] The defendants, Bruce Miner and the Bruce Miner Co. Inc., a Massachusetts corporation, distributed

1. Bi-Rite Enters. v. Bruce Miner Co., 757 F.2d 440 (1st Cir. 1985).

2. *Id.* at 446.

3. *Id.* at 441. An exclusive license is permission to do a thing (here to distribute posters) and a contract not to give leave to anyone else to do the same thing. BLACK'S LAW DICTIONARY 507 (5th ed. 1979).

4. Here, Bi-Rite and Artemis were given the licenses to exploit the performers commercially through the selling of posters.

5. *Bi-Rite*, 757 F.2d at 441. The Great Southern Co. was not a party to this action.

posters of popular music performers.[6] Neither the defendants nor the European manufacturers from whom they purchased posters held licenses from any of the depicted British performers.[7]

This case arose when Bruce Miner Co. began distributing posters of the performers, claiming that they were made from publicity photographs legally purchased by the European manufacturers.[8] Bi-Rite, Artemis and the performers sued Bruce Miner and the Bruce Miner Co. because the performers had already given Bi-Rite and Artemis the exclusive license to distribute their posters.[9]

The United States District Court for the District of Massachusetts issued a preliminary injunction that prohibited the Bruce Miner Co. from distributing posters depicting any of the performers, individually or in a group, from whom Bi-Rite or Artemis held an exclusive license.[10] The sole issue on appeal was whether the performers' rights of publicity were governed by British law or United States law.[11] The First Circuit affirmed the District Court's ruling that United States law applied.[12]

United States law and British law are diametrically opposed on the issue of whether a right of publicity exists. American jurisdictions recognize the right of well-known individuals to control the commercial exploitation of their names and likenesses.[13] Such an individual has an exclusive right to a type of trade name, one's own, and a kind of trademark in one's likeness that can be capitalized on by selling licenses.[14] Great Britain, however, does not recognize a right of publicity.[15] Thus, the choice between United States and British law was determinative in this case.[16]

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6. *Id.*

7. *Id.*

8. *Id.*

9. *Id.* *See supra* note 3 regarding exclusive licenses.

10. *Id.* at 441-42. The district court opinion was not published.

11. *Id.* at 442.

12. *Id.*

13. *See* Haelon Labs. v. Topps Chewing Gum, 202 F.2d 866, 868 (2d Cir. 1953) (where the court calls this right the "right of publicity"). *See also* PROSSER AND KEATON, THE LAW OF TORTS at 851 (5th ed. 1984) (where this right is recognized under the rubric of the tort of "appropriation" of name or likeness).

14. PROSSER AND KEATON, THE LAW OF TORTS at 854 (5th ed. 1984).

15. *Bi-Rite*, 757 F.2d at 442 (citing Tolley v. Fry, 1 K.B. 467 (1930)).

16. *Id.* The choice is determinative because if United States law applies then the British performers have a right of publicity that will be recognized by the *Bi-Rite* court; however, if British law applies then the performers have no publicity rights to be recognized and subsequently the defendants would win.

A brief look at the evolution of the law of conflicts in the United States is befitting at this point. The rules of the original RESTATEMENT OF CONFLICT OF LAWS were derived from the vested rights doctrine which called for the enforcement everywhere of rights that had been

FIRST CIRCUIT COURT OF APPEALS DECISION

In deciding which law to apply, the First Circuit Court of Appeals first acknowledged that, as a federal court exercising pendent jurisdiction over a state law claim, it must apply the substantive law of the state wherein it sits.[17] Consequently, it must adhere to the forum state's choice of law rules.[18] Thus, the First Circuit applied the choice of law rules of Massachusetts.[19]

The appellate court recognized that Massachusetts' choice of law rules were in transition from the application of a rigid, single-factor analysis associated with the first *Restatement of Conflict of Laws* (1934) to a more flexible multiple-factor analysis espoused by the *Restatement (Sec-*

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lawfully created under the local law of a state. RESTATEMENT (SECOND) OF CONFLICT OF LAWS 412 (2d ed. 1971) [hereinafter cited as RESTATEMENT (SECOND)]. The doctrine provided for the application of the local law of the state in which the last act had occurred that was necessary to bring a legal obligation into existence. *Id.* Thus, in the case of torts, the state of the last act was the state where the injury had occurred. *Id.* Alternatively, in the case of contracts, it was in the state where the contract was made. *Id.* The court in *Bi-Rite* recognized that under this older approach, courts determined which laws governed by categorizing the action (as a tort or contract dispute, for example) and then looking to a single connecting factor (such as place of injury or place of agreement). *Bi-Rite*, 757 F.2d at 442.

This rigid single-factor rule has since changed to a more flexible approach. The vested rights doctrine was inconsistent with the basic statement of method given in § 5, Comment b of the original Restatement: "Sources of Conflict of Laws. Each court derives (its choice of law rules) from the same sources used in determining all its law: from precedent, from analogy, from legal reason and from consideration of ethical and social need." RESTATEMENT (SECOND) 413 (citing RESTATEMENT OF CONFLICT OF LAWS (1st ed. 1934)). It did not make sense to decide that a state's law should govern due to the fortuitous event of an injury occurring there when that state may actually only bear a slight relationship to the injury and the parties. As such, the vested rights approach has been rejected in many of the chapters of the RESTATEMENT (SECOND). *See, e.g.*, RESTATEMENT (SECOND) chs. 7, 8. For example, the rights and liabilities of the parties in tort are governed by the local law of the state which, with respect to the particular issue, has the "most significant relationship" to the occurrence and the parties. *Id.* at 413. Similarly, the applicable law in a contract case is the local law of the state which, with respect to the particular issue, has the "most significant relationship" to the transaction and the parties. *Id.* at §§ 185, 188.

Finally, it is relevant to note that the factors listed in § 6(2) of the RESTATEMENT (SECOND) (explained in the text of this casenote) are considered important principles underlying choice of law rules and they permeate most of the remaining rules in the RESTATEMENT (SECOND). *See, e.g.*, RESTATEMENT (SECOND) §§ 145, 188. With the newer approach, the judges give greater weight to the choice of law policies stated in § 6 than to the demands of a legal theory like that of vested rights. *Id.* at 413. Although the newer approach appears fairer, in that judges will now look to many factors and balance them, this fairness has come with a price tag of uncertainty. As with any balancing test there is less predictability in the result and a possibility that the most determinative factor of the case will now be *who* is doing the balancing.

17. *Bi-Rite*, 757 F.2d at 442 (citing United Mine Workers v. Gibbs, 383 U.S. 715, 726 (1966) and Erie R.R. v. Tompkins, 304 U.S. 64 (1938)).

18. *Bi-Rite*, 757 F.2d at 442 (citing Klaxon v. Stentor Electric Mfg., 313 U.S. 487 (1941)).

19. *Bi-Rite*, 757 F.2d at 442.

ond) of Conflict of Laws (1971) (hereinafter "*Restatement (Second)*").[20] Additionally, the appellate court used precedent to show where the Supreme Judicial Court of Massachusetts first rejected a single-factor test[21] and later in another case amplified its commitment to a more functional analysis.[22] Finally, the First Circuit relied on a previous Massachusetts decision which "made clear that the relevant factors for consideration are those set forth in the *Restatement (Second) of Conflict of Laws* section 6(2)."[23] Thus, the First Circuit concluded that Massachusetts case law regarding choice of law rules more closely followed the *Restatement (Second)* section 6(2), which sets forth the parameters for the analysis to be used in *Bi-Rite*.[24]

The *Restatement (Second)* section 6(2) states:

> When there is no [contrary statutory] directive, the factors relevant to the choice of the applicable rule of law include
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> (a) the needs of the interstate and international systems,
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> (b) the relevant policies of the forum,
>
> (c) the relevant policies of other interested states and the relevant interests of those states in the determination of the particular issue,
>
> (d) the protection of justified expectations,
>
> (e) the basic policies underlying the particular field of law,
>
> (f) certainty, predictability, and uniformity of result, and
>
> (g) ease in the determination and application of the law to be applied.[25]

Before the appellate court applied these factors to the case at hand, it first rejected defendant Bruce Miner's argument that the only factor to be considered was the domicile of the person whose name or likeness was being exploited.[26] The appellate court stated that to focus solely on this

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20. *Id.*

21. *Id.* at 443 (citing Pevoski v. Pevoski, 371 Mass. 358, 358 N.E.2d 416 (1976)).

22. *Bi-Rite*, 757 F.2d at 442-43 (citing Choate, Hall & Stewart v. SCA Servs., 378 Mass. 535, 392 N.E.2d 1045 (1979)).

23. *Bi-Rite*, 757 F.2d at 443 (citing Bushkin Assocs. v. Raytheon Co., 393 Mass. 622, 473 N.E.2d 662 (1985)).

24. *Bi-Rite*, 757 F.2d at 443.

25. *Id.* at 444 (citing RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6(2) (2d ed. 1971)).

26. *Bi-Rite*, 757 F.2d at 443.

single factor would do a disservice to Massachusetts' choice of law rules which call for a "more functional" or multi-factor test.[27] Thus, a court should address the domicile issue only if it implicates interests under the newer approach to choice of law.[28] Having disposed of defendant Bruce Miner's argument, the appellate court proceeded to analyze the facts of the case in relation to the factors listed in the *Restatement (Second)*.

The first factor the appellate court analyzed was "the needs of the international systems"; here, the United States and British systems.[29] The court reasoned that in the popular music industry, trade between these two countries is important and is nurtured by having both countries afford the same commercial rights to foreigners as to nationals.[30] To do otherwise, such as by applying the law of Great Britain to the American merchandising activities of British performers (as defendant Bruce Miner urged), would have extended fewer commercial rights to British performers than to American performers.[31] Such a result would be contrary to the needs of the international system.

Next, the court looked to the second factor which is "the relevant policies of the forum"; here, Massachusetts.[32] The appellate court determined that Massachusetts recognizes a right of publicity.[33] Since none of the plaintiffs were domiciled in Massachusetts, however, the court had to look to the laws of the other jurisdictions involved to discern their policies regarding the right of publicity.[34] Illinois, where plaintiff Bi-Rite was incorporated, Connecticut, where plaintiff Artemis was incorporated, and Georgia, where the performers' merchandising representative was incorporated all recognize the right of publicity and they share the basic policy interest underlying the right.[35]

At this point, the court analyzed the third factor which is "the relevant policies of other interested states and the relative interests of those

27. *Id.*

28. *Id.*

29. *Id.* at 444.

30. *Id.*

31. *Id.* (where the court explained that if British law applied then a British performer could not enter into an exclusive license agreement with an American merchandiser while an American performer could).

32. *Id.*

33. *Id.* (citing Tropeano v. Atlantic Monthly, 379 Mass. 745, 400 N.E.2d 847 (1980)).

34. *Bi-Rite*, 757 F.2d at 444. The court stated that in the interests of comity (where the court in one state will give effect to the laws and judicial decisions of another, not as a matter of obligation, but out of deference and respect) it must look to the other jurisdictions involved.

35. *Id.* (citing Zacchini v. Scripps-Howard Broadcasting, 433 U.S. 562, 576 (1977): "The protection provides an economic incentive for him (the performer) to make the investment required to produce a performance of interest to the public. This same consideration underlies the patent and copyright laws long enforced by this court.")

states in the determination of the particular issue."[36] Recall that Great Britain does not recognize the right of publicity.[37] The appellate court assumed that Great Britain's refusal to recognize this right was a policy choice favoring unrestricted competition in the area of commercial exploitation of names and likenesses.[38] Nevertheless, the court reasoned that to recognize American publicity rights for British performers would not restrict free commerce in Britain.[39] Britain's interest in allowing its citizens unrestricted access to the names and likenesses of performers would not be abrogated by allowing those performers to restrict the merchandising of their names and likenesses in the United States.[40] The court concluded here that the British public would not be harmed by the laws of the United States aggrandizing British performers.[41]

The fourth consideration under the *Restatement (Second)* is "the protection of justified expectations."[42] On the one hand, the American merchandisers justifiably expected that the British performers had the right to license their publicity rights.[43] On the other hand, Bruce Miner Co. essentially argued that it had a justified expectation that it could legally distribute its posters because the underlying photographs were publicity shots which photographers had previously sold to European poster manufacturers.[44] According to Bruce Miner Co., the photographs for

36. *Bi-Rite*, 757 F.2d at 444-45.

37. Tolley v. Fry, 1 K.B. 467 (1930).

38. *Bi-Rite*, 757 F.2d at 445. The court stated that "[i]n the area of publicity rights, as in the areas of trademark, patent, and copyright, the law must balance the competing goals, on the one hand, of facilitating public access to valuable images, inventions, and ideas and, on the other, rewarding individual effort." *Cf.* Fashion Orig'ors Guild of America v. Fed. Trade Comm'n, 312 U.S. 457 (1941) (fashion designs defined as an area in American law where the public interest is thought to be best served by allowing unrestricted competitive commerce in images and information).

39. *Bi-Rite*, 757 F.2d at 445.

40. *Id.*

41. *Id.* One might question, for future application of the rule in this case, what the court would have done had it concluded that the British would be harmed by the laws of the United States aggrandizing British performers—what would the court have concluded if the United States law and the British law could not co-exist as they can here? Guidance for the court regarding this fourth factor under the RESTATEMENT (SECOND) can be found under § 6(2) comment f, where it states "[t]he forum should seek to reach a result that will achieve the best possible accommodation of these (the other interested states) policies. The forum should also appraise the relative interests of the states involved in the determination of the particular issue." RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6(2) comment f (2d ed. 1971). Although this comment does not squarely address the question of what to do when the interested states laws cannot co-exist, the comment does imply that in all situations it is up to the court to achieve the best results possible for all those involved.

42. *Bi-Rite*, 757 F.2d at 444.

43. *Id.* at 445.

44. *Id.*

the posters were taken "at unrestricted photosessions" conducted without any discussion of the limitations on the subsequent use of the photos.[45] The performers had posed at these sessions with the understanding that the photographers could do whatever they wished with the pictures.

The First Circuit, however, did not agree with Bruce Miner Co. The company's argument was too broad. The court conceded that British performers who participated in unrestricted photosessions should have known that under British law they had no rights of publicity.[46] Nevertheless, this did not mean that these performers intended to convey their American publicity rights to the photographers. The British law applies to uses in Great Britain and not to uses in other countries.[47]

At this juncture, without explicit consideration of the remaining *Restatement (Second)* factors, the appellate court made the blanket conclusion that "[i]n the case at bar, the law of the United States governs."[48] The court further held that it has been long established in the United States that " '[b]y authorizing photographs, a performer does not, without more, license their commercial exploitation'."[49] Thus, the court concluded, the consequences of posing for photographs in Great Britain did not mean that these same consequences occur with respect to the performers' American publicity rights.[50]

The last step in the court's analysis, after it concluded that United States law applied, was to put the final factors of the *Restatement (Second)* together and briefly consider them.[51] Certainty, predictability, and uniformity of result and ease in the determination and application of the law to be applied, were all weighed in favor of the application of American law.[52] The court reasoned that basing publicity rights on the nationality of the performer was confusing, anomalous, unworkable and would create uncertainty for foreign performers.[53] Therefore, the appellate

45. *Id.*

46. *Id.* at 445-46.

47. *Id.* at 446. Also note that in this case all of the photographs were taken in Great Britain so no other country came into the picture. If the photographs were taken in another country, for example in Ireland, then that country's laws regarding publicity rights and unrestricted versus restricted photosessions would also have to be taken into account by the court.

48. *Id.*

49. *Id.* at 446 (citing Ali v. Playgirl, 447 F. Supp. 723, 727 (S.D.N.Y. 1978)).

50. *Bi-Rite*, 757 F.2d at 446.

51. *Id.* Note that the consideration of the final factors of the RESTATEMENT (SECOND) came in the last paragraph of the court's analysis, almost as an afterthought.

52. *Bi-Rite*, 757 F.2d at 446.

53. *Id.*

court affirmed the district court's holding that the laws of the American jurisdictions should apply to this case.

ANALYSIS

A cursory view of the case suggests that the decision is advantageous to the entertainment industry because the law of the United States was applied to protect performers' rights of publicity. This case, however, is not as advantageous to the industry as one might have hoped. This is because the case was based on a balancing and weighing of different policies and interests and no guarantee exists that a future court will view the same interests in the same way. Furthermore, each state has its own choice of law rules that dictate which jurisdictions' laws to apply, what policies and interests should be weighed and how that weighing is to be done.[54]

By analyzing the court's reasoning, it is arguable that the court exaggerated the clarity of the Massachusetts choice of law rules in an attempt to grapple with the confusing area of conflict of laws. Massachusetts' choice of law rules have changed from applying a single-factor test to a multiple-factor test;[55] however, the Massachusetts choice of law rules dictate no one exact multiple-factor test.

The appellate court cited earlier case law which supposedly "made clear that the relevant factors for consideration are those set forth in the *Restatement (Second) of Conflict of Laws* section 6(2)."[56] This arguably misstates that earlier decision.[57] The issue in the previous case was also

54. In the end it depends on which state's choice of law rules are being applied. One suggestion on how to avoid the area of conflict of laws is for the United States lawyer contracting with foreign performers to incorporate a provision in the contract stating that the client and the other party have agreed that American law (and more specifically which state's law) will apply in any litigation arising out of or relating to the contract. If a provision like this is spelled out in the contract it is much more likely that a court will apply the state's law that the parties agreed to. *See, e.g.*, RESTATEMENT (SECOND) § 187 (the state chosen by the parties to govern the litigation will be applied).

55. *Bi-Rite*, 757 F.2d at 442.

56. *Id.* at 443 (citing Bushkin Assocs. v. Raytheon Co., 393 Mass. 622, 473 N.E.2d 662 (1985)).

57. *See, e.g.*, Travenol Labs. v. Zotal, 394 Mass. 95, 474 N.E.2d 1070 (D. Mass. 1985) (where the court stated "[i]n our recent decision in *Bushkin* . . ., we adopted the general principles advanced in the RESTATEMENT (SECOND) OF CONFLICT OF LAWS (1971), *with respect to the resolution of conflicts problems involving contracts*") (emphasis added). *Cf.* Flotech, Inc. & Fluoramics, Inc. v. E.I. Du Pont De Nemours Co., 627 F. Supp. 358, 362 (D. Mass. 1985) (court cited to *Bushkin* and used the factors set out in the RESTATEMENT (SECOND) § 6(2) when it resolved a conflict of laws issue involving a complaint for product defamation, product disparagement, unfair trade practices and deceptive trade practices). In *Bi-Rite* the issue centers around rights of publicity and not contract rights per se.

one of conflicts and whether Massachusetts' or New York's statute of frauds should be applied in an action involving an alleged oral contract between plaintiff and defendant.[58] In deciding the issue the court stated, "[o]ne obvious source of guidance is the Restatement (Second),"[59] and they emphasized the factors in section 6(2). That court acknowledged, however, that they felt free to borrow from any of the various lists of factors that were relevant to their case.[60] In the particular case at bench the court decided that those factors in section 6(2) of the *Restatement (Second)* were relevant, but the court did not state that those factors would be relevant in every case. The *Bi-Rite* court exaggerated the previous case's holding by stating emphatically that it made clear that the relevant factors to consider were those in section 6(2).

Furthermore, though the court in *Bi-Rite* stated that the "better decision" is obvious,[61] this is not so easily seen. The court makes a blanket conclusion that a rule basing publicity rights on the performer's nationality would give rise to unnecessary confusion, be unworkable and create tremendous uncertainty.[62] The court, however, does not state its support or reasoning for this conclusion (apparently because it was so obvious).

Upon careful consideration of the inherent problems with a rule basing publicity rights on the performer's nationality, the court's conclusion to reject the rule appears meritorious. Such a rule would place the court in the unenviable position of defining a performer's nationality. Is it where the performer is born, or domiciled or something else? Similarly, what would the court do with a group whose members were born in or lived in different countries? Needless to say, the *Bi-Rite* court decided that a rule basing publicity rights on the performer's nationality should be avoided. Finally, equity dictates that foreign performers have the advantage of American law when dealing with or granting licenses to American producers and merchandisers.

Obviously, American lawyers will favor the *Bi-Rite* decision because it applied the United States law. They must be cautious, however, because when it comes to the rights of publicity, and more specifically, photographic rights, the picture remains unclear. Later courts might not tip

58. *Bushkin,* 393 Mass. at 625, 473 N.E.2d at 664.
59. *Id.* at 669.
60. *Id.* at 670.
61. *Bi-Rite,* 757 F.2d at 446.
62. *Id.*

the scales in favor of American producers and their exclusive licensors. The next court just might leave foreign rockers singing the blues!

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