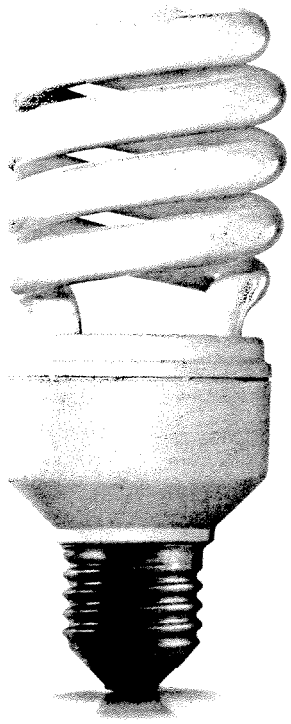
new matter

Official Publication of the Intellectual Property Law Section of the State Bar of California

volume 35, number 1



Ninth Circuit Report

NEIL A. SMITH
Sheppard Mullin Richter & Hampton LLP

CALIFORNIA LAW ALLOWS A CELEBRITY, PARIS HILTON, TO SUE A GREETING CARD COMPANY, HALLMARK, FOR USING HER IMAGE AND CATCH-PHRASE IN A BIRTHDAY CARD

PARIS HILTON V. HALLMARK CARDS, 580 F.3D 874 (9TH CIR. 2009).

THIS CASE PRESENTS an excellent discussion of the standards for the application of California's anti-SLAPP statute in a case for misappropriation of publicity, image, or likeness.

Paris Hilton, an often controversial celebrity, brought a suit in the Central District of California against Hallmark Cards for misappropriation of her right of publicity under California common law, false designation of origin under the Lanham Act, and federal trademark infringement.

Among other things, Hilton is famous for starring in a reality show, "The Simple Life," which places her, a wealthy heiress, in simple life episodes, sometimes as a working person. In one episode, Hilton was employed as a waitress in a fast food joint, where she uses the phrase, "That's hot," which she has registered as a federal trademark.

Hallmark sells a birthday card, which is the subject matter of this suit:

> The front cover of the card contains a picture above a caption that reads, "Paris's First Day as a Waitress." The picture depicts a cartoon waitress, complete with apron, serving a plate of food to a restaurant patron. An oversized photograph of Hilton's head is superimposed on the cartoon waitress's body. Hilton says to the customer, "Don't touch that, it's hot." The customer asks, "What's hot?" Hilton replies, "That's hot." The inside of the card reads, "Have a smokin' hot birthday."[1]

Hallmark moved to strike Hilton's right of publicity claim under California's anti-SLAPP statute. The so-called anti-SLAPP, or "strategic lawsuit against public participation" statutes are designed to bar meritless lawsuits filed merely to chill someone from exercising his or her First Amendment rights on a matter of public interest. C.C.P. § 425. Although Hilton did not appeal it, the district court granted the motion to dismiss the trademark infringement claim based upon the phrase "That's hot." The district court denied the remaining portions of the motions to dismiss and denied the special motion to strike the anti-SLAPP claim.

The court found jurisdiction to review the denial of Hallmark's anti-SLAPP motion under the "collateral order" doctrine since, in the interest of achieving a healthy legal system, it needed to be treated as final to allow it to be appealed. As to the denial of the motion to dismiss the Lanham Act claim, the court found that because the anti-SLAPP statute did not apply to federal law, there was no properly appealable order with which the Lanham Act claim could be found to be "inextricably intertwined" so as to support jurisdiction. As to the denial of the portion of Hallmark's motion to dismiss pertaining to misappropriation of Paris Hilton's right of publicity claim, the court found it not to be inextricably intertwined with the anti-SLAPP motion, because it did not rise or fall with it.

California's Anti-SLAPP Statute

California's Anti-SLAPP Statute is designed to discourage strategic lawsuits against public participation "masquerading as ordinary lawsuits which are brought to deter common citizens from exercising their political or legal rights, or to punish them for doing so." In passing such statute, the California legislature found there to be "a disturbing increase in lawsuits brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for redress of grievances."[2] The anti-SLAPP statute C.C.P. § 425.16(b)(1) provides:

> [a] cause of action against a person arising from any act of that person in furtherance of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue shall be subject to a special motion to strike, unless the court determines that the plaintiff has established that there is a probability that the plaintiff will prevail on the claim.

The relevant category of communication here is whether the conduct is "in furtherance of the exercise of the constitutional right of petition or the constitutional right of

free speech in connection with a public issue or an issue of public interest."[3]

Application of Anti-SLAPP to the Paris Hilton Case

California courts evaluated defendant's anti-SLAPP motion in two steps. First, the defendant moving to strike must make "a threshold showing...that the act or acts of which the plaintiff complains were taken 'in furtherance of the [defendant's] right of petition or free speech under the United States or California Constitution in connection with a public issue.'"

Secondly, "[i]f the court finds that such a showing has been made, it must then determine whether the plaintiff has demonstrated a probability of prevailing on the claim."[4]

Under the first showing, the Court noted that the activity the plaintiff is challenging must have been conducted "in furtherance of the exercise of free speech rights, including conduct that furthers such rights." This would establish that the acts are constitutionally protected under the First Amendment. The court found that it sufficed here under the law that the defendant's activity be communicative. Here, the court found that the Hallmark card thus qualifies as speech, and conduct in furtherance of the exercise of free speech rights.

Next, Hallmark must show that the sale of its card was in connection with a public issue or an issue of public interest. Hilton denies that it is such, and argues that it is merely a private dispute over who profits from her image as a waitress in her reality show. Looking to the California law, as it must, the court first noted that this issue does not depend upon what cause of action the plaintiff has brought, because SLAPP can apply to ordinary commercial causes of action like breaches of contract or misappropriation of publicity rights.

The court also noted that California has declined to hold that the anti-SLAPP statute does not apply to events that transpire between private individuals, nor that the activity of the defendant has to involve questions of civic concern, social, or even low-brow topics of interest. The preamble of the SLAPP statute declares it to be in the public interest to encourage continued participation in matters of public significance, which include matters either important or of consequence.

The California Court of Appeals has given examples of categories of public issues: (1) statements "concern[ing] a person or entity in the public eye;" (2) "conduct that could directly affect a large number of people beyond the direct participants;" (3) "or a topic of widespread, public interest." Another California district characterized a matter of public interest more as "something of concern to a substantial number of people, with some degree of closeness between the challenged statement and the asserted public interest, and the focus of the speaker's conduct should be the public interest, and finally that a person can not turn otherwise private information into a matter of public interest, simply by communicating it to a large number of people."[5]

The Ninth Circuit concluded that various California court decisions defining an issue of interest to the public support the conclusion that Hallmark's birthday card is such. The court rejected the arguments that: (1) the fact that the card is a commercial product; and (2) Hilton's lawsuit is a dispute over who can profit from her image, do not defeat Hallmark's ability to make its threshold showing. The court thus concluded that under this requirement, Hallmark had shown that Hilton's suit arises from "conduct in furtherance of the existence of the constitutional right of...free speech in connection with a public issue or an issue of public interest."[6]

Next, the court needed to look at the merits of the claim to see if the plaintiff's claims state and substantiate a legally sufficient claim. The standard here is not a high one, but does require a look to see if the claim lacks even minimal merit.

Misappropriation of Right of Publicity and Transformative Use

The elements of the claim of misappropriation of right of publicity under California law are: (1) the defendant's use of the plaintiff's identity; (2) the appropriation of plaintiff's name or likeness to defendant's advantage, commercially or otherwise; (3) lack of consent; and (4) resulting injury. Hallmark did not dispute that Hilton could meet these elements, but instead claimed lack of meritorious claims under two affirmative defenses available to it under California law, the "transformative use defense" and the "public interest defense."[7]

Borrowing from copyright law, under California law where an artist is faced with a right of publicity challenge, an affirmative defense may be raised that the work is protected by the First Amendment, because:

> "it contains significant transformative elements or that the value of the work does not derive primarily from the celebrity's fame." [citing] *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 810 (Cal. 2001).[8]

In determining whether a use is transformative in the case of a celebrity likeness, the courts will ask "whether a product containing a celebrity's likeness is so transformed that it has become primarily the defendant's own expression rather than the celebrity's likeness."[9]

As in copyright, the potential reach of the transformative use defense is broad, not confined to parody, and not determined by whether the work is high-brow or low-brow, vulgar or complimentary, or even whether Hallmark sought to profit from the card or how it is marketed; the only question is whether the card is transformative. The Ninth Circuit concluded that while Hallmark may raise the transformative use defense, it was

not of sufficient determinative nature to preclude Paris Hilton from showing the "minimum merit" needed to defeat Hallmark's motion to strike. The question was one of fact, not of law, and Hallmark could not establish that no trier of fact could reasonably conclude that the card was not transformative.

Looking at two California cases as bookends on the spectrum of determining whether a use is transformative, the court concluded that Paris Hilton at least had some probability of prevailing on the merits by showing that the use is not transformative. In the Three Stooges case,[10] the California Supreme Court held that literal conventional depictions of the Three Stooges done in charcoal on t-shirts make "no significant transformative or creative contribution." However, in *Winter v. DC Comics*,[11] the Supreme Court held that the publisher of a comic book could obtain summary judgment where the cover of the comic book showed the plaintiff, two musicians, "distorted for purposes of lampoon, parody, or caricature" and drawn as "half-human and half-worm [characters] in a larger story." The Ninth Circuit noted that as long as Hallmark's card was not sufficiently different from the plaintiff, in the same category as the comic book in *Winter*, the anti-SLAPP motion to strike must be denied, since Hilton had shown some probability of success because a trier of fact might reasonably consider the card to be not transformative.

The Ninth Circuit also distinguished *Hoffman v. Capital Cities/ABC, Inc.*,[12] where Dustin Hoffman sued over a magazine cover which featured a digitally altered version of a famous image of him, dressed in drag from the movie, "Tootsie," with Hoffman's body substituted for that of a male model and the original dress substituted for a dress in fashion at the time. There, the court mentioned the "transformative use defense," and that the publication had contained significant transformative elements. However, while Hoffman rested his case on the allegation that the magazine cover was a true or literal depiction of him, Hilton asserted that the card's depiction copies too closely a scene that she made famous on her television show, and that the composite here resembled Hilton's previous work.

The court did not hold that Hilton is entitled to judgment as a matter of law, but merely that she has at least some probability of prevailing on the merits, particularly in showing that the work is not transformative.

These are very difficult cases, and future cases will no doubt compare the Three Stooges, the Winter musicians, Dustin Hoffman, and now, Paris Hilton, cases, in assessing the transformative nature of a use of a plaintiff's likeness.

Hallmark's last defense was the "public interest defense," which rests upon the right of the public to know and the freedom of the press to tell it. This defense was applied successfully by the newspaper in *Montana v. San Jose Mercury News*,[13] where the image of Joe Montana was used, and explicitly linked to the public interest, *i.e.*, newsworthy items. However, Hallmark's birthday card could not be found to publish or report matters in the public interest. As much as Paris Hilton has made herself a newsworthy public figure, a birthday card is not a publication which will entitle Hallmark to the public interest defense.

* * *

This is an important case showing the intersection of California's anti-SLAPP law, and right of publicity claims, and the transformative use defenses in intellectual property law.

Endnotes

1. 580 F.3d 874, 879 (9th Cir. 2009).
2. *Id.* at 882.
3. *Id.* at 883.
4. *Id.* at 884.
5. *Id.* at 886–87.
6. Cal. C.C.P. § 425.
7. Hallmark did not dispute that Hilton could meet these elements, but instead claimed lack of meritorious claims under two affirmative defenses, available to it under California law, the "transformative use defense" and the "public interest defense." *Id.* at 889.
8. *Id.* The *Comedy III v. Saderup* case involved the Three Stooges.
9. *Id.*, citing *Comedy III v. Saderup.*
10. *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 810 (Cal. 2001).
11. *Winter v. DC Comics*, 69 P.3d 473, 475 (Cal. 2003).
12. *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180 (9th Cir. 2001).
13. *Montana v. San Jose Mercury News*, 40 Cal.Rptr.2d 639, 640 (Ct. App. 1995).