



A ROYAL SHELLACKING: DI AND THE FRANKLIN MINT SAG/AFTRA AND THE INTERNET

By: Jim Astrachan

[This month's column covers two subjects: A monster award of attorneys' fees against the estate of Princess Diana due to its failed suit for false advertising and violation of the Princess' right of publicity. Also discussed is a new SAG and AFTRA Union pronouncement that affects how agencies can use commercials they create on their own web sites.]

Diana Princess of Wales

Last month the Ninth Circuit Court of Appeals affirmed an award of \$2,308,000 in attorneys' fees to the Franklin Mint in a right of publicity case involving the late Diana Princes of Wales, although the Mint ended up eating over \$1 million in fees that the court would not award. Wow! Crushed under this award of massive fees were such notable plaintiffs as the Bishop of London and Lord Simon Cairne, executors of the estate.

For years the Franklin Mint has been producing plates, jewelry and doll tchotchkses bearing Di's likeness. Before her death Diana had neither approved nor objected to the Mint's endeavors. After her death, however, her executors saw this as a means of revenue for the Princess of Wales Memorial Fund and sued

Franklin Mint in California, claiming a violation of the California right of publicity statute.

The right of publicity allows every person to control the commercial use of his or her persona, and a violation of this right, normally occurring in advertising, creates liability. In the past, holders of Martin Luther King's and Elvis' rights have stopped sale of plastic statuettes of their likenesses. Thirteen states have laws allowing descendability of this right and four states recognize a common law right. The trend is for these post-mortem rights to be recognized. Occasionally, a state has enacted legislation to fix a bad judicial decision regarding these rights. This right is treated as personal property and is inheritable. In California, the right survives death by 75 years.

Di's executors sued the Franklin Mint in California under the California Post-Mortem statute because of sales made in California. The Estate thought it was on firm legal ground, but it was ever so wrong. The right of publicity is personal property so the laws of the property's situs are applied to determine rights. A rather basic premise that the Estate did not bother to examine before filing suit.

Di's estate was situate in England, and it claimed to own Di's right of publicity. Problem is that England does not recognize a post-mortem right of publicity. And as a result, the Estate owned no property right violated by the Franklin Mint's activities because Di's death ended her right of publicity.

Although English law was used to decide whether a cause of action existed, California law was applied to determine whether the defendant was entitled to recover attorneys' fees. As it turns out, California's Post-Mortem statute requires an award of attorneys fees to a prevailing party in a case brought under California law.

The court also awarded Franklin Mint legal fees incurred to defend the Lanham Act claims brought by the plaintiffs. Apparently, the court thought that the Estate's false advertising claim was spurious, since the claims were true. The court also found that using the late Princess' name to describe the products was a fair use and not an endorsement.

Franklin Mint's request for more than \$3 million in fees was pared back to a bit over \$2 million, ignoring the traditional method of multiplying the number of hours reasonably spent by a reasonable hourly rate. Instead, the court apportioned the fees incurred over the various claims brought by the Estate. But what the heck; these were fees incurred only through summary judgment motions. I wonder who broke the news to Lord Cairne.

SAG/AFTRA

When an agency or advertiser uses union talent in a media not contracted for, the talent is entitled to additional payment for the new media. What happens when an agency uses an ad it produced for a client to promote itself? Our friends

at the SAG and AFTRA Unions have provided the advertising industry with some recent guidance for use of commercials on the internet.

In the old days, an agency would simply add commercials it produced for its clients to its reel and send the reel to prospective clients. With reel in hand, or in the VCR, prospects could judge the agency's capabilities. Reels are passé, and today, agencies take these commercials and add them to their websites for access by potential clients. SAG and AFTRA warn this can cause serious and costly problems for the agency unless the agency complies with the unions' "rules."

SAG and AFTRA had required an agency that wanted to place representative commercials on its website to provide an authorization code to any prospect who wanted to access the site. If the agency posted the ad without an authorization code, it was required to pay the union talent for use of the ad on the internet. This just did not work.

Recently, SAG and AFTRA eased this requirement. But in order to avoid having to pay the talent for internet use, the agency must assure that the commercial is posted in a "view only" form, meaning it can't be copied or e-mailed.

And agencies bound by SAG and AFTRA contracts must also assure that their clients do not place these ads on their web sites, for it will be the agency who is liable.

James B. Astrachan is a principal at the Baltimore firm of Astrachan Gunst & Thomas, P.C. Jim is former Chair of the Maryland Bar Association IP Committee and can be reached through www.agtlawyers.com.