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NFTS; NIL; NFA: UNDERSTANDING THE RIGHT TO PUBLICITY ASSOCIATED WITH DIGITAL ASSETS

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INTRODUCTION

Non-fungible tokens ("NFTs") function as a digital asset that can uniquely represent and authenticate particular items through blockchain technology, such as digital art or other collectibles. Digital property rights associated with NFTs are currently being refined and tested, and the use cases for this growing asset class may largely depend on how the application of related property rights, such as existing intellectual property law, is applied to this developing industry. Copyright, trademark, patent, and trade secret laws have been codified by federal laws and regulations in the United States and will all have differing applications with respect to NFTs.[1]

A related cousin to these areas of law is right of publicity, which will also intersects with NFTs, though has not secured a similarly codified position in federal law, is the right of publicity. The right of a person to control the commercial exploitation of their name, image, and likeness or other aspects their identity ("NIL") is governed by a patchwork of state statutory and common law. This article provides basic background on the law, common defenses, how this interplays with its trademark and copyright law cousins, and its application to NFTs.

I. BRIEF LEGAL HISTORY OF RIGHT OF PUBLICITY LAW

The "right of publicity," is defined as the right of an individual—usually but not necessarily, a famous person or celebrity—to control the commercial use of their name, likeness, or other personal identifying characteristics, or "persona."[2] *Haelan Labs., Inc. v. Topps Chewing Gum, Inc*., was one of the earliest[3] major cases to rule on the right to publicity.[4] The court found that that professional baseball players had granted something of value through an exclusive license to use their names and likenesses on trading cards.[5] More specifically, a person "has a right in the publicity value of his photograph, i.e., the right to grant the exclusive privilege of publishing his picture . . . this right might be called a 'right of publicity.'"[6]

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[1] The overarching statutes governing these areas of law are: copyright law (17 U.S.C. §§ 101-1401), patent law (35 U.S.C. §§ 1-42 *et seq*), trademark law (15 U.S.C. §§ 1051-1141) and most recently trade secret law (18 U.S. Code § 1832).

[2] *E.g.*, Zacchini v. Scripps-Howard Broad. Co., 433 U.S. 562, 569 (1977).

[3] *See also* Pavesich v. New England Life Ins. Co., 50 S.E. 68 (Ga. 1905) (potentially the first case to find common law right of publicity in the United States).

[4] 202 F.2d 866, 867 (2d Cir. 1953).

[5] *Id*.

[6] *Id*. This foundational decision and other similar decisions to follow framed the Major League Baseball Players Association's group licensing program. *See* J. Gordon Hylton, *Baseball Cards*

Following the *Haelan Labs* decision, the right of publicity was later recognized as an aspect of a person's privacy rights in the Restatement (Second) of Torts.[7] Subsequently, many states have distinguished between a right to publicity and a right to privacy.[8] As of the writing of this article, twenty-six (26) states have statutes codifying the right of publicity, and thirty-eight (38) have recognized the right under the common law. The right is generally enforceable by injunction and can carry penalties monetary damages, disgorgement of the infringer's profits, and punitive damages for willful violations.[9] Some states also assign property rights to the right of publicity, making the right generally transferable or assignable.[10]

A. Common Elements of Right of Publicity

While case law differs depending on the applicable jurisdiction, the general elements for a right of publicity claim include: (1) the use of another person's NIL; (2) for commercial purposes, such as advertising purposes or selling products or services; and (3) without the NIL right owner's consent or approval. There may also be a fourth element of damages, which differs depending on if actual, statutory, or nominal damages are permitted in the applicable jurisdiction.

Most cases focus primarily on the first two elements. The first element concerning the use of another person's NIL is satisfied when an individual's identity is used in a way that is likely to be recognized by the public as belonging to that particular individual. For example, in *Zacchini v. Scripps-Howard Broad. Co.*,[11] the main issue was if the performance of a "human cannonball act" was covered by his right to publicity. Other notable cases have centered on if a person's voice and its distinctive in pitch, accent, inflection, and sounds are a person's NIL.[12]

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and the Birth of the Right of Publicity: The Curious Case of Haelan Laboratories v. Topps Chewing Gum, 12 MARQ. SPORTS L. REV. 273 (2001).

[7] "One who appropriates to his own use or benefit the name or likeness of another is subject to liability to the other for invasion of his privacy." Restatement (Second) of Torts § 652C (1977).

[8] Right to privacy is generally considered to be seminally derived from Samuel D. Warren & Louis D. Brandeis, The Right to Privacy, 4 HARV. L. REV. 193 (1890); *see Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 150 (3d Cir. 2013) ("The right of publicity grew out of the right to privacy torts. . . .").

[9] *See* J. T. McCarthy, *The Rights of Publicity and Privacy* (2d ed. 2006). Some states allow for criminal misdemeanor penalties, such as unauthorized commercial use in connection with deceased soldiers (Ariz. Rev. Stat. Ann. § 13-3726(A)) or unauthorized use of a living person's name, portrait, or picture (N.Y. Civ. Rights Law § 50).

[10] *See* J. T. MCCARTHY, THE RIGHTS OF PUBLICITY AND PRIVACY (2d ed. 2006).

[11] *Zacchini*., 433 U.S. at 562.

[12] *See* Midler v. Ford Motor Co., 849 F.2d 460 (9th Cir. 1988) (holding that the use of voice actors paid to sound like Bette Midler was an actionable claim under California law); Tom Waits v. Frito-

Case law has held that other distinctive features of individuals can support a right of publicity infringement claim.[13] One such case, *O'Bannon v. NCAA*,[14] regarded whether the unauthorized use of a college player's general appearance in a video game was sufficient for an actionable right to publicity claim. While the college player's name was not used in that game, the respective team for which he played for at the time had a player in the game wearing his number with physical characteristics that closely resembled that actual college player.[15] The Court affirmed that while the individual's name was not included on the jersey, enough of the individual's distinctive characteristics were used for an actionable claim.[16]

As to the second element with regards to commercial purposes, even an incidental commercial use could be sufficient to state a claim. An example in the Ninth Circuit case *Abdul-Jabbar v. General Motors Corp*.,[17] sheds light on this element. The defendant, an automotive manufacturer, had an advertisement play during college athletics broadcasts that asked, "Who holds the record for being voted the most outstanding player of this tournament?" and answered, "Lew Alcindor, UCLA, '67, '68, '69." This was found to have sufficient commercial purpose under California's right of publicity law for Kareem Abdul-Jabbar—birth name Lew Alcindor—to state a claim.[18] While the name was merely an answer to trivia and was not included to imply an endorsement of the defendant's products by Kareem Abdul-Jabbar, the Court rejected the defendant's nominative fair use defense, because "[t]o the extent [defendant]'s use of the plaintiff's birth name attracted television viewers' attention, [defendant] gained a commercial advantage."[19]

Lay, Inc. 978 F.2d 1093 (9th Cir. 1992) (holding that the use of voice actors paid to sound like Tom Waits was an actionable claim under California law).

[13] *See* Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831, 837 (6th Cir. 1983) (holding distributor's use of the phrase "Here's Johnny" actionable under Michigan common law); Ali v. Playgirl, Inc., 447 F.Supp. 723, 728 (S.D.N.Y.1978) (holding magazine's publication of drawing of nude black man labelled "the greatest" entitled plaintiff to preliminary injunctive relief for violations of New York statutory and common law right of publicity); Motschenbacher v. R.J. Reynolds Tobacco Co., 498 F.2d 821, 827 (9th Cir. 1974) (use of famous race car driver's well-known race ear in televised cigarette ad sufficed to constitute an appropriation of his identity).

[14] 802 F.3d 1049 (9th Cir. 2015).

[15] *Id*.

[16] *Id*.; *see also* White v. Samsun Electronics America, Inc., 971 F.2d 1395, 1398 (9th Cir. 1992) (finding the use of defendant Samsung's robot in commercial constituted use of plaintiff Vanna White of Wheel of Fortune's identity in the form of her appearance, mannerisms, and vocal imitation).

[17] 75 F.3d 1391 (9th Cir. 1996).

[18] *Id*.

[19] *Id*. at 1400.

The applicability of the incidental use doctrine is determined by the role that the use plays with respect to the entire publication.[20] A number of factors are relevant in this regard: (1) whether the use has a unique quality or value that would result in commercial profit to the defendant; (2) whether the use contributes something of significance; (3) the relationship between the reference to the plaintiff and the purpose and subject of the work; and (4) the duration, prominence or repetition of the name or likeness relative to the rest of the publication.[21]

In addition to these three key elements that commonly form right of publicity law, there are generally three key distinctions in state law, which can include duration, such as the recognition of a post-mortem right of publicity, and scope, such as application to when these rights can be exercised.[22]

B. Defenses to Right of Publicity Claims

Common defenses against right of publicity claims include preemption of federal trademark or copyright law, the First Amendment, and Communications Decency Act, Section 230.

1. Preemption

Despite the patchwork of common law and state statutes regarding right of publicity, defendants commonly rely on the doctrine of preemption to defend against such claims.[23] Such preemption controls when state laws conflict with the purpose of federal laws or the Constitution. While this can be found under implied

[20] *See* Ladany v. William Morrow & Co., 465 F. Supp. 870, 882 (S.D.N.Y. 1978).
[21] *See* Aligo v. Time-Life Books, Inc., No. C 94-20707 JW, 1994 WL 715605, *2 (N.D. Cal. Dec. 19, 1994).
[22] *See generally* Jennifer E. Rothman, *Rothman's Roadmap to the Right of Publicity*, U. OF PENN. https://rightofpublicityroadmap.com/ (last visited, Apr. 25, 2023) (including state by state distinctions in right of publicity laws).
[23] *See, e.g.,* Notorious B.I.G. LLC v. Yes. Snowboards, Case No. LA CV19-01946, 2022 WL 2784808, at *6 (June 3, 2022) (holding that state law claims regarding use of famous rapper's photographs in NFT sales was preempted by federal copyright law); *but see* Jennifer E. Rothman, *Navigating the Identity Thicket: Trademark's Lost Theory of Personality, the Right of Publicity, and Preemption*, 135 HARV. L. REV. 1271 (Mar. 2022) (discussing the lack of attention paid to trademark preemption in right of publicity cases compared to copyright preemption) [hereinafter *Navigating the Identity Ticket*].

preemption[24] by the Supremacy Clause of the U.S. Constitution[25] to resolve conflicts in state and federal law, express statutory preemption under Section 301 of the Copyright Act can also come into play.[26] More specifically, the right of publicity can interfere with the Copyright Act's policy of "encouraging the dissemination of existing and future works."[27] Similarly, this interference can extend to objectives under federal trademark and unfair competition law.[28]

Nonetheless, though underlying facts in a dispute may yield claims under trademark or copyright law, that is not necessarily exclusive of right of publicity law. For example, right of publicity law is separate and distinct from a false endorsement claim under Section 43 of the Lanham Act.[29] Federal trademark law "expressly prohibits, *inter alia*, the use of any symbol or device which is likely to deceive consumers as to the association, sponsorship, or approval of goods or services by another person."[30] An example of the difference is astutely stated by the Tenth Circuit in *Cardtoons, L.C. v. Major League Baseball Players Ass'n.*:

> Suppose, for example, that a company, Mitchell Fruit, wanted to use pop singer Madonna in an advertising campaign to sell bananas, but Madonna never ate its fruit and would not agree to endorse its products. If Mitchell Fruit posted a billboard featuring a picture of Madonna and the phrase, "Madonna may have ten platinum albums, but she's never had a Mitchell banana," Madonna would not have a claim for false endorsement. She would, however, have a publicity rights claim, because Mitchell Fruit misappropriated her name and likeness for commercial purposes. Publicity rights, then, are a form

[24] Implied preemption rules in two circumstances: (1) when the state law "regulates conduct in a field that Congress intended the Federal Government to occupy exclusively," ("field preemption") and (2) when the state law "actually conflicts with federal law," ("conflict preemption"). English v. Gen. Elec. Co., 496 U.S. 72, 79 (1990); *see also* Jackson v. Roberts, n.4 (2d Cir. 2019) (applying "implied preemption" to refer to the non-statutory aspect of the Copyright Act preemption).

[25] U.S. CONST. ART. VI., § 2.

[26] 1 NIMMER ON COPYRIGHT § 1.17[B][3][a] (noting that the "conflict between the right of publicity and copyright . . . [is] rooted more in conflict preemption and the Supremacy Clause . . . than in express preemption and Section 301."); see Jennifer E. Rothman, *Copyright Preemption and the Right of Publicity*, 36 U.C. DAVIS L. REV. 199, 208 (2002).

[27] Golan v. Holder, 565 U.S. 302, 326 (2012).

[28] Robert C. Post & Jennifer E. Rothman, The First Amendment and the Right(s) of Publicity, 130 YALE L. J. 86, 92-125 (2020).

[29] *See* 15 U.S.C. § 1125(a); *see also Navigating the Identity Ticket*, *supra* note 23 (mentioning that there are very few uses of the term "trademark preemption" in court decisions, filings, or legal scholarship with regard to right of publicity).

[30] Waits v. Frito-Lay, Inc., 978 F.2d 1093 (9th Cir. 1992).

> of property protection that allows people to profit from the full commercial value of their identities.[31]

Likewise, the Defendant in the case *Tom Waits v. Frito-Lay, Inc*.,[32] attempted to claim that alleged voice misappropriation was preempted by Section 114 of the Copyright Act. Section 114 governs, in part, what does and "does not come within the subject matter of copyright . . . including works or authorship not fixed in any tangible medium of expression."[33] The legislative history of Section 114 indicates the express intent of Congress that "the evolving common law rights of 'privacy,' 'publicity,' and trade secrets . . . remain unaffected [by the preemption provision] as long as the causes of action contain elements, such as an invasion of personal rights . . . that are different in kind from copyright infringement."[34] The plaintiff's voice misappropriation claim was found to be invasion of a personal property right: his right of publicity to control the use of his identity as embodied in his voice.[35]

2. First Amendment

First Amendment protections may also inhibit right of publicity claims. These protections can include parody rights,[36] fair use,[37] and other related protections which balance rights of publicity against the public's right to free speech.[38] This has resulted in the promulgation of generalized and highly malleable "tests," such as the following "primary purpose"[39] test and "transformative use"[40] type tests. Given the malleable language these tests often use, a significant body of

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[31] 95 F. 3d 959, 968 (10th Cir. 1996).
[32] 978 F.2d 1093 (9th Cir. 1992).
[33] 17 U.S.C. § 301(b)(1).
[34] *Frito-Law, Inc*, 978 F.2d at 1100.
[35] *See generally id*.
[36] Cardtoons, L.C. v. Major League Baseball Players Association, 95 F. 3d 959 (10th Cir. 1996
[37] Comedy III Productions v. Gary Saderup, Inc., 21 P.3d 797 (Cal. 2001).
[38] For example, "newsworthiness" generally protects a newspaper or other media outlet against a claim based on using a person's identity in connection with reporting the news or a matter of general interest. *E.g.,* Grant v. Esquire, Inc., 367 F. Supp. 876 (S.D.N.Y. 1973); *see also* C.B.C. Distribution & Mktg., Inc. v. Major League Baseball Advanced Media, L.P., 443 F. Supp. 2d 1077, 1102 (E.D. Mo. 2006) (holding that any claim for right of publicity over a player's name and playing statistics was overridden by the First Amendment's protection over distribution of newsworthy information).
[39] Groucho Marx Prods., Inc. v. Day & Night Co., 523 F. Supp. 485, 492 (S.D.N.Y. 1981), rev'd on other grounds, 659 F.2d 963 (2d Cir. 1982); *see also Doe v. TCI Cablevision*, 110 S.W.3d 363, 366 (Mo. 2003) (applying a similar "predominant purpose" test).
[40] *See* ETW v. Jireh Publishing, 332 F.3d 915 (6th Cir. 2003); Comedy III Productions v. Gary Saderup, *Inc.*, 25 Cal. 4th 387 (Cal. App. 4th 2001)

legal scholarship proposing various tests and rules for balancing right of publicity and First Amendment concerns has also developed.[41]

It should be noted that speech in a purely commercial context—such as in advertisements—have often been treated differently by courts than the free speech interests of books and movies when it comes to determining the application of the First Amendment as a shield against infringement claims.[42]

3. Communications Decency Act (CDA) Section 230

Section 230 of the CDA provides broad immunity to "interactive computer service providers"—online platforms—for claims arising from the hosting of third-party content.[43] More specifically, Section 230 states that "[n]o provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider,"[44] though as an exemption from liability, this does not apply to intellectual property law.

Courts have differed on whether rights of publicity fall under the intellectual property law exemption in parsing technicalities on what kind of right the rights of publicity form—privacy versus intellectual property—and whether state intellectual property claims fall under the exemption.[45] Accordingly, this defense can vary in effectiveness, depending on where in the country it is brought.

II. ON-CHAIN IMPLICATION OF RIGHT OF PUBLICITY

As background, a NFT is a digital token, recorded on a blockchain, and by that recording creates a cryptographically verified and immutable means of determining that digital token's ownership history and provenance.[46] That token

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[41] *See* McCarthy, § 1.36, n. 1 (citing law review articles); R. Jones, *The Right of Publicity, The First Amendment, and Constitutional Line Drawing – A Presumptive Approach*, 39 CREIGHTON L. REV. 939 (June 2006).

[42] For a discussion on free speech in a commercial context, *see* Thomas H. Jackson and John Calvin Jeffries, *Commercial Speech: Economic Due Process and the First Amendment*, VA. L. REV. 65 (1979); Martin H. Redish, *Money Talks: Speech, Economic Power, and the Values of Democracy* (New York: NYU Press, 2000).

[43] *See* 47 U.S.C. § 230(c).

[44] *See id*.

[45] Compare Perfect 10, Inc. v. CCBill LLC, 488 F.3d 1102 (9th Cir. 2007) with Hepp v. Facebook et al., (3d Cir. 2021), Atlantic Recording Corp. v. Project Playlist, Inc., 603 F. Supp. 2d 690 (S.D.N.Y. 2009); Doe v. Friendfinder Network, Inc., 540 F. Supp. 2d 288 (D.N.H. 2008).

[46] William Entriken et al., EIP-721: *Non-Fungible Token Standard*, ETHEREUM IMPROVEMENT PROPOSALS (Jan. 24, 2018), https://eips.ethereum.org/EIPS/eip-721.

often has information contained in the token's metadata, which allows for a visual and/or audio representation of that token.[47] That token's visual representation could be directly included in the token's code so that there is nothing other than the data from the token required to recreate the image associated with the token. This is often the case in "generative art," which is art that is generated merely by the coding contained in the NFT's metadata.[48]

Because the information contained in a token's metadata has a direct impact on the transaction costs associated with transferring the recorded ownership of that token on the blockchain, at the time of this writing, it is rare that a token's image is programmatically included in that token itself and is generally only done for generative art or simplistic pixel art. Instead, what many tokens point to is a file of the associated stored elsewhere, often through the InterPlanetary File System ("IPFS").[49]

This means while the digital token itself can have its history and provenance established through the blockchain, the media associated with that token often cannot. As with any implementation of new technology—in this case, blockchain technology as a way of authenticating the source of works of authorship—into existing areas of commerce—in this case, the commercialization of works of authorship—the law has struggled to catch up to the technological implementations. More often than not, we find ourselves needing to reconcile floppy disk law to the latest technological developments.

It is currently unclear what, if any, intellectual property rights or rights of publicity flow to the purchasers of NFTs,[50] how to properly assign or convey varying levels of intellectual property rights or rights of publicity to NFT purchasers,[51] and generally the intersection between code-is-law[52]—governing the ownership of the cryptographic tokens—and jurisdictional laws—governing legally protectable rights and benefits of token ownership. Nonetheless, the token ownership often accompanies a form of media that could implicate an individual's NIL.

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[47] *See* Hermes International v. Rothschild, F.3d 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023).

[48] Michael D. Murray, *Generative and AI Authored Artworks and Copyright Law,* 45 HASTINGS COMM. & ENT. L.J. 27 (2023).

[49] MoreReese, *How Are NFTs Stored? On-Chain, Off-Chain and Decentralized Storage,* PUBDAO (Aug. 25, 2022), https://decrypt.co/resources/howare-nfts-stored-on-chain-off-chain-and-decentralized-storage.

[50] *See* Jonathan Schmalfeld & Daniel McAvoy, Evolving *Trends for IP Licenses in NFT Terms and Conditions*, THE LICENSING J., Vol 42, No. 9 (Oct. 2022).

[51] *See* Miles Jennings & Chris Dixon, *The Can't Be Evil NFT Licenses*, A16ZCRYPTO (Aug. 31, 2022), https://a16zcrypto.com/introducing-nft-licenses/ (discussing the various forms of NFT licenses and providing framework for same).

[52] *See generally* Lessig, Lawerance, *Code Is Law*, HARV. MAG. (Jan. 1, 2000) https://www.harvardmagazine.com/2000/01/code-is-law-html.

A. Current NFT NIL Uses

NFTs can serve as vehicles for various forms of media that may incorporate an individual's right of publicity. Since the rise in NFTs, there has been digital artwork incorporating the faces of famous celebrities and recognizable traits among a common NFT collection that may link to a celebrity.[53] There are also music-based NFTs incorporating different voices and endorsements related to NFTs, and NFTs with domain-like functions that incorporate names.

More specific examples include American football player Rob Gronkowski's partnership with NFT marketplace OpenSea to release digital trading cards featuring Championship moments.[54] CNBC reported that the NFL team logos were specifically not included due to lack of licensing permission, but the NFTs point to illustrations emulating iconic football plays by Gronkowski in a uniform without logos in the form of digital cards regardless.[55]

Example from Rob Gronkowski Championship Series NFTs[56]

[53] *See e.g.*, Danny Nelson, "*Quarterback Patrick Mahomes joins Gronk in NFL blitz of NFT mania,"* COINDESK (Mar. 12, 2021), https://www.coindesk.com/markets/2021/03/12/quarterback-patrick-mahomes-joins-gronk-in-nfl-blitz-of-nft-mania/.

[54] MEDIUM RARE, https://gronknft.com/ (last visited Apr. 24, 2023).

[55] Jabari Young, *Rob Gronkowski Will Sell NFTs of His Best Super Bowl* Moments, CNBC (Mar. 9, 2023, 9:39 AM) https://www.cnbc.com/2021/03/09/rob-gronkowski-will-sell-nfts-of-his-best-super-bowl-moments.html.

[56] Etherscan, *(1-of-1) GRONK Career Highlight Card* https://etherscan.io/nft/0x495f947276749ce646f68ac8c248420045cb7b5e/6339655938210836689155222910513904512266623291026925665465735936266410655744 1 (last visited Apr. 26, 2023).

There are also NFTs sold that are called "Collect Trump Cards," depicting images of former President Donald Trump.[57] The sellers of these NFTs also offer a ticket to a dinner with the former president at his "residence and exclusive club" in Mar-a-lago, Florida if forty-seven (47) "digital trading cards" (NFTs) are collected.[58] Explicitly stated on its website is a disclaimer that the NFT sellers are "not owned, managed or controlled by Donald J. Trump, The Trump Organization, CIC Digital LLC or any of their respective principals or affiliates," but they "[use] Donald J. Trump's name, likeness and image under paid license from CIC Digital LLC, which license may be terminated or revoked according to its terms."[59]

Example of Trump Collect Cards

Looking closer at the associated "NFT Owner Agreement," though the right of publicity was not specifically a right invoked with respect to the digital art file featuring the former president, there was a license restriction and NFT owner warranty that touched on this right. More specifically, the license restriction included,

> Except for the express license granted to Owner by the Owner License, no other rights (express or implied) to the Digital Art are granted and all rights that are not specifically granted to Owner are reserved by Licensor, as applicable and as between Owner and Licensor. This includes, but is not limited to . . . publicity rights, associated with the images, names, logos, Layered Files, trademarks . . . or anything else not specifically granted by the Owner License.[60]

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[57] NFT INT LLC, https://collecttrumpcards.com/ (last visited Apr. 24, 2023).
[58] *Id.*
[59] *Id.* While a termination and revocation are referenced, it is unclear how that would be enforced by the collection.
[60] *See* NFT INT LLC, *Trump Digital Trading Card (NFT) Owner Agreement*, 1 Licenses & Restrictions (2) Digital Art, https://collecttrumpcards.com/nft-owner-agreement (last visited Apr. 24, 2023) ("Digital Art. The Digital Art is subject to copyright and other intellectual property protections, which rights are and shall remain owned by Licensor and/or third parties.").

> The owner warranty likewise has the owner representing and warranting that the person "will not use the NFT, including the Digital Art associated therewith, to violate any law, regulation or ordinance or any right of Licensor or any third party, including, without limitation, any right of privacy, publicity, copyright, trademark and/or patent."[61]

Likewise, Dapper Labs, Inc.'s NBA Top Shot takes a similar position with regard to rights of publicity. NBA Top Shots has NFTs called "Moments," which are associated with digital video clips that include highlights from National Basketball Association (NBA) games. Such Moments are made in collaboration with the NBA and NBA Players Association.[62] Among the terms on the platform is a user warranty that the user warrants and agrees that the user will not and not allow any third party to "violate legal rights—such as rights of privacy and publicity—of others."[63]

While NFTs may or may not incorporate licensed NIL, there is also the more novel topic of utilizing NFTs as licensing vehicles to a third party. For example, since at least around 2021, there has been experimentation with copyright licenses inclusive of commercial arts for certain digital artworks flowing to purchasers of certain NFTs.[64] At the time of this writing, the authors are not aware of any licensing of right of publicity rights through NFTs, though it NFTs could potentially be used to represent a related permission transfer.

B. Friction Points

The above-referenced NFT collection examples appear to have licensed associated rights of publicity for the specific purpose of incorporation in digital images to be sold or traded via NFTs. For current licensees that may be uncertain as to whether their rights may relate to NFTs, caution should be exercised. Given the nascent industry and new ownership attribution associated with NFTs, there is a potential for disagreement between parties as to whether these NIL rights can be extended to NFTs. Indeed, such principle was confronted in the context of NFTs and copyright in the *Miramax, LLC v. Tarantino et al* dispute, resulting from

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[61] *Id.*

[62] CT. LISTENER, *Friel v. Dapper Labs, Inc., Order on Motion to Dismiss—Document #43*, (p.8–9) https://www.courtlistener.com/docket/60042710/43/friel-v-dapper-labs-inc/ (last visited Apr. 24, 2023).

[63] NBA PROP., *(5)(i)(a)(4)*, https://nbatopshot.com/terms (last visited Apr. 24, 2023) (alteration in original).

[64] *See, e.g.*, YUGA LABS, *CryptoPunks Terms*, https://licenseterms.cryptopunks.app/ (last visited Apr. 24, 2023); CHIRU LABS, *Azuki NFT License Agreement*, https://www.azuki.com/en/license (last visited Apr. 24, 2023).

director and filmmaker Quentin Tarantino announcing he would sell NFTs associated with seven scenes from the 1994 film, "Pulp Fiction."[65] There were questions surrounding whether Tarantino reserved adequate rights in the scenes and to sell the NFTs when he penned a deal with Miramax nearly 30 years prior.[66] The dispute was resolved via settlement.[67] Absent a license or related transfer of rights, there is potential for violating an individual's right of publicity.[68]

To date, and as expected, not all uses of NIL via NFTs have smoothly addressed these rights. For example, on January 27, 2022, rapper Miles Parks McCollum, professionally known as "Lil Yachty," brought a lawsuit against music NFT platform Opulous and its founder.[69] The allegations included trademark infringement, unfair competition, and violations of Lil Yachty's right of publicity under California statute and common law. Lil Yachty claims that Opulous launched a publicity campaign using his name, trademark, and likeness without authorization and falsely representing that the rapper was associated with Opulous.

Similarly, there is a NFT marketplace that allegedly was using at least "the names and images of [] recording artists" in selling music NFTs called HitPiece, which drew sharp criticism and a demand letter from the Recording Industry Association of America (RIAA).[70] The RIAA also invoked at least rights of publicity in demanding that NFT marketplace OpenSea remove Ethereum Name Service ("ENS") NFTs being traded on their platform, which included

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[65] Miramax, LLC v. Tarantino et al., 21-cv-08979 (C.D. Cal. Mar. 2022).

[66] *Id*., *Complaint*, https://www.pacermonitor.com/public/filings/D3NCOMIA/Miramax_LLC_v_Tarantino_et_al__cacdce-21-08979__0001.0.pdf.

[67] CT. LISTENER, *Notice of Settlement*, https://storage.courtlistener.com/recap/gov.uscourts.cacd.836944/gov.uscourts.cacd.836944.41.0.pdf (last visited Apr. 24, 2023).

[68] *See* In re NCAA Student-Athlete Name & Likeness Licensing Litig., 724 F.3d 1268, 1276 (9th Cir. 2013) ("[T]hat the avatars appear in the context of a videogame that contains many other creative elements . . . does not transform the avatars into anything other than exact depictions of No Doubt's members doing exactly what they do as celebrities.") (quoting No Doubt v. Activision Publg., Inc., 122 Cal. Rptr. 3d 397, 411 (Cal. App. 2d Dist. 2011); *see also* Random House, Inc. v. Rosetta Books, LLC, 283 F.3d 490 (2d Cir. 2002) (considering whether the right to publish a book "in book form" included electronic book rights).

[69] Bill Donahue, *Lil Yachty Settles Lawsuit Against NFT Seller Over 'Blatant' Use of His Name and Image*, BILLBOARD (Apr. 12, 2023), https://www.billboard.com/pro/lil-yachty-settles-lawsuit-nft-seller-opulous/.

[70] RIAA, *RIAA Moves Against HitPiece – Calls For Permanent End to Bogus NFT Site's Infringement of Artist Rights*, https://www.riaa.com/riaa-moves-against-hitpiece-calls-for-permanent-end-to-bogus-nft-sites-infringement-of-artist-rights/ (last visited Apr. 24, 2023).

"mitchglazier.eth,"—the current Chairman and CEO of RIAA[71]—and "toddmoscowitz.eth" [72]—a music industry executive.[73]

Such disputes might be defended under some of the aforementioned defenses available against right of publicity claims—preemption, First Amendment, and Section 230 of the CDA. While we have yet to see preemption as a defense to a United States NFT case at the time of this writing, the First Amendment is likely to play a role given the type of media associated with NFTs.[74] Past cases indicate that the more the NFT is used in underlying communicative and creatives works such as books or movies could suggest a better chance of entitlement to First Amendment protection, rather than works more akin to advertisements and endorsements.[75]

To date, there have been two highly publicized federal lawsuits evaluating First Amendment protection with respect to NFTs in works of "artistic expression," albeit in connection with alleged trademark infringement—and related claims. In both lawsuits, the defendants claim applicability of the speech-protective test set forth in *Rogers v. Grimaldi*,[76] also known as the "*Rogers* Test," to insulate from these claims.[77] In *Rogers*, Ginger Rogers brought a lawsuit over the use of her name in the title of the film, *Ginger and Fred*. The court found no right of publicity claim could proceed in light of the fact that the use of Rogers' name in the title was relevant to the content of the movie and not disguised as an advertisement for something other than the film itself.[78]

The court in both current NFT lawsuits have determined that the relevant NFT collections by the defendants at issue did not implicate the First Amendment. First, in *Yuga Labs v. Ryder Ripps et al.*, the court did not find any artistic expression relevant to implicate the *Rogers* Test in its motion to dismiss and summary judgment orders.[79] More specifically, the court stated, "Defendants' sale of what is admittedly a 'collection of NFTs that point to the same online digital

[71] RIAA, https://www.riaa.com/about-riaa/board-executives/ (last visited Apr. 24, 2023).
[72] WIKIPEDIA, *Todd Moscowitz*, https://en.wikipedia.org/wiki/Todd_Moscowitz (last visited Apr. 24, 2023).
[73] TORRENTFREAK, https://torrentfreak.com/images/opensea-takedown.txt (last visited Apr. 24, 2023).
[74] See Yuga Labs, Inc. v. Ryder Ripps et al 2:22-cv-04355 (C.D. Cal. Mar. 17, 2023); *Rothschild*, F.3d, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023).
[75] *Supra* Part II(B)(2).
[76] 875 F.2d 994, 1000 (2d Cir. 1989).
[77] *Ryder Ripps*, 2:22-cv-04355; *Rothschild*, F.3d, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023).
[78] *Rogers*, 875 F.2d at 1004-05. Also referred to as the "relatedness test." 130 https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=3379&context=faculty_scholarship
[79] *Ryder Ripps*, 2:22-cv-04355.

images as the BAYC collection' is the only conduct at issue in this action and does not constitute an expressive artistic work protected by the First Amendment."[80]

Next, in the first case to find a NFT collection violated a U.S. trademark, luxury fashion brand Hermès International and Hermès of Paris, Inc., brought suit against pseudonymous designer, Mason Rothschild.[81] Rothschild created and sold a collection of 100 digital collectibles on the Ethereum blockchain that featured images of Hermès' well-known Birkin handbags covered in fur under the trademark, METABIRKINS. Rothschild argued artistic expression in the use of the trademark; therefore, he was entitled to a First Amendment defense. The jury disagreed with Rothschild, finding in favor of the luxury brand for trademark infringement, dilution, and cybersquatting.[82]

While the First Amendment was at issue in these NFT trademark cases[83] and the *Rogers* case itself implicated right of publicity, scholars have commented that the *Rogers* Test used in the trademark context is less frequently adopted by courts analyzing the First Amendment with respect to right of publicity claims.[84] Nonetheless, it is foreseeable that the First Amendment can likewise play a significant role with respect to right of publicity claims.

Finally, the enforcement of right of publicity claims regarding online infringement generally may be difficult against those displaying content associated with NFTs. If right of publicity claims are not exempt from the Section 230 defense, online platforms may be less motivated to remove third-party content from its website without a court order. This has the potential to limit rights holders from utilizing takedown methods at the platform level, which can have a desirous effect of removing content from a specific platform without the need for litigation.

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[80] *Id. Motion to Dismiss*, https://static1.squarespace.com/static/5f8a113c64faef5a33374ca6/t/639d3d819c91f31b85e9d01b/1671249423885/YvR_OrderMTD

[81] *See Rothschild*, F.3d 2023 WL 1458126.

[82] *See id*.

[83] Interestingly, it may have been possible for a right of publicity claim by Jane Birkin in the Hermes v. Rothschild case. Jane Birkin is the inspiration for the Birkin bag, but that claim was not at issue in the case between Hermès and Rothschild. Indeed, Jane Birkin had previously asked Hermès to remove her name after Peta commentary on a Hermès' practice with regard to crocodile/alligator treatment. *See* Press Association, *Jane Birkin asks Hermès to Remove Her Name from Handbag After Peta Exposé*, GUARDIAN (July 28, 2023, 5:32 PM), https://www.theguardian.com/fashion/2015/jul/28/hermes-jane-birkin-handbag-peta-crocodiles.

[84] Jennifer Rothman & Robert C. Post, *The First Amendment and the Right of Publicity*, 131 n.186 *Faculty Scholarship at Penn* Law, https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=3379&context=faculty_scholarship (2020).

III. MOVING FORWARD

While we are still in an exploratory phase of understanding how rights of publicity can be associated and used with digital assets, it is clear that there are additional considerations for those licensing or being licensed rights of publicity related to NFTs. This includes the ability to trace infringing activity via public blockchains, collect evidence that may be self-authenticating, and add considerations for remedies. With respect to remedies, actions may be taken with respect to removing NFTs from NFT marketplaces,[85] sending NFTs associated with infringing content to a "burn address" where it is unable to be controlled by anyone or to the rights holder,[86] and potentially changing where the associated content is stored.[87] Much depends on a number of technological factors specific to the NFT(s) at issue, such as the blockchain, the token type, control mechanisms in the smart contract, and more.

[85] When viewed more akin to privacy right rather than property right, there may be less options available to enforce rights of publicity via marketplaces and other information content providers that fall under Section 230. *See e.g.,* Ratermann v. Pierre Fabre USA, Inc., No. 22-CV-325 (JMF), 2023 BL 14293 (S.D.N.Y. Jan. 17, 2023); *see also supra* Part I(B)(3).

[86] *See* CT. LISTENER, *Yuga Labs, Inc. v. Lehman*, https://www.courtlistener.com/docket/66752945/12/yuga-labs-inc-v-lehman/ (instructing defendant to "'burn' (e.g., destroy) that NFT or provide it to [plaintiff] to burn."

[87] *See Rothschild*, F.3d, 2023 WL 1458126 ("Rothschild held onto the 'smart contract' for each of the 'MetaBirkin' NFTs even after the NFTs themselves has been sold to other buyers, which means he retains the power to change the image, title, or other attributes associated with the NFTs.").