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**Supreme Court of the United States**

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MAJOR LEAGUE BASEBALL ADVANCED MEDIA  
AND  
THE MAJOR LEAGUE BASEBALL PLAYERS ASSOCIATION,  
*Petitioners,*  
v.  
C.B.C. DISTRIBUTION AND MARKETING, INC.,  
*Respondent.*

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**On Petition for a Writ of Certiorari  
to the United States Court of Appeals  
for the Eighth Circuit**

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**PETITION FOR A WRIT OF CERTIORARI**

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## ISSUES PRESENTED

1. Is CBC's unauthorized use of Major League baseball players' identities in its commercial fantasy-baseball games in violation of Missouri law insulated from liability by the First Amendment?

2. Is CBC's breach of its contractual obligations not to use or challenge Major League baseball players' identity rights after its License to use those rights expired insulated from liability by the First Amendment?

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## **OPINIONS BELOW**

The opinion of the United States Court of Appeals for the Eighth Circuit is reported at 505 F.3d 818 (8th Cir. 2007) and reproduced in the appendix to the petition (“App.”) 1a-16a. The order denying the petition for rehearing and rehearing en banc, dated November 26, 2007, is reproduced at App. 80a-82a. The opinion of the United States District Court for the Eastern District of Missouri is reported at 443 F. Supp. 2d 1077 (E.D. Mo. 2006), and is reproduced at App. 17a-79a.

## **JURISDICTION**

The opinion and judgment of the court of appeals were issued on October 16, 2007. A timely petition for rehearing and rehearing en banc was denied on November 26, 2007. This Court has jurisdiction pursuant to 28 U.S.C. § 1254.

## **INTRODUCTION AND SUMMARY OF ARGUMENT**

For roughly ten years, the Major League Baseball Players Association (“MLBPA”) licensed CBC Distribution and Marketing, Inc. (“CBC”) to use defined “Player Rights” (the names, nicknames, signatures, biographical and statistical information, likeness and other identifying characteristics of its members) in CBC’s products – internet fantasy baseball games. In the License Agreements, CBC agreed not to use or challenge the Rights after the Agreements expired. When the most recent Agreement expired and CBC could not get a new one, CBC for the first time asserted, and a divided court of appeals has now held, that enforcing the Players’ state-law publicity rights *and* the Licensing

Agreements' no-use and no-challenge provisions would contravene the First Amendment. This decision is wrong and worthy of this Court's review.

It is well established that famous persons, including Major League baseball players, have a property right in their identities and that others may not use or exploit these identities *commercially* without the person's consent. See, e.g., *Haelan Labs., Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir. 1953); 1 J. Thomas McCarthy, *The Rights of Publicity and Privacy* § 6.3, at 794-800 (2d ed. 2007). In virtually every case in which famous persons seek to prevent others from exploiting their identities for commercial gain, however, the defendant asserts that the First Amendment shields its commercial use of the famous person's identity. This Court's decision in *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977), instructed the lower courts that that the First Amendment does not always trump publicity rights and that valid state interests undergirding the right of publicity must be balanced against First Amendment interests.

In the years since *Zacchini*, conflict and confusion have arisen in the lower courts – including federal courts of appeals and the highest courts of several states – over the correct legal test for weighing the states' interest in enforcing publicity rights against the interests protected by the First Amendment. As one dissenting court of appeals judge said after reviewing three such tests, “the point of confusion most associated with the right of publicity law is *its interplay with the First Amendment.*” *ETW Corp. v. Jireh Publ'g, Inc.*, 332 F.3d 915, 954 (6th Cir. 2003) (Clay, J., dissenting) (emphasis supplied). Numerous scholars agree that “the current legal landscape is a confusing morass of inconsistent, sometimes non-

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existent, or mutually exclusive approaches, tests, standards, and guidelines, with the confusion only increased by several recent rulings.” Mark S. Lee, *Agents of Chaos: Judicial Confusion in Defining the Right of Publicity-Free Speech Interface*, 23 Loy. L.A. Ent. L. Rev. 471, 472 (2003). Only this Court can end the current muddle on this important and recurring question of federal law.

For example, Missouri state courts apply a “predominant purpose” test, see *Doe v. TCI Cablevision*, 110 S.W.3d 363 (Mo. 2003); California, a “transformative” test, see *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797 (Cal. 2001); and the Second and Sixth Circuits, and Kentucky, a “relatedness” test derived from the *Restatement (Third) of Unfair Competition* (“*Competition Restatement*”) § 47 cmt. c (1995); see *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989); *Parks v. LaFace Records*, 329 F.3d 437 (6th Cir. 2003); *Montgomery v. Montgomery*, 60 S.W.3d 524, 529 (Ky. 2001). New York and Virginia ask whether the use of identity is for “purposes of trade.” See *Competition Restatement* § 47; *Town & Country Props., Inc. v. Riggins*, 457 S.E.2d 356, 362-63 (Va. 1995); *Gautier v. Pro-Football, Inc.*, 107 N.E.2d 485, 488 (N.Y. 1952). The Ninth Circuit appears to hold that the *commercial use* of publicity rights to sell products is virtually never protected, even if the use has expressive elements such as parody. See *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395, 1401 (9th Cir. 1992).

The Eighth Circuit in this case, the Tenth Circuit in *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959 (10th Cir. 1996), and the Sixth Circuit in *ETW*, 332 F.3d 915, struck the balance by weighing societal interests in free use of famous

persons' identities against the particular *plaintiffs'* interests in preventing exploitation. In these courts' view, when celebrities and athletes are of interest to the public, are wealthy, and are able to exploit their identities by endorsing products, states have only a negligible interest in enforcing such persons' publicity rights. The First Amendment, it seems, would weigh more heavily against some publicity-rights plaintiffs than against others.

In practice, the choice of balancing test has proved outcome determinative, as the present case illustrates. Here, Major League players sought to enforce their publicity rights under Missouri law to prevent CBC, a seller of fantasy baseball games, from using their identities without consent. Both lower courts held that the players' identities were essential to make the games commercially viable. Had Missouri's "predominant-purpose" test been applied, the players' state-law rights would have been enforced, because CBC's fantasy baseball games predominantly and necessarily exploit players' identities for commercial gain. Had California's test been applied, again the players would have prevailed because CBC's products do not "transform" players' identities. Indeed, in *all* past cases in which famous persons' identities have been incorporated into games, including games using baseball players, courts have concluded that the state-law publicity right can be enforced, and that the First Amendment does not shield the game-maker seeking to sell a product based on public figures' identities. See 2 McCarthy, *supra* § 7:25, 7:28; 1 McCarthy, *supra* § 4:85 (citing cases).

The Eighth Circuit did not cite, let alone address, the precedent involving games or Missouri's "predominant purpose" test. Instead, it found that

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the public's interest in the availability of information about players and the "game of baseball" outweighed the State's interest in, *inter alia*, protecting "the right of an individual to reap the rewards of his or her endeavors," and in "encourag[ing] a person's productive activities," App. 9a, at least where the plaintiffs are well-paid and able to earn money from endorsements. App. 9a. As other courts of appeals' decisions reflect, this *ad hoc* balancing test has become a device employed by those hostile to state-law publicity rights to prevent enforcement of those rights. The fact that baseball players, like other famous athletes and celebrities, earn an excellent living does not mean that any entrepreneur can take the players' identities and use them without consent for commercial purposes. Indeed, this Court made clear in *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522 (1987) (plurality opinion), that the First Amendment does not protect such conduct, and the decision below is, accordingly, also inconsistent with that analysis.

The appropriate legal test for balancing state-law publicity rights and First Amendment interests is a recurring and important question on which this Court's instruction is needed. Numerous persons license commercial entities to use their identities in connection with commercial products. Most relevant here, professional athletes in many sports have routinely done so in connection with games and internet products, including fantasy sports games. The panel decision here disrupted extant business and reliance interests in the billions of dollars, as the record and *amici* in this matter reflect. Moreover, the same use of a famous person's identity will be unlawful or constitutionally protected depending upon which jurisdiction first addresses that use – an

outcome that is fundamentally unfair, particularly to national businesses, and wholly inconsistent with a uniform interpretation and application of the First Amendment.

The panel decision also misapplied the First Amendment and disrupted reliance interests when it held that enforcing CBC's contractual obligations not to use or challenge baseball players' identity rights after its Licensing Agreement expired was barred by the First Amendment. Specifically, the majority below held that the MLBPA's accurate representation that it owned the players' rights (as their authorized licensing representative) was invalidated by the First Amendment, excusing CBC from compliance with its obligations. App. 7a. This decision – that CBC did not bargain away any First Amendment rights that it had in the no-use and no-challenge provisions of its License – conflicts with decisions of other courts of appeals and is in substantial tension with decisions of this Court. And, the invalidation of the no-use and no-challenge provisions calls into question the enforceability of terms that are routinely included in licensing agreements and that form the basis of many commercial licensing arrangements. See *Saturday Evening Post Co. v. Rumbleseat Press, Inc.*, 816 F.2d 1191 (7th Cir. 1987). For this reason, too, the petition should be granted.

### STATEMENT OF THE CASE

1.(a). *MLBPA and Its Licensing Program.* MLBPA is an unincorporated association comprised of virtually all persons employed as active Major League baseball players. CTA App. 0122 (Affidavit of Judith S. Heeter (“Heeter Aff.”) ¶ 2). MLBPA is the exclusive collective-bargaining representative for Major League baseball players. *Id.* Through

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individual authorizations executed by its members, MLBPA also possesses the exclusive right to use and license others to use the names, nicknames, signatures, biographical and statistical information, likeness and other identifying characteristics of its members (“players”) in connection with all products and product lines featuring three (3) or more players (“Player Rights”). *Id.* at 0122 (¶ 3).

For over forty years, MLBPA has licensed Player Rights to hundreds of licensees. The best known licensed product is baseball cards, but licensed products have included apparel, collectibles, figurines, posters, and games. Relevant here, MLBPA has licensed the use of Player Rights in board games like Strat-O-Matic®; video, computer and other electronic games from Microsoft, Sega, Sony, Acclaim and EA Sports; and interactive games like SnapTV®. CTA App. 1115 (¶ 11), 1108 (¶ 1).

MLBPA first licensed a commercial fantasy baseball game in about 1991, when it licensed USA Today. CTA App. 1112 (¶ 3). By 2004 MLBPA had licensed CBS Sportsline, Yahoo, ESPN, Fox Sports, AOL and others to offer dozens of commercial fantasy baseball games. *Id.* at 0668, 1113 (¶ 3). According to a 2003 survey, nearly 90% of persons playing commercial fantasy baseball games were playing games MLBPA licensed. *Id.* at 1139, 1110 (¶ 7), 0644 (¶ 24).

MLBPA’s fantasy baseball licenses – including CBC’s – expired on December 31, 2004. In 2005, MLBPA entered into a License Agreement with MLB Advanced Media (“Advanced Media”), granting it the exclusive license to use and sublicense others to use Player Rights in interactive media, including Internet games. App. 3a. Thus, all entities that wished to use

Player Rights in interactive media had to obtain licenses from Advanced Media.

(b) *Fantasy Sports*. Commercial fantasy baseball games are part of a \$1.5 billion fantasy sports industry in the United States. CTA App. 0029 (¶ 9), 1074 (¶ 15). Dozens of fantasy games are licensed not only by MLBPA, but also by the NFL Players Association, NBA Media Ventures, the NHL Players Association, and other rights-holders. For example, CBC has held licenses to use players' rights in fantasy football, basketball and hockey games. *Id.* at 1109 (¶ 3). Recognizing licensing to be the settled order of things, the Fantasy Sports Trade Association's Code of Ethics suggested that its members – including CBC – “be officially licensed by the Players Association if it applies (currently Baseball, Football, Hockey & Basketball).” *Id.* at 0655.

Participants in fantasy baseball games usually pay fees to join fantasy “leagues” and to make trades and roster moves. CTA App. 0029 (¶ 11). Customers of a fantasy baseball provider like CBC assume the role of a Major League team owner or general manager. They first select “actual MLB players for their team rosters,” based on considerations unique to the player, game and manager. *Id.* at 0355 (¶ 4). Most games require the owner/manager to mirror a real Major League roster, with defined numbers of pitchers and position players. A fantasy team manager might try to select, for example, an infield with Albert Pujols at first base, Derek Jeter at shortstop, Joe Mauer catching, and Johan Santana pitching. Customers do not simply select players with the best statistics, or every customer would draft the same players. *Id.* at 0323 (¶ 14). Some games, like CBC's Diamond Baseball Challenge,

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assign “salary values” or “fantasy values” to each player, and customers must draft players who fit under their “salary cap.” *Id.* at 0490 (¶ 10). Other games only allow one fantasy team to own each player, so once he is “drafted”, he is not available to other owners. *Id.* at 0355 (¶ 4). Customers also consider personal attributes. For example, some customers favor players from their “home” or favorite team; others favor players with particular characteristics (hustle, community service, team player, injury record). Others forecast which players will have break-through years based on spring training performance, off-season regimen, new marriage, or other events. *Id.* at 0221 (¶ 8), 0224 (¶ 15), 0182, 0249-51,0252-87,0288-90,0360-0436.

Once customers fill their rosters, they compete against other customers for cash prizes, based on the performance of their real-life players. CTA App. 0029 (¶ 10), 0206 (¶ 4), 0249 (¶ 2). CBC translates the actual players’ real on-field performances (*e.g.*, hits, stolen bases, strike-outs, runs, etc.) into points, which are assigned to each fantasy team that owns each player. App. 19a-20a. At season’s end, the team owner whose players have provided the owner with the most points wins his league, and the money. *Id.*; CTA App. 0490 (¶ 7). CBC’s prizes range from \$3,000 to \$50,000. CTA App. 0662.

Using real Major League players is critical to fantasy baseball games’ commercial success. When CBC’s expert witness, Daniel Okrent, was asked whether CBC’s game could be played without the actual players’ names, he replied “no, it could not.” CTA App. 0657. CBC’s Brian Matthews stated that he had never seen a commercial fantasy baseball game that used “Player A” or “Player B” instead of “Albert Pujols.” *Id.* at 1102. In advertising and

operating its games, CBC does not create fictional player profiles, with names, life stories, and fictional statistical histories. CBC's customers pay to own, manage, and potentially win with a roster of actual Major League players. See, *e.g.*, *id.* at 0442-43 (Expert Report of Kevin Saundry ¶¶ 10-14); App. 19a-20a.

(c) *CBC and Its Products.* CBC is a Missouri corporation. CTA App. 0028 (¶ 3). Using the trade name CDM Fantasy Sports, CBC markets, distributes and sells fantasy sports products, including fantasy baseball games accessible via telephone, mail, email, fax and the Internet through its website, [www.CDMsports.com](http://www.CDMsports.com). App. 19a. It charges fees ranging from \$29.99 to \$1000 to own a fantasy team and play its fantasy baseball games. CTA App. 0182-84, 0662. CBC has earned more than \$100 million in revenue and \$15 million in profit from its fantasy sports games since 1992. *Id.* at 0124 (¶ 8), 0201. In 2004 and 2005 alone, CBC reported between \$3.4 and \$3.6 million in annual revenue from its fantasy baseball games. *Id.* at 1107; 1074 (¶ 15).

CBC, acting through CDM, approached MLBPA in early 1995 and applied for a license. CTA App. 1134. CBC entered into two License Agreements with MLBPA in 1995 and 2002. App. 20a. These agreements allowed CBC to use Player Rights in CBC's interactive fantasy baseball games. *Id.* at 20a-21a; see also CTA App. 0030 (¶ 15); see also *id.* at 0206-0209 (¶¶ 5, 7, 9, 10). Between 1995 and 2004, CBC paid MLBPA over \$300,000 in royalties. *Id.* at 1109 (¶ 2).

In its License Agreements, CBC explicitly acknowledged MLBPA's capacity to license its members' rights in their names, numbers, nicknames, likenesses, signatures, pictures, playing

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records and biographical data. App. 20a-21a; see also CTA App. 0165, 0207-0208.

CBC's License Agreements with MLBPA both contained a "Post-Termination" clause:

18(c) After the expiration or termination of this Agreement, Licensee . . . shall refrain from further use of the Rights and/or the Trademarks or any further reference to them, either directly or indirectly, in connection with the offering for sale, sale, shipment, advertising, promotion, publication and/or distribution of Licensee's products. [CTA App. 0173 ("no-use provision")].

Under this clause, after license expiration, CBC is obligated not to use the defined Player Rights in connection with the manufacturing, offering for sale, sale, advertising, promotion, publication and/or distribution of its fantasy baseball products. *Id.* See App. 21a.

CBC's License Agreements further provided that:

during any License period of this Agreement, or thereafter, [CBC] will not dispute or attack the title or any rights of MLBPA in and to the Rights and/or the Trademarks or the validity of the license granted herein. [CTA App. 0169 (§ 9(a)) ("no-challenge provision").]

CBC's most recent License Agreement with MLBPA expired on December 31, 2004. CTA App. 0030 (¶ 15), 0208 (¶ 9).

2. *The Litigation* In January 2005, in response to Advanced Media's request, CBC submitted a proposal to Advanced Media for a sub-license to use Player Rights in CBC's fantasy baseball games. CBC turned down Advanced Media's offer to pay CBC to promote Advanced Media's fantasy baseball games on CBC's

website. App. 22a. CBC continued to sell its fantasy baseball games and, in February 2005, sued Advanced Media in federal court in St. Louis, seeking a declaratory judgment that it did not need a license to do so. *Id.*

MLBPA intervened to assert counterclaims, including breach of contract based on CBC's Licensing Agreements and violation of players' publicity rights.

By stipulation, all counts were dismissed except the claims and counterclaims related to the state-law publicity rights and enforcement of the Licensing Agreements. App. 23a & n.5.

After discovery, all three parties filed motions for summary judgment. In August 2006, the trial court rejected both MLBPA's contract and publicity-rights claims. Although CBC was violating its Licensing Agreement, the court held that a general federal policy favoring the full and free use of ideas preempted enforcing the contract under state law. App. 73a-76a.

The district court also held that CBC's games did not violate players' publicity rights because CBC was not using players' "identities" for "commercial purposes" within the meaning of Missouri law. App. 37a-38a. The court then found that if CBC was violating Missouri law, its use of players' identities in its products was nonetheless protected by the First Amendment. *Id.* at 51a-52a.

A divided Eighth Circuit affirmed. The panel held that CBC's use of the players' names in fact violated Missouri's right of publicity because CBC had used the players' names "as a symbol of [their] identity" without consent, and "with the intent to obtain a commercial advantage." App. 5a (citing *TCI*, 110

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S.W.3d at 369); *TCI*, 110 S.W.3d at 370 (citing *Competition Restatement* § 46)).<sup>1</sup>

But the court held that enforcing the players' state-law rights would violate CBC's right of free speech protected by the First Amendment. The court ignored Missouri's test for balancing state-law publicity rights against First Amendment interests – *TCI*'s predominant-purpose test. See App. 7a-10a. Instead, the panel applied an *ad hoc* balancing test that considered the “public value” of information about baseball and baseball players, the nature of CBC's “speech,” the un-likelihood of consumer confusion and the fact that the players were well paid to play baseball and endorse products. *Id.* Taking all this into account, the court held, the First Amendment “supercede[d] the players' rights of publicity.” *Id.* at 10a.

The panel did not affirm the district court's decision that CBC's no-use and no-challenge obligations were unenforceable on grounds of federal policy, and rejected CBC's argument that the Association breached the warranty in § 1(b) of its Licensing Agreement. *Id.* at 11a. Instead, the panel *sua sponte* held that the Association breached a warranty of title contained in § 8(a) of the Agreement and could not enforce the no-use and no-challenge provisions because the First Amendment prevented the

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<sup>1</sup> The “right of publicity” tort has its origins in the right of privacy, but is an independent tort. See *TCI*, 110 S.W.3d at 368. “[T]he right of publicity protects against commercial loss caused by appropriation of an individual's [identity] for commercial exploitation.” *Id.* (alteration in original) (citation omitted). This right may be assigned and licensed. See *Haelan Labs.*, 202 F.2d at 868; 2 McCarthy, *supra* §§ 10:13-10:19.

Association from enforcing the players' publicity rights. *Id.* at 12a-13a.

Judge Colloton dissented from this part of the panel's opinion. He observed that "section 8(a) wins the day for CBC only if it is a warranty by MLBPA that CBC does not have rights under the First Amendment to use the players' names and statistics in fantasy baseball games." App. 14a. And, he explained that even assuming that § 8(a) addressed constitutional rights and that "one party's prediction about the constitutional rights of another party is the sort of 'fact' that can be warranted under New York law," "section 8(a) does not purport to make such a warranty." *Id.* at 14a-15a. Thus, he concluded that CBC simply "agree[d]" as a matter of good business judgment, to bargain away any uncertain First Amendment rights that it may have in exchange for the certainty of what it considers to be an advantageous contractual arrangement." *Id.* at 15a. Finally, Judge Colloton agreed that the judgment invalidating the no-use and no-challenge provisions could not be sustained "on the grounds actually raised by CBC." *Id.* Accordingly, he would have reversed.

### **REASONS FOR GRANTING THE PETITION**

In *Zacchini*, 433 U.S. 562, this Court held that where the First Amendment is raised as a defense to a state-law right of publicity claim, the two rights must be weighed against each other to ensure that both rights receive their due. But the courts have struggled to strike an appropriate balance, and there is now real and growing disarray and conflict on this issue in the federal courts of appeals and district courts, as well as in numerous state supreme courts. Differing tests have led to utterly inconsistent results

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– for example, the decision below would have come out differently under several jurisdictions’ tests, and it conflicts with outcomes in closely analogous cases widely viewed as governing law. The result when the First Amendment is raised as a defense should not vary based on where the action is brought. This Court’s review is necessary to bring uniformity and certainty to a muddled but important area of law that this Court has not addressed since *Zacchini*.

Second, review is necessary on the related question of enforcing CBC’s contractual no-use and no-challenge obligations. The court below refused to enforce CBC’s promises on the ground that the MLBPA’s representation that it was authorized to license the players’ rights was invalid under the First Amendment. But CBC bargained away any First Amendment rights it may have had in its no-use and no-challenge provisions, as the dissenting judge recognized; and all other courts, including this Court and other courts of appeals, have held that such waivers are valid and enforceable. The Eighth Circuit’s contrary conclusion threatens all contract commitments based on waivers of any First Amendment rights, including such routine provisions as no-use and/or no-challenge provisions in intellectual property licenses.

**I. REVIEW IS WARRANTED TO RESOLVE CONFLICTS AMONG FEDERAL AND STATE COURTS CONCERNING WHEN THE ENFORCEMENT OF PUBLICITY RIGHTS VIOLATES THE FIRST AMENDMENT.**

**A. The Courts Are In Conflict About The Appropriate Legal Rule for Weighing State-Law Publicity Rights Against First Amendment Interests.**

Federal and state courts employ a conflicting and confusing array of tests for determining when enforcing a famous person's state-law publicity rights would violate another's First Amendment rights. Only review by this Court can bring coherence to this body of law.

*First*, the court below could have followed Missouri's "predominant purpose" test for weighing the state's interest in enforcing publicity rights against any First Amendment interests implicated by enforcement. In *TCI*, the Missouri court observed that "the threshold legal question" is "whether the use of a person's name and identity is 'expressive,' in which case it is fully protected, or 'commercial,' in which case it is generally not protected." 110 S.W.3d at 373. See *id.* (use of identity "for purely commercial purposes, like advertising goods or services or *the use of a person's name or likeness on merchandise*, is rarely protected" (emphasis supplied)). The *TCI* court stated its "predominant purpose" test this way:

If a product is being sold that predominantly exploits the commercial value of an individual's identity, that product should be held to violate the right of publicity and not be protected by the First Amendment, even if there is some

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“expressive” content in it that might qualify as “speech” in other circumstances. If, on the other hand, the predominant purpose of the product is to make an expressive comment on or about a celebrity, the expressive values could be given greater weight. [*Id.* at 374 (quoting M. Lee, *supra*, at 500).]

Colorado and New Jersey apply the same test. See *Joe Dickerson & Assocs., LLC v. Dittmar*, 34 P.3d 995, 1003 (Colo. 2001) (“[t]o resolve this question, courts must determine whether the character of the publication is primarily noncommercial, in which case the privilege will apply, or primarily commercial, in which case the privilege will not apply”); *Tellado v. Time-Life Books, Inc.*, 643 F. Supp. 904, 909-10 (D.N.J. 1986) (applying New Jersey law) (“[d]efendant would be liable for the tort of misappropriation of likeness only if defendant’s use of plaintiff’s likeness was for a predominantly commercial purpose . . . [t]he use must be mainly for purposes of trade, without a redeeming public interest, news, or historical value”). See also 2 McCarthy, *supra* § 8.13.

*Second*, New York and Virginia use a “purposes-of-trade” test, derived from *Competition Restatement* § 47, which resembles the “predominant-purpose” test in application. See *Gautier*, 107 N.E.2d at 488; *Riggins*, 457 S.E.2d at 362-63. In these states, the right of publicity wins over a First Amendment defense if the “[t]he name, likeness, and other indicia of a person’s identity are used ‘for purposes of trade’ . . . if they are used in advertising . . . or are placed on merchandise marketed by the user, or are used in connection with services rendered by the user,” unless the work is of the type traditionally

protected by the First Amendment (such as a movie or novel). *Competition Restatement* § 47.

*Third*, California uses a “transformative” test, which asks whether the speaker has transformed the person's name, likeness or identity in a way that is expressive. See *Comedy III*, 21 P.3d at 807-08. Where purported expression “takes the form of a literal depiction or imitation of a celebrity for commercial gain . . . without adding significant expression beyond the trespass, the state law interest in protecting the fruits of artistic labor outweighs the expressive interests of the imitative artist.” *Id.* at 808. See also *Winter v. DC Comics*, 69 P.3d 473 (Cal. 2003).

*Fourth*, the court could have applied one of the tests employed by the Ninth Circuit. In cases involving the use of celebrities' identities in *commercial* speech, such as advertising – what the court characterizes as “the exploitation of celebrity to sell products, and an attempt to take a free ride on a celebrity's celebrity value” – the Ninth Circuit's rule is that publicity rights are protected notwithstanding a First Amendment defense. *White*, 971 F.2d at 1401 n.3. See also *Wendt v. Host Int'l, Inc.*, 125 F.3d 806 (9th Cir. 1997), *reh'g en banc denied*, 197 F.3d 1284 (9th Cir. 1999) (publicity rights in use of identities to attract customers to *Cheers*-themed bars could be enforced), *cert denied*, 121 S.Ct. 33 (2000); *Midler v. Ford Motor Co.*, 849 F.2d 460, 462 (9th Cir. 1988) (“[i]f the purpose is informative or cultural the use is immune; if it serves no such function but merely exploits the individual portrayed, immunity will not be granted” (internal quotation marks omitted)).<sup>2</sup>

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<sup>2</sup> In cases involving *non-commercial speech*, the Ninth Circuit has held that the First Amendment protects use of public

*Fifth*, the Second and Sixth Circuits and the Kentucky Supreme Court employ a “relatedness” test, which examines the relationship between the use of a person’s identity and a “work” protected by the First Amendment. *Montgomery*, 60 S.W.3d at 529 (use of a person’s identity “within a work [biographical motion picture] that enjoys First Amendment protection” is actionable “if the use is not sufficiently related to the underlying work”); *Rogers*, 875 F.2d 994 (same, in motion picture using Ginger Rogers’ identity); *Parks* 329 F.3d 437 (same, in rap song using Rosa Parks’ identity). That test, like the “purposes-of-trade” test, see *supra* at 17, is based on *Competition Restatement* § 47, specifically comment c. It provides that, even in cases involving works traditionally protected by the First Amendment, a person using a public figure’s identity without consent may be liable “if the name . . . is used solely to attract attention to a work that is not related to the identified person.”<sup>3</sup> *Competition Restatement* § 47, cmt. c.

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figures’ identities unless that use was undertaken with “actual malice.” *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1188-89 (9th Cir. 2001) (parody involving Dustin Hoffman was protected expression).

<sup>3</sup> The “relatedness” test has been criticized for insufficient protection of the state-law rights. See, e.g., *Montgomery*, 60 S.W.3d at 535 (Keller, J., dissenting) (“[i]n my opinion, the governmental interest in protecting persons from such appropriations demands greater protection than an amorphous ‘any relationship’ test can accommodate”).

Although the case is opaque, Florida appears to enforce publicity rights when the unauthorized use is for purposes of trade. If the use is not for purposes of trade, that is, if the use of publicity rights is in a work entitled to First Amendment protection, such as “a novel, play or motion picture,” then Florida uses the relatedness test, asking whether the use is

*Sixth, and finally*, the Eighth Circuit in the decision below, as well as the Tenth and Sixth Circuits, have applied a test that can only be described as one of *ad hoc* balancing of society's interests in use of the person's identity against the particular economic and non-economic interests of the famous person whose identity is being used. Here, the Eighth Circuit held that enforcing the players' publicity rights would violate the First Amendment because baseball players' names and statistics are "readily available in the public domain," because there is "public value" and interest in information about baseball, and because baseball players are already "rewarded, and handsomely, too, for their participation in games and can earn additional large sums from endorsements and sponsorship arrangements." App. 7a, 8, 9a. For these reasons, the court thought that the players' rights "barely, if at all, implicate[d] the interests that states typically intend to vindicate by providing rights of publicity." *Id.* at 9a.

The Tenth Circuit also used an *ad hoc* balancing test in *Cardtoons*, 95 F.3d 959, a case in which players' identities had been used to ridicule them on parody baseball cards. The court found the First Amendment interest in protecting "social commentary on public figures" to be weighty, *id.* at 969, and that the State's and players' interests were negligible in that players' average salaries were over \$1 million per year. *Id.* at 974. In addition, the players' interests were discounted because they "would still be able to reap financial reward from authorized appearances and endorsements." *Id.*

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related to the identified person. See *Tyne v. Time Warner Entm't Co.*, 901 So. 2d 802, 807-08 (Fla. 2005).

Similarly, in *ETW*, 332 F.3d 915, the Sixth Circuit balanced a painter's interest in a portrayal of Tiger Woods against Woods' interest in enforcing his state-law publicity rights, and held against Woods. The court stated that "Woods, like most sports and entertainment celebrities with commercially valuable identities, engages in an activity, professional golf, that in itself generates a significant amount of income which is unrelated to his right of publicity" and is "able to reap substantial financial rewards from authorized appearances and endorsements." *Id.* at 938.<sup>4</sup>

Thus the Eighth Circuit's *ad hoc* balancing test is just one of the several different and conflicting approaches taken by the lower courts in attempting to follow *Zacchini's* instruction to weigh publicity rights and First Amendment interests. As one judge observed, "the point of confusion most associated with the right of publicity law is its interplay with the First Amendment." *Id.* at 954 (Clay, J., dissenting). See also M. Lee, *supra* at 472 ("courts have largely failed to fashion clearly-articulable standards [for balancing free speech and intellectual property rights] in what is arguably the newest form of intellectual property recognized in the United States – the right of publicity"); Jason K. Levine, *Can the Right of Publicity Afford Free Speech? A New*

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<sup>4</sup> As the *ETW* dissent observes, the majority opinion applies the *Competition Restatement* "relatedness" test, the balancing test of *Cardtoons*, and the California "transformative" test *seriatim*. "[T]he majority engages in three separate analyses, and arrives at three separate holdings, although all . . . reach the same result." 332 F.3d at 951 (Clay, J., dissenting). The *ETW* dissent would have adopted the "transformative" test, and concluded that under that test, Tiger Woods was entitled to enforce his publicity rights.

*Right of Publicity Test for First Amendment Cases*, 27 Hastings Comm. & Ent. L. J. 171, 184 (2004) (“[t]he lack of a clearly defined test for analyzing right of publicity cases where the First Amendment is implicated leaves open the possibility of widely varying and inconsistent holdings”); Roberta R. Kwall, *The Right of Publicity vs. The First Amendment: A Property and Liability Rule Analysis*, 70 Ind. L. J. 47, 47 (1994) (“[c]urrently, courts lack a principled and consistent method of resolving the conflict between the right of publicity and the First Amendment”).

And these differences are not merely academic; usually the balancing test selected determines the outcome of the case. Here, the MLBPA would have prevailed had the court applied *TCI*, because the predominant purpose of CBC’s use of players’ identities was to create commercial viability for a predictive game so that consumers would be willing to pay to play. Any informational content of CBC’s games is secondary to the manufacturers’ predominant purpose – the sale of a product that customers want to buy and play.

Had the “transformative” test been applied here, the players also would have prevailed. The essence and attraction of CBC’s games is that they use *real players and their achievements* to attract commercial attention to a product that is otherwise simply a prediction game. It is critical to the success of commercial fantasy baseball games that players’ identities *not* be transformed in any way. The depiction of the celebrity “is the very sum and substance of the work in question,” and thus CBC’s depiction would not be protected by the First Amendment under the “transformative” test.

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On the other hand, if the “relatedness” test had been applied here, the court would have first asked if CBC’s prediction games are “work[s] that enjoys First Amendment protection,” like a motion picture, rap song, or painting. If so, the court would have determined whether using Major League players in the games was solely to attract attention to games that are not related to the identified person. No court has applied the “relatedness” in a case akin to this one, which does not involve a work traditionally protected by the First Amendment, so the outcome is uncertain. What is certain, however, is that the analysis would look nothing like that undertaken by the Eighth Circuit or by courts employing either the “predominant purpose” or “transformative” tests.

As stated, the court here applied yet a different test, one of *ad hoc* balancing, similar to the tests used in *Cardtoons* and *ETW*. In doing so the court put too much weight on two characteristics shared by virtually all celebrities – public interest and high pay – as reasons to bar enforcement of their publicity rights. The states’ decisions to enforce famous persons’ publicity rights should not be overruled by courts hostile to the tort; the First Amendment does not require this result.<sup>5</sup>

As a practical matter, *ad hoc* balancing has resulted in a judicial refusal to enforce state-law

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<sup>5</sup> Nor is the result below a “victory” for free speech. The effect of the Eighth Circuit’s opinion is simply to remove from fantasy game providers’ balance sheets an obligation to pay royalties for the privilege of using players’ identities. There is nothing in the record to support an argument that providers will reduce prices, pay larger prizes, or “speak” in ways hitherto unavailable to them. Cost-avoidance for fantasy sports providers, not any First Amendment interest, is the principal result of the decision below.

publicity rights. The argument that public availability of and interest in facts about famous persons who are well compensated is sufficient to trump publicity rights proves too much; if that is so, then the First Amendment bars nearly every publicity rights claim. This is because most persons whose identities have enough commercial value to be worth exploiting are celebrities, who tend to be well paid for doing what made them famous in the first place. And the economic interests served by publicity rights are not the athlete's or celebrity's interests in earning a living, but their interests in *controlling* the use of their persona for commercial purposes, in reaping the benefits of commercial use of their identities, and in avoiding the unjust enrichment of merchants who gain by exploiting another's identity. See, e.g., *Competition Restatement* § 47; 1 McCarthy, *supra* § 1:3. "Fame is not an implied license to infringe the right of publicity." 2 McCarthy, *supra* § 10:34. The Eighth Circuit's approach placed far too little weight on the states' interest in protecting these rights.

The courts are in need of this Court's guidance to make the application of the First Amendment in this realm fair and consistent.

#### **B. The Eighth Circuit's Decision Conflicts With All Previous "Game" Cases.**

Because the legal test it used to weigh publicity rights and First Amendment interests was incorrect, the decision below has also created a conflict in the authority that specifically addresses the use of publicity rights in games. In all three cases involving infringement of publicity rights in board games, the courts rejected the game seller's argument that its use of athlete and celebrity identities was protected by the fact that the names and playing records were

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publicly available in the media, or by the First Amendment. The Eighth Circuit did not cite, let alone try to distinguish, any of these cases.

Most factually apposite is *Uhlaender v. Henricksen*, 316 F. Supp. 1277 (D. Minn. 1970), which addressed the use of the names, uniform numbers and statistics of Major League baseball players in board games that were precursors to today's fantasy baseball games. Following *Palmer v. Schonhorn Enterprises*, 232 A.2d 458 (N.J. Super. Ct. Ch. Div. 1967) (described below), the *Uhlaender* court held that even though the players' names and statistics were published in the news media and were therefore "in the public domain," they still had the right to control the commercial use of such names and records in games, because "in an appropriation action . . . the names and statistics are valuable only because of their past public disclosure, publicity and circulation." 316 F. Supp. at 1282-83.

In *Palmer v. Schonhorn Enterprises*, the game at issue included a "profile and playing chart" for 23 professional golfers, including a short biography of the playing career of each. 232 A.2d at 459. The defendant argued that because the printing of this information in the newspaper would be protected, its use in a board game must also be protected. The court emphatically rejected this argument, explaining that the use of names in the news was protected, but that "capitalizing upon the name by using it in connection with a commercial product" was not. *Id.* at 462.

Similarly, in *Rosemont Enterprises v. Urban Systems, Inc.*, 340 N.Y.S.2d 144, 145-46 (N.Y. Sup. Ct. 1973), the court rejected the argument that the Howard Hughes game educated consumers about the

events in Hughes' life and was no different than a book or magazine or movie:

In reality, defendants are not disseminating news. They are not educating the public as to the achievements of Howard Hughes. They are selling a commodity, a commercial product, an entertaining game of chance, the outcome of which is determined by maneuvering tokens on a game board by the throw of the dice. The use of plaintiff's name, biographical data etc. in this context is not legitimate to the public interest. It is merely the medium used to market a commodity familiar to us all in its varied types and forms. [*Id.* at 146.]

See also *Rosemont Enters. v. Choppy Prods., Inc.*, 347 N.Y.S.2d 83, 85 (N.Y. Sup. Ct. 1972) (enforcing Howard Hughes' publicity rights in cases involving the sale of t-shirts, buttons, and a board game using his name and picture, and "find[ing] no validity in [defendants'] argument that the violation is protected by the constitutional right of free speech").

The Eighth Circuit's decision thus contravenes settled law concerning the interaction between publicity rights used in commercial games and the First Amendment. Critically, this long standing authority has weight and importance far beyond the particular jurisdictions in which it arose. It forms the basis for the rules of law announced in *Restatement (2d) of Torts*, § 652C, cmt. b (1997) in *Competition Restatement* § 47, cmts. b & c, in McCarthy's seminal treatise on publicity rights, and in numerous cases. The Eighth Circuit's decision conflicts with the previously settled law governing game cases.

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**C. The Decision Below Cannot Be Reconciled With This Court's Precedent.**

Finally, the Eighth Circuit's analysis is inconsistent with this Court's decision in *San Francisco Arts & Athletics*, 483 U.S. 522. That case involved a federal statute authorizing USOC to "prohibit certain commercial and promotional uses of the word 'Olympic.'" *Id.* at 524. SFAA, a group promoting the Gay Olympics, challenged this statute, claiming that granting USOC exclusive ownership rights in the word "Olympic" violated its First Amendment rights. The Court noted that "when a word acquires value 'as the result of organization and the expenditure of labor, skill, and money' by an entity, that entity constitutionally may obtain a limited property right in the word." *Id.* at 532 (internal quotation marks omitted). Because USOC's property right in the word Olympic was the result of such effort, the Court concluded, "Congress' decision to grant the USOC a limited property right in the word 'Olympic' falls within the scope of trademark protections, and thus certainly within constitutional bounds." *Id.* at 534-35.

In rejecting SFAA's argument that the statute would unconstitutionally limit commercial and political speech, this Court stated that "[t]o the extent that [the statute] applies to uses 'for the purpose of trade [or] to induce the sale of any goods or services,' its application is to commercial speech" which receives only "a limited form of First Amendment protection." *Id.* at 535 (citations omitted) (alteration in original). The Court easily found that the limitations on commercial speech resulting from the enforcement of USOC's property right were "reasonable" and did not violate the First

Amendment.<sup>6</sup> Moreover, the Court upheld the property right despite its recognition that the SFAA's use of "Olympic" involved some "expressive, as opposed to . . . purely commercial" speech, saying that the SFAA did not have "a First Amendment right to 'appropriat[e] to itself the harvest of those who have sown.'" *Id.* at 541 (citation omitted) (alteration in original).

The same reasoning applies here. Because Missouri's decision to grant athletes an enforceable property right affects only commercial speech, and because CBC is using those rights predominantly for its commercial advantage, it does not violate the First Amendment to enforce the players' rights against CBC. The decision below is inconsistent with the analysis in *SFAA*.

**II. THE APPROPRIATE LEGAL TEST FOR WEIGHING STATE-LAW PUBLICITY RIGHTS AND FIRST AMENDMENT INTERESTS IS A RECURRING AND IMPORTANT ISSUE.**

Clearly the issue raised here is both recurring and important. At least 28 states enforce publicity rights; virtually every case seeking to enforce such rights meets a defense that to do so will violate the First Amendment. Moreover, a myriad of celebrities, athletes and professional organizations license publicity rights for commercial use, and actively

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<sup>6</sup> The dissent agreed with the majority that the statute was constitutional to the extent it limited commercial speech. See *San Francisco Arts* 483 U.S. at 561 (Brennan, J., dissenting) ("[t]he statute is overbroad on its face because it is susceptible of application to a substantial amount of *noncommercial* speech" (emphasis supplied)).

defend their interest in exclusive control over those rights. The issue is the frequent subject of litigation.

The breadth of the split and the attendant confusion are strong reasons to grant the petition. The current situation is unfair to both holders of publicity rights and those who seek to engage in commercial activity implicating such rights. A Missouri baseball player seeking to enforce his publicity rights would have prevailed under the predominant-purpose test in Missouri state court, but lost under the balancing test applied in federal court by the Eighth Circuit. A California celebrity will be able to enforce publicity rights that a Kentucky or Florida celebrity cannot. Forum shopping will be the inevitable result of the disparity in tests and outcomes.

Even more significantly, the federal rights embodied in the First Amendment have not received and will not receive uniform application and interpretation until this Court steps in to clarify the landscape. The lower courts are not moving towards uniformity; indeed the opposite is true, as tests proliferate. It is important that the First Amendment be consistently applied across the nation when balanced against state-law property rights, including rights in identity.

Moreover, the decision below is of substantial importance for another, more pragmatic reason. Based on the game cases and their routine citation in respected treatises and case law, individuals and businesses believed that celebrities and athletes have enforceable publicity rights in internet games, including fantasy games. In reliance on this authority, celebrities and athletes, and their authorized representatives, and businesses seeking to utilize their publicity rights entered into contracts

and established relationships based on the licensing of those rights. The decision in this case disrupts extant business and reliance interests in the billions of dollars.

This point is highlighted by the amicus participation in this case. In the Court of Appeals, amicus filings supporting the Association came from the International Licensing Industry Merchandiser's Association, the NFL Players Association and NFL Players Inc., NBA Properties, Inc., NHL Enterprises, LP, NFL Ventures, LP, National Association for Stock Car Auto Racing, Inc., PGA Tour, Inc, and WNBA Enterprises, LLC. As set forth in the Statement, *supra* at 8-9, fantasy-sports games providers have virtually all operated under licenses with athletes' representatives for years. This case has disrupted those reliance interests and thrown the industry into disarray.

This Court's guidance is urgently needed.

### **III. THE DECISION THAT THE FIRST AMENDMENT BARS ENFORCEMENT OF CBC'S NO-USE AND NO-CHALLENGE OBLIGATIONS CONFLICTS WITH DECISIONS OF THIS COURT AND OTHER COURTS OF APPEALS.**

In its Licensing Agreements – signed after arms-length negotiation between sophisticated businesses – CBC *agreed* that Major League baseball players had specified identity rights that MLBPA owned, that CBC would *not use* the rights without a license, and that CBC would *not challenge* the rights either during or after the term of the Licensing Agreements. See *supra* at 11-12. CBC exploited the licensed rights for a decade, reaping significant benefits. But in the decision below, the majority held

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that CBC could escape its contractual obligations, reasoning as follows: (i) the MLBPA warranted that it possessed certain player rights in § 8(a),<sup>7</sup> (ii) the MLBPA possessed but could not enforce those rights under the First Amendment, and (iii) thus, the warranty failed, and CBC was not required to fulfill its no-use and no-challenge obligations.<sup>8</sup> This decision is wrong and contradicts decisions of this Court and other courts of appeals.

Initially, because the Eighth Circuit's decision that the First Amendment barred enforcement of the Players' state-law right was wrong, this holding – premised on that error – is also wrong. But even assuming *arguendo* that the First Amendment prevented the MLBPA from enforcing players' identity rights, CBC was nonetheless free to enter into a contract agreeing that the players had identity rights that it would not use or challenge after the License expired. The First Amendment does not bar enforcement of contracts bargaining away or waiving First Amendment rights. The no-use and no-challenge provisions, accordingly, were wholly enforceable. As this Court explained in rejecting a First Amendment defense to enforcement of a reporter's promise not to disclose his source, the parties themselves “determine[d] the scope of their legal obligations, and any restrictions that may be placed on the publication of truthful information are

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<sup>7</sup> Section 8(a) states: “It is understood and agreed that MLBPA is the sole and exclusive holder of all right, title and interest in and to the Rights and/or Trademarks for the duration of this Agreement” (quoted at App. 14a).

<sup>8</sup> CBC never made this argument either in the trial court or on appeal, and it should have been deemed waived. App. 14a-15a (Colloton, J., dissenting).

self-imposed.” *Cohen v. Cowles Media Co.*, 501 U.S. 663, 671 (1991).

In *Cohen*, the petitioner was a prominent political figure who offered to provide local newspapers, on the condition of confidentiality, with damaging information regarding a candidate of a rival political party. When, despite the promise of confidentiality, the newspapers published the petitioner’s name as its source, the petitioner was fired by his employer; as a result, he sued the newspapers’ publishers. This Court held that “the First Amendment does not confer on the press a constitutional right to disregard promises that would otherwise be enforced under state law.” *Id.* at 672. In other words, the newspapers had bargained away their First Amendment rights. The same was true of CBC here; the no-use and no-challenge provisions waived any First Amendment right CBC had to exploit the players’ identities commercially.

Numerous courts have held that contractual promises may waive First Amendment rights. See *Leonard v. Clark*, 12 F.3d 885, 889 (9th Cir. 1993); *Erie Telecomms., Inc. v. City of Erie*, 853 F.2d 1084, 1096 (3d Cir. 1988) (“constitutional rights, like rights and privileges of lesser importance, may be contractually waived where the facts and circumstances surrounding the waiver make it clear that the party foregoing its rights has done so of its own volition, with full understanding of the consequences of its waiver”); *Lake James Cmty. Volunteer Fire Dep’t v. Burke County*, 149 F.3d 277, 280-82 (4th Cir. 1998) (enforcing contractual waiver of First Amendment right to challenge certain conduct); *Krystkowiak v. W.O. Brisben Cos.*, 90 P.3d 859, 865 (Colo. 2004) (“the First Amendment will not

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protect people who have contracted away their First Amendment rights”).

Under the Eighth Circuit’s decision, the First Amendment invalidates contracts whose terms constitute limits on First Amendment rights. This Court should grant review to ensure that the rule of *Cohen* and other courts of appeals – that parties may bargain away First Amendment rights in this manner – is not contravened in this important setting.

The majority’s decision allows CBC to escape its no-use and no-challenge commitments in its Licensing Agreements on the ground that the First Amendment voided the Association’s granting of player rights. This holding is of exceptional importance because it calls into question the enforceability of provisions routinely included in licensing agreements. As Judge Posner has explained:

Without [a no-contest provision] the licensee always has a club over the licensor’s head: the threat that if there is a dispute the licensee will challenge [the intellectual property’s] validity. The threat would discourage [intellectual property] licensing and might therefore retard rather than promote the diffusion of . . . works. Also, a no-contest clause might actually accelerate rather than retard challenges to invalid [intellectual property], by making the would-be licensee think hard about validity before rather than after he signed the licensing agreement.” [*Saturday Evening Post*, 816 F.2d at 1200.]

Licenses routinely recite that the licensor has the rights it intends to license. If that assertion is invalid when a licensor cannot enforce its rights in light of

the First Amendment, then a licensor can never obtain a no-use or no-challenge provision that provides litigation peace or business certainty. The licensee can exploit the licensed rights at a price that reflects the no-use and no-challenge provisions, and then challenge the rights as defeated by the First Amendment. That is not good policy and it is not the law.

### CONCLUSION

The petition for a writ of certiorari should be granted.

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