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Torts - *Waits v. Frito-Lay, Inc.*: Ninth Circuit Reaffirms Viability of Voice Misappropriation as a California Tort

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TORTS

SUMMARY

WAITS v. FRITO-LAY, INC.: NINTH CIRCUIT REAFFIRMS VIABILITY OF VOICE MISAPPROPRIATION AS A CALIFORNIA TORT

I. INTRODUCTION

In *Waits v. Frito-Lay*,¹ the Ninth Circuit Court of Appeals affirmed a celebrity's right to protect a distinctive voice from commercial misappropriation and upheld the viability of voice misappropriation as a tort in California.² The court upheld awards of compensatory and punitive damages, and also affirmed that Waits had standing to sue the defendants for false endorsement.³

II. FACTS

Tom Waits is a singer, actor, and songwriter who has taken a strong philosophical stand against commercial endorsements throughout his career. One of Waits' songs, "Step Right Up," is an indictment of the hucksterism and commercialism that per-

1. *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093 (9th Cir. 1992) (per Boochever, J.; the other panel members were Browning, J., and Reinhardt, J.).

2. *Id.* at 1100.

3. *Id.* at 1096.

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vade modern life. Ironically, "Step Right Up" was used as the basis for a commercial advertising Frito-Lay's new product, SalsaRio Doritos, although both the advertising company, Tracy-Locke, and Frito-Lay were aware of Waits' long-standing disapproval of commercial endorsements.⁴

To perform in the commercial, Tracy-Locke chose singer Stephen Carter, who was able to closely mimic Waits' voice.⁵ Because of fears that the Carter version was too imitative of Waits, Tracy-Locke also made an alternate version of the commercial with another singer.⁶

Knowing that the Carter version of the radio commercial could potentially expose them to liability, Tracy-Locke consulted legal counsel.⁷ Tracy-Locke's counsel ventured an opinion that only Waits' singing *style*, not his voice, was imitated in the radio commercial, and that style is not something an artist can claim as his or her own.⁸ Relying on a narrow interpretation of the recent decision in *Midler v. Ford Motor Co.*,⁹ the advertising agency then recommended the Carter version and offered to indemnify Frito-Lay for any claims that might arise from using the commercial.¹⁰ Frito-Lay decided to use the Carter version for their advertising.¹¹

The radio commercial was broadcast in September and October, 1988, in 61 markets nationwide, including Los Angeles, San Francisco, and Chicago. Waits heard the commercial in Los Angeles.¹²

In November, 1988, Waits sued Frito-Lay and Tracy-Locke in federal district court for voice misappropriation under California law and for false endorsement under the Lanham Act.¹³

4. *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093 (9th Cir. 1992).

5. *Id.*

6. *Id.* at 1098.

7. *Id.*

8. *Id.*

9. *Midler*, 849 F.2d 460 (9th Cir. 1988), *cert. denied*, 112 S. Ct. 1513 (1992).

10. *Waits*, 978 F.2d at 1098.

11. *Id.*

12. *Id.*

13. *Id.* The Lanham Trade-Mark Act, codified in U.S.C. § 1051 et seq., was passed in 1946 to protect commercial parties from unfair competition.

The case was tried to a jury in April and May, 1990.¹⁴ The jury found in Waits' favor, awarding him \$375,000 in compensatory damages and \$2 million in punitive damages for voice misappropriation, and \$100,000 in damages for violation of the Lanham Act's prohibition on false representation.¹⁵ The trial court also awarded Waits attorneys' fees under the Lanham Act.¹⁶

On appeal, Frito-Lay and Tracy-Locke challenged the court's reliance on *Midler*, which recognized voice misappropriation as a tort in California. The defendants also challenged the elements of voice misappropriation, the availability of certain compensatory and punitive damages, and Waits' standing to sue for false endorsement under the Lanham Act.¹⁷

The Ninth Circuit upheld the trial court's findings, but vacated the award of damages under the Lanham Act because it duplicated other compensatory damages.¹⁸

III. COURT'S ANALYSIS

A. VOICE MISAPPROPRIATION

In *Midler*, the Ninth Circuit held that "when a distinctive voice of a professional singer is widely known and is *deliberately imitated* in order to sell a product, the sellers have appropriated what is not theirs and have committed a tort in California."¹⁹ The court explained that the *Midler* voice misappropriation tort stems from a "violation of the right of publicity, the right of a person whose identity has commercial value — most often a celebrity — to control the commercial use of that identity."²⁰ *Midler* established that when a celebrity's voice is an integral part of that person's identity, the "right of publicity" prohibits imitations of the voice for commercial purposes without the celeb-

14. *Waits*, 978 F.2d at 1098.

15. *Id.* Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), forbids false representation.

16. *Waits*, 978 F.2d at 1098. Section 35 of the Lanham Act, as amended in 1988, provides for attorneys' fees in "exceptional cases." 15 U.S.C. § 1117(a).

17. *Waits*, 978 F.2d at 1096.

18. *Id.*

19. *Midler*, 849 F.2d at 463 (emphasis added).

20. *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1098 (9th Cir. 1993).

rity's consent.²¹

The jury determined that Waits has a distinctive and widely known voice and found that the defendants had violated Waits' right of publicity by broadcasting a commercial "which featured a deliberate imitation of Waits' voice."²²

1. *Continuing Viability of Midler — Preemption by Federal Copyright Law*

The defendants raised three arguments concerning the voice misappropriation claim. First, they argued that *Midler* was "impliedly overruled" by the Supreme Court's decision in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*²³ and was preempted by the federal Copyright Act.²⁴ Second, the defendants claimed that the court's jury instructions defining the elements of voice misappropriation were improper.²⁵ Third, the defendants disputed both the compensatory and punitive damage awards.²⁶

The Ninth Circuit responded to the defendants' arguments by emphasizing that *Bonito* did not create a broad rule that federal patent law always preempts state law.²⁷ Rather, the court held that *Bonito* reaffirmed the right of states to "place limited regulations on the use of unpatented designs in order to prevent consumer confusion as to the source."²⁸ The court pointed out that the U.S. Supreme Court has also recognized the authority of states to protect the right of entertainers to control publicity about themselves.²⁹

The Ninth Circuit affirmed its holding in *Midler* that copyright preemption does not apply to cases of voice misappropriation, because a voice cannot be the subject matter of copyright.³⁰

21. *Id.*

22. *Id.* at 1098-99.

23. 489 U.S. 141 (1989).

24. 17 U.S.C. § 301(b)(1) (1976).

25. *Waits*, 978 F.2d at 1099.

26. *Id.*

27. *Id.*

28. *Bonito Boats*, 489 U.S. at 165.

29. *Waits*, 978 F.2d at 1099 (citing *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977)).

30. *Id.* at 1100.

The court reasoned that Waits' voice misappropriation claim was based on an invasion of a personal property right: Waits' right of publicity to control the public use of his identity as embodied in his voice.³¹ The elements of a voice misappropriation claim (when the *voice* rather than *style* is imitated, and when the voice is sufficiently *distinctive* and *widely known*) are different from elements of a copyright infringement case.³² Therefore, Waits' voice misappropriation claim was not preempted by federal copyright law.³³

2. *Jury Instructions*

The lower court instructed the jury that voice misappropriation consists of the deliberate misappropriation for commercial purposes of (1) a voice, that is (2) distinctive, and (3) widely known.³⁴ The defendants argued that these instructions provided incorrect definitions of the three *Midler* tort elements.³⁵

a. "Voice" vs. "Style"

The defendants conceded that a celebrity's voice is protected by *Midler*, but argued that their SalsaRio Doritos radio commercial copied Waits' *style*, not his *voice*. The defendants proposed a jury instruction that defined style and stated that style is not subject to ownership. The defendants argued further that when the trial court refused the "style" instruction, the jury was misled into believing they could consider style as well as voice.³⁶

The Ninth Circuit reviewed the voice misappropriation instructions and concluded that the jury was not misled, as the instructions limited the jury's consideration to voice.³⁷ The trial judge did instruct the jury that style imitation alone is insufficient to establish liability.³⁸ Based on its holding in *Midler*, the

31. *Id.*

32. *Id.*

33. *Id.*

34. *Id.*

35. *Id.*

36. *Waits*, 978 F.2d at 1100-01.

37. *Id.* at 1101.

38. *Id.*

Ninth Circuit emphasized that the tort of voice misappropriation involves an imitation so realistic that “people who were familiar with plaintiff’s voice who heard the commercial *believed plaintiff performed it.*”³⁹ This distinction adds an additional element to *Midler*’s formulation of voice misappropriation: actual confusion.⁴⁰

b. Definition of “Distinctive”

The defendants contended that the jury instruction on distinctiveness was unfair and inaccurate because it confused the distinctiveness of a voice with its identifiability or recognizability.⁴¹ The Ninth Circuit rejected this argument, reasoning that the defendants’ distinction had no basis in law.⁴²

c. Definition of “Widely Known”

The defendants also argued that Waits’ voice was identifiable by only a small number of people, so it failed to meet the “widely known” test of *Midler*. The court responded to this argument by noting that the *Midler* protection was intended to cover the voices of many popular singers who fall short of superstardom. Instead of allowing relief only to the most famous of entertainers, the amount of damages sought in each case is a reflection of the extent of the singer’s celebrity and injury.⁴³

3. *Compensatory Damage Award*

The jury awarded Waits \$100,000 for the fair market value of his services, \$200,000 for injury to his peace, happiness and feelings, and \$75,000 for injury to his goodwill, professional standing and future publicity value. The defendants challenged the latter two awards, contending that such damages are unavailable as a matter of law and that there was no evidentiary support for the awards.⁴⁴

39. *Id.* (emphasis original).

40. *Waits*, 978 F.2d at 1101 n.3.

41. *Id.* at 1101.

42. *Id.* at 1102.

43. *Id.*

44. *Id.* at 1103.

a. Injury to Peace, Happiness and Feelings

The Ninth Circuit noted that the “appropriation of a celebrity’s identity can cause humiliation, embarrassment, and mental distress.”⁴⁵ Therefore, damages in addition to compensation for economic injury are appropriate.⁴⁶ Mental distress damages are dependent upon the nature of the infringement and embarrassing impact on the singer.⁴⁷ The court said the damages the jury awarded for mental distress were supported by evidence showing that Waits found the commercial use of his voice particularly offensive.⁴⁸ Waits testified that when he heard the commercial, he was shocked and very angry, and that these feelings intensified when friends called and asked him to explain why he did the commercial.⁴⁹ The commercial humiliated Waits by making him appear hypocritical to people who were aware of his philosophical opposition to commercialism.⁵⁰

b. Injury to Goodwill and Future Publicity Value

The court noted that misappropriation of identity can also cause injury to commercial reputation. The jury found that the SalsaRio Doritos advertisement created a public impression that Waits was a hypocrite because his opposition to commercialism was such a fundamental part of the character, personality and image that he cultivated. Also, Waits’ expert witness testified that because of this commercial, it was likely that Waits would command a lower fee if he chose to make endorsements in the future.⁵¹

4. *Punitive Damage Award*

The jury awarded \$2 million in punitive damages for voice misappropriation, \$1.5 million from Tracy-Locke and \$500,000

45. *Id.* at 1103 (quoting *Motschenbacher v. R. J. Reynolds Tobacco Co.*, 498 F.2d 821, 824 n.11 (9th Cir. 1974)).

46. *Waits*, 978 F.2d at 1103.

47. *Id.*

48. *Id.*

49. *Id.*

50. *Id.*

51. *Id.* at 1104.

from Frito-Lay.⁵² In general, punitive damages are available in cases where a defendant is guilty of oppression, fraud, or malice.⁵³

The Ninth Circuit upheld the punitive damages award, pointing out that the decision in *Midler* provided notice to the defendants that a professional singer has a right to control the commercial use of a distinctive voice. The court noted that the jury was presented with evidence showing that Frito-Lay and Tracy-Locke knew that Waits was opposed to commercial endorsements. The defendants' legal counsel also alerted them that potential liability could result from using such a close imitation of Waits' voice in their commercial. Tracy-Locke was sufficiently aware of *Midler* to caution Frito-Lay about possible liability for misappropriation and offered to indemnify Frito-Lay. Despite this, the defendants chose to air the Carter version of the radio commercial.⁵⁴

The jury concluded that there was clear and convincing evidence that the defendants acted with malice. The defendants took a calculated risk, consciously disregarding the effect of their actions on Waits' rights.⁵⁵

B. LANHAM ACT CLAIM

The purpose of the Lanham Act is to prevent unfair competition, including false representations concerning association, endorsement, or false representation concerning the qualities of goods or services.⁵⁶ Section 43(a) of the Act prohibits the use of false designations of origin, false descriptions, and false representations in the advertising and sale of goods and services.⁵⁷ Waits contended that by using the parody of his song and imitating his voice, the defendants misrepresented his association

52. *Id.*

53. *Waits*, 978 F.2d at 1104; see CAL. CIV. CODE § 3294(a) (West Supp. 1992). The court noted that malice is defined in the California Civil Code as a "willful and conscious disregard of the rights" of others.

54. *Waits*, 978 F.2d at 1104-05.

55. *Id.* at 1105-06.

56. *Id.* at 1108.

57. *Id.* at 1106 (citing *Smith v. Montoro*, 648 F.2d 602, 603 (9th Cir. 1981)); see also 15 U.S.C. § 1125(a) (1988).

with them and his endorsement of SalsaRio Doritos.⁵⁸

The jury found in Waits' favor and awarded him \$100,000 in damages, plus attorneys' fees as provided in section 35 of the Lanham Act.⁵⁹ The defendants appealed, contending that Waits lacked standing to sue under the Lanham Act, that his claim for false endorsement failed on its merits, that the damage award was duplicative, and that attorneys' fees were improper.⁶⁰

1. *False Endorsement*

Claims for false endorsement include claims by celebrities for the unauthorized imitation of their distinctive attributes.⁶¹ False endorsement based on unauthorized use of a celebrity's identity is a form of false association that is likely to deceive consumers.⁶² 1988 amendments to section 43(a) of the Lanham Act clarify the legislative intent in banning the use of any symbol or device likely to deceive consumers as to the association, sponsorship, or approval of goods or services by another person.⁶³ "Symbol or device" is interpreted to include distinctive sounds and physical appearance.⁶⁴

2. *Standing*

The defendants challenged Waits' standing to sue under the Lanham Act because he was not in direct competition with them.⁶⁵ The Ninth Circuit noted that this argument, if followed, would preclude claims by most endorsers who are commercially damaged by a false endorsement, contrary to the intended protections of the Lanham Act.⁶⁶ The court said the "dispositive question" in determining standing is whether the plaintiff "has a reasonable interest to be protected against false advertis-

58. *Waits*, 978 F.2d at 1106.

59. *Id.*

60. *Id.*

61. *Id.*

62. *Waits*, 978 F.2d at 1107.

63. *Id.*

64. *Id.*

65. *Id.*

66. *Id.*

ing."⁶⁷The court recognized that like a trademark holder, an entertainer has a reasonable interest in protecting his work product.⁶⁸ Standing is not limited to actual competition, but extends to a purported endorser who has an economic interest akin to a trademark in controlling the commercial exploitation of his or her identity.⁶⁹ The advertiser and endorser are both utilizing or marketing that personal property, and it is likely that the wrongful use of a professional singer's unique voice would injure him commercially.⁷⁰

3. *Merits*

Although the Doritos commercial did not say explicitly that Waits endorsed the product, ordinary consumers could be confused. The jury listened to tapes of Waits' voice, tapes of the radio commercial, and heard evidence of actual consumer confusion.⁷¹ The court pointed out that in addition to the actual confusion, the jury found that the commercial was targeted to an audience which overlapped Waits' audience⁷² (males between the ages of 18 to 35 who listened to the radio). Therefore, the court upheld the jury's finding of a Lanham Act violation.⁷³

4. *Damages*

The Ninth Circuit Court concluded (and Waits agreed) that the \$100,000 in damages awarded under the Lanham Act duplicated the award for Waits' voice misappropriation claim representing the fair market value of his services. For this reason, the court allowed Waits to recover this amount in compensatory damages only and vacated the award of damages under the Lanham Act.⁷⁴

67. *Waits*, 978 F.2d at 1108 (citing *Smith v. Montoro*, 648 F.2d 602, 608 (9th Cir. 1981)) (additional citations omitted).

68. *Waits*, 978 F.2d at 1108.

69. *Id.* at 1110.

70. *Id.*

71. *Id.* at 1111.

72. *Id.*

73. *Id.*

74. *Id.*

5. *Attorneys' Fees*

Section 35 of the Lanham Act gives trial courts the discretion to award attorneys' fees to prevailing plaintiffs in "exceptional cases."⁷⁵ The court noted that attorney fees were appropriate here because there was enough evidence for the jury to find that the defendants acted with malice, fraud or oppression.⁷⁶

IV. CONCLUSION

The Ninth Circuit found that Waits' claims for voice misappropriation and violations of the Lanham Act were legally sufficient, and held that the trial court did not err in its jury instructions on the elements of voice misappropriation.⁷⁷ The Ninth Circuit upheld the award of attorneys' fees, but reversed Waits' Lanham Act award because it duplicated the voice misappropriation award.⁷⁸

In *Waits*, the Ninth Circuit strengthened the protections granted in *Midler* by holding that a celebrity's distinctive voice may not be misappropriated and used for false endorsements. The fact that both Frito-Lay and Tracy-Locke were aware of Waits' policy against commercial endorsements, the fact that they chose a singer who could do a near-perfect imitation of Waits' voice, and the fact that they were aware of possible civil liability for their actions lead to the conclusion that the defendants took a risk and knowingly impugned Waits' integrity in the public eye.

*Cynthia M. Judy**

75. 15 U.S.C. § 1117(a) (1988).

76. *Waits*, 978 F.2d at 1111.

77. *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1112 (9th Cir. 1993).

78. *Id.*

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