No. 21-

IN THE
Supreme Court of the United States

CARMEN ELECTRA, TIFFANY TOTH, GEMMA LEE, JESSA HINTON, JESSE GOLDEN, LINA POSADA, SHEENA LEE WEBER, HEATHER RAE YOUNG, RACHEL KOREN, SABELLA SHAKE, URSULA MAYES

Petitioners,

v.

59 MURRAY ENTERPRISES, INC., DBA NEW YORK DOLLS GENTLEMEN'S CLUB, JAY-JAY CABARET, INC., AAM HOLDING CORPORATION, DBA PRIVATE EYES GENTLEMEN'S CLUB

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1), creates a civil action in favor of "any person who believes he or she is likely to be damaged" by another person's use of a trademark, or a false or misleading representation, which: "(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person," or; "(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities[.]" 15 U.S.C. § 1125(a)(1). Among the purposes of this statute is "where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 781, 82, n.15 (1992). Despite the Lanham Act's broad extension of a civil remedy to "any person who believes he or she is likely to be damaged," lower courts have divided over whether an individual asserting a claim under section 1125(a) based on the misuse of their image, likeness, or identity by another in an advertisement must establish they have a "commercial interest" in their identity, or whether they must establish a higher, unspecified, and necessarily arbitrary level of "celebrity," "recognition," or "public prominence" to sustain a claim.

The question presented is:

Must an individual prove they have a commercial interest in their identity, or must a person prove they are recognizable, publicly prominent, or a celebrity, to bring and sustain a claim under 15 U.S.C. § 1125(a)?

LIST OF PARTIES

Pursuant to Supreme Court Rule 14.1(b)(i), the following is a list of parties:

Plaintiffs-Appellants: Tiffany Toth, Gemma Lee Farrell, Jessa Hinton, Jesse Golden, Lina Posada, Sheena Lee Weber, Heather Rae Young, Rachel Koren, Sabella Shake, Ursula Mayes, and Carmen Electra (collectively, "Petitioners").

Defendants-Appellees: 59 Murray Enterprises, Inc. d/b/a New York Dolls Gentlemen's Club; Jay-Jay Cabaret, Inc.; AAM Holding Corporation, d/b/a Private Eyes Gentlemen's Club (collectively, "Respondents").

LIST OF OTHER PROCEEDINGS

Pursuant to Supreme Court Rule 14.1(b)(iii), the following is a list of all proceedings in other courts directly related to this case:

- *Toth, et al. v. 59 Murray Enterprises, Inc., et al.* No. 15-cv-8021, U.S. District Court for the Southern District of New York. Judgement entered January 3, 2019.

- *Electra, et al. v. 59 Murray Enterprises, Inc.*, No. 19-235, U.S. Court of Appeals for the Second Circuit. Judgment entered February 9, 2021

TABLE OF CONTENTS

Table of Contents

TABLE OF APPENDICES

TABLE OF CITED AUTHORITIES

Page

CASES

Page

STATUTES AND OTHER AUTHORITIES

Petitioners Carmen Electra, Tiffany Toth, Gemma Lee Farrell, Jessa Hinton, Jesse Golden, Lina Posada, Sheena Lee Weber, Heather Rae Young, Rachel Koren, Sabella Shake, and Ursula Mayes respectfully seek a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit.

This case offers the Court an opportunity to bring clarity to an aspect of trademark law of which there is not only a deep divide in the federal courts, but which has also gained in significance as the media landscape of this country has evolved with the emergence of the internet and social media. In its decision below, the Second Circuit effectively held that only world-renowned celebrities are entitled to protection under 15 U.S.C. § 1125(a), and that even plaintiffs with commercial interests in their image, likeness, and persona as marks will nevertheless be denied a section 1125(a) Lanham Act remedy unless they can meet some undetermined level of "public prominence," "recognizability," or "celebrity." For decades, federal circuit courts have applied multi-factor tests to determine whether conduct challenged under section 1125(a) are likely to cause consumer confusion. *See, e.g., Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961); *E.I. duPont deNemours & Co.*, 476 F.2d 1357, 1361 (CCPA 1973); *AMF, Inc. v. Sleekcraft Boats*, 599 F.3d 341 (9th Cir. 1979). In determining whether challenged advertisements were "likely to cause confusion, or to cause mistake, or to deceive" in satisfaction of one of the elements of a section 1125(a) claim, these courts have repeatedly and emphatically eschewed reliance on any single factor. *See DuPont*, 476 F.2d at 1361 ("There is no litmus rule which can provide a ready guide to all cases."); *Brennan's, Inc. v. Brennan's Rest., L.L.C.*, 360 F.3d 125, 130 (2d Cir. 2004)

("No single factor is dispositive, nor is a court limited to consideration of only these factors."). The Second Circuit has now held to the contrary: that courts should rely on only one of these factors -- in trademark terms, "strength of mark," but as applied by the Second Circuit and other courts, a plaintiff's level of "celebrity," "recognizability," or "public prominence" -- to determine whether an advertisement is likely to cause consumer confusion. Absent celebrity status, where the mark at issue is the plaintiff's image or identity, the Second Circuit has now held no claim for trademark infringement under section 1125(a) may stand despite the statutory text broadly extending the claim to "any person who believes that he or she is likely to be damaged" by misuse of their mark or other false representations.

Beyond the Second Circuit's serious errors, its decision reflects larger confusion and divisions among the lower courts over the proper interpretation of the Lanham Act in cases where the trademark at issue is an individual's image, likeness, and identity. By granting certiorari, this Court can provide much-needed guidance on these persistent issues. Specifically, if this Court is of the opinion that the statutory text and legislative history of the Lanham Act support the interpretation that only world-famous "celebrities" are entitled to protection for the exploitation of their trademarks by third parties, it should clearly and emphatically so state, and clear up confusion that has been brewing and growing in the federal courts for years and which will only endure absent guidance from this Court.

OPINIONS BELOW

The decision of the Second Circuit Court of Appeals is reported as *Electra v. 59 Murray Enterprises, Inc.*, 987 F.3d 233 (2d Cir. 2001). This Order is attached at Appendix ("Pet. App.") at 1a. The opinion respecting rehearing *en banc* is found at Pet. App. at 93a. The district court's opinion is published as *Toth v. 59 Murray Enterprises, Inc.*, 15-cv-8028 (NRB), 2019 WL 95564 (S.D.N.Y. Jan. 3, 2019) and is found at Pet. App. 54a.

JURISDICTION

The Second Circuit issued its Order on February 9, 2021 and denied rehearing on April 15, 2021. Pursuant to the Court's March 19, 2020 and April 15, 2020 Orders, the deadline to file a petition for writ of certiorari was extended from 90 days to 150 days from the date of the judgment or order appealed from. Pursuant to the Court's July 19, 2021 Order rescinding the March 19th and April 15th Orders, since the Order denying rehearing was issued prior to July 19, 2021, Petitioner's Petition is timely, and this Court has jurisdiction under 28 U.S.C. § 1254(1).

FEDERAL STATUTORY PROVISION INVOLVED

Section 43(a) of the Lanham Act,15 U.S.C. § 1125(a)(1), provides as follows:

> Any person who, or in connection with any goods or services, or any container for goods, uses in commerce any word, name, term, symbol, or any combination thereof, or any false designation of origin, false or misleading

> description of fact, or misleading representation of fact, which –
>
> > (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person or
> >
> > (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

This case presents a question concerning interpretation of the Section 43(a) of the Lanham Act, codified at 15 U.S.C. § 1125, and seeks to resolve a significant split between district and circuit courts concerning how likelihood of confusion is determined in a trademark infringement matter, and by extension, who can qualify for protection under section 1125(a).

Seven years ago, in *Lexmark Intern., Inc. v. Static Control Components, Inc.*, this Court held that section 1125(a) "creates two distinct bases of liability: false association, § 1125(a)(1)(A), and false advertising, §1125(a)(1)(B)." 572 U.S. 118, 122 (2014). Despite this, certain courts have persisted in attempting to fashion more stringent and narrow tests for a third basis of "false endorsement" liability. *See, e.g., Electra*, 987 F.3d at 257 ("To succeed on a false endorsement claim under the Lanham Act, a plaintiff must prove (1) that the mark … is distinctive as to the source of the good or service at issue, and (2) that there is the likelihood of confusion between the plaintiff's good or service and that of the defendant.") (quotations and citations omitted). This has been done at the expense of the statutory language of section 1125(a), which prevents advertising activity likely to cause confusion, mistake, or to deceive not just as to a Lanham Act plaintiff's <u>endorsement</u> of a defendant's goods and services, but rather as to advertising activity "likely to cause confusion, or to cause mistake, or to deceive as to the <u>affiliation, connection or association</u> of [plaintiff] with [defendant], or as to the <u>origin, sponsorship, or approval</u> of [defendant's] goods, services, or commercial activities by [plaintiff]." 15 U.S.C. § 1125(a)(1)(A). The disregard of the statutory text of section 1125(a) in favor of a more stringent "endorsement" inquiry has far-reaching consequences concerning how likelihood of confusion is gauged, who may bring a claim under section 1125(a), and what confusion-related factors are afforded weight.

Specifically, conflicting standards with respect to proving "celebrity," "recognizability," or "public prominence" have, in some cases, constricted the protections under section 1125(a) contrary to the broad statutory text and legislative intent to protect commercial interests in marks. *Compare Toth*, 2019 WL 95564, at *6 ("[A]bsent some level of recognition, there is no basis for inferring consumer confusion regarding the sponsorship or approval of the Clubs' goods and services.") *and Pelton v. Rexall Sundown, Inc.*, 99-cv-4342 (JSM), 2001 WL 327164, at *3-4 (S.D.N.Y. Apr. 4, 2001) (granting defendant's motion for summary judgment where there was no evidence plaintiff was a "recognizable celebrity."), *with Arnold v. Treadwell*, 642 F. Supp. 2d 723, 735 (E.D. Mich. 2009) ("The Lanham Act itself does not have a requirement that a plaintiff is a celebrity. Instead, as noted by the Condit court, it is designed to protect reasonable commercial interests in marks, including identities.") *and Condit v. Star Editorial, Inc.*, 259 F. Supp. 2d 1046, 1052 (E.D. Cal. 2003) ("A majority of circuits require a commercial interest in a mark, that is, at minimum, a present intent to commercialize a mark. Since the Lanham Act permits protection of a mark adopted with commercial 'intent to use,' not only after 'actual use,' and the legislature '. . .expects the courts to interpret the section' as trademark law evolves; a claimant must at the least allege an existing intent to commercialize an interest in identity to have standing for a Lanham Act false association claim.").

The theory behind the decision to engraft a "celebrity," "recognition," or "public prominence" requirement on a section 1125(a) plaintiff is that without such recognition or prominence, that plaintiff's "endorsement" of defendant's goods and services is without value. *See, e.g., Electra*, 987 F.3d at 258 ("[t]he misappropriation of a completely anonymous face could not form the basis for a false endorsement claim, because consumers would not infer that an unknown model was 'endorsing' a product, as opposed to lending her image to the company for a fee." (quoting *Bondar v. LASplash Cosmetics,* No. 12-cv-1417, 2012 WL 6150859, at *7 (S.D.N.Y. Dec. 11, 2012)). This holding of *Electra* has already been relied upon by at least one district court to support the proposition that "the absence of recognition would suffice to defeat a false endorsement claim." *Souza v. Exotic Island Enterprises*, No. 18-cv-9448, 2021 WL 3501162, at 4 (S.D.N.Y. Aug. 9, 2021) (emphasis added). Such holdings, which do not merely emphasize the importance of "recognition" but makes it the *sine qua non* of a trademark claim under section 1125(a), cuts against decades of precedent. *See, e.g., Coach Services, Inc. v. Triumph Learning LLC*, 668 F.3d 1356 (Fed. Cir. 2012) ("[F]ame cannot overwhelm the other *DuPont* factors."); *In re I.AM Symbolic, LLC*, 866 F.3d 1315 (Fed. Cir. 2017) ("The Board also found that the 'purported lack of fame' of registrant's marks was of 'little consequence….'"); *Treadwell,* 642 F. Supp. 2d at 735. While the Federal Circuit and other federal courts have made clear that a trademark holder's lack of fame or celebrity is of little or no consequence, the Second Circuit has now held celebrity and public prominence to be the first and last word on whether an individual is entitled to protection for misuse of their image, likeness, or identity under section 1125(a).

There now exists a serious divide among federal courts on this central issue of trademark law. The Second and Ninth Circuits (which not coincidentally cover the major media markets in the United States) require evidence of "recognizability"[1] or "public prominence"[2]

1. *Downing v. Abecrombie & Fitch*, 265 F.3d 994, 1007-08 (9th Cir. 2001).

2. *Electra*, 987 F.3d at 258.

for a plaintiff to succeed on a claim under section 1125(a). Courts sitting in the Sixth, Seventh and Eleventh Circuits have specifically rejected the proposition that "fame" or "recognition" have any dispositive bearing on a likelihood of confusion analysis, instead holding that what controls is a plaintiff's intent to commercialize her trademark. *See, e.g., Edmondson, et al., v. Velvet Lifestyle, LLC, et al*, No., 15-cv-24442, 2017 U.S. Dist. LEXIS 219419, at * 25 (S.D. Fla. July 28, 2017) ("Courts specifically addressing the question of whether celebrity status is required to prevail on a Lanham Act false endorsement claim have answered in the negative" as the operative question is whether plaintiffs show "an existing intent to commercialize an interest in [their] identit[ies].") (citating cases); *Yeager v. Innovus Pharmaceuticals, Inc.*, No. 18-cv-397, 2019 WL 447743, at *7 (N.D. Ill. Feb. 5, 2019) (noting the operative inquiry on a Lanham Act claim is whether a plaintiff has a commercial interest in her image, and holding: "Nor does Yeager need to allege he is a celebrity to have commercial interests in his identify…. In fact, [Defendant] used Yeager's name for commercial interests in an advertisement promoting the product, indicating his name did have at least some commercial value."); *Arnold*, 642 F.Supp.2d at 735 ("The Lanham Act itself does not have a requirement that a plaintiff is a celebrity. Instead, as noted by the Condit court, it is designed to protect reasonable commercial interests in marks, including identities.").[3]

3. Further emphasizing this divide -- and attendant need for clarity from this Court -- Ninth and Second Circuit courts have also ostensibly agreed with the reasoning of those courts who look to the commercial interests of the plaintiff. *See Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1110 (9th Cir. 1992) (holding Lanham Act standing "extends to a purported endorser who has an economic interest

Cases emphasizing the commercial interests of a Lanham Act plaintiff are in accord with the purpose of the statute, which as set forth in its legislative history, is two-fold:

> One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public *the product*, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner.

Two Pesos, 505 U.S. 763, 781, 82, n.15 (1992); *see also, Lexmark*, 572 U.S. at 131 (noting that the purpose of the Lanham Act is, *inter alia*, to "to protect persons engaged in … commerce against unfair competition; [and] to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks…."). The Lanham

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akin to that of a trademark holder in controlling the commercial exploitation of his or her identity") (citations omitted); *Fischer v. Forrest*, 286 F.Supp.3d 590, 612 (S.D.N.Y. 2018) (holding that the "strength of mark" *Polaroid* factor favored plaintiff where plaintiff "has profitably marketed his product for a number of years.") *Allen v. Nat'l Video, Inc.*, 610 F.Supp.612, 625 (S.D.N.Y. 1985) (noting the Lanham Act's underlying purpose of protecting trademarks and "economic interests analogous to those protected by trademark law," including those "of the 'trademark' holder in the value of his distinctive mark….").

Act was not passed for the purpose of protecting only celebrities' images and likenesses; its purpose was to protect investments in marks and commercial interests, whether registered or unregistered, famous or obscure. The Lanham Act protects both the established worldwide celebrity and the emerging artist seeking to build her brand. By turning Lanham Act protection exclusively on a plaintiff's "recognition" or "public prominence," the Second Circuit has ignored the black letter and legislative history of the Lanham Act, and that portion of the Second Circuit's decision in *Electra* must be reversed.

There are, in addition, four specific points this Court should consider on this certiorari petition:

First: application of a "celebrity," "recognition" or "public prominence" requirement onto a plaintiff bringing a claim under section 1125(a) offends the plain language and statutory scheme of the Lanham Act, whereby Congress, in another section, 1125(c), created a separate cause of action for trademark dilution by "the owner of a famous mark that is distinctive . . . regardless of the presence of absence of actual or likely confusion, of competition, or of actual economic injury." *See* 15 U.S.C. § 1125(c). The decision by some courts to now include a "celebrity" or "public prominence," *i.e.*, "fame" requirement to claims under section 1125(a) must be analyzed considering entrenched precedent that "where Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion." *Russello v. United States*, 464 U.S. 16, 23, 78 L. Ed. 2d 17, 104 S. Ct. 296 (1983) (quoting *United States v. Wong Kim Bo*, 472 F.2d 720, 722 (5th Cir. 1972)) (alteration and internal quotations omitted). When Congress wants to carve out protection for only "famous" marks, it knows how to do so.

Second: courts that have applied a "celebrity," "recognition" or "public prominence" requirement onto claims under section 1125(a) have never articulated, (a) how much recognition or prominence an individual must demonstrate to sustain a claim under section 1125(a), (b) how that plaintiff must go about demonstrating that "celebrity," "recognition," or "public prominence," or (c) whether this determination is for the court as a matter of law or for the jury as a question of fact. The district court below awarded Carmen Electra summary judgment on her section 1125(a) but granted defendant summary judgment on the section 1125(a) claim of all other Petitioners because:

> [u]nlike plaintiff Electra, none of these other plaintiffs offered evidence of significant income earned through their various appearances. And while these other plaintiffs have participated in promotional campaigns for a wide variety of brands and appeared in magazines, TV shows, and movies, their resumes are devoid of any evidence that they actually garnered recognition for any of their appearances.

Toth, 2019 WL 95564, at *7. Making "income from modeling" the primary factor on a likelihood of confusion analysis is not only without precedent or explanation, but on a summary judgment motion, where all facts are construed in favor of the non-moving party,[4] the conclusion

4. *Gorzynski v. JetBlue Airways Corp.*, 596 F.3d 93, 101 (2d Cir. 2010) ("In assessing the record to determine whether there is a

of the district court that no Petitioner -- some of whom have millions of social media followers -- "actually garnered recognition for any of their appearances," is simply not a sustainable conclusion, and the Second Circuit's apparent deference to this finding of fact should be viewed with significant skepticism. Similarly, making "celebrity," "recognition," or "prominence" the touchstone of Lanham Act analysis invites inconsistency, as such undefined key words fail to provide guidance to trial courts and opens the door to ad hoc and improvisational "I know it when I see it" analysis by trial judges, each of whom may their own opinions concerning who is "famous" and who is not, which itself may differ from that of the public to whom the subject advertisements are directed.

Third: this Court should be clear that though the issues of "celebrity," "recognition" or "public prominence" have ostensibly arisen in the strength of mark context, what *Electra* and other cases applying these terms have in essence done is fundamentally alter the standing requirements under section 1125(a). Congress granted standing under this statute to "*any* person who believes he or she is likely to be damaged" by another person's use of a trademark, or false or misleading representations "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities." 15 U.S.C. § 1125(a)(1)(A) (Emphasis added.)

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genuine issue to be tried, we are required to resolve all ambiguities and draw all permissible factual inferences in favor of the party against whom summary judgment is sought." (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986).

Electra and other cases have now limited standing under that statute to only the "publicly prominent," "famous," and "recognizable."

Fourth, and finally: unique to this case, and further underscoring the divide on this issue, six of the Petitioners here were also plaintiffs in *Edmondson*, wherein, a "swingers club" was sued for the misappropriation and misuse of professional models' images in advertising. The district court in *Edmondson granted* plaintiffs' motion for summary judgment on their claim under section 1125(a)(1)(A), holding that there was no material dispute defendants' use of plaintiffs' images in advertising were likely to cause consumer confusion. What this means is that identical plaintiffs have brought identical claims under section 1125(a)(1)(A) based on identical illicit activity by defendants: the misappropriation of imagery to promote a gentlemen's or swinger's club. A district court in one circuit (the Eleventh) has awarded these plaintiffs summary judgment on this claim, holding that there is no question the use of their images was likely to cause consumer confusion, and allowed them to proceed to trial on the issue of damages. Another district court in another circuit (the Second) has awarded summary judgment to the defendants on this claim, holding that under no circumstances could defendants' use of those images cause consumer confusion. These are two diametrically opposite conclusions on the interpretation of section 1125(a), and this divide cannot stand. *See City and County of San Francisco, Calif. v. Sheehan*, 575 U.S. 600, 610 (2015) ("[C]ertiorari jurisdiction exists to clarify the law….").

A. Background and District Court Decision

Each of the eleven (11) Petitioners is a professional model and/or actress who commercialize their mark by licensing their image and likeness to their customers. Each of the Petitioners' image was used in one or more of 37 advertisements for Respondents, three Manhattan-based so-called "gentlemen's clubs" or "strip clubs;" New York Dolls, Flashdancers, and Private Eyes (collectively, the "Clubs"). Because no Petitioner ever worked at, promoted, or was otherwise affiliated with the Clubs, or consented to the use of her image in the Clubs' advertising, on October 13, 2015, Petitioners filed the underlying lawsuit, alleging the Clubs use of each of her image(s) in advertising violated, *inter alia*, the section 1125(a)(1)(A). Petitioners alleged the Clubs' intention in publishing the misappropriated Images of Petitioners was to confuse or deceive potential consumers into believing Petitioners were strippers at one of the strip clubs, agreed to promote or sponsor the Clubs, or were otherwise associated or affiliated with them.

Following discovery, the parties cross-moved for summary judgment, and by order dated January 3, 2019, the district court granted Petitioner Carmen Electra's summary judgment motion on her Lanham Act claim, but granted Respondents' summary judgment motion as to all other Petitioner's claims under this statute. *See Toth*, 2019 WL 95564, at *7. This despite finding in the first instance that all the advertisements were false:

> Here, where the parties do not dispute that plaintiffs never endorsed or agreed to be associated with the Clubs, the prominent

> display of plaintiffs' images in the Clubs' advertising constitutes false or misleading representations of fact for purposes of a false endorsement claims.

Toth, 2019 WL 95564, at *5. This holding -- that though there was no material dispute the advertisements were false, there was also no material dispute that these false advertisements could possibly cause consumer confusion -- cut against the well-established principle that, upon a finding of falsity, "no extrinsic evidence of consumer confusion is required." *Stokely-Van Camp, Inc. v. Coca-Cola Co*, 646 F.Supp.2d 510, 525 (S.D.N.Y. 2009) (citations omitted). *See also, Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247, 259 (2d Cir. 2014) ("In cases where … the district court has found literal falsity, we have never required a finding of extrinsic evidence of injury to consumers or to the plaintiff."); *Coca-Cola Co v. Tropicana Prods., Inc.*, 690 F.2d 312, 317 (2d Cir. 1982) ("When a merchandising statement or representation is literally or explicitly false, the court may grant relief without reference to the advertisement's impact on the buying public.").

The only way the district court could justify this paradoxical holding that unquestionably false advertisements could under no circumstances cause confusion was by relying exclusively on its strength of mark evaluation. *See Toth*, 2019 WL 95564, at *7 ("[T]he remaining ten plaintiffs have failed to adduce evidence of a strong mark."). Indeed, though agreeing with Petitioners that similarity of the marks, proximity of the products and their competitiveness with one another, and sophistication of consumers *Polaroid* factors all favored Petitioners, the district court left no question as to the linchpin of its analysis:

> Ultimately, the likelihood of confusion analysis in this case turns on whether plaintiffs are sufficiently recognizable such that their appearance in the advertisements is likely to confuse consumers…. [since the non-Electra] plaintiffs have failed to demonstrate sufficiently strong marks… no reasonable juror could find that the use of their images in the Clubs' advertisements is likely to cause consumer confusion.

Toth, 2019 WL 955654, at *10.

B. Appeal to the Second Circuit Court of Appeals

On February 9, 2021, the Second Circuit affirmed the district court's decision to award Carmen Electra summary judgment and grant summary judgment to Respondents as to each other Petitioner's claim for so-called "false endorsement." In determining it was only confusion as to "endorsement" that controlled on a claim under section 1125(a), the appeals court veered from decades of its own precedent, which had consistently held that that "confusion" under this statute means confusion "of any kind, including confusion as to source, sponsorship, affiliation, connection, or identification." *Star Indus. Inc. v. Bacardi & Co. Ltd*, 412 F.3d 373, 383 (2d Cir. 2005) (citations omitted); *see also, Int'l Info. Sys. Sec. Cert. Consortium, Inc. v. Security Univ., LLC*, 823 F.3d 153, 161 (2d Cir. 2016) ("The modern test for infringement is whether the defendant's use [is] likely to cause confusion not just as to source, but also as to sponsorship, affiliation or connection.").

The Second Circuit also affirmed the district court's holding that recognizability was the "ultimate" question on a "false endorsement" claim, though phrased the issue as one of "public prominence:"

> The district court properly analyzed the record of each Appellant's public prominence to determine the strength of their marks, because among other reasons, the advertisements at issue provided no information identifying Appellants other than their pictures. *Bondar v. LASplash Cosmetics*, No. 12-cv-1417, 2012 WL 6150859, at *7 (S.D.N.Y. Dec. 11, 2012)…. Further, because the ultimate question under *Polaroid Corporation* is the likelihood of consumer confusion, the district court properly analyzed Appellants' recognizability. *See id.*

Electra, 987 F.3d at 258.

Unlike the Ninth Circuit, which has made "recognizability" *among the defendant's target audience* to be the determinative factor on a strength of mark inquiry,[5] the Second Circuit held that for a plaintiff to be afforded Lanham Act protection, she must demonstrate a certain undefined level of "public prominence" among, presumably, the public writ large. This was in keeping with prior decisions out of the Second Circuit requiring that plaintiff be a "recognizable celebrity" to be entitled to Lanham Act protection. *See Pelton*, 2001 WL 327164, at *3-4 (granting defendant's motion for summary judgment where there was no evidence plaintiff was a "recognizable

5. *Downing*, 265 F.3d 994, 1007-08 (9th Cir. 2001).

celebrity.”). Such holding means that absent evidence of a plaintiff is a “recognizable celebrity” or has achieved “public prominence,” no juror could possibly believe that Respondents’ advertisements -- which emblazoned images of Petitioners on advertisements for strip clubs, inviting patrons to come to come see the women who strip at the Clubs, and which the district court determined as a matter of law were false -- could cause consumer confusion.

Though certain Petitioners have appeared on the covers of magazines, in television shows and movies, and indisputably have millions of social media followers, the Second Circuit nevertheless relied on dicta from *Bondar* for the proposition that “[t]he misappropriation of a completely anonymous face could not form the basis for a false endorsement claim, because consumers would not infer that an unknown model was ‘endorsing’ a product, as opposed to lending her image to a company for a fee.” *Electra*, 987 F.3d at 258 (quoting *Bondar,* 2012 WL 6150859, at *7) (emphasis added).[6] Such holding not

6. The Second Circuit cites *Bondar* for precisely the opposite conclusion of what that district court in that case actually held, which was that Section 43(a) prohibits any person from making a misrepresentation, in connection with an item in commerce, which is “likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person,” and that it thus “does not require celebrity, only a likelihood of consumer confusion.” *Bondar*, 2012 WL 6150859 at *7 (emphasis added). While the *Bondar* noted as dicta that that “the misappropriation of a completely anonymous face could not form the basis for a false endorsement claim, because consumers would not infer that an unknown model was ‘endorsing’ a product, as opposed to lending her image to a company for a fee,” it ultimately held that “there is a level of consumer recognition short of celebrity — as the term is usually understood — capable of

only affirmed the district court's decision that liability under section 1125(a) turned exclusively on the issue of "recognition" or "public prominence," but also made clear that the Second Circuit has eschewed the black letter of the section 1125(a) and decades of its own precedent and had decided that confusion as to "endorsement" was the *only* inquiry under section 1125(a).[7]

In addition: Circuit courts around the country have repeatedly held that a court of appeals will undertake *de novo* review of grants of summary judgment. *See, e.g., Oswalt v. Resolute Indus., Inc.*, 642 F.3d 856, 859 (9th Cir. 2011) ("We review *de novo* the district court's grant of summary judgment."); *Audi AG v. D'Amato*, 469 F.3d 534, 543 (6th Cir. 2006) (same); *Patton v. MFS/Sun Life Financial Distributors, Inc.*, 480 F.3d 478, 485 (7th Cir. 2007) (same). *Accord, Agosto v. Immigration and Naturalization Service*, 436 U.S. 748, 756 (1978) (noting that "summary judgment principles are controlling here," the court of appeals erred in refusing to allow a *de novo* review of a citizenship claim). In diminishing the long-standing test for consumer confusion, as set forth in *Polaroid*, to the single factor of "public prominence" and deferring completely to the district court on this issue, the Second Circuit ignored this precedent. *See Salve Regina College v. Russell*, 499 U.S. 225, 238 (1991) ("When *de*

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causing consumer confusion. <u>The strength of a mark is normally a question of fact, and there is no reason to depart from this practice here</u>." *Id.*(emphasis added).

7. *See Star Indus.*, 412 F.3d at 383 (2d Cir. 2005) ("confusion" under section 1125(a) means confusion "of any kind, including confusion as to source, sponsorship, affiliation, connection, or identification.").

novo review is compelled, no form of appellate deference is acceptable."). *Accord*, *Coach Services, Inc. v. Triumph Learning LLC*, 668 F.3d 1356 (Fed. Cir. 2012) ("Although we review the Board's findings as to the *DuPont* factors for substantial evidence, we review its overall determination of likelihood of confusion without deference." (citing *In re Chatam Int'l, Inc.*, 380 F.3d 1340, 1342 (Fed. Cir. 2004). Though the Second Circuit did provide a single sentence on each of the *Polaroid* factors of "actual confusion" and "bad faith," *Electra*, 987 F.3d at 258, it has long been held that actual confusion is not necessary to satisfy the likelihood of confusion element of a Lanham Act claim, *see Starbucks Corp. v. Wolfe Borough Coffee, Inc.*, 588 F.3d 97, (2d Cir. 2009) ("[A]ctual confusion is not necessary to establish likelihood of confusion…."), and that, contrary to the district court's "bad faith" analysis, "deliberate copying may indicate that the defendant acted in bad faith." *Id.*[8]

Since as per *Electra* and *Souza* (discussed immediately *infra*), likelihood of confusion now turns exclusively on a plaintiff's "recognizability" or "public prominence," it bears noting that for decades the Second Circuit (in line with courts around the country) had focused any strength of mark inquiry on the inherent *distinctiveness* of a plaintiff's mark and not just the public's *recognition* of that mark. *See W.W.W. Pharm. Co. v. Gillette Co.*, 984 F.2d 567, 572-73 (2d Cir. 1993) (Turning on its "'origin-indicating' quality in the eyes of the purchasing public," a mark's strength is assessed using two factors: (1) the

8. Although the district court granted Carmen Electra's motion for summary judgment, it declined to either award her damages or allow her to proceed to trial to prove damages, a decision which the Second Circuit, declining to undertake *de novo* review, affirmed. *Electra*, 987 F.3d at 237, n.7.

degree to which it is inherently distinctive; and (2) the degree to which it is distinctive in the marketplace. . . In evaluating a mark's strength, a court is permitted to consider the mark's secondary meaning, that is, the extent to which the public has come to identify the mark with a particular product. However, lack of secondary meaning does not preclude a court from finding that an otherwise distinctive mark is strong.") (citations omitted, emphasis added); *see also Centaur Communs., Ltd. v. A/S/M Communs., Inc.*, 830 F.2d 1217, 1225 (2d Cir. 1987) ("The strength of a mark is its tendency to identify the goods sold as emanating from a particular source, even when the source is unknown to the consumer.") (emphasis added, citation omitted). Making Lanham Act protection turn exclusively on the recognition or public prominence of the mark is a significant diversion from these long-standing principles, from which necessarily emanate significant complications.

The Second Circuit had also, for decades, made clear that "[t]he strength of a mark measures the degree of distinctiveness for the purpose of determining the likelihood of confusion resulting from another's use of a similar mark." *Estee Lauder, Inc. v. Gap, Inc.*, 108 F.3d 1503, 1510 (2d Cir. 1997) *quoting* Restat 3d of Unfair Competition, § 21, cmt. i. But defendants in this case did not use a mark "similar" to Petitioners' marks; rather, they admittedly used images of Petitioners in their advertising, *i.e.*, exact copies of Plaintiffs' marks.

Finally, the decision to turn section 1125(a) analysis on "recognition," "celebrity," or "prominence" cuts against decades of Second Circuit precedent as set forth in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604

F.2d 200, 2014 (2d Cir. 1979), which made clear 40 years ago that "[t]he public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement." The Second Circuit did not state that it "satisfies the confusion requirement" if and only if the mark's owner was a "recognized celebrity" or a had achieved some undisclosed level of "public prominence." It stated that if the public believes the mark's owner "sponsored or otherwise approved" the use of the trademark, the confusion requirement is "satisfied." Considering this, the question here is: would a jury, reviewing the subject advertisements, believe that the "mark's owner" (*i.e.*, Plaintiffs) "sponsored or otherwise approved the use of the trademark (*i.e.*, their image and likeness)" in the Clubs advertising? Plaintiffs submit that it is difficult to envision how a jury could not reach that conclusion.

C. How The Second Circuit's Decision Has Been Interpreted

Leaving no question as to how *Electra* is being interpreted, last month, the Southern District of New York applied *Electra* in a case involving the misappropriation and misuse of the images and likenesses of professional models in advertising. In so doing that district court could not have been clearer that, as per *Electra*, the only operative inquiry pertains exclusively as to recognizability:

In *Electra*, the Second Circuit affirmed this focus on evidence of recognizability <u>as the bottom line</u>, stating that "because the ultimate question under *Polaroid Corporation* is the likelihood of consumer confusion, the district court properly analyzed [the plaintiffs'] recognizability." 987 F.3d at 258. Indeed, the Second Circuit strongly suggested that the absence of evidence of recognition would suffice to defeat a false endorsement claim, quoting a district court's reasoning that "[t]he misappropriation of a completely anonymous face could not form the basis for a false endorsement claim, because consumers would not infer that an unknown model was 'endorsing' a product, as opposed to lending her image to a company for a fee." *Id.* (quoting *Bondar v. LASplash Cosmetics*, No. 12-cv-1417, 2012 WL 6150859, at *7 (S.D.N.Y. Dec. 11, 2012). Thus, the Court views Plaintiffs' recognizability as a critical requirement to sustain their false endorsement claims, and begins its analysis of the strength of Plaintiffs' marks by assessing whether Plaintiffs have adduced evidence that they are recognized.

Souza, 2021 WL 3501162, at 4. (emphasis added). The reliance on a single factor to determine likelihood of confusion cuts against decades of precedent in the Second Circuit and Circuit courts around the country.

REASONS FOR GRANTING THE WRIT

I. The Court Should Grant Review to Resolve a Split Among Courts as to Whether Lanham Act Protection Turns on a Plaintiff's commercial interest, on the one hand, or "Celebrity," "Public Prominence" or "Recognizability," on the Other.

There is a profound divide among federal courts concerning interpretation of section 1125(a) and who may bring and sustain a claim under this statute. This divide turns on whether a plaintiff must provide evidence of "celebrity," "recognizability," or "public prominence."

As detailed herein, courts in three Circuits specifically reject the proposition such evidence is required to bring or sustain a claim under section 1125(a), as Lanham Act standing and recovery turns on a plaintiff's commercial interests in their trademark. Courts in two other Circuits, including the *Electra* court, hold that neither standing nor recovery will be afforded an individual who seeks to protect against the illicit exploitation of their mark unless they provide evidence of "celebrity," "recognizability," or "public prominence."

Absent review from this Court, this divide on this central issue of Lanham Act standing and interpretation will persist and deepen.

CONCLUSION

This Court should grant certiorari.

Dated: September 13, 2021

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT, DATED FEBRUARY 9, 2021

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

Docket No. 19-235

CARMEN ELECTRA, TIFFANY TOTH, GEMMA LEE, JESSA HINTON, JESSE GOLDEN, LINA POSADA, SHEENA LEE WEBER, HEATHER RAE YOUNG, RACHEL KOREN, SABELLA SHAKE, URSULA MAYES,

Plaintiffs-Appellants,

v.

59 MURRAY ENTERPRISES, INC., DBA NEW YORK DOLLS GENTLEMEN'S CLUB, JAY-JAY CABARET, INC., AAM HOLDING CORPORATION, DBA PRIVATE EYES GENTLEMEN'S CLUB,

Defendants-Appellees.[1]

January 8, 2020, Argued
February 9, 2021, Decided

Before: KEARSE, CALABRESI, and POOLER, *Circuit Judges.*

1. The Clerk of Court is directed to amend the caption as above.

Appeal from grant of summary judgment of the United States District Court for the Southern District of New York (Naomi R. Buchwald, J.) to Defendants-Appellees 59 Murray Enterprises, Inc., AAM Holding Corp., and Jay-Jay Cabaret, Inc. Plaintiffs-Appellants Carmen Electra, Tiffany Toth, Gemma Lee, Jessa Hinton, Jesse Golden, Lina Posada, Sheena Lee Weber, Heather Rae Young, Rachel Koren, Sabella Shake, and Ursula Mayes allege that Appellees unlawfully used photographs of them to advertise strip clubs owned by Appellees in violation of New York Civil Rights Law §§ 50 and 51 . The district court held that Appellants' signing of full releases of their rights to the photographs defeated their claims. We conclude that the terms of Shake and Hinton's release agreements are disputed material facts, and Appellees concede that neither they nor the third-party contractors that created and published the advertisements secured legal rights to use any of the photographs at issue. We hold that the summary judgment to Appellants on liability. We thus vacate the judgment in part and remand for further proceedings.

Appellants also appeal from the district court's order concluding that Appellants had not accepted an offer of judgment pursuant to Federal Rule of Civil Procedure 68. We hold that the district court correctly concluded they had not accepted the offer because the offer's settlement amount term was ambiguous, the parties disagreed over how to interpret the term, and there was accordingly no meeting of the minds.

Appellants further appeal from the district court's grant of summary judgment to Appellees as to their Lanham Act, 15 U.S.C. § 1125(a), New York General Business Law Section 349, and libel claims. We hold that the district court correctly dismissed these claims.

Affirmed in part, vacated in part, and remanded.

POOLER, *Circuit Judge*:

Plaintiffs-Appellants Carmen Electra, Tiffany Toth, Gemma Lee, Jessa principally challenge the district court's July 26, 2017 order rejecting their Hinton, Jesse Golden, Lina Posada, Sheena Lee Weber, Heather Rae Young, Rachel Koren, Sabella Shake, and Ursula Mayes (collectively, "Appellants") appeal from so much of a final judgment of the United States District Court for the Southern District of New York (Naomi R. Buchwald, *J.*) as dismissed their claims under New York Civil Rights Law Sections 50 and 51, the Lanham Act, 15 U.S.C. § 1125(a), New York General Business Law Section 349, and New York libel law, alleging that Defendants-Appellees 59 Murray Enterprises, Inc., AAM Holding Corp., and Jay-Jay Cabaret, Inc. unlawfully used photographs of Appellants without their consent to advertise Appellees' strip clubs. Appellants attempt to have judgment entered in their favor pursuant to Federal Rule of Civil Procedure 68 for $660,000, and its January 3, 2019 order granting summary judgment to Appellees.

The district court held that Appellants' signing of full releases of their rights to the photographs defeated their claims. We conclude that the terms of Shake and Hinton's release agreements are disputed material facts, and Appellees concede that neither they nor the third-party contractors that created and published the advertisements secured legal rights to use any of the photographs at issue. We hold that the district court erred in granting summary judgment to Appellees and in denying summary judgment to Appellants on liability. We thus vacate the judgment in part and remand for further proceedings.

We also hold that the district court correctly rejected Appellants' purported acceptance of the offer of judgment pursuant to Federal Rule of Civil Procedure 68 because the offer's settlement amount term was ambiguous, the parties disagreed over how to interpret the term, and there was accordingly no meeting of the minds. We further hold that the district court did not err in its grant of summary judgment to Appellees as to Appellants' Lanham Act, 15 U.S.C. § 1125(a), New York General Business Law Section 349, and libel claims.

BACKGROUND

I. Factual Background

Appellants are professional models, actresses, and businesswomen who commercially promote their image and likeness to various clients, brands, and media outlets, or have done so previously. Their images have appeared in a variety of magazines, advertising campaigns, and other publications. Several Appellants have appeared in film and television programs, and many of them have a large social media following.

59 Murray Enterprises, Inc., AAM Holding Corp., and Jay-Jay Cabaret, Inc. (collectively, "the Club Companies" or "Appellees") individually own and operate various strip clubs in New York City, including New York Dolls Gentlemen's Club, Private Eyes Gentlemen's Club, and Flashdancers Gentlemen's Club (collectively, "the Clubs"). Barry Lipsitz is the sole owner of 59 Murray Enterprises and a partial owner of AAM Holding and Jay-Jay Cabaret. Lipsitz's son, Barry Albert Lipsitz ("Albert"), was the manager of the Clubs during the relevant time period. The gravamen of Appellants' complaint is that, between 2013 and 2015, the Club Companies used Appellants' "[i]mages for commercial purposes in order to promote their Clubs by and through various marketing and promotional mediums," including the Clubs' website and social media accounts, "without the prior consent of any" of the Appellants. App'x at 87.

Appellants attached the challenged advertisements to their second amended complaint ("SAC"), and a selection of the advertisements is appended to this opinion. The advertisements were varied in form, purpose, and content, but each combined a prurient photograph of one or more of the Appellants, the logo or name of one of the Clubs, and promotional text. For instance, a photograph of Koren and Shake appeared on the website for New York Dolls Gentlemen's Club with text advertising an "exclusive Black & White Party experience reserved for NYC's elite party goers, athletes, celebrities & business moguls," App'x at 115. A photograph of Lee appeared on webpages advertising employment opportunities for two of the Clubs. A photograph of Hinton, with text stating "Welcome to the New Flashdancers," App'x at 123-27, appeared on the

Flashdancers website, and its Twitter, Facebook, and Instagram accounts. Similarly, a photograph of Golden appeared in an advertisement for a Halloween party at Private Eyes Gentlemen's Club, and a photograph of Mayes appeared in an advertisement offering a free-admission "VIP pass" to the "Newly Remodeled" New York Dolls club. App'x at 120. The advertisements did not name the models.

Appellants were never asked to authorize the use of their images in the Clubs' advertisements, and they never entered into release agreements with the Club Companies authorizing such use. They never received nor were offered compensation for the use of their images in the advertisements. No Appellant ever performed, or agreed to perform, services for the Clubs. Indeed, Appellants contend that they do not endorse the Clubs or strip clubs generally and would never agree to appear at the kinds of events or perform the activities promoted in the advertisements.

Each Appellant previously entered into agreements releasing their rights to photographs in which they appear as models, and the record includes release agreements relating to at least some of the photographs at issue in this litigation. As explained in further detail below, the district court correctly held that the one-year statute of limitations applicable in actions under Section 51 of New York's Civil Rights Law barred the claims of all but six of Appellants. We accordingly focus on the record of releases to the photographs of Appellants with timely claims: Lee, Mayes, Koren, Shake, Hinton, and Golden.

The advertisements using Lee's image used a photograph taken by J Squared Photography for Dreamgirl Lingerie ("Dreamgirl"). Lee signed a release granting Dreamgirl, as well as "its legal representatives and assigns, the exclusive and absolute right and permission . . . to purchase, own, assign, license, transfer, sell, distribute, copyright, use, reuse, publish, republish, exhibit, display, produce and reproduce, print and reprint" the photograph, "or to authorize others to do any of the foregoing, in any and all media now existing or hereafter developed, and in any and all forms or formats of distribution." App'x at 2199. The release explicitly authorized use "for any commercial or noncommercial purpose whatsoever," App'x at 2199, and "waive[d] any claim that [Lee] may at any time have to the eventual use to which such Images may be applied," App'x at 2200.

The advertisement using Mayes's image also used a photograph originally shot for Dreamgirl. Mayes entered into a release for the photograph with Dreamgirl that mirrors, in relevant part, Dreamgirl's release agreement with Lee.[2]

The advertisement using Koren's and Shake's images used a photograph taken for Fastdates.com in which they are both featured. Koren entered into a release for the photograph with Gianatsis Design Associates that "authorize[d] the use and reproduction, by Gianatsis Design Associates or Jim Gianatsis or anyone

2. While initially disputing the fact, Appellants conceded before the district court that one of the release agreements in the record applied to the image of Mayes at issue.

authorized by Gianatsis Design Associates, of any and all photographs" taken of her at the photoshoot for "any purpose whatsoever, without further compensation," and provided that the photographs would be the property of Gianatsis Design Associates "solely and completely." App'x at 2204. The parties agree that Shake entered into a release for the image, but the content of that release agreement is not in the record.

Rule 56.1 The statement advertisements that Hinton featuring signed Hinton's this release image in used connection photographs with originally shot for Forplay, a costume and lingerie company. Hinton testified that while she had previously signed a release in connection with a photoshoot with Forplay, she did not always do so, and she did not recall whether she signed a release for the photograph used in the advertisements at issue. The record includes a release agreement that Hinton signed with Forplay. This release agreement provides that Hinton gives "for all time to Forplay Catalog, Inc. its heirs, legal representatives and assigns, for those whom Forplay Catalog, Inc. is acting, and those acting with its authority and permission the unrestricted right and permission to copyright and/or exploit in any way" the photographs "for illustration, art, promotion, sale, advertising, trade, or any other purpose whatsoever," and further, that "all rights to the Images belong to Forplay Catalog, Inc." App'x at 2214. Though Appellants did not dispute in Appellees' photographs contained at Exhibits E and F in the SAC, these exhibits are labeled as advertisements featuring the images of Koren and Shake.

Lastly, the advertisements featuring Golden's image used photographs originally shot for Leg Avenue. The parties agreed before the district court that Golden entered into a modeling contract with Leg Avenue that included a release agreement that applied to the photographs at issue. This release provides that Golden "irrevocably assign[s] to Leg Avenue, Inc. and its legal representatives, successors, agents, assigns, and all persons or corporations acting with its permission . . . , without restriction, without further compensation to [her], and for any purpose whatsoever, the unrestricted rights to copyright, use, publish, sell, or distribute" the photographs. App'x at 1630.

The Club Companies used third-party contractors to create the advertisements and publish them on the Clubs' websites and social media, including Paul Brown and his company, Internet Management Corporation ("IMC"), which designed the Clubs' websites and provided advertising services to the Clubs, and Melange Media Group LLC ("Melange"), which created and ran the Clubs' social media accounts. Albert, Lipsitz's son, served as the contact person between the contractors and the Clubs.[3] Brown and Lipsitz testified that they believed IMC was responsible for the publication of all the advertisements at issue, except for the advertisement using the photograph of Carmen Electra, which was published by Melange.

3. Though the parties agree that Lipsitz was not involved in the creation of the advertisements, the parties dispute whether Albert provided advertising copy for some of the advertisements or merely informed the third-party contractors of the purposes of the events to be promoted in the advertisements.

Brown admitted that he "couldn't put a lot of weight in that though because some of these images I don't recognize. I would have no idea." App'x at 271, 503. Appellants dispute that IMC was responsible for nearly all the images, as many of the images were posted on the Clubs' social media accounts, which were Melange's responsibility. The parties nevertheless agree that the Clubs never asked Melange or IMC to use a photograph of a specific person, instead requesting photographs that would complement the advertised event or the purpose of a particular webpage.

Though the photographs at issue were taken for a number of different companies, Brown averred that he thought that all the photographs IMC posted on the Clubs' websites came from catalogs of images that Forplay would send to IMC each month. Even if the photographs did not originate from the Forplay catalog, however, Brown averred that the photographs would have come from another source that informed IMC that the photographs "could be freely used because all the rights to the photos had been conveyed." Affidavit of Paul Brown at 3, *Toth v. 59 Murray Enters., Inc.*, No. 15-cv-8028 (S.D.N.Y. 2019), ECF No. 108.

Brown averred that he believed he had a legal right to use each image and that he would never intentionally post an image without the legal right to do so. The same affidavit states that Brown told Lipsitz and Albert that he had releases from Forplay for the photographs that IMC used in the advertisements. Both Lipsitz and Albert declared that they believed IMC had a legal right to use the photographs. However, Brown was unable to find any release from Forplay granting him or IMC the right to use Forplay images, and Appellees never asked Brown for written confirmation that IMC had the rights to use the photographs. Though Lipsitz testified that he believed IMC had an agreement allowing IMC to use Forplay's images, he did not actually see this agreement. At oral argument on appeal, Appellees conceded that the third-party contractors failed to secure the legal rights to use the images by license, assignment, or any other means.

Appellants' tax returns show that their income either increased or remained approximately the same from 2009 to 2016. Appellees did not gain any additional profits from the use of the images, and there is no evidence of an increase in the Clubs' revenue attributable to the special events promoted by some of the advertisements.

II. Procedural History

On October 15, 2015, Appellants filed a complaint alleging, inter alia, that Appellees' use of the photographs in advertisements without written consent violated their statutory right of privacy and publicity under New York Civil Rights Law §§ 50-51, constituted false endorsement under Section 43 of the Lanham Act, 15 U.S.C. § 1125(a)(1), was a deceptive trade practice under New York General Business Law Section 349(h), and constituted libel under New York law.[4] Appellants sought compensatory and punitive damages, a permanent injunction barring Appellees from the use of Appellants' images in

4. The complaint brought four other causes of action, including (1) negligence; (2) conversion; (3) unjust enrichment; and (4) quantum meruit. Appellants voluntarily dismissed those claims.

advertisements promoting the Clubs, and attorneys' fees and costs.

On June 15, 2017, Appellees served a "Rule 68 Offer of Judgment" (the "Offer of Judgment") on Appellants pursuant to Federal Rule of Civil Procedure 68. The Offer of Judgment stated in relevant part as follows:

> Pursuant to Rule 68 of the Federal Rules of Civil Procedure, Defendants hereby offer to Plaintiffs collectively to take a judgment against Defendants in the amount of $82,500.00, inclusive of interest, costs and attorneys' fees, and without any admission of liability, on each of the Causes of Action contained in the Complaint, based upon facts existing as of the date of acceptance of the offer. . . . If Plaintiffs do not accept this offer, in writing, within 14 days after service of this offer upon him, this offer will be deemed rejected.

App'x at 24-25. On June 27, 2017, Appellants returned to Appellees a document entitled "Plaintiffs' Acceptance of Defendants' Rule 68 Offer of Judgment" (hereinafter "Acceptance Reply" or "Reply"), which stated as follows:

> **PLEASE TAKE NOTICE** that, pursuant to Rule 68 of the Federal Rules of Civil Procedure, Plaintiffs hereby accept Defendants [*sic*] June 15, 2017 offer to allow judgment to be taken against Defendants "in the amount of $82,500, inclusive of interest, costs and attorneys' fees, and without admission of liability, on each of the

> Causes of Action contained in the Complaint based upon facts existing as of the date of acceptance of the offer." (Exhibit A).
>
> PLEASE TAKE FURTHER NOTICE that, as set forth in Plaintiffs' January 31, 2016 Second Amended Complaint (Dkt. 18; Exhibit B, ¶¶ 118-183), as of the date of Defendants' Offer of Judgment, Plaintiffs had eight (8) Causes of Action against Defendants.
>
> PLEASE TAKE FURTHER NOTICE that Plaintiffs hereby accept a total of six hundred and sixty thousand dollars ($660,000.00), inclusive of interest, costs and attorneys' fees, for full and final settlement of all eight (8) Causes of Action contained in the Complaint based upon facts existing as of the date of acceptance of the offer.

App'x at 27-28.

Although the Rules provide that if the Rule 68 offer has been accepted "either party may then file the offer and notice of acceptance, plus proof of service," and that the "clerk must then enter judgment," Fed. R. Civ. P. 68(a), no such judgment was actually entered in the present case. Following receipt of Appellants' Reply, Appellees filed in the district court on July 5 a letter urging that no judgment be entered in accordance with the Reply because in Appellees' Rule 68 Offer "[t]he figure of $660,000 was not mentioned . . . and was clearly not contemplated; rather, $82,500 was intended to dispose of the entire case," and Appellants' counsel was "well aware of Defendants' stated intent based on written communications among counsel that directly preceded the offer." App'x at 30. Appellees' counsel stated that prior to the Rule 68 Offer, when "counsel discussed settlement[,] Defendants offered $82,500 to dispose of the entire case." App'x at 31. After "Plaintiffs[] countered by demanding $800,000," defense counsel "advised that the amount demanded was too high to counter," and "[b]y a June 15th email, a copy of which is annexed hereto, . . . advised that rather than countering the demand [they] would be filing an offer of judgment for the same amount previously offered; i.e., $82,500." App'x at 31. Appellees attached to their letter the June 15 email referred to, which stated, "We are going to file an offer of judgment for the amount previously offered." App'x at 33.

On July 7, 2017, Appellants filed with the district court a letter opposing Appellees' July 5 request to decline filing the judgment proposed by Appellants. Appellants argued that the $82,500 referred to in the Rule 68 Offer expressly applied to "each" of the complaint's causes of action, App'x at 39 (emphasis in original), and urged the district court to disregard "extrinsic evidence," App'x at 39-40 (citing *Steiner v. Lewmar, Inc.*, 816 F.3d 26, 35 (2d Cir. 2016)).

On July 26, 2017, the district court declined to enter Appellants' proposed judgment, reasoning that the offer was ambiguous and citing the district court's supervisory authority over the case.[5]

5. Our Court subsequently dismissed Appellants' appeal from this order on the basis that it was not an immediately appealable collateral order. *Electra v. 59 Murray Enters., Inc.*, No. 16-cv-

After further litigation, Appellants moved for summary judgment on their claims and for "such other and further relief as [the] Court deems just and proper." Motion for Summary Judgment at 1, *Toth v. 59 Murray Enters., Inc.*, No. 15-cv-8028 (S.D.N.Y. 2019), ECF No. 79. Appellants' further submissions, including their memorandum of law and a letter accompanying the summary judgment motion, explained that Appellants sought summary judgment on their compensatory damages based on the fair market value of the images, as well as a permanent injunction prohibiting Appellees from using Appellants' images. Appellees cross-moved for summary judgment and moved to strike the report and testimony of Appellants' proposed damages expert, Stephen Chamberlin. On January 3, 2019, the district court struck Chamberlin's report and testimony as speculative and based on unreliable methodology, and it granted summary judgment to Appellees on all of Appellants' claims.

As to Appellants' claims under New York Civil Rights Law §§ 50-51, the district court concluded that Lee, Koren, Shake, Mayes, Hinton, and Golden had brought suit within one year of the publication of the challenged advertisements, but that the claims of the other Appellants were time-barred under the applicable one-year statute of limitations. *See* N.Y. C.P.L.R. § 215(3). As to the six Appellants whose claims were not time-barred, the district court held that they could not sue under Section 51 because they signed full releases of their rights to the

8028, 2017 U.S. App. LEXIS 24177, 2017 WL 5714513 (2d Cir. Nov. 21, 2017).

images. Accordingly, the district court dismissed the complaint and entered judgment for Appellees. Appellants timely appealed.

DISCUSSION

I. Rule 68 Offer of Settlement

Federal Rule of Civil Procedure 68 provides:

> [A] party defending against a claim may serve on an opposing party an offer to allow judgment on specified terms, with the costs then accrued. If, within 14 days after being served, the opposing party serves written notice accepting the offer, either party may then file the offer and notice of acceptance, plus proof of service. The clerk must then enter judgment.

Fed. R. Civ. P. 68(a).

"Rule 68 offers of judgment and acceptances thereof are contracts to be interpreted according to ordinary contract principles." *Steiner*, 816 F.3d at 31. Appellants argue, however, that we have stated that "Rule 68 offers of judgment . . . are different from other contract offers in that they carry legal consequences: a party that rejects a Rule 68 offer may be subject to the cost-shifting provision of Rule 68(d) if it does not obtain a more favorable judgment," *id.*, and that under the doctrine of contra proferentem, "ambiguities in the language of a Rule 68 offer of judgment are to be construed against the party making the offer," *Lilly v. City of New York*, 934 F.3d 222, 236 (2d Cir. 2019) (internal quotation marks and citation omitted).

"The primary goal of contract interpretation is to effectuate the intent of the parties as manifested by the language used in the contract." *Steiner*, 816 F.3d at 34 (internal quotation marks and citation omitted). This Court's exposition of ambiguity under contract law in the Rule 68 context in *Goodheart Clothing Co., Inc. v. Laura Goodman Enterprises, Inc.* is instructive:

> If a writing, or the term in question, appears to be plain and unambiguous on its face, its meaning must be determined from the four corners of the instrument without resort to extrinsic evidence of any nature. On the other hand, if the term in question does not have a plain meaning it follows that the term is ambiguous. Contract language is ambiguous if it is reasonably susceptible of more than one interpretation, and a court makes this determination by reference to the contract alone. Conversely, contractual language is unambiguous if it has a definite and precise meaning, unattended by danger of misconception in the purport of the contract itself, and concerning which there is no reasonable basis for a difference of opinion.

962 F.2d 268, 272 (2d Cir. 1992) (internal quotation marks, brackets, and citations omitted and alterations incorporated). "In determining whether the contract is

ambiguous, a court looks at the contract as a whole in light of the circumstances present when the contract was entered." *Steiner*, 816 F.3d at 33 (internal quotation marks and citation omitted).

Appellants argue that the district court erred in concluding that Appellants had not accepted Appellees' Offer of Judgment, arguing that (1) the contract unambiguously offered $660,000; and (2) even if the offer was ambiguous, our case law requires that the offer must be construed against the offeror, without looking to extrinsic evidence. In response, Appellees argue that the offer was ambiguous, and this ambiguity rendered the offer inoperative. "We review *de novo* a district court's interpretation of a Rule 68 offer." *Steiner*, 816 F.3d at 31; *see also Goodheart*, 962 F.2d at 273 ("[I]nterpretation of a contract generally is a question of law, subject to *de novo* review.").

Preliminarily, we note that it is inapt to apply the doctrine of contra proferentem to this case because that doctrine assumes the *existence of* a contract about which there is some dispute as to one or more terms. Contra proferentem is intended to be an interpretive methodology of last resort:

> [I]f, after all of the other guides to interpretation have been exhausted and the court concludes that there remain two reasonable interpretations of the contract, with each party knowing or having reason to know of the other party's understanding of the term, the court should

> as a policy matter, assuming it is clear that the parties have indeed attempted to enter into a contract, choose the interpretation that is adverse to the party that drafted the contract.

U.S. Naval Inst. v. Charter Commc'ns, Inc., 875 F.2d 1044, 1050 (2d Cir. 1989) (quoted in 5 *Corbin on Contracts* § 24.27 (2020)). To apply contra proferentem to the threshold question of whether an enforceable contract existed—*i.e.*, to whether there was mutual assent to be bound—would be the antithesis of its generally accepted purpose as an interpretive tiebreaker of last resort.

Here, for the reasons discussed below, there simply was no meeting of the minds: plaintiffs' purported acceptance of the Offer of Judgment is more properly construed as a counteroffer because it changed the most essential term of the Offer of Judgment—the dollar amount offered. Without a valid acceptance, there is no contract; without a contract, there is no need to interpret its purported terms; without the need for interpretation, there is no need to apply an interpretive methodology of last resort. While our cases have approved of applying contra proferentem to validly accepted Rule 68 offers, none has done so where, as here, there was such a fundamental misconstrual of the terms offered by the Appellees that it was impossible to conclude that a contract existed at all.

For a valid Rule 68 agreement to have been formed, there must have been a "meeting of the minds" under elementary principles of contract law. *See, e.g.*, *Mallory v. Eyrich*, 922 F.2d 1273, 1279-80 (6th Cir. 1991); *Johnson* *v. Univ. Coll. of Univ. of Ala. in Birmingham*, 706 F.2d 1205, 1209 (11th Cir. 1983); *Radecki v. Amoco Oil Co.*, 858 F.2d 397, 400 (8th Cir. 1988) ("To decide whether there has been a valid offer and acceptance for purposes of Rule 68, courts apply the principles of contract law."); *Steiner*, 816 F.3d at 31 ("Rule 68 offers of judgment and acceptances thereof are contracts to be interpreted according to ordinary contract principles").

"The plain purpose of Rule 68 is to encourage settlement and avoid litigation. . . . The Rule prompts both parties to a suit to evaluate the risks and costs of litigation, and to balance them against the likelihood of success upon trial on the merits." *Marek v. Chesny*, 473 U.S. 1, 5, 105 S. Ct. 3012, 87 L. Ed. 2d 1 (1985). With respect to a suit seeking money damages, the process requires that the plaintiff, who can total his damages and the costs already incurred, be able to "compar[e] th[at] sum to the amount offered." *Id.* at 7. "Thus, Rule 68 offers must provide 'a clear baseline from which plaintiffs may evaluate the merits of their case relative to the value of the offer.'" *Basha v. Mitsubishi Motor Credit of Am., Inc.*, 336 F.3d 451, 455 (5th Cir. 2003) (quoting *Thomas v. Nat'l Football League Players Ass'n*, 273 F.3d 1124, 1130, 348 U.S. App. D.C. 220 (D.C. Cir. 2001); *see also, e.g.*, *Stanczyk v. City of New York*, 752 F.3d 273, 283 (2d Cir. 2014) ("Rule 68 offers . . . must be capable of comparison to the judgment ultimately obtained[.]" (citation omitted)).

The Rule 68 process does not work if the dollar amount offered is not clear. For example, where a Rule 68 offer included a monetary component for the plaintiff's claimed "actual damages" that would be an amount that "the attorneys for the parties [were to] agree[] upon [as] reasonable," rather than specifying that amount in the offer, *Basha*, 336 F.3d at 454 (internal quotation marks and alterations omitted), the offer did not comport with the Rule, and entry of a Rule 68 judgment was properly denied:

> Because the offer purported to settle all claims, yet failed to quantify damages, . . . mutual assent did not exist between the parties. Moreover, *such a vague offer of judgment did not provide Basha with a clear baseline to evaluate the risks of continued litigation*. To hold otherwise would be to strip Rule 68 of its purpose.

Id. at 455 (emphasis added); *see also Thomas*, 273 F.3d at 1130 (explaining that "an unallocated offer of judgment to multiple plaintiffs is not effective under Rule 68" because no plaintiff would have been presented with a number against which to compare his or her likely recovery).

We conclude that Appellees' Rule 68 Offer of Judgment was, indeed, ambiguous. As the district court noted, the sentence in the Rule 68 offer reading, "Defendants hereby offer to Plaintiffs collectively to take a judgment against Defendants in the amount of $82,500.00 . . . on each of the Causes of Action contained in the Complaint," App'x at 24, is reasonably susceptible to more than one interpretation because the word "collectively" contradicts the use of the word "each." The Rule 68 offer therefore was ambiguous in its most crucial term: the amount of settlement. Appellants' arguments to the contrary simply ignore this contradiction and are accordingly unconvincing.

An offer that states a dollar amount to be specified in the judgment but does so using language that would permit the defendant to argue later that the offer was for a different amount has no Rule 68 validity. Appellants here point out that if they had simply stated that they accepted Appellees' Offer of Judgment without attempting an explanation or elaboration, Appellees would have been free to point to the offer's reference to *each* cause of action, and to contend that they were entitled to have Appellants pay post-offer costs if after trial Appellants recovered any sum less than $660,000. Appellants' Br. at 70. Plainly the Rule was not intended to provide a defendant with such a double-edged sword—enabling him to argue that plaintiffs could not receive more than $82,500 if they accepted the Rule 68 offer, but could be held liable for post-offer costs if they won any amount less than $660,000. Neither was the Rule intended to allow a plaintiff, who knows that the specified sum in the offer is the defendant's intended ceiling, to insist that the Rule 68 judgment be entered for a higher amount than the one specified in the offer.

In sum, because the Rule 68 offer was ambiguous as to what dollar amount the Appellees were offering—*i.e.*, as to the most fundamental aspect of the proposed contract, the amount to be specified in the judgment—the Offer of Judgment was not a proper Rule 68 offer. There was here no mutual assent; Appellees' Offer of Judgment was of no effect under Rule 68; the district court properly refused to enter the judgment proposed by Appellants; and Appellants are not subject to the costs-shifting consequences that would have occurred if Appellees' Offer of Judgment had been a proper Rule 68 offer.

Because the parties never reached agreement on a settlement amount, the district court correctly refused to resolve ambiguities in Appellants' favor and enter judgment for Appellants pursuant to their purported acceptance of the Rule 68 offer. We therefore affirm the July 26, 2017 order of the district court.

Finally, even if we were to conclude that, notwithstanding the fundamental ambiguity in the Offer of Judgment, a Rule 68 contract had somehow been formed calling for a Rule 68 judgment in the amount of $660,000, we would uphold the district court's refusal to enter such a judgment on the ground that Appellees should be allowed to avoid the contract on the basis of mistake. Although unilateral mistake is generally not an impediment to the formation of a contract, it may in some circumstances allow the party that made the mistake to avoid the contract. "Where a mistake of one party at the time a contract was made as to a basic assumption on which he made the contract has a material effect . . . that is adverse to him," and "the other party had reason to know of the mistake," "the contract is"—except in circumstances not existing here—"voidable by him." Restatement (Second) of Contracts § 153(b) (1981); *see also* 5 Corbin on Contracts § 24.27 (2020) ("When the terms of a written contract have been authored by one of the parties and *merely* assented to by the other, this fact will in some cases influence the interpretation that the court will give to these terms. After the court has examined all of the other factors that affect the search for the parties' intended meaning, . . . there may yet remain a question as to what meaning was intended and should be given effect. This uncertainty may be so great that the court should hold that no contract exists." (emphasis added)).

In the context of a Rule 68 judgment, for example, where a defendant intended to make a Rule 68 offer of judgment in the amount of $500 but because of a typographical error offered $500,000, which was accepted by plaintiffs in a case in which they had made no money demand prior to filing suit, the complaint alleged that that defendant had caused actual damage only in the amount of $3,600, and they were "shocked" by the offer when it was received, the Rule 68 judgment for $500,000 was properly set aside on the ground that there was no Rule 68 contract because there had been no meeting of the minds. *See Whitaker v. Associated Credit Servs., Inc.*, 946 F.2d 1222, 1223-25 (6th Cir. 1991).

The circumstances surrounding Appellees' Rule 68 offer here support the district court's refusal to enter a Rule 68 judgment. Appellees made their formal Rule 68 offer of $82,500 only after making an informal offer to settle the entire case for that amount. Appellants rejected the informal offer and made a counteroffer to settle for $800,000. Appellees then rejected that counter-offer in a June 15, 2017 email to Appellants' counsel, and in that email stated, "We are going to file an offer of judgment for the amount previously offered." App'x at 33. On that same day, Appellants made the Offer of Judgment at issue here. Appellants have not disputed, either in the district court or here, that this was the sequence of events, or that they received and understood the June 15 email. This undisputed record reveals that Appellants knew Appellees intended to have a Rule 68 judgment entered that required them to pay Appellants collectively a total of $82,500. As Appellants attempted to have such a judgment entered only in the amount of $660,000, the parties never reached agreement on a specific amount.

II. Claims Under New York Civil Rights Law § 51

"We review a district court's grant of summary judgment *de novo*." *Brandon v. Kinter*, 938 F.3d 21, 31 (2d Cir. 2019). For summary judgment to be warranted, the movant must "show[] that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). "Material facts are those which might affect the outcome of the suit under the governing law, and a dispute is genuine if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Coppola v. Bear Stearns & Co.*, 499 F.3d 144, 148 (2d Cir. 2007) (internal quotation marks and citation omitted). "In reviewing the district court's grant of summary judgment, we must construe the facts in the light most favorable to the non-moving party and must resolve all ambiguities and draw all reasonable inferences against the movant." *Brandon*, 938 F.3d at 31 (internal quotation marks and citation omitted).

A. New York Civil Rights Law §§ 50-51

Though New York courts do not recognize a common law action for invasion of privacy, Sections 50 and 51 of the New York Civil Rights Law provide for a limited statutory right of privacy. *Messenger v. Gruner + Jahr Printing & Publ'g*, 208 F.3d 122, 125 (2d Cir. 2000). Under Section 50, it is a misdemeanor to "use[] for advertising purposes, or for the purposes of trade, the name, portrait or picture of any living person without having first obtained the written consent of such person . . . ." N.Y. Civ. Rights Law § 50. Section 51 authorizes a private right of action for damages and injunctive relief for those injured by a violation of Section 50, providing in relevant part as follows:

> Any person whose name, portrait, picture or voice is used within this state for advertising purposes or for the purposes of trade without the written consent first obtained as above provided [in Section 50] may maintain an equitable action in the supreme court of this state against the person, firm or corporation so using his name, portrait, picture or voice, to prevent and restrain the use thereof; and may also sue and recover damages for any injuries sustained by reason of such use . . . .

N.Y. Civ. Rights Law § 51. To establish liability under Section 51, a plaintiff "must demonstrate each of four elements: (i) usage of plaintiff's name, portrait, picture, or voice, (ii) within the state of New York, (iii) for purposes of advertising or trade, (iv) without plaintiff's written consent." *Molina v. Phx. Sound Inc.*, 297 A.D.2d 595, 747 N.Y.S.2d 227, 230 (App. Div. 1st Dep't 2002) (citation omitted). "A name, portrait or picture is used 'for advertising purposes' if it appears in a publication which, taken in its entirety, was distributed for use in, or as part of, an advertisement or solicitation for patronage of a particular product or service," *Beverley v. Choices Women's Med. Ctr., Inc.*, 78 N.Y.2d 745, 751, 587 N.E.2d 275, 579 N.Y.S.2d 637 (1991) (citation omitted), and is used for purposes of trade if it "involves use which would draw trade to the firm." *Kane v. Orange Cty. Publ'ns.*, 232 A.D.2d 526, 649 N.Y.S.2d 23, 25 (App. Div. 2d Dep't 1996). Because the statute was "drafted narrowly to encompass only the commercial use of an individual's name or likeness and no more," *Finger v. Omni Publ'ns. Int'l, Ltd.*, 77 N.Y.2d 138, 141, 566 N.E.2d 141, 564 N.Y.S.2d 1014 (1990) (internal quotation marks and citation omitted), the statute's terms are "to be narrowly construed and strictly limited to nonconsensual commercial appropriations of the name, portrait or picture of a living person." *Messenger*, 208 F.3d at 125 (internal quotation marks and citation omitted).

New York courts hold that Section 51 also protects a statutory right of publicity. *See Brinkley v. Casablancas*, 80 A.D.2d 428, 438 N.Y.S.2d 1004, 1012 (App. Div. 1st Dep't 1981); *see also Gautier v. Pro—Football, Inc.*, 304 N.Y. 354, 359, 107 N.E.2d 485 (1952). Section 51 "has been applied in cases . . . where the picture of a person who has apparently never sought publicity has been used without his or her consent for trade or advertising purposes. In such cases it has been noted that the statute serves to protect the sentiments, thoughts and feelings of an individual." *Stephano v. News Grp. Publ'ns., Inc.*, 64 N.Y.2d 174, 182, 474 N.E.2d 580, 485 N.Y.S.2d 220 (1984) (internal quotation marks and citations omitted). Yet, Section 51 "is not limited to situations where the defendant's conduct has caused distress to a person who wishes to lead a private life free of all commercial publicity." *Id.* at 183. Because Section 51 "applies to any use of a person's picture or portrait for advertising or trade purposes whenever the defendant has not obtained the person's written consent to do so," the statute also applies in cases seeking to vindicate the statutory right of publicity—those in which "the plaintiff generally seeks publicity, or uses his name, portrait, or picture, for commercial purposes but has not given written consent for a particular use." *Id.*

In *Arrington v. New York Times Co.*, the Court of Appeals held that allegations that a photograph distributor sold the plaintiff's image to a newspaper without the plaintiff's consent sufficed to state a claim for nonconsensual commercialization of an image for purposes of trade. 55 N.Y.2d 433, 443, 434 N.E.2d 1319, 449 N.Y.S.2d 941 (1982). Soon thereafter, the New York legislature amended Section 51 to expressly permit lawful sales or transfers of images by adding the following provision:

> [N]othing contained in this article shall be so construed as to prevent any person, firm or corporation from selling or otherwise transferring any material containing such name, portrait, picture or voice in whatever medium to any user of such name, portrait,

> picture or voice, or to any third party for sale or transfer directly or indirectly to such a user, for use in a manner lawful under this article . . . .

N.Y. Civ. Rights Law § 51.

Accordingly, in actions under Section 51 challenging the sale or transfer of an image from an image distributor to a third party, or a third party's use of an image, courts generally assess whether such use or transfer is lawful by looking to the text of the relevant written release agreement. *See, e.g., Delaney v. Newsday, Inc.*, No. 90-6007, 1991 WL 95125, at *1-2 (N.Y. Sup. Ct. Jan. 28, 1991); *see also Spiegel v. Schulmann*, 604 F.3d 72, 78 (2d Cir. 2010); *Krupnik v. NBC Universal, Inc.*, 37 Misc. 3d 1219[A], 964 N.Y.S.2d 60, 2010 NY Slip Op 52462[U], 2010 WL 9013658, *3-5 (N.Y. Sup. Ct. 2010). "Under New York law, a defendant's immunity from a claim for invasion of privacy is no broader than the consent executed to him." *Spiegel*, 604 F.3d at 77 (internal quotation marks and citation omitted). "Where the plaintiff's consent is limited with respect to form or forum, the use of the plaintiff's photograph is without consent if it exceeds the limitation." *Id.; see also Shields v. Gross*, 58 N.Y.2d 338, 344, 448 N.E.2d 108, 461 N.Y.S.2d 254 (1983) ("The statute acts to restrict an advertiser's prior unrestrained common-law right to use another's photograph until written consent is obtained. Once written consent is obtained, however, the photograph may be published as permitted by its terms." (citation omitted)).

B. The Terms of the Release Agreements for Shake's and Hinton's Photographs Are Disputed

It is conceded that the Club Companies used Appellants' pictures within the state of New York for the purposes of advertising or trade, *see Molina*, 747 N.Y.S.2d at 230, and Appellees do not argue that any exceptions apply. Further, it is undisputed that the Club Companies lacked written consent from Appellants to use their images in Club advertisements. For use of the photographs in the Club Companies' advertisements to be lawful, then, we look to the terms of the releases for each photograph. "A release is a contract, and its construction is governed by contract law." *Warmhold v. Zagarino*, 144 A.D.3d 672, 40 N.Y.S.3d 499, 500 (App. Div. 2d Dep't 2016) (internal quotation marks and citation omitted). Whether a Section 51 plaintiff entered into a release agreement and the terms of such an agreement, however, are factual questions. *See, e.g., Taggart v. Wadleigh--Maurice, Ltd.*, 489 F.2d 434, 438 (3d Cir. 1973); *Alvidrez v. Roberto Coin, Inc.*, 6 Misc. 3d 742, 791 N.Y.S.2d 344, 347 (Sup. Ct. 2005).

The district court granted Appellees summary judgment after finding that each Appellant with a timely Section 51 claim—Lee, Koren, Shake, Mayes, Hinton, and Golden—had entered into a "comprehensive" release that "grant[ed] the releasee unlimited rights to the use of the images at issue." *Toth v. 59 Murray Enters., Inc.*, No. 15-cv-8028, 2019 U.S. Dist. LEXIS 1355, 2019 WL 95564, at *3, *11 (S.D.N.Y. Jan. 3, 2019). Appellants argue that the district court erred in so finding because the record did not contain releases for the images at issue. We agree.

It is undisputed that Lee, Koren, and Mayes entered into agreements releasing all their rights to the photographs and authorizing assignment, license, or use of the photographs by third parties. Appellants argue that there is no release in the record for the photograph of Golden, and Appellees offer no argument to the contrary before this Court. But the parties plainly agreed before the district court that "Golden executed an exclusive contract with Leg Avenue in conjunction with a release by which she assigned the rights to the photographs at issue, without limitation, to Leg Avenue," App'x at 2218. This release assigned all rights to the photograph to the releasee Leg Avenue, as well as its "successors, agents, assigns, and all persons or corporations acting with its permission . . . , without restriction . . . ." App'x at 1630. Appellants cannot now argue that the release for Golden's photograph creates a material dispute of fact.

While the parties agree that Shake entered into a release for the photograph at issue, this release is not in the record. The parties dispute the terms of the release, including whether the releasee would receive all proprietary rights to the image or be able to use the image for any purpose. Shake testified that she understood that the photographs covered by the release were to be used only for a calendar that Fastdates created.

Further, while Appellants did not dispute Appellees' statement in their Rule 56.1 filing that "Hinton signed a release in connection with the photographs depicted in Exhibits E and F," App'x at 2214, these exhibits are labeled as advertisements featuring the images of Koren and Shake, not Hinton. Hinton testified that she did not always sign releases for photographs with Forplay, and she did not recall whether she signed a release for the photograph used in the advertisements at issue. Appellants contend on appeal that the record does not include the release that Hinton signed for the photograph, and Appellees concede this point, arguing only that Hinton testified that she did not know if the release in the record pertained to the images at issue in the case.

In summary, though there was no dispute of material fact raised relating to the releases for the photographs of Lee, Koren, Mayes, and Golden, the terms of the releases for the photographs of Shake and Hinton present disputed questions of material facts. We thus vacate the district court's grant of summary judgment to Appellees on the claims of Shake and Hinton.

C. Whether the Releases Bar Appellants' Section 51 Claims

Relying on the release agreements in the record, the district court concluded that Appellants had executed agreements releasing all their proprietary rights to the photographs and authorizing releasees to allow third parties to use the photographs for any purpose. The district court held that the release agreements disclaimed Appellants' rights to challenge the use of the photographs, barring Appellants' Section 51 claims. In a footnote, the district court suggested that though it did not need to address the question of whether the releases constituted "written consent" for purposes of Section 51, it was "inconsistent" with the statute "for plaintiffs that have signed unlimited releases to rely on the absence of written consent in pursuing damages under that statute." *Toth*, 2019 U.S. Dist. LEXIS 1355, 2019 WL 95564 at *11 n.14.

Appellants contend that this was an error of law, arguing that Appellees lacked written consent from Appellants, the releasees, or anyone else to use the images; that Appellees were not third-party beneficiaries of the release agreements; and that the release agreements did not constitute written consent for purposes of Section 51. We agree.

Under New York law, "the terms of a contract may be enforced only by contracting parties or intended third-party beneficiaries of the contract . . . ." *Rajamin v. Deutsche Bank Nat. Tr. Co.*, 757 F.3d 79, 86 (2d Cir. 2014). Here, both parties agree that the Club Companies and their contractors—including Brown, IMC, and Melange—were not parties to the releases, and that there are no other agreements between Appellants and the Club Companies or their contractors authorizing the use of the photographs. In addition, Appellees conceded during oral argument that the contractors secured no legal rights to use the photographs, such as through an assignment or license. Appellees and their contractors are plainly not third-party beneficiaries of the release agreements. *See State of Cal. Pub. Emps.' Ret. Sys. v. Shearman & Sterling*, 95 N.Y.2d 427, 434, 741 N.E.2d 101, 718 N.Y.S.2d 256 (2000) (explaining that a "party asserting rights as a third-party beneficiary must establish," inter alia, "that the contract was intended for his benefit"). Appellees therefore had no legal rights under the releases or any subsequent agreement to use the images and cannot rely on the releases to bar Appellants' claims.

We further conclude that the releases are not written consent for purposes of Section 51. The text of the statute requires a party to have "written consent" to use the image, though it allows "sale or transfer" of the image "for use in a manner lawful under" Section 51. N.Y. Civ. Rights Law § 51. As case law demonstrates, written consent in favor of one party does not allow others to use an image for trade or advertising. *See, e.g., Chambers v. Time Warner*, No. 00-cv-2839, 2003 U.S. Dist. LEXIS 3065, 2003 WL 749422, at *4 (S.D.N.Y. Mar. 5, 2003). This is true no matter how broadly an agreement releases proprietary rights to the releasee. In *Rosemont Enterprises, Inc. v. Urban Systems, Inc.*, for example, the New York Supreme Court held—in an action under Section 51 brought by Howard Hughes against the maker of "The Howard Hughes Game"—that Hughes's "exclusive assignment of the right to exploit the Hughes name and personality" to another party did not defeat the claim. 72 Misc. 2d 788, 340 N.Y.S.2d 144, 144, 147 (Sup. Ct. 1973), *aff'd as modified*, 42 A.D.2d 544, 345 N.Y.S.2d 17 (App. Div. 1st Dep't 1973). The court explained that Hughes was "free to protect himself from the exploitation of his name and likeness against all the world except [the assignee]. It is only between them will that assignment constitute a defense to a similar law suit." *Id.* at 147.

A cause of action under Section 51 does not depend on the proprietary rights a plaintiff has in a particular image. In *Gautier v. Pro-Football, Inc.*, the Appellate Division explained that Section 51 provides "primarily a recovery for injury to the person, not to his property or business." 278 A.D. 431, 106 N.Y.S.2d 553, 560 (App. Div. 1st Dep't 1951), *aff'd*, 304 N.Y. 354, 107 N.E.2d 485. *Gautier* continued,

> True, where an individual's right of privacy has been invaded there are certain other elements which may be taken into consideration in assessing the damages. Thus, where a cause of action under the Civil Rights statute has been established, damages may include recovery for a so-called 'property' interest inherent and inextricably interwoven in the individual's personality, but it is the injury to the person not to the property which establishes the cause of action. That is the focal point of the statute.

Id. (citation omitted).[6] The district court's conclusion that the release agreements defeated Appellants' claims would

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6. Such reasoning has long precedent in New York courts. Shortly after the statute was first passed into law, the New York Court of Appeals recognized in *Rhodes v. Sperry & Hutchinson Co.* that ownership of an image and right to use the image for purposes of trade or advertising are distinct:

> [A]s to pictures whose ownership remained in the person represented at the time when the act took effect, or portraits subsequently made, a transfer of ownership no longer conveys the right to use the picture for advertising purposes, unless the written consent of the person portrayed shall have been given. The acquisition of such pictures by itself does not carry with it the right to use them for advertising or trade purposes, except with the written consent of the person represented; but the statute in no wise forbids the transfer of the right so to use them, provided that right is conferred by a written consent to that effect.

193 N.Y. 223, 230-31, 85 N.E. 1097 (1908), *aff'd*, 220 U.S. 502, 31 S. Ct. 490, 55 L. Ed. 561 (1911).

construe Section 51 claims as coextensive with claims for breach of contract: only the releasees, who retained proprietary interest in the image, could sue. But this is wrong, even in this "modern era" of the internet. *Cf. Gautier*, 304 N.Y. at 360. "Section 51 of the Civil Rights Law was not enacted . . . to supplement causes of action based on contracts . . . ." *Gautier*, 106 N.Y.S.2d at 560-61.

Thus, Lee's and Mayes' releases in favor of Dreamgirl, Koren's release in favor of Gianatsis Design Associates, and Golden's release in favor of Leg Avenue do not constitute written consent for all others to use their images for purposes of advertising or trade. That their releases conveyed their proprietary rights to the photographs does not defeat their claims, because their cause of action under Section 51 is based on their statutory rights, not their proprietary rights in the photographs. And while the releases could provide a defense in an action against the releasees or those who could assert lawful use by reason of assignment or license, Appellees concede that they had no legal rights to the images. Appellants therefore have established that Appellees used their images without written consent, and they are entitled to summary judgment as to Appellees' liability under Section 51.

D. Section 51 Remedies

Section 51 authorizes private parties to seek injunctive relief, compensatory damages "for any injuries sustained" because of the unconsented use of their picture, and exemplary damages if the defendant knowingly used the picture "in such manner as is forbidden or declared to be unlawful" by Section 50. N.Y. Civ. Rights Law § 51.

The district court held that even if the comprehensive releases for the photographs at issue did not defeat Appellants' Section 51 claims, their claims should nevertheless be dismissed because Appellants failed to establish entitlement to damages. Having found Lee, Koren, Shake, Mayes, Hinton, and Golden entitled to summary judgment on liability under Section 51, we turn to the district court's alternative basis for dismissal.

Appellants argue that the district court erred in striking the report of their damages expert, Stephen Chamberlin, and that Appellants were entitled to prove damages at trial. Appellees respond that that (1) the district court correctly struck Chamberlin's report, and (2) Appellants' Section 51 claims fail because they failed to adduce any evidence of damages. Though we conclude that the district court correctly excluded Chamberlin's damages report, we also conclude that this is not fatal to Appellants' Section 51 claims.

"The decision to admit expert testimony is left to the broad discretion of the trial judge and will be overturned only when manifestly erroneous." *Zerega Ave. Realty Corp. v. Hornbeck Offshore Transp., LLC*, 571 F.3d 206, 213 (2d Cir. 2009). Federal Rule of Evidence 702 provides that a person "qualified as an expert by knowledge, skill, experience, training, or education" can offer opinion testimony if:

> (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;

> (b) the testimony is based on sufficient facts or data;
>
> (c) the testimony is the product of reliable principles and methods; and
>
> (d) the expert has reliably applied the principles and methods to the facts of the case.

Fed. R. Evid. 702. (To decide "whether a step in an expert's analysis is unreliable, the district court should undertake a rigorous examination of the facts on which the expert relies, the method by which the expert draws an opinion from those facts, and how the expert applies the facts and methods to the case at hand." *Amorgianos v. Nat'l R.R. Passenger Corp.*, 303 F.3d 256, 267 (2d Cir. 2002). "A district court has discretion under Federal Rule of Evidence 703 to determine whether the expert acted reasonably in making assumptions of fact upon which he would base his testimony." *Boucher v. U.S. Suzuki Motor Corp.*, 73 F.3d 18, 21 (2d Cir. 1996) (internal quotation marks and citations omitted). "Although expert testimony should be excluded if it is speculative or conjectural, or if it is based on assumptions that are so unrealistic and contradictory as to suggest bad faith or to be in essence an apples and oranges comparison, other contentions that the assumptions are unfounded go to the weight, not the admissibility, of the testimony." *Id.* (internal quotation marks and citations omitted.)

In light of these principles, we conclude that the district that court did not abuse its discretion in excluding the

Chamberlin Report as speculative and methodologically unreliable. The Chamberlin Report states that it "established a fair market fee for the use of each Model's image, taking into account each Plaintiff's payment history over the course of her or his career, as well as the Model's work quality, experience, exposure, and duration of career." App'x at 430. Relying on this fair market fee, the Chamberlin Report generated damages assessments for Lee ($175,000), Koren ($40,000), Mayes ($100,000), Shake ($30,000), Hinton ($270,000), and Golden ($85,000), and for the other appellants (in varying amounts). But the "payment history" the Chamberlin Report relies on is derived in part from contractual agreements that paid Appellants for substantially more than what Appellants seek compensation for here—namely, the fair market value of a single photoshoot. For example, the Chamberlin Report extrapolated from Lee's agreement to conduct multiple film and photoshoots and up to 20 days of promotional appearances for $25,000 that her "working day rate"—the fee a model would receive for eight hours of work—would be at least $25,000. App'x at 436, 2277-78. Similarly, the Chamberlin Report derived Koren's daily fee based on her contract to serve as a company ambassador, a role that included a photoshoot, video interview, and public relations obligations. In addition, though Chamberlin admitted that there is typically "one license and one payment" for each photoshoot, App'x at 2259, the Chamberlin Report made its damages calculation by multiplying the working day rate by the number of ways in which the photographs were used. This methodology resulted in calculations of damages amounts far greater than the actual amount Appellants received for the photographs in the first instance. Because the Chamberlin Report therefore systematically overestimated the fair market value of the photographs at issue, we find no abuse of discretion in the district court's decision to strike it.

We nevertheless conclude that the exclusion of the Chamberlin Report is not fatal to Appellants' claims. The SAC alleges that Appellees "violated N.Y. Civil Rights Law §§ 50-51 by invading Plaintiffs' privacy, misappropriating their likeness, and publishing altered Images of Plaintiffs which made it appear as though Plaintiffs were employed at one or more of the Clubs, or endorsed one or more of the Clubs." App'x at 90. As to relief, the SAC states as follows:

> Due to Defendants' violation of Plaintiffs' rights of privacy and publicity under sections 50 and 51 of the N.Y. Civil Rights Act, Plaintiffs [have] been damaged in an amount to be determined at trial, but in all events not less than seventy-five thousand dollars ($75,000.00), exclusive of punitive and exemplary damages.
>
> In addition, and pursuant to section 51 of the N.Y. Civil Rights Act, Plaintiffs hereby request[] an Order permanently enjoining Defendants from violating Plaintiffs' right to privacy and publicity.
>
> In addition, and likewise pursuant to section 51 of the N.Y. Civil Rights Act, Plaintiffs hereby request an award of punitive damages, in an amount to be determined at trial, due to

> Defendants knowing and intentional violation of their statutory rights to privacy and publicity.

App'x at 91. Appellants thus brought suit under Section 51 seeking not just compensatory damages, but also injunctive relief. Appellants reiterated that they sought equitable relief during oral argument before the district court on their summary judgment motion, as well as in their motion papers. Thus, Appellants can proceed at a minimum with their action to seek a permanent injunction. *Cf. Onassis v. Christian Dior-New York, Inc.*, 122 Misc. 2d 603, 472 N.Y.S.2d 254, 263 (Sup. Ct. 1984), *aff'd*, 488 N.Y.S.2d 943, 110 A.D.2d 1095 (App. Div. 1st Dep't 1985) (granting a preliminary injunction under Section 51 while noting that the plaintiff could pursue claims for damages at trial).

We also conclude that the striking of the Chamberlin Report does not necessarily preclude Appellants from seeking damages. The SAC plainly asserts as a basis for compensatory damages the violation of Appellants' statutory rights of both privacy and publicity. New York's statutory right of privacy "is based upon the classic right of privacy's theoretical basis, which is to prevent injury to feelings." *Lombardo v. Doyle, Dane & Bernbach, Inc.*, 58 A.D.2d 620, 396 N.Y.S.2d 661, 664 (App. Div. 2d Dep't 1977). Consequently, damages for the violation of New York's statutory right of privacy "often are only nominal since they are designed primarily to compensate for injury to feelings." *Lerman v. Flynt Distrib. Co., Inc.*, 745 F.2d 123, 141 (2d Cir. 1984); *see, e.g., Grant v. Esquire, Inc.*, 367 F. Supp. 876, 881 (S.D.N.Y. 1973) (explaining that the plaintiff will "be entitled to recover for any lacerations to his feelings that he may be able to establish" if the jury decides in his favor); *Harris v. H.W. Gossard Co.*, 194 A.D. 688, 185 N.Y.S. 861, 863 (App. Div. 1st Dep't 1921) (affirming the award of six cents in recompense for the injured feelings of a Section 51 plaintiff, a well-known actress).

Nominal damages are damages nonetheless. Appellants at least initially sought recovery of damages before the district court for mental distress and embarrassment caused by the use of their images in advertisements for strip clubs before the district court. Accordingly, the district court, on remand, may consider whether Appellants may recover on this theory.

As to whether Appellants can seek to recover the fair market value of the images as compensation, Appellees argue that (1) Appellants did not establish that they were entitled to recover the fair market value of their images, and (2) even if fair market value were the proper measure of damages, Appellants cannot establish the fair market value of their images in the absence of the Chamberlin Report. Appellants contend that fair market value is a proper measure of their damages, and Appellants could proceed to prove fair market value even in the absence of the Chamberlin Report because an expert opinion is not required to support a damages assessment.

In striking the Chamberlin Report, the district court relied in part on its reasoning that Appellants' fair market value damages theory was "fundamentally suspect" because, as they "negotiated with a willing buyer and were paid the fair market value for any and all rights to the images" already, allowing them "to be compensated a second time would be a clear windfall." *Toth*, 2019 U.S. Dist. LEXIS 1355, 2019 WL 95564, at *12. As we have explained, however, a Section 51 claim is not a breach of contract action, but rather an action for infringement of a person's statutory right of privacy or publicity. The district court's reasoning could be persuasive if Appellees had secured legal rights to use the photographs through assignment, license, or other means authorized in the release agreements. In such a case, written consent sufficient to make their use of Appellants' image lawful would run from the release to Appellees. But it is conceded that Appellees did not secure legal rights to the images, and so damages would not constitute a windfall: Appellants have not yet been compensated for the *Clubs*' use of their images. We thus conclude that recovery of the fair market value of the images is a viable damages theory in this case. *See Brinkley*, 438 N.Y.S.2d at 1012-13.

We are not aware of any precedent holding that an expert opinion is required to prove compensatory damages in an action under Section 51, though this Court has endorsed the use of experts to prove fair market value in other contexts. *See Schonfeld v. Hilliard*, 218 F.3d 164, 178 (2d Cir. 2000). Furthermore, our case law does not suggest that Section 51 is "one of the rare causes of action in which the law predicates recovery upon expert testimony." *See Salem v. U.S. Lines Co.*, 370 U.S. 31, 35, 82 S. Ct. 1119, 8 L. Ed. 2d 313 (1962). Awarding damages under Section 51 "is a difficult question at best.

Objective standards for measuring injury resulting from an invasion of privacy or an appropriation of one's name, likeness, or reputation are unlikely to be available, so that a considerable degree of discretion must rest with the finder of fact." *Big Seven Music Corp. v. Lennon*, 554 F.2d 504, 512 (2d Cir. 1977). Nevertheless, the "fact that in cases involving infringements of the right of privacy the damages may be difficult of ascertainment or cannot be measured by a pecuniary standard is not a good ground for denying recovery at all. Of necessity, the question of the measure of these damages is a matter that should be left to the sound discretion of the jury." *Manger v. Kree Inst. of Electrolysis*, 233 F.2d 5, 9 n.5 (2d Cir. 1956) (internal quotation marks and citations omitted); *see also Myers v. U.S. Camera Pub. Corp.*, 9 Misc. 2d 765, 167 N.Y.S.2d 771, 774 (City Ct. 1957).

"It is well settled that expert testimony is unnecessary in cases where jurors are as capable of comprehending the primary facts and of drawing correct conclusions from them as are witnesses possessed of special or peculiar training." *Wills v. Amerada Hess Corp.*, 379 F.3d 32, 46 (2d Cir. 2004) (internal quotation marks and citation omitted). The district court made no conclusions as to the necessity of an expert opinion, and we decline to answer that question in the first instance. On remand, the district court can consider whether an expert opinion is required to prove the fair market value of the photographs at issue, and if so, whether Appellants may supplement the record.

III. Other Claims

Appellants also challenge the district court's grant of summary judgment to Appellees alleging that Appellees unlawfully used photographs of them without their consent to advertise strip clubs that Appellees owned, in violation of the Lanham Act, 15 U.S.C. § 1125(a), New York General Business Law Section 349, and New York libel law.[7]

We first turn to Appellants' appeal from the dismissal of their Lanham Act claim. The Lanham Act prohibits, in relevant part, the "use[] in commerce [of] any word, term, name, symbol, or device, or any combination thereof . . . likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services,

7. Appellants also appeal from the portion of the district court's order declining to award damages, attorneys' fees, and costs for Appellants' only successful claim, Electra's claim under the Lanham Act. Appellants' brief cursorily contends that Electra is entitled to a jury trial on damages, but offers no argument as to why the district court erred in concluding that Electra was not entitled to damages under the Lanham Act in the first instance, *see PPX Enters., Inc. v. Audiofidelity Enters., Inc.*, 818 F.2d 266, 271 (2d Cir. 1987), *abrogation on other grounds recognized in Hannex Corp. v. GMI, Inc.*, 140 F.3d 194, 206 n.9 (2d Cir. 1998), nor any argument as to fees or costs. We therefore consider Appellants' arguments on these points to be waived. *See Norton v. Sam's Club*, 145 F.3d 114, 117 (2d Cir. 1998) ("Issues not sufficiently argued in the briefs are considered waived and normally will not be addressed on appeal.").

or commercial activities by another person." 15 U.S.C. § 1125(a)(1)(A). To succeed on a false endorsement claim under the Lanham Act, "a plaintiff must prove (1) that the mark . . . is distinctive as to the source of the good or service at issue, and (2) that there is the likelihood of confusion between the plaintiff's good or service and that of the defendant." *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 154 (2d Cir. 2007). To determine the likelihood of consumer confusion, we apply the eight-factor test of *Polaroid Corporation v. Polarad Electronics Corporation*. 287 F.2d 492, 495 (2d Cir. 1961). *See Kelly-Brown v. Winfrey*, 717 F.3d 295, 307 (2d Cir. 2013). As is relevant consumer confusion, and evidence that the mark was adopted in bad faith. *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 115 (2d Cir. 2009).

"On appeal from a grant of summary judgment, the findings with respect to predicate facts underlying each *Polaroid* factor are reviewed with considerable deference to the district court." *Playtex Prods., Inc. v. Ga.-Pac. Corp.*, 390 F.3d 158, 162 (2d Cir. 2004) (internal quotation marks and footnote citation omitted), *superseded on other grounds as recognized in Starbucks Corp.*, 588 F.3d at 107-08. In addition, this Court "review[s] the district court's decision to admit or exclude expert testimony under a highly deferential abuse of discretion standard." *Zuchowicz v. United States*, 140 F.3d 381, 386 (2d Cir. 1998).

We conclude that the district court correctly dismissed Appellants' Lanham Act claim. The district court properly analyzed the record of each Appellant's public prominence to determine the strength of their marks, because among other reasons, the advertisements at issue provided no information identifying Appellants other than their pictures. *See Bondar v. LASplash Cosmetics*, No. 12-cv-1417, 2012 U.S. Dist. LEXIS 175873, 2012 WL 6150859, at *7 (S.D.N.Y. Dec. 11, 2012) ("[T]he misappropriation of a completely anonymous face could not form the basis for a false endorsement claim, because consumers would not infer that an unknown model was 'endorsing' a product, as opposed to lending her image to a company for a fee." (footnote omitted)). Further, because the ultimate question under *Polaroid Corporation* is the likelihood of consumer confusion, the district court properly analyzed Appellants' recognizability. *See id.*

For substantially the same reasons as those set out in the district court's opinion, we also conclude that the district court did not abuse its discretion in striking Appellants' expert report (the "Buncher Report") about a survey conducted of individuals who frequented strip clubs on their perceptions of the advertisements. Among other defects, the survey on which the Buncher Report was based asked respondents about only a small fraction of the images at issue, and it failed to provide respondents with an opportunity to indicate lack of knowledge about how to interpret the use of Appellants' images in the advertisements. Appellants' arguments on appeal—that asking about more images would have been more expensive, and that the Buncher Report was based on "a communications study, not a consumer confusion study," Appellants' Br. at 55-56—are insufficient to set aside the district court's conclusion that the Buncher Report was fatally flawed. Lastly, we agree that Appellants failed to establish any actual consumer confusion or bad faith. Appellants point to no evidence of actual consumer confusion. And while Appellants urge this Court to conclude that Appellees acted in bad faith, the record merely shows that Appellees failed to investigate whether the third-party contractor responsible for the advertisements secured legal rights to use Appellants' pictures in the promotional images—not that Appellees intended to use the pictures without legal right to do so.

We next turn to Appellants' appeal from the dismissal of their claim under New York General Business Law Section 349, which prohibits "[d]eceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in this state." N.Y. Gen. Bus. Law § 349(a). "To state a claim under § 349, a plaintiff must allege: (1) the act or practice was consumer-oriented; (2) the act or practice was misleading in a material respect; and (3) the plaintiff was injured as a result." *Spagnola v. Chubb Corp.*, 574 F.3d 64, 74 (2d Cir. 2009). Section 349 authorizes suit by "any person who has been injured by reason of any violation of this section," N.Y. Gen. Bus. Law § 349(h), and we have held that Section 349 allows recovery by non-consumers if there is "some harm to the public at large," *Securitron Magnalock Corp. v. Schnabolk*, 65 F.3d 256, 264 (2d Cir. 1995) (internal quotation marks and citation omitted). Nevertheless, to successfully state a claim under Section 349 "the gravamen of the complaint must be consumer injury or harm to the public interest." *Id.* (internal quotation marks omitted).

We agree with the district court that the misconduct alleged here was not consumer-oriented. The gravamen of Appellants' complaint is that Appellees used their modeling images without their consent, a private dispute over a private injury visited on the individuals portrayed in the photographs. The alleged misconduct was therefore not "consumer-oriented in the sense that [it] potentially affect[s] similarly situated consumers." *Oswego Laborers' Local 214 Pension Fund v. Marine Midland Bank*, 85 N.Y.2d 20, 27, 647 N.E.2d 741, 623 N.Y.S.2d 529 (1995).

Lastly, we consider Appellants' libel claim. "Under New York law, a plaintiff must establish five elements to recover in libel: 1) a written defamatory statement of fact concerning the plaintiff; 2) publication to a third party; 3) fault (either negligence or actual malice depending on the status of the libeled party); 4) falsity of the defamatory statement; and 5) special damages or per se actionability (defamatory on its face)." *Celle v. Filipino Rep. Enters. Inc.*, 209 F.3d 163, 176 (2d Cir. 2000). Actual malice "must be supported by clear and convincing proof" that the publisher of the statements "had a subjective awareness of either falsity or probable falsity of the defamatory statement, or acted with reckless disregard of . . . its truth or falsity." *Id.* at 182-83. Appellants primarily argue that the advertisements were false defamatory statements because their "most obvious interpretation" was that Appellants would be "stripping at the strip clubs," Appellants' Br. at 50, and that Appellants established that Appellees acted with actual malice.

These arguments are without merit. First, we agree with the district court that it was a reasonable interpretation of the use of Appellants' images in the advertisements that Appellants were not employed in Appellees' clubs, but merely modeled in the clubs' advertisements. Insofar as the advertisements were therefore "reasonably susceptible of multiple meanings, some of which [were] not defamatory, it [was] then for the trier of fact, not for the court acting on the issue solely as a matter of law, to determine in what sense the words were used and understood." *Celle*, 209 F.3d at 178 (internal quotation marks omitted). Accordingly, the district court correctly denied Appellants' motion for summary judgment. Second, we agree with the district court that Appellants failed to adduce clear and convincing proof of actual malice. As previously discussed, Appellants at most have shown that Appellees failed to investigate whether the third-party contractor responsible for the advertisements secured legal rights to use Appellants' pictures in the promotional images. As this Court has explained, however, "mere failure to investigate, while relevant, is also not itself sufficient to show actual malice." *Lerman v. Flynt Distrib. Co.*, 745 F.2d 123, 141 (2d Cir. 1984). We conclude that the district court correctly granted Appellees' cross-motion for summary judgment dismissing Appellants' libel claims.

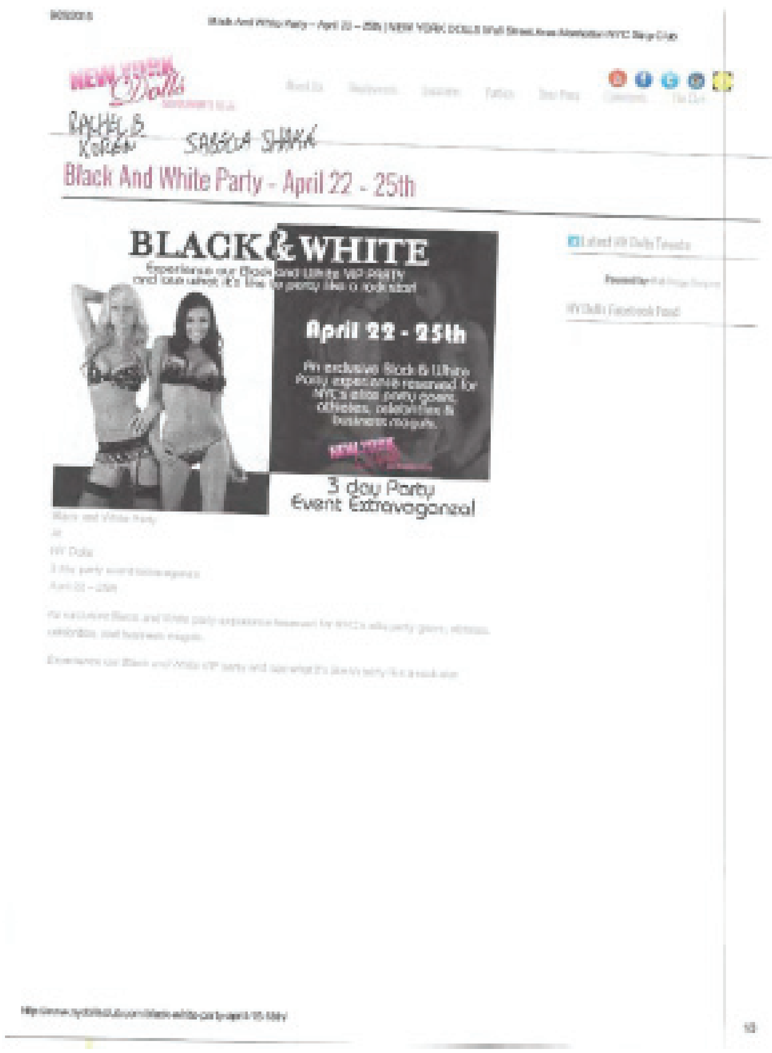
Accordingly, the order of the district court hereby is affirmed as to Appellants' claims under the Lanham Act, New York General Business Law Section 349, and New York libel law.

CONCLUSION

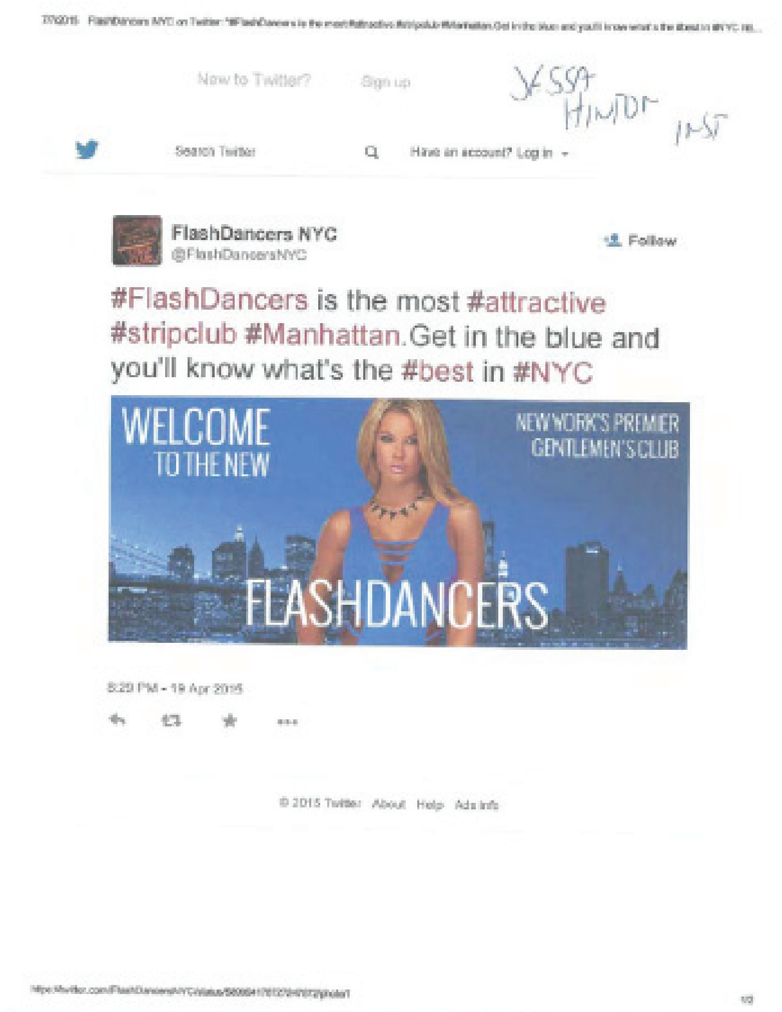
For the foregoing reasons, we affirm the July 26, 2017 order of the district court, vacate so much of the January 3, 2019 judgment of the district court as applies to the Section 51 claims of Lee, Mayes, Koren, Shake, Hinton, and Golden, affirm the remainder of the January 3, 2019 judgment, and remand for further proceedings consistent with this opinion.

APPENDIX TO THE OPINION OF THE COURT

App’x at 115 (Exhibit E to the SAC)



App’x at 123 (Exhibit H to the SAC)



APPENDIX B — MEMORANDUM AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, FILED JANUARY 3, 2019

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

January 3, 2019, Decided; January 3, 2019, Filed

TIFFANY TOTH, GEMMA LEE, JESSA HINTON, BROOKE TAYLOR, JESSE GOLDEN, LINA POSADA, SHEENA LEE WEBER, HEATHER RAE YOUNG, RACHEL KOREN, SABELLA SHAKE, URSULA MAYES, AND CARMEN ELECTRA,

Plaintiffs,

- against -

59 MURRAY ENTERPRISES, INC., D/B/A NEW YORK DOLLS GENTLEMEN'S CLUB, BARRY LIPSITZ, AAM HOLDING CORPORATION, D/B/A PRIVATE EYES GENTLEMEN'S CLUB, ANITA MICELI, JAY-JAY CABERET, INC., D/B/A FLASHDANCERS GENTLEMEN'S CLUB, AND MARSHA LIPSITZ,

Defendants.

MEMORANDUM AND ORDER

NAOMI REICE BUCHWALD
UNITED STATES DISTRICT JUDGE

Plaintiffs, eleven models earning a living by promoting their images to commercial brands and entertainment outlets, bring this action for false endorsement, misappropriation of likeness, deceptive trade practice, and defamation against defendant gentlemen's clubs and their owners, alleging that defendants misappropriated plaintiffs' images by using them in defendants' promotional material without consent. Plaintiffs now move for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure. Defendants cross-move for summary judgment and also move to strike the expert reports, survey, and testimony of plaintiffs' proposed experts Martin Buncher and Stephen Chamberlin. For the reasons set forth below, we grant in part and deny in part both plaintiffs' motion for summary judgment and defendants' cross-motion for summary judgment, and grant defendants' motion to strike the reports, survey, and testimony of plaintiffs' proposed experts in its entirety.

I. BACKGROUND[1]

A. Parties

Plaintiff Electra is a professional model, actress, recording artist, and entrepreneur. She has released

1. The facts described below are largely drawn from the Second Amended Complaint, ECF No. 18 ("SAC"), Plaintiffs' Local Rule 56.1 Statement, ECF No. 81 ("Pls.' 56.1 Stmt."), Defendants' Response to Pls.' 56.1 Stmt., ECF No. 93 ("Defs.' 56.1 Response"), Defs.' Local Rule 56.1 Statement, ECF No. 110 ("Defs.' 56.1 Stmt."), and Plaintiffs' Response to Defs.' 56.1 Stmt., ECF No. 117 ("Pls.' 56.1 Response"). We will note any facts in dispute.

a self-titled album produced by Prince on his Paisley Park record label, appeared on television shows such as *Baywatch, 90210, Britain's Got Talent*, and *Ex-Isle*, starred in popular movies such as *Scary Movie, Dirty Love, Cheaper by the Dozen 2*, and *Meet the Spartans*, and released a single that reached the number 25 spot on Billboard's Dance Club Play Chart. In 2006, Electra became a published author with the release of her book *How to be Sexy*. Pls.' 56.1 Stmt. ¶ 57.

The other ten plaintiffs[2] — plaintiffs Golden, Hinton, Koren, Lee, Mayes, Posada, Shake, Toth, Weber, and Young — are models, actresses, and/or businesswomen who have appeared in a wide variety of commercials, promotional campaigns, and magazines. Pls.' 56.1 Stmt. ¶¶ 9, 15, 20, 24, 28, 32, 36, 42, 47, 52. Several of these plaintiffs have also made unspecified appearances in television shows and films. All plaintiffs, including Electra, reside in either California or Texas, *see* SAC ¶¶ 11-22, and at least some of plaintiffs' appearances were made in media targeting audiences outside of the New York metropolitan area. *See, e.g., id.* ¶¶ 36 (hosting a television show for a local station in Los Angeles, California), 47 (promoting foreign lingerie brands). Plaintiffs also lay claim to varying degrees of social media celebrity, citing followings on Facebook, Instagram, and Twitter as of May 2018.

Corporate defendants 59 Murray Enterprises, Inc., AAM Holding Corp., and Jay-Jay Cabaret, Inc. own

2. Counsel for plaintiffs confirmed that Brooke Taylor has withdrawn all claims in this action. Oral Arg. Tr. ("Tr.") 2:16-18.

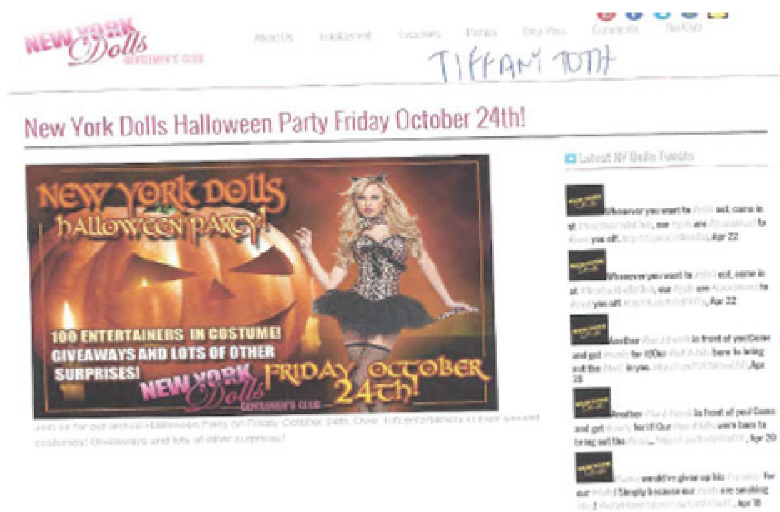
and operate Manhattan-based gentlemen's clubs — namely, New York Dolls Gentlemen's Club ("NY Dolls"), Private Eyes Gentlemen's Club ("Private Eyes"), and Flashdancer's Gentlemen's Club ("Flashdancer's"), respectively (collectively, "the Clubs"). Pls.' 56.1 Stmt. ¶¶ 63, 65, 67. For all times relevant to this litigation, individual defendant Barry Lipsitz has been the sole owner of 59 Murray and co-owner, along with defendant Marsha Lipsitz, of AAM and Jay-Jay Cabaret. Defs.' 56.1 Stmt. ¶¶ 193, 221-22. Defendant Anita Miceli is a former co-owner of AAM whose ownership interest ended in 2010. *Id.* ¶ 217.

B. The Images

The Clubs are engaged in the business of selling alcohol while nude or seminude women entertain patrons. Pls.' 56.1 Stmt. ¶¶ 63, 65, 67. In order to promote their businesses, the Clubs, with the assistance of third-party contractors, post promotional content on their websites and social media accounts. The content is typically some combination of the Club's logo, a woman striking a pose, and a sentence or two of text either identifying a specific event or generally promoting interest in the Clubs.

An advertisement for a NY Dolls Halloween party posted to the NY Dolls website in October of 2014 is typical. SAC Ex. A, ECF No. 18-1 at 2 ("A1"). A1 features an image of plaintiff Toth posing in a costume alongside a superimposed NY Dolls logo and text that reads "New York Dolls Halloween Party!" and "100 entertainers in costume! Giveaways and lots of other surprises!"

The advertisement includes a caption below the image clarifying that the costumes will be the entertainers' "sexiest":



The second screenshot included in Exhibit A provides an example of promotional content posted to the Clubs' social media accounts. SAC Ex. A, ECF No. 18-1 at 3 ("A2"). A2, posted to the NY Dolls Facebook page, features an image of plaintiff Toth in what could be a bathing suit, her arms pulled back above her head as she strikes a pose against an empty white background. The only text is a caption adjacent to the image asking "Who needs to leave anything to the imagination when the reality is even better?":

Plaintiffs attach an additional 35 images to the SAC that the parties agree *in toto* feature the likenesses of at least one plaintiff. *See* SAC Exs. A-0, ECF Nos. 18-1 through 18-3.[3] None of the content identifies plaintiffs by name.

3. *See* SAC Ex. A, ECF No. 18-1 at 4 (“A3”), 6 (“A4”), 7 (“A5”) (Toth); SAC Exs. B and C, ECF No. 18-1 at 10 (“Bl”) and 12 (“Cl”) (Lee); SAC Ex. D, ECF No. 18-1 at 14 (“Dl”), 15 (“D2”) (Young); SAC Exs. E and F, ECF No. 18-1 at 17 (“El”), 19 (“Fl”) (Koren and Shake); SAC Ex. G, ECF Nos. 18-1 at 21 (“Gl”), 22 (“G2”) and 18-2 at 1 (“G3”) (Mayes); SAC Exs. H and I, ECF No. 182 at 3 (“Hl”), 4 (“H2”), 5 (“H3”), 6 (“H4”), 7 (“H5”), 8 (“H6”), 9 (“H7”), 11 (“Il”), 12 (“I2”), 13 (“13”), 14 (“I4”), 15 (“I5”) (Hinton) ; SAC Exs. J, K, and L, ECF No. 18-2 at 17 (“Jl”), 19 (“Kl”), 21 (“Ll”) (Golden); SAC Ex. M., ECF Nos. 18-2 at 23 (“Ml”) and 18-3 at 1 (“M2”), 2 (“M3”), 3 (“M4”), 4 (“M5”) (Posada); SAC Ex. N, ECF No. 18-3 at 7 (“Ni”), 8 (“N2”) (Weber); SAC Ex. 0, ECF No. 18-3 at 11 (“01”) (Electra). G1 through G3 are the only images that do not appear on the Clubs’ websites or accounts; the images appear instead on either *www.stripclublists.com* (G1 and G2) or *www.stripclubcoupons.com* (G3).

It is undisputed that defendants never sought permission to use plaintiffs' images in their promotional content, and that in fact plaintiffs never specifically agreed to appear in the Clubs' promotional content or at any of the events promoted therein. Pls.'s 56.1 Stmt. ¶¶ 5, 6. Nor did plaintiffs agree to endorse the Clubs. *Id.* Moreover, plaintiffs were never offered, nor did they receive, any specific compensation for the Clubs' use of their images. *Id.* ¶ 7.

It is also undisputed that the Clubs entered into agreements with third-parties to create and maintain their respective websites and social media accounts. Paul Brown and his company Internet Management Corporation ("IMC") designed the Clubs' websites and have provided advertising services to the Clubs for over 20 years, while Melange Media Group LLC ("Melange") was responsible for creating the Clubs' social media accounts and ran those accounts from at least February 2014 through the filing of the complaint in this action. Defs.' 56.1 Stmt. ¶¶ 195, 198; Pls.' 56.1 Stmt. ¶¶ 70-73; Declaration of John Golaszewski ("Golaszewski Decl.") Ex. 0, June 1, 2018, ECF No. 80-3.

Defendants maintain that these third-party contractors were responsible for creating and publishing the promotional content posted to the Clubs' websites and accounts, including the selection of the images at issue. Pls.' 56.1 Stmt. ¶¶ 81, 85; Defs.' 56.1 Stmt. ¶¶ 196, 198. Plaintiffs counter that, at times, one of the Clubs' employees coordinated with IMC and Melange regarding the posting of promotional content, Pls.' 56.1 Response

¶ 196, but it is undisputed that the Clubs never requested the use of any particular plaintiff's image, nor is it disputed that the extent of the Clubs' involvement in the posting of the images at issue was requesting images of models that were consistent with the general themes of the advertisements. Defs.' 56.1 Stmt. ¶ 211. Brown himself has readily admitted that IMC was responsible for posting all of the images at issue except for 01.[4] Defs.' 56.1 Stmt. ¶ 208.

C. Permission to Use the Images

A number of plaintiffs conceded that they typically sign releases for photoshoots that they participate in, *see, e.g.*, Defs.' 56.1 Stmt. ¶¶ 13, 29, 92, 135, but the only plaintiffs for which there are releases specific to images at issue in this litigation are Lee, Koren, Shake, Mayes, Hinton, and Golden. Defs.' 56.1 Stmt. ¶¶ 35 (Lee), 69 (Koren), 78 and 87 (Shake), 98 (Mayes),[5] 122 (Hinton), 144 (Golden). The specific language of each release varies, but all grant the releasee unlimited rights to the use of the images at issue. *See, e.g.*, Defs.' 56.1 Stmt. ¶¶ 38 ("I . . . further waive any claim that I may at any time have to the eventual use to which such Images may be applied.

4. Defendants assert that image 01 was posted by Melange. Defs.' 56.1 Stmt. % 199. As plaintiffs note, Brown's admission is difficult to square with the fact that 22 of the 37 images at issue were posted to social media accounts run by Melange, as opposed to the Clubs' websites run by Brown and IMC. Pls.' 56.1 Response % 197. Plaintiffs, however, do not contend that the Clubs, as opposed to Melange, were directly responsible for posting the images that appeared on the Clubs' social media accounts.

5. *See also* Tr. 12:4-13:6.

Additionally, I hereby warrant, transfer, sell and assign all right, title and interest to the Images to Company for the consideration state [sic] herein"), 87 ("All negatives and positives, together with the prints shall constitute your property, solely and completely."), 123 ("I agree that I have no rights to the Images and all rights to the Images belong to [releasee] without reservation of rights, in perpetuity, throughout the universe, in all media whether now known or later discovered.").

While defendants claim that Brown advised them that he had secured permission to use the images at issue, plaintiffs dispute that Brown did so. Pls.' 56.1 Response ¶ 200. Instead, plaintiffs claim that the Clubs were on a "faith basis" with Brown, and never saw or actually requested any written confirmation that Brown or his company had the rights to use any of the images. *See* Pls.' 56.1 Stmt. ¶¶ 88-91; Defs.' 56.1 Stmt. ¶ 203. Consistent with defendants' "faith basis" approach, there is no evidence in the record that the Clubs were aware prior to the commencement of this action that their contractors were posting images without properly securing the rights to those images. Pls.' 56.1 Response ¶ 212; *see also* Pls.' 56.1 Stmt. ¶ 80. Defendants have since removed all of the images at issue from their promotional material. Tr. 17:11-25.

D. Earnings and Income

Plaintiffs offer undisputed evidence of income from modeling and standard rates that they charged for their services. Electra earned over $5,000,000 from modeling between 2009 and 2012. Defs.' 56.1 Stmt. ¶¶ 182-189. For years in which the other ten plaintiffs reported incomes from modeling, they ranged from $400 (Weber) to $92,000 (Golden). Defs.' 56.1 Stmt. ¶¶ 140, 167. All plaintiffs' tax returns show that their income either increased or remained roughly the same from 2009 to 2016. Defs.' 56.1 Stmt. ¶ 191. Where there is evidence of plaintiffs' "day rates," or fees charged by plaintiffs for a full day photoshoot, those rates range from $1,500 to $3,000. Defs.' 56.1 Stmt. ¶ 39, 86, 124.

The Clubs did not garner any additional profits from using plaintiffs' images, and there is no evidence of an increase in revenue attributable to any special events that were promoted through the use of plaintiffs' images. Defs.' 56.1 Stmt. ¶ 192.

E. Procedural Background

Plaintiffs filed their initial complaint on October 13, 2015, ECF No. 1, and subsequently filed two amended complaints in January of 2016. *See* ECF Nos. 13 and 18. Each complaint alleges the same eight causes of action: (1) false endorsement under Section 43 of the Lanham Act, 15 U.S.C. § 1125(a)(1); (2) misappropriation of likeness for advertising purposes under N.Y. Civil Rights Law ("NYCRL") §§ 50-51; (3) deceptive trade practices under N.Y. General Business Law ("NYGBL") § 349(h); (4) defamation; (5) negligence; (6) conversion; (7) unjust enrichment; and (8) quantum meruit.

On July 15, 2016, defendants filed a third-party complaint against IMC and Melange. ECF No. 25. Neither third-party defendant appeared.

After a lengthy and contentious period of discovery, the parties held a teleconference with the Court on April 19, 2018 during which plaintiffs indicated that they were withdrawing their claims of negligence, conversion, unjust enrichment, and quantum meruit and so confirmed during oral argument on November 29, 2018. Tr. 2:12-15. Also during oral argument on November 29, 2018, plaintiffs confirmed that they were withdrawing all claims made on behalf of plaintiff Brooke Taylor. *Id.* at 2:16-22.

II. DISCUSSION

A motion for summary judgment is appropriately granted when there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). In this context, "[a] fact is 'material' when it might affect the outcome of the suit under governing law," and "[a]n issue of fact is 'genuine' if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *McCarthy v. Dun & Bradstreet Corp.*, 482 F.3d 184, 202 (2d Cir. 2007) (internal quotation marks and citations omitted). "In assessing the record to determine whether there is [such] a genuine issue to be tried, we are required to resolve all ambiguities and draw all permissible factual inferences in favor of the party against whom summary judgment is sought." *Gorzynski v. JetBlue Airways Corp.*, 596 F.3d 93, 101 (2d Cir. 2010) (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986)).

On a motion for summary judgment, "[t]he moving party bears the initial burden of demonstrating 'the absence of a genuine issue of material fact.'" *F.D.I.C. v. Great Am. Ins. Co.*, 607 F.3d 288, 292 (2d Cir.2010) (quoting *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986)). Where that burden is carried, the non-moving party "must come forward with specific evidence demonstrating the existence of a genuine dispute of material fact." *Id.* (citing *Anderson*, 477 U.S. at 249). The non-moving party "must do more than simply show that there is some metaphysical doubt as to the material facts ... and may not rely on conclusory allegations or unsubstantiated speculation." *Brown v. Eli Lilly and Co.*, 654 F.3d 347, 358 (2d Cir. 2011) (internal quotation marks and citations omitted).

A. Individual Defendants

Plaintiffs do not contest defendants' cross-motion for summary judgment to dismiss all claims against individual defendants Lipsitz, Lipsitz, and Miceli. *See* Tr. 2:19-22. Because there is nothing in the record to support a piercing of the corporate veil or any other theory of liability implicating individual defendants, we grant defendants' cross-motion for summary judgment and deny plaintiffs' motion as to the individual defendants.

B. Lanham Act § 43 (15 U.S.C. § 1125(a)(1)) False Endorsement Claim

Section 43 of the Lanham Act prohibits the use of a protected mark in a way that is likely to cause consumer confusion "as to the origin, sponsorship, or approval of [defendants'] goods." 15 U.S.C.A. § 1125 (a)(1)(A) (emphasis added). In order to establish a claim for false endorsement under Section 43(a), plaintiffs must prove that defendants: "(1) in commerce, (2) made a false or misleading representation of fact (3) in connection with goods or services (4) that is likely to cause consumer confusion as to the origin, sponsorship, or approval of the goods or services." *Burck v. Mars, Inc.*, 571 F. Supp. 2d 446, 455 (S.D.N.Y. 2008); *see also Beastie Boys v. Monster Energy Co.*, 66 F. Supp. 3d 424, 448 (S.D.N.Y. 2014).

As defendants do not dispute that plaintiffs have established that the defendants' advertisements and promotions were used "in commerce" and "in connection with goods or services," we begin by addressing whether defendants made a false or misleading representation of fact.

1. False or Misleading Representation of Fact

Defendants argue that the use of plaintiffs' images is neither literally nor impliedly false. But whether a representation is literally or impliedly false is a question traditionally addressed within the context of false advertising claims brought under 15 U.S.C.A. § 1125 (a)(1)(B), not in the context of false endorsement claims brought under subsection (A) of the section. *See, e.g., Fischer v. Forrest*, No. 14-cv-1304 (PAE), 2015 U.S. Dist. LEXIS 4395, 2015 WL 195822, at *11 (S.D.N.Y. Jan. 13, 2015); *Roberts v. Bliss*, 229 F. Supp. 3d 240, 249 (S.D.N.Y.

2017); *Beastie Boys*, 66 F. Supp. 3d at 449-56 (S.D.N.Y. 2014). In a false endorsement claim brought under 15 U.S.C.A. § 1125 (a)(1)(A), the unauthorized and suggestive use of a person's image can satisfy the requisite element of falsity. *See Roberts*, 229 F. Supp. 3d at 249 ("The false or misleading representation of fact, in the context of a false endorsement claim, may involve the misleading implication that a celebrity or public figure endorses a product, when she does not."); *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196, 208 (S.D.N.Y. 2015) (citing cases holding that "the use of an image on a product can support a claim for false endorsement"); *see also* 5 *McCarthy on Trademarks and Unfair Competition* § 28:15 (5th ed.).

Here, where the parties do not dispute that plaintiffs never endorsed or agreed to be associated with the Clubs, the prominent display of plaintiffs' images in the Clubs' advertising constitutes false or misleading representations of fact for purposes of a false endorsement claim. Whether these misrepresentations are likely to cause consumer confusion actionable under the Lanham Act, however, is a separate question and the subject of the next step in our analysis.

2. Likelihood of Consumer Confusion

"It is well settled that the crucial determinant in an action for trademark infringement or unfair competition is whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 584 (2d Cir. 1990) (internal quotation marks omitted); *see also Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979) ("The public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement"). This is normally a factual question, but a court may dismiss claims as a matter law if satisfied that there is no genuine issue of material fact. *Pirone*, 894 F.2d at 584-85.

"Generally speaking, establishing a likelihood of confusion is the plaintiff's burden." *Bondar v. LASplash Cosmetics*, No. 12-cv-1417 (SAS), 2012 U.S. Dist. LEXIS 175873, 2012 WL 6150859, at *5 (S.D.N.Y. Dec. 11, 2012). We evaluate plaintiffs' showing of likelihood of confusion using a modified version of the traditional *Polaroid* test, omitting from our analysis elements of the test that are inapplicable to false endorsement claims. *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *see also Jackson v. Odenat*, 9 F. Supp. 3d 342, 356 (S.D.N.Y. 2014); *Beastie Boys*, 66 F. Supp. 3d at 424. The *Polaroid* factors we consider are: (1) strength of the trademark; (2) evidence of actual consumer confusion; (3) evidence that the imitative mark was adopted in bad faith; (4) similarity of the marks; (5) proximity of the products and their competitiveness with one another; and (6) sophistication of consumers in the relevant market.

"The application of the *Polaroid* test is not mechanical, but rather, focuses on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused." *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 115 (2d Cir. 2009) (internal quotation marks omitted). "No single factor is dispositive," *Brennan's, Inc. v. Brennan's Rest., LLC*, 360 F.3d 125, 130 (2d Cir. 2004), and the fact "that one or more factors may weigh in one party's favor does not preclude summary judgment in the other's favor with respect to likelihood of confusion." *Disney Enters., Inc. v. Sarelli*, 322 F. Supp. 3d 413, 432-33 (S.D.N.Y. 2018).

a. Strength of Mark

For purposes of a false endorsement claim, "the 'mark' is the plaintiff's persona and the 'strength of the mark' refers to the level of recognition that the plaintiff has among the consumers to whom the advertisements are directed." *Jackson*, 9 F. Supp. 3d at 356. "The strength of [plaintiff's] mark or name is a crucial factor in determining likelihood of consumer confusion." *Pelton v. Rexall Sundown, Inc.*, No. 99-cv-4342 (JSM), 2001 U.S. Dist. LEXIS 3825, 2001 WL 327164, at *3 (S.D.N.Y. Apr. 4, 2001).

Plaintiffs, however, argue that the operative question in evaluating the strength of mark factor is not whether plaintiffs are recognizable, but rather whether plaintiffs possessed a mere intention to commercialize their marks. This argument stands in stark contrast to the caselaw and ignores the reality that, absent some level of recognition, there is no basis for inferring consumer confusion regarding the sponsorship or approval of the Clubs' goods and services. *See Bondar*, 2012 U.S. Dist. LEXIS 175873, 2012 WL 6150859, at *7 ("Of course, the misappropriation of a completely anonymous face could not form the basis for a false endorsement claim, because consumers would not infer that an unknown model was 'endorsing' a product, as opposed to lending her image to a company for a fee"); *Pelton*, 2001 U.S. Dist. LEXIS 3825, 2001 WL 327164, at *3-4 (granting defendant's motion for summary judgment where there was no evidence that plaintiff, who claimed international renown and had appeared as a model in various magazines and promotional campaigns, was "a recognizable celebrity"); *Albert v. Apex Fitness, Inc.*, No. 97-cv-1151 (LAK), 1997 U.S. Dist. LEXIS 8535, 1997 WL 323899, at *1 (S.D.N.Y. June 13, 1997); *Passelaigue v. Getty Images (US), Inc.*, No. 16-cv-1362 (VSB), 2018 U.S. Dist. LEXIS 34004, 2018 WL 1156011, at *8 (S.D.N.Y. Mar. 1, 2018).[6]

Plaintiff Electra has offered persuasive evidence of the strength of her mark. Electra's uncontroverted resume establishes that she has not just appeared in popular movies and television shows, but had regular and starring roles in them. She is a recording artist that has released a self-titled album under a well-known record label. Brands

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6. In support of their argument, plaintiffs rely primarily on *Fischer v. Forrest*, 286 F. Supp. 3d 590 (S.D.N.Y. 2018). *See* Pls.' Reply Br. 9, ECF No. 115. But in *Fischer*, the court held that plaintiff Fischer failed to demonstrate a likelihood of consumer confusion as a matter of law, despite the magistrate judge's finding that Fischer met "or appeared to meet" the strength of mark factor by showing that he had profitably marketed his product for a number of years. *Fischer*, 286 F. Supp. 3d at 612. We decline to redefine the strength of the mark factor on account of stray dicta.

and businesses have placed value in her appearances to the tune of millions of dollars. These achievements are indicia of a strong mark. Moreover, counsel for defendants concede that Electra may be well known enough to be recognized in an advertisement containing only her image and without her name, Defs.' Br. 15, ECF No. 109, and defendants' own expert Joseph Hunter concludes that "Carmen Electra is a celebrity model and commercial talent, who has receive notoriety and a notable reputation in her field . . . ." Affidavit of Joseph Hunter ("Hunter Aff."), ECF No. 98 at 11.

In contrast, the remaining ten plaintiffs have failed to adduce evidence of a strong mark. Unlike plaintiff Electra, none of these other plaintiffs offered evidence of significant income earned through their various appearances. And while these other plaintiffs have participated in promotional campaigns for a wide variety of brands and appeared in magazines, TV shows, and movies, their resumes are devoid of evidence that they actually garnered recognition for any of their appearances. Simply listing brands or magazine titles is insufficient. *See Pelton*, 2001 U.S. Dist. LEXIS 3825, 2001 WL 327164, at *3 ("One appearance in a Sports Illustrated Swimsuit Issue in 1984 and some advertising work for well-known consumer products does not deliver celebrity status."). Plaintiffs' recitations of their social media followings as of May 2018 are equally unavailing, in large part due to the fact that there is no evidence in the record as to what plaintiffs' social media followings were at the time of the publishing of the images at issue - the operative inquiry. The bottom line is that regardless of the plaintiffs' presence on social media, they have failed to cite even one example of actual recognition (other than the single response out of 636 correctly identifying Electra in image 01, *see infra* n.10).

For these reasons, while plaintiff Electra has demonstrated that she has a strong mark, the other ten plaintiffs have failed to do so.

b. Evidence of Actual Confusion

We now examine the second factor: evidence of actual confusion among consumers. While evidence of "actual confusion need not be shown to prevail under the Lanham Act," *see Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986), it is "highly probative of likelihood of confusion." *Allen v. Nat'l Video, Inc.*, 610 F. Supp. 612, 628 (S.D.N.Y. 1985). Such evidence can be anecdotal, *see Disney Enterprises, Inc. v. Sarelli*, 322 F. Supp. 3d 413, 435 (S.D.N.Y. 2018), but plaintiffs' sole evidence of consumer confusion in this case is a survey conducted by their proposed expert Martin Buncher (the "Buncher Survey"). Golaszewski Decl. Ex. S, ECF No. 80-3; Tr. 13:7-11.

The Buncher Survey, a self-administered internet questionnaire, asks a sample of adult male New York[7]

7. The Buncher Survey describes the sample of respondents as Florida residents, which appears to be a "cut and paste" error, as other aspects of the survey suggest that in fact respondents were a sample of New York residents. *See* Golaszewski Decl. Ex. S, ECF No. 80-3 at 69, 141.

residents who had patronized a gentlemen's club in the previous two years a series of closed-and open-ended questions relating to three of the images at issue in this litigation. *See* Golaszewski Decl. Ex. S, ECF No. 80-3 at 68-69. Plaintiffs cite the responses from the Survey as evidence that the use of plaintiffs' images caused consumers to believe that plaintiffs had "agreed to promote the Strip Clubs," "agreed to be in the advertising," "represent[ed] the lifestyle to which the Club is oriented," and "might participate in some of the events described in the advertising." *See* Pls.' Br. 11, ECF No. 82.

Defendants move to strike the Buncher Survey under Federal Rules of Evidence ("FRE") 702 and 403. Under FRE 702, expert testimony is admissible "so long as the witness is qualified as an expert and (1) the testimony is based on sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the expert has reliably applied the principles and methods reliably to the facts of the case." *United States v. Pryor*, 474 F. App'x 831, 834 (2d Cir. 2012) (summary order) (internal quotation marks omitted). "While the proponent of expert testimony has the burden of establishing by a preponderance of the evidence that the admissibility requirements of Rule 702 are satisfied, the district court is the ultimate 'gatekeeper'" and must ensure "that an expert's testimony both rests on a reliable foundation and is relevant to the task at hand." *United States v. Williams*, 506 F.3d 151, 160 (2d Cir. 2007) (citation omitted).

Moreover, "as with all evidence, under Rule 403, the Court may exclude testimony if its probative value is substantially outweighed by the danger of unfair prejudice, confusion, or delay." *LVL XIII Brands, Inc. v. Louis Vuitton Malletier S.A.*, 209 F. Supp. 3d 612, 636 (S.D.N.Y. 2016). "[B]oth Rule 702 and 403 require the court to look at the cumulative effect of all of the flaws in a survey." *Malletier v. Dooney & Bourke, Inc.*, 525 F. Supp. 2d 558, 596 (S.D.N.Y. 2007); *see also Mastercard Int'l Inc. v. First Nat'l Bank of Omaha, Inc.*, No. 02-cv-3691 (DLC), 2004 U.S. Dist. LEXIS 2485, 2004 WL 326708, at *10 (S.D.N.Y. Feb 23, 2004) (excluding a survey based upon the cumulative effect of flaws in the methodology that "diminish[ed] its relevance in predicting actual confusion . . . such that the potential for the Survey's results to prejudice unfairly, to confuse, and to mislead the jury substantially outweighs any limited relevance"). Moreover, "a survey may be kept from the jury's attention entirely by the trial judge if it is irrelevant to the issues." *Starter Corp. v. Converse, Inc.*, 170 F.3d 286, 297 (2d Cir. 1999).

The Buncher Survey's flaws are manifold. Putting aside the significance of Buncher's apparently inaccurate description of the sample population, the self-administered questionnaire uses only three of the 37 images at issue in this litigation - H5 (Hinton), M1 (Posada), and 01 (Electra) - without providing an adequate explanation as to how those three images were selected or specifically how they were representative of the other 34 images.

More importantly, however, Buncher failed to provide survey takers with an opportunity to indicate lack of knowledge or an instruction for participants not to guess - fatal defects where the questions themselves are confusing and misleading. *See Malletier v. Dooney & Bourke, Inc.*, 525 F. Supp. 2d 558, 596 (S.D.N.Y. 2007) ("[C]onsumer confusion surveys should be designed to discourage guessing.") (citing cases). Question 9.4 is illustrative of this defect. It asks respondents to indicate which of the following statements they believed to be true: "The models *might participate* in some of the events described in the advertising" or "The models *would not participate* in some of the events described in the advertising." Golaszewski Decl. Ex. S, ECF No. 80-3 at 136. 86% of respondents answered that the models "might participate in some of the events described in the advertising" — despite the fact that none of the advertisements actually describe any events. Without the opportunity to indicate a lack of knowledge or understanding of the question, respondents were forced to choose between two statements with the same flawed premise.[8]

The Buncher Survey also includes questions with undefined terms that are inscrutable without further explanation. Questions 9.3 and 9.5, for example, ask respondents about the "lifestyles" either "reflected in the advertising" or "to which the Clubs are oriented," without any explanation as what the term "lifestyle" referred to. *Id.*

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8. An additional issue with Question 9.4 is that "might participate" and "would not participate" are not opposing statements. Respondents who believed that the models were unlikely to participate in whatever events the survey is referring to would be forced to answer "might participate" even if they believed there was merely a small chance that the models may participate.

Most importantly, the questions in the Buncher Survey are not directed at the relevant issues in a false endorsement claim. That more than 90% of respondents believed that the models agreed to promote the Clubs or be in the advertisements may demonstrate that the advertisements are impliedly false, but do not speak to recognition or endorsement. *See* Golaszewski Decl. Ex. S, ECF No. 80-3 at 145. Other survey results purporting to show how effective the use of plaintiffs' images were at arousing interest in the Clubs also miss the mark. The degree to which a generic model's appearance in an ad increases a consumer's interest in the Clubs is not the issue; rather, the issue is whether respondents recognized plaintiffs or understood their appearances to be endorsements of the Clubs' goods or services.[9]

Buncher himself concedes that his survey demonstrates that the identity of the model is "not a significant factor" or "a critical variable so long as she is a -- an attractive woman and in an attractive outfit, and is just as - used in the same manner as some models that the clubs use that aren't even involved in the case."[10] Declaration of Peter

9. Buncher's focus on the effectiveness of the advertisements is curious in light of the undisputed fact that the Clubs did not garner any additional profits from the use of plaintiffs' images in their advertisements. Defs.' 56.1 Stmt. ¶ 192.

10. Notably, of the 636 responses to the open-ended prompts in questions 2 and 3 of the survey ("What is the first thing that comes to mind [looking at these three advertisements]?" and "What else comes to mind?"), only one included an identification of a plaintiff appearing in the ads (Electra in image 01). That same respondent was clearly unfamiliar with either Hinton or Posada, as he incorrectly identified one of the two as Paris Hilton. *See* Golaszewski Decl. Ex. S, ECF No. 80-3 at 159.

Shapiro Ex. B ("Buncher Tr.") at 57:9-14; 59:8-10, July 5, 2018, ECF No. 97-4.

The concession by Buncher undermines plaintiffs litigative position since the identity of the endorser is a "significant factor" and "critical variable" in assessing likelihood of consumer confusion in a false endorsement claim. Because the Buncher Survey is methodologically flawed and not probative of the relevant issues, we grant defendants' motion to strike the report, survey, and testimony of Martin Buncher. Given the absence of a survey or anecdotal evidence supporting actual confusion, we find that the "evidence of actual confusion" factor strongly favors defendants. *See Sports Auth., Inc. v. Prime Hosp. Corp.*, 89 F.3d 955, 964 (2d Cir. 1996) ("[T]he absence of surveys is evidence that actual confusion cannot be shown.").

c. Evidence of Bad Faith

Third, we consider evidence that the imitative mark was adopted in bad faith, looking to "whether defendant in adopting its mark intended to capitalize on plaintiff's good will." *EMI Catalogue P'ship v. Hill, Holliday, Connors, Cosmopulos Inc.*, 228 F.3d 56, 66 (2d Cir. 2000). As it is undisputed that defendants never specifically requested the use of any of the plaintiffs' images in their promotional material, it is clear that defendants did not intend to capitalize on plaintiffs' good will. Defs.' 56.1 Stmt. ¶ 211. Moreover, plaintiffs fail to offer evidence creating a genuine issue of fact as to whether defendants knew or had reason to know that their third-party contractors did not have the rights to use the images at issue. *See* Pls.' 56.1 Stmt. ¶¶ 80, 88-91; Pls.' 56.1 Response ¶ 212. Thus, this factor also weighs in favor of defendants.

d. Other Factors

The final three factors favor plaintiffs. Defendants do not dispute that the advertisements at issue include the likenesses of the plaintiffs. *See Jackson*, 9 F.Supp.3d at 358 (discussing the "similarity of the marks" factor in a false endorsement action). To the extent that proximity of the products is relevant in a false endorsement action, *see Beastie Boys*, 66 F.Supp.3d at 456, defendants concede that the plaintiffs and the Clubs are in the related fields of "selling" womens' appearances. [11] Defs.' Opp. Br. 5, ECF No. 90. Finally, the nature and cost of the product (alcohol) coupled with the environment in which it is served, suggest that the Clubs' consumers are fairly characterized as impulse driven and unsophisticated vis a vis the Clubs' offerings. *See Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 390 (2d Cir. 2005) ("A court is entitled to reach a conclusion about consumer sophistication based solely on the nature of the product or its price.").

e. Balancing

Ultimately, the likelihood of confusion analysis in this case turns on whether plaintiffs are sufficiently

11. Defendants argue that while the parties are in related fields, they are not "competitors" in that field. But courts "have long recognized that the parties need not be in actual competition with each other when the claim is based on false affiliation or sponsorship." *Jackson*, 9 F. Supp. 3d at 358-59.

recognizable such that their appearance in the advertisements is likely to confuse consumers. Even making all inferences in defendants' favor, plaintiff Electra has established sufficient recognizibility. For that reason, and taken together with the Court's analysis of the other *Polaroid* factors, we grant plaintiffs' motion for summary judgment as to Electra's Lanham Act claim and deny defendants' cross-motion.

Conversely, the remaining plaintiffs have failed to demonstrate sufficiently strong marks and no reasonable juror could find that the use of their images in the Clubs' advertisements is likely to cause consumer confusion. The Court therefore denies plaintiffs' motion for summary judgment with respect to the Lanham Act claims of all other plaintiffs and grants defendants' cross-motion.

3. Lanham Act Injunctive Relief

Having established a likelihood of consumer confusion, plaintiff Electra is entitled to injunctive relief under the Lanham Act. *See Allen*, 610 F. Supp. at 630. The Court permanently enjoins defendants from using Electra's image in any of their promotional content without Electra's permission.

4. Lanham Act Damages, Fees, and Costs

Plaintiff Electra also seeks actual damages based on the fair market value of her image. *See* 15 U.S.C. § 1117(a). "Plaintiffs normally have a greater burden in attempting to establish entitlement to damages for violation of section

43(a): They must establish actual consumer confusion or deception resulting from the violation." *PPX Enterprises, Inc. v. Audiofidelity Enterprises, Inc.*, 818 F.2d 266, 271 (2d Cir. 1987). Plaintiffs may also show "that the defendant's actions were intentionally deceptive thus giving rise to a rebuttable presumption of consumer confusion." *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992); *see also Beastie Boys*, 66 F. Supp. 3d at 458 (holding that "reckless disregard does not suffice" to prove intentional deception for purposes of Lanham Act damages). For the reasons stated above, plaintiffs failed to proffer evidence of either bad faith or actual consumer confusion. We therefore deny plaintiffs' motion for summary judgment for Lanham Act damages and grant defendants' cross-motion.[12] Plaintiffs motion for an award attorney fees under 15 U.S.C. §§ 1117(a) fails for the same reason. *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 194 (2d Cir. 1996) (permitting a prevailing plaintiff to recover attorney fees under the Lanham Act only "on evidence of fraud or bad faith"). Finally, plaintiffs move for costs under the Lanham Act. *See* 15 U.S.C. § 1117(a). The Court maintains "a wide field of equitable discretion" in determining whether to award a party costs. 5 *McCarthy on Trademarks and Unfair Competition* § 30:107 (5th ed.). Here, where both parties' motions were granted in part and denied in part, both sides should bear their own costs.

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12. It follows that we also deny plaintiffs' request for treble damages.

C. New York Civil Rights Law §§ 50-51 Claim

Plaintiffs' second cause of action is predicated on NYCRL § 51, which provides that any person whose image is used within the state of New York for advertising purposes without their written consent may maintain an action for equitable relief, actual damages, and exemplary damages. In order to succeed on such a claim, plaintiffs must prove "(i) usage of plaintiff's . . . portrait . . ., (ii) within the state of New York, (iii) for purposes of advertising or trade, (iv) without plaintiff's written consent." *Passelaigue*, 2018 U.S. Dist. LEXIS 34004, 2018 WL 1156011, at *5 (citing *Molina v. Phoenix Sound Inc.*, 297 A.D.2d 595, 747 N.Y.S.2d 227, 230 (1st Dep't 2002)). Defendants do not contest elements (i) through (iii). Rather, defendants argue that some of plaintiffs' claims are barred by the one-year statute of limitations, that plaintiffs waived their NYCRL § 51 claims when they signed unlimited releases in connection with the images at issue, and further that plaintiffs cannot prove damages.

1. Statute of Limitations

NYCRL § 51 claims must be brought within one year from the date that the offending material is first published. N.Y. C.P.L.R. 215(3); *see Nussenzweig v. diCorcia*, 9 N.Y.3d 184, 878 N.E.2d 589, 589, 848 N.Y.S.2d 7 (N.Y. 2007). Plaintiffs do not dispute that Al through A5, D1, D2, J1, K1, M1 through M5, N1, N2, and 01 were first published more than one year prior to the filing of the complaint in this action. *See* Tr. 18:23-21:14. Accordingly, we grant defendants' cross-motion for summary judgment with respect to these images. The remaining images are B1, C1, E1, F1, G1-G3, H1-H7, 11-15, and Ll, advertisements containing images of plaintiffs Lee, Koren, Shake, Mayes, Hinton, and Golden.

2. Releases

The remaining plaintiffs, despite having executed agreements releasing any and all of their rights to the images at issue, nevertheless seek to recover damages for defendants' use of the images under NYCRL § 51. Plaintiffs' releases were comprehensive. They agreed, in return for compensation, to release "all rights to the Images . . . without reservation of rights," Defs.' 56.1 Stmt. ¶ 123, or "waiv[ing] any claim that [they] may have at any time to the eventual use to which such Images may be applied." *Id.* at ¶ 38. Thus, they expressly disclaimed their right to pursue claims relating to these images and gave releasees the authority to allow third-parties like the Clubs to use their images in any form and for any purpose whatsoever, without limitation.

Plaintiffs now ask the Court to either ignore, or read implied exceptions for NYCRL § 51 claims into, these otherwise unlimited releases, without citing any New York caselaw establishing such an implicit exception.[13] It is

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13. None of the cases cited by plaintiffs involve the execution of similarly unlimited releases. *See* Pls.' Letter, Dec. 2, 2018, ECF No. 128 (citing *Chambers v. Time Warner*, 00-cv-2839 (JSR), 2003 U.S. Dist. LEXIS 3065, 2003 WL 749422, (Mar. 5, 2003 S.D.N.Y.) and *Rosemont Enterprises, Inc. v. Urban Sys., Inc.*, 72 Misc. 2d 788, 340 N.Y.S.2d 144 (Sup. Ct. 1973), *aff'd as modified* 42 A.D.2d

axiomatic that under New York law "a written agreement that is complete, clear and unambiguous on its face must be enforced according to the plain meaning of its terms." *Greenfield v. Philles Records, Inc.*, 98 N.Y.2d 562, 780 N.E.2d 166, 170, 750 N.Y.S.2d 565 (N.Y. 2002). Plaintiffs' releases are crystal clear. Thus, there is no reason not to enforce plaintiffs' waivers of "any claim that [they] may have at any time to the eventual use to which [their images] may be applied" according to the plain meaning of those terms. Accordingly, defendants' cross-motion for summary judgment with respect to the remaining plaintiffs' NYCRL § 51 claims is granted and plaintiffs' motion is denied.[14]

3. Damages

The remaining plaintiffs have also failed as a matter of law to prove damages. Plaintiffs proffer Stephen Chamberlin, an agent in the model and talent industry since 1989, as an expert on ascertaining the fair market value of each image at issue. Chamberlin purports to determine the price at which willing buyers and sellers of the images would agree to transact. Golaszewski Decl. Ex. U, ECF No. 80-3 at 219. To this end, and for each plaintiff,

544, 345 N.Y.S.2d 17 (1st Dep't. 1973)); Tr. 10:3-17 (citing *Grodin v. Liberty Cable*, 244 A.D.2d 153, 664 N.Y.S.2d 276 (1st Dep't 1997)).

14. Although we need not reach it, this case raises an interesting question regarding whether plaintiffs' releases amount to "written consent" for purposes of NYCRL § 51. Suffice it to say that it is inconsistent with NYCRL § 51 for plaintiffs that have signed unlimited releases to rely on the absence of written consent in pursuing damages under that statute.

Chamberlin (1) briefly summarizes plaintiff's background; (2) indicates reliance on the same general categories of documents; (3) reproduces the images at issue; and (4) summarily concludes that "Based on [his] experience and expertise in this industry, when negotiating a rate of compensation for [plaintiff he is considering] for the identified images used by Defendant, at a minimum, I would quote an established working day rate of [$X]." Chamberlin then multiplies the working day rate by the number of images and the "usages" of images, ultimately finding total damages for the remaining plaintiffs of $555,000. *Id.* at 221.

At the outset, we emphasize that Chamberlin's underlying assumption that the remaining plaintiffs are entitled to receive the "fair market value" of images that they already sold is deeply flawed. These plaintiffs negotiated with a willing buyer and were paid the fair market value for any and all rights to the images. To allow plaintiffs to be compensated a second time would be a clear windfall. Put another way, any theory of damages based upon the faulty notion that plaintiffs - as opposed to releasees - would be the willing sellers in a hypothetical transaction is fundamentally suspect.

Second, Chamberlin fails to specify what documents, testimony, or research he relies upon in reaching his conclusions - an issue of particular concern here, where the undisputed evidence in the record makes clear that none of the plaintiffs (with the possible exception of Electra) ever earned fees of the magnitude described in the Chamberlin Report. In response to defendants' motion to strike, Chamberlin supplements his report with a declaration attaching copies of specific agreements that he claims support his calculation of plaintiffs' working day rates. Declaration of Stephen Chamberlin ("Chamberlin Decl.") ¶ 40, ECF No. 120. But, tellingly, Chamberlin mischaracterizes many of these agreements in such a way as to deceptively bolster their significance. Chamberlin Decl. ¶ 40. For example, Chamberlin concludes that Lee's working day rate would be, at a minimum, $25,000, based in part on the fact that Lee had "entered into agreement in which she was paid $25,000 for a *one-day shoot* for *Playboy*." *Id.* (emphasis added). But, as is readily apparent from the face of the agreement, Lee was paid $25,000 for much more than a "one-day shoot," including, *inter alia*, additional photoshoots, film sessions, and up to 20 days of promotional appearances. Chamberlin Decl. Ex. A, ECF No. 120-1 at 9-10. The appropriate conclusion from the contract is that Lee's rate for a one-day photoshoot would be substantially less than $25,000.[15] Another example is Chamberlin's citation to agreements between Koren and "Cashmere Hair" that value Koren's services (which, like Lee's *Playboy* contract, go above and beyond a one-day shoot) at $50,000 and $25,000. *Id.* at 29. Chamberlin also neglects to disclose that Koren owns Cashmere Hair. Pls.' 56.1 Stmt. ¶ 24. What Koren pays herself for her image cannot be the foundation for a reliable calculation of fair market value.

Chamberlin also improperly assumes that separate licenses would have been agreed upon for each use of an

15. As described *infra*, Lee's undisputed day rate was, in fact, $2,000.

image, rather than the issuance of a single license for all uses of each image. *Id.* Chamberlin uses this assumption as a basis for multiplying each models' working day rate by the number of distinct usages, which increases his calculated damages nearly four-and-a-half times. Chamberlin himself concedes that there is generally "one license and one payment," Chamberlin Decl. ¶ 19, and although he argues that this payment would include charges for different types of usages, it does not follow - and is indeed contradicted by the evidence in the record[16] - that a model's fees are properly calculated by multiplying their working day rate by the number of distinct usages.

The unreliability of Chamberlin's methodology is laid bare when comparing the damages in the Chamberlin Report with what plaintiffs were actually paid for their images or photoshoots. While Chamberlin conjures up damages of $40,000 for plaintiff Koren (based upon two usages and a $20,000 working day rate), we already know precisely how much she would have agreed to accept in exchange for defendants' use of her image: $500, or eighty times less than the damages calculated by Chamberlin. Defs.' 56.1 Stmt. ¶ 70. This was the amount of consideration that Koren actually accepted in exchange for allowing the releasee to use the images "for any purpose whatsoever, without further compensation to me." Declaration of Peter Shapiro Ex. 11, July 9, 2018, ECF No. 111-26 at 7. Plaintiff Shake was also paid $500 in exchange for all of her rights to her image at issue - 60 times more than what

16. For example, Chamberlin's approach is difficult to square with the evidence of plaintiffs allowing releasees unlimited usages in unlimited forms in exchange for (modest) flat fees.

Chamberlin determines is the image's "fair market value." Defs.' 56.1 Stmt. ¶ 81. The $100,000 that Chamberlin ascribes to defendants' use of Mayes' image is nearly twice the sum of her earned income from modeling for the years 2011, 2012, and 2013, Defs.' 56.1 Stmt. ¶¶ 95-97, and over 35 times what she was paid to participate in the photoshoot during which the photograph at issue was taken. Defs.' 56.1 Stmt. ¶ 103. The alleged damages of plaintiffs Hinton, Lee, and Golden are similarly inconsistent with their prior fees and earnings.[17] Defs.' 56.1 Stmt. ¶¶ 39, 124, 140-143.

"The Second Circuit instructs district courts to exclude expert testimony if it is speculative or conjectural or based on assumptions that are so unrealistic and contradictory as to suggest bad faith." *LVL XIII Brands, Inc.*, 209 F. Supp. 3d at 636 (internal quotation marks omitted) (citing *Zerega Ave. Realty Corp. v. Hornbeck Offshore Transp., LLC*, 571 F.3d 206, 214 (2d Cir. 2009)). Consistent with this principal and our discussion of the law governing the admissibility of experts *supra*, we grant defendants' motion to strike the report and testimony of plaintiffs' proposed expert Stephen Chamberlin. As a result, and for the reasons stated above, were we required to reach

17. Nor can these wild discrepancies between actual earnings and contrived damages be explained by "premiums" that plaintiffs would charge to account for "the embarrassment factor" and the fact that "businesses would not work with a model who posed for certain disreputable businesses." *See* Chamberlin Decl. ¶¶ 20, 23. Remaining plaintiffs received any such "premium" when they sold all of their rights to releasees, and evidently were not so concerned with embarrassing associations as to negotiate limitations as to who could use their images in the future.

a decision we would deny plaintiffs' motion for summary judgment as to any actual damages to be awarded under NYCRL § 51 and grant defendants' cross-motion.

D. New York General Business Law § 349 Claim

Plaintiffs also assert claims under NYGBL §349, which prohibits "[d]eceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in this state." N.Y. Gen. Bus. Law § 349(a). The elements of a deceptive trade practices claim under NYGBL § 349 are: "(1) the act or practice was consumer-oriented; (2) the act or practice was misleading in a material respect; and (3) the plaintiff was injured as a result." *Spagnola v. Chubb Corp.*, 574 F.3d 64, 74 (2d Cir. 2009). Although it is now well-established that a non-consumer may bring a claim under NYGBL § 349, "the gravamen of the complaint must be consumer injury or harm to the public interest." *Stadt v. Fox News Network LLC*, 719 F. Supp. 2d 312, 319 (S.D.N.Y. 2010).

The overwhelming majority of courts in this Circuit have concluded that "the general variety of consumer confusion that is the gravamen of [a false endorsement] claim" is an insufficient harm to the public interest for purposes of NYGBL § 349. *See Mayes v. Summit Entm't Corp.*, 287 F. Supp. 3d 200, 206 (E.D.N.Y. 2018) (collecting cases); *see also Nomination Di Antonio E Paolo Gensini S.N.C. v. H.E.R. Accessories Ltd.*, No. 07-cv-6959 (DAB), 2009 U.S. Dist. LEXIS 117368, 2009 WL 4857605, at *8 (S.D.N.Y. Dec. 14, 2009) (requiring "a specific and substantial injury to the public interest *over and above* *ordinary trademark infringement"* in order to maintain a NYGBL § 349 claim) (internal quotation marks omitted); *Kaplan, Inc. v. Yun*, 16 F. Supp. 3d 341, 352 (S.D.N.Y. 2014) ("[C]ourts in New York have routinely dismissed trademark claims brought under Sections 349 and 350 as being outside the scope of the statutes . . .").

As plaintiffs' do not allege an injury to the public interest above and beyond "the general variety of consumer confusion," we deny plaintiffs' motion for summary judgment on their NYGBL claims and grant defendants' cross-motion.

E. Defamation Claim[18]

Finally, plaintiffs claim that defendants' publication of the images at issue "constitutes a representation that plaintiffs [were] either employed by one or more of the Clubs, that they endorsed one or more of the Clubs, or that they had some affiliation with one or more of the Clubs," and that this representation is defamatory. SAC ¶ 149.

To prove a claim for defamation, a party must show: "(1) a written defamatory statement of fact concerning the

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18. Like claims brought under NYCRL § 51, the statute of limitations for defamation claims is one year and is governed by the single publication rule. *See Osmers v. Parade Publications, Inc.*, 234 F. Supp. 924 (S.D.N.Y. 1964). For this reason, we reach the same conclusion as we did in our statute of limitations analysis under NYCRL § 51, and grant defendants' cross-motion for summary judgment with respect to images A1 through A5, D1, D2, J1, K1, M1 through M5, N1, N2, and 01.

plaintiff; (2) publication to a third party; (3) fault (either negligence or actual malice depending on the status of the libeled party); (4) falsity of the defamatory statement; and (5) special damages or per se actionability (defamatory on its face)." *Celle v. Filipino Rep. Enters. Inc.*, 209 F.3d 163, 176 (2d Cir. 2000).

Plaintiffs' motion for summary judgment fails at the first element. There is no quarrel that "a threshold issue for resolution by the court is whether the statement alleged to have caused plaintiff an injury is reasonably susceptible to the defamatory meaning imputed to it." *Levin v. McPhee*, 119 F.3d 189, 195 (2d Cir. 1997) (citing *James v. Gannett Co.*, 40 N.Y.2d 415, 353 N.E.2d 834, 837-38, 386 N.Y.S.2d 871 (N.Y. 1976)). If, however, the statements are reasonably susceptible to multiple meanings, some of which are not defamatory, "it is then for the trier of fact, not for the court acting on the issue solely as a matter of law, to determine in what sense the words were used and understood." *Celle*, 209 F.3d at 178. As one interpretation of the alleged defamatory statements - indeed, the most likely interpretation is that plaintiffs had simply agreed to appear in the advertisements for a standard modeling fee, we must deny plaintiffs' motion for summary judgment as to the defamation claim.

The third element of a defamation claim — fault — requires the Court to grant defendants' cross-motion for summary judgment on the defamation claim. Plaintiffs do not dispute that they are "public figures" for purposes of their defamation claim. Tr. 23:18-22; *see Celle*, 209 F.3d at 177. A public figure who sues for defamation must show that the allegedly defamatory material was published with "actual malice — that is, with knowledge that it was false or with reckless disregard of whether it was false or not." *New York Times Co. v. Sullivan*, 376 U.S. 254, 280, 84 S. Ct. 710, 11 L. Ed. 2d 686 (1964) (internal quotation marks omitted); *see also Don King Prods., Inc. v. Douglas*, 742 F. Supp. 778, 782 n.4 (S.D.N.Y. 1990) (applying the "actual malice" standard to a defamation suit brought against a non-media defendant).

In analyzing actual malice at the summary judgment stage, "the question is whether the evidence in the record could support a reasonable jury finding either that the plaintiff has shown actual malice by clear and convincing evidence or that the plaintiff has not." *Kipper v. NYP Holdings Co.*, 12 N.Y.3d 348, 912 N.E.2d 26, 29, 884 N.Y.S.2d 194 (N.Y. 2009) (internal quotation marks omitted). The inquiry is a subjective one, and requires facts demonstrating that defendants "in fact entertained serious doubts as to the truth of [their] publication or acted with a high degree of awareness of probable falsity." *Id.* (internal quotation marks and citation omitted). For the reasons described *supra* in our discussion of defendants' alleged bad faith, there are no such facts in the record. At worst, the evidence shows that defendants failed to investigate the status of their or their contractors' rights to use plaintiffs' images, which in and of itself is insufficient as a matter of law to prove actual malice. *See Lerman v. Flynt Distrib. Co.*, 745 F.2d 123, 141 (2d Cir. 1984).

III. CONCLUSION

Plaintiff's motion for summary judgment is granted and defendants' cross-motion for summary judgment is denied as to plaintiff Electra's Lanham Act claim. The Clubs are permanently enjoined from using Electra's image in any of their promotional material without Electra's permission. Plaintiffs' motion for summary judgment is denied and defendants' cross-motion for summary judgment is granted as to all other claims for relief. Defendants' motion to strike the reports, survey, and testimony of plaintiffs' proposed experts is granted in its entirety. The Clerk of Court is respectfully directed to terminate the motions pending at ECF Nos. 79, 94, 95, 96, and 101 and close this case.

SO ORDERED.

Dated: New York, New York
January 3, 2019

/s/ Naomi Reice Buchwald

NAOMI REICE BUCHWALD
UNITED STATES DISTRICT JUDGE

APPENDIX C — DENIAL OF REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT, DATED APRIL 15, 2021

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

Docket No: 19-235

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the 15th day of April, two thousand twenty-one.

CARMEN ELECTRA, TIFFANY TOTH, GEMMA LEE, JESSA HINTON, JESSE GOLDEN, LINA POSADA, SHEENA LEE WEBER, HEATHER RAE YOUNG, RACHEL KOREN, SABELLA SHAKE, URSULA MAYES,

Plaintiffs-Appellants,

v.

59 MURRAY ENTERPRISES, INC., DBA NEW YORK DOLLS GENTLEMEN'S CLUB, JAY-JAY CABARET, INC., AAM HOLDING CORPORATION, DBA PRIVATE EYES GENTLEMEN'S CLUB,

Defendants-Appellees.

Appendix C

ORDER

Appellants, Carmen Electra, Jesse Golden, Jessa Hinton, Rachel Koren, Gemma Lee, Ursula Mayes, Lina Posada, Sabella Shake, Tiffany Toth, Sheena Lee Weber and Heather Rae Young, filed a petition for panel rehearing, or, in the alternative, for rehearing *en banc*. The panel that determined the appeal has considered the request for panel rehearing, and the active members of the Court have considered the request for rehearing *en banc*.

IT IS HEREBY ORDERED that the petition is denied.

FOR THE COURT:

Catherine O'Hagan Wolfe, Clerk

/s/