

## LEGAL ASPECTS OF CHARACTER MERCHANDISING

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### Abstract

*In this study an endeavor will be made to examine the concept of Character Merchandising along with various legal liabilities associated with it. Character Merchandising alludes to the exploitation of that of the personal elements like appearance, acclaim etc of a fictional or non-fictional personality for financial gains. Character Merchandising to some extent also involves principles and rules of Advertising business and furthermore protected under Intellectual Property Laws.*

*The concept rose with Walt Disney and continuing with its immeasurable effect in the present world as well. . Shoppers of all age, uncommonly kids find these merchandised products to be monstrously attractive and engaging. Thus such an impactful strategy is protected under legal framework- Copyright laws, Trademark laws, Personal rights, Contractual obligations etc focusing on the Indian scenario.*

*Merchandising a famous character can wind up being very advantageous. But such a claim could lead to the charge of monopoly prices. Sometimes over notoriety of a personality and when such merchandised products are sold in the mass market at a cheaper rate can hamper the profit margin of the creator. The article concludes by highlighting the inadequacy of a more exhaustive and effective legal framework on safety standards for character merchandising in order to curb such unlawful activities.*

**Keywords:** Intellectual Properties, Merchandising, Celebrity Rights, Fictional characters, Advertisement Strategies.

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## INTRODUCTION

Recently, I went over a store for Chota Bheem merchandise in Chennai that had each item (towels, packs, footwear etc.) one could envision and I'm certain each kid who strolled into that store hasn't left without having a fit to possess one of those items! That truly made them consider how character merchandising has been a quickly developing market in India at this point. We've all been aficionados of kid's shows and anecdotal or imaginary characters sooner or later in our life and today; we have the chance of purchasing stock of our most favourite characters. I'm certain a large portion of us will admit to such liberality despite the fact that it's a bit heavy on the pocket and that shortcoming is the thing that the manufacturers of such products are likely taking advantage of!

Character marketing may be described as the commercial exploitation of the most basic elements, for example, the name, picture or appearance of a genuine or fictional character in connection to goods and services; shoppers are prone to buy the items because of the way that they feel acquainted with the well-known character and not just in light of the fact that they are concerned with the nature or quality of the item. As a rule, for example, in the marketing of Spiderman T-shirts, or toys, the picture of the character is the main reason that the purchaser will buy the item.

I would like to bring clarity on the different issues associated with character merchandising through this paper managing the sorts of security that can be looked for, issues relating to authorizing and why one should steer clear of selling counterfeit merchandise.

## BRIEF HISTORY OF ORIGIN AND PRACTICES

The practice of Character Merchandising was initially introduced in USA in 1930 in Walt Disney Studios in California. It was Walt Disney that conceptualized this thought and started offering shirts, mugs, badges and different items with Mickey Mouse, Minnie Mouse and Donald Duck in 1940's. Since the time that maker of such fictional characters and identities are engraved for commercial exploitation and are appropriated among low priced business markets<sup>1</sup>.

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<sup>1</sup> Achilles C. Emilianides, Principles for the Protection of Character Merchandising in Cyprus, [https://www.academia.edu/4050708/Principles\\_for\\_the\\_Protection\\_of\\_Character\\_Merchandising\\_in\\_Cyprus](https://www.academia.edu/4050708/Principles_for_the_Protection_of_Character_Merchandising_in_Cyprus) (last seen on 07.07.2015)

The traces of existence of the idea of secondary exploitation of reputation of characters prevailed even before the 20<sup>th</sup> century. For example, in Southeast Asia the religious character of Ramayana- Prince Ram, Hanuman, Sita for centuries have been presented in form of sculpture, toys, and have formed a well-known image to that of the people.

This thought in the later years were used for commercial purpose such as decorative plates, articles etc. For example, in French character Perrot Gourmand (famous mark for lollipop), work of Lewis Carol (Alice in Wonderland), character which additionally turned out to be delicate toy and was later received in film. In 1970 and 1980's promoting projects were situated up on premise of well-known characters from movies like Star Wars, E.T or Rambo.

In 1978, Walt Disney merchandising division sold \$ 27 million in their goods, while in 1979 Kenner Products sold over \$ 100 million in merchandising goods relating to character portrayed in the movie Star War.

## ASPECTS AND NATURE

Character merchandising is the secondary exploitation of the essential features of a popular anecdotal character or a real person in respect of commercial articles, so that customers are ultimately purchase such products due to their love for the character or person. From a commercial or marketing point of view, character merchandising can presumably be managed within a single category.<sup>2</sup> However, from the legal perspective it is important to differentiate between the various subjects of merchandising, since the scope and duration of legal protection may differ according to the subject involved.. Broadly speaking, there are two types of character merchandising-

1. The first one is use of key features of a famous **fictional human character**, either appearing in a literary work or in a movie or as an artistic work, for merchandising. The examples of fictional character merchandising include, Pinocchio, GI Joe, James Bond toys, and t-shirts imprinted with images of Popeye, Scooby and other Disney characters. In India, the significant case of fictional character merchandising is the one based on comic character Chhota Bheem that was introduced in a television series in 2008. Because of popularity of the series and wide acknowledgement vast majority

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<sup>2</sup> Raman Mittal, Character Merchandising: International Experience And Indian Perspective, <http://www.lesi.org/les-nouvelles/les-nouvelles-online/march-2011/2011/05/01/character-merchandising-international-experience-and-indian-perspective> (last seen on 05.07.2015)

of the characters procured within a short span of time, several movies have been made taking into account the character of Chhota Bheem and others.

2. The second type is **personality merchandising** where a renowned genuine individual, who could be a big name from the entertainment or sports industry or a national hero or worldwide legend, or some of their essential personality features, are utilized for promoting. Like utilisation of Madonna's name in respect of perfumes and fragrances; branding of Sachin Tendulkar enlivened personal care products under the name 'Sach'; endorsements of energy drinks and cosmetics by various celebrities. This is also called celebrity merchandising.<sup>3</sup>

This category can be subdivided into two forms.

- The first form comprises in the utilisation of the name, image or symbol of a real person. This form relates predominantly to famous acclaimed persons in the film or music business. However persons connected with other field so of activity maybe concerned.
- The second form occurs where masters in specific fields, such as renowned sports or music personalities, show in advertising campaigns in relation to goods or services. The appeal for the potential consumer is that the personality represented endorses the product or service concerned and is regarded as an expert. Here the product or service advertised is concerned with the activity of the personality.

Today, “merchandising” programs (may use personality character or not) may concern:

- universities organizations (with their official initials and logo)
- advertising campaign for Amnesty International in France with the participation of famous film actors,
- merchandising of the representation of a panda by the World Wide Fund for Nature (WWF))
- sports events (merchandising of the mascots of the 1992 Olympic Games in Albertville (France) and Barcelona (Spain))

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<sup>3</sup> Louis C Schimd, Legal Aspect of Merchandising, <http://www.olivares.com.mx/En/Knowledge/Articles/CopyrightArticles/Legalaspectsofmerchandising> (last accessed on 07.07.2015)

- personalities in many fields of activity (actors, pop stars, sportsmen, etc., whose names and images are reproduced on various goods, packaging, documents or other material).

### **Is Character merchandising a part of Intellectual Property Right?**

Merchandising of fictional/cartoon characters includes utilisation of exceptional qualities of a renowned character such as the appearance, name, image, sounds/dialogues on buyer products. Some examples from India incorporate the utilisation of images of Mickey and Minnie on Cadbury chocolates, images of Spiderman on clothes etc. The premise of promoting could run from a simple cartoon character to a non-human character derived from a literary source to a character played by a genuine individual in a motion picture, drama or TV series to a real celebrity<sup>4</sup>.

1. **Literary works:** From classic children's stories such as *The Adventures of Pinocchio*, *Alice in Wonderland* to cartoon characters like *Garfield*, *Calvin and Hobbes*, literary works have been the largest source of origin of the fictional and cartoon characters. While some of these legendary literary sources describe characters in such detail that readers can easily imagine the characters. *Tintin*, one of the well-known cartoon strips, was created by the Belgian cartoonist Georges Remi, and was first published in 1929 in a Belgian daily newspaper. The cartoon strips became so widely popular around the world that the character of *Tintin* was featured in numerous animated movies and television shows.
2. **Artistic works:** Artistic works such as Leonardo Da Vinci's *Mona Lisa* also form part of merchantable characters around the world. A number of paintings by Raja Ravi Varma, a famous Indian artist of the 19th century, have found their path into merchandising.
3. **Cinematograph films:** Cinematographic movies or motion pictures achieve a more noteworthy area or the populace over the globe because of their high diversion esteem. Characters from prevalent films can hit a moment harmony with the purchasers and consequently, organizations crosswise over different areas use motion picture characters to advertise their products and services. Animated films, for

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<sup>4</sup> Pauline Sadler, *Character Merchandising and the Sporting Industry*, [http://espace.library.curtin.edu.au/webclient/StreamGate?folder\\_id=0&dvs=1435751434718~824&usePid1=true&usePid2=true](http://espace.library.curtin.edu.au/webclient/StreamGate?folder_id=0&dvs=1435751434718~824&usePid1=true&usePid2=true) (last seen on 07.07.2015)

example, shark, Kung Fu Panda, Lion King and Cars are hugely famous among not just children however over all age bunches. The human character utilized for promotion of aerated soft drink s, 7-up and Zoo characters that highlighted in Vodafone commercial ad series are best illustrations of fictional characters made through advertisement movies.

4. **The icons or mascots of famous brands or events:** The mascots or several sports and cultural events like Appu elephant of Asian Games in India and 'Footix' of FIFA world Cup in France provide lot of opportunity for merchandising during the organisation or the event the iconic characters presenting well-known brands such as the Android bot, Kellogg's rooster, Kingfisher bird, etc., are utilized on goods other than the ones they represent, for brand recognition purposes.

Merchandising of intellectual property (IP) is the showcasing system where the goods or services are improved and adorned with established IP with a point that such frivolity will instigate the consumers to purchase them. A coffee mug conveying the picture of Spider-man, a toy made in the fiddle of He-man, a T-shirt with a logo of Harvard University, a rakhi in the fiddle of Donald Duck are all ceses of merchandising of various forms of IP. In all these examples, IP such as trademarks, copyrights and designs belonging to others have been used by the maker of goods/services. The producer could, however, do that just through licensing of significant IP rights.

The list of products or services covered by 'merchandising' increased over                      years, for example, in the United States of America, it concerns,at least 29 of the 42 classes of the International Classification of Goods and Services as per the Nice Agreement.

## **LEGAL FRAMEWORK BEHIND CHARACTER MERCHANDISING IN THE INDIAN SCENARIO:**

Character Merchandising is not just a fight ground for clashing business interest nut also for lawful interest at the other end. Right of proprietorship in respect of the topic of Character Merchandising doesn't belong to one single individual or party when real and fictional

characters are utilized. So single laws do not direct Character Merchandising, it is group of law that gives security to distinctive aspects of Character Merchandising.<sup>5</sup>

**Constitution of India:** Article 21 of the Indian Constitution, 1950 relates to fundamental rights to life and personal liberty. Right to Privacy is an essential part of Article 21. Delhi High Court in 2003 guaranteed right to publicity along with right to privacy to celebrities under Article 21, quotes as "The right of publicity has evolved from the right of privacy and can inhere only in an individual or in any indicia of an individual's personality like his name, personality trait, signature, voice, etc. An individual may acquire the right of publicity by virtue of his association with an event, sport, movie, etc. However, that right does not in here in the event in question, that made the individual famous, nor in the corporation that has brought about the organization of the event. Any effort to take away the right or publicity from the individuals, to the organizer non-human entity) of the event would be violative of Articles 19 and 21 of the Constitution of India"<sup>6</sup>

No person can be monopolised. Hence it states that no celebrity shall be subject to any publicity against his own authorisation and consent. For example, Sachin Tendulkar or Kapil Dev's name cannot be used in any World Cup campaign against their permission.

**Personal Rights:** Broadly, there are two main personality rights that everybody enjoys are- the right to privacy and the right to publicity. A celebrity is a real life person with legally recognized rights and duties. Any commercial or business application of his/her personality and the character associated with it should be made with due regard to their personal rights. The producer of a movie or TV series might not have full rights to exploit the character. In such case, personality rights of the performer also apply in addition to copyrights of the producer. This, at times, gives rise to conflict between the two kinds of rights.<sup>7</sup>

In order to in some way oppose this, the supporters of personality rights argue that publication for the purposes of news reporting should be distinguished from use of a celebrity's likeness for fonancial profit. By virtue of being well known, a celebrity posses the

<sup>5</sup> Louis C Schimd, Legal Aspect of Merchandising, <http://www.olivares.com.mx/En/Knowledge/Articles/CopyrightArticles/Legalaspectsofmerchandising> (last accessed on 07.07.2015)

<sup>6</sup> ICC (Development) International Ltd v. Arvee Enterprises & Another, 2003 (26) PTC 245 (Del)

<sup>7</sup> Pauline Sadler, Character Merchandising and the Sporting Industry, [http://espace.library.curtin.edu.au/webclient/StreamGate?folder\\_id=0&dvs=1435751434718~824&usePid1=true&usePid2=true](http://espace.library.curtin.edu.au/webclient/StreamGate?folder_id=0&dvs=1435751434718~824&usePid1=true&usePid2=true) (last seen on 07.07.2015)

right of commercial exploitation of his well known-ness and goodwill, which is known as right of publicity. He may decide whether to let his persona to be used to promote a particular good, service, cause or agenda.

**Copyright Laws:** When a fictional character is created in a literary work or as an artistic work, it is regulated by the principles of copyright law. Authors or creator of the works hold copyright over their fictional characters. However, if the character is a work for hire, the party providing financial aid to the creation of the character holds copyrights. Again, when a fictional character is a part of a movie or a TV series, the producer of the series has copyrights over the character.

In the Indian Copyright Act 1957, Section 2(d) identifies producers as authors of cinematograph films and Section 14(d) of the Act provides that the owner of the cinematograph films has exclusive rights to make copy of the film including photograph or images from it. Again Section 38(4) enforces about performers consent about his own performance.

In the landmark case of *Star India v. Leo Burnett*<sup>8</sup>, the same preposition, mentioned above, was noted: *“The fictional characters are generally drawings in which copyright subsists, e.g., cartoon, and celebrities are living beings who are otherwise very famous in any particular field, e.g., film stars, sportsmen. It is necessary for character merchandising that the characters to be merchandised must have gained some public recognition, that is, achieved a form of independent life and public recognition for itself independently of the original product or independently of the milieu/area in which it appears. Only then can such character be moved into the area of character merchandising. This presumes that the character has independently acquired such reputation as to be a commodity in its own right independently of the goods or services to which it is attached or the field/area in which it originally appears. It is only when this is established on evidence as a fact, that the claimant may be able to claim a right to prevent anyone else from using such a character for other purposes.”*

**Trademark Laws:** Since the vital identity elements of fictional and real persons are utilized as a part of connection to articles of business, trademark law standards likewise come in

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<sup>8</sup> *Star India Pvt Ltd v. Leo Burnett India (Pvt) Ltd* (2003) 2BCR655.



picture in instances of character merchandising. In India, a trademark is depicted as any device, heading, configuration, name, word, name, signature, and so forth, which is fit for a graphical representation and which ought to be fit for recognizing goods and/or services of one gathering from those of the other. Attributable to this wide clarification, it gets to be conceivable to have the key identity components of any fictional and real individual ensured as trademarks. Name of a character, as well as his picture, signature, character plans, voice, catchphrases utilized by him, and so forth, could be secured under the extent of trademark law.

While in case of a celebrity or an artist, one has to consider the most distinctive personality traits that are famous and deserving of trademark insurance, for any fictional character created from a literary source or a cinematograph film or as artistic work, like a cartoon, it is simply treating such fictional character as a trade indication and using the same in respect of articles of commerce.<sup>9</sup> The Indian Trademark Act is the most utilized statute for adjudicating character merchandising related conflicts. A registered owner of a trademark can prevent others from using an identical or deceptively similar mark without permission on their goods or services for sale, offering or advertisement and can also prevent import of goods with such marks in India (Section 29 of the Act). A registration also grants the owner the advantages of presumption of validity of the trademark. As per Sections 102 and 103 of the Act, falsifying a registered trademark or falsely applying a registered trademark on goods and services.

The Delhi High court validated the transfer of trademark on the name 'Daler Mehendi' by the singer to his company DM Entertainment and held that the defendant's act of selling dolls that clapped, sang and danced like Daler Mehendi, amounted to passing off" likeness, even where a character or a celebrity's name or likeness are not registered as trademarks, the courts have recognised their proprietary value and granted remedies for passing.

**Contractual Obligations:** Given the notoriety of celebrity merchandising, endorsement conflicts are not phenomenal if both the copyright owner and the celebrity are permitted to carry out their promoting activities.<sup>10</sup> For example, a particular celebrity may be endorsing a

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<sup>9</sup> Achilles C. Emilianides, Principles for the Protection of Character Merchandising in Cyprus, [https://www.academia.edu/4050708/Principles\\_for\\_the\\_Protection\\_of\\_Character\\_Merchandising\\_in\\_Cyprus](https://www.academia.edu/4050708/Principles_for_the_Protection_of_Character_Merchandising_in_Cyprus) (last seen on 07.07.2015)

<sup>10</sup> Louis C Schimd, Legal Aspect of Merchandising, <http://www.olivares.com.mx/En/Knowledge/Articles/CopyrightArticles/Legalaspectsofmerchandising> (last accessed on 07.07.2015)

particular brand or home decor. The celebrity has a contractual commitment that he will not embrace any competing home decor brand during the subsistence of his endorsement contract. The producer of a cinematographic film, where in the celebrity assumes a part, licenses one of the stills from the film to a home decor brand for the purposes of merchandising. These two liberal actions by the celebrity and the producer will result in a conflict of interest between the own home decor companies and the one that has an endorsement contract with the celebrity may bring an action against him for breach of agreement.

## **CONCLUSION: TOWARDS A BETTER APPROACH**

Regardless of how enormous or little the creation, it could be a character in a story book or the brand envoy of an e-commerce website, it is essential to secure it. As mentioned before, the intentioned is two-fold – it gives you the exclusive right to utilize the mark and furthermore keeps others from using the mark. It can be noticed from preceding decisions interpret passing off works very narrowly, since courts seem unwilling to acknowledge that the character merchandising business has grown into a highly profitable and productive commercial activity. It becomes obvious that traditional legal instruments existing under the English law are ill-equipped to guarantee satisfactory assurance to the character merchandising<sup>11</sup>.

Merchandising a famous character can end up being very beneficial. It is thus, unavoidable that celebrities and authors of popular fictional characters would assert that merchandising rights should become part of their property as a reward. But such a claim could lead to the charge of monopoly prices. Therefore, there exists a conflict between the need to preserve competition, rivalry and the demand for security of character merchandising.<sup>12</sup>

The legal uncertainties not only prove to be an obstruction to the business intrigues additionally bring about unanticipated losses to the legitimate copyright owners. There is a requirement for the law to discover, the adjudicating authorities can neither wait for a specific legislation to come in nor does resorting to trademark encroachment and passing official

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<sup>11</sup> Louis C Schimd, Legal Aspect of Merchandising, <http://www.olivares.com.mx/En/Knowledge/Articles/CopyrightArticles/Legalaspectsofmerchandising> (last accessed on 07.07.2015)

<sup>12</sup> Raman Mittal, Character Merchandising: International Experience And Indian Perspective, <http://www.lesi.org/les-nouvelles/les-nouvelles-online/march-2011/2011/05/01/character-merchandising-international-experience-and-indian-perspective> (last seen on 05.07.2015)

reasonable results. Simply on ground of certain support contract between a celebrity and another entity well be affected, it cannot be enough reason to prevent a copyright owner from carrying on a rightful business activity with respect to his or her own content the need of the hour is to use the existing laws with a new perspective and evolve a mean path where the celebrity can reap the benefit or fame without hindrance while at the same time the copyright owners can utilize their substance to the most extreme.