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CHARACTER MERCHANDISING AND COPYRIGHT LAW IN INDIA

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Abstract: *We have been watching cartoons, movies and different programs since our childhood, and the different characters in these cartons and movies are actually the work of some intellectuals who create these characters. These characters are having some economic values and hence the intellectuals creating these characters have the rights to prevent others from misappropriation of these characters. Actually, character merchandising is the exploitation of famed characters, in order to make profit, by using the face, picture, voice, or dialogues of the character. Merchandising of the characters can be considered as legal, if done by the owner or any authorized person, but the same will be held as illegal, if done by any other person. Producer is the copyright owner of every act in a film, cartoon or any program and hence the producer has the exclusive rights. According to the Indian copyright law, any advertisement, poster or pictorial representation are protected under artistic work. This paper discusses the historical background of character merchandising and legal frameworks for preventing the same. The article also discusses the existing issues and challenges regarding illegal character merchandising and protections available for preventing the same in India. Furthermore, it aims to emphasis on few court decisions that have extended the scope of character merchandising in the entertainment industry. At last, the article tries to put some suggestions in order to prevent the merchandising of personalities in our entertainment industry.*

INTRODUCTION

There are many fictional characters like, Mickey Mouse, Doraemon, Batman, Ironman and many others which influence the public, specially the kids due to their unique personalities. These characters do not only enchant the people but also help the producers or creators in generating revenue, by using the characters on different products and services. Different famous characters are there in the books and in the movies and they are commercially exploited by merchandising them. The producers of different products like, t-shirts, jackets, water bottles, bags, etc. are granted license for using the face, image or dialogues of the characters on their products. And these characters on different products help the manufacturers in garnering the customers, specially the teenagers and the creators of the characters earn revenue.

If we look into our entertainment industry, not only the character merchandising but also the personality merchandising has made its place in last few years. The only difference is that the manufacturers use the face, image or voice of some famous persons, who are sportspersons, singers, musicians, or the persons who have attained the position of a celebrity in our society.

Character merchandising is a cunning marketing technique in which products and services resembling well-known fictional or real-life characters are created for the purpose of attracting customers.¹ To put it another way, it's a lucrative use of a well-known personality's well-known appeal. Character merchandising's opportunities have grown in such a variety of ways over time.

Actually, the term 'character' incorporates both, the real person and the fictional character of him. A person having publicity of his own along with the fictional character played by him, creates a deeper impression in the minds of the people. And the manufacturers always try to use these persons or characters on their different products.

Hence, character merchandising is a marketing approach in which an manufacturer connects a product or service with a prudent personality or fictitious character in whose reflected light the product or service may appear more appealing².

Types of Character Merchandising³

Basically, there are two kinds of character merchandising, i.e. merchandising of fictional characters and merchandising of real persons. There is also a third type of character merchandising, which is actually the mix of both the types, i.e. image merchandising.

- Fictional Merchandising:

The success of merchandising is determined by the characters, who are either naturally popular or gain popularity through promotion. The topic of merchandising should be relevant to the corporate image in order for it to be easily

¹ World Intellectual Property Organization, Report on Character Merchandising 6(World Intellectual Property Organisation., Geneva, 1994).

² Shoshana Pte Ltd. v. Tenth Cantane Pvt Ltd 1988 ATPR40-851

³ World Intellectual Property Organization, Report on Character Merchandising 8-9(World Intellectual Property Organisation., Geneva, 1994).

recognized. Cartoon characters, artistic works, buildings & statutes, cinema, and logos & events of international organizations are among the most common sources of fictional characters.

A fictional character's rights can be classified as property rights, including economic & exploitation rights. This means that the owner of the fictional character has the right to profit from its use as well as the right to dispose of it.

Based on their backgrounds, fictional characters are grouped into four categories:

- Characters that "don't appear in an incorporated work" are known as pure characters.
- Literary characters are created by combining description and action in novels or scripts to create a character.
- Visual characters, such as those seen in live-action films.
- Finally, cartoon characters, a phrase that encompasses more than just animation and also refers to every simple line drawing.⁴

The use of important personality traits of fictional characters in the sale of products is known as merchandising of fictional characters⁵. The use of the character's image and appearance is common in character merchandising for cartoon characters, which can be 2-D in the form of stickers or sketches, or 3-D in the form of key rings and other items.

- Personality Merchandising:
 - In personality merchandising, a celebrity licenses his persona to be used to improve the image of a product in the minds of potential customers or consumers. The term persona refers to the features that define a person's outward appearance and are used by third parties to identify them. Films, music, sports, and business are examples of mediums in which real people play the secondary role of merchandisers of their own personalities.
 - However, there is even more division when it comes to celebrities.
 - The first category includes those who work in the entertainment industry (films, music, etc.). In this case, the product is less important than the image or name of the celebrity it represents.
 - The second situation is when experts in a particular field appear in an advertisement in relation to the goods & services. The primary draw for prospective customers in this category is that the celebrity endorsing the product is regarded as an expert in the field.

⁴ Leslie A. Kurtz, The Independent Legal Lives of Fictional Characters, Wis. L. Rev. 429, 440 (1986)

⁵ World Intellectual Property Organization, Report on Character Merchandising 5(World Intellectual Property Organisation., Geneva, 1994)

- Image Merchandising

- It entails the use of real actors in fictional films and television series in order to advertise or market goods and services. In these situations, the general public has trouble distinguishing between the real actor and the role he plays. This is due to the public's complete association of the real actor with the character he plays, to the point where the actor is known by the character's name.

LITERATURE REVIEW

Character merchandising has exploded in popularity over the last two decades, thanks to a variety of factors. People now have access to previously inaccessible television, film, and radio content thanks to technological advancements. In addition, a variety of channels devoted to children's entertainment have increased in popularity in recent years. Character merchandising is gaining traction as a viable way to recoup a large portion of the costs associated with television & film production. That's why a slew of film production firms is forming their own divisions in order to take advantage of the industry's untapped potential.

Raman Mittal in his article "LICENSING ONE'S PERSONA: ANALYSING THE PRACTICE OF PERSONALITY MERCHANDISING"⁶, tried to dissect the practice of personality merchandising in order to determine its true meaning and scope. He has also examined the practice from various legal perspectives, including licencing of intellectual property rights, waivers of potential claims, and its commercial potential.

Marc Steinberg in his article titled "A Vinyl Platform for Dissent: Designer Toys and Character Merchandising"⁷, explained how designer toys objectively and creatively turn some of the basic tenets of this practice, advancing a criticism of character merchandising through the material objects themselves. He has concentrated on showing how material artefacts can function as critical sites in and of themselves.

Arti Sahu stressed the central legal ramifications of character merchandising in her article "CHARACTER MERCHANDISING: A PANAROMIC LEGAL VIEW"⁸. The author considers whether a separate law or an explicit clause in current legislation is needed to address the legal issues surrounding character merchandising, or whether existing laws are appropriate.

⁶ Raman Mittal, Licensing Intellectual Property, Satyam Law International (1st ed. 2011).

⁷ Marc Steinberg, A Vinyl Platform for Dissent: Designer Toys and Character Merchandising, Sage journals 209, (Sept. 06 2010).

⁸ Arti Sahu, CHARACTER MERCHANDISING: A PANORAMIC LEGAL VIEW (2018), <https://www.aironline.in/legal-articles/Character%20Merchandising:%20A%20Panaromic%20legal%20View>

In their article "To Infinity and Beyond: Character Merchandising and Children's Toys"⁹, David Marshall and Sarah Ffelan have examined the role of character merchandising in the children's toys marketing and report on an exploratory study into what children think about character toys and what affects their toy preferences. They have also studied the evolution of character merchandising as well as the media's and toy marketers' roles in children's play.

In their article, "Character merchandising: aspects of legal protection"¹⁰, Andrew McGee, Sarah Gale, and Gary Scanlan debated whether character merchandising legislation should be more established and expanded so that people have a robust right to prevent third parties from using elements of their identity for the promotion or selling of merchandise.

HISTORICAL BACKGROUND OF CHARACTER MERCHANDISING

Character merchandising began as a structured system in the United States in the year of 1930, at the Walt Disney Studios, situated in Burbank (California). At the point when the organization made its animation characters (Mickey, Minnie, & Donald), one of its workers, Kay Kamen, set up a division committed to the auxiliary business misuse of those characters and, to the majority's shock, was viable in getting a lot of licenses for the manufacturing and selling of low-cost mass market items like banners, shirts, toys, and different things¹¹.

The concept of secondary misuse of a character's reputation existed before the twentieth century, albeit for purposes that were not directly commercial. Religious figures in India including Rama, Vishnu, Krishna, and Sita has been depicted in the form of sculptures for centuries.¹² Also, in more recent times, in order to popularize the goods they made, some industrialists preferred to make anecdotal characters that would be portrayed on items, manufacturing, or any records & would be utilized to create auxiliary misuse for fruitful or ornamented products like beautiful plates, garments, clocks, and manikins. Furthermore, the manipulation of literary characters is thought to have begun with Beatrix Potter's works. Animal characters like Peter Rabbit & Squirrel Nutkin became and remain popular, and are still illustrated as soft toys and other kids' objects, or through Lewis Carroll's (Alice in Wonderland) work, whose characters have also been made into soft toys & later into a motion picture cartoon.¹³

During the twentieth century, this phenomenon evolved quickly. Political, movie, and show-business figures in the 1950s, like, agreed to their names or pictures being printed on clothes, (i.e. "tie-in advertising"). During the period 1970-1980, "merchandising" programs based on well-known characters from films (such as Star Wars, E.T., and

⁹ David Marshall & Sarah Ffelan, To Infinity and Beyond: Character Merchandising and Children's Toys, emerald insight 249, (Oct. 04, 1999).

¹⁰ Andrew McGee, Sarah Gale, & Gary Scanlan, Character merchandising: aspects of legal protection, Cambridge University Press 226, (Jan. 02, 2018).

¹¹ World Intellectual Property Organization, Introduction to Intellectual Property, Theory and Practice, 308, (1st edition, 1997)

¹² Anubhuti Rastogi, Character Merchandising (Feb. 03, 2019), <https://lawtimesjournal.in/character-merchandising/>

¹³ World Intellectual Property Organization, Introduction to Intellectual Property, Theory and Practice, 309, (1st edition, 1997).

others) were created. The financial implications are important, as in 1978, the Walt Disney merchandising division had sold more than twenty-seven million dollars in merchandised goods featuring the titles or pictures of popular characters fabricated by them, and Kenner Products sold more than hundred million dollars in merchandised goods featuring characters from the film "Star Wars."¹⁴

Furthermore, "merchandising" now covers at least twenty-nine of the forty-two classes of the Nice Agreement's International Classification of Goods & Services in United States.

The historical overview may be deduced into four instances that demonstrate the influence and significance of character merchandising. To begin with, in the United States, following the IBM Company's extensive promotional campaign for its computers, which included the character who appeared was often referred to as "the IBM Guy" rather than "Charlie Chaplin" because he resembled Charlie Chaplin. Second, the exclusive right to recreate Walt Disney characters for the entire European continent was purchased by a company in case of Euro Disney Park, that was opened in April 1992 near Paris. Third, proceeds from the recent Toulouse-Lautrec retrospective exhibition in France (primarily from merchandised goods based on the painter's image) allowed the Louvre Museum for purchasing of a significant painting as its collection. At last, Sony has established a character merchandising division that will sell items depending upon the company's music, film, and video businesses¹⁵.

EXISTING LEGISLATIONS

There appears to be no nation that has adopted special legislation to protect character merchandising. Also there is no international treaty that explicitly addresses this problem. As a result, any individual or organization must depend on various types of protections and various legal texts¹⁶.

Article 2(1) of the Berne Convention of September 9, 1886, discusses the defense of literary & artistic works (material to 110 member countries).

In certain cases, the representation of the creator's ideas is preserved rather than the ideas themselves. As such, copyright does not apply to ideas. An individual who makes his or her thought public, such as orally, has no chance of stopping anyone from utilizing it.

¹⁴ World Intellectual Property Organization, Report on Character Merchandising 7(World Intellectual Property Organisation., Geneva, 1994).

¹⁵ World Intellectual Property Organization, Report on Character Merchandising 7-8 (World Intellectual Property Organisation., Geneva, 1994).

¹⁶ World Intellectual Property Organization, Report on Character Merchandising 15(World Intellectual Property Organisation., Geneva, 1994).

The most basic parts of copyright as far as marketing anecdotal characters and picture merchandising are books, different compositions, cinematographic works, drawings & photographic works. In terms of celebrity merchandising, copyright is most relevant in the realm of photographic works.¹⁷

In a few states, copyright rights might be denied or reduced when a work is fabricated with the objective of being abused commercially & integrated into mass-produced publications, that is an intrinsic nature of work (i.e. drawings, puppets, etc.) created to merchandise.

The main question in the case of literary work is does the title of a fictitious character is protected by copyright without the work as a whole. The response is typically negative. If the fictional character is properly described and protected, it will be remembered and has gained enough recognition and distinctiveness to be known to the public apart from the work where he becomes visible (i.e., the character Tarzan in the works of Burroughs).

If the necessary criteria are met, audiovisual works of fictitious characters will normally obtain copyright protection as a whole (image and soundtrack). This is made more likely by the fact that audiovisual fictional characters are often "born" as sketches or descriptions in any novel. Copyright rights may include a fictional character's physical or visual features as well as their individual visual characteristics (disguises, costumes, or masks).

Copyright security on account of character merchandising is restricted in light of the fact that copyright doesn't vest in the real individual included, but instead in the individual who made the work in which the essential character highlights of a genuine individual appear (i.e., in a photograph).

If we talk of a biography, the writer owns the copyright & in the case of a novel, the publisher owns the copyright. The artist owns the rights to any sculpture, illustration, or painting portraying a real individual. In a movie or T.V. series, copyright belongs to the person who made the work possible and who supervised and directed the actors' work (authors or creators of films). In the preceding case, an actor has such rights as a performer if his or her home country's legislation recognizes performers' rights or if his or her home country is a signatory to the Rome Convention for the Protection of Performers, Producers of Phonograms, & Broadcasting Organizations, which was signed on October 26, 1961.¹⁸

EXISTING ISSUES & CHALLENGES

¹⁷ Meril Mathew Joy & Shubhankar Shashikant, Character Merchandising and Copyright: An Analysis (Oct. 28, 2019), <https://www.lexology.com/library/detail.aspx?g=463bb451-7b6a-4c32-8377-c8993a4c83c7>

¹⁸ Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 496 U.N.T.S 43, 1961.

The licensing & merchandising industry is changing the way viewers interact with TV and movie characters. The fact that the industry's top licensors recently reported revenue in the billions of dollars demonstrates the growing popularity of this form of marketing. With sales of US \$ 28.6 billion in 2010¹⁹, Disney is widely regarded as the industry's most creative and successful player. Even though India's licensing and merchandising industry is still in its infancy, considerable progress has been made in recent years. The industry's growth has been helped by the establishment of an association among Disney & KK Modi Group in 1993 for the sale of Disney-marked merchandise, as well as beginning of Turner India's consumer goods segment, Cartoon-Network Enterprises, in the year 2001.²⁰ Wide corporate stores like Pantaloons, Westside, & others have covered the path for more prominent admittance to the merchandised items in India. According to the estimates, India's organized retails will rise to a whopping 18% by the end of 2021, which was actually 9% in the year of 2015.²¹ Virat Kohli is the best example of a sports star who is increasingly interested in the business of character merchandising. Merchandise with animated characters like Chhota Bheem and Hanuman, as well as superheroes like Krrish has become commonplace as well, but the makers of these characters are yet to be able to commercially exploit them to their full potential. Furthermore, it is disheartening to see that writers of comic books and other literary characters have failed to capitalize on the opportunities presented by this industry. From a legal standpoint, there is a greater need than ever before to provide a strong system for controlling the selling of character merchandise. Consumers also become victim to misleading strategies of people who market fake goods in their quest to buy the cheapest available item. Since neither the Indian Copyright Act does not specifically define the rules regulating character merchandising, catching counterfeit merchandise sellers is a difficult task.

Overall, there is an urgent need to streamline overlapping, & often conflicting, industry norms that are stifling development, as well as to create specific guidelines that will support this creative type of marketing development.

SUGGESTIONS AND CONCLUSIONS

It is vital to analyze the current laws from a fresh perspective in order to create a better direction that will help both celebrities who can enjoy stardom without hindrance and creators who can get the most out of their work after investing their time, resources, and imagination into it. In such a situation, where no clear legislation exists, we can establish a Dispute Resolution Guide to determine the best course of action. It is important to strike a balance between protecting individual rights and maintaining market competition. Furthermore, the value of the Right of Publicity must be understood such that only the user may assess the scope of material that must be endorsed. All that matters are good merchandising, because the consumer will still decide what, why, and when a product must be bought from one brand over another.

¹⁹ Urvi Malvania, The merchandise story: From push to shove, Business Standard, Nov. 12, 2017

²⁰ Walt Disney Plan Kicks Off Debate, Business Standard, Jan. 28, 2013.

²¹ Anuj Sethi, Organised retail entering faster-growth lane, The Economic Times, Jan. 29, 2018.

The paper explores the definition of character merchandising as established by the Indian Copyright Act, as well as how the spectrum of character merchandising is expanding on a daily basis. The growth of the idea of character merchandising in India has been highlighted. It is claimed that, although the definition is new in terms of Indian jurisdiction, it has incorporated the basic features and protections offered by various countries.

Character Merchandising is a modern phenomenon that has gained popularity in recent decades and is still developing, with licensors being allowed to merchandise various facets of characters. As a result, regulations would need to change to keep up with the concept's changing nature in order to avoid misuse and illegal usage.

