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Character Merchandising

Christi Anna George

ABSTRACT

Character merchandising which commenced as the auxiliary exploitation of the prominent characteristics of the popular fictional character or real personality soon changed into forerunner in respect of revenue generation. This shift in the advertising industry failed to realize that the law in India has not caught up with this new age business practice. This article aims at highlighting the legal issues arising from character merchandising with specific reference to the personality or celebrity merchandising. This article also focuses on the current laws in India which covers the aspect of character merchandising and the judicial pronouncements relating to this matter. Lastly, this article makes an attempt to suggest a mechanism for balancing the interests of both celebrity and copyright holders.

Key words: character merchandising, passing off, celebrity rights, copyright, trademark

INTRODUCTION

Most of us have some point or other succumbed to the temptation of buying a commodity just because our favourite celebrity is endorsing it, and we have also been witness to an entire generation of kids who force their parents to buy range of products because of some fictional character attached to it (ranging from Mickey Mouse to Ben 10).

Though, the word “character” has a very large purview, the real issues comes into picture when we talk about celebrity merchandising, it opens the Pandora box. As there are conflict of interests of various people involved in celebrity merchandising. The absence of codified laws in India regarding this area led the Judiciary to address this issue through the lens of constitutional law, copyright law and trademark law. The friction among these laws led to chaos and various complexities to such an extent that the rightful owner fails to commercially exploit them.

The article attempts to understand legal dimensions of character merchandising in India with specific reference to celebrity or personality merchandising.

TYPES OF CHARACTER MERCHANDISING

The concept of character merchandising evolved with the fictional character of Mickey Mouse and secondary exploitation of the character with respect to the articles. However, this concept existed in India much earlier to this but as it was devoid of commercial nature it can't be

credited. The mythological characters of Ramayana and Mahabharata have often been represented in various forms and sold. There are three types of character merchandising:

1. Fictional Character Merchandising: This includes characters from any artistic works (ex: Mona Lisa), literary works (Garfield, Cinderella) or cinematographic work (Kung Fu Panda) for merchandising of commodities, especially targeting kids.¹
2. Celebrity Character Merchandising: This can be understood under two heads:

Personality Merchandising: where identity of a popular person is utilized for marketing goods or services. The person can belong from any domain like movies, sports etc. In this the persona of the celebrity is associated with the goods or services so endorsed. Personality merchandising, which is also referred as 'reputation merchandising' promotes the business in two ways: firstly people recognize and relate to the product which is endorsed by their favourite celebrity and secondly, consumers are tend to attract to purchase commodities which has any celebrity attached to it.

Image Merchandising: This form of merchandising involves fictional character played by real person. Fictional character attributes their creation to literary work and when converted into cinematographic work the character is portrayed by actors. Consumers can relate to the goods endorsed by their favourite character from a film.²

LEGAL ISSUES CONCERNING CHARACTER MERCHANDISING

Character Merchandising is not just a combat zone for conflicting business interests but paves way for conflicting legal interests. The following legal issues demonstrate the complicated nature of this phenomenon.

1. Personality rights: Talking about personality rights every individual has two important rights: right to privacy and right to publicity. Celebrity merchandising involves a real life person who has legal recognition and obligations. The commercial exploitation of any celebrity should be made with reference to his privacy rights. Any appropriation of personality in absence of consent amounts to violation to right to privacy. In this regard two schools have contradicting thoughts; one propounds that unauthorized use of personality rights amount to violation of Article 21 under Indian

¹ Nishant Kewalramani, "Character Merchandising", Journal of Intellectual Property Rights, Vol-17, pg 454-462.

² <http://www.indiatoday.intoday.in/story/aman-bachchan-to-get-copyright/1/119209.html> (10 February 2020).

Constitution. However, another school advocates that by virtue of being a celebrity, the person has automatically authorized the publication of his pictures and actions.³

2. Copyright: The thumb rule of copyright law is that the author of the work will be the primary owner and all the commercial rights are vested in him. Therefore, in case of fictional merchandising there is no such legal issues as the right to exploit is vested with the producer in case of film, author in case of literary work. However, the problem arises with respect to celebrity merchandising as in here a real life person plays the character in question, and the author cannot have any form of exclusive right without the person's consent who is playing the said character.
3. Trademark and passing off: Graphical representation of any mark or name which leads to the source of product or service is trademark, owner of registered trademark has the exclusive rights vested with him and unauthorised use amounts to infringement of trademark. In case of unregistered trademark, owner can seek remedy under principle of passing off.
4. Contractual Issues: When both the copyright owner and the celebrity are carrying on with the endorsement activity it may result in endorsement conflicts. For instance a celebrity endorses a product and gets into a contract of not endorsing any other product of that field during the subsistence of this contract. And the producer of a film with same celebrity in it uses still from that film for endorsing a product of same field. This leads to a conflicting situation and a suit for breach of contract against celebrity may be brought by the company.

LEGAL PERSPECTIVE

UNDER CONSTITUTION OF INDIA

The fundamental right to life and personal liberty is enumerated under Article 21 of the Constitution of India. The right to privacy is the inalienable part of Article 21. In 2003 Delhi High Court connoted that right to publicity of a celebrity emerged from the right to privacy enshrined under right to life. The Court enumerated this in the following words⁴:

“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.

³ The Delhi High Court endorsed this opinion in the case of R Rajagopal v State of Tamil Nadu, AIR 1995 SC264.

⁴ ICC Development International v Arvee Enterprises, 2003 (26) PTC 81 Bom, para 13.

However, that right does not inhere 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 of publicity from the individuals, to the organizer (non human entity) of the event would be violative of Article 19 and 21 of the Constitution of India. No person can be monopolized. The right of publicity vest in an individual and he alone is entitled to profit from it. For example, if any entity was to use Kapil Dev or Sachin Tendulkar's name/persona/indicia in connection with the 'World Cup' without their authorization, they would have a valid and enforceable cause of action.'

The Constitution of India completely oust the interest of producers and copyright owners, and is only enumerating right of the celebrity.

INDIAN COPYRIGHT ACT, 1957

A bird eye view of Indian Copyright Act, 1957 clarifies that the Act is the only system supporting the cause of the producers and copyright owners to an extent. Section 2(d)(v) of the Act asserts producer of a cinematographic film as the author of that work and grants him exclusive rights within the areas provided under Section 14(d) of the Act. Referring to Section 38(4) of the Act, clarifies that, once a performer has consented for putting his performance in a cinematographic film his right over the performance cease to exist, in a way, by giving consent the performer waives his right over performance.

INDIAN TRADEMARK ACT, 1999

Indian Trademark Act, 1999 is the most adopted statute for resolving matters subject to character merchandising, as the provisions of the Act are broad in nature and has larger purview. Section 102 and 103 of the Act, declares that falsely using any trademark or falsely applying any trademark on any goods or service without consent of concerned trademark owner is a punishable offence. For using a registered trademark, one needs to get prior permission from the trademark owner.

If an unregistered trademark is exploited by a third party without the consent of the trademark owner, an action can be brought by the owner for passing off such goods and services under trademark. The principle of passing off is a Common Law principle which is well recognised in India, as in plethora of cases in the absence of statutory provision, this principle is applied. However, for the application of this principle certain aspects are to proved, they are as follows:

1. The goodwill in trademark;

2. Misappropriation by the defendant;
3. Loss of trade or damage to goodwill.

Trademark protection forms a significant step in the protection of a character before such character may be positioned for merchandising. Trademarks can be used to protect the names and likeness of the characters and help build a sizeable intellectual property portfolio around the characters to structure a licensing business on the same.

CASES ON CHARACTER MERCHANDISING

- **Malayala Manorama v. V.T. Thomas**⁵ was the first Indian case where a character was recognised to be indirectly protectable. The Hon'ble High Court opined that since it was Mr. Thomas who created the character before entering into the employment of the publishers, he should be allowed to continue the exploitation of work even after leaving employment. The rights of the publishers are restricted to the creations during the course of employment of employee.
- In the case of **Chorion Rights Limited v. Ishan Apparel and Ors.**⁶, the plaintiff, claimed to be the owner of the universal trademark and secondary exploitation of the fictional character named NODDY, a cartoon character which was broadcasted on channel Pogo, and sought to stop the defendant from marketing apparel in the same trade name NODDY. Although the Court accepted the significance of protection from ill effects of character merchandising, it held that the registration for the mark was established by the defendant successfully in 1995 whereas the plaintiff's claim on the mark was from 1997. Hence, though the plaintiff was the rightful owner of all merchandising rights in most jurisdictions, the defendant was first party to get registration in India.
- In a recent case of **Disney Enterprises Inc. & Anr. v. Santosh Kumar**⁷, the Delhi High Court held that respondent was responsible for marketing products through depiction of characters like Hannah Montana, Winnie the Pooh, etc whose merchandising rights were vested with the applicant.
- The case of **D.M. Entertainment Pvt. Ltd. v. Baby Gift House and Ors.**⁸ is a significant case as here the Court widely scrutinized the concept of personality

⁵ AIR 1989 Ker. 49.

⁶ ILR (2010) 5 Del 481.

⁷ CS(OS) 3032/2011.

⁸ CS (OS) 893/2002.

merchandising. The plaintiff was a company which was representative of the famous singer Daler Mehndi. They seek to avert the respondent from marketing dolls that could resonate portions of Mr. Mehndi's songs. It was acknowledged by the Court that Mr. Mehndi's identity is inappropriately exploited by the respondent. The court further specified that such profit-making manipulation caused substantial losses to the plaintiff.

- The case of **DM Entertainment Pvt Ltd v Baby Gift House**⁹ is one where issue was conflict of contractual rights. The plaintiff had asked celebrity couple Amitabh Bachchan and Jaya Bachchan to endorse and market their collection of premium diamond jewellery sold under the brand name 'tanishq'. The duo consigned their personality rights to the petitioner to use in commercials in all media. The defendant, a jeweller dealing in goods identical to those of plaintiff's, was found to have put hoarding identical to that of plaintiff with the same picture of couple. Since the defendant didn't seek any form of permission from the couple, the defendant was liable for misappropriation of the couple's personality rights.

CONCLUSION

Due to its commercial attribute, character merchandising has become famous in India. The fame and popularity of any character/personality is exploited further to earn profit. As the scope of character merchandising is very broad, the current legal regime of intellectual property rights is not sufficient to cover the entire legality of the concept or safeguard its vulnerable. Though the trademark law protects name or particular image, and copyright law protects the authors' rights on his creation, but the legal regimes fall short in protecting the reputation of a person from unauthorised secondary exploitation. This not only provides hindrance to the business interest but in losses to the interests of the rightful owners. The law needs to catch up with the changing scenario, as the courts are unable to resolve disputes arising in this area effectively.

The need of the hour is to use the existing law with a new perspective and evolve a mean path where the celebrity can reap the benefit of fame without obstruction at the same time the copyright owners can utilize their creation to the maximum.

⁹ CS(OS) 2043/2010.