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# **AN ANALYSIS ON THE CONCEPT OF CHARACTER MERCANDISING UNDER TRADEMARK LAW FROM AN INDIAN PERSPECTIVE.**

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## **ABSTRACT**

Character merchandising started off as a sideline in the entertainment industry, but it swiftly climbed to prominence. The temptation to jump on this commercial bandwagon was too great for some stakeholders in the entertainment industry, only to learn that Indian law had not caught up with this jet age corporate activity. The goal of this essay is to highlight the most significant legal issues surrounding character merchandising. The article deals with the meaning and concept of character merchandising, its evolution, and legal implications under trademark law. Also, the paper briefly explains the emerging trends and contemporary challenges. The article concludes that since the Indian firms are increasingly commercializing publicity and image rights and celebrities want to avoid unauthorized exploitation of such rights, it is past time for the legislature to recognize publicity and image rights as a legislative right.\

## **INTRODUCTION**

Mickey Mouse, Donald Duck, Barbie, Ben 10, Chotta Bhem, Tom and Jerry, and other fictional cartoon characters None of them are particularly successful in terms of providing youngsters with amusement while also earning cash for the industry and the creator's profits. The creation of a fictional cartoon character includes the use in books, comics, movies, or television broadcasts, and secondary exploitation of these well-known characters by granting them the licenses to manufacture and distribute their images on a variety of consumer products such as posters, T-shirts, toys, gadgets, calendars, mugs, and other items.

In the selling and advertising of goods and services, personnel merchandising makes use of significant personality attributes of real people, such as their name, image, likeness, and so on. Personality Merchandising more accurately describes the merchandising activities (sportsmen

and women, actors and actresses, business magnets, who are usually celebrities) associated with the use of a natural person's name, image, or other attributes on various products such as mugs, scarves, badges, t-shirts, and other items where the consumer's appeal to the Celebrity is of primary importance. The likeness of the character or other distinguishing elements of its characterization or personality may be used to relate the product to the character's name alone. The term 'personality merchandising' has become synonymous with 'celebrity merchandising' in their merchandising activities since celebrities are more closely associated with it.

## **CONCEPT OF CHARACTER MERCHANDISING**

### **Meaning And Types**

Character merchandising is a marketing approach in which goods and services are designed to resemble well-known fictional or non-fiction characters in order to capture customers' attention.<sup>1</sup> It is a medium through which a famous personality and the creators of a fictional character or real character commercially exploit or authorize someone else to exploit personality features such as a character's name, image, appearance, sound, and so on in relation to some goods or services in order to create in prospective customers a desire to acquire those goods and/or use those services because of the customers' likeness to a character through third-party agreements. In a nutshell, a character's popularity is exploited to sell merchandise and services.

There are three types of character marketing, according to the international bureau report to WIPO: **fictitious character merchandising, personality merchandising, and image merchandising.**

### **Fictional character merchandising**

It involves the selling and/or advertising of goods and services using the basic personality qualities (name, image, etc.) of fictional characters. The characters are based on literary works like Pinocchio and Alice in Wonderland, as well as cartoons for movies like Mickey Mouse, Minnie Mouse, and Donald Duck, as well as cartoons for comic strips like Tintin, Astérix, and Batman.<sup>2</sup> Cinematograph flicks like Mr. Incredibles, Kung-fu Panda, and Nemo have

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<sup>1</sup> Tuba Ghayas, Character merchandising –all you need to know, <https://blog.iplayers.in/character-merchandising-need-know/> (last accessed 22 August 2024)

<sup>2</sup> Id

benefitted character merchandise as well. Cartoon characters are the ones who are most widely merchandised.

### **Personality merchandising.**

The use of well-known people or celebrities from sports, cinema, music, and other professions to sell products and services is known as personality merchandising. A large majority of the population is familiar with these individuals. Customers will relate to things sponsored by their favourite celebrities and will want to use these products, which are said to be utilized by the celebrities themselves, making this tactic successful. Various cosmetics endorsed by Bollywood celebrities such as Alia Bhatt and Aishwarya Rai might be used as an example.

The Delhi High Court upheld the singer's transfer of trademark on his name to his firm in *D.M. Entertainment Pvt. Ltd. v. Baby Gift House and Ors.* in 2010.<sup>3</sup> In this instance, the defendant was selling Daler Mehndi-like dolls that danced to his famous tunes, and the court found that this was a passing-off. The court held that an individual's right to publicity is his prerogative and that only he can authorize or disallow commercial exploitation of his likeness or other aspects of his personality.<sup>4</sup>

### **Image merchandising**

Image merchandising combines the merchandising of fictitious characters and the merchandising of personalities. This is a term used to describe fictional characters who are portrayed by a real-life actor. The public recognizes the character based on both the real-life person's and the fictitious character's basic personality traits. Characters such as Iron Man, played by Robert Downey Jr., and Krishh, played by Hrithik Roshan, are examples of this.

### **Evolution Of Character Merchandising**

In the United States, character merchandising began as a systematic system in the year 1930, at the Walt Disney Studios in Burbank (California). When the company created its animation characters (Mickey, Minnie, and Donald), one of its employees, Kay Kamen, established a division dedicated to the auxiliary business misuse of those characters and, much to the surprise

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<sup>3</sup> DM entertainment v Baby Gift House and ors.[MANU/DE/2043/2010]

<sup>4</sup> Id

of the majority, was successful in obtaining numerous licenses for the manufacturing and sale of low-cost mass-market items such as banners, shirts, toys, and other items.<sup>5</sup>

Before the twentieth century, the concept of secondary misuse of a character's reputation existed, but for non-commercial objectives. For ages, religious figures in India such as Rama, Vishnu, Krishna, and Sita have been represented in the form of sculptures.<sup>6</sup>

In more recent times, some industrialists preferred to create anecdotal characters that would be portrayed on items, manufacturing, or any records & would be used to create auxiliary misuse for fruitful or ornamented products like beautiful plates, garments, clocks, and manikins in order to popularise the goods they made.<sup>7</sup> Furthermore, it is thought that the manipulation of literary characters began with Beatrix Potter's works.

Animal figures such as Peter Rabbit and Squirrel Nutkin developed and are famous, and are today shown as soft toys and other children's items, or through Lewis Carroll's (Alice in Wonderland) book, whose characters were also converted into soft toys and then into a motion picture cartoon.<sup>8</sup>

This phenomenon changed rapidly during the twentieth century. In the 1950s, politicians, movie stars, and showbiz personalities consented to have their names or photographs printed on clothing (i.e. "tie-in advertising"). Merchandising programs based on well-known characters from films (such as Star Wars, E.T., and others) were produced between 1970 and 1980.

The financial implications are significant, as the Walt Disney merchandising division sold more than \$27 million in merchandised goods featuring the titles or pictures of popular characters fabricated by them in 1978, and Kenner Products sold more than \$100 million in merchandised goods featuring characters from the Star Wars film.<sup>9</sup>

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<sup>5</sup> Aman kumar shinha, Character merchandising and copyright law in India, <https://blog.iplayers.in/character-merchandising-need-know/> (last accessed 22, August, 2024)

<sup>6</sup> Anubhuti Rastogi, Character Merchandising, 3 February, 2019, <https://lawtimesjournal.in/character-merchandising/>

<sup>7</sup> Aman kumar shinha, Supra 4

<sup>8</sup> WIPO, introduction to Intellectual Property, Theory and Practice, 309,(1997)

<sup>9</sup> Aman kumar shinha, Supra 4

In addition, merchandising currently covers at least twenty-nine of the Nice Agreement's International Classification of Goods and Services in the United States' forty-two classifications.<sup>10</sup>

Character merchandising's influence and significance may be determined from the historical overview, which is divided into four examples. To begin, in the United States, following the IBM Company's major promotional push for their computers, the character who was featured was frequently referred to as the IBM Guy rather than "Charlie Chaplin" because he resembled Charlie Chaplin.<sup>11</sup>

Second, in the example of Euro Disney Park, which opened in April 1992 near Paris, a corporation bought the exclusive license to replicate Walt Disney characters over the whole European continent.<sup>12</sup> Third, proceeds from the recent Toulouse-Lautrec retrospective show in France (mainly merchandised objects based on the painter's image) enabled the Louvre Museum to acquire a large picture for its collection.<sup>13</sup> Finally, Sony has formed a character merchandising section that will offer merchandise based on the company's music, film, and video divisions.<sup>14</sup>

## **CHARACTER MERCHANDISING AND TRADEMARKS**

### **Protection Of Personality Rights Of Celebrities**

Under the Trademarks Act of 1999, any fictional cartoon character or real person's core personality attributes can be protected as trademarks. The image, signature, character designs, voice, and catchphrases of a character could all be protected.<sup>15</sup> To prevent their names from being stolen, certain celebrities have trademarked their names, likenesses, or nicknames under section 2(1)(z b) of the Trademarks Act, 1999. Celebrity names that have acquired secondary meaning and goodwill over time and can be used to differentiate one person's goods and services from those of others are also protected under the Act.

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<sup>10</sup> Id

<sup>11</sup> Id

<sup>12</sup> Id

<sup>13</sup> Id

<sup>14</sup> Id

<sup>15</sup> Essensee Obhan and Aparna Kareer, Indian: Trademarks Comparative Guide, <https://www.mondaq.com/india/intellectual-property/788896/trademarks-comparative-guide> (last accessed: 24, April 2022)

This is also not all the more difficult since, the definition of a mark in Section 2(m) of the Trademarks act, 1999 does include “a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof.”<sup>16</sup> Despite the fact that the definition allows for the registration of names as trademarks, the process is complicated. As required by Section 2(1) (zb) of the Act, the Celebrity has ensured that the mark can be graphically registered and distinguishes the goods or services. Furthermore, the Celebrity must ensure that registration does not violate the Act's Sections 9 (Absolute grounds for refusal of registration) or 11 (Relative grounds for refusal of registration).

If a trademark is devoid of any distinctive character or consists solely of marks or indications that serve to designate the kind, quality, quantity, intended purpose, value, geographical origins, or time of production of the goods or services, or the characteristics, it may be refused registration under section 9.<sup>17</sup> If the trademark is of such a type as to deceive the public or cause confusion [Section 9(2)(a)], its use is forbidden under the Emblems and Names (Prevention of Improper Use) Act, 1950 [Section 9(2)(d)], Section 9 of the Act may be invoked to refuse registration.

Section 11 of the Act qualifies the grounds for refusing registration of the mark, which are not absolute. A trademark can be refused registration under section 11 if the trademark is (i) similar or identical to an earlier trademark for the same or similar goods or services or (ii) similar or identical to an earlier trademark in respect of different goods or services.<sup>18</sup>

If the Celebrity registers for trademark registration of his or her name, the Class under which the mark must be registered must be specified, and the trademark is only protected for the Class under which it is registered. In the event that an infringer passes off products in another Class using the Celebrity's name or likeness without permission, the Celebrity has no rights under infringement but only a Passing Off action.

Despite the hurdles, Celebrities have been filing applications for registration of their names as trademarks. One such instance is that of Kajol, who in a bid to check such misuse, has made

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<sup>16</sup> Sec. 2(m), Trademarks Act, 1999

<sup>17</sup> Essensee Obhan and Aparna Kareer, Supra 15

<sup>18</sup> Id

various applications to trademark her name. Similarly, celebrity Chef Sanjeev Kapoor who is the author of the book 'Khazana' realized the value of trademarks to register 'khazana' when he came across a boy selling khazana of Chinese Recipes at a traffic signal. Sachin Tendulkar, Kajol, Shahrukh Khan, Baba Ramdev, Chef Sanjeev Kapoor, Amitabh Bachchan, Jaya Bachchan, Katrina Kaif, Kareena Kapoor, etc., have registered their names as trademarks. Few English footballers such as Alan Shearer, Paul Gascoigne, and David Beckham have also registered trademarks in their names. We also understand that Amitabh Bachhan and Sunny Deol have sought for registration of their voices under trademark law to avoid misuse.

Name, signature, numeral, word, and so on can all be registered, as stated in the definition. There is no such registration by the Celebrity in terms of the number of people. In one case, the Mumbai Indians of the Indian Premier League opted not to allow anyone to wear Sachin's iconic No. 10 T-shirt in order to remember his excellence. The BCCI has been asked by fans of the cricketer not to provide any other cricketer with the same amount of T-shirts. The number, however, has not been registered because it is not unique.

Though trademarks can last for years without slipping into the public domain once registered, Section 47 of the Act imposes one restriction. If (a) the trademark was registered without the applicant's authorization and (b) the mark has not been used on goods for more than five years prior to the application or for more than three months prior to the application, the trademark could be erased.<sup>19</sup> As a result, if the Celebrity is unable to utilize his or her name as a trademark for an extended period of time, the registration may be terminated.

Section 14 protects third parties from registering names of celebrities in connection with their products and is a welcome step for all celebrities whose names are sought to be registered by third parties.<sup>20</sup>

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<sup>19</sup> Section 47, Trademarks Act, 1999

<sup>20</sup> Sec. 14 Trademarks Act, 1999, 'where an application is made for the registration of the trademark which falsely suggests the connection with a living person, or a person whose death took place within 20 years prior to the date of application for registration of the trademark, the registrar, may before proceeding with the application require the application to furnish the consent of such living person or as the case may be, the legal heirs of the deceased person in the connection appearing on the mark'

### **Passing Off Action In Case Of Celebrity Rights**

The fact that celebrity names are not allowed to be registered as trademarks under the Trademarks Act encourages them to file passing-off lawsuits against unlawful uses. Rajanikanth issued a legal notice prior to the premiere of the film *Baba* in 2003, forbidding anyone from commercially exploiting the character he played in the film. The legal notice forbade anybody from commercially exploiting his screen persona or using *Baba's* character for commercial gain, including through commercial advertising, broadcasts, promulgations, and replications by television mimics.

The legal warning went even further, banning endorsements that used Rajnikanth's physiognomy or habiliment in the film, such as headscarves, necklaces, and so on. Following that, in July 2008, the BCCI issued a legal warning to Kothari Products Ltd for using unlicensed footage and photos of Indian players in their Pan Parag campaign.

In October 2014, actress Sridevi filed a lawsuit against a Telugu film producer for using her name 'Sridevi' in the title of his next film without her permission.

The plaintiff company in *DM Entertainment Pvt Ltd v. Baby Gift House*<sup>21</sup> was founded in 1996 to oversee the career of famous vocalist Daler Mehndi. The plaintiff was also given the rights, title, and interest in Mehndi's personality that come with his publicity rights, as well as his trademark 'DALER MEHNDI'.<sup>22</sup> The defendant ran a successful business selling dolls with Mehndi's likeness and singing voice and profited off his celebrity.<sup>23</sup>

The plaintiff sued the defendant for infringement of his public rights and false endorsement, which resulted in a Passing Off case. The defendants' behaviour constituted false endorsement and passing off claim because the unlicensed use of Mehndi's identity by any party would convey a false impression to the public that the goods or services originated from Mehndi, his sponsors, or licensors.<sup>24</sup> It was argued that using a celebrity's personality to promote a commercial product was not only unethical but also diluted the personality's uniqueness and gave rise to a false belief.<sup>25</sup>

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<sup>21</sup> *DM Entertainment Pvt Ltd v. Baby Gift House* MANU/DE/2043/2010

<sup>22</sup> *Id*

<sup>23</sup> *Id*

<sup>24</sup> *Id*

<sup>25</sup> *Id*

Plaintiff's evidence, which included loss of business, reputation, and goodwill in the marketplace, went un rebutted, resulting in Passing Off. It also amounted to an obvious dilution of such a Personality's individuality. In light of these considerations, the court granted the plaintiff a permanent injunction as well as damages against the defendant.<sup>26</sup> The court went on to say that "in this case, the commercial use of an individual's identity is intended to increase the sales of a product by fusing the Celebrity's identity with the product, and thus the Defendants were selling those dolls on the basis of publicity value or goodwill in the artist's persona into the product i.e. dolls," and that "the Defendants were selling those dolls on the basis of publicity value or goodwill in the artist's persona".<sup>27</sup>

In *Sahara One media and entertainments and others v Sampat pal and others*,<sup>28</sup> the plaintiff, Sampat Pal, sued the defendant in the Delhi High Court for a permanent injunction and damages, alleging invasion of privacy and defamation. The lawsuit was launched to prevent Sahara One Media & Entertainment & Ors from releasing "Gulaab gang," which she claimed was a film adaptation of her life story.<sup>29</sup> She claimed that the film's depiction of the characters defamed and degraded her, as well as the other members of the group.

She also claimed that the video defamed her and depicted her work in a negative light, depicting it with swords and sickles in a terrible manner.

The Delhi High Court's Single Judge issued an order prohibiting transmission, distribution, and promotion of the film 'Gulab gang' in its filtered or uncensored prints till the next date of hearing. Following that, on appeal before the Division Bench, the Court authorized the film's release with the proviso that Sahara Media and Entertainment can show the film if it states in the Disclaimer that it has nothing to do with Sampat Pal's life or work.<sup>30</sup>

We have seen that Indian courts have protected celebrity personality rights to the fullest degree possible and given relief. There is also no precedence in India for the concept of a common field of activity, which was prevalent in the UK and required the family to be engaged in a comparable field of activity to seek relief. India has always recognized celebrities and has

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<sup>26</sup> Id

<sup>27</sup> Id

<sup>28</sup> *Sampat Pal v. Sahara One Media & Entertainment Ltd & Ors.*, CS(OS) No. 638 of 2014

<sup>29</sup> Id

<sup>30</sup> Id

stepped in to help them in times of need, therefore there has never been a need for a special statutory redress to enforce the Right of Publicity in India.

It goes without saying that the process for registering a celebrity's name as a trademark is still lengthy, as seen by the fact that only Bollywood actors, as opposed to south Indian stars, have applied for registration of their names as trademarks. Furthermore, registering a person's name or signature in a certain class limits the scope of an infringement suit to that class, requiring them to pursue other classes only through a passing-off action. This is most likely one of the reasons for not registering the names, as the process might sometimes be fruitless.

### **Protection Of Fictional Characters**

Character Merchandising could be said to have existed in India much before the Disney era. For many years, Indians have been selling statues and images of Gods and Goddesses and promoting the goods using the names and images of the deities, making use of religion's commercial significance. As a result, there was no need for protection against the unlicensed commercial exploitation of a Celebrity's character or image. As a character's fame grows, the trademark owner, who is also the character's creator, capitalizes on it by licensing the character's name, appearance, and other characteristics. Character exploitation results in the character's image being engrossed in costumes, toys, utility objects (ranging from stationery to consumer durables such as mugs, plates, backpacks,) clothing, shoes, food products, and so on. Images of Mickey and Minnie Mouse have appeared on Cadbury chocolates, and images of Spiderman and Superman have appeared on clothes, school bags, and other items in India.

Under Indian trademark law, a character's name can be registered as a wordmark and visuals can be protected by registering them as trademark devices, ensuring that the character's commercial worth is protected exclusively.

As Graphical representation is a sine qua non for trademark registration in India, the same is defined in the Trade Mark Rules, 2002, as “representation of a trademark for goods or services in paper form”.<sup>31</sup>

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<sup>31</sup> Rule 2 (1) (k) Trademarks Rules, 2002

A mark's distinctiveness fundamentally means that it must be able to identify a product from a certain enterprise. If distinct names, distinctive qualities, sound phrases connected with the character, etc., of a fictitious character are capable of being visually depicted and distinguishing products and/or services being delivered, trademark law can be used to protect them. Thus, 3-dimensional marks and sound marks can be registered as long as they can be 'graphically represented.' However, it is up to the Registries to determine how practicable this is.

As per Section 29 of the Act, 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 the import of goods with such marks in India.<sup>32</sup> When a fictional character has been granted trademark protection and goodwill, and the character has become identifiable in the minds of the public and associated with that particular character, the trademark owner has the exclusive right to profit from the use of the character on goods and services.<sup>33</sup> Furthermore, any allegation of infringement must demonstrate that the use of such fictitious character or its protected characteristics will produce a probability of confusion if not limited, thereby degrading the trademark's commercial viability, repute, or brand value.<sup>34</sup> When a character serves as a form of identification for a product or service and commands public approval and recognition, the trademark owner has exclusive ownership rights, including the right to commercially exploit it and to further license the trademark as a method of commercial exploitation.<sup>35</sup>

A graphic character will not be protected under trademark rules unless it is related to a product or service, and that product or service uses the character as a mark.

If a fictional or cartoon character meets the definition of a "trademark," has gained goodwill, and is being associated with that particular character, the character will be granted trademark protection, and the trademark owner will have the exclusive right to profit from the character's use on goods and services.<sup>36</sup>

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<sup>32</sup> Section 29, Trademarks Act, 1999

<sup>33</sup> Tarun Kumar, Copyrightability of Movie characters, <https://www.altacit.com/copyright/copyrightability-of-movie-characters/> (last accessed: 25, April, 2022)

<sup>34</sup> Id

<sup>35</sup> Id

<sup>36</sup> Anubhuti Rastogi, Character Merchandising, 3 February 2019, <https://lawtimesjournal.in/character-merchandising/>

It is necessary for a fictitious or cartoon figure to gain secondary meaning and distinctiveness in order to be granted trademark protection.

If a character does not meet the requirements for trademark protection, it will not be registered under trademark law. However, where the owner is capable of showing the probability of confusion, thereby degrading the commercial viability, repute, and brand equity of the trademark in question and causing injury to the owner, the rights under the common law of Passing-Off would always be accessible to the owner.<sup>37</sup>

Apart from the above, the identity of the mark provides for quality control provisions to maintain market goodwill. Section 50(1) (d) provides for the removal of a registered user of a trademark where such registered user does not maintain the requisite quality of goods produced under a trademark.

### **Indian Judicial View**

The first case that dealt with character merchandising was *Star India Private Limited v. Leo Burnett India (Pvt) Ltd.*<sup>38</sup>. The Bombay HC explained the position of character merchandising as that involving fictional characters and famous Celebrities. Though copyright subsists in the form of music, cinematography, literature, etc., the trademarks involving these characters are in the form of images/pictures engrossed in the goods sold. As stated by the court, 'public recognition is an important aspect revolving around Character Merchandising and only those Characters/Celebrities who have gained/acquired reputation among the public are being exploited.

The Delhi High Court in *Chorion Rights Ltd v. M/s Ishan Apparels and others*<sup>39</sup> where the popular cartoon character 'NODDY' was used without permission on various articles. The claimed to own the worldwide trademark rights in 'NODDY,' including the 'NODDY' name and character image, and expanded its use of the NODDY word and image mark across a variety of merchandise in India, filing suit against a defendant who was manufacturing, selling, and marketing cheap and low-quality readymade children's apparel in Delhi and the National

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<sup>37</sup> Tarun Kumar, Supra 30

<sup>38</sup> 2010 (43) PTC 616

<sup>39</sup> MANU/DE/1071/2010

Capital Region under the identical trade name NODDY.<sup>40</sup> Despite the fact that the case clearly concerns Character Merchandising, the plaintiff's trademark claim dated from 1997, while the defendants have been using the brand since 1995, according to the court.<sup>41</sup> The plaintiff established significant sales in India and elsewhere between 2000 and 2008, but it was unable to prove used of the mark prior to 1995 since the plaintiffs were not the previous registered trademark owners in India.<sup>42</sup>

### **Indian Cases On 'Disney' Character**

In *Disney Enterprises Inc. v Rajesh Bhartia & Ors*<sup>43</sup> The defendant had used the trademark 'DISNEY' and 'Disney' characters with the mala fide aim of passing off their goods as those of the plaintiff, according to the Delhi High Court. The plaintiff was found to have full rights to their exclusive use and to restrain unauthorized persons from using identical or deceptively similar marks, and the plaintiff's trademarks are entitled to protection across all classes, even for classes for which it has no registration or for goods or services into which it has yet to enter.<sup>44</sup> In addition to an injunction, the plaintiff was entitled to compensatory and punitive damages.

In *Disney Enterprises Inc., v. Gurmeet Singh & Ors*.<sup>45</sup>, the plaintiffs, who were in the business of merchandising and licensing distinctive elements of famous fanciful characters such as Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy, Pluto, and Winnie the Pooh, as well as characters from the 'DISNEY' trademark, sued the defendant for infringement of their trademark 'Disney,' and the court concluded that the plaintiffs' trademark 'WALT DISNEY' and Disney characters have acquired tremendous reputation.

In another case, the Delhi High Court ruled that the plaintiff had the sole right to use, authorize the use, and give licenses relating to trademarks and copyrights. The court ruled in favour of the plaintiff because the defendants had unauthorizedly used the plaintiff characters' trademarks on their products with the mala fide intent of passing off their goods as the plaintiff's and cashing in on the plaintiff's goodwill and reputation.<sup>46</sup>

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<sup>40</sup> Id

<sup>41</sup> Id

<sup>42</sup> Id

<sup>43</sup> *Disney Enterprises Inc. v Rajesh Bhartia & Ors*: MANU/DE/0454/2013

<sup>44</sup> Id

<sup>45</sup> *Disney Enterprise Inc. v. Gurmeet Singh Ors*. MANU/DE/6834/2011

<sup>46</sup> *Disney Enterprise Inc. & Anr. V Santhosh Kumar & Anr*, MANU/DE/1382/2014

In another similar case of Passing Off and infringement in *Disney Enterprises Inc. & Anr v. Balraj Muttneja & Ors.*<sup>47</sup>, the characters of the plaintiffs were affixed by the defendants on their goods without permission or consent of the plaintiff and an injunction was granted.

Thus, there is an unlawful benefit to the infringers and a loss to the character's creator, who is deprived of his royalty on creativity, in cases of Passing-Off / infringement employing fictional cartoon characters in merchandising. However, copying of fictional cartoon characters on goods and services is well acknowledged by the courts if the fictional cartoon character has attained notable significance, such as that of Disney. Cases of Passing Off, on the other hand, are rarely recorded (unless in the case of well-known corporations), making it difficult to solve the crime and punish the perpetrators. The government should provide proper systems to prohibit the passing off of characters on commodities, and strict action/enforcement is the need of the hour, as suggested below.

### **Upcoming Trends And Challenges In Character Merchandising**

The licensing and merchandise sector is reshaping the connection between TV and movie characters and their audiences. The fact that the top 125 licensors in this industry reportedly made over the US \$ 184 billion in sales illustrates the expanding popularity of this marketing method.<sup>48</sup> Disney is widely regarded as the industry's most innovative and important operator, with revenues of US \$ 28.6 billion in 2010.<sup>49</sup> Despite the fact that India's licensing and merchandising industry is still in its infancy, it has achieved substantial progress in recent years.<sup>50</sup> The foundation of a Disney-KK Modi Group partnership in 1993 for the selling of Disney-branded merchandise, as well as the development of Turner India's consumer products division, Cartoon Network Enterprises, in 2001,<sup>51</sup> have both supported the industry's growth. Large retail chains such as Pantaloons, Westside, Shoppers Stop, and others have opened the path for wider access to merchandised items in India. According to projections, organized retail in India would grow from 9% of the total retail business in 2015 to a staggering 20% by 2020.<sup>52</sup> The merchandising business in India is predicted to take a quantum jump as a result of this

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<sup>47</sup> *Disney Enterprises Inc. & Anr v. Balraj Muttneja & Ors.*, MANU/DE/0547/2014

<sup>48</sup> Amankumar Sinha, character merchandising and copyright law in India, <https://legalserviceindia.com/legal/article-7042-character-merchandising-and-copyright-law-in-india.html> (last accessed: 25, April, 2022)

<sup>49</sup> Id

<sup>50</sup> Id

<sup>51</sup> Id

<sup>52</sup> Id

expansion. Harbhajan Singh is the best example of a sports star who is more involved in the industry of character marketing. Merchandise with animated characters like Chhota Bheem and Hanuman, as well as superheroes like Krish and Ra.<sup>53</sup> One has become commonplace as well, but the designers of these characters have yet to be able to financially utilize them to their full potential.<sup>54</sup> Furthermore, it is disheartening to see that authors of comic books and other literary characters have failed to capitalize on the opportunities presented by this sector.<sup>55</sup> From a legal sense, there is a greater need than ever before to establish a strong framework for regulating the selling of character products.<sup>56</sup> Customers sometimes fall prey to the deceitful techniques of people who offer counterfeit items in their quest to obtain the cheapest accessible item. Because neither the Indian Copyright Act nor the Indian Trade Marks Act properly define the rules surrounding character marketing, catching counterfeit merchandise vendors is a difficult undertaking.<sup>57</sup>

## **CONCLUSION**

The new thought of character merchandising has gained traction in recent decades and is still evolving, with licensors being able to merchandise various aspects of characters. As a result, laws will need to evolve to keep up with the concept's changing nature in order to prevent exploitation and unauthorized use.

As of today, Indian courts have maintained a favourable position toward the preservation of personal rights. With Indian firms increasingly commercializing publicity and image rights and celebrities wanting to avoid unauthorized exploitation of such rights, it is past time for the legislature to recognize publicity and image rights as a legislative right. The Trade Mark Act's provisions could be changed to include the right of publicity within its scope. The term "trademark," as defined in s.2(z b), may be broadened to encompass markings capable of distinguishing the assignable rights vested in a person or a character as a result of the reputation linked to it.

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<sup>53</sup> Id

<sup>54</sup> Id

<sup>55</sup> Id

<sup>56</sup> Id

<sup>57</sup> Id