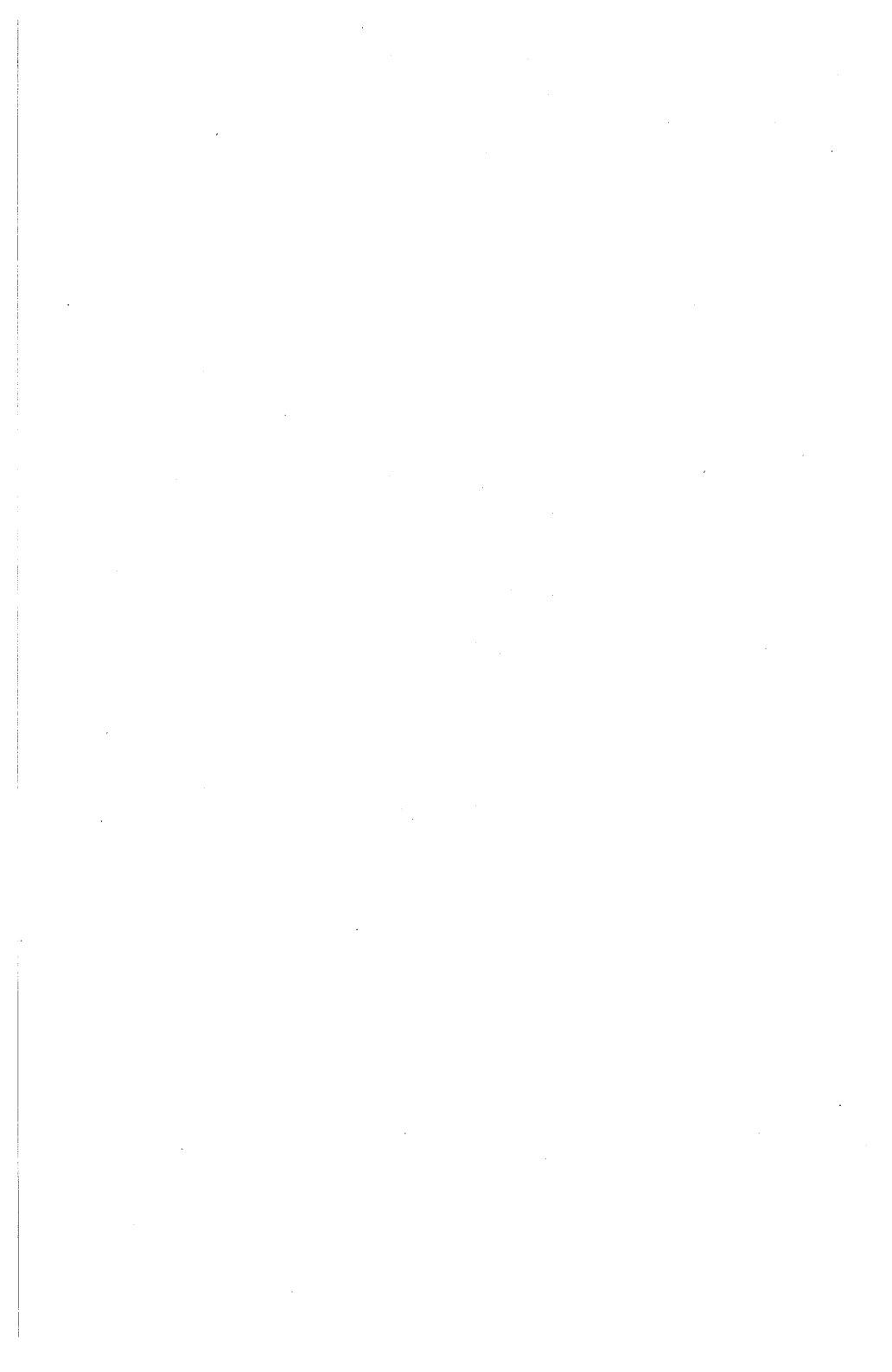


CHARACTER MERCHANDISING

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CHARACTER MERCHANDISING

INTRODUCTION

In the world of advertising and merchandising the two major thrusts for the sale of goods or services are presently:-

- (a) Status trade marks - i.e. where goods are sold under status marks such as Christian Dior, Ralph Lauren, Pierre Cardin, Cartier, Gucci, Givenchy and the like.
- (b) The merchandising of characters where real celebrities or fictional characters are in some form or other used as the means of selling goods or services.

Both of these means of advertising and endorsement are multi-billion dollar industries world-wide. This paper is concerned with the second of these concepts - namely character merchandising.

The examples of character merchandising in today's world are legion. All of us have seen Michael Parkinson advertising American Express cards, John Walker for Fresh-Up Fruit Juice, Richard Hadlee and more recently John Davidson of "That's Incredible" for Toyota. We are all familiar with the regular endorsement of sporting products - Tom Watson golf clubs, Greg Chappell cricket gear and John McEnroe's endorsement of tennis string gut produced here in New Zealand.

Those with young children will know only too well that toy shops are filled with merchandise which are either replicas or in some way associated with Snoopy, Garfield cat, the characters from the Muppets or Sesame Street, the incomparable Mr T from the T.V. series the "A-Team", the creatures from "Star Wars" or the stars of the T.V. series "The Dukes of Hazzard". The list is endless and the values of the merchandising enormous.

In the field of literature the exploitation of commercial opportunities arising from celebrity status or fictional characters has long been recognised. Common place are biographies and autobiographies. More recent is the fad for books endorsed by or associated with the famous - health and exercise books endorsed by or featuring the likes of Jane Fonda, Racquel Welch and Victoria Principal (of Dallas fame). To this category may well be added Bungay on Murder. Time magazine last month even reported on the fact that Marvel, the U.S. comic manufacturer, has published a comic on the adventures of Mother Theresa of Calcutta.

It is trite that television, video, films, newspapers and magazines bring into our lives and our living rooms the faces, deeds, exploits and escapades of the famous, the notorious and the fictional. The recognition factor has become widespread and the commercial pulling power of endorsement by or association with the famous and the fictional is enormous. Large sums of money are now paid to sportsmen, celebrities and

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singers for endorsement of goods and services. Extensive licensing agreements are used to license the likenesses and names of fictional and cartoon characters.

In the United States market the merchandising of fictional, cartoon and other characters has reached a very sophisticated level. With this paper I have reproduced a recent advertisement circulated in the United States which invites licensees for a new range of creatures known as Planetanimals from a solar system known as Visilumar. The text extols the virtues of these creatures as having been created with great care and planned for a long merchandising life: "these instantly lovable creatures are destined to become a licensing adventure you will want to be part of".

Given this thriving commercial development, the question arises:

What protection is available to prevent unauthorised use of the names and likenesses of real or fictional characters?

For convenience this question will be answered first in relation to real persons and secondly in relation to fictional characters.

I. REAL PERSONS

Under this head falls to be considered the substantial publicity value which can be built up in a celebrity's

likeness, his name and even his voice (for example John Cleese's distinctive staccato delivery or Harry Seccombe's incomparable Neddy Seagoon). However, many celebrities create public recognition not only in their "natural" appearance but more particularly in their portrayal of particular characters. Take for example the late Wilfred Brambell's portrayal of Steptoe Senior or Carroll O'Connor's Archie Bunker. There is very substantial publicity value in these character roles which can be just as valuable as an actor or celebrity's natural likeness.

In the common law countries of the United Kingdom, Australia and New Zealand, the protection afforded to real persons and their dramatic "personae" is still uncertain. There is no one cause of action (statutory or otherwise) which can provide guaranteed protection against unauthorised exploitation. Rather it is a case of the aggrieved celebrity endeavouring to fit his or her case within one or more of a series of quite unrelated causes of action ¹.

(a) Defamation

This presents a possible but highly uncertain cause of action. In the leading case of Tolley v. Fry ², the plaintiff was a well known amateur golfer. The defendant chocolate manufacturers published a caricature advertisement showing Mr Tolley hitting a drive shot with a carton of Fry's chocolates prominently sticking out of his pocket. A caddy was also depicted in the caricature

together with a verse comparing the excellence of the chocolate with that of Mr Tolley's drive. The House of Lords held that the advertisement carried an innuendo which was capable of being defamatory - namely that the plaintiff as an amateur golfer had consented to use of his name and likeness in the advertisement in exchange for a fee and that this would lower him in the estimation of the public. A new trial was ordered on the question of damages and Mr Tolley subsequently received damages of one thousand pounds.

The limited protection afforded by defamation is immediately obvious. What of the celebrity who is accustomed to license the use of his or her name? Unauthorised use of the likeness or name of that celebrity is unlikely to lower his or her reputation in the eyes of the public.

A further difficulty with defamation as an effective and immediate remedy is caused by the rule in Bonnard v. Perryman³ whereby the Courts will not grant an interim injunction to restrain a libel where the issues of libel or no libel, justification or whether the words are capable of a defamatory meaning are live issues for a final trial⁴.

(b) Breach of Implied Term in Contract; Breach of Confidence

These represent limited but possible causes of action.

In the old case of Pollard v. Photographic Company⁵ a commercial photographer, who for a fee, had taken a studio photograph of a lady to supply her with prints, was restrained from selling or exhibiting copies got up as a Christmas card both on the ground that there was implied contract not to use the negative for such purposes and also on the ground that such sale or exhibition was a breach of faith or breach of confidence.⁶

It may also be a breach of copyright since section 9(3) Copyright Act 1962 provides that where a person commissions the taking of a photograph and pays or agrees to pay for it in money or money's worth, the person commissioning the photograph becomes the owner of copyright in it.

- (c) A third possible cause of action is where use of another's name or likeness may involve him in the risk of legal proceedings. In such cases there is precedent for an injunction. Walter v. Ashton⁷ was a case where a cycle dealer was restrained at the suit of the Times Newspaper from advertising his goods as "The Times Bicycles". The Times Newspaper was selling atlases on instalment and the Court held that the defendant's advertisement would lead people to believe that the Times were responsible for the bicycles and this carried with it a tangible probability of litigation. The action appears not to have been based on passing off.

(d) Passing Off

The protean cause of action of passing off has also been pressed into service in an effort to protect the misappropriation of the names, likenesses and voices of the famous. As a result of recent restatements of the tort and a greater awareness of character merchandising amongst the judiciary and the public alike, this cause of action offers better hope of protection for celebrities than any other.

Initial actions based on passing off were most discouraging. In McCulloch v. Lewis A. May (Produce Distributors) Limited⁸, the plaintiff was a BBC children's radio personality who was known on air by the name of "Uncle Mac". The defendant marketed a breakfast serial named "Uncle Mac's Puffed Wheat" and the packet contained many references to Uncle Mac in relation to children. The plaintiff failed in his action for an interim injunction on the basis that there was no common field of activity between the plaintiff and defendant. This was despite the fact that the defendants had plainly appropriated the plaintiff's name and personality for their commercial advantage. Because it was said that the plaintiff suffered no property or financial damage, he could not succeed.

A similar result was hinted at in obiter statements by the Court of Appeal in Sim v. H.J. Heinz Co. Ltd⁹ where

Alistair Sim the well known actor sought an injunction based in defamation and passing off to restrain a TV commercial for Heinz products in which the voice over was done by someone imitating Alistair Sim's distinctive voice.¹⁰.

By 1975 there was a hint of a change in attitude. In the Kojak case to which mention is made later (Taverner Rutledge v. Trexapalm¹¹) Walton J. seemed prepared to accept that use of the name of a real person - as opposed to that of a fictional character - "does undoubtedly suggest or may suggest in proper circumstances an endorsement which may or may not exist"¹².

But the very conservative attitude certainly of the United Kingdom Courts continued in a case involving the pop group Abba. In Lyngstad v. Anabas Products Limited¹³ the pop group Abba sought to prevent an English company from marketing T-shirts, jewellery and other memorabilia bearing the name Abba and likenesses of the group. The plaintiffs claimed that the defendants were creating the impression that the plaintiffs had somehow licensed or endorsed the goods they were selling. Oliver J. in an interlocutory case expressed himself as entirely unsatisfied that there was a real possibility of confusion or that persons seeing the defendants' advertisements or receiving the goods would reasonably imagine that the pop stars were giving their approval to the goods offered. The Judge adopted the

surprising attitude that he did not believe that the defendants were "doing anything more than catering for a popular demand among teenagers for effigies of their idols."

Fortunately the tide of decisions appears to be turning towards greater availability of passing off as a means of protection. In this regard two threads of decisions may be referred to.

1. Like a beacon in the dark is the New South Wales full Court decision in Henderson v. Radio Corporation Pty Limited¹⁵. Here two professional ballroom dancers obtained an injunction restraining the defendant record company from selling or distributing copies of a record cover on which the plaintiffs were shown in dancing pose. On the conservative English approach seen in the Uncle Mac case the action could be expected to fail - there being no common field of business activity between recording and dancing. However, the Court held that there was no need for a common field of activity to exist between the parties. Provided the plaintiff at least carried on some business, then it was sufficient that the record company had, without authority used the business or professional reputation and likenesses of the plaintiff.

In what was an avant garde approach for 1960, the Court expressly recognised the reality of professional endorsement and that to deprive the plaintiffs of receiving a fee for that endorsement was to cause damage.

Evatt C.J. & Myers J. stated:¹⁶

"but the wrongful appropriation of another's professional or business reputation is an injury in itself, no less, in our opinion than the appropriation of his goods or money. The professional recommendation of the respondents was and still is theirs, to withhold or bestow at will, but the appellant has wrongfully deprived them of their right to do so and of their payment or reward on which, if they had been minded to give their approval to the appellant's record, they could have insisted. In our opinion it is idle to contend that this wrongful appropriation is not an injury to the respondents. It is as much an injury as if the appellant had paid the respondents for their recommendation and robbed them of the money."

Manning J. specifically recognised the reality of professional endorsement and the fact that persons

who through sporting, social, artistic or other activities attract notoriety find themselves in a position to earn substantial sums of money by lending their recommendation or sponsorship to an almost infinite variety of commodities.

2. A second more recent and more important development in the use of passing off to protect the misappropriation of the names and likenesses of the famous flows from the decision of the House of Lords in Warnink v. J. Townend & Sons (Hull) Limited¹⁸. Lord Diplock's formulation of the five requirements of passing off makes no reference to any requirement of a "common field of activity". A plaintiff must always show that the defendants misrepresentation is calculated or will injure the goodwill of another "trader" and that it will cause actual or probable damage to the business or goodwill of the plaintiff. But there is no automatic application of a common field of activity rule postulated by the House of Lords.

The significance of Lord Diplock's formulation was seized on by Falconer J. in Lego System A/S v. Lego M. Lemelstrich Limited¹⁹. In this case (which did not involve the appropriation of a celebrity's name or likeness) the children's plastic building block manufacturer, Lego, successfully obtained an

injunction against an Israeli company engaged in making commercial and domestic garden irrigation equipment in coloured plastic under the trade name "Lego".

Falconer J.²⁰ agreed with counsel that what had to be established by a plaintiff was that there is a real risk that a substantial number of persons among the relevant section of the public would in fact believe that there was a business connection between the plaintiff and the defendant. The plaintiff's and defendant's activities were in substantially different areas - toys as opposed to garden equipment. Yet there was evidence from a number of persons that they believed that the defendant's products were made by the plaintiff or its subsidiary or licensed by it.

In considering the question of damage Falconer J. expressly recognised that Lego might wish to license or franchise its mark into an area such as garden equipment - there being evidence from a marketing and franchising expert that because of its existing reputation, Lego would have an opportunity of licensing into other fields. The Judge held that if the defendants continued to use Lego, this would "destroy that part of the plaintiff's reputation in the mark Lego and the goodwill attached to it which extends to such

goods". Moreover in view of the substantial number of witnesses who would think "Lego" on the defendant's goods would indicate that the goods were the plaintiffs' goods or had some association with the plaintiffs, the Judge held that the inability of the plaintiffs to control use of the mark "Lego" "must involve a real risk of injury to their reputation in the mark and hence to their goodwill."²¹.

Clearly the question of damage will always depend on the evidence available and it will be up to counsel for a plaintiff to adduce as much evidence as possible that people will draw the connection between the plaintiff and the defendant's goods or services and that there is an assumption of licensing or franchising by the plaintiff.

However, Lego represents a very clear recognition by a United Kingdom court of the fact that goodwill can be and is known by the public to be exploited by licensing or franchising outside its existing immediate field of a trader. (This recognition of merchandising has also been picked up by the High Court in the Judge Dredd case²² which is referred to later in this paper.

It is suggested therefore that the Henderson case coupled with the Advocaat and Lego cases offer the possibility of a wider use of passing off to protect the misappropriation of the name and

likeness of celebrities without the fetters provided by an automatic "common field of activity" test. Significantly the recently issued volume of Halsbury on trade marks and passing off (volume 48) records these developments in the cause of action and comments that "the attitude of the Courts as to what constitutes sufficient likelihood of damage has changed over the years so that some of the older cases where the likelihood of damage to the plaintiff was held to be insufficient would not now necessarily be followed."²³

Canada

In Canada tangible protection has been given to prevent to misappropriation of the photographs and likenesses of sportsmen and celebrities by drawing from the various common law causes of action referred to earlier in this paper a common law cause of action known as appropriation of personality.

The origin of this protection is the Ontario Court of Appeal decision in Krouse v. Chrysler Canada Limited²⁴. Chrysler had distributed a device known as a spotter containing the names and numbers of all professional football players. It was designed to assist those watching pro-football on TV to identify the players. It also identified Chrysler cars. On the device was an action photo of a football game which focused attention on the plaintiff Krouse who was identifiable by the number on his uniform. Krouse had not consented to use of the photograph and sued to recover damages.

The Court held that passing off was of no assistance because the buying public would not believe that Chrysler cars or the spotter were designed or manufactured by Krouse. Nor did Krouse have any spotter of his own on the market which he had manufactured or endorsed.

However, the Court did find after an exhaustive examination of the several areas of tort (referred to earlier) that "the common law does contemplate a concept in the law of torts which may be broadly classified as an appropriation of one's personality". On the facts the Court held that there was no attempt to associate Krouse with Chrysler cars - Chrysler was in fact endeavouring to associate football per se with its products. However in a generous obiter statement the Court concluded that "there may well be circumstances in which the Courts would be justified in holding a defendant liable in damages for appropriation of a plaintiff's personality, amounting to an invasion of his right to exploit his personality by the use of his image, voice or otherwise with damage to the plaintiff."²⁵

This statement of principle has been seized on and adopted by subsequent Canadian Courts (Racine v. CJRC Radio Capitale; Athans v. Canadian Adventure Camps Limited²⁷; Heath v. Weist-Barron²⁸.)

United States: The Right Of Publicity

In this context it is also interesting and instructive to examine briefly the protection given in the United States against unwanted or unauthorised exploitation of the names and faces of celebrities. At first a right of privacy was invoked by individuals as a basis for protecting their rights:

Pavesich v. New England Life Insurance Co.²⁹. In that case it was held that commentators on ancient laws recognised that the right of personal liberty included the right to exhibit oneself before the public at proper times and places and in a proper manner. As a corollary this liberty included the right of a person not to be exhibited before the public.

There is something contradictory, however, in referring to a right of privacy for well known celebrities when their names and likenesses are regularly featured in newspapers, magazines or on film or T.V. The U.S. courts then developed a "right of publicity" - first recognised in Haelan Laboratories Inc. v. Topps Chewing Gum Inc.³⁰. The court recognised that a man has a right in the publicity value of his photograph i.e. the right to grant the exclusive privilege of publishing it. This right was named a right of publicity. "For it is common knowledge that many prominent persons (especially actors and ball players) far from having their feelings bruised through public exposure would feel sorely deprived if they no longer receive money for authorising advertisements...".

This right of publicity has been rationalised by Dean William L. Prosser in both an article and his celebrated book on torts as in fact being one of four distinct kinds of invasion of privacy - namely appropriation for the defendant's advantage of the plaintiff's name or likeness³¹. Unlike the three other invasions of privacy, appropriation does not require the invasion of something secret or secluded - merely the appropriation for the defendant's benefit or advantage of the plaintiff's name or likeness.

Since 1953 there have been many instances of famous personalities successfully suing to prevent misappropriation of their names or faces. Examples are the golfers Arnold Palmer, Jack Nicklaus, Gary Player and Doug Sanders who sued to stop their names and biographies being used in an adult game known as "Pro-Am golf game": Palmer v. Schonhorn Enterprises³². The actor Cary Grant sued Esquire Magazine to prevent a photograph of his head being superimposed on the torso of a model and used in an article on clothing styles: Grant v. Esquire Inc.³³. In some state jurisdictions statutory protection has been given for this right.

In a recent decision in 1983 the Supreme Court of Georgia stopped the unauthorised sale of plastic figures of Dr. Martin Luther King holding that "the appropriation of another's name and likeness, whether such likeness be a photograph or sculpture, without consent and for the financial gain of the appropriator is a tort in Georgia whether the person whose likeness is used is a private citizen, entertainer

or, as here, a public figure who is not a public official."

Martin Luther King Jr Centre for Social Change Inc. v. American Heritage Products³⁴.

The Martin Luther King decision and cases involving the late Elvis Presley and the actor who played Dracula in the famous 1930 film have raised the fascinating issue whether the right of publicity ceases with the death of the celebrity or whether it survives death and can be passed on to heirs by will or indeed licence. In the Martin Luther King decision the Supreme Court in Georgia held that the right of publicity did survive the death of its owner and that there was, moreover, no reason to protect the right after death only for those who had taken commercial advantage of their fame during their lifetime³⁵.

However in the Elvis Presley case the U.S. Court of Appeals Sixth Circuit held that the right of publicity was not inheritable³⁶. The same approach was taken by the Californian Supreme Court in Lugosi v. Universal Pictures³⁷. In that case the widow of Bela Lugosi who had played Dracula sought to prevent Universal Pictures granting additional licences merchandising Lugosi's portrayal of Dracula on the basis that she had inherited those rights not contracted to Universal Pictures when the movie was made.

Both courts were concerned at some of the problems which would arise if there was a right of publicity after death. Examples were: How long did this right survive? Could it be devised by

will a second time? What happened where an artist did a likeness of a famous person for hanging in public places and was paid for it? Was this a breach of the right of publicity? Does the right extend to elected officials and military heroes whose fame was gained on the public payroll? Does the right of publicity prevent the naming of subdivisions after famous people? It will be interesting to see further debate on this issue.

As a tail piece to the United States authorities one cannot resist the reference to the case Carson v. Here's Johnny Portable Toilets Inc.³⁸ In this case Johnny Carson, the host of the T.V. "Tonight" show, sued a company which was marketing what it delightfully called "the world's foremost commodian", a portable toilet called "Here's Johnny". The U.S. sixth circuit granted an injunction to Johnny Carson based on this right of publicity - on the basis that "Here's Johnny" had become Carson's trade mark and that there had been a clear appropriation of his personality for the defendant's commercial advantage by use of that phrase (even though Johnny Carson's name was not explicitly used).

II. FICTIONAL CHARACTERS

The protection available to fictional characters involves considerations of copyright, trade marks and a revisiting of the passing-off cause of action.

(a) Copyright

The copyright Acts in both New Zealand and Australia provide probably the strongest protection available to protect cartoon characters and line drawings in those cases where a copyist or trader has substantially reproduced the original work. (The length of protection in New Zealand, particularly where the cartoon character has been industrially applied, awaits the reporting back from select committee hearings of the Copyright Amendment Bill presently before Parliament. In Australia there are certain threshold criteria as to whether copyright subsists - as a result of the design/copyright overlap: R. Durie "Character Merchandising"³⁹.)

As copyright protects the form of an idea and not the idea itself a plaintiff suing in copyright must show that there has been a substantial reproduction of the original work by the copyist. The case which requires compulsory mention in this context is King Features Syndicate Inc. v. Kleeman Limited⁴⁰. Here the owner of copyright in Popeye cartoons obtained an injunction to restrain the importation and sale of Popeye dolls and brooches which were three dimensional reproductions of the two dimensional copyright drawings. The plaintiffs produced some fifty-five sketches of Popeye although many thousand sketches of Popeye had been done by the artist until his death in 1938. It was held that the brooches and dolls were infringements of the plaintiff's drawings even though the plaintiff could not say which one precisely. The inferences of copying were made from the similarity between the

dolls/brooches and a particular sketch and the court took significance from the fact that the defendants elected not to call any evidence to discharge the evidential burden on them. (See Lord Wright)⁴¹.

A popular refuge for the copyist in the past has been the statutory "non-expert" defence (Section 20(8)) of the Copyright Act 1962 (i.e. that the making of an object in three dimensions is not to be taken to infringe an artistic work in two dimensions if the object would not appear to non-experts to be a reproduction. (Compare the slightly wider Section 71 Copyright Act 1968 Australia). In New Zealand this defence is proposed to be abolished under the Copyright Amendment Bill presently before Parliament.

It should perhaps also be recorded that copyright protection does not extend to the names of cartoon or other fictional characters: Exxon Corporation v. Exxon Insurance Consultants International Limited⁴²; Wombles Limited v. Wombles Skips Limited⁴³; Taverner Rutledge v. Trexapalm Limited⁴⁴.

In summary, then, copyright protects the drawings of the fictional character but not the name, reputation or goodwill created by that character.

(b) Trade Marks

Protection under the Trade Marks Act is available for marks which are adapted or capable of distinguishing and which

comprise a word mark only, a logo/cartoon character with or without a name or even a signature. Thus the originator of a fictional character may achieve monopoly rights in the name and/or logo in a particular class of goods by making application for registration in the appropriate class - for either his own use or use by a registered user.

The proprietary rights offered by trade mark registration for character merchandisers have however been sharply curtailed as a result of the House of Lords decision in the Holly Hobbie case⁴⁵. In that case it was held that the non-trafficking provision in the various trade mark statutes (U.K. Section 28(6); New Zealand Section 37(6)) precludes a person from registering the name of a fictional character as a trade mark in a whole range of classes of goods in order to sustain subsequent licences to various manufacturers. In the Holly Hobbie case, American Greetings Corporation applied to register the name and likeness of Holly Hobbie in 12 different classes ranging from toys to toilet articles. The intention was to achieve in the United Kingdom what had happened in the United States where some 412 products manufactured by 66 companies bear the name Holly Hobbie.

The House of Lords held that as there was no real trade connection between the proprietor of the mark (A.G.C.) and the licensee or his goods, A.G.C. was dealing in the trademark primarily as a commodity in its own right and not primarily for the purposes of identifying or promoting merchandise in which it was interested (Lord Brightman)⁴⁶. This constituted

trafficking" and therefore registration of the mark in the 12 classes sought had been legitimately refused.

This decision was regretted by a number of the Law Lords who regarded character merchandising as "quite harmless" and recognised it as being "widespread"⁴⁷. Indeed Lord Bridge even expressed his opinion that the provision was a "complete anachronism" and that the sooner it was repealed the better.

The decision is of considerable concern to those merchandisers who have supported their licensing agreements by enforceable proprietary rights in the form of trade marks. Potentially, as the Law Lords recognised, the decision subjects already issued registrations for licensed only goods to challenge and expungement. If so, why should licensees continue to pay a royalty?

What steps can be taken to overcome this for those persons who wish to merchandise their fictional character for a wide variety of goods?

- (i) Where the character comprises a cartoon character e.g. Snoopy, Mickey Mouse or Holly Hobbie herself, then copyright protection is available and will be sufficient to support a licence or franchise agreement.
- (ii) In the case of the name only, the licensor is thrown back on his common law rights and in particular passing off. In the Kojak case⁴⁸ Walton J. held that as there was

no copyright in the name Kojak, the licence granted by Universal City Studios to the defendant was a licence "writ in water". "Although Kojak is quite a fictional and invented character, nobody in this country has the monopoly in the use of that word, there is no copyright, licence or other species of property merely in that name as an invented word by itself."⁴⁹

Until there are moves to repeal the provision (as the Law Lords foreshadowed should happen), licensors into the United Kingdom, New Zealand and Australian markets will be well advised to develop a "trade connection" between the "proprietor" of the mark and the licensee or his goods. This would need to go beyond mere quality control or a right to inspect and approve which were regarded as insufficient by the House of Lords. However, as one commentator has stated in urging the repeal of the provision "a decision that quality control does forge a trade connection between a trade mark proprietor and goods produced under licence would accord with commercial expectations and remove the detrimental effect that the case now has on trade mark licensing and on character merchandising"⁵⁰.

Further difficulties for the character merchandiser in relation to trade marks arise in the situation where a sharp and enterprising local trader applies to register as a trade mark the name of a fictional character from a T.V. series, film or book for goods which are quite unrelated to the original work. Where the application has not proceeded to registration, the

originator may be in time to lodge opposition proceedings. If not, it will be necessary to seek expungement of the mark.

Where prior to the application date the originator has used the mark in relation to the goods applied for or there has been advertising of the mark in relation to those goods within the jurisdiction this will be sufficient to show prior use and/or wrongful assertion of proprietorship - thus leading to non-registration or expungement. But in many cases it will be rare for the originator to be able to show such circumstances particularly if a sharp local applicant is quick off the mark. This will leave the merchandiser in a parlous state.

- (i) He may be able to show, as in the Rawhide Case⁵¹, that the applicant had no intention to use the mark. (In that case a local applicant registered the mark Rawhide from the T.V. series in Class 28 (games and toys) intending to use it only if the T.V. series were to be shown in the United Kingdom).
- (ii) He may be able to claim under Section 16 of the Trade Marks Act (New Zealand) that "use of the mark would be likely to deceive or cause confusion". This provision relates however only to deception or confusion amongst those who are in the market for the goods in the jurisdiction where the application for registration is made⁵². The date at which such confusion or deception must be shown has been held by the Court of Appeal to be the date of application⁵³. Kerly on Trade Marks submits that registration ought to be refused under

section 16 if the mark is deceptive at the date of the decision whether or not to register - regardless of the position at the date of application⁵⁴.

Where the sharp local applicant for registration of a trade mark has made his application prior to release of the T.V. programme, film or book in New Zealand and there has been no pre-release publicity, then it seems that it will be impossible to show the requisite likely confusion or deception amongst those who are in the market (unless Kerly's formulation of looking at the position at the date of registration is accepted).

Where the application is made after release of the film, book or television programme in New Zealand then it may well be possible for the merchandiser to show the requisite confusion or deception on the basis that the fictitious name has become well known amongst a significant number of the target market for the applicant's goods and that there is a likelihood of such persons believing that any goods bearing the name are in some way connected with the merchandiser⁵⁵.

It is clear from this that the protection presently offered by the Trade Marks Act to the originators and merchandisers of fictional characters is uncertain and unsatisfactory.

(c) Passing Off

Many of the relevant considerations in passing-off have already been dealt with in the section of this paper dealing with Real

Persons - in particular the former preoccupation (to the detriment of character merchandising) with the "common field of activity" test. The difficulty posed by the common field of activity test for fictional characters was exemplified by Wombles Limited v. Womble Skips Limited⁵⁶. Wombles, as aficionados will tell you, are fictional characters originally conceived in a book by Elizabeth Beresford. They subsequently were the subject of a T.V. series and several songs. The plaintiff company owned copyright in the book and in drawings of the creatures and had granted a very large number of licences to a wide selection of well-known firms and companies for products ranging from self adhesive gift labels to magic slates and even yoghurt. One of the qualities of Wombles was their cleanliness and this prompted the defendant to call his rubbish bin company Womble Skips Limited.

Walton J. held in a passing-off action that there must be a common field of activity between the plaintiff and defendant. He did not believe that anyone seeing a Wombles Skip on the road or on a truck would think there was any connection between that and the plaintiff's business which was to license copyright reproductions of the Wombles.

The result is a surprising one. It is suggested that given the absence of the common field of activity test from the Advocaat formulation and increased evidence and judicial recognition that the public do know of character merchandising, the result in 1985 might well be different.

Indeed, the editor of Halsbury Volume 48 (Trade Marks) records that "it has been argued that the practice of licensing the use of characters and other matters from films and television productions has become so widespread that the public would now assume that licensing has taken place"⁵⁷.

Judicial recognition of these assumptions of licensing has been seen in the New South Wales decision of Children's Television Workshop Inc. v. Woolworth⁵⁸ and the recent case of "Judge Dredd", IPC Magazines v. Black And White Music Corporation⁵⁹.

In the New South Wales case, C.T.W., the producers of Sesame Street, licensed many Muppet products on the market in Australia. The defendants sold certain plush toys (not licensed) which had physical characteristics similar to three of the Sesame Street Muppet characters. Substantial evidence showed that Sesame Street and its Muppet characters were associated by the public with the first plaintiff and that the public believed that the products being sold as Muppet characters were being sold under licence (again showing the importance of evidence that the public make the licensing connection).

In granting an injunction based on passing-off, Helsham C.J. was prepared to hold that there was (dare I say it) a common business activity between plaintiff and defendant. But in doing so he expressly recognised that the business of the plaintiffs was to get their character reproductions on to the market in various forms (one of which was toys) through

licensing arrangements. Similarly Woolworths got products on to the market. The deception was that the public would be misled into believing that the defendants goods were somehow licensed by the plaintiffs.

In the Judge Dredd case⁶⁰ the plaintiffs published a science fiction magazine featuring a cartoon character known as Judge Dredd. This had a wide cult following and had been the subject of character merchandising agreements. An injunction was sought to restrain the defendants from issuing on the market a record entitled "Judge Dredd", which referred to his character and his imaginary world of science fiction. The defendants had no licence from the plaintiffs. Significantly the judge was prepared to assume that the public know something about the prevalent practice of character merchandising and that a substantial number of people would infer that the record had been authorised and approved by the plaintiff. To that extent there was a probability of confusion and a likely misrepresentation. An injunction was however refused on the basis that damages calculated on a royalty basis would be an adequate remedy.

Recent cases therefore are encouraging that the courts are coming to recognise that character merchandising and licensing is a business and that there may be a misrepresentation involved in using a created fictional character since people will infer that the defendant's product has been authorised approved or licensed by a plaintiff. It will always be critical in any injunction proceedings to have evidence of the plaintiff's licensing activities, the public association of the

fictional character with the plaintiff and, what appears to be an expectation, that if that product appears on unrelated toys or products that this has somehow been licensed or authorised by the plaintiff. (In the Kojak case⁶¹ Walton J. would also have required the plaintiff to produce evidence that the public know that people in the situation of a licensor of fictional names exercise quality control over any product bearing their name: See also Halsbury Volume 48⁶²).

CONCLUSION

The merchandising of real and fictional characters is big business. As will be apparent, the protection available to character merchandisers is piecemeal and uncertain; the commercial development of merchandising has clearly outpaced the protection available. A comprehensive review of this protection in New Zealand is warranted and careful consideration given to strengthening of the existing legislative and common law rights.

Footnotes:

1. Pannam "Unauthorised Use of Names or Photographs in Advertisements" (1966) 40 ALJR 4; Vaver "What's in a Name" - paper given to 1978 NZLS Conference; Russell "The Commercial Exploitation of Real Names" (1979) NLJ 791.
2. [1931] A.C. 333
3. [1891] 1 Ch 269
4. See for ex Sim v. H.J. Heinz Ltd [1958] 1 WLR 313; McSweeney v. Berryman [1980] 2 NZLR 168
5. (1886) 40 Ch. D. 345
6. See also Stedall v. Houghton (1901) 18 TLR 126
7. [1902] 2 Ch. 282
8. See also Routh v. Webster (1847) 50 E.R. 698
- 8A [1947] 2 All E.R. 845
9. [1959] 1 WLR 313
10. Ibid. p 319 Hodson L.J.
11. [1975] FSR 479
12. Ibid. 488
13. [1977] FSR 62
14. Ibid. 68
15. (1960) SR (NSW) 576; [1969] RPC 218
16. Ibid. 595; 236
17. Ibid. 603; 243
18. [1979] A.C. 731; [1980] RPC 31
19. [1983] FSR 155
20. Ibid. 187-8
21. Ibid. 194-5
22. [1983] FSR 348
23. Halsbury 4th Ed. Vol 48 para 161

24. (1973) 1 O.R. 2d 225
25. Ibid. 241
26. (1977) 17 O.R. (2d) 370
27. (1977) 17 O.R. (2d) 425
28. (1981) 34 O.R. (2d) 126
29. 50 SE 68 (1905)
30. 202 F 2d 866 (1953)
31. Prosser on Torts (1971) 802-818; 'Privacy' 48 California Law Review 383 (1960)
32. 232 A. 2d 458 (1967)
33. 367 F. Supp. 876 (1973)
34. 694 F. 2d 674 (1983)
35. Ibid. 682, 683
36. Memphis Development Foundation v. Factors Inc 616 F. 2d 956
37. 603 P. 2d 425 (1979)
38. 698 F. 2d 831 (1983)
39. R. Durie 'Character Merchandising' [1981] 1 CLB 28
40. [1941] A.C. 417
41. Ibid. 436
42. [1981] 2 All E.R. 495
43. [1975] FSR 488, 491
44. [1975] FSR 479, 483
45. [1984] RPC 329
46. Ibid. 356
47. Ibid. 350 (Lords Fraser and Bridge); 356 Lord Brightman
48. [1975] FSR 479, 484
49. Ibid. 483

50. Coleman (1983) Journal of British Business Law 70, 74;
cf. A.M. Tettenborn The Company Lawyer Vol 5 141
51. [1962] RPC 133
- 5.2 Pioneer Hi-Bred Corn Company v. Hy-Line Clicks Pty Ltd
[1978] 2 NZLR 50, 63.
53. Ibid. p.61
54. Para 10-29 p.153
55. Radio Corporation Pty Limited v. Disney (1937) 57 CLR
448, 453, 454-5
56. [1975] FSR 488
57. Halsbury 4th Ed. Vol 48 para 183
58. [1981] RPC 187
59. [1983] FSR 348
60. [1983] FSR 348
61. [1975] FSR 488
62. Halsbury 4th Ed. Vol 48 para 151