

RIISING NEED FOR A MULTI-FACETED IP PROTECTION REGIME IN SPORTS INDUSTRY

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INTRODUCTION:

Over the past few decades there has been a drastic increase in the commercial value of athletes' persona. Sponsors are willing to pick athletes as brand ambassadors which has made these athletes realise their importance as 'public figures'. Back in 2013, Portuguese footballer, Cristiano Ronaldo gained more than half of his whopping \$52 million income by way of advertisements and commercial endorsements only. Later in 2018, post Ronaldo's Juventus move, his new club sold roughly 5,20,000 jerseys within 24 hours. This only goes on to prove the popularity, commercial value of an athlete off the field as well.

Scope for intellectual property rights and claims are innumerable and vast in nature. Sporting gears may also be subject to protection under copyrights, patents, or trademarks. For example a simple pair of running shoes can be registered as a patent for the inventive nature, the logo or marks printed on the same can be protected under trademarks, the overall design of the shoe may get a copyright solely for the physical/industrial design of the same. The athletes have emerged as global icons with major personal brand value due to which, there is a striking need to protect their image/personality rights as well.

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WHAT ARE PERSONALITY RIGHTS AND WHY ARE THEY IMPORTANT?:

Personality rights are closely interlinked with publicity rights and entails the legal right vested in each individual to exploit their name, likeness, character traits or any other identity features that could be exploited to generate profit.¹ In turn, this very right makes it unlawful to exploit someone's name, likeness or characteristics for a commercial gain or advantage without any prior permission or authorisation. In *Proactive Sports Management Limited v Rooney & Ors*² Lady Justice Arden defined image rights as a term "*used to describe rights that individuals have in their personality, which enables them to control the exploitation of their name or picture.*"³ Athletes shall have the sole right for the exploitation of their personality in furtherance to generate profits. It takes years for an athlete to build a name in such a way that his or her name/image itself holds high commercial value. Moreover, having the right to publicity shall keep these athletes in complete control of their personal image as well.⁴ The attributes of these athletes may also be used for endorsements without any authorisation. In such an instance, what if an athlete does not want to promote the product? By retaining the right to publicity, an athlete can have control over the kind of brand associations.

Protection has been granted to "*a celebrity's right to the exclusive use of his or her name and likeness The right is most often asserted by or on behalf of professional athletes ... and other entertainers.*"⁵ The protection of likeness extends to and is not limited to, drawings of the athlete, sketches, any photographs,⁶ stage names/nicknames,⁷ look-alikes⁸, imitation of a performer⁹ and imitating the voice as well.¹⁰ Eventually, these personality rights and what is

¹ Patrick Whitman, Comment, Everyone's a Critic: Tiger Woods, The Right of Publicity and the Artist, 1 Hous. Bus. & Tax. L.J. 41, 48-56 (2001).

² [2011] EWCA Civ 1444.

³ *Id.*

⁴ *Id.*

⁵ *Martin Luther King, Jr., Center for Social Change, Inc. v. American Heritage Products, Inc.*, 296 S.E.2d 697, 700 (Ga. 1982).

⁶ *Ali v. Playgirl, Inc.*, 447 F. Supp. 723 (S.D.N.Y. 1978).

⁷ *Winterland*, 210 U.S.P.Q. 6 (musicians' names); *Hirsch*, 280 N.W.2d. 129 (protecting Elroy Hirsch's nickname "Crazy Legs").

⁸ *Tin Pan Apple, Inc. v. Miller Brewing Co.*, 737 F. Supp. 826 (S.D.N.Y. 1990); *Onassis v. Christian Dior-New York, Inc.* 472 N.Y.S.2d 254 (1984); *aff'd*, 110 A.D.2d 1095 (1985); *Allen*, 610 F. Supp. 612; *Allen v. Men's World Outlet, Inc.*, 679 F. Supp. 360 (S.D.N.Y. 1988).

⁹ *Lombardo v. Doyle, Dane & Bembach, Inc.*, 396 N.Y.S.2d 661 (App. Div. 1977).

¹⁰ *Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir. 1988).

well known as the ‘public image’ is used for generating profits in the way of endorsements, advertisements, sponsorships and brand ambassadors.

The clauses relating to Personality Rights are usually very complex in regular sporting contracts and can be the cause of several disputes. In the year 2014, English footballer Wayne Rooney’s deal with reputed English Football club Manchester United, was held up due to the incumbent negotiations over his image rights.¹¹ In the practical sphere, athletes can assign their personality rights, either partly or wholly, to the club/owner as part of their contract to help the club/owner in endorsements, advertisements or sale of merchandise.¹² Most recently, Liverpool player Mohamed Salah was ‘discontent’ over the use of his images by the Egyptian National team. Salah had a deal with Vodafone where he had assigned his personality rights to them. The Egyptian National, through their sponsors ‘WE’, used Salah’s images on the plane for the Egyptian National team. As a result, the unauthorised usage of his images by the national team and WE could have caused a breach of Salah’s pre-existing Vodafone contract. The dispute had an outside court settlement in 2018 with the national team removing all unauthorised usage of his images.

Assigning personality rights may end up causing conflicts of interests with sponsors as an athlete may forego their personality rights to multiple parties/sponsors at the same time. A player at the same time can assign parts of their personality rights to a brand, to the club they play for and to the national team they belong to as well. Therefore, all these agreements shall be drafted very meticulously to prevent such conflicts that might bar the athlete from exploiting their image rights to the fullest.¹³

India does not specifically recognise personality rights but the same can be covered under the Right to Privacy (Article 21)¹⁴ and, the Right to Freedom of Speech and Expression under Article 19¹⁵ of the Constitution of India. Therefore, personality rights can either be

¹¹ Jackson J, “Wayne Rooney Contract Talks Being Held up by Image Rights” (*The Guardian* February 20, 2014) <<https://www.theguardian.com/football/2014/feb/20/wayne-rooney-contract-talks-held-up-manchester-united>> accessed October 26, 2019.

¹² Rian Cloete (2012) The taxation of image rights, a comparative analysis, *De Jure* 2012. 45 Vol. 3, pp. 556-567.

¹³ Ian Blackshaw (2004) Protecting the images of sporting celebrities, *Euro. Law.* 36.

¹⁴ CONST INDIA, ART 21.

¹⁵ CONST INDIA, ART 19.

protected as the property of the athlete of under the ambit of the right to privacy through the Indian Constitution.¹⁶

TAXATION AND PERSONALITY RIGHTS:

Athletes (especially footballers), club owners, managers and financial advisors seek to include personality rights as consideration in player contracts to make maximum benefit of tax obligations. These agreements can help reduce a player's income tax liability and their sports club's national insurance contributions. In addition to their basic wages, signing-on fees or loyalty fees, they add personality rights in the consideration as well to lower the taxable amount. They set up third party companies in countries which provide considerable tax leave such as Jersey or Monaco, where tax paid is much lower than the regular corporate framework. The image rights are then assigned to these offshore companies to reduce the total tax liability. In *Sports Club, Evelyn and Jocelyn plc v Inspector of Taxes 2000*¹⁷, the Inland Revenue (HRMC) questioned Arsenal for their contracts with two players, Dennis Bergkamp and David Platt.¹⁸ Both players signed their contracts with Arsenal Football Club in 1995 and signed off their personality rights to a company situated in the Dutch Antilles. There were multiple claims made that the offshore deal was done to act as a 'smokescreen' to hide the complete consideration and eventually evade taxes. Eventually after the appeal by Arsenal and its players, the Court held that these agreements dealing with the image rights were independent of their playing contracts with the club and can be enforced. The payments were seen as capital and commercial assets which had independent and separate value over the employment contracts.

To make these transactions easier and more smooth one must focus on – (a) The amount being paid in furtherance of the personality rights shall be a true reflection of the value of such rights, (b) negotiations shall made between such companies (who will exploit the rights) and the club (who now owns such rights) with respect to the value of such rights.¹⁹

¹⁶“Personality Rights - Need For A Clear Legislaton - Intellectual Property - India” (*Personality Rights - Need For A Clear Legislaton - Intellectual Property - India*) <[http://www.mondaq.com/india/x/345080/Personality Rights Need For A Clear Legislaton](http://www.mondaq.com/india/x/345080/Personality+Rights+Need+For+A+Clear+Legislaton)> accessed October 26, 2019

¹⁷ Hull City AFC (Tigers) Ltd V HMRC, [2000] STC (SCD) 44, Walsh, 260.

¹⁸ Id.

¹⁹ Agassi v Robinson (Inspector of Taxes (2006) UKHL 23, 2006 1 WLR 1380.

Another important and most recent case would be *Hull City AFC (Tigers) Ltd V HMRC*²⁰, wherein Hull city signed former Brazilian, Geovanni. Hull City entered into a separate “*Image Rights Agreement*” with a company registered in the BVI called Joniere Ltd, with respect to Giovanni’s overseas personality rights. In August 2011, HMRC opened an image rights enquiry in relation to Hull for the unpaid taxes during the time when the image rights deal worth 440,800 euros was made. Hull contended that these image rights agreements were genuine in nature and were made with Joniere for Giovanni’s image rights only. The HMRC held that they were liable to pay for the tax pursuant the Income Tax (Employment and Pensions) Act, 2003. Hull City appealed to the First-tier Tax Tribunal (FTT – Judge Jonathan Cannan). The FTT ruled that these payments made by Hull City to Joniere with respect to the image rights did constitute the players earnings. Thus, it is not settled in the UK that the payments purported for the use of image rights shall constitute as earnings for the purposes of Tax and National Insurance Contributions.

SPECIFIC INTELLECTUAL PROPERTY RIGHTS:

- **Copyrights**

John Locke discussed the symbiotic relationship in the intellectual property sphere between the author, the ‘works’ and the public and gives a labour-approach to the same saying that when labour is added in an already existing thing, the same becomes the persons own property. Many people argue that signature moves shall be copyrightable in nature. According to the Lockean approach, the same shall be copyrightable as these moves include labour, leaving no reason to not copyright the same.

Copyrights can be generally found in merchandise and team logos. In *Football Association Premier League Ltd v Pannini UK Ltd*²¹, the Court granted an injunction from selling collectible stickers/memorabilia of well-known footballers wearing jerseys showing the logo of the Premier League. Premier League contended the same as the right to use the images and logos were sold to another company to merchandise and thus Pannini UK was in no position to use such logos. More recently in 2019²², a sixties claim came up where Peter Davies,

²⁰ Hull City AFC (Tigers) Ltd v HMRC, TC/2015/02945, 22 March 2019, available to view here: [https://www.devereuxchambers.co.uk/assets/docs/news/AVN_SP_TC_2015_02945_Hull_City_AFC_\(Tigers\)_Ltd_Decision_22.03.2019.pdf](https://www.devereuxchambers.co.uk/assets/docs/news/AVN_SP_TC_2015_02945_Hull_City_AFC_(Tigers)_Ltd_Decision_22.03.2019.pdf)

²¹Football Association Premier League Ltd v Pannini UK Ltd, EWCH Civ 995 (2003)4 All ER.

²² Davies v. Wolverhampton Wanderers, England and Wales High Court (Chancery Division) Decisions.

an English citizen claims to be the first and original designer of the logo of English Club Wolverhampton. Though the Court found 'noticeable similarity', there was not sufficient proof to show copying, inferring that for a copyright claim to sustain mere similarity shall not be enough.

Apart from football, there was a recent copyright claim in the well-funded Haas Formula 1 as well. In *ATB Sales (trading as Whytes Bikes) v. Rich Energy Limited*, the Court found significant similarity between ATB's stag device and Rich Energy's stag device. Rich Energy was aware of ATB's existence, branding and logo design and had and still went ahead with designing their devices confusingly similar to that of ATB. Due to the Courts order mid-season, Haas F1 had to go over rebranding all their team cars and kits to remove the unauthorised use of such logo and terminate the said contract with Rich Energy.

In the Indian context, the provisions of the Copyright Act, 1957 ['the Act'], can be interpreted within the sphere of sports law as well. Various sporting events/clubs/teams are usually connected to logos, trademarks, slogans etc which could be titled as artistic work²³ or literary work²⁴ depending upon the nature of the said work. Various players have their own signature moves such as, Dilshan with his '*Pallu Scoop*' and Dhoni with his '*Helicopter Shot*'. Using Hegel's personality approach to the same, one would consider the move to be an extension of their own personality, thus requiring consent to copy the same move/style, therefore making it an 'original work'. In reality it does not come u/s 2(y) of the Act but comes under section 38 of the Act which describes the performer's rights. Further, according to Section 2(qq) of the Act, a sportsman shall be considered as a performer. The sad part is that the Indian Courts are still uncertain about the same and have not made any conclusive statement with regards to where the same falls.

- **Broadcasting Rights**

Broadcasting rights could be defined as a set of rights that are negotiated between an organisation and a sporting body in order to commercially exploit such works on television or radio (or other modes and mediums), either live or delayed. For players, athletes and team management, media and broadcasting rights act as an important stream of revenue, as this

²³ Section 2(c), The Copyright Act, 1957.

²⁴ Section 2(o), The Copyright Act, 1957.

money forms a considerable chunk of their usual course of salary/revenue. Broadcasting builds their personal brand value and exposure to highly paid sponsorships. For fans and sports enthusiasts, the broadcasting is the only way to watch a sporting event and thus, broadcasting companies are willing to pay a lot of money to bid for the right to broadcast these events.

The Indian market is constantly growing in terms of viewership for such live sporting events. Broadcasters are very active in the Indian sphere and have also played an important role in promoting, setting up sports league. For instance, Indian Super League²⁵ and its funding also similar to the Pro Kabaddi League²⁶. A 2017 report, stated that the ICC Champions Trophy 2017 finals between India & Pakistan, held in London was ranked as the most watched single day event of the calendar year.²⁷ Broadcasting has expanded its scope to various forms of digital media as well. With new 'pay per view' platforms coming up, the competition with regards to the ownership of broadcasting rights is constantly looked out for. The 2018 Indian Premier League final was watched by more than 10 million viewers, setting the world record for the highest number of concurrent viewers for a single event.²⁸ Large media houses and broadcasters smartly want to grab rights for such mega events whose turnover is usually beyond our imaginations.

- **Trademarks**

In simple words, trademarks are used to protect the goods and services being manufactured and distributed under the same name. Trademark claims in sports aren't very uncommon, with existing trademarks registered for team names, player names and slogans/chants. An infringement of the same could cause passing off. Passing off protects the brand value or goodwill attached to goods and services that are sold under the trademark. Claims arise when there is another individual/company that tries to gain commercial advantage of the existing trademark which leads to the public to likely believe that they are the same mark.

²⁵ Reliance, Star India, IMG Set to Launch ISL' (Indian Super League, 20 October 2013) <https://www.indiansuperleague.com/press-releases/reliance-star-india-img-set-to-launch-isl>

²⁶ Gaurav Laghate, 'Star to Double Investments in Kabaddi League, add 4 teams', (The Economic Times, Mumbai, 29 March 2017) <https://economictimes.indiatimes.com/industry/services/advertising/star-to-double-investments-in-kabaddi-league-add-4-teams/articleshow/57886633.cms>

²⁷ Rajendar Sharma, 'Cricket Undisputed Leader In Indian TV Viewership In 2017' (InsideSport, 8 January 2018) <https://www.insidesport.co/cricket-undisputed-leader-indian-tv-viewership-2017-508012018/> accessed 30 July 2018.

²⁸ Vikas SN, 'Hotstar sets new streaming record with over 10 million concurrent viewers', (The Economic Times, 28 May 2018) <https://tech.economictimes.indiatimes.com/news/internet/hotstar-sets-new-streaming-record-with-over-10-million-concurrent-viewers/64355939> accessed 30 July 2018.

For example, Nike's 'swoosh' mark is very popular and if someone starts dealing with similar goods with a similar logo, there might be confusion in the minds of the buyer that may cause disparagement to Nike itself.

Player names also hold large value and are sometimes trademarked by the player. In certain cases, third parties register a mark under the players name to use his goodwill and reputation. In a recent decision of *Moreira v. EUIPO*, Mr. Carlos Moreira was granted the trademark 'NEYMAR' for the purposes of clothing. In 2016, Neymar filed an objection against the said mark on grounds that the same was only filed to commercially exploit his name and was in bad faith. Further, Mr. Moreira had further trademarked multiple footballers so that he can eventually exploit their name. After a long rebuttal, the mark was revoked on grounds of improper motives and bad faith.

Another pertinent issue w.r.t Football clubs is their origin name derived from a city. Recently, Liverpool FC tried to register a trademark 'Liverpool' for a wide number of goods and services. The same was met with outrage by Liverpool residents and the mark was rejected on grounds that 'Liverpool' in itself had geographical importance and no one can monopolise the usage of such word. Even though this decision is absolutely correct, the same Courts have allowed Chelsea and Tottenham (both having geographical significance) to have a registered trademark on their names.

The sphere of athletes and trademarks has been constantly evolving worldwide with Jamaican sprinter Usain Bolt trademarking his "Lightning Bolt" pose as well as his popular slogan 'to di world' and world-famous Basketball player, Michael Jordan collaborating with Nike for the 'Air Jordan' shoes.

Counterfeit merchandise and trademark infringement are massive in the sports industry as well. According to the TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement, 1994, provides the definition for the same, stating- "*Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.*"²⁹

²⁹ TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, THE LEGAL TEXTS: THE RESULTS OF

In the Indian context, The Trademarks Act, 1999 provides the protection and regulations for protecting one's trademarks. In the field of sports there are several things that can be trademarked such as the logos of teams, captions, jingles, and the team name as well (For example Kolkata Knight Riders). These collectively act as trademarks for the team, whether they be a word mark or a device mark, which can be used exclusively by the team. These trademarks have high commercial value which can be exploited to gain profits, fan base thereby directly improving the 'brand value' of a team or an athlete.

Symbols as well as team names (Delhi Dynamos, Chennai Super Kings) are recognisable in nature and the public can associate the team and their athletes as they hear the name. Moreover, as discussed earlier, with the emerging popularity of athletes, their personality rights have also become very important nowadays. Due to this certain celebrity athletes have also trademarked their names such as Dhoni and Sachin Tendulkar.³⁰

Usually, these cheap quality products mimic the original branding, features, and logo.. Official merchandise manufacturer takes the major hit along with dropping sales and losing brand confidence in the eyes of customers.

THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS 320 (1999), 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994)

³⁰ "The Game of Fame and Name" (*IIPRD Blog - Intellectual Property Discussions* October 15, 2015) <<https://iiprd.wordpress.com/2015/10/15/the-game-of-fame-and-name/>> accessed October 26, 2019.

CONCLUSION:

With the increase in commercial value and continuous exploitation of the sports industry, recognising intellectual property rights is almost unavoidable as the same attempts to truly secure the economic value of sports. Prof. De Werra in his book '*Sports and Intellectual Property*' had rightly stated that, "*If intellectual property has something to learn from the sports industry, it can conversely be considered that the sports industry may have something to gain from the assimilation of the key values of IP law.*"³¹

The author concludes that, India needs experts in the sport vis-à-vis IPR arena to promote an ethical intellectual sphere surrounding the sports industry. Focus should shift on transparent sponsorships, proper licenses and upholding mutual integrity in order to protect a brand's value and an athlete's intellectual right. India lacks a proper legislation for the protection of intellectual property, especially highlighting personality rights.³² Reforms are encouraged to overcome this lacunae concerning a multi-million dollar business that is widely sought after in India.

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³¹ Werra Jde. and Chappuis M, *Sport Et propriété Intellectuelle Sport and Intellectual Property* (Schulthess 2010).

³² "Personality Rights - Need For A Clear Legislaton - Intellectual Property - India" (*Personality Rights - Need For A Clear Legislaton - Intellectual Property - India*) <[http://www.mondaq.com/india/x/345080/Personality Rights Need For A Clear Legislaton](http://www.mondaq.com/india/x/345080/Personality+Rights+Need+For+A+Clear+Legislaton)> accessed October 26, 2019.