

Chapter 1

The History of Licensing

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1.2 The Major Licensors

1.1 The Major Properties

1.1.1 The Early Years

Although there has been little historical documentation of this, it is believed that the origin of merchandising can best be traced to the Middle Ages when it was reported that the Roman Catholic Popes would grant licenses to local tax collectors who paid “royalties” to the Vatican for the right to be associated with the Church. It is believed that this practice continued for quite a few years and set the basis for what would become Modern Day merchandising.



The practice of granting rights in exchange for the payment of “royalties” is believed to have continued in the 18th Century when two British ladies of nobility were reported to have allowed (or licensed) a manufacturer of a line of cosmetics to use their name on the product in exchange for a percentage of the revenues derived from the sale of such product.

Modern merchandising really began, however, in the 1870’s when it was believed that Adolphus Busch allowed manufacturers to produce and sell a wine key that included a small blade, foil cutter and a basic cork screw with the name **BUSCH**.



In 1903, Beatrix Potter is believed to have designed a soft toy based on the character **PETER RABBIT** which had appeared in a book she had originally written and self-published in 1901. She would eventually enter into an agreement in 1902 with the British publisher, Frederick Warne & Co. who published a color version of the work that same year. It is believed that makes PETER RABBIT the oldest licensing character.

In 1904, New York Herald cartoonist Richard Outcault, who had created the **BUSTER BROWN** characters as part of a comic strip that debuted in 1902, licensed the rights to the character for use by more than 20 licensees, including for use on a shoe that was introduced at the 1904 World’s Fair. That same year, the Brown Shoe Company purchased the licensing rights to BUSTER BROWN for reportedly \$200.



After former President Theodore “Teddy” Roosevelt left office, it was reported that he had gone bear hunting in Mississippi. After spending three unsuccessful days in the woods, he wasn’t able to even see a bear to his dismay. Roosevelt’s guide, however, thought he and his hunting dogs came to the ex-President’s rescue when they found an old, tired and injured bear. When they suggested that Roosevelt shoot the bear, he refused, saying that no one should shoot such a bear for sport although he did order that the bear be put down to end its suffering.

A political cartoonist, Clifford Berrymore, heard the story and created a political cartoon featuring the episode which ran in a number of newspapers of the day. The story goes that a shopkeeper, one Morris Michtom, took a pair of stuffed bears that had been made by his wife and asked the former President for permission to call them **TEDDY BEARS**. The store would ultimately become the Ideal Novelty and Toy Company. The name “Teddy Bear” eventually caught on and, in later years, was licensed to toy companies for a royalty that was used to establish a network of National Parks.



The **GIRL SCOUTS** (originally named Girls Guides of America) was founded in 1912 and soon, thereafter, began licensing its “Official” GSA Products. It has been estimated that it has licensed more than 1800 different products, including its famous GIRL SCOUTS cookies.



The character **RAGGEDY ANN** was created by Johnny Gruelle as a soft doll in 1915 and three years later was introduced as part of a book entitled *Raggedy Ann Stories*. In 1920, her brother RAGGEDY ANDY, dressed in a sailor suit and hat, was introduced in a sequel to that work. RAGGEDY ANN was inducted into the National Toy Hall of Fame in 2002 and her brother joined her in 2007.



The **LITTLE ORPHAN ANNIE** character, created by Harold Gray, first appeared as a comic strip in 1924 that initially ran in the Chicago Tribune and was ultimately syndicated nationally. That same year, the comic strip became a popular radio show that was sponsored by Ovaltine. The comic strip continued to be published by Tribune Media Services for more than 80 years until the final installment appeared on June 13, 2010.

The **WINNIE THE POOH** character was originally created by A.A. Milne in 1926 and was the subject of a number of books and a successful merchandising program conducted by Stephen Slesinger who, in 1930, had purchased the U.S. and Canadian merchandising rights to the character as well as television, recording and other rights. Slesinger was one of the pioneers of modern licensing and within a year POOH was a \$50 million business. Slesinger licensed the POOH and friends characters for more than 30 years, creating a plethora of POOH dolls, records, board games and puzzles as well as broadcast and motion picture films.



In 1961, the Walt Disney Company acquired rights from Slesinger to produce articles of merchandise based on the characters from the featured animation and the rest is history. Today the POOH character is a global icon, known in virtually every country in the world as one of the symbols of Disney. Literally thousands of different POOH products have been manufactured under license from Disney.



Possibly the most famous licensed character of all time, **MICKEY MOUSE**, was created in 1928 by Walt Disney and Ub Iwerks. The MICKEY MOUSE character was in fact created as a replacement for Disney’s earlier character, OSWALD THE LUCKY RABBIT. Mickey’s birthday of November 28, 1928 is celebrated by The Walt Disney Company upon the release of the STEAMBOAT WILLIE cartoon that had actually appeared earlier that year. Disney didn’t waste time in licensing the rights to the then STEAMBOAT MICKEY, granting a license to Waldburger, Tanner in Switzerland for MICKEY & MINNIE handkerchiefs.

The **BUCK ROGERS** character (originally named Anthony Rogers) first appeared as a comic strip in 1929 and later as a serial film and television series. The character, created by Philip Francis Nowlan, was an immediate hit as a licensing property. The first **BUCK ROGERS** toys appeared in 1933 and the character was certainly a pioneer in modern character based licensed merchandising. One of the most popular **BUCK ROGERS** toys was the XZ-31 Rocket Pistol that was introduced at the 1934 Toy Fair in New York and which sold out of Macy's in less than three hours when introduced. The property was also licensed extensively for comic books, video games and assorted merchandise.



The **LOONEY TUNES** animated cartoon series by Warner Bros. began its run in movie theaters in 1930 and continued until the late 1960's. It was the first animated theatrical series and was a variation of Disney's Silly Symphonies, a series of music-based cartoon shorts. It would produce such highly recognizable and heavily licensed characters as **BUGS BUNNY**, **DAFFY DUCK**, **PORKY PIG**, **ELMER FUDD**, **SYLVESTER**, **TWEETY**, **MARVIN THE MARTIAN**, **TAZ**, **WILE E. COYOTE AND ROAD RUNNER**, **FOGHORN LEGHORN**, **YOSEMITE SAM**, **PEPÉ LE PEW** AND **SPEEDY GONZALES**.

LOONEY TUNES was initially produced by Harman-Ising Pictures but taken over by Leon Schlesinger Productions in 1933. In 1944, its rights (and library) were sold to Warner Bros. who continued production until 1963. The **LOONEY TUNES** property would ultimately become one of the most successful licensing programs of all time and serve as the cornerstone for the creation of the Licensing Corporation of America, which was unquestionably the most powerful licensing agency through the late 1980's handling not only the Warner Bros. properties but most of the major sports leagues before they decided to create their own in-house properties divisions. Today more than \$6 billion of licensed Warner Bros. products are sold on a worldwide basis.



1932 was an historic year in character merchandising—it was the year that **Kay Kamen** joined the Walt Disney Company. Affectionately known as the “Father of Modern Licensing,” Kamen promised a Disney product in every home in the United States. While he may not have totally accomplished this goal, he came close. By 1935, he oversaw a licensing program that produced literally a thousand different types of **MICKEY MOUSE** products which brought needed capital to the fledgling company. In 1934, at the height of the Depression, General Foods, the makers of Post Toasties, paid \$1 million for the right to put Mickey Mouse cut-outs on the back of cereal boxes. When the animated motion picture **SNOW WHITE** was released in 1937, he created a merchandising program surrounding that motion picture, the likes of which had never before been seen.



While the **MICKEY MOUSE** licensing program developed by Kamen certainly benefitted Disney, it had a very positive impact on its licensees as well. It is reported that its watch licensee, Ingersoll Waterbury, was able to stave off bankruptcy on the strength of its **MICKEY MOUSE** license. In one day, Macy's New York sold a record 11,000 timepieces. Kamen would ultimately die an untimely death in 1949 in a plane crash.

1932 also saw the introduction of **SHIRLEY TEMPLE** at the age of three, although her career would skyrocket two years later when she appeared in a motion picture called *Bright Eyes*. In 1935, she received a special Academy Award and would go on to star in such blockbusters as *Curly Top* and *Heidi*. Merchandising followed quickly. She was reported to have made more than \$100,000 in royalties before 1935 and her income for 1936 from licensing was reported to be more than \$200,000.



She granted a license to Ideal Toy in the 1930's for dolls based on her likeness, the first of which had a polka-dot dress from the movie *Stand Up and Cheer!*. By 1941, sales of Shirley Temple dolls exceeded \$45 million. Other **SHIRLEY TEMPLE** products included a cereal bowl set as a give-away for Wheaties cereal, a line of girls' dresses and accessories, dress patterns, soap, cutout books, mirrors, and paper tablets. Over the years, she endorsed and/or licensed her name and persona to such companies as Postal Telegraph, Quaker Oats, General Electric, and Packard.

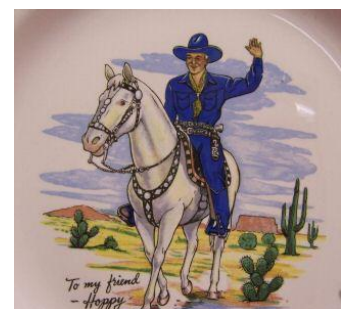


Last, but certainly not least, the fictional, super-hero **SUPERMAN** character was also created in 1932 by Jerry Siegel and Joe Shuster and eventually sold to Detective Comics, Inc. (now DC Comics) in 1938. The character, with its distinctive red, blue and yellow costume, cape and large "S" on his chest, was one of the early super-hero characters and ultimately launched an entire super-hero market for comic books and related licensed products as well as related characters, e.g., **SUPERGIRL** and **SUPERBOY**. In 1940, the character was featured for the first time in the Macy's Thanksgiving

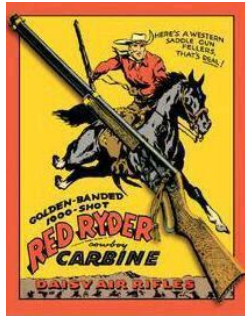
Parade. The earliest **SUPERMAN** licensed product appears to have been marketed in 1939 as a button signifying membership in the Superman Club of America. By 1942, sales of **SUPERMAN** comic books surpassed 1.5 million copies and during World War II, the Navy Department mandated the inclusion of **SUPERMAN** comic books as part of the supplies provided U.S. Marines in Midway. During the 1940's licensed **SUPERMAN** merchandise included jigsaw puzzles, paper dolls, bubble gum, trading cards and wooden or metal figures. Its popularity as a licensed property continues today, fueled in part by the release of blockbuster motion pictures by Warner Bros. based on the character.

The publisher, **DC COMICS** was created in 1934 as National Allied Publications and would ultimately become one of the largest and most successful publishers in the comic book market, developing and popularizing such characters as **SUPERMAN**, **BATMAN**, **WONDER WOMAN**, **GREEN LANTERN**, **CAPTAIN MARVEL**, and **CATWOMAN**. It is now the publishing division of DC Entertainment Inc., a subsidiary company of Warner Bros. Entertainment.

The cowboy character, **HOPALONG CASSIDY** played by William Boyd, appeared on a big screen in 1935 and achieved immediate success. The character was originally created in 1904 by Clarence E. Mulford as part of a series of books but it was Boyd's film version in



1935 that would make it popular and would ultimately produce 66 later motion pictures. Boyd appeared on the cover of such national magazines as *Look*, *Life*, and *Time* and earned millions of dollars from merchandise licensing and endorsement deals. In 1950, HOPALONG CASSIDY was featured on the first lunch box to bear a character. The licensee, Aladdin Industries, was able to sell more than 600,000 HOPALONG CASSIDY lunch boxes. By 1950, there were more than 100 HOPALONG CASSIDY licensees who sold more than \$70 million in licensed products.

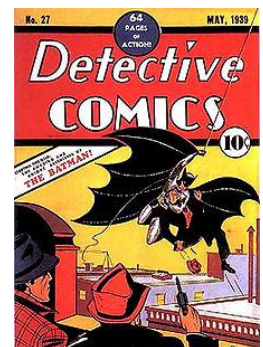


In 1938, the western comic strip, **RED RYDER**, by Stephen Slesinger and Fred Harman was introduced and almost immediately syndicated by Newspaper Enterprise Association. Slesinger launched one of the most successful licensing programs around this property with RED RYDER comic books, novels, radio programs, events, rodeos, and various products, including the RED RYDER BB Gun which remains the longest continuous license in the history of licensing. The RED RYDER BB Gun was introduced in 1938 by Daisy Outdoor Products and is still in production today.

MARVEL COMICS, which would ultimately become a major force in modern licensing, was formed in 1939 by Martin Goodman as Timely Publications. The company merged with Disney in 2009 and currently generates more than \$3 billion in retail sales of licensed product. Since then it has created some of the most licensable characters in the business, including **SPIDER-MAN**, **IRON MAN**, the **X-MEN**, **WOLVERINE**, the **HULK**, **FANTASTIC FOUR**, **CAPTAIN AMERICA**, and **GHOST RIDER**. Its first publication, titled *Marvel Comics #1*, was published in October 1939, and introduced the superhero, the HUMAN TORCH, and the anti-hero, NAMOR, THE SUBMARINER. The company would expand greatly over the years and develop strong entertainment and licensing arms. Marvel characters have been adapted to many other media, including television and motion pictures, which has led to the creation of its own production company, Marvel Studios, to produce entertainment products using licensed Marvel material. Their projects include a number of television series, both live-action and animated, based on the characters.



The fictional **BATMAN** character, created by Bob Kane and Bill Finger, also debuted in 1939 when it appeared for the first time in a Detective Comics (DC Comics) publication in May of that year. BATMAN's secret identity was Bruce Wayne, a successful American playboy and industrialist who dons a bat costume and works with his partner, Robin, to combat crime in Gotham City. Among others, the series has spawned multiple other popular characters including the JOKER, PENGUIN and BATGIRL. The BATMAN character has always been a successful merchandising property but its popularity was amplified in 1989 after the release of the blockbuster *Batman* motion picture. Forbes magazine estimated the BATMAN character to be the 9th-richest fictional character in history with a fortune of at least \$5.8 billion.



1.1.2 The 1940's

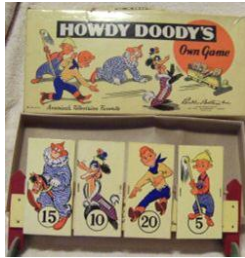
In addition to the end of the Great Depression and the beginning of World War II, the 1940's also brought us some properties that remain popular today.

The **ARCHIE** character, created by John Goldwater, made his first appearance in December 1941 in *PEP Comics #22* and would eventually become the basis of his own publication in 1942. Since that time, he has been the basis of a very successful merchandising program that includes a myriad of different products, television series and motion pictures. Subsequently, a number of spin-off characters have been created, including **JUGHEAD, BETTY & VERONICA** and others.

THOMAS THE TANK ENGINE is a fictional locomotive that first appeared in a series of books by Rev. W. Awdry and his son, Christopher, in 1946. In 1979, a British producer, Britt Allcroft, discovered the book and invested all of her life savings to turn the character into a television series called *Thomas the Tank Engine and Friends*, later *Thomas and Friends*. Ringo Starr was the narrator for the initial episodes. The program was highly successful around the world and formed the basis for an extensive merchandising program, with products ranging from toy trains and tracks, to videos, DVDs, books, games, puzzles, stationery, clothing and household items manufactured over the years. It was the recipient of LIMA's License of the Year in 1993.



The television show **HOWDY DOODY** hit the airwaves in 1947 and, until 1960, was one of the most popular children's television shows. Created by E. Roger Muir, it featured a red-headed, freckled face puppet and host Buffalo Bob Smith. The show was one of the first television shows to be broadcast in color during this period. On the merchandising side, it generated a slew of licensed products. A 24-page catalog of its licensed products in 1955 featured items ranging from puppets, toys and clothing, to comic books and other publications.

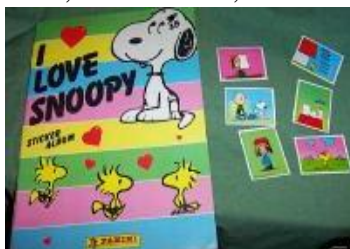


The National Association for Stock Car Auto Racing (**NASCAR**), which is a family owned business that sanctions auto races, was founded by Bill France Sr. in 1947. From its humble beginnings, it is the largest sanctioning body of stock car racing and the sponsor of its three largest racing series. It sanctions over 1500 races in more than 100 racetracks throughout the United States and Canada as well as in Japan, Mexico and Australia. NASCAR races are among the most frequently viewed sporting events in the U.S. and with 75 million fans that purchase over \$3 billion in licensed products every year, particularly apparel and die-cast autos as well as video games, it has become a licensing powerhouse.



1.1.3 The 1950's

The decade commenced with the creation of one of the most popular licensed properties of all time, **PEANUTS**, which was based on a syndicated comic strip created by Charles M. Schulz.



The strip, which featured **CHARLIE BROWN, SNOOPY** and friends, ran for almost 50 years until Schultz's death in 2000 with 17,897 strips published during that period. At its peak, the comic strip ran in more than 2,500 newspapers with a readership of 355 million in 75 different countries in 21 languages. It has been reported that the strip and the related merchandise earned Schulz more than \$1 billion. Reprints of the strip continue to run in many

newspapers. Over the years, the property has been licensed by United Media Enterprises and the PEANUTS characters, most notably CHARLIE BROWN and SNOOPY, have been licensed for virtually every product in the merchandising field, including records, motion pictures, books, games, snack cakes, automobiles, toys, amusement parks and video games. Moreover, the character has appeared on products where no other licensed character has ever before or since appeared. For example, NASA's Apollo 10 lunar module was named SNOOPY and the command module was named CHARLIE BROWN. SNOOPY is also the "spokesperson" for Met Life and appears on the famous Met Life blimp. In 2010, United Media sold its rights to the property to a new company partially owned by Iconix Brand Group.

The decade also saw what was perhaps the first licensed product by a music star when jazz guitarist, **LES PAUL**, licensed his name to Gibson Guitar to produce a Les Paul guitar. The product was a design collaboration between the two and debuted in 1952 to a great deal of fanfare. Versions of the guitar are still produced and quite popular.



The publication of the first **PLAYBOY** magazine by Hugh Hefner in 1953 with Marilyn Monroe as the centerfold, not only set the world on its heels, but spawned a host of licensed products that are still currently being marketed. Its first license was reportedly granted in 1955 for PLAYBOY cufflinks. While sales of the magazine have decreased in recent years to about 2.6 million copies a month, it remains the largest selling "men's magazine" in the United States. At its height in the mid-1970's, circulation topped 7 million. It has

been reported that the company derives much of its income and about 10% of its total revenues from its licensing division, Playboy Enterprises, who license the PLAYBOY name, the **RABBIT HEAD** design and other images for various men's and women's apparel, men's underwear and women's lingerie, accessories, collectibles, cigars, watches, jewelry, fragrances, small leather goods, stationery, music, eyewear, barware, and home fashions. In 2008, they entered into their first wine venture with Gargiulo Vineyards to produce a 12-bottle set featuring the images of classic PLAYBOY playmates from the 1960s and 70s.

The American folk hero and frontiersman, **DAVY CROCKETT**, became immensely popular in the 1950's as a result of a series of one-hour television shows by Disney for ABC Television based on the character, *Davy Crockett*, *Indian Fighter*, *Davy Crockett Goes to Congress*, and *Davy Crockett at the Alamo*, all starring Fess Parker. The shows proved very popular and resulted in at least one full-length motion picture in 1955. Not only were the shows and motion picture popular, so were the licensed merchandise which they developed. One of the more famous licensed products was the DAVY CROCKETT coonskin cap which, at the height of the show, was selling at 5,000 per day. It was reported that more than \$300 million of licensed DAVY CROCKETT products were sold by 1955 and by 2001, that number had reached \$2 billion. The television show's theme song, "The Ballad of Davy Crockett", made the *Billboard* pop chart in 1955.



The western folklore hero also spawned a television series based on the **ANNIE OAKLEY** character starring Gail Davis which ran from 1954 until 1956. **ANNIE OAKLEY** was a female American sharpshooter who would regularly perform in exhibitions such as *Buffalo Bill's Wild West* show. As was the case with **DAVY CROCKET**, the television series also resulted in a host of licensed **ANNIE OAKLEY** products such as toys, trading cards and apparel.



The **JAMES BOND 007** character was created in 1953 by writer Ian Fleming and was later featured in twelve novels, two short story collections and 22 motion pictures. The longest running motion picture was the 1962 feature in *Dr. No*. The

JAMES BOND 007 character was also heavily licensed, particularly for toys, comic books and video games. The first video game was published in 1983 by Parker Brothers for the Atari, Commodore and Colecovision platforms. There have been a number of other 007 video games published for other platforms, most notably by Electronic Arts based on GoldenEye 007.

While the **LES PAUL** guitar by Gibson Guitars enjoyed much success in the marketplace as perhaps the first licensed celebrity property, when **ELVIS PRESLEY** made his debut in 1954, he would ultimately go on to redefine success for celebrity licensing programs. **ELVIS** arguably became the most popular American singer of the 20th Century and was a cultural icon. He has been referred to as the "King of Rock and Roll". His first single released in 1956, *Heartbreak Hotel* shot to the top of charts and his first motion picture, *Love Me Tender* was immensely popular. He is the best selling solo artist in the history of pop music and has been inducted into multiple music halls of fame.



It should therefore come as no surprise that the **ELVIS** licensing program set the bar for celebrity licensing. Elvis Presley Enterprises is as strong a licensing arm today as it was before he died in 1977 and it licenses a number of properties including his image and voice as well as sundry song titles such as *Blue Suede Shoes*, *Jailhouse Rock*, *Hound Dog*, and *Teddy Bear* and words and phrases that have become associated with **ELVIS** including Graceland, TCB and King of Rock and Roll. CKX, Inc., which owns Elvis Presley Enterprises, reported that it brought in \$24.3 million in licensing revenues in 2009 which was up more than 34.6% from the prior year.



Jim Henson's **KERMIT THE FROG** was first introduced in 1955 as a five-minute puppet spot for WRC-TV's *Sam and Friends*. He would ultimately become the host of his own show, *The Muppet Show*, as well as make a number of appearances on *Sesame Street* as well as in commercials and, of course, on licensed merchandise. In 1970, **KERMIT** would star in *The Muppet Movie* and his single,

The Rainbow Connection, would reach 25th on the Billboard Hot 100. The character is recognizable on a worldwide basis and sales of related **KERMIT** merchandise have continuously remained strong over the years.

Sports merchandising as we have come to know it found its genesis during this decade, principally by Pete Rozelle during his days with the then Los Angeles Rams. Rozelle came to the Rams in 1956 in public relations and would become their General Manager in 1957. Rozelle had the foresight to recognize the potential of licensed **LOS ANGELES RAMS** products, to both help promote the team as well as raise additional cash for the organization. Rozelle would become Commissioner of the National Football League in 1959 where he is



largely responsible for developing one of the most successful professional sports leagues in the world, whose licensing or properties division is the model for other sports.

In 1957, the animation studio **HANNA-BARBERA CARTOONS, Inc.** was formed by animation directors William Hanna and Joseph Barbera and entered into a partnership with Columbia Pictures. Its name was ultimately changed to Hanna-Barbera Productions, and would dominate American television animation for fifty years, producing such successful cartoon shows as the **FLINTSTONES, SCOOPY-DOO, YOGI BEAR SHOW, JETSONS, HUCKLEBERRY HOUND SHOW,** and **TOP CAT.**



The **SMURFS** property was created and first introduced as a comic strip by the Belgian cartoonist Peyo in 1958 and would soon grow to become a comic and television franchise. The initial comic appeared in a Belgian magazine, Spirou. It was later translated into English and became a television series produced by Hanna-Barbera Productions and known throughout the world. Merchandising of licensed SMURF figurines commenced in 1959 by Dupuis Animation Studios. Schleich, a German toy company, has been the largest producer of SMURF figurines, many of which have been given away as promotional items.

PADDINGTON BEAR, that fictional bear from Peru who was always polite and addressed people as “Mr.” or “Mrs.”, made its first appearance in 1958. With his old hat and suitcase and a love of marmalade sandwiches, the character became a classic in England and was featured in several books over the years written by Michael Bond and initially illustrated by Peggy Fortnum. Its books have appeared in more than 30 languages and sold more than 30 million copies around the world. More than 265 licenses have been granted for a wide array of PADDINGTON products in virtually every civilized country in the world. The character was so popular in England that a postage stamp and coin were specially made featuring PADDINGTON.



Barbie

The decade of the 1950's closed out with the launch of the world famous BARBIE doll in March 1959 at Toy Fair in New York. BARBIE was designed by Ruth Handler who reportedly got the inspiration for it after seeing a German doll called Bild Lilli which was based on a comic strip in a

German newspaper called Die Bild-Zeitung and was popular with both adults and children. The first BARBIE doll was marketed as a “Teenage Fashion Model” and literally flew off the shelves of retailers, with about 350,000 units sold in its first year. Mattel acquired the rights to the Bild Lilli doll in 1964. BARBIE has become a cultural icon—a section of Times Square in New York City being



named Barbie Blvd. for a week and Andy Warhol creating a painting of the character. As one might expect, BARBIE has become an enormously successful licensing property. The character appears on virtually every type of licensed product from dolls to apparel, confectionery, stationery, books, bubble bath, outdoor toys and electronics to pop-up stores in cities such as Tokyo to sell the line of BARBIE products.

1.1.4 The 1960's

The 1960's opened with the debut of the FLINTSTONES, which was an animated television sitcom that ran from September 1960 until April 1966. Produced by Hanna-Barbera Productions, it portrayed a working class, Stone Age family headed up by Fred Flintstone, his wife Wilma, and their neighbors, Barney and Betty Rubble. Many believe that it was an animated satire of the Honeymooners. It was also one of the early television shows that broadcast in color. The FLINTSTONES developed a unique licensing program, penetrating markets that were not heretofore associated with licensing. Miles Laboratories introduced the FLINTSTONE chewable vitamins which were fruit flavored multivitamin tablets for children in the shape of the Flintstones characters which are still being sold. Post Foods also created a line of PEBBLES cereals: Fruity Pebbles and Cocoa Pebbles which also continue to be sold today.

1960 marked the formation in Liverpool, England of what became the most famous rock band of all time--the **BEATLES**. John Lennon, Paul McCartney, George Harrison and Ringo Starr became household names, both musically and in merchandising. While popular in Europe in the early 1960's, when they hit the United States in 1964 with their song I Want to Hold Your Hand, Beatlemania was born. The record sold 2.6 million copies in the United States during a two week period. Their initial appearance on *The Ed Sullivan Show* drew 74 million viewers, a 40 percent market share. During one week in April, they had 12 singles on the *Billboard* Hot 100 singles chart.



Not only was their music hot, so was BEATLES merchandise. When they arrived in the United States, it was estimated that American teenagers would spend \$50 million in 1964 alone for BEATLES products. One licensee, the Reliance Manufacturing Company paid \$100,000 for a license and sold over a million BEATLES t-shirts in three days. Remco Toys ramped up for 100,000 BEATLES dolls but was faced with orders for an additional 500,000. The Lowell Toy Corporation was selling BEATLES wigs at the rate of 35,000 per day. All told, their licensing company, Seltaeb (Beatles spelled backwards), granted licenses for 150 different products on an international basis with products ranging from dolls, scarves, mugs, wigs, t-shirts, bubble gum, licorice, cans of "BEATLE Breath", badges and posters. The BEATLES merchandising was considered the biggest marketing opportunity since Disney created MICKEY MOUSE.

NFL PROPERTIES, a subsidiary of the National Football League, was formed in 1963 as the first licensing division of any of the professional sports leagues. Controlling the licensing rights for all of the NFL teams and associated properties such as the **SUPER BOWL**, it would become, over time, one of the most dominating sports licensing divisions in the world with sales of licensed NFL products topping \$3 billion at retail today. The other sports leagues would follow. Major League Baseball Properties was formed in 1966 and NBA Properties was formed in 1967.



The popularity of Americana continued with the **DANIEL BOONE** character which was featured on an adventure television series produced by 20th Century Fox premiering in 1964. Starring Fess Parker as Daniel Boone, Ed Ames, country western singer Jimmy Dean and former football star, Roosevelt Grier, it would run for 165 episodes through 1970.



G.I. JOE was introduced by Hasbro in 1964 in the middle of the Vietnam War, originally as the Adventures of G.I. Joe. Looking to downplay the war theme, Hasbro would re-launch the product in 1970 and call it simply G.I. Joe under a non-military theme. The “action figure” category was created for this product. While the characters are not superheroes, per se, they all have special skills in martial arts, weapons and explosives. The character has been used and licensed extensively by Hasbro and has evolved into motion pictures and video games.

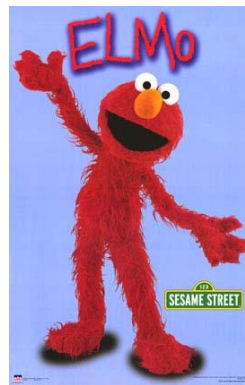


ANPANMAN is a fictional character created by Takashi Yanase and one of the most popular animated children’s cartoon series in Japan. Inspired by a soldier struggling to survive in World War II, it was introduced as a series of books in 1968 and became a television series in Japan in 1988. By 2006, more than 50 million ANPANMAN books were sold in Japan and it is the most popular fictional character in Japan for the under 12 market. It has been heavily merchandised, appearing on licensed products, including apparel, video games, toys and snack foods.

One of the longest running children’s television shows of all time, **SESAME STREET**, premiered in 1969. Produced by Sesame Workshop (originally Children’s Television Workshop or “CTW”) which was founded by Joan Ganz Cooney and Ralph Rogers, it has been a pioneer of contemporary educational television, combining both education and entertainment. It was the first preschool educational television program to base its contents and production values on laboratory and formative research. The show has developed and licensed



such characters as **OSCAR THE GROUCH, BIG BIRD, BERT, ERNIE** and, of course, **ELMO**, all of which are household names. In 1970, CTW created a licensing department to oversee the development of “non-broadcast” materials, which published the Sesame Street Magazine in its first year. In 1971, its licensee, Western Publishing, introduced a line of books based on the characters and, to date, more than 600 individual titles have been produced. Of course, where **SESAME STREET** had its biggest impact on licensing was the toy line, initially by Tyco Toys and



subsequently by Mattel and then Hasbro. **SESAME STREET** remains one of the strongest entertainment brands today, with reported sales of merchandise in excess of \$1.5 billion.

1.1.5 The 1970's

The decade started off in a big way when a New York designer named **RALPH LAUREN** (born Ralph Rueben Lifshitz) created his about to be famous, **POLO** design as part of a line of women's suits he designed that resembled a man's suit. In 1972, he would introduce a short sleeved, mesh shirt with the **POLO** logo on it and an industry would be born. The shirt gained fame when it appeared in the motion picture, *The Great Gatsby*. The **RALPH LAUREN** empire grew to more than \$5 billion by 2009 and is one of the most recognizable labels in the world. More significantly, along with other designers and design firms such as, for example, **PIERRE CARDIN**, **CALVIN KLEIN**, **GLORIA VANDERBILT**, **TOMMY HILFIGER** and **CHANEL**, it spawned the fashion or designer licensing industry.



In 1972, American Greetings introduced the **HOLLY HOBBIE** character which was actually created by an individual of the same name. The actual Holly Hobby is a writer and illustrator who lives in New England and had written a series of children's books called *Toot and Puddle*. The real life Holly Hobby had sold artwork to American Greetings depicting a cat-loving, rag dress-wearing little girl in a giant bonnet from which the character was born. The **HOLLY HOBBIE** character was first licensed to Knickerbocker Toys in 1974 for a rag doll which became immensely popular and the character was featured in the American Greetings greeting cards as well as a number of books.



HELLO KITTY, the fictional character originally based on Japanese pop culture featuring a female white bobtail cat with a red bow, was designed by Yuko Shimizu and first introduced in Japan by Sanrio in 1975 as a vinyl coin purse. A year later, it found its way into the United States. It proved to be an immensely popular licensing property and more than \$1 billion of licensed **HELLO KITTY** products are sold annually, ranging from dolls to stickers, greeting cards, apparel, accessories, school supplies, dishes and home appliances. There are two **HELLO KITTY** branded theme parks in Harmonyland and Sanrio Puroland. (In Japan?)



By the mid-1970's, the Hollywood Studios had discovered the power of merchandising as a means to both generate revenue as well as help promote their underlying motion pictures and television shows.



Paramount Pictures was a leader in this area, having developed merchandising programs surrounding virtually all of their products, including the television series **HAPPY DAYS**,



LAVERNE & SHIRLEY and **MORK & MINDY** as well as their motion pictures including **STAR TREK** and the first three John Travolta motion pictures,

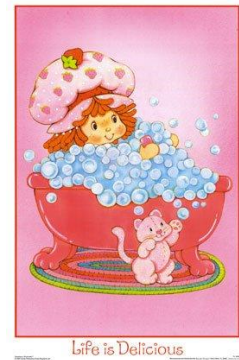
SATURDAY NIGHT FEVER, **GREASE** and **URBAN COWBOY**, for which the merchandising was handled by two of the true pioneers in licensing, **ED JUSTIN**, known to his friends as **Honest Ed** and the founder of Grimes & Battersby – Chuck Grimes, who was Trademark Counsel of Paramount's owner, Gulf & Western Industries. These programs all produced significant amounts of revenue and created a model for other studios to follow.



The 1970's also brought us **MARY ENGELBREIT** who would go on to establish the art licensing category. She started out as a greeting cards designer and illustrator in the 1970's working for an advertising company in St. Louis, MO called Hot Buttered Graphics. Her first success was a greeting card that featured a girl looking at a chair that was piled high with bowls with the saying "Life Is Just a Chair of Bowlies". She granted her first license for her artwork later in the decade and a career was borne. In 1986 she created Mary Engelbreit Studios and which, in 1996, began publishing their own magazine called *Mary Engelbreit Home Companion*. Her licensing

program includes more than two dozen licensees. It won the LIMA Art License of the Year award in 2001 and 2003.

The original design for the character, **STRAWBERRY SHORTCAKE**, was created in 1977 by Muriel Fahrion while working as a greeting cards illustrator for American Greetings. The characters each had a dessert-themed name with matching clothing as well as a companion pet. Each of the characters had similarly scented hair and they lived in a world called Strawberryland. When American Greetings presented the concept to Bernie Loomis at General Mills, a licensing legend was born. The character was so popular that American Greetings even created its own licensing division, called **THOSE CHARACTERS FROM CLEVELAND**. Throughout the 1980's the character was licensed for virtually every type of children's product, including albums, clothing, and video games and there were several television specials featuring the character. While its popularity faded by the end of the 1980's, it was re-introduced with a different look in 2002 and, once again, became quite popular, particular on toys, DVD's and video games.



The **STAR WARS** phenomenon began on May 25, 1977 when Twentieth Century Fox released the first of what would ultimately become six blockbuster motion pictures from its creator, George Lucas, with the last motion picture being released in 2005. Total box office revenues for the six motion pictures were in excess of \$5 billion which put the series in third place for total revenue makers, just behind the *James Bond* and *Harry Potter* movies. While the motion pictures were hits, the merchandising associated with them paved a new path for merchandising as virtually every conceivable **STAR WARS** product that could be produced was, in fact, produced, led initially by Kenner Products' line of **STAR WARS** toys and action figures. In an industry where the word "franchise" is overused, the **STAR WARS** property has truly been a franchise.



The Garfield comic strip was first published by Jim Davis in 1978 featuring the quirky and lovable cat **GARFIELD** (named after Davis' grandfather) as well as his owner, **JON ARBUCKLE** and his dog, **ODIE**. By 2007 it was syndicated in more than 2500 newspaper and journals and was considered the most widely syndicated comic strip of all time. **GARFIELD** has been featured on television shows, motion pictures and a slew of licensed products, most notably toys, plus and apparel products aimed at children.



One of the most popular doll lines of all time, the **CABBAGE PATCH KIDS**, were created by Debbie Morehead and Xavier Roberts in 1978 as the "Little People". The dolls were initially manufactured from cloth and sold at local craft shows in Cleveland, Georgia. When Roger Schlaifer of Schlaifer Nance & Company acquired the licensing rights, the **CABBAGE PATCH KIDS** were borne. Coleco acquired the toy rights to the property and began selling dolls in 1982 which became the hit of the holiday season with few stores being able to keep sufficient supply to meet demand. After Coleco went bankrupt, other toy companies such as Mattel, Hasbro and Play Along marketed their own versions with much success. At its peak, there were over 150 licensees for products that ranged from diapers to cereal to apparel. In 1984 alone, more than \$2 billion of **CABBAGE PATCH** products were sold at retail and total retail sales of merchandise under Schlaifer were in excess of \$4.5 billion.



1.1.6 The 1980's

The **CARE BEARS** property was created by Elena Kucharik in 1981 for use on greeting cards which were introduced that same year by American Greetings. Two years later, Kenner Toys developed and began selling a line of plush products based on the characters and the merchandising program was off to the races. A television series based on the characters ran from 1985 until 1988 and it was the subject of three feature films during the same period. After falling from grace, the characters were re-introduced as toys in 2002 by Play Along Toys with great success. Over the years it has been extensively merchandised, including for a line of Gummi Bears and for cereals.

In a somewhat bizarre twist, a 1982 court decision in *University of Pittsburgh v. Champion Products, Inc.*, 686 F.2d 1040 (3rd Cir. 1982) which essentially found that Champion's production of non-licensed **PITT** clothing did **not** constitute trademark infringement, led the parties to sit down and collectively agree upon what would become a burgeoning collegiate licensing industry. At the time of the decision, Champion was selling more than \$100 million of articles of apparel bearing the logos of as many as 10,000 different educational institutions. Although the decision could have given them the right to continue on an unlicensed basis, more reasonable minds prevailed and Champion (and later hundreds of others) fell in line, recognized that these schools and colleges had valid rights, and took licenses to use these marks on their properties. Shortly thereafter, a former football coach from Alabama, Bill Battle, formed the Collegiate Licensing Company that would go on to represent almost half the collegiate licensing industry. In 2009, the Collegiate Licensing Company³⁴³⁴ produced more than \$200 million of royalty income for the colleges.



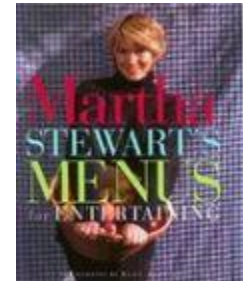
The 1980's also brought the creation of an industry—the brand and character licensing industry. The first “Licensing Show” produced by

Expocon was staged in a hotel in New York City in 1981 with 1000 people in attendance. In 1982, Arnold Bolka (who was the owner and editor of *The Licensing Letter*) created the first industry association called The Licensing Association (“LIA”) to be headed up by a former Licensing Corporation of America executive, Murray Altchuler. LIA’s membership was composed solely of property owners and licensors and it would become the sponsor of the Licensing Show. Not to be outdone, the manufacturers or licensees got together in 1984 and created the Licensing Merchandiser’s Association (“LMA”) headed by an industry leader, Jerrold Robinson. For at least one year, both the LMA and LIA staged their own “Licensing Shows”, ironically both in New York City at the same time at two different Sheraton Hotels. In 1985, more reasonable minds prevailed, and the two associations decided to merge and form what is now the Licensing Industry Merchandiser’s Association (“LIMA”).

The blockbuster motion picture of 1982 was *E.T. the Extra-Terrestrial* which was produced and directed by Steven Spielberg and written by Melissa Mathison about a lonely boy who befriended an extraterrestrial called **E.T.** Box office sales for the motion picture exceeded that of the first Star Wars movie and, at the time, was the most financially successful film of its time. While the movie and E.T. character were heavily merchandised, it is perhaps best known for its role in what’s called product placement, i.e., the incorporation of a particular product into a movie so as to make the public aware of that product. The product in question was Reese’s Pieces by the Hershey Company which made its screen debut in the movie as E.T.’s favorite candy.



1982 marked the year when Crown Publishers published the first **MARTHA STEWART** entitled *Entertaining*, from which she would go on to create a home furnishings empire. Following the success of the book, she proceeded to publish a series of additional homemaking and cook books, finally entering into a license with Kmart under which she became a household name with lines of branded MARTHA STEWART products. Her magazine, *Martha Stewart Living*, published by Time Publishing in 1990 reached a circulation of 2 million readers and led to a series of successful television shows and specials and eventually her own company, Martha Stewart Living Omnimedia, which would go public in 1999.



The merchandising legend, **TEENAGE MUTANT NINJA TURTLES**, began as a comic book character first published by Mirage Studios in 1984 as a collaboration of Kevin Eastman and Peter Laird. Using money received from a tax return, the pair self-published the single comic



book which was to have been a parody of Marvel’s superheroes. It exploded as a merchandising property through the vision of licensing agent, Mark Freedman, who recognized its potential and set upon developing a licensing program with Playmates Toys at the lead. Throughout the 1980’s and 1990’s, TURTLE’s licensees produced a broad range of licensed products including Pez dispensers, skateboards, breakfast cereal, video games, school supplies, linens, towels, cameras, and toy shaving kits. In 2009, Nickelodeon purchased all of Mirage’s right to the property and plans to develop a television series based on the property. It was LIMA’s License of the Year in 1991.

A 1986 commercial for the California Raisin Advisory Board was the basis for one of the most popular characters of the 1980’s, actually receiving LIMA’s award in 1988 for the Most Impactful Property of the



year. The **CALIFORNIA RAISINS** depicted in claymation that were featured in that commercial dancing to the Marvin Gaye song, "I Heard It Through the Grapevine," exploded onto the merchandising scene during the period, principally by Applause. It was the first time in history that a commercial formed the basis for a merchandising program, some of which are actually part of a display at the Smithsonian Institution. The characters were also used as promotions for the Hardees restaurant chain.



The **CALIFORNIA RAISINS** set a trend for advertising properties that transitioned into stand alone licensing properties. For example, the catch phrase **WHERE'S THE BEEF** developed as part of an advertising program for Arby's was licensed for a line of apparel shortly after release of the ads and was even discussed in the Vice-Presidential debate of 1984. A dozen or so years later, Ginger, the **TACO BELL CHIHUAHUA**, which had been featured in advertisements for the restaurants in 2006, became a popular advertising figure and mascot for the restaurant chain. The Mars M&M's characters similarly translated their introduction and popularity into a series of print and television advertisements that feature the products. These characters would soon become part of the Mars' licensing portfolio for various licensed products.



Sheryl Leach of Dallas, Texas created the **BARNEY** character in 1987 and oversaw the production of a series of home videos entitled Barney and the Backyard Gang starring Sandy Duncan. While the DVD's were modestly successful, the character was changed and became the basis for a PBS series that debuted in 1992 called Barney & Friends. While the show was not exactly critically acclaimed, it did generate a significant amount of merchandising activity, particularly in the plush and toy areas and was LIMA's License of the Year in 1994.



Major corporations began to recognize the possibilities that licensing might bring them.



Merchandising assisted some in expanding the breadth of their trademark protection, others in helping promote their underlying products and all in the additional revenue that it could bring to their bottom line. Corporations with well known brands such as **COCA-COLA**, **HARLEY DAVIDSON**, **PEPSI**, **COORS** and **JOHN DEERE** entered the licensing arena with



increased frequency and a significant amount of success. It was estimated, for example, that the COCA-COLA licensing program generated more than \$100 million in net royalty income during its peak.

THE SIMPSONS, an animated television series that was created by Matt Groening for Fox, debuted in 1989 and, since then, has established itself as the longest running television show of all time, passing the classic *Gunsmoke* in 2007. Consisting of the characters, **HOMER**, **MARGE**, **BART**, **LISA** and **MAGGIE**, it is a spoof on an American family. *The Simpsons Movie* was released in 2007 and grossed more than \$525



million. The series is the recipient of dozens of awards, including 27 Primetime Emmy Awards. Its enormous popularity has made it a merchandising and media franchise, with the characters appearing on virtually every type of licensed product possible, including books, comic books, magazines, articles of apparel and video games. More than \$2 billion of licensed merchandise from the movie sold during the first 14 months of release. In 2003, it had more than 500 licensees worldwide producing SIMPSONS product under license and at least one Fox executive called it "without doubt the biggest licensing entity that Fox has had, full stop, I would say from either TV or film."

1.1.7 The 1990's

GOOSEBUMPS was a series of characters that found its origins in a number of horror fiction children's books written by R. L. Stine and published by Scholastic Publishing. During the period 1992 until 1997, over 62 books were published under the GOOSEBUMPS brand, the first title being *Welcome to Dead House*. Thereafter, there were a series of additional spin-off titles as well as various licensed products, including at least three board games by Milton Bradley and video games by DreamWorks Interactive. Other licensed products included key rings and boxer shorts that were cross-promoted with the books. GOOSEBUMPS was the recipient of the LIMA License of the Year award for 1993.



In 1993, the **MIGHTY MORPHIN POWER RANGERS**, based on a popular Japanese property called *Kyōryū Sentai Zyuranger*, about four teenagers along with their brainy friend who are selected to fight evil, hit the television screens in the United States as a live-action television series produced by Haim Saban and immediately became an overnight hit, both as a television show and merchandising property. The series ran for three years and “morphed” into a feature motion picture called *Mighty Morphin Power Rangers: The Movie*. The property was rebranded as simply **POWER RANGERS** in 1996.



The **POKÉMON** character, which was created by Satoshi Tajiri in 1996 and launched by Nintendo as a role-playing video game, would quickly grow into a merchandising powerhouse. It has become the second most successful video game-based franchise of all time, behind Nintendo's Mario Bros character. More than 200 million copies of the video game have been sold since it was initially released and it has been licensed for such a broad range of characters as trading cards, apparel, books, and other media forms. POKÉMON was LIMA's licensed entertainment character of the year in 2000.



Comedy Central first broadcast its animated sitcom called **SOUTH PARK** in 1997 and, since its introduction, it has consistently earned the highest rating of any basic cable program. Created by Trey Parker and Matt Stone, it focuses on four children and their adventures in a Colorado town. Written for an adult audience, the humor is satirical. It led to a musical feature film called *South Park: Bigger, Longer & Uncut*. Merchandising generates several million dollars a year in royalties and licensed products include a pinball machine by Sega as



well as action figures, toys, games and puzzles by, among others, Fun 4 All, Mezco Toyz, and Mirage. In 1998, **SOUTH PARK** t-shirts were the largest selling specialty T-shirts in the United States with more than \$30 million in sales.

One of the true legends of merchandising, the **HARRY POTTER** character, was introduced in June 1997 in the first of what would become seven fantasy novels written by J.K. Rowling entitled *Harry Potter and the Philosopher's Stone* which describe the exploits of a young wizard, Harry Potter, and his friends at the Hogwarts School of Witchcraft and Wizardry. Over the next 11 years, more than 400 million copies of these books would be sold in 67 different languages with many setting all-time sales records for books. The books and related movies and merchandising have made Rowling perhaps the only billionaire author. The motion picture versions of the books by Warner Bros. have each achieved blockbuster status and are among the highest grossing films of all time. As one would expect, merchandising has been extensive, particularly in the toy, game, video and costume areas. A *Wizarding World of Harry Potter* theme park was recently opened in Orlando, FL.

1997 also brought us the **TELETUBBIES** property which originated from a BBC children's television series of the same name and ran both in the UK and the United States until 2001 after a total of 365 episodes were aired. It was created by Anne Woode CBE, produced by Ragdoll Productions and was aimed at pre-school viewers, although it did draw a significant older audience because of its humor. Focusing on the adventures of four characters, including TINKY WINKY who play in **TELETUBBLAND**, it received a number of broadcasting awards as well as the best Overall License of the Year by LIMA in 1999.



DORA THE EXPLORER, an animated television series featuring Dora Marquez, first aired in September 1999 on the Nickelodeon cable network. The show, which was created by Chris Gifford, Valerie Walsh, and Eric



Weiner, concluded its run on CBS in 2006. During its run, it was heavily merchandised, with **DORA** action figures, play sets, DVDs, cosmetics, hygiene products, ride-on toys, books, board games, plush dolls, apparel, handbags, play tents, and play kitchens sold by its licensees.

The animated CGI characters, **BOB THE BUILDER**, was created by Keith Chapman and first appeared on the BBC in 1999. **BOB** portrays a building contractor who takes on various building projects, including renovations, construction and repairs. The theme song, *Can We Fix It*, sold more than a million copies in the UK. The character and related merchandise gained a great deal of popularity as the show was aired in virtually every television market throughout the world. It was



LIMA's Entertainment/Character License of the Year in 2002 with the licensing being handled by HIT Entertainment.

Another potentially classic property was introduced in 1999, when Nickelodeon began airing the animated television series, *SpongeBob SquarePants* which was created by marine biologist Stephen Hillenburg. The lead character, **SPONGEBOB**, lives in an underwater city called Bikini Bottom and quickly became Nickelodeon's top rated show. A feature film based on the character was released in 2004. Sales of SPONGEBOB merchandise have been very strong. For example, in 2002, sales of SPONGEBOB dolls were selling at the rate of 75,000 per week. Other licensed products include cereal, video games, boxer shorts, flip flops, pajamas, t-shirts, slippers, Pez dispensers and radios. It has also been the subject of numerous promotional programs with virtually every fast food and convenience store chain and all of the major retailers.



1.1.8 The 21st Century

Merchandising in the New Millennium has tended to focus more on the extensions of properties developed in earlier years than in character creation per se, although much of the success in any given year could be attributable to the premier Hollywood "blockbuster" film. For example two motion pictures based on Marvel's superhero, the **HULK**, were released during the decade, the first in 2003 and the sequel in 2008. The 2003 release *earned* \$62.1 million in its opening weekend and would go on to gross almost \$250 million worldwide. The sequel, *The Incredible Hulk* outgrossed the original, with worldwide box office receipts of more than \$263 million and almost \$60 million in DVD sales. As would be expected, corresponding merchandising sales were strong.



Columbia Pictures released **SPIDERMAN 2**, based on the Marvel character, starring Tobey Maguire and Kirsten Dunst in 2004, which would gross over \$750 million at the box office and win an Academy Award for Visual Effects. It received LIMA's 2005 award for the Best Overall License of the Year. Its sequel, SPIDERMAN 3, was released in 2007 and would gross more than \$335 million at the box office.

LIMA's award for the Best Overall License of the Year for 2006 went to **STAR WARS: Episode III Revenge of the Sith** which was released in 2005 and which was based on the sixth (and last) episode of the STAR WARS motion picture franchise written and directed by George Lucas and produced by Lucasfilm Ltd. The film broke a number of box office records and would ultimately gross almost \$850 million which, incredibly, was actually behind the highest grossing film of 2005, Warner Bros.' blockbuster, *Harry Potter and the Goblet of Fire*. Both motion pictures continued their history of strong merchandising programs.



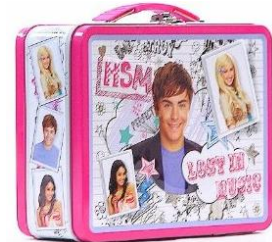
Disney's blockbuster motion pictures, **PIXAR CARS** and **HIGH SCHOOL MUSICAL 2** won LIMA's Entertainment License of the Year awards for 2007 and 2008, respectively. CARS was an animated comedy produced by Pixar, directed by John Lasseter and Joe Ranft and featured the voices of prominent Hollywood actors as Paul Newman, Michael Keaton, Bonnie Hunts and others.



PIXAR'S CARS premiered in May 2006 at Lowe's Motor Speedway in North Carolina. It was nominated for two Academy Awards and sales of licensed merchandise, including scale models of the cars they used, broke records for a Disney-Pixar film with an estimated \$5 billion of retail sales made. The Mattel scale-model toy cars were some of the most popular toys for the 2006 summer

season and several stores reported difficulty keeping stock. On a negative side, some of the licensed products produced in china would eventually need to be recalled because of "impermissible levels of lead" used in the paint. The *New York Daily News* reported that sales of *Cars* merchandise two weeks after the release of the motion picture totaled \$600 million and Disney's total estimate for the brand that year was about \$1billion.

HIGH SCHOOL MUSICAL 2 was the sequel to the Disney Channel Original Movie, **HIGH SCHOOL MUSICAL**, and debuted on the Disney Channel in 2007 to 17.3 million viewers in the United States, which was about 10 million more than for the original movie. That made it the most highly viewed Disney Channel movie to date. Ultimately, **HIGH SCHOOL MUSICAL 3: SENIOR YEAR** was released the following year in theatrical distribution and was quite popular as it chronicled the lives of high school seniors as they were about to graduate high school and who staged their own real-life musical with their friends in an elaborate spring production. (Please confirm whether this sentence is still factually correct)



The Hollywood Blockbuster formula of superhero movies continued throughout the decade. In 2008, Warner Bros. released a sequel to its 2005 *Batman Begins* motion picture, entitled the **DARK KNIGHT**, which was written and directed by Christopher Nolan. It was critically-acclaimed and set box office records everywhere. It is one of only three motion pictures that earned more than \$500 million at a North American box office and with total revenues of more than \$1 billion, it is the seventh largest grossing movie of all time.

The trend has continued into 2009, first with Paramount's release of the motion picture **TRANSFORMERS: REVENGE OF THE FALLEN** in 2009 which brought in more than \$400 million at the domestic box office followed by Fox's release of AVATAR for Christmas 2009 which produced more than \$750 million at the box office. Both motion pictures have generated enormous licensing programs.

The decade was not all about movie licensing, however. The formula was broken with MGA Entertainment's introduction of its **BRATZ** doll in 2001. Trendy and cutting edge, the doll was targeted at Mattel's BARBIE doll and, over time began to generate some traction in the marketplace. In their first five years, 125 million BRATZ dolls were sold on a worldwide basis and in 2005, global sales of all BRATZ products topped \$2 billion., with the toy industry stating that the property had captured about 40% of the fashion doll market versus BARBIE's 60% share. From 2001 through 2010, there were more than 550 different BRATZ dolls with numerous spinoffs and licensed products. BRATZ was the winner of LIMA's License of the Year award for 2004.



Similarly, in 2002 artist Jim Benton began licensing a small, smiling bunny called **HAPPY BUNNY** coupled with catchy sayings and it began appearing on a host of key chains, computer mouse pads, energy drinks, school supplies, clothing lines and the like. The **HAPPY BUNNY** character was chosen as LIMA's Art Licensing Property of the Year in 2006.



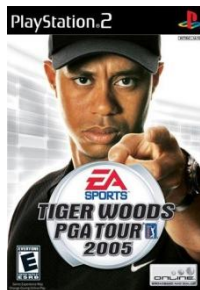
BAKUGAN, a Japanese animated television series produced by TMS Entertainment and Japan Vistec made its debut in 2007 in Japan. The series became popular in the United States and Canada and spawned a line of games, toys, branded digital cameras, alarm clocks and other electronic products. It was selected by LIMA in 2009 as the Best Overall Licensed Program of the Year.

The New Millennium has also brought forth a plethora of celebrities who have licensed their names, images and likenesses for a host of different products with enormous success. One of the most successful programs of the decade has been the **JESSICA SIMPSON** brand program. Jessica and her team at With You Inc. have turned the brand into the third largest women's shoe brand as well as collected more than a dozen sub-licensees who have produced lines of **JESSICA SIMPSON** branded perfume, handbags, accessories and a line of clothing and denim products through Jones Apparel. The **JESSICA SIMPSON** brand was recently recognized as the first ever billion dollar celebrity brand.



The **OLSON TWINS**, Mary Kate & Ashley have also done well through the grant of solid and classic apparel licenses. At 23 years of age, Mary-Kate and Ashley were estimated to be worth some \$300 million combined, based in large measure on their licensing empire.

Other celebrities, including **JACKIE SMITH**, **JENNIFER LOPEZ**, **BRITANY SPEARS**, **DAVID BECKHAM**, **CINDY CRAWFORD**, **LADY GAGA**, and a host of others have all joined the merchandising party with varying degrees of success.



Perhaps the all-time celebrity licensor, **TIGER WOODS**, has been experiencing trouble of late due, no doubt, to his deteriorated image resulting from a recent divorce. From 2009 to 2010, Woods earned almost \$100 million in endorsement and license deals which was about \$30 million more than fellow golfer, Phil Mickelson. NBA star LeBron was fourth on the list provided by Sports Illustrated in 2009, with baseball player Alex Rodriguez fifth at \$37 million in salary and endorsement income. Top international athletes on the list include Roger Federer at \$61.768 million, David Beckham at \$40.5 million, Ichiro Suzuki at \$37 million.

The property **PLEASANT GOAT AND BIG BIG WOLF**, a Chinese animated television series about a group of goats living on the Green-Green Grassland and a clumsy wolf who wants to hunt them was launched in China in 2005. Created by Huang Weiming, Lin Yuting and Luo Yinggeng, it is broadcast on more than 40 local television stations and almost 1000 episodes have been aired. The first motion picture based on the television series was released in 2009 and set a box office record in China for a Chinese animated film, earning more than \$8 million during the opening weekend. A second movie was released in 2010. It is one of the most popular licensed characters in China.



1.2 The Major Licensors

It's virtually impossible to determine who the top 100, let alone the top 10 licensors of all time are and anyone who would claim to be able to do so would be providing nothing more than a best guess. Moreover, as properties are routinely created, rise to popularity and fall out of favor, a top 10 licensor in one year may just as easily fall to a top 25 licensor the following year and vice versa.

That said the most recent list of Top 100 Licensors by *License! Magazine* in 2009 identified the following companies as the being in the Top 10 as a function of 2009 sales of licensed products:

1. Disney Consumer Products (\$30 billion)
2. ICONIX (\$6.5 billion)
3. Warner Bros. Consumer Products (\$6 billion)
4. Marvel Entertainment (\$5.7 billion)
5. Nickelodeon & Viacom (\$5.7 billion)
6. Major League Baseball (\$5.1 billion)
7. Philips-Van Heusen (\$5 billion)
8. Sanrio (\$5 billion)
9. Collegiate Licensing Company (\$4.28 billion)
10. Cherokee Group (\$4 billion)