

BUSINESS & TECH.

Paddington Bear Is Back Big Time

Movie's release makes character look plush for toy maker Yottoy. 'This is going to be huge'

By ADAM JANICKY

Sitting on the table in Kate Clark's midtown Manhattan studio one recent day were roughly two dozen iterations of teddy bears. But these were Paddington Bears, all of them.

"Sometimes the colors or the fur aren't quite right," said Ms. Clark, a founder of Yottoy Productions Inc., who also was concerned about the proportions of the bear's hallmark marmalade sandwich. "We go through a lot of renditions."

The 49-year-old Memphis, Tenn., native started Yottoy—whose name is toy spelled backward and forward—with her former colleague, a toy designer, 20 years ago. Today, the eight-employee Yottoy focuses on buying up the rights to make and sell toy versions of other people's characters, mostly characters from classic children's literature.

The New York-based firm has created prototype versions of more than 1,000 characters, such as Ludwig Bemelmans's *Madeline*, Antoine de Saint-Exupéry's *The Little Prince*, and Jean de Brunhoff's *Babar* the elephant. Then, it outsources manufacturing, generally to factories in Asia, and sells those products to big retailers like Neiman Marcus and Saks Fifth Avenue.

The Paddington Bear—based on a fictional character from the 1950s book by Michael Bond—could be its best seller. Following this winter's release of a Paddington Bear movie, Ms. Clark and her Yottoy partner scrambled to keep up with demand. They began flying the finished bears from Asia to New York, bypassing the bear's usual route via ship from Asia to the port of Baltimore.

In an interview, Ms. Clark discussed the challenges of building a business based on someone else's characters, as well as her firm's battle with counterfeiters. Edited excerpts:



Kate Clark and Peter Doodeheffer, co-owners of Yottoy Productions Inc., scrambled to keep up with demand for Paddington Bears.

WSJ: How did your business get its start?

Ms. Clark: We worked for a company that specialized in fast-food products, like the toys that went into Happy Meals. I was an account manager. Peter [Doodeheffer, Yottoy co-founder] was a sculptor.

Our employer asked me to start a development studio in New York. I did that for about nine months. It was unfulfilling. I remember we were creating *Toy Story* [toy] for

Burger King. We were there at 1 a.m., making sure the product could be in Hollywood for an 11 o'clock meeting. We said: "If we're going to work this hard, why not work for ourselves?"

The first retailer we presented to was Neiman Marcus. We presented "The World of H.A. Rey," the creator of *Curious George*. We couldn't go for the big licenses, because those came with huge guarantees and royalties; if you want the *Curious George* license, it's a \$1 million guarantee. We decided to look for something re-

lated, and settled on H.A. Rey's other characters. Neiman Marcus bought the whole line and put it on auto-rebuy, to keep it overgreen in their stores. That gave Peter and me the confidence to say, "OK! We think there is a market."

When we later showed up [to pitch illustrator Margaret Dloy Graham] with our prototypes of [Harry the Dirty Dog], she was so thrilled that instead of giving us U.S. distribution rights, she gave us rights to the entire world.

With *Madeline*, for instance, the Bemelmans family had been unhappy with the products on the market. They almost wanted to pull *Madeline* because it was becoming a cartoon character in the industry. So we worked with them to rebuild the license to the original vision.

WSJ: How do you combat knockoffs?

Ms. Clark: Twenty years ago our brands weren't high-profile, so there weren't knockoffs. Now, products can be sold

on the Internet from everywhere in the world. Products can be hard to trace.

In the case of Paddington, they [the Copyrights Group, owner of the license] have attorneys world-wide to stop pirated goods and write cease-and-desist letters. [Also, recently] the U.S. Customs and Border Protection cracked down on trademark infringement. The problem is, not only did the people creating counterfeit goods get stopped, but the good guys did, too.

Almost every shipment of ours got detained from five days to eight weeks. And Christmas didn't wait—we had so many retailers jumping up and down saying, "Where is my product?"

You can't do anything. They're making those rules and laws to protect you.

WSJ: You have made Paddington Bear toys for a decade. How did you adjust your strategy to capitalize on the movie's release?

Ms. Clark: A lot of licensors come to us asking if we'll make products for films. Then [the film's] here for a minute and gone. We truly thought the movie would be a flash in the pan and that we'd continue with our classic Paddington.

It definitely grew into something much bigger than what we imagined. Last spring, we started taking deep breaths and said, "This is going to be huge." We started sending emails out to all the retailers saying, order now. We may not have inventory if you wait too long.

We started with one bear—he has yellow boots and a red hat. But we've expanded since. We recently introduced PJ Paddington, a 10-inch Paddington that comes with a suitcase, and a "big screen" Paddington that resembles the movie character.

We [also] came out with a 6-foot tall bear. I think we sold 75 to Macy's. Manufacturing it isn't easy. The shipping is practically \$100.