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Betty Boop and the Return of Aesthetic Functionality: A Bitter Medicine Against “Mutant Copyrights”?

Irene Calboli*

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I. Introduction

This Article addresses the doctrine of aesthetic functionality in the United States, with particular attention to the recent decisions in *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*,¹ in which the heirs of the creator of the Betty Boop character were prevented from enforcing the marks in the image and name of the character, due in part to claims of aesthetic functionality. A doctrine that many thought was largely banished by the courts, aesthetic functionality has recently reemerged front and center in the trademark litigation landscape. Notably, in the past three years, courts issued several decisions addressing claims of aesthetic functionality raised by defendants or the courts themselves. Not surprisingly, these decisions sparked a rush of opposition among trademark owners and trademark practitioners. In particular, as a result of these decisions, practitioners started to elaborate lengthy lists of precautionary measures for trademark owners to avoid the “zombie apocalypse” that the revival of aesthetic functionality could otherwise entail—the impossibility to enforce their marks, or even the marks’ cancellation.² Still, while suggesting strategies for trademark owners to follow in order to erect barriers against future strikes of the doctrine, trademark practitioners did not seem to address, or even to investigate, the reasons that could have caused the recent resurrection of aesthetic functionality in the first place. Similarly, while blaming the courts for attacking “their trademarks,” trademark owners did not seem to wonder why the judiciary had suddenly returned to resorting aesthetic functionality, at times spontaneously. Hence, a closer look at the developments that have characterized trademark law

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¹ See *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115 (9th Cir. 2011), *withdrawn by* *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011); *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 772 F. Supp. 2d 1135 (C.D. Cal. 2008); *Fleischer Studios, Inc. v. A.V.E.L.A. Inc.*, 772 F. Supp. 2d 1155 (C.D. Cal. 2009); *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 925 F. Supp. 2d 1067 (C.D. Cal. 2012). Due to the limited scope of this Article, I do not comprehensively elaborate on the theoretical issues, and practical problems, that (still) affect the application of the doctrine of aesthetic functionality in the United States. For a general overview and critique of the doctrine, see Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611 (1999); Annette Kur, *Too Pretty To Protect? Trade Mark Law and The Enigma of Aesthetic Functionality*, in TECHNOLOGY AND COMPETITION: CONTRIBUTION IN HONOUR OF HANNS ULLRICH, 139 (Josef Drexl et al. eds. 2009) (addressing the doctrine both in the United States and in Europe); 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:81 (2013).

² See B. Brett Heavner, *Trademark Aesthetic Functionality: A Zombie Apocalypse?*, 85 PAT., TRADEMARK & COPYRIGHT J. (BNA) 196 (2012).

and trademark practice in the recent decades seems to easily explain the reasons behind the judicial resurrection of the doctrine in the United States.

Notably, as the scope of trademark protection has relentlessly expanded in the past several decades, the business world has frequently resorted to trademark law to attempt to claim exclusive rights in a growing list of product features, including colors, shapes, smells, gestures, and so on, based on the assertion that these features are capable of distinguishing products in the market and, as a result, should be protected as trademarks.³ These claims, however, have often been met with controversy, particularly by the courts. As I highlight in this Article, courts in the United States may thus have resorted to aesthetic functionality, at least in part, to counter the trend of expansive trademark protection and potentially overreaching trademark claims.⁴ In particular, courts may have turned to this doctrine to prevent granting trademark rights (and potentially perpetual monopolies) in important product features that could put competitors at a significant “non-reputation-related”⁵ disadvantage with respect to non-technical (non-utilitarian) product aspects—such as product styles, presentation, packaging, and aesthetic appearance—which are nonetheless fundamental to compete in today’s economy. Still, the recent decisions in *Fleischer* added an important element to this analysis, namely the fact that the courts likely resorted to aesthetic functionality to counter the consequences resulting from the growing practice of using trademark law as an additional form of protection for copyrighted, or once copyrighted, creative works. As the Ninth Circuit initially stated it in *Fleischer* (even though the court later retracted its words), to grant trademark rights in creative works would essentially imply that these works would “never enter the public domain”⁶ in breach of the societal bargain that originally justifies copyright protection in these works.⁷ In this Article, after a brief overview of the history and developments of the doctrine of aesthetic functionality, I examine the *Fleischer* decisions and address their impact, particularly with respect to the possibility to resort to trademark protection for works protected, or once protected, under copyright law in the future.

II. A Brief Primer on Aesthetic Functionality

The doctrine of aesthetic functionality originates from a comment in the 1938 Restatement of Torts according to which product features may be functional “when goods are bought largely for their aesthetic value.”⁸ In 1952, the Ninth Circuit famously applied this definition in *Pagliari v. Wallace*

³ See, e.g., *Wal-Mart Stores, Inc., v. Samara Brothers, Inc.*, 529 U.S. 205 (2000); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 (1992); *In re Slokevage*, 441 F.3d 957 (Fed. Cir. 2006); *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Productions*, 134 F.3d 749 (6th Cir. 1998); *Frederick Warne & Co. v. Book Sales, Inc.*, 482 F.Supp. 1191 (S.D.N.Y. 1979); *In re Clarke*, 17 U.S.P.Q.2d (BNA) 1238 (T.T.A.B. 1990). See also Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L. J. 1687 (1999).

⁴ See Mark McKenna, *(Dys)functionality*, 48 HOUS. L. REV. 823, 824 (2012) (offering a detailed reconstruction of the doctrine and advocating for a broader application).

⁵ *TraFFix Devices v. Mktg. Displays*, 532 U.S. 23, 32 (2001).

⁶ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115, 1124 (9th Cir. 2011) (quoting *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 37 (U.S. 2003)).

⁷ Copyright law in the United States derives its authority from the Intellectual Property Clause of the Constitution, in which Congress shall have the power “to promote the progress of science and the useful arts by securing for *limited times* to authors and inventors the exclusive right to their respective writings and discoveries.” U.S. art. I, § 8, cl. 8 (emphasis added). In contrast, trademark law derives its authority from the Commerce Clause of the Constitution, which provides that Congress shall have power “to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.” U.S. art. I, § 8, cl. 3.

⁸ RESTATEMENT OF TORTS § 742, cmt. a (1938).

*China Co.*⁹ Pagliero, a china manufacturer and longtime competitor of Wallace, copied four distinctive china patterns from Wallace. Wallace sued Pagliero, but the Ninth Circuit denied the claim because it found that the patterns were aesthetically functional and thus not protectable. More generally, the court stated that when “[a] particular feature is an important ingredient in the commercial success of a product, the interest of free competition permits its imitation in the absence of a patent and copyright.”¹⁰ The court also distinguished aesthetically functional features (that could be copied by competitors) from features that were “mere arbitrary embellishment[s] ... [which are] primarily adopted for purposes of identification ... [and are] unrelated to basic consumer demands in connection with the product.” For the latter, the court accepted that “imitation may be forbidden.”¹¹ Not surprisingly, the *Pagliero* decision and its application of the doctrine of aesthetic functionality were met with skepticism. In particular, the doctrine was criticized because it paradoxically seemed to penalize “successful designs,” which could be freely copied, against aesthetically unappealing ones, which could be protected as trademarks.¹² The doctrine was also criticized because it was essentially, and problematically, transforming the judiciary into arbiters of products’ aesthetic appeal. As a result of the doctrine, the judiciary was asked to ultimately decide what was too pretty to be protected.¹³

Likely because of this skepticism, aesthetic functionality was not meaningfully invoked, after *Pagliero*, for almost three decades. Then, in 1980, the Ninth Circuit resurrected it in *International Order of Job’s Daughters v. Lindeburg & Co.*,¹⁴ where the court held that the unauthorized manufacture and sale of jewelry bearing a fraternity insignia was permitted because the insignia was used as a functionally aesthetic component of the jewelry and not as a trademark. Specifically, the court stated that “[t]rademark law does not prevent a person from copying so-called functional features of a product which constitute the actual benefit that the consumer wishes to purchase, as distinguished from assurance that a particular entity made, sponsored, or endorsed a product.”¹⁵ Immediately, the decision was met with fear by various industries that saw in the ruling a potential death sentence against the possibility of developing (highly lucrative) licensing and merchandising practices. Perhaps due to intense lobbying by trademark owners, just one year later, however, the Ninth Circuit reversed course and drastically limited the doctrine in *Vuitton et Fils S.A. v. J. Young Enterprises*.¹⁶ Here, the court explicitly denied that defendant’s copying of the famous LV logo could be justified under a claim of aesthetic functionality. Against defendant’s argument that the LV mark was the reason why consumers purchased the product (similar to *Job’s Daughters*), the court specified that this did not override the fact that the LV mark was still used to identify the source of products, and thus copying it amounted to trademark infringement.¹⁷ Louis Vuitton and the owners of other famous marks certainly felt more comfortable after this ruling, which seemed to clarify that famous marks were not going to be held functional just because consumers may purchase these products

⁹ *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir.1952).

¹⁰ *Id.* at 343.

¹¹ *Id.*

¹² For a detailed review of the decision, see Dinwoodie, *supra* note 1, at 691.

¹³ See Kur, *supra* note 1, at 139.

¹⁴ *International Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980).

¹⁵ *Id.* at 917 (“[i]t is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own utility to consumers.”).

¹⁶ *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769 (9th Cir. 1981).

¹⁷ *Id.* at 774-75.

primarily (if not only) because of the marks that are affixed to (and decorate) the products. After *Vuitton*, the doctrine seemed to become dormant and when the Ninth Circuit again was faced with it in 2001's *Clicks Billiards, Inc. v. Sixshooters, Inc.*, the court even dismissed having resorted to it in the past.¹⁸

In the meantime, other courts resorted to the aesthetic functionality,¹⁹ including the Second Circuit, which interpreted the doctrine narrowly compared to the Ninth Circuit. Specifically, the Second Circuit embraced aesthetic functionality in 1991's *Wallace International v. Godinger*,²⁰ where the court denied the plaintiff, a seller of high-end silverware under the name Grand Baroque, relief against the defendant's use of a similar style for its (not high-end) silverware under the name 20th Century Baroque. In that case, the court affirmed that Wallace's silverware was "functional" and therefore not eligible for protection under the Lanham Act because granting protection to Wallace's silverware would significantly hinder competition by limiting the range of alternative designs to competitors.²¹ Notably, the court emphasized that Wallace was seeking protection for the "basic elements of a decorative style" and not for a particular and distinctive expression of it.²² A few years later, the Second Circuit again adopted the same test in 1993's *Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc.*, a case with facts similar to *Pagliero*.²³ The court, however, did not find that the chinaware patterns in question were functional this time and granted trademark protection to the patterns. Perhaps because of the different approaches followed by the Second and Ninth Circuits, or simply because of the relevance of aesthetic product features for market competition, the Supreme Court also considered the impact of trademark protection for aesthetic features as part of the Court's analysis of the issue of functionality in trademark law in general.

In particular, in 1995's *Qualitex Co. v. Jacobson Products Co.*,²⁴ the Supreme Court articulated a definition of "aesthetic value" and "functionality." Starting from the definition of the 1993 Restatement (Third) of Unfair Competition,²⁵ the Court underlined that "[t]he functionality doctrine ... forbids the use of a product's feature as a trademark where doing so will put a competitor at significant disadvantage because the feature is 'essential to the use or purpose of the article' or 'affects [its] cost or quality of the article.'"²⁶ The Court also said that "[t]he functionality doctrine [] protects competitors against a disadvantage (unrelated to the recognition or reputation) that trademark protection ... imposes[s], namely their inability to reasonably replicate important non-reputation-related features."²⁷ Six years later, in 2001, the Court returned to the issue in *Traffix Devices, Inc. v.*

¹⁸ *Clicks Billiards Inc. v. Sixshooters, Inc.* 251 F.3d 1252, 1260-62 (9th Cir. 2001) ("this circuit has [not] adopted the 'aesthetic functionality' theory, that is, the notion that a purely aesthetic feature can be functional.").

¹⁹ *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527 (Fed. Cir. 1994); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85 (S.D. Iowa 1982), *aff'd*, 721 F.2d 253 (8th Cir. 1983).

²⁰ *Wallace Int'l Silversmith v. Godinger Silver Art*, 916 F.2d 76 (2d Cir. 1990).

²¹ *Id.* at 82.

²² *Id.* at 81 (holding that Wallace could have exclusivity on a precise expression of the baroque style upon a showing of secondary meaning).

²³ *Villeroy & Boch Keramische Werke K.G v. THC Sys., Inc.*, 999 F.2d 619, 621 (2d Cir. 1993).

²⁴ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995).

²⁵ *Id.* at 170 ("if a design's 'aesthetic value' lies in the ability to 'confer a significant benefit that cannot practically be duplicated by the use of alternative designs,' then the design is 'functional.'").

²⁶ *Id.* at 169.

²⁷ *Id.*

*Marketing Displays, Inc.*²⁸ In this case, recalling its opinion in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,²⁹ the Court clarified the test for utilitarian and aesthetic functionality. In particular, the Court first specified that a feature would fit the utilitarian functionality test “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”³⁰ Should a feature not be functional under this test, the Court stated that it could still be aesthetically functional if the “exclusive use of [the feature] would put competitors at a significant non-reputation-related disadvantage.”³¹ Post-*TrafFix*, courts turned primarily to this test when considering claims of aesthetic functionality, even though ambiguity remained, and remains, as to what precisely constitutes, in practice, a “non-reputation-related disadvantage.”³² Notably, in 2006, the Ninth Circuit followed this test in *Au-Tomotive Gold v. Volkswagen*³³ to conclude that the use of famous marks on promotional products was not aesthetically functional because the marks in question were still used to indicate commercial source, at least at-large.³⁴

After *Au-Tomotive Gold*, the doctrine again became dormant and seemed to have lost its relevance altogether.³⁵ But, in 2010, the Seventh Circuit found that a trademark in a round beach towel was invalid under the *TrafFix* test in *Jay Franco & Sons, Inc. v. Franek*.³⁶ In his opinion, Judge Easterbrook not only endorsed aesthetic functionality but also added that fashion “is a form of function” and “[a] design’s aesthetic appeal can be as functional as its tangible characteristics.”³⁷ Similarly, in 2011, the District Court for the Southern District of New York found that the color red, as applied to the outsole of women’s shoes, was aesthetically functional in *Christian Louboutin S.A. v. Yves Saint-Laurent America Holding, Inc.*³⁸ On appeal, the Second Circuit reversed, finding the ruling contrary to *Qualitex*, which held that colors could be trademarks.³⁹ The decision was nonetheless a victory for the defendant because the court ruled that the mark was valid only when used as a contrast mark. In other words, Louboutin’s red outsoles were protected only when used with respect to black or other colored shoes, while Yves Saint-Laurent remained free to produce entirely red shoes, including red outsoles.⁴⁰ In 2012, the same District Court in New York rejected Guess’ claim that Gucci’s “Diamond Motif” was aesthetically functional in *Gucci America, Inc. v. Guess?, Inc.*,⁴¹ but Guess appealed and an appeal is pending on that case (in the meantime, Gucci received bad news

²⁸ *TrafFix Devices v. Mktg. Displays*, 532 U.S. 23 (2001).

²⁹ *Inwood Labs. v. Ives Labs.*, 456 U.S. 844 (1982).

³⁰ *TrafFix*, 532 U.S. at 32.

³¹ *Id.*

³² See *Dippin’ Dots, Inc. v. Frosty Bites Distrib., LLC*, 369 F.3d 1197 (11th Cir.2004).

³³ *Au-Tomotive Gold v. Volkswagen* 457 F.3d 1062 (9th Cir. 2006).

³⁴ *Id.* at 1074.

³⁵ See *Ferrari S.P.A. Esercizio v. Roberts*, 944 F. 2d 1235 (6th Cir. 2004); *Devan Designs, Inc. v. Palliser Furniture Corp.*, 25 U.S.P.Q.2d (BNA) 1991 (M.D.N.C. 1992).

³⁶ *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855 (7th Cir. 2010).

³⁷ *Id.* at 860.

³⁸ *Christian Louboutin S.A. v. Yves St. Laurent Am. Holding, Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011).

³⁹ *Christian Louboutin v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206, 225 (2d Cir. 2012).

⁴⁰ *Id.* at 227-28 (not offering, however, a complete analysis of the claim of aesthetic functionality).

⁴¹ *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207 (S.D.N.Y. 2012).

from a similar dispute in Italy).⁴² Still in 2012, the Sixth Circuit also addressed aesthetic functionality, but found that the dripping wax seal applied to Maker's Mark bourbon bottles was not aesthetically functional in *Maker's Mark Distillery v. Diageo North America*.⁴³ Back to the West Coast, the District Court for the Central District of California also resorted to aesthetic functionality in 2011's *Mattel, Inc. v. MGA Entertainment, Inc.*, where the court found that the Bratz doll packaging was aesthetically functional and thus should not be protected.⁴⁴ As I elaborate below, the same court ruled in 2011 and 2012 that the image and name of the Betty Boop character were aesthetically functional in the *Fleischer* decisions. The Ninth Circuit also had its say on this case, adding an important element to the interpretation of aesthetic functionality in the United States.

III. Oh My! The Thrills and Chills of the *Betty Boop* Judicial Play

2011 and 2012 were busy years for the Betty Boop character, who performed the leading role in a litigation play that brought about many fears among trademark owners. Courts in California were the forum for this play, which will certainly have relevant implications in the future with respect to the scope of trademark protection for works protected, or once protected, by copyright. To briefly summarize the dispute, cartoonist Max Fleisher created the character of Betty Boop in the 1930s.⁴⁵ A decade later, Fleischer sold his rights to the character and dissolved his company.⁴⁶ In the early 1970s, Max Fleischer's family revived the Fleischer cartoon business and reasserted ownership in the character of Betty Boop, even though the chain of title to the copyright in the character remained fractioned, and Fleischer could not assert clear copyright ownership on it.⁴⁷ Fleischer additionally submitted applications to federally register as trademarks the image and name of the Betty Boop character and started to license the character to third parties for use in connection with toys, dolls, and so forth.⁴⁸ Meanwhile, A.V.E.L.A., an independent poster company, also used the character of Betty Boop on posters, dolls, and apparel, but without seeking authorization from Fleischer. A.V.E.L.A.'s merchandise incorporated elements (including images and the words Betty Boop) from vintage Betty Boop movie posters that A.V.E.L.A. had restored and believed to be in the public domain. Fleischer opposed A.V.E.L.A.'s use of the Betty Boop character, and, based on the fact that A.V.E.L.A.'s merchandise was not authorized, pled claims for copyright infringement, trademark infringement, and several related state law claims against A.V.E.L.A. in front of the District Court of the Central District of California.

The District Court, however, denied Fleischer's claims and granted summary judgment to A.V.E.L.A., holding that Fleischer held neither a valid copyright nor a valid trademark in the

⁴² On May 2, 2013, the Milan Court of First Instance dismissed Gucci's claims against Guess for trademark infringement in Italy. See Eleonora Rosati, *Milan Court of First Instance Rules in Favour of Guess in the Gucci/Guess Saga*, THE IPKAT BLOG (May 8, 2013) <http://ipkitten.blogspot.sg/2013/05/milan-court-of-first-instance-rules-in.html>.

⁴³ *Maker's Mark Distillery v. Diageo North America*, 679 F.3d 410 (6th Cir. 2012).

⁴⁴ *Mattel, Inc. v. MGA Entm't, Inc. & Consol. Actions*, 782 F. Supp. 2d 911, 1007 (C.D. Cal. 2011).

⁴⁵ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115, 1117 (9th Cir. 2011).

⁴⁶ *Id.* at 1117-1118.

⁴⁷ *Id.* at 1118.

⁴⁸ *Id.*

character.⁴⁹ With respect to the copyright claim, the court noted, in particular, that Fleischer was unable to establish a clear chain of title transferring the original copyright in the character back to Fleischer. Accordingly, the court rejected the copyright claim in the absence of evidence that Fleischer was the legitimate copyright owner.⁵⁰ The court also argued that Fleischer failed to adequately document the trademark rights that Fleischer supposedly had in the Betty Boop character and name. Notably, on one side, the court held that Fleischer failed to submit proper evidence that it had a registered federal trademark in the Betty Boop image (which Fleischer failed to place in the record).⁵¹ On the other side, with respect to the Betty Boop word mark, the court noted that, while Fleischer did include the registration in the record, Fleischer still failed to provide evidence that the mark had become incontestable, which in turn the court used as grounds to deny that the mark had achieved secondary meaning.⁵² Finally, the court held that Fleischer had not established that it owned common-law trademarks in Betty Boop's name or image.⁵³ In summary, the court declared a full-fledged victory for A.V.E.L.A. Fleischer then appealed to the Ninth Circuit.⁵⁴

In what would later become known as *Fleischer I*, the Ninth Circuit initially affirmed the lower court's decision in its entirety. First, the court affirmed the rejection of the copyright claim based upon the fractured chain of title.⁵⁵ Second, the court affirmed the rejection of the trademark claims.⁵⁶ Yet, the court added a highly controversial twist that immediately hit trademark owners like an earthquake—namely, the court resorted, spontaneously, to the doctrine of aesthetic functionality and invoked nothing less than its (terrorizing) decision in *Job's Daughters*⁵⁷ that everyone thought had long been forgotten. In particular, based on the lack of evidence that consumers had actually inferred a connection between Fleischer's and A.V.E.L.A.'s products, the Ninth Circuit held that A.V.E.L.A. was not using the Betty Boop image and name as trademarks. To the contrary, the court held that A.V.E.L.A. was using the image and name “as a functional product” or “functional aesthetic components” that did not have a source-identifying purpose and thus could not be protected.⁵⁸ If this was not enough to despair trademark owners, the Ninth Circuit proceeded to reference a second case not cited by the parties—the Supreme Court's decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*⁵⁹—this time to limit the effects of the practice of claiming trademark rights in creative works once copyright protection had expired (or was not enforceable). In particular, the Ninth Circuit ruled that granting trademark rights in the Betty Boop character implied that the “character would essentially never enter the public domain,” which “would run directly contrary to *Dastar*.”⁶⁰ In

⁴⁹ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 772 F. Supp. 2d 1135, 1137 (C.D. Cal. 2008) (granting summary judgment to A.V.E.L.A. for the copyright claim and reserving ruling for the trademark and unfair competition claims); *Fleischer Studios, Inc. v. A.V.E.L.A. Inc.*, 772 F. Supp. 2d 1155, 1157 (C.D. Cal. 2009) (granting summary judgment to A.V.E.L.A. for the trademark claims).

⁵⁰ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 772 F. Supp. 2d 1135, 1152-1153 (C.D. Cal. 2008).

⁵¹ *Id.* at 1154.

⁵² *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 772 F. Supp. 2d 1155, 1170 (C.D. Cal. 2009).

⁵³ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 772 F. Supp. 2d 1135, 1152-1153 (C.D. Cal. 2008).

⁵⁴ *Fleischer Studios Inc. v. A.V.E.L.A. Inc.*, 636 F.3d 1115 (9th Cir. 2011).

⁵⁵ *Id.* at 1122.

⁵⁶ *Id.* at 1124-25.

⁵⁷ *Id.* at 1122.

⁵⁸ *Id.* at 1124.

⁵⁹ *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).

⁶⁰ *Fleischer Studios Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115, 1124 (9th Cir. 2011).

Dastar, the Supreme Court held that where a work was in the public domain, a party could not assert a trademark claim against an alleged infringer because this would create “a species of mutant copyright law that limits the public’s federal right to ‘copy and to use’ expired copyrights.”⁶¹

Obviously in disagreement, several trademark owners and trademark lawyers condemned the decision for having “misapplied the doctrine of aesthetic functionality, flinging the door wide open for infringers and counterfeiters to use valuable logos with impunity.”⁶² Numerous amicus briefs, including from the International Trademark Association, were filed in support of Fleischer’s motion for a panel rehearing or a rehearing *en banc* in the case. Amici contended, in particular, that the Ninth Circuit overruled its own precedent in *Au-Tomotive Gold* and “reincarnated *sua sponte* the outdated and much-criticized aesthetic functionality doctrine [of *Job’s Daughters*].”⁶³ Amici additionally argued that, by invoking *Dastar*, the court had misinterpreted the Supreme Court’s holding and applied it to a case where copyright was not yet expired (even though protection was not enforceable due to lack of evidence about copyright ownership).⁶⁴ Eventually, to the (partial) relief of trademark owners and practitioners, the Ninth Circuit withdrew its original opinion and issued a new superseding opinion, which became known as *Fleischer II*.⁶⁵ This time, the court did not resort to aesthetic functionality and did not even mention *Job’s Daughters* or *Dastar*.⁶⁶ Still, the court upheld judgment for A.V.E.L.A. on the copyright claim and on the image mark claim.⁶⁷ Notably, the court found in favor of A.V.E.L.A. because, as a matter of law, Fleischer had not produced sufficient evidence of secondary meaning in the Betty Boop image, and thus the issue was not triable.⁶⁸ The court also found that the fractured ownership history of the word mark Betty Boop was not conclusive evidence of lack of secondary meaning and remanded for further proceedings.⁶⁹ Finally, the court vacated and remanded the ruling on the word mark claim. Although not fully satisfied with the ruling, trademark owners were at least relieved to have defeated (so they thought) the reappearance of aesthetic functionality.

To the dismay of trademark owners, however, the District Court again resurrected aesthetic functionality on remand while ruling on the claim for the word mark “Betty Boop.”⁷⁰ Here again, the court ruled that A.V.E.L.A. used the name “Betty Boop” not as a source identifier but as a decorative element on its products.⁷¹ Furthermore, the court stated that, despite the fact that the Ninth Circuit abandoned its reliance on the doctrine in *Fleischer II*, “the reasoning set forth in *Fleischer I* [was]

⁶¹ *Id.* at 34.

⁶² See Charles E. Coleman, *A Red-Leather Year for Aesthetic Functionality*, 4 No. 2 LANDSLIDE 26, 29 (2011) (quoting Anne Gilson LaLonde, *Ninth Circuit Misunderstands Aesthetic Functionality*, LEXIS NEXIS, COPYRIGHT & TRADEMARK COMMUNITY, Jun. 12, 2011).

⁶³ See Brief for the International Trademark Association as Amicus Curiae in Support of Rehearing or Rehearing *En Banc*, p. 7, *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, No. 09-56317 (2011), available at <http://www.inta.org/Advocacy/Documents/INTAFleischerAVELA.pdf>.

⁶⁴ *Id.* at 8.

⁶⁵ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011).

⁶⁶ *Id.*

⁶⁷ *Id.* at 968.

⁶⁸ *Id.* at 967.

⁶⁹ *Id.* at 968.

⁷⁰ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 925 F. Supp. 2d 1067 (C.D. Cal. 2012).

⁷¹ *Id.* at 1074.

nevertheless sound and applicable⁷² to the case, and thus also in the future. The court additionally reiterated that the holdings in *Job's Daughters* and *Au-Tomotive Gold* were controlling precedents in this case. Accordingly, based upon the *Au-Tomotive Gold* test (from *TrafFix*), the court held that A.V.E.L.A.'s use of the words "Betty Boop" was not functional in the utilitarian sense, yet the mark was aesthetically functional because the "protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage on [A.V.E.L.A.]."⁷³ Namely, the court noted that if A.V.E.L.A. was to market its goods bearing the image of Betty Boop or Betty Boop movie posters without the possibility to use the words "Betty Boop" to identify the character, "that would make their products less marketable than the same product that included the BETTY BOOP name."⁷⁴ Ultimately, the court was clearly set to find that A.V.E.L.A. should be allowed to use the name of the character to identify its products. Indeed, the court added that, should "[d]efendants' use of the mark [not be] aesthetically functional, then it is 'fair use.'"⁷⁵ In particular, the court said that A.V.E.L.A. could not identify products depicting the character but with the character's own name—Betty Boop. Interestingly, Fleischer did not appeal this ruling.

IV. Aesthetic Functionality: A Bitter Medicine Against "Mutant Copyrights"?

Not surprisingly, the decisions in *Fleisher* deeply concerned trademark owners and trademark practitioners across the United States, predicting new attacks from the now fully resurrected doctrine of aesthetic functionality. As an immediate reaction, a growing number of professional publications started to provide specific strategic advice to trademark owners in order to avoid the dramatic consequences of a finding of aesthetic functionality—that is, the loss of their marks—while simultaneously voicing criticism against the doctrine that many believed (and hoped) to be extinct and that had instead reemerged with full force.⁷⁶ In these professional publications, practitioners ultimately attempted to reassure trademark owners that, "with appropriate planning and care, [they should have] no reason to fear a trademark zombie apocalypse."⁷⁷ In particular, based upon the analysis of the recent decisions, practitioners highlighted the most common missteps that could expose trademark owners to claims of aesthetic functionality, and to which trademark owners should pay special attention to avoid the loss of their marks. In this respect, practitioners stressed that the following missteps could lead to a finding of aesthetic functionality: the failure to properly document trademark registrations, the failure to purport the mark as a source identifier (for example, on the products or product packaging), the lack of enforcement, and above all the fact that trademark owners themselves emphasized the aesthetic character of the mark in advertising or otherwise. To the contrary, practitioners emphasized that the safest approach that trademark owners should adopt to successfully withstand claims of aesthetic functionality continued, and continues, to be to "consistently treat[] trademarks and trade dress as 'source identifiers'" and "avoid[]" statements

⁷² *Id.* at 1073.

⁷³ *Id.* at 1075.

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ See, e.g., Heavner, *supra* note 2, at 196. For a critical review, see also Tracy Reilly, *Betty Boop Almost Lost Her "Bling-Bling": Fleischer Studios v. A.V.E.L.A. and The Re-Emergence of Aesthetic Functionality in Trademark Merchandising Cases*, 94 J. PAT. & TRADEMARK OFF. SOC'Y 95 (2012).

⁷⁷ Heavner, *supra* note 2.

highlighting a function that would be important to competitors,” besides “carefully document[ing] all trademark rights for use in litigation.”⁷⁸

Unfortunately, however, while developing these “damage control” strategies, trademark practitioners did not seem to posit over the causes—the fundamental reasons—that may have triggered the return of aesthetic functionality in the trademark litigation landscape in the first instance. Hence, a closer look at the developments that have characterized trademark law and practice in the recent decades seems to indicate that the judicial revival of the doctrine may be directly connected to (and may represent a judicial push-back against) the relentless expansion of the scope of trademark protection.⁷⁹ In particular, the analysis of recent decisions invoking the doctrine seems to show that courts remain resistant, at large, to awarding trademark protection to basic elements of decorative styles, shapes of products or product packaging, basic colors, and so on—despite changes in trademark law now permitting such protection. Granting exclusive protection in these features could in fact severely limit important aspects of market competition, not with respect to technologically-related features (barred from protection under utilitarian functionality), but in terms of current product styles, colors, aesthetic appeal, and so on, which nevertheless represent fundamental elements to compete in today’s market economy.⁸⁰ This was most certainly the case in the recent decisions in *Jay Franco*⁸¹ and *Mattel*,⁸² and partially in *Louboutin*,⁸³ where the courts prohibited or limited trademark protection on product shapes and colors that, if monopolized by trademark owners, could severely impair market competition on product features that, albeit non-utilitarianly functional, were still essential to compete in the marketplace. To the contrary, courts seemed less resistant and ultimately did not find that using famous marks or established trade dresses to enhance products’ aesthetic appeal amounted to aesthetic functionality when the use of these marks could still play an important role as source-indicators for consumers.⁸⁴ This consideration was most likely what “saved” the marks at issue in *Gucci America*⁸⁵ and *Maker’s Mark Distillery*,⁸⁶ where the courts found that the marks were not functional because they still served a source-identifying function for consumers.⁸⁷

Yet, the *Fleischer* decisions undoubtedly added, first explicitly and then implicitly, an unprecedented twist to the judicial interpretation of the doctrine of aesthetic functionality. In particular, concerns over market competition in aesthetically-related features did not seem to be the only reason that drove

⁷⁸ *Id.*

⁷⁹ See *supra* note 3.

⁸⁰ See discussion and references *supra* Part II. See also McKenna, *supra* note 4, at 853 (stressing that “the point of aesthetic functionality is to capture cases in which the need for a feature is dictated by market expectations rather than engineering problems.”).

⁸¹ *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855 (7th Cir. 2010).

⁸² *Mattel, Inc. v. MGA Entm’t, Inc. & Consol. Actions*, 782 F. Supp. 2d 911, 1007 (C.D. Cal. 2011).

⁸³ *Christian Louboutin v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012).

⁸⁴ See McKenna, *supra* note 4, at 853-58 (advocating for a more nuanced approach to findings of aesthetic functionality to include cases where “the feature at issue might indicate to consumers something about source.”).

⁸⁵ *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207 (S.D.N.Y. 2012).

⁸⁶ *Maker’s Mark Distillery v. Diageo North America*, 679 F.3d 410 (6th Cir. 2012).

⁸⁷ See *Au-Tomotive Gold v. Volkswagen* 457 F.3d 1062, 1073 (9th Cir. 2006) (finding that claims of aesthetic functionality would be successful for features “that serve an aesthetic purpose *wholly independent* of any source-identifying function”). Courts thus confirmed that marks can be used to identify promotional products even when consumers purchase these products primarily because of the mark. See also Irene Calboli, *The Case for a Limited Protection of Trademark Merchandising*, 2011 U. ILL. L. REV. 865 (2011).

the courts to resort to the doctrine in order to declare that the image and name of Betty Boop could be freely used by A.V.E.L.A. Instead, the courts seemed to invoke the doctrine (also, if not primarily) to counter the negative effects that would otherwise result from the possibility of protecting the Betty Boop character (her name and image) also as a trademark, in addition to the protection already granted to the character (and no longer applicable) under copyright law.⁸⁸ In this respect, the (pre-litigation) story of Betty Boop is not unique. An increasingly common trend in the business world, copyright owners frequently turn to overlapping copyright and trademark protection for their works to enjoy double protection (as copyrights and trademarks) during the copyright term or to maintain exclusive rights in the works as trademarks once the copyright has expired.⁸⁹ Even though creative works often qualify for trademark protection because they can be considered distinctive, and thus capable of identifying products in the marketplace, extending such protection to these works remains nonetheless problematic. This additional layer of protection may in fact directly interfere with the public's exploitation of the work during or after the duration of copyright protection and, as a result, negatively affect the copyright bargain upon which copyright protection is granted in the first place (to characters and any other creative works). In particular, concurrent overlapping trademark protection during the copyright term may restrict the scope of copyright fair use and prevent the creation of independent works (which are legitimate works under copyright law even while possibly being infringements under trademark law).⁹⁰ Even more problematically, sequential trademark protection after the expiration of the copyright term may ultimately prevent creative works from entering the public domain altogether, which directly forecloses public access to these works in clear breach of the copyright bargain.⁹¹ This was precisely the situation that the courts had to face in *Fleischer*, and for which they decided to resort to aesthetic functionality.

The fact that the *Fleischer* courts were uncomfortable with the consequences of overlapping trademark and copyright protection in the Betty Boop character was engraved in the heart of the opinion in *Fleischer I*. Here, the Ninth Circuit wrote that trademark protection in the character would create a perpetual monopoly and prevent Betty Boop from ever entering the public domain, which was contrary to the holding in *Dastar*.⁹² To prevent this from happening, the court held that the character was aesthetically functional.⁹³ Since the current status of trademark law did not allow the court to deny trademark protection in the character based on a subject matter exclusion, the court thus found in aesthetic functionality a flexible doctrine to still permit A.V.E.L.A. (and others) to copy and use the Betty Boop character, in spite of the fact that the character was protected as a mark. Due to pressure from trademark owners, who vociferously argued that the court had stretched the *Dastar* ruling too far to include a work that was not officially in the public domain, the court ultimately scrapped *Fleischer I* and issued *Fleischer II*. In this opinion, the court did not mention *Dastar*.⁹⁴ Still,

⁸⁸ See *Fleischer Studios Inc. v. A.V.E.L.A. Inc.*, 636 F.3d 1115 (9th Cir. 2011).

⁸⁹ See, e.g., Irene Calboli, *Trademarking Creative Works: Trends and Negative Effects on the Copyright Equilibrium*, EVOLUTION AND EQUILIBRIUM: COPYRIGHT THIS CENTURY, forthcoming (Susy Frankel & Daniel Gervais, eds. 2014).

⁹⁰ *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 794 (4th Cir. 2001) (holding that the owners of the purple child-friendly dinosaur Barney had valid trademark and copyright in the character); *Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc.*, 275 F. Supp. 2d 543 (D.N.J. 2003) (holding that copying Disney picture's "previews" including Disney characters was trademark infringement).

⁹¹ See, e.g., *Frederick Warne & Co. v. Book Sales, Inc.*, 481 F. Supp. 1191, 1196 (D.C.N.Y. 1979) (finding that the character of Peter Rabbit could be protected as a trademark).

⁹² *Fleischer Studios Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115, 1124 (9th Cir. 2011).

⁹³ *Id.*

⁹⁴ See discussion *supra* Part III.

the court again declared that, even though Fleischer had valid trademark rights in the image of Betty Boop, it could not enforce them against A.V.E.L.A. because the mark did not have secondary meaning. In other words, the court maneuvered to still permit that the public and competitors could freely copy and use the character of Betty Boop also under *Fleischer II*.⁹⁵ Concerns over overlapping rights continued to surface as well in the latest District Court decision where the court had to decide, on remand, on the word mark. Notably, the court explicitly stated the reasoning in *Fleischer I* was still applicable to the dispute and turned to aesthetic functionality to permit A.V.E.L.A. to use the name “Betty Boop,” arguing that otherwise A.V.E.L.A. could suffer a significant non-reputation disadvantage for not being able to market the products (that could be freely produced and distributed under *Fleischer II*) using the character’s name.⁹⁶

In summary, the *Fleischer* courts certainly wrote an important chapter in the interpretation of the doctrine of aesthetic functionality in the United States. After the decisions in *Fleischer*, it seems that courts could resort to the doctrine to set creative works free in the public domain after the expiration of the copyright term or when copyright protection does not apply, regardless of the additional layer of protection that these works have acquired as trademarks. Certainly, even after the *Fleischer* decisions and in light of other recent decisions, the doctrine of aesthetic functionality remains an unclear doctrine,⁹⁷ particularly due to the fact that its application remains on a case-by-case basis—what is “too pretty to be protected”?—which in turn makes the outcome of judicial decisions difficult to predict and potentially inconsistent. Still, despite the doctrine’s imperfection, the possibility of resorting to aesthetic functionality remains a useful tool for the judiciary and for the trademark system as a whole, both as an applicable defense against claims of infringement *ex post* and as a deterrence factor against overreaching claims *ex ante*. Ultimately, despite trademark owners’ and trademark practitioners’ criticism, the resurrection of aesthetic functionality seems to have already resulted in some positive developments in trademark law, as also (perhaps involuntarily) acknowledged by professional publications. Notably, trademark owners across the United States are now attentively considering practitioners’ advice to use their marks as source identifiers and avoid claiming protection for (or at minimum not portraying their marks as) features that could be held important for market competition. To the contrary, trademark rights could be forfeited by claims of aesthetic functionality—the resurrecting “zombie apocalypse.” Perhaps the result of an imperfect doctrine, this return on the part of trademark owners to appreciating the fundamental principles that justify, and should continue to justify, trademark protection—namely that trademarks should be protected only insofar as they indicate commercial origin and not as aesthetic components of products *per se*—could be considered, on balance, a positive result for the trademark system.

V. Conclusion

Since its judicial appearance in *Pagliero* in 1952, the doctrine of aesthetic functionality has been controversial. After several decades of hiding and reappearing, courts have resorted with increasing

⁹⁵ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958, 967 (9th Cir. 2011).

⁹⁶ *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 925 F. Supp. 2d 1067, 1074 (C.D. Cal. 2012). The court also stated that, alternatively, the use of the mark was fair use. On the defense of descriptive fair use, see 15 U.S.C. § 1115(b)(4) (2006); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150 (9th Cir. 2002); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995).

⁹⁷ *See, e.g.*, 1 MCCARTHY, *supra* note 1, at § 7:81.

frequency to the doctrine in recent years, primarily as a counterweight against the expansion of trademark protection. Notably, in a society where trademark owners would likely trademark the “sun and the moon,”⁹⁸ courts seem to have found in aesthetic functionality an imperfect, yet perhaps necessary, response to the obvious imbalances for important aspects of market competition that would otherwise be affected by overreaching trademark claims. As trademark owners are reflecting on recent judicial decisions and adapting their trademark strategies accordingly, only time will tell whether the courts will continue to resort to aesthetic functionality and to what specific extent. The decisions in *Fleischer*, however, have added an important twist to the interpretation of the doctrine in that the courts have indicated, first explicitly and then implicitly, that they are willing to resort to the doctrine to defend the copyright bargain against claims of trademark protection in creative works for which copyright protection had expired, or was not applicable. Even though the Ninth Circuit changed its actual wording from *Fleischer I* to *Fleischer II*, the idea that creative works should enter the public domain once copyright protection ends, or does not apply, was certainly crucial in the decisions. Ultimately, despite the uncertainty surrounding the doctrine, the resurrection of aesthetic functionality seems to have brought about some positive results. Trademark owners now weigh more carefully the risks of claiming protection, or attempting to enforce trademark rights, in product features for which protection should have been questionable from the start. Still, legal battles in this area will surely continue, and the *Fleischer* decisions, including *Fleischer I*, will represent important precedents for the courts to follow again in countering overreaching trademark claims and defending the copyright bargain against mutant copyrights in the forms of trademark protection.

⁹⁸ Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1206 (1948).