



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Betty Boop — A Threat To Licensing Programs

Law360, New York (March 14, 2011) -- Licensing programs for professional and college sports logos, and other character licensing programs have been put at risk by a recent decision of the U.S. Court of Appeals for the Ninth Circuit. In *Fleischer Studios Inc. v. A.V.E.L.A. Inc.*, No. 09-56317 (9th Cir. Feb. 23, 2011), the Ninth Circuit — whose rulings are binding on federal courts in California, Oregon, Washington, Arizona, Nevada, Idaho, Montana and Hawaii — threw out claims asserted by the alleged owners of the copyrights and trademarks in the image of the famous mid-20th century cartoon icon, Betty Boop.

Significantly, the Ninth Circuit ruled that because Betty Boop “was a prominent feature” of the t-shirts and handbags “so as to be visible to others when worn,” it was a functional part of the product and therefore unprotectable under trademark law.

### The Facts and District Court Ruling

The case was filed by the family of the creator of the 1930s cartoon character Betty Boop. The creator transferred all his copyrights in the character in 1941 to a second company. Several decades and many transfers later, the rights were divided among several companies. The creator’s family (the plaintiff) started a business to try to purchase back the rights from all of these several companies.

Having done that (or so they thought), the family then sued the defendants, who sell Betty Boop handbags and t-shirts without authorization, for copyright and trademark infringement. The district court dismissed both claims, holding that the family failed to prove at least one of the links in the chain of each of the possible alleged chains of ownership, and that the family therefore could not prove it owned the copyrights or trademark rights.

### The Ninth Circuit Decision

In a 2-1 decision, the Ninth Circuit affirmed the dismissal. The panel majority first held that the family could not prove ownership of the copyrights to the Betty Boop character because of a missing link in the chain of title. But the Ninth Circuit disposed of the trademark claim on a much broader ground (one that neither party had briefed): that Betty Boop was not a trademark but instead the very thing that the purchasers wanted, and thus was functional.

*Does trademark law protect logos that consumers want to wear because they like the way they look or to show “allegiance”?*

The panel majority held that the trademark claim was barred because the depictions of Betty Boop on the defendants’ goods served not as a trademark, but instead as a “functional aesthetic component of the product[s].” It also noted that there were no instances of actual confusion and that the defendants did not claim to be selling authorized merchandise. The panel majority relied on its 30-year-old, much-criticized decision in *Int’l*

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

The Job's Daughters decision rejected a claim by a women's organization that unauthorized sales of jewelry bearing their logo constituted trademark infringement. Because people wanted the jewelry to show allegiance to Job's Daughters, the court held that the logo was not a trademark but was a functional part of the product itself.

The Job's Daughters decision was controversial because it specifically rejected another court's decision that professional hockey teams could assert trademark rights to stop unauthorized sales of clothing bearing their logos. See Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., 510 F.2d 1004 (5th Cir. 1975).

After the Job's Daughters decision was heavily criticized, the Ninth Circuit later backed away from it in a 2006 case where it held that Volkswagen could stop the unauthorized sale of logo-bearing key chains and accessories even though many customers bought the products for the logos. See Au-Tomotive Gold, Inc. v. Volkswagen of Am. Inc., 457 F.3d 1062 (9th Cir. 2006).

The Betty Boop court did not cite Au-Tomotive Gold, and, relying exclusively on Job's Daughters instead, held that because the Betty Boop design made the defendant's t-shirts and handbags desirable, it was "functional" in that context and unprotectable under trademark law. The panel majority also noted that the defendants never stated their merchandise was "official" or sponsored by the family, and that there was no evidence of customer confusion.

*Asserting ownership of design trademarks without proving ownership of the copyright in the design.*

Although the Job's Daughter "functionality" rationale fully disposed of the family's trademark claim, the panel majority, in dictum, addressed another issue that the parties had not argued or briefed. Citing the Supreme Court's decision in Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003), the panel majority opined that "a party may not assert a trademark infringement action against an alleged infringer if that action is essentially a substitute for a copyright infringement action."

This aspect of the decision could be read to overstate the holding of Dastar. Dastar concerned the failure to provide correct creative attribution concerning who put together the underlying (un-copyrighted) TV documentary, which Dastar had edited, then repackaged and sold under its own name.

Dastar held that failure to give correct creative attribution was not a representation of "source" under trademark law, because Dastar was, in fact, the "source" of the altered video. In contrast, the Betty Boop case concerns the affirmative use of another's alleged mark so as to create alleged confusion as to source, sponsorship or approval.

### **Possible Ramifications of Betty Boop for Team, College and Character Licensing**

If followed, the Betty Boop decision could threaten trademark licensing programs for logos mascots, or even the names of professional sports teams and colleges. It could also affect entertainment companies (e.g., Walt Disney), which license characters on consumer items.

As with Betty Boop t-shirts and Job's Daughters logo rings, people generally buy these items because they want to show their allegiance with an entity or because they like the depicted character itself. The Betty Boop decision thus presents a real risk of hampering efforts to stop unauthorized sales (counterfeits) in the western U.S.

Further, under Betty Boop, owners of design and character trademarks may need to take steps to make sure that their copyright ownership records are in order before they can sue trademark infringers.

## **Trying to Mitigate the Potential Effect of the Betty Boop Decision**

Owners of sports logo, college and university, and character marks could try to mitigate the damaging effect of the Betty Boop decision on their trademark enforcement/anti-counterfeiting activities in several ways.

First, because the Betty Boop decision conflicts with an earlier Ninth Circuit decision (Au-Tomotive Gold), they could argue that Au-Tomotive Gold — which narrowly interpreted Job's Daughter and permitted a trademark claim to stop unauthorized sales of logo-bearing items — controls. This "prior panel rule" is generally how appeals courts handle conflicting precedents.

Second, if possible, trademark owners should collect evidence of any complaints or consumer confusion about a defendant's unauthorized or counterfeit merchandise, which could help distinguish the Betty Boop decision.

Third, in the modern marketplace, consumers are increasingly aware that companies have taken to maximizing revenue by licensing their characters, brands and logos beyond their core products. Thus, potentially affected licensors in litigation within the Ninth Circuit could argue that 1) buying a product because one likes the design or logo; and 2) thinking that the product seller's use of the design or logo indicates sponsorship, approval or authorization by the design's or logo's owner, are not mutually exclusive concepts.

Fourth, (and related to the preceding point), although it would create added expense, trademark owners in litigation could commission surveys designed to demonstrate that consumers are confused whether the owner of a character or logo is affiliated with, has approved, or has given permission to use the mark.

Fifth, before a need for trademark enforcement arises, owners of copyrightable designs that also function as valuable trademarks should assess whether it is economically feasible to register the copyrights and collect and preserve all ownership records.

--By Thomas L. Casagrande, Locke Lord Bissell & Liddell LLP

*Tom Casagrande (tcasagrande@lockelord.com) is of counsel with Locke Lord in the firm's Houston, Texas, office.*

*The opinions expressed are those of the author and do not necessarily reflect the views of the firm, its clients, or Portfolio Media, publisher of Law360. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

All Content © 2003-2010, Portfolio Media, Inc.