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# THE SCOOP ON BETTY BOOP: A PROPOSAL TO LIMIT OVERREACHING TRADEMARKS

*Lee B. Burgunder*\*

The Ninth Circuit temporarily stunned marketers in 2011 when it ruled that Betty Boop did not serve as a trademark on merchandise due to aesthetic functionality and because protection would conflict with the copyright system. The opinion endangered merchandising rights in all trademarks and jeopardized the duration of trademark rights in images and media characters. The court soon withdrew the decision and substituted it with one that denied protection on technical grounds, leaving the controversies for another day. This article demonstrates that the court's apprehension about copyrights made sense, and proposes a new approach to distinguish when copyrighted images might also serve as trademarks.

## I. INTRODUCTION

In February 2011, a panel of the Ninth Circuit Court of Appeals decided that the purported owners of trademark rights in the character Betty Boop could not prevent another company from authorizing the production of merchandise, such as t-shirts, bearing two Betty Boop images.<sup>1</sup> The majority opinion was based on two very controversial conclusions: (1) the use of a trademark on merchandise is aesthetically functional, and thus noninfringing, when consumers purchase that merchandise to publicly display their affection for the trademark;<sup>2</sup> and (2) copyrighted images cannot serve as trademarks after copyright protection has terminated.<sup>3</sup> A storm of protest ensued, and the panel quickly withdrew the opinion and substituted it

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1. *See* *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115 (9th Cir. 2011), *withdrawn and superseded*, 654 F.3d 958, 968 (9th Cir. 2011).

2. *See id.* at 1123–24.

3. *See id.* at 1124.

with one that denied protection simply on the grounds that the plaintiff could not satisfactorily prove that Betty Boop's image served as a trademark.<sup>4</sup> By denying Betty Boop's trademark status, the panel found a way to avoid both of the issues that clearly troubled it but that raised such heated rebukes when it attempted to address them.<sup>5</sup> Unfortunately, these problems are likely to someday resurface—and next time, the court will probably be unable to hide.<sup>6</sup>

The Ninth Circuit panel was right to be concerned about extending trademark protection to media characters such as Betty Boop. After all, unless something is done, the Walt Disney Company (“Disney”), for example, will be able to use the trademark system to prevent companies from displaying images of Mickey Mouse long after its copyright expires.<sup>7</sup> This result would violate public policy and must be addressed.<sup>8</sup> However, the court's original reasoning was incorrect and over-extensive, which is why it provoked such an outcry of opposition.<sup>9</sup> For instance, the consequences of the decision would have prevented entities ranging from Nike to Yale University from exclusively licensing their trademarks for t-shirts or key chains.<sup>10</sup> It also would have caused trademarked images, such as the one used by Starbucks, to fall into the public domain after expiration of their copyright term.<sup>11</sup> Thus, the court will need a more coherent and focused approach the next time it addresses a trademark merchandising situation involving copyrighted material.

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4. See *Fleischer Studios, Inc.* 654 F.3d 958; see also Dick Schulze, *Betty Boop in Wonderland or Through the Licensing Glass*, 19 NEV. LAW. 16 (2011) (providing an example of a commentator's critical view).

5. See Schulze, *supra* note 4, at 16.

6. Cf. *Frederick Warne & Co., Inc. v. Book Sales, Inc.*, 481 F. Supp. 1191, 1197 n.3 (S.D.N.Y. 1979) (regarding the issue of using trademarks to protect characters after copyrights have expired, the court stated, “[t]his *provocative question* need not be reached, since plaintiff does not seek to establish exclusive trademark rights in the characters themselves but only to protect its limited right to use specific illustrations of those characters.”) (emphasis added).

7. See, e.g., 15 U.S.C. §§ 1058(a), 1059 (2006) (stating that the registrant can retain a federal trademark as long as it files an affidavit of use after five years and requisite renewals every ten years); see also 15 U.S.C. § 1064(3) (2006) (stating that an incontestable trademark can only be cancelled for limited reasons, such as where the mark has become generic or is functional).

8. See *infra* Parts III.A., IV.A.

9. See Schulze, *supra* note 4, at 16.

10. See *infra* Part III.C.

11. A trademark owner can renew a trademark registration every ten years by filing an affidavit demonstrating that the mark is being used in commerce. See 15 U.S.C. §§ 1058, 1059. After a trademark becomes incontestable, protection can only be lost on limited grounds, such as where the mark has become generic or is functional. See 15 U.S.C. § 1064(3) (regarding generic marks); 15 U.S.C. § 1115(b)(8) (2006) (regarding functional marks).

This article argues that trademark protection should not be extended to the overall general appearances of images and characters that are primarily developed for copyright purposes. This approach would allow trademark merchandising for names such as Nike, and would permit Starbucks to keep its trademark forever.<sup>12</sup> However, Disney would no longer be able to lay claim to all images recognized as Mickey Mouse.<sup>13</sup> Instead, Disney could only enjoy trademark rights to particular individual images that are consistently used as trademarks to identify it as the source of products and services.<sup>14</sup> Such a result is consistent with the ways courts treat trademark protection for famous celebrities,<sup>15</sup> which makes sense given the fame of many media characters. Of course, Disney will likely object, and at first, some confusion may result. Nevertheless, in the long run, this approach will preserve the goals of trademarks while preventing policy conflicts with copyrights.

## II. PERTINENT FACTS OF THE BETTY BOOP LITIGATION

Betty Boop is a well known cartoon character whose appearance juxtaposes a childish demeanor with a sophisticated air by placing on top of a “very small body,” “a large round baby face with big eyes,” a small nose, and a carefully tailored coiffure.<sup>16</sup> Max Fleischer created Betty Boop and served as President of Fleischer Studios (“Fleischer”), which developed several films based on the character beginning in 1930.<sup>17</sup>

In 1941, Fleischer Studios dissolved after selling all of its assets and intellectual property rights to Paramount Pictures, Inc. (“Paramount”).<sup>18</sup> In the early 1970s, Max Fleischer’s family was determined to revive the Fleischer cartoon business, and so it reestablished Fleischer Studios and embarked on efforts to repurchase the interests in the Betty Boop character.<sup>19</sup> This was not a simple task since the intellectual property rights had

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13. *See infra* Part IV.A.

14. *Id.*

15. *See infra* Part IV.B.

16. *See generally* Fleischer Studios, Inc. v. A.V.E.L.A., Inc., 654 F.3d 958, 961 (9th Cir. 2011) (providing the underlying history of Betty Boop’s creation and ownership).

17. *See id.*

18. *See id.*

19. *See id.*

been transferred several times over the thirty-year period.<sup>20</sup> Of most importance, Paramount assigned its rights to the Betty Boop films in 1955 to UM&M TV Corp. (“UM&M”)<sup>21</sup> but retained the copyright interests in the separate Betty Boop character.<sup>22</sup> Fleischer successfully acquired the interests in the films that originated from UM&M through a series of transfers.<sup>23</sup> However, Paramount transferred its copyright interests in the Betty Boop character to Harvey Films,<sup>24</sup> and what happened to these rights, or whether they were even preserved, remains unclear.<sup>25</sup>

Beginning in 1972, Fleischer authorized numerous companies to produce merchandise bearing images of Betty Boop.<sup>26</sup> In 2002, Art & Vintage Entertainment Licensing Agency, Inc. (“A.V.E.L.A.”), which was not one of the companies working with Fleischer, registered copyrights for two restored Betty Boop movie posters and then licensed images from the posters, including the Betty Boop character, for use on merchandise such as t-shirts and handbags.<sup>27</sup> In 2006, Fleischer sued A.V.E.L.A. for copyright and trademark infringement.<sup>28</sup> Both the district court and the Ninth Circuit agreed that Fleischer could not win on the copyright claims since it could not demonstrate that it owned the copyright to the Betty Boop character.<sup>29</sup> The trademark claims, though, proved to be more challenging.<sup>30</sup> For example, Fleischer had several federal registrations for the word mark “Betty Boop,” which appeared on the A.V.E.L.A. merchandise.<sup>31</sup> However, since the registrations were not incontestable,<sup>32</sup> this opened the door for the

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20. *See id.*

21. *See id.*

22. *See Fleischer Studios*, 654 F.3d at 963.

23. *See id.* at 961.

24. *See id.* at 964–65.

25. *See id.* at 965. Fleischer argued at trial that it purchased these rights from Harvey Films, but the district court ruled for A.V.E.L.A., and Fleischer failed to raise the issue on appeal. *Id.*

26. *See Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 772 F. Supp. 2d 1155, 1157 (C.D. Cal. 2009), *aff’d*, 636 F.3d 1115 (9th Cir. 2011), *withdrawn and superseded*, 654 F.3d 958.

27. *See id.* at 1159–60.

28. *See id.* at 1160.

29. *See Fleischer Studios*, 654 F.3d at 962–65.

30. *See id.* at 967.

31. *See id.*

32. Fleischer did not submit any evidence that it filed the required affidavit for incontestability, stating that the mark had been in continuous use for five consecutive years after registration. *See Fleischer Studios, Inc.*, 772 F. Supp. 2d at 1164. The Ninth Circuit refused to recognize additional evidence that might have established incontestability. *See Fleischer Studios, Inc.*, 654 F.3d at 967.

courts to disagree about the validity of the registrations.<sup>33</sup> The issues regarding the word marks, though, are not the subject of this article. Rather, the focus is on how the courts approached Fleischer's trademark rights to the Betty Boop image.

The district court judge granted summary judgment for A.V.E.L.A. on the trademark image claim.<sup>34</sup> Although Fleischer had evidence that it owned a federally registered trademark for an image of Betty Boop, the district court judge refused to consider it because Fleischer submitted evidence of such too late.<sup>35</sup> Thus, Fleischer had to establish common law trademark rights by demonstrating that it was the owner of the mark and that the mark had acquired "secondary meaning."<sup>36</sup> In other words, Fleischer had to establish that the image actually represented the source of goods or services bearing it. The district court dispensed with the topic based on the issue of ownership, which requires proof of first use in commerce.<sup>37</sup> Since Fleischer could not establish whether other companies may have sold Betty Boop merchandise prior to its use in 1972, it failed to prove that it owned the common law trademark rights to the image.<sup>38</sup> The court did note, however, that when litigants are able to prove trademark ownership in cartoon characters or other media images, they typically can also establish secondary meaning.<sup>39</sup> Thus, it acknowledged that under the appropriate circumstances, companies can establish trademark rights to the

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33. See *Fleischer Studios*, 654 F.3d at 966–67.

34. See *Fleischer Studios*, 772 F. Supp. 2d at 1171–72.

35. See *Fleischer Studios*, 654 F.3d at 965–66.

36. See, e.g., *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982) ("To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.") (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. E (1995)); see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 n.4 (1992) ("Secondary meaning is used generally to indicate that a mark or dress 'has come through use to be uniquely associated with a specific source.'"); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 n.\* (2000) (demonstrating that the Supreme Court has suggested that in the context of non-word marks, it might be better to use the phrase "acquired meaning" "since non-word marks ordinarily have no primary meaning.").

37. See *Fleischer Studios*, 772 F. Supp. 2d at 1168 (quoting *Quicksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 756 (9th Cir. 2006)) ("Trademark rights are acquired by the party that *first* uses a mark in connection with the sale of goods.").

38. See *id.*

39. See *id.* at 1168 n.23 ("The Court recognizes that courts that have upheld trademark rights in the physical appearance of characters have generally found secondary meaning associated with the characters.").

general appearance of characters, which may prevent others from using those characters on merchandise due to a likelihood of confusion.<sup>40</sup>

On appeal, the parties raised numerous arguments regarding the district court's trademark decision as to Betty Boop's image, including issues about federal registration, ownership of common law trademark rights, and whether A.V.E.L.A. infringed upon the mark.<sup>41</sup> Nonetheless, the court initially ignored these arguments, claiming they were all "mooted by controlling precedent that neither party cited . . . ."<sup>42</sup> This precedent was *International Order of Job's Daughters v. Lindeburg & Co.*, a case involving a jewelry manufacturer that displayed the Job's Daughters' fraternal insignia on its products without permission from the trademark owner.<sup>43</sup> In that case, the court stated, "[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 an assurance that a particular entity made, sponsored, or endorsed a product."<sup>44</sup> In *Job's Daughters*, the court noted that consumers often purchase merchandise bearing trademarks to indicate their allegiance to the brands or organizations displayed and not because they perceive any connection to, or sponsorship by, the trademark owners.<sup>45</sup> Thus, trademark protection does not extend to these kinds of merchandising practices because the actual benefit that consumers seek in the transaction typically is the trademark itself.<sup>46</sup>

Based on the logic of *Job's Daughters*, the Ninth Circuit ruled that the Betty Boop name and image were "functional aesthetic components of the product, not trademarks."<sup>47</sup> In support of this conclusion, the court noted that Betty Boop was a prominent feature of the merchandise and that A.V.E.L.A. did nothing to falsely indicate that Fleischer officially spon-

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40. *See id.* at 1168.

41. *See Fleischer Studios, Inc.*, 636 F.3d at 1122, *withdrawn and superseded*, 654 F.3d 958.

42. *Id.* at 1122.

43. *See Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 914 (9th Cir. 1980).

44. *Id.* at 917.

45. *See id.*

46. *See id.* at 918 ("Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.").

47. *See Fleischer Studios*, 636 F.3d at 1124, *withdrawn and superseded*, 654 F.3d 958 (quoting *Job's Daughters*, 633 F.2d at 920).

sored the items.<sup>48</sup> The court determined that under these circumstances, there could be no infringement.<sup>49</sup>

Obviously, trademark owners were alarmed by this decision because it seemingly gave merchandise manufacturers a green light to apply marks to their wares without paying licensing fees.<sup>50</sup> However, the court did not stop there.<sup>51</sup> The court also objected to Fleischer's attempt to use trademark law as a copyright substitute.<sup>52</sup> In this regard, the court cited *Dastar Corp. v. Twentieth Century Fox Film Corp.*,<sup>53</sup> which involved an accusation of reverse passing off<sup>54</sup> with films that were no longer copyrighted.<sup>55</sup> In particular, Fox accused Dastar of violating its trademark when it copied its *Crusades* television series (after the copyright had ended) and repackaged it into a shorter series without attributing the source of the original video material.<sup>56</sup> The Supreme Court noted that the "rights of a patentee or copyright holder are part of a carefully crafted bargain,"<sup>57</sup> and denied the trademark claim because "in construing the Lanham Act, [the Court had] been 'careful to caution against misuse or over-extension' of trademark and related protections into areas traditionally occupied by patent and copyright."<sup>58</sup> Based on these considerations, the Ninth Circuit stated, "[i]f we ruled that A.V.E.L.A.'s depictions of Betty Boop infringed Fleischer's trademarks, the Betty Boop character would essentially never enter the public domain."<sup>59</sup>

This aspect of the Court's ruling also raised fears because many trademarks include copyrighted material.<sup>60</sup> For instance, the Starbucks

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48. *See id.*

49. *See id.*

50. *See* Deborah S. Cohn, *Mere Ornamentation and Aesthetic Functionality: Causing Confusion in the Betty Boop Case?*, 101 TRADEMARK REP. 1218, 1222 (2011) (discussing the problems posed by the Ninth Circuit Betty Boop case that was later overturned).

51. *See Fleischer Studios*, 636 F.3d at 1124.

52. *See id.*

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

54. *See Dastar Corp.*, 539 U.S. at 27 n.1 ("Passing off . . . occurs when a producer misrepresents his own goods or services as someone else's. "Reverse passing off" . . . is the opposite: The producer misrepresents someone else's goods or services as his own.").

55. *See id.* at 27.

56. *See id.*

57. *Id.* at 33 (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150–51 (1989)).

58. *Id.* at 39 (quoting *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001)).

59. *Fleischer Studios*, 636 F.3d at 1124, *withdrawn and superseded*, 654 F.3d 958.

60. *See* Jonathan Bailey, *Trademark, Copyright and Logos*, PLAGIARISM TODAY (Aug. 12, 2010), <http://www.plagiarismtoday.com/2010/08/12/trademark-copyright-and-logos/>.



logo, which serves as a trademark, also includes pictorial works subject to copyright protection.<sup>61</sup> When the copyright expires, will any company be able to attach the well known graphic to their products despite the very likely possibility of confusion?<sup>62</sup> Even if the images within a trademark are not registered with the Copyright Office, they still bear automatic copyright protection if they are original and minimally creative.<sup>63</sup> So, if the Nike Swoosh meets these standards, will the company lose its exclusive rights to use the Swoosh for brand identification once the copyright term expires? Would this mean that Tony the Tiger may someday die, at least as a brand symbol for Kellogg's?

As one might expect, Fleischer petitioned the court for a rehearing.<sup>64</sup> However, before the court responded to the petition, it withdrew its previous opinion and superseded it with a new decision, thus making a rehearing unnecessary.<sup>65</sup> The revised decision makes no mention of *Job's Daughters*, functionality, or conflicts between trademarks and copyrights.<sup>66</sup> Instead, at least with regard to Betty Boop's image, the court avoided the potentially difficult issues by handling them summarily on procedural grounds.<sup>67</sup> First, the court determined that the district judge did not abuse her discretion by excluding Fleischer's untimely evidence, showing that the image had been federally registered as a trademark.<sup>68</sup> The court also refused to take judicial notice of the Betty Boop image registration on appeal.<sup>69</sup> Of course, the court still had to consider the possibility that the image served as an unregistered trademark, and if so, whether A.V.E.L.A.'s

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61. See STARBUCKS COFFEE, U.S. Registration No. 1,542,775; Starbucks Coffee Siren Logo, U.S. COPYRIGHT REGISTRATION NO. VA0000875932 (illustrating that the graphic Starbucks logo is protected by both federal trademark and copyright registrations).

62. See generally 17 U.S.C. § 302 (2006). The Copyright Act specifies that the duration of the copyright term is the life of the author plus seventy years, or in the case of a work made for hire, ninety-five years after the year of first publication. See *id.*

63. See *id.* § 102 (2006) (stating that copyright subsists "in original works of authorship fixed in any tangible medium of expression"); see also *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991) (stating that the term "original" under the Copyright Act means the work is not copied from other works and possesses at least some minimal degree of creativity); 17 U.S.C. §§ 408(a), 412 (2006) (stating that copyright registration is permissive and provides certain benefits, such as the ability to collect statutory damages and attorney's fees).

64. See *Fleischer Studios, Inc.*, 654 F.3d at 960.

65. See *id.*

66. See *id.* at 958.

67. See *id.* at 966.

68. See *id.*

69. See *id.*

use might cause a likelihood of confusion.<sup>70</sup> But again, the court took the easy road by ruling that Fleischer did not submit legally sufficient evidence that the image had attained secondary meaning.<sup>71</sup> Thus, after previously noting all the thorny issues that trademarks raise with merchandising, especially with respect to copyrighted images, the court found a way to take cover and leave the battle for another day.<sup>72</sup>

The result is unfortunate because the issues are extremely important and are certain to rise again, but under circumstances that will force the court to address the obvious concerns.<sup>73</sup> Numerous media companies aggressively guard the copyright and trademark interests in the characters depicted in their works, and unlike Fleischer, leave no procedural stone unturned.<sup>74</sup> Consider, for instance, the attention Disney invests in protecting its interests in Mickey Mouse. If one is comfortable with the notion that Mickey Mouse might serve as a distinctive identifier for the source of the films in which he appears, then the character perhaps may serve as a trademark.<sup>75</sup> Once that leap is made, it will be easy to demonstrate secondary meaning because five years of exclusive and continuous use provides prima facie evidence of distinctiveness.<sup>76</sup> Thanks to copyright, no other company has been allowed to reproduce and use the character on their wares, except under very special circumstances, for far longer than five

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70. A word, symbol, or image may be protected as a trademark without federal registration by demonstrating that the alleged identifier is inherently distinctive or has attained secondary meaning. 15 U.S.C. § 1125(a) (2006). See *Wal-Mart Stores, Inc.*, 529 U.S. at 210. To prove infringement, an owner of an unregistered trademark must demonstrate that an unauthorized individual used the mark with knowledge of its previous use as a trademark in a way that is likely to cause confusion. See, e.g., *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 419 (1916); Lee Burgunder, *Trademark Registration of Product Colors: Issues and Answers*, 26 SANTA CLARA L. REV. 581, 587 (1986). Federal registration primarily provides procedural advantages, such as constructive notice of previous use and a presumption of validity. 15 U.S.C. §§ 1072, 1057(b) (2006).

71. See *Fleischer Studios*, 654 F.3d at 967.

72. See *id.*

73. See Michael Helfand, *When Mickey Mouse Is as Strong as Superman: The Convergence of Intellectual Property Laws to Protect Fictional Literary and Pictorial Characters*, 44 STAN. L. REV. 623, 626–27 (1992) (arguing that sophisticated owners will put in place more protective measures for their characters).

74. See *id.* at 626–28 (describing generally the legal actions media companies take to protect the copyright and trademark interest in the characters depicted in their works).

75. See *DC Comics, Inc. v. Filmation Assocs.*, 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980) (“[O]ur reading of the cases in this circuit shows that where the product sold by plaintiff is ‘entertainment’ in one form or another, then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under § 43(a) because the ingredient can come to symbolize the plaintiff or its product in the public mind.”).

76. See 15 U.S.C. § 1052(f) (2006).

years.<sup>77</sup> Thus, it is essentially impossible to destroy opportunities for a character to achieve trademark status.<sup>78</sup> After that, the trademark owner has wide powers, through dilution principles, to prevent others from displaying the character in almost any other context.<sup>79</sup>

The Ninth Circuit understandably felt uncomfortable with the notion that trademarks could allow Fleischer to control Betty Boop's image when copyrights are not up to the task.<sup>80</sup> In this regard, the court accurately recognized that care must be taken to ensure that trademarks do not interfere with the public policy balance underlying the copyright system.<sup>81</sup> However, when the court addressed the issue, it reached a confusing and potentially over-extensive conclusion that would jeopardize the longevity of practically all artistic trademarks. This article, therefore, proposes a coherent and workable approach that distinguishes the trademark treatment of media characters such as Betty Boop from other artistic identifiers, such as the Nike Swoosh.

### III. OOPS!: BETTY BOOP AND THE ISSUE OF AESTHETIC FUNCTIONALITY

#### A. *The Rationales for Intellectual Property Protection*

The United States economic system is based on the fundamental notion that public welfare is best advanced by free competition.<sup>82</sup> Allowing

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77. See 17 U.S.C. § 302(c) (stating that in business contexts that often involve works made for hire, copyright protection lasts for 95 years); see also 17 U.S.C. §§ 107–122 (2006) (outlining several exceptions to copyright privileges).

78. See 15 U.S.C. § 1052(f).

79. See *id.* § 1125(c). Owners of famous trademarks have rights under federal law to prevent dilution of their marks due to blurring and tarnishment. See *id.* This protection gives owners of famous trademarks far more extensive rights than traditionally enjoyed under likelihood of confusion principles, allowing them to prevent application of similar marks on almost any product or service offered in the market. Trademark infringement requires that the defendant sell goods that are either competitive or related to the plaintiff's goods. See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979). With dilution, the plaintiff has rights against any substantially similar use that impairs the distinctiveness of its mark, regardless of competition or likelihood of confusion. See 15 U.S.C. § 1125(c). Owners of famous marks also may have dilution rights under several state unfair competition laws. See, e.g., Michael Travis, *In Search of a Consistent Trademark Dilution Test*, 58 U. CIN. L. REV. 1449, 1453–58 (1990); Robert Brauneis & Paul Heald, *Trademark Infringement, Trademark Dilution, and the Decline in Sharing of Famous Brand Names: An Introduction and Empirical Study*, 59 BUFF. L. REV. 141, 149–50 (2011) (discussing various state trademark dilution statutes).

80. See *Fleischer Studios, Inc.*, 636 F.3d at 1124, *withdrawn and superseded*, 654 F.3d 958 (9th Cir. 2011) (“If we ruled that A.V.E.L.A.’s depictions of Betty Boop infringed Fleischer’s trademarks, the Betty Boop character would essentially never enter the public domain. Such a result would run directly contrary to *Dastar* . . .”).

81. See *id.*

82. See *E. Wine Corp. v. Winslow-Warren, Ltd.*, 137 F.2d 955, 958 (2d Cir. 1943) (“[T]here is a basic public policy, deep-rooted in our economy and respected by the courts, rest-

competitors to freely copy products and services leads to lower costs, better features, and reduced prices.<sup>83</sup> However, inventors and artists may be reluctant to invest in creative activities if they know that others can freely utilize them as soon as they are disclosed to the public.<sup>84</sup> Thus, they may decide to forego development of the ideas, or if possible, distribute them through secret channels.<sup>85</sup> In either event, social welfare is diminished because members of the public do not get to widely benefit from creations that they otherwise might have enjoyed.<sup>86</sup>

The patent and copyright systems are intended to solve this problem by granting inventors and artists a limited period of exclusivity so that they have an opportunity to profit from their creativity before facing free competition.<sup>87</sup> Both regimes are theoretically characterized by a finely tuned balance that provides just the right length and degree of protection to sufficiently reward innovators before competitors in the marketplace gain full access to their creative works.<sup>88</sup> The patent system, for instance, provides developers of useful products and processes the exclusive right to make, use, and sell their inventions for twenty years.<sup>89</sup> To earn this protection, the inventions have to meet several specified standards, such as novelty and non-obviousness.<sup>90</sup> Those useful inventions that fail to meet these requirements are not deemed worthy of a patent, and so should remain free for the public

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ing on the assumption that social welfare is best advanced by free competition . . . .”); *see also* *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989) (stating that imitation and refinement through imitation are the very lifeblood of a competitive economy).

83. *See* Burgunder, *supra* note 70, at 583.

84. *See generally* Paul Goldstein, *The Competitive Mandate: From Sears to Lear*, 59 CAL. L. REV. 873, 878 (1971) (arguing that the purpose of copyright, patent, and trademark law is to ensure protection of incentivizing participation in the creation of ideas).

85. *See id.* at 878 (stating that although short range competitive interests would benefit from immediate and free public access to technological and artistic innovation, such access would destroy incentive to innovate).

86. *See* Burgunder, *supra* note 70, at 583 (“[S]ocial net welfare will be maximized if *disclosed* ideas are freely accessible to all.”).

87. *See* U.S. CONST. art. I, § 8, cl. 8 (allowing exclusive rights for limited times to authors and inventors); *see also* *Bonito Boats*, 489 U.S. at 146 (“From their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.”).

88. *See* *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33–34 (2003) (“The rights of a patentee or copyright holder are part of a ‘carefully crafted bargain,’ under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution.”) (internal citations omitted).

89. 35 U.S.C. § 154(a)(2) (2006) (providing a twenty-year term from the effective filing date).

90. *See id.* §§ 102–103 (2006).

to copy.<sup>91</sup> The same goes when inventors opt not to protect their useful inventions by patents.<sup>92</sup> Again, the public must be free to copy those inventions, or the balance of the patent system will be unduly displaced.<sup>93</sup> Likewise, and perhaps most obviously, the public must gain full rights to the invention after the patent expires.<sup>94</sup> Thus, any legislative attempts by state governments to protect unpatented or un-patentable inventions typically will be preempted because they will interfere with the policy objectives of the federal patent laws.<sup>95</sup> Also, Congress must take great care when devising its laws to ensure that they do not upset the delicate balance crafted for patents, and the courts must assume that federal laws are not intended to interfere with that balance unless Congress specifically states otherwise.<sup>96</sup>

The same considerations are true for design patents and copyrights.<sup>97</sup> The former provides fourteen years of protection to novel and non-obvious product designs.<sup>98</sup> Copyrights grant a relatively long period of protection for original material in expressive works such as books, movies, paintings, and sculpture.<sup>99</sup> Thus, a copyright provides the creators of a movie, like *Finding Nemo*, the power to prevent others from making a movie that is substantially similar to the original for the duration of the copyright peri-

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91. See *Bonito Boats*, 489 U.S. at 151 (“The novelty and nonobviousness requirements of patentability embody a congressional understanding, implicit in the Patent Clause itself, that free exploitation of ideas will be the rule, to which the protection of a federal patent is the exception.”).

92. See *id.* at 149 (“Once an inventor has decided to lift the veil of secrecy from his work, he must choose the protection of a federal patent or the dedication of his idea to the public at large.”).

93. See *id.* at 152 (noting that Congress strikes a balance in patent laws between the desire to exploit freely the “full potential of our inventive resources” and the need to incentivize the use of these resources).

94. See *id.* (“We have long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law.”).

95. See, e.g., *id.* at 152; *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964); *Compco Corp. v. Day-Brite Lighting Inc.*, 376 U.S. 234, 237 (1964).

96. See *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 164–65 (1995) (stating that federal trademark law must be interpreted to prevent interference with the patent law’s objectives of encouraging innovation); *Bonito Boats*, 489 U.S. at 168 (“It is for Congress to determine if the present system of design and utility patents is ineffectual in promoting the useful arts in the context of industrial design.”); see also Digital Millennium Protection Act of 1998, Title V, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (enacting a federal equivalent of the law struck down in *Bonito Boats*).

97. See e.g., *Sears, Roebuck & Co.*, 376 U.S. at 230–31 (providing that federal design patent standards are “carefully used to promote invention while at the same time preserving free competition.”); see also *Dastar Corp.*, 539 U.S. at 33–34 (noting that copyrights are part of a carefully crafted bargain which can only be altered with specificity by Congress).

98. See 35 U.S.C. § 173 (2006).

99. See 17 U.S.C. § 102(a) (2006) (stating that copyright subsists “in original works of authorship fixed in any tangible medium of expression” including literary works, musical works, motion pictures, and pictorial, graphic, and sculptural works, among others).

od.<sup>100</sup> In addition, courts have determined that certain well-developed characters, such as Nemo, are sufficiently creative that they can have copyright protection independently from the works in which they appear.<sup>101</sup> Thus, any other company that displays an image substantially similar to the character, Nemo, would violate the copyright, unless its use falls under a special exception such as fair use.<sup>102</sup>

While patents and copyrights provide exclusive rights so that creative individuals might earn suitable profits from their innovations, trademarks are intended to serve an altogether different role.<sup>103</sup> In an unrestrained marketplace, competitors would be free to duplicate every observable attribute of a product,<sup>104</sup> which could make it very difficult for consumers to locate products from a particular source that they desire. The primary goal of the trademark system is to address this problem by giving companies exclusive rights to identification symbols so that consumers can distinguish their products from those made by competitors.<sup>105</sup> Thus, trademarks are intended to reduce the likelihood that consumers might be confused about the sources of competitive products that otherwise might look identical.<sup>106</sup>

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100. See *Taylor Corp. v. Four Seasons Greetings, LLC*, 403 F.3d 958, 966–67 (8th Cir. 2005) (explaining that one infringes the reproduction right not just by making an exact duplication, but also by making a work that is substantially similar to the copyrighted expression).

101. See, e.g., *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958, 962 (9th Cir. 2011) (“There is no doubt that a separate Betty Boop character copyright exists.”). See generally *Rice v. Fox Broad. Co.*, 330 F.3d 1170, 1175–76 (9th Cir. 2003) (stating that characters that are “especially distinctive” receive copyright protection apart from the copyrighted work) (emphasis added).

102. See 17 U.S.C. § 107 (2006). The Copyright Act provides that it is not an infringement to make a fair use of a work “for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship or research . . . .” The Act provides four factors that are relevant to determine whether a use of copyrighted work is a fair use: “(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.”

103. See *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 34 (2001) (“The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.”).

104. See Lee B. Burgunder, *Product Design Protection After Bonito Boats: Where it Belongs and How It Should Get There*, 28 AM. BUS. L.J. 1, 8 (1990).

105. See 15 U.S.C. § 1115 (2006); see also Burgunder, *supra* note 104, at 7–10.

106. See 15 U.S.C. §§ 1114(1), 1125(a)(1) (2006) (providing that trademark infringement results when a company uses a trademark in a way that is likely to cause confusion, mistake, or deception). See generally William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J. L. & ECON. 265, 270 (1987) (noting in a freely competitive marketplace, competitors would routinely copy identifying marks because the cost of copying those characteristics would typically be less than the value of the goodwill that could be appropriated through consumer confusion).

The protection of trademarks leads to several beneficial social effects.<sup>107</sup> First and foremost, trademarks prevent unscrupulous competitors from trying to fool unsuspecting consumers into buying their inferior products by mistake.<sup>108</sup> Thus, trademarks preserve standards of commercial ethics.<sup>109</sup> Also, trademarks make it easy for consumers to locate the goods and services that they want, thus reducing the amount of time and resources they otherwise might have to invest to complete a successful search.<sup>110</sup> In this way, trademarks enhance market efficiency.<sup>111</sup> In addition, companies are more likely to invest in quality when competitors cannot easily siphon off and confuse customers with inferior products or services.<sup>112</sup>

In a perfect world, the trademark system provides these benefits without any countervailing social harms. As a starting matter, trademarks in their purest forms are simply identification symbols that are included with goods or services to designate source.<sup>113</sup> In this sense, the trademark system prevents competitors from copying the protected identification symbol, but allows them to freely duplicate the underlying products that the consumers primarily want.<sup>114</sup> Thus, trademarks achieve their purposes without overstepping into the functions that patents and copyrights are designed to perform.<sup>115</sup>

107. See e.g., *Dastar Corp.*, 539 U.S. at 34 (“Federal trademark law . . . ‘reduces the customer’s costs of shopping and making purchasing decisions,’ and ‘helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.’”) (quoting *Qualitex Co.*, 514 U.S. at 163–64).

108. See Burgunder, *supra* note 70, at 587; Gary Spratling, *The Protectability of Package, Container and Product Configurations (Part I)*, 5 U.S.F. L. REV. 451, 465–66 (1971); *Brown Chemical Co. v. Meyer*, 139 U.S. 540, 544 (1891).

109. See Burgunder, *supra* note 70, at 587; Spratling, *supra* note 108, at 465–66; *Brown Chemical Co.*, 139 U.S. at 544.

110. See generally Ralph Folsom & Larry Teply, *Trademarked Generic Words*, 89 YALE L. J. 1323, 1336 (1980).

111. See *id.* at 1336.

112. See S. REP. NO. 1333 (1945), reprinted in 1946 U.S.C.C.A.N 1274, 1275 (“Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates. To protect trade-marks, therefore, is . . . to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not.”).

113. See 15 U.S.C. § 1127 (2006) (stating that the Lanham Act allows registration of “any word, name, symbol, or device” that is capable of identifying and distinguishing goods or services).

114. The trademark system now allows product attributes to potentially serve as trademarks, making it more difficult to distinguish the identifier from the underlying product. Still, the identifier must at least be conceptually separable from the notion of the basic or generic product. See e.g., *Duraco Prods., Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1449–50 (3d Cir. 1994) (“[T]he configuration for which protection is sought must not appear to the consumer as a mere component, or the essence, of the product gestalt, but rather must appear as something attached (in a conceptual sense) to function in actuality as a source designator—it must appear to the con-

Trademarks also typically improve efficiency without raising competitive roadblocks.<sup>116</sup> It is hard to imagine how exclusive rights to a word, such as EXXON, might hurt competing oil companies since they can choose from literally millions of other names to identify their products.<sup>117</sup> However, not all selections may be so benign, and when that happens, trademark rights have to be handled more cautiously.<sup>118</sup> For instance, providing trademark rights to the generic name of a product, such as “BASEBALL,” would clearly provide market advantages because competitors might have a hard time assuring consumers that their products suitably achieve the same functions.<sup>119</sup> Thus, trademarks are never appropriate for words that are, or become, generic.<sup>120</sup>

Likewise, potential competitive concerns arise when companies select descriptive words and phrases, such as “ROLLERBLADE,” to serve as trademarks. In one sense, these choices do not even act as trademarks by designating source because consumers usually perceive them at first as merely describing the product. Also, if there are only a few other equally good ways to describe the product, then providing trademark protection might be advantageous to the lucky registrants of these effective names

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sumer to act as an independent *signifier* of origin rather than as a component of the good.”) (emphasis added); see also Burgunder, *supra* note 70, at 282–85.

115. See *Duraco Prods., Inc.*, 40 F.3d at 1449–50 (“[T]he configuration for which protection is sought must not appear to the consumer as a mere component, or the essence, of the product gestalt, but rather must appear as something attached (in a conceptual sense) to function in actuality as a source designator—it must appear to the consumer to act as an independent *signifier* of origin rather than as a component of the good.”) (emphasis added); see also Burgunder, *supra* note 70, at 282–85.

116. See Lee B. Burgunder, *Trademark Protection of Live Animals: The Bleat Goes On*, 10 J. MARSHALL REV. INTELL. PROP. L. 715, 720 (2011); see also *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 98 (1918) (“In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one’s good-will in trade . . .”).

117. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976); see also Landes & Posner, *supra* note 106, at 290.

118. See *infra* Part III.A.

119. See Lee B. Burgunder, *Trademark and Copyright: How Intimate Should the Close Relationship Become?*, 29 SANTA CLARA L. REV. 89, 97 (1989); Landes & Posner, *supra* note 106, at 291–96.

120. See *Abercrombie & Fitch Co.*, 537 F.2d at 9 (providing that the Lanham Act, 15 U.S.C. §§ 1127, 1064(B) (2006), only allows registration of marks that are capable of distinguishing the goods or services of the applicant, and allows cancellation of marks that become common descriptive names). Although registration for generic words is not permitted, trademarks are allowed for phrases that include generic words, as long as the entire phrase is distinctive. See *generally* COCA-COLA, Registration No. 0022406 (reciting a soda with the generic word “cola” included in the mark).



since all the other choices are inferior shorthand tools for marketing.<sup>121</sup> For both of these reasons, the trademark system does not provide protection to words that primarily have descriptive meanings.<sup>122</sup> However, when a company uses a descriptive term exclusively for a long period of time and makes efforts to have consumers associate the phrase with an individual source, then consumers might be confused if other companies were then permitted to use it.<sup>123</sup> Under these circumstances, the term is said to have “secondary meaning,”<sup>124</sup> which refers to the source identification properties that became subsequently associated with it.<sup>125</sup> In this instance, protection may be allowed if the potential for consumer confusion outweighs concerns about the competitors’ access to equally informative names.<sup>126</sup>

### *B. The Increasing Problems with Overlapping IP Protection Systems*

As described, patents and copyrights have been devised to provide incentives toward different forms of creative innovations, while trademarks serve different purposes.<sup>127</sup> Patents are intended to protect useful machines and processes, as well as the designs of useful products, while copyrights cover expressions, but not ideas, processes, or systems of operation.<sup>128</sup> Trademarks, on the other hand, are simply identification symbols that companies include with products to help consumers find their products by reducing potential confusion with competitive offerings.<sup>129</sup> Over time, though, courts and Congress have expanded the range of protections offered by each of the systems,<sup>130</sup> leading to overlapping coverage that challenges the fundamental balances that respectfully underlie them.<sup>131</sup>

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121. See Burgunder, *supra* note 70, at 599; see also Landes & Posner, *supra* note 106, at 290.

122. See 15 U.S.C. § 1052(e) (2006).

123. See Burgunder, *supra* note 70, at 599.

124. Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 211 (2000).

125. See *id.* at 210.

126. See Lee B. Burgunder, *Trademark Protection of Smells: Sense or Nonsense*, 29 AM. BUS. L. J. 459, 472 (1991); see also Landes & Posner, *supra* note 106, at 290.

127. See *supra* Part II.

128. See *supra* Part III.A.

129. See *id.*

130. See *id.* Courts have also expanded patent rights to cover new realms, such as computer programs, business methods, and possibly human genes. See, e.g., *Bilski v. Kappos*, 130 S.Ct. 3218 (2010); *Diamond v. Diehr*, 450 U.S. 175 (1981); *State St. Bank & Trust Co. v. Signature Fin. Grp., Inc.*, 149 F.3d 1368 (Fed. Cir. 1998); *Ass’n for Molecular Pathology v. U.S. Patent & Trademark Office*, 653 F.3d 1329 (Fed. Cir. 2011), *vacated*, 2012 U.S. LEXIS 2356.

131. See *infra* Part III.A.

For instance, due to both new laws and court interpretations, copyrights now may protect computer programs<sup>132</sup> and the architecture of buildings,<sup>133</sup> despite their clearly useful purposes. The expansion with trademarks is even more profound. Trademarks are no longer confined to separate identification symbols; now the actual components of products, such as their color,<sup>134</sup> smell,<sup>135</sup> sound,<sup>136</sup> or overall design,<sup>137</sup> may qualify.<sup>138</sup> These trends cause obvious tensions with the patent and copyright systems, which have very limited and circumscribed standards for protection to maintain the appropriate social balance.<sup>139</sup> In addition, trademarks no longer simply address the likelihood of confusion with competitive products.<sup>140</sup> Rather, companies owning certain trademarks have rights against non-competing uses through the doctrine of dilution, and against applications that may cause confusion as to sponsorship or affiliation.<sup>141</sup> Both of these movements increasingly allow companies to own more than a simple means to reduce source confusion; instead they can exercise almost complete control over any use of an identification device.<sup>142</sup>

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132. *See, e.g.*, 17 U.S.C. § 101 (2006). Courts have interpreted the Copyright Act to protect computer programs because the Act provides a definition of the phrase, “computer programs.” *See, e.g.*, *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1246–48 (3d Cir. 1983); *Lotus Dev. Corp. v. Borland Int’l Inc.*, 49 F.3d 807 (1st Cir. 1995); *see also* 17 U.S.C. § 117 (providing limitations to the extent of protection for computer programs); *Lotus Dev. Corp. v. Paperback Software Int’l.*, 740 F. Supp. 37, 49 (D.C. Mass. 1990) (“Although Congress did not include ‘computer programs’ in this list of examples of ‘works of authorship,’ computer programs fall squarely within the statutory definition of literary works.”).

133. *See, e.g.*, 17 U.S.C. § 102(a)(8) (listing architectural works as within the scope of copyright protection); *see also Diehr*, 450 U.S. 175; *State St. Bank & Trust Co.*, 149 F.3d 1368; *Ass’n for Molecular Pathology*, 653 F.3d 1329, *vacated*, 2012 U.S. LEXIS 2356.

134. *E.g., Qualitex Co.*, 514 U.S. at 164–65 (stating that the green-gold color of dry cleaning press pad qualifies for trademark registration).

135. *E.g., In re Clarke*, 17 U.S.P.Q.2d 1238 (T.T.A.B. 1990) (considering whether the smell of plumeria blossoms for yarn qualified for trademark registration).

136. *See, e.g.*, Registration No. 0916522 (reciting the trademark of a sequence of chime-like musical notes).

137. *See, e.g., Wal-Mart*, 529 U.S. at 211 (establishing that product designs may be protected as trademarks with proof of secondary meaning).

138. *See* 35 U.S.C. § 271 (2006).

139. *See* Richard H. Stern, *Scope-of-Protection Problems with Patents and Copyrights on Methods of Doing Business*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 105, 135–40 (1999).

140. *See* 15 U.S.C. § 1051 (2006).

141. *See* 15 U.S.C. §§ 1125(a)(1), 1125(c).

142. *See* Viva R. Moffat, *Mutant Copyrights and Backdoor Patents: The Problem of Overlapping Intellectual Property Protection*, 19 BERKELEY TECH. L. J. 1473, 1495 (2004) (providing that some scholars refer to this trend as a “propertization of trademarks”).

The increasing overlap of potential protection from these disparate systems leads to significant questions about the unintended impacts that each might have on the policy objectives of the others and requires policy makers to fashion appropriate limits to preserve social welfare.<sup>143</sup> As just one example, consider the body design of the Mazda3 automobile. It is possible to argue that the design could be subject to a utility patent due to airflow characteristics, a design patent for its ornamental appearance, a copyright for its sculptural beauty, and a trademark for its distinctive look. How should the courts parcel out which forms of protection are appropriate, when each is applicable, and to what degree? Cartoon and other media characters, such as Betty Boop, may pose challenges as well.<sup>144</sup> Since product attributes may now serve as trademarks, one can argue that distinctive characters can represent the source of the films or books in which they appear.<sup>145</sup> Coupled with dilution and sponsorship rights, the trademark owner perhaps could control all uses of the character in any commercial context, even after copyright privileges are lost or expire.<sup>146</sup> How should courts address this obvious conflict with the policy goals of copyright?

### 1. The Copyright-Patent Overlap

Although applications of Betty Boop's image will almost never raise patent issues, the tests that courts have devised to address potentially overlapping copyright and patent protections are instructive in the more pertinent context involving trademarks and copyrights.<sup>147</sup> The essential questions are what will happen when works of art are turned into useful articles? or alternatively when are useful articles so creatively expressive or beautiful that they also qualify as works of art?<sup>148</sup> Patent protection lasts

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143. *See id.* at 1474, 1531 n.274.

144. *See, e.g.,* Laurie Richter, *Reproductive Freedom: Striking a Fair Balance Between Copyright and Other Intellectual Property Protections in Cartoon Characters*, 21 ST. THOMAS L. REV. 441 (2009); Helfand, *supra* note 73, at 623.

145. *See, e.g.,* Dr. Seuss Enter., L.P., v. Penguin Books USA, Inc., 109 F.3d 1394, 1396 (9th Cir. 1997) (stating that the Cat in the Hat character is a common law trademark representing the source of the Cat in the Hat stories); Lyons P'ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789, 804 (4th Cir. 2001) (stating that the Barney character serves as a trademark representing the source of the "Barney and Friends" television show); DC Comics, Inc. v. Filmation Assocs., 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980) (stating that the physical appearances of the Aquaman and Plastic Man characters may serve as trademarks for the entertainment media in which they appear).

146. *See* Moffat, *supra* note 142, at 1513–21.

147. Betty Boop might conceivably raise design patent issues if her image were used as a sculptural component of a useful item, such as a toy robot. *See* Mazer v. Stein, 347 U.S. 201, 215–19 (1954) (allowing copyright registration for statuettes that served as table lamp bases).

148. *See generally* Burgunder, *supra* note 104, at 7–10.

for fourteen to twenty years,<sup>149</sup> depending on the circumstances, but if copyright protection were available, the owner could extend protection over the design for far longer.<sup>150</sup>

One way that the Copyright Act attempts to deal with the potential overlap is with the following provision:

[T]he design of a useful article . . . shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.<sup>151</sup>

Courts have struggled with the application of this language in cases dealing with lamp bases and fixtures,<sup>152</sup> belt buckles,<sup>153</sup> mannequins,<sup>154</sup> and bike racks,<sup>155</sup> among other topics. The easiest way to handle the situation would be to permit copyright protection for the artistic elements only when they can be physically removed from the product without affecting its ability to function.<sup>156</sup> In a sense, this would effectively bar the overlap since the copyright only applies to elements that have no function.<sup>157</sup> However, courts have not been willing to take such an extreme position,<sup>158</sup> and instead entertain the notion of conceptually separating the artistic elements from the useful functions.<sup>159</sup>

The difficulty, then, has been devising tests that inform when appropriate conceptual separation exists. To this end, courts have considered several tests, including: (1) whether the primary use of the article is as an artistic work; (2) whether the artistic aspects are primary; (3) whether the article is marketable as art; and (4) whether the article was first developed as art

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149. *Patents*, U.S. PATENT & TRADEMARK OFF., <http://www.uspto.gov/inventors/patents.jsp> (last visited Nov. 23, 2012).

150. See 17 U.S.C. § 302 (2006) (providing that for works made for hire and anonymous works, copyright protection lasts ninety-five years from the date of first publication (or 120 years from the year of creation), and that copyrights in other works last for the life of the author plus seventy years).

151. See 17 U.S.C. § 101.

152. See *Mazer*, 347 U.S. 201; *Esquire, Inc. v. Ringer*, 591 F.2d 796 (D.C. Cir. 1978).

153. See *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980).

154. See *Carol Barnhart Inc. v. Econ. Cover Corp.*, 773 F.2d 411 (2d Cir. 1985).

155. See *Brandir Int'l, Inc. v. Cascade Pac. Lumber Co.*, 834 F.2d 1142 (2d Cir. 1987).

156. See Darren Hudson Hick, *Conceptual Problems of Conceptual Separability and the Non-Usefulness of the Useful Articles Distinction*, 57 J. Copyright Soc'y U.S.A. 37, 49–51 (2010).

157. See *id.* at 39–40.

158. *Id.*

159. See *Kieselstein-Cord*, 632 F.2d at 993.

uninhibited by functional considerations.<sup>160</sup> Although all of these tests are slightly different, two overriding considerations do stand out.<sup>161</sup> One relates to the importance of the artistic elements.<sup>162</sup> The more that the artistry can somehow be viewed as “primary,” the more that dual coverage seems to be appropriate.<sup>163</sup> The other involves the creator’s intent—whether the purpose was to create a work of art as opposed to an industrial design.<sup>164</sup> Putting these together, one might ask whether the developer’s primary purpose in creating the piece was to make an aesthetic work of art, which would point toward dual protection, or whether the primary goal was to make a useful article, which would serve to exclude copyright protection.

The Copyright Act also attempts to avoid dual coverage with patents through its definition of copyrightable subject matter.<sup>165</sup> The statute provides that copyrights are available to protect original expressions in works of authorship, but the rights cannot extend to ideas, processes, systems, or methods of operation.<sup>166</sup> In this regard, the most difficult issues have arisen in the context of computer programs and user interfaces since they rely on written instructions and displays to make the computers work and help customers operate them.<sup>167</sup>

Although computer programs are clearly patentable as useful processes,<sup>168</sup> the courts, at first, gave copyrights a significant role in their protection as well, thus making the degree of overlapping coverage somewhat great.<sup>169</sup> For instance, copyrights protected not only the lines of code selected to instruct the machine, but also the structure, sequence, and organi-

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160. *Carol Barnhart, Inc.*, 773 F.2d at 421–22 (Newman, J., dissenting); *Brandir Int’l, Inc.*, 834 F.2d at 1144.

161. *See Mazer*, 347 U.S. at 203–05; *see also Carol Barnhart, Inc.*, 773 F.2d at 415–18.

162. *See Mazer*, 347 U.S. at 203–05.

163. *See id.*

164. *See Carol Barnhart, Inc.*, 773 F.2d at 415–18.

165. *See* 17 U.S.C. § 102(b).

166. *See id.*

167. *See, e.g.,* *Gates Rubber Co. v. Bando Chemical Indus., Ltd.*, 9 F.3d 823 (10th Cir. 1993); *Atari Games v. Nintendo*, 975 F.2d 832 (Fed. Cir. 1992); *Computer Assocs., Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992); *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222 (3d Cir. 1986); *Apple Computer, Inc.*, 714 F.2d 1240; *Lotus Dev. Corp.*, 49 F.3d 807; *Lotus Dev. Corp.*, 740 F. Supp. 37.

168. *See In re Alappat*, 33 F.3d 1526, 1545 (Fed. Cir. 1994). The Federal Circuit stated, “a computer operating pursuant to software may represent patentable subject matter.” *Id.* The major debate with computer programs is the degree to which physical processes must be included with the claims. *See Bilski*, 130 S.Ct. 3218.

169. *See Moffat, supra* note 142, at 1501.

zation of the program.<sup>170</sup> Likewise, with user interfaces, copyrights protected almost anything that appeared on the screen, including the choice and arrangement of command terms.<sup>171</sup> In both instances, the courts allowed coverage because other developers had several alternative options to achieve the program's overall goals.<sup>172</sup> Thus, the concept of the idea or system was seen in very abstract terms, thereby opening the door to significant copyright coverage.<sup>173</sup>

More recently, though, courts have significantly reduced the role of copyrights by taking a more practical approach to the utilitarian characteristics of computer programs and interfaces.<sup>174</sup> With computer programs, courts now focus on each characteristic and feature to determine the importance of its individual role to the overall utility, efficiency, and industry acceptance of the product.<sup>175</sup> These attributes, which are viewed as primarily suited to patents, are filtered from the realm of copyright, so that all that remains is a small nugget or core of protectable expression.<sup>176</sup> In fact, in the leading computer program case, *Computer Associates International, Inc. v. Altai, Inc.*, the court believed that the copyright system is not ideally suited for protecting computer technology at all, but that Congress required copyrights to have a role.<sup>177</sup> Nonetheless, the court refused to impair the overall integrity of copyright law.<sup>178</sup> The same trend also emerged with user interfaces, so that courts now tend to view the entire menu system as a method of operation solely within the purview of patents.<sup>179</sup> Here, too, courts have sought to remove much of the overlapping protection and more clearly delineate the separate and independent roles of patents and copyrights.<sup>180</sup>

## 2. The Trademark-Patent Overlap and the Functionality Doctrine

As previously noted, the courts over time have expanded the forms of identification devices that may serve as trademarks,<sup>181</sup> so that distinctive

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170. See *Whelan Assocs.*, 797 F.2d at 1248.

171. See *Lotus Dev. Corp.*, 740 F. Supp. at 68.

172. See *Whelan Assocs., Inc.*, 797 F.2d at 1240; see also *Lotus Dev.* 740 F. Supp. at 67–68.

173. See Lee B. Burgunder & Carey E. Heckman, *An Emerging Theory of Computer Software Genericism*, 2 HIGH TECH. L. J. 229, 240–42 (1987).

174. See *Computer Assocs., Int'l, Inc.*, 982 F.2d 693.

175. See *id.* at 701–12.

176. See *id.* at 710.

177. *Id.* at 712.

178. *Id.*

179. *Lotus Dev. Corp.*, 49 F.3d at 815–18.

180. *Id.* at 816–19.

181. See, e.g., *Wal-Mart Stores*, 529 U.S. 205.

product designs and features now may qualify.<sup>182</sup> Since product attributes have become subject to trademarks, overlap with the patent system necessarily results because patents protect both utilitarian features and ornamental product designs.<sup>183</sup> As always, the overlap leads to potential conflicts between the policy goals of each, but in this regard, the patent system must always take precedence since it was specifically devised to protect these kinds of innovations.<sup>184</sup>

Recent Supreme Court decisions bear this out, since they have called for greater caution before extending trademark rights to product designs.<sup>185</sup> For instance, one might ask if a highly unusual product design could be so immediately distinctive that it would automatically serve as a trademark, not unlike the word “EXXON.” The Supreme Court ruled that product designs, no matter how distinctive, should always be treated like descriptive marks, since consumers typically view them, at first, as simply an attractive aspect of the product rather than as an identifier.<sup>186</sup> Thus, the Court required that secondary meaning be proven under every circumstance.<sup>187</sup> In this regard, the Supreme Court recognized that this additional hurdle might sometimes increase instances of consumer confusion.<sup>188</sup> However, in doing so, the Court also determined that “[c]onsumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves.”<sup>189</sup> In other words, when the goal of preventing confusion might interfere with rights to fairly compete, then competition must prevail.

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182. *See generally id.* at 216 (holding distinct product designs are protected under the Lanham Act).

183. *See* 35 U.S.C. §§ 101, 171 (2006).

184. *See, e.g., Traffix Devices, Inc.*, 532 U.S. at 29; *Qualitex Co.*, 514 U.S. at 164.

185. *See Wal-Mart Stores*, 529 U.S. at 214–15; *see also Traffix Devices, Inc.*, 532 U.S. at 29.

186. *See Wal-Mart Stores*, 529 U.S. at 213. Prior to this decision, some lower courts, including the Second Circuit in the *Samara* litigation, determined that product designs might be inherently distinctive and could be protected by the trademark laws without proof of secondary meaning. *See, e.g., Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 124–25 (2d Cir. 1998) (determining that product designs might be inherently distinctive and could therefore be protected by the trademark laws without proof of secondary meaning).

187. *Wal-Mart Stores*, 529 U.S. at 215.

188. *See id.* at 214 (“[G]iven the unlikelihood of inherently source-identifying design, the game of allowing suit . . . [is] not worth the candle.”).

189. *Id.* at 213.

## a. Utilitarian and aesthetic functionality

More pertinent to the Betty Boop litigation is the application of what is called the “functionality doctrine,” since the Ninth Circuit, on its first pass, relied on this doctrine to sanction Art & Vintage Entertainment Licensing Agency, Inc.’s (“A.V.E.L.A.”) use of the character.<sup>190</sup> The functionality doctrine was specifically developed to prevent the trademark system from protecting product designs when such protection would upset the carefully crafted objectives of the patent regime.<sup>191</sup> In this regard, the courts are concerned with two associated but slightly different issues. The first relates to the notion that useful inventions and product designs are supposed to be subject to free competition, unless they are covered by patents.<sup>192</sup> Thus, tensions inevitably arise whenever trademarks are used to protect unpatented useful articles.<sup>193</sup> The other issue relates to the overarching goal of patents, which is to stimulate creativity via the profits inventors might earn from exercising control over what they hope are superior product attributes.<sup>194</sup> For this reason, trademark protection of product designs is troublesome when exclusivity offers competitive advantages.

According to the Supreme Court, a product feature is functional and cannot serve as a trademark “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”<sup>195</sup> This is true, according to the Court, even if the attribute has acquired secondary meaning.<sup>196</sup> Thus, the doctrine is an absolute bar, and trumps potential confusion.<sup>197</sup>

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190. See generally *Fleischer Studios, Inc.*, 654 F.3d 958.

191. See, e.g., *TrafFix Devices, Inc.*, 532 U.S. at 29; *Qualitex Co.*, 514 U.S. at 164–65; *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 338 (7th Cir. 1985).

192. See, e.g., *TrafFix Devices, Inc.*, 532 U.S. at 29 (“In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.”); *Qualitex Co.*, 514 U.S. at 164–65 (“If a product’s functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever.”).

193. See e.g., *Burgunder*, *supra* note 119, at 725.

194. See *Burgunder*, *supra* note 70, at 593 (“Only the patent and copyright laws are designed to allow a producer to achieve supranormal profits.”).

195. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982).

196. *Qualitex Co.*, 514 U.S. at 165 (stating that the functionality doctrine “therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark . . .”).

197. See, e.g., *TrafFix Devices, Inc.*, 532 U.S. at 34–35 (stating that the Lanham Act “does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller”); *W.T. Rogers Co.*, 778 F.2d at 338 (“[T]he concept of functionality is intended to screen out from the protection of trademark law certain design features even if they have become so far



Until recently, there had been substantial debate about the application of the functionality doctrine to designs that contribute to the product's utility.<sup>198</sup> Many courts determined that a feature was not "essential to the use or purpose of the article" if competitors might be able to configure the product in alternative ways to achieve the same function.<sup>199</sup> Thus, the focus was on whether trademark protection would result in competitive advantages.<sup>200</sup> In *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, the Supreme Court ruled that this was an incorrect approach.<sup>201</sup> Instead, courts must prevent trademark protection whenever the feature contributes to the operation of the article in more than an incidental fashion.<sup>202</sup> This is true even when there might be other ways to achieve the same function.<sup>203</sup> Consequently, the Supreme Court criticized the lower courts for allowing trademarks to overreach into the province of patents.<sup>204</sup>

Often, companies want to use trademarks to protect product designs that are attractive but have little relation to the product's utility.<sup>205</sup> Although the Supreme Court has taken a rather absolute stand regarding useful features, its approach to aesthetic designs is a little more permissive.<sup>206</sup>

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identified with the manufacturer of a particular brand that consumers may be confused about the origin of the good if another producer is allowed to adopt the feature.").

198. See, e.g., *Mktg. Displays, Inc. v. TraFFix Devices, Inc.*, 200 F.3d 929, 940 (6th Cir. 1999), *rev'd sub nom.* *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001) (concluding that a dual-spring design for a sign-holding mechanism was not functional because it did not take much imagination to conceive of other ways to achieve the function without using the trade dress); *In re Morton-Norwich Prods. Co.*, 671 F.2d 1332, 1342 (C.C.P.A. 1982); *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 643 (7th Cir. 1993); *Sunbeam Prods., Inc. v. W. Bend Co.*, 123 F.3d 246, 257 (5th Cir. 1997).

199. See, e.g., *Mktg. Displays, Inc.*, 200 F.3d at 939–40; *In re Morton-Norwich Prods. Co.*, 671 F.2d at 1342; *Kohler Co.*, 12 F.3d at 643; *Sunbeam Prods., Inc.*, 123 F.3d at 257.

200. See e.g., *Mktg. Displays, Inc.*, 200 F.3d at 940; *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1507 (10th Cir. 1995) (holding that in evaluating utilitarian fan grill designs, functionality is defined "in terms of competitive need").

201. See *TraFFix Devices, Inc.*, 532 U.S. 23.

202. See *id.* at 32–34.

203. See *id.* at 33 ("There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities . . .").

204. See *id.* at 34 ("The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.").

205. See Burgunder, *supra* note 116, at 727–29.

206. The U.S. Constitution provides some explanation for this because it empowers the federal government to provide exclusive rights to inventors and writers for only limited periods of time. U.S. CONST. art. I, § 8, cl. 8 ("The Congress shall have the Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . ."). Since trademarks may potentially last forever, significant constitutional questions arise whenever they might protect items

Thus, the Court has concluded that aesthetic product designs are functional only when exclusive rights would give the trademark owner a competitive advantage in the market.<sup>207</sup> Such an advantage may arise if consumers consider the aesthetic attribute to be an important reason to purchase the product.<sup>208</sup> Companies also may gain an advantage if the feature is more attractive or desirable than other potential options that competitors might use with their products.<sup>209</sup> Based on these considerations, Owens-Corning was able to register the color pink as a trademark for home insulation because (1) color is not an important factor in a consumer's decision to purchase insulation, and (2) other companies had numerous other color options that they might use on their insulation.<sup>210</sup> On the other hand, an Italian shoe company has recently faced questions about whether a red sole may serve as a trademark because consumers may consider color to be an important factor in a fashion purchase decision.<sup>211</sup>

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that fundamentally are useful inventions or expressive materials. *See TrafFix Devices, Inc.*, 532 U.S. at 35 (stating that we do not need to resolve the question whether “the Patent Clause of the Constitution, Art. I, § 8, cl. 8, of its own force, prohibits the holder of an expired utility patent from claiming trade dress protection”). Strictly speaking, aesthetic product designs are outside of the Constitutional mandate, which only specifically applies to “the useful Arts,” so Congress may have more flexibility to regulate them. U.S. CONST. art. I, § 8, cl. 8. Also, some courts claim that the market could be a dull and unimaginative place if designers had to rely solely on the design patent system to protect aesthetic innovation. *See LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 77 (2d Cir. 1985); *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 825 (3d Cir. 1981). The Supreme Court has acknowledged that states may use unfair competition laws to protect aesthetic trade dress, even though the designs may be proper subjects for design patent protection. *Bonito Boats*, 489 U.S. at 154.

207. *See TrafFix Devices, Inc.*, 532 U.S. at 33 (“It is proper to inquire into a ‘significant non-reputation related disadvantage’ in cases of aesthetic functionality.”).

208. *See, e.g., Qualitex Co.*, 514 U.S. at 165; *Pagliero v. Wallace China Co.*, 198 F.2d 339, 344 (9th Cir. 1952) (holding that floral design of china pattern was aesthetically functional because it was an important ingredient in commercial success); *Industria Arredamenti Fratellini Saporti v. Charles Craig, Ltd.*, 725 F.2d 18, 20 (2d Cir. 1984) (holding that the design of an Italian sofa was aesthetically functional because it was a principle characteristic of the sofa that enhanced its salability).

209. *See, e.g., W.T. Rogers Co.*, 778 F.2d at 342–43 (holding that a hexagonal end-panel of a stacking tray is not aesthetically functional if effective competition is possible without it, such as by using other shapes that are equally appealing); *Qualitex Co.*, 514 U.S. at 165 (evaluating the aesthetic functionality of color in terms of whether it makes a product more desirable).

210. *See In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1121 (Fed. Cir. 1985) (“[D]epriving the public of the right to color fibrous residential insulation ‘pink’ (1) does not hinder competition and (2) does not take from the goods . . . something of substantial value.”) (emphasis and quotation marks omitted).

211. Although Christian Louboutin has a trademark registration for the red soles on shoes, a federal district court denied a motion for summary judgment against Yves Saint Laurent's sale of red-soled shoes “[b]ecause in the fashion industry color serves ornamental and aesthetic functions vital to robust competition . . .” *See Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445, 449 (S.D.N.Y. 2011). Also, in the context of fashion, color “performs a creative function” because “[i]t is a feature purposely given to an article of art or design to de-

It is important to reemphasize that the objective of aesthetic functionality is to ensure that companies do not unfairly benefit by obtaining exclusive rights to attractive product features through trademarks. For this reason, the focus of the analysis is on the inherent or comparative value of the feature itself before trademark rights are even obtained. Thus, pink could be registered as a trademark because it provided no competitive advantages in selling insulation.<sup>212</sup> However, there is no question that Owens-Corning has invested heavily in the quality of its products and advertising so that many customers actually prefer pink insulation.<sup>213</sup> This preference, though, results from the reputation that Owens-Corning has built around the color—exactly what a trademark is supposed to encourage.<sup>214</sup> Therefore, it would be wrong for competitors to rely on functionality to argue that they now should be able to use the color pink on their products based on competitive need. As the Supreme Court has made clear several times, functionality is about “non-reputation-related disadvantage.”<sup>215</sup>

Another relevant fact is that several courts once questioned the breadth of the aesthetic functionality doctrine or whether it should exist at all.<sup>216</sup> By so doing, they expanded the potential overlap between trademarks and design patents.<sup>217</sup> The Supreme Court, though, has more recently stepped into the fray and confirmed that aesthetic functionality must be fully addressed.<sup>218</sup> This, once again, demonstrates the Court’s determina-

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pict the idea as the creator conceived it . . .” *Id.* at 452. This decision was appealed to a panel of the Second Circuit, which had ruled, at the time this Comment went to press, that the Louboutin red sole is in fact entitled to limited trademark protection. Don Jeffrey & Cotton Timberlake, *Louboutin Wins Appeal Over Saint Laurent Red Sole Shoes*, BLOOMBERG BUSINESSWEEK (Sept. 5, 2012), <http://www.bloomberg.com/news/2012-09-05/louboutin-wins-appeal-over-saint-laurent-red-soles-shoes.html>.

212. *In re Owens-Corning Fiberglas Corp.*, 774 F.2d at 1121.

213. *Id.* at 1125.

214. *See Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1073 (9th Cir. 2006) (“[A]esthetic functionality has been limited to product features that serve an aesthetic purpose wholly independent of any source-identifying function.”).

215. *Qualitex Co.*, 514 U.S. at 165; *TrafFix Devices, Inc.*, 532 U.S. at 33.

216. *See, e.g.*, Robert Unikel, *Better By Design: The Availability of Trade Dress Protection for Product Design and the Demise of “Aesthetic Functionality”*, 85 TRADEMARK REP. 312 (1995); *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1260 (9th Cir. 2001); *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 540 n.6 (5th Cir. 1998).

217. By not considering aesthetic functionality, courts limited the arguments one could make to defeat trademark rights in aesthetic features. *See, e.g.*, *Sno-Wizard Mfg., Inc. v. Eise-mann Prods. Co.*, 791 F.2d 423, 426 n.3 (5th Cir. 1986) (rejecting the defendant’s argument that the configuration of a snowball machine was aesthetically functional because it contributed to the commercial success of the product). This in turn increases the chances for possible dual coverage with design patents, which also protects aesthetic product attributes.

218. *See TrafFix Devices, Inc.*, 532 U.S. at 33.

tion to more clearly demarcate the independent and exclusive roles of the separate intellectual property regimes.

*C. The Ninth Circuit's Dangerous Misapplication of Aesthetic Functionality*

The Ninth Circuit panel clearly believed that Fleischer should not have been able to use trademark law to prevent A.V.E.L.A. from displaying Betty Boop's image on t-shirts and other merchandise, but had difficulty devising the legal theory to substantiate its intuition.<sup>219</sup> The panel is certainly not alone in disapproving of the wide powers that trademark owners now wield to prevent almost anyone from displaying their trademarks on commercial products without permission through a license.<sup>220</sup> Nonetheless, its original reliance on the aesthetic functionality doctrine to address its concerns was definitely the wrong approach.

The Ninth Circuit panel, in its first opinion, claimed that Fleischer's trademark rights in Betty Boop did not extend to A.V.E.L.A.'s use on merchandise because her image was a functional aesthetic component of the products.<sup>221</sup> Drawing on the "important factor" test, it reached this conclusion because the image was the actual benefit that the consumer wished to purchase.<sup>222</sup> This conclusion, of course may be correct; many people do buy these shirts to demonstrate their affection for the character.<sup>223</sup> But individuals also buy merchandise bearing more traditional trademarks, such as "NIKE," "BOSTON CELTICS," or "UCLA" for the very same reason. Thus, the notion that aesthetic functionality applies to the prominent display of trademarks on merchandise would jeopardize a wide range of existing practices.<sup>224</sup>

Aesthetic functionality, though, is not about the use of an established trademark.<sup>225</sup> Rather, the proper application should be confined to the ini-

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219. See *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115, 1124–25 (9th Cir. 2011), *withdrawn and superseded*, 654 F.3d 958 (9th Cir. 2011).

220. See Irene Calboli, *The Case for a Limited Protection of Trademark Merchandising*, 11 U. ILL. L. REV. 865, 888–91 (2011).

221. See *Fleischer Studios, Inc.*, 636 F.3d at 1124.

222. See *id.* at 1123 (quoting *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980)).

223. See *Fleischer Studios, Inc.*, 654 F.3d at 961 (noting that Betty Boop merchandise has reached a very high level of popularity).

224. In reaching the conclusion that the use of Betty Boop's image was functional, the court recognized that the image was a prominent feature of each item so as to be visible to others when worn. See *id.* at 1124.

225. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 cmt. c (1995).

tial acquisition of trademark rights. Thus, one might use aesthetic functionality to question whether Fleischer can acquire trademark rights in Betty Boop, but once that hurdle is passed, the doctrine is no longer relevant. Interestingly, the Ninth Circuit had already dispensed with this issue five years earlier in *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*,<sup>226</sup> which involved unapproved uses of AUDI and VOLKSWAGEN trademarks on keychains and license plate covers. The court, in that instance, appropriately determined that aesthetic functionality did not apply, despite the fact that consumers purchased the products primarily because they wanted the marks that were displayed on the merchandise.<sup>227</sup> In this instance, the court correctly followed the Supreme Court's directive and determined that "aesthetic functionality has been limited to product features that serve an aesthetic purpose wholly independent of any source-identifying function."<sup>228</sup>

What is perhaps more intriguing is that the defendant selling the automobile merchandise in *Au-Tomotive Gold* could have made the colorable claim that consumers were not so much interested in the reputation behind the marks, but rather wanted their license plates and keychains to match their existing cars.<sup>229</sup> This might put the unlicensed distributor at a "significant non-reputation-related"<sup>230</sup> disadvantage because the company needs the trademarks to satisfy the consumers' desire for décor compatibility.<sup>231</sup> Although courts have refuted the relevance of décor compatibility to functionality, the decision in *Au-Tomotive Gold* nevertheless should have been a closer call than the one involving Betty Boop.<sup>232</sup> Thus, it is odd that the court even momentarily resurrected aesthetic functionality to address A.V.E.L.A.'s use of Betty Boop's image.

As previously noted, the court ultimately avoided the hard issues by ruling that Betty Boop's image lacked secondary meaning.<sup>233</sup> But the Ninth Circuit surely will not be so lucky in future cases. Thus, if it is con-

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226. *See generally Au-Tomotive Gold, Inc.*, 457 F.3d 1062.

227. *See id.* at 1074 ("Volkswagen and Audi's trademarks undoubtedly increase the marketability of Auto Gold's products. But their 'entire significance' lies in the demand for goods bearing those non-functional marks.").

228. *Id.* at 1073.

229. *See id.* at 1065 (noting the defendant's argument that consumers who own Volkswagens or Audis want Volkswagen or Audi license plate covers).

230. *Id.* at 1071.

231. *W.T. Rogers Co.*, 778 F.2d at 343-44.

232. *See id.* at 344 (indicating that there is superficial appeal to the argument of décor compatibility, but rejecting it as "an open sesame to trademark infringement").

233. *Fleischer Studios, Inc.*, 654 F.3d at 967.

cerned about the breadth of merchandising rights in beloved media characters, the court will need to formulate other theories besides aesthetic functionality that are more consistent with the role of trademark policies within the intellectual property system.

Although it did not do so, the court might have tried to apply aesthetic functionality principles as they were intended—to question whether Betty Boop’s image could actually serve as a trademark to represent the source of the films in which she appears. On first blush, one might think that aesthetic functionality should not limit Betty Boop’s potential trademark status because other media companies have enormous freedom to create other characters to star in their works. However, this is not the end of the inquiry because the appearance of Betty Boop’s character in a film may be the most important reason that an audience chooses to watch it. In a very real sense, characters are important to storytelling just as color is important to fashion.<sup>234</sup> One can thus take this as a signal that governing intellectual property policies perhaps should not provide broad trademark rights to characters. The problem is that the functionality doctrine was conceived and developed to address overlaps between the trademark system and patents.<sup>235</sup> Films and books, however, as opposed to patents, are the subjects of copyrights,<sup>236</sup> so the principles underlying the functionality doctrine do not directly apply. Therefore, it is more appropriate to address these issues in view of potential overlaps and policy conflicts between trademarks and copyrights.

#### IV. TRADEMARK PROTECTION OF MEDIA CHARACTERS: A PROPOSAL

In its first decision, the Ninth Circuit not only ruled that Art & Vintage Entertainment Licensing Agency, Inc.’s (“A.V.E.L.A.”) use of Betty Boop’s image was aesthetically functional, but it also concluded that a trademark action would unduly interfere with copyright policies.<sup>237</sup> The first rationale was clearly wrong, especially in light of the court’s previous decision in *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*, so the court had good reason to withdraw its original decision. Unfortunately, the court found a way in its revised opinion to avoid addressing both issues by concluding that Fleischer provided insufficient proof of secondary mean-

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234. *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445, 454 (S.D.N.Y. 2011).

235. *See, e.g., Qualitex Co.*, 514 U.S. at 164–65; *W.T. Rogers Co.*, 778 F.2d at 338.

236. 2 JOHN GLADSTONE MILLS III ET AL., *PATENT LAW FUNDAMENTALS* § 7:21 (2d ed. 2012).

237. *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115, 1124 (9th Cir. 2011), *withdrawn and superseded*, 654 F.3d 958 (9th Cir. 2011).

ing.<sup>238</sup> Since Betty Boop's character had not attained trademark status, the court did not have to consider any potential "defenses" to trademark infringement. It certainly would have been more useful, though, if the court had not skirted the opportunity to provide more guidance in the field. There is still some lingering concern that the court will resurrect the aesthetic functionality doctrine in future litigation involving well protected and distinctive character trademarks. What is most unfortunate, though, is that the court correctly identified a significant problem with character trademarks in light of the Copyright Act, but decided to avoid the issue.

#### A. *The Trademark-Copyright Overlap*

The United States Constitution empowers the federal government to pass laws that give authors exclusive rights to their works for limited periods of time.<sup>239</sup> Accordingly, the federal government passed the Copyright Act, which provides authors of original expressions with rights against various uses, such as making, displaying, and distributing substantially similar reproductions.<sup>240</sup> Thus, the maker of a film has tremendous rights to prevent another company from producing a movie that has a substantially similar concept and feel as the original.<sup>241</sup> However, that author also can prevent others from making a substantially similar reproduction of a qualitatively creative component, such as a character's image.<sup>242</sup> In fact, the author may enjoy separate copyright privileges in the appearance of the character itself.<sup>243</sup> The end result is that the Copyright Act effectively provides its full range of protections to distinctive characters, such as Mickey Mouse or Betty Boop.<sup>244</sup> The copyright owner also enjoys these rights against almost any conceivable application of the character, whether as a

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238. *Fleischer Studios, Inc.*, 654 F.3d at 968.

239. U.S. CONST. art. 1, § 8, cl. 8.

240. *See* Copyright Act, 17 U.S.C. §§ 101–1332 (2006) (having first passed in 1790 and amended numerous times thereafter); *see also* PAUL GOLDSTEIN, *COPYRIGHT'S HIGHWAY: FROM GUTENBERG TO THE CELESTIAL JUKEBOX* (Hill & Wang 1994) (providing an excellent treatment of the history and purposes of copyrights).

241. *See, e.g.*, *Sid & Marty Krofft Television Productions Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1167 (9th Cir. 1977) (finding that McDonaldland commercials were substantially similar to the *H.R. Pufnstuf* television show because they captured the total concept and feel of *Pufnstuf*).

242. *See* MELVILLE NIMMER, *NIMMER ON COPYRIGHT* § 13.03 (1990) (“[E]ven if the [copied] material is quantitatively small, if it is qualitatively important, the trier of fact may properly find substantial similarity.”).

243. *See Fleischer Studios, Inc.*, 654 F.3d at 962 (“[C]haracters that are especially distinctive . . . receive protection apart from the copyrighted work.”) (quoting *Rice v. Fox Broad. Co.*, 330 F.3d 1170, 1175–76 (9th Cir. 2003)).

244. *See id.*

two-dimensional image on a t-shirt or keychain, or as a three-dimensional representation on a doll or costume.<sup>245</sup>

As required by the Constitution, the Copyright Act limits the duration of the exclusive rights,<sup>246</sup> albeit for a period that many believe is far too long.<sup>247</sup> Nonetheless, Congress has deemed the long period necessary to achieve the copyright's task of providing authors the appropriate monetary incentives to develop their creatively artistic works and share them with the public.<sup>248</sup> As one can imagine, the potential profits from characters may be enormous, as Disney can use copyright law to control all substantially similar depictions of Mickey Mouse, barring independent creation, which would be very difficult to prove.<sup>249</sup> But that is the bargain, albeit lucrative, that the copyright system offered to Disney to encourage it to take the risks of developing its films and characters, and sharing them with the public. However, the other part of the bargain is that when a copyright's period of exclusivity ends, the public reacquires its fundamental right to free competition,<sup>250</sup> which includes making slavish copies to the minutest detail in every possible context. If the trademark system allowed authors to extend the lives of characters that they primarily developed within the sphere of copyright's incentive structure, then it would create a clash with the fundamental policy balance that underlies the Copyright Act. In addition, it would violate the constitutional requirement that the exclusive rights en-

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245. *See, e.g.,* Lyons P'ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789 (4th Cir. 2001) (holding that the copyright on Barney applies to the use of the character in costume); *see also* 17 U.S.C. §§ 107–22 (providing several exceptions to copyright privileges, most notably one for fair use).

246. U.S. CONST. art. I, § 8, cl. 8.

247. *See generally* Elred v. Ashcroft, 537 U.S. 186 (2003) (holding that extensions of copyright are within Congress's authority).

248. *See id.* at 205–06 (discussing that Congress has also established a long term of copyright protection to make U.S. law consistent with international copyright treaties).

249. Since copyright infringement requires a reproduction, one suing for copyright infringement must prove that the defendant incorporated protected elements from the copyrighted work to make the allegedly infringing copy. *See Sid & Marty Krofft Television Prods., Inc.*, 562 F.2d at 1164. This hurdle typically is fulfilled by demonstrating that the defendant had access to the copyrighted work and then created a work having substantially similar expression. *See id.* Characters such as Mickey Mouse are so ubiquitously omnipresent that it would be extremely easy to prove that the defendant had access. *See* Moffat, *supra* note 142, at 1507. The burden would thus shift to the alleged infringer to rebut a presumption of copying and prove independent creation. *See* Taylor Corp. v. Four Seasons Greetings, LLC, 403 F.3d 958, 967 (8th Cir. 2005).

250. *See* Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 33–34 (2003) (“The rights of a patentee or copyright holder are part of a ‘carefully crafted bargain’ under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution.”) (internal citation omitted).



joyed by these authors be of limited duration, given that trademarks theoretically can last forever.<sup>251</sup>

Despite these legitimate policy objections, many courts have concluded that trademark protection is appropriate for copyrighted characters to combat confusion as long as the typical trademark requirements are met.<sup>252</sup> Although Betty Boop ultimately did not make the grade, other characters, such as Superman and Barney certainly have.<sup>253</sup> Nevertheless, other courts have perceived the problem with the copyright conflict and, like the Ninth Circuit, have found other trademark-related reasons to deny protection.<sup>254</sup> For example, a California district court noted problems with recognizing trademark rights in the character Zorro because the original film was “protected by copyright,” but it ultimately reached its conclusion based on insufficient proof of secondary meaning.<sup>255</sup> Likewise, a court was willing to acknowledge trademark rights in specific illustrations of Peter Rabbit but questioned whether trademark and unfair competition theories might serve to protect a character beyond the term of copyright applicable to the underlying work.<sup>256</sup>

The time has come for courts to step up to the plate and more actively defend copyright law’s incentive structure from unwarranted intrusion by trademarks. The Supreme Court clearly set the tone in *Traffix Devices, Inc. v. Marketing Displays, Inc.* by absolutely prohibiting trademarks for useful product designs, even when there might be potential confusion or other ways to compete.<sup>257</sup> In *Dastar Corp. v. Twentieth Century Fox Film Corp.*, the Supreme Court also cautioned courts to prevent over-extension of trademark protection into areas traditionally occupied by copyright.<sup>258</sup> The Ninth Circuit certainly was moved by this instruction although it did not address certain important distinctions.<sup>259</sup> For instance, the court did not

251. See U.S. CONST. art. I, § 8, cl. 8.

252. See, e.g., *Lyons P’ship*, 243 F.3d at 803–04; *DC Comics, Inc. v. Filmation Assoc.*, 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980); *In re DC Comics, Inc.*, 689 F.2d 1042 (C.C.P.A. 1982).

253. See *Lyons P’ship*, 243 F.3d at 803–04; *In re DC Comics*, 689 F.2d 1042.

254. See, e.g., *Sony Pictures Entm’t v. Fireworks Entm’t Group, Inc.*, 137 F. Supp. 2d 1177, 1197 (C.D. Cal. 2001); *Frederick Warne & Co., Inc. v. Book Sales, Inc.*, 481 F. Supp. 1191, 1197 n.3 (S.D.N.Y. 1979).

255. See, e.g., *Sony Pictures Entm’t*, 137 F. Supp. 2d at 1197; *Frederick Warne & Co.*, 481 F. Supp. at 1197 n.3.

256. See *Frederick Warne & Co.*, 481 F. Supp. at 1197 n.3.

257. See *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001).

258. See *Dastar Corp.*, 539 U.S. at 33.

259. Compare *id.* at 38 (holding that Dastar was not liable for reverse passing off by misrepresenting the “origin” of the goods because Dastar, which edited an uncopyrighted film series and sold the product on its own, actually was the origin of the edited movies), with *Fleischer Stu-*

indicate whether its conclusion denying trademark protection for Betty Boop (based on the copyright conflict) would apply equally to all copyrightable materials or whether Betty Boop was somehow special.<sup>260</sup> Such clarification is obviously important because the sweeping approach would prevent trademark protection for any uncopyrighted artistic element of an identification symbol.

Fortunately, the answer is not all that difficult to formulate. The Supreme Court in *Dastar* was very clearly focused on authors who first sought to benefit from copyright's rewards, and then tried to use the trademark system to increase those rewards.<sup>261</sup> It is very unlikely that the Court would be equally worried when the trademark system protects artistic designs that are primarily developed to serve as identifiers, such as the Nike Swoosh.<sup>262</sup> In these instances, the designers intend to be rewarded by enhancing the reputation of the company that the trademark identifies—just what trademarks are supposed to do.<sup>263</sup> In contrast, the creators of the original film in *Dastar* primarily intended to create a work of authorship, hoping that copyrights would lead to profits.<sup>264</sup> Based on this distinction, one can conclude that trademark protection is appropriate when copyrightable materials are developed primarily to serve as trademarks, but should be denied when those materials are created primarily as attributes within works of authorship. Thus, the trademark/copyright overlap should be governed by a “primary purpose test.”

Application of the primary purpose test would prohibit trademark protection for most media characters, including Betty Boop and Mickey Mouse, even under circumstances that might result in customer confusion.

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*dios, Inc.*, 636 F.3d at 1118, *withdrawn and superseded*, 654 F.3d 958 (finding that Fleischer's suit claims that A.V.E.L.A., by displaying Betty Boop, is confusing consumers into thinking that Fleischer is the origin or sponsor, which it is not).

260. See *Fleischer Studios, Inc.*, 636 F.3d at 1124, *withdrawn and superseded*, 654 F.3d 958 (“[W]here a copyright is in the public domain, 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.” Based on this, the court initially ruled that Fleischer could not succeed on a trademark infringement claim since Betty Boop might then never enter the public domain.).

261. See *Dastar Corp.*, 539 U.S. at 34 (stating that Twentieth Century Fox's attempt to use trademark laws to prevent *Dastar* from copying its film “would create a species of mutant copyright law that limits the public's ‘federal right to copy and to use,’ expired copyrights.”) (internal quotations omitted).

262. See, e.g., *Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 205 (1985) (holding that a trademark including a logo of an airplane was incontestable).

263. See 15 U.S.C. § 1127 (2006) (clarifying this principle by defining a trademark as “any word, name, symbol or device *intended* to be used to identify and distinguish [a producer's] goods.”) (emphasis added).

264. See *Dastar Corp.*, 539 U.S. at 25–26.

Although some scholars have questioned the propriety of trademark protection for media characters, most typically approve of it, but with limitations.<sup>265</sup> Few would deny trademark status to Mickey Mouse, even after the copyright expires.<sup>266</sup> The primary purpose test, though, would prevent Disney from enjoying trademark rights in Mickey Mouse from the very start. The consequence is not really all that important while the copyright is maintained, since no other company may legally display a substantially similar image, except under limited circumstances. And of course, the term of copyright protection has somewhat recently been lengthened to ninety-five years.<sup>267</sup> However, after the copyright ends, other companies would generally be free to display Mickey Mouse or similar media characters in any way that they choose.<sup>268</sup> Having said this, it is important to recognize that trademark status would be available for some media characters, but only those that were primarily developed to serve as identifiers for goods and services. Tony the Tiger, for instance, provides one striking example, since the character was primarily created to identify Kellogg's Frosted Flakes.<sup>269</sup>

Although explicit adoption of the primary purpose test to address the trademark/copyright overlap would be a new approach, the concept has been used by courts to address trademark issues in other contexts. For instance, in *Knitwaves, Inc. v. Lollytogs Ltd.*, the Second Circuit addressed copyright and trademark infringement claims involving two sweater designs having a "fall" motif that consisted of seasonal elements such as leaves, acorns, and squirrels on muted colors.<sup>270</sup> The court determined that the defendant violated the Copyright Act by selling sweaters with a sub-

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265. See, e.g., Moffat, *supra* note 142, at 1531–32 (claiming that Congress needs to more directly address overlapping protection by copyright and trademark, by perhaps requiring a company to elect between copyrights and trademarks for protection); Richter, *supra* note 144, at 442 (claiming that the conflict should be addressed by revising the fair use doctrine in copyright); Helfand, *supra* note 73, at 670–71 (claiming that using trademarks on the product is presumed not to infringe, assuming the seller includes a disclaimer, but using the character on tags or labels does infringe. However, when famous characters such as Mickey Mouse are used on the product, one cannot presume that this does not infringe trademark rights.).

266. See Helfand, *supra* note 73, at 671.

267. Sonny Bono Copyright Term Extension Act of 1998, Pub. L. No. 105-298, 112 Stat. 2827 (extending copyright protection for works made for hire by twenty years). In other instances, the term may be measured as the life of the author plus seventy years. 17 U.S.C. § 302.

268. An exception is for consistent use of individual images that are primarily developed and used to represent Disney as the source. *Supra* notes 232–33.

269. See *The Advertising Century: Tony the Tiger*, ADVERTISING AGE (Mar. 29, 1999), <http://adage.com/century/icon09.html>. Tony the Tiger was created in 1951 to serve as the official mascot for the Kellogg Company's Sugar Frosted Flakes cereal (subsequently renamed Frosted Flakes). *Id.*

270. *Knitwaves, Inc. v. Lollytogs Ltd. (Inc.)*, 71 F.3d 996 (2d Cir. 1995).

stantially similar appearance.<sup>271</sup> However, the court rejected the trademark claim, stating: “As Knitwaves’ objective in the two sweater designs was primarily aesthetic, the designs were not primarily intended as source identification.”<sup>272</sup> Likewise, since the objective in creating media characters is primarily aesthetic (that is, for copyright-related purposes) and not primarily for source identification, trademark protection should be denied.

Despite this ruling, some observers believe that the Supreme Court legitimized trademark protection for primarily aesthetic elements in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*,<sup>273</sup> which also involved sweater designs.<sup>274</sup> However, this conclusion is incorrect. In the *Samara* litigation, the appeals court determined that Samara purposefully designed its entire line of seersucker children’s clothes with consistent elements so that the look would be identified with Samara.<sup>275</sup> Thus, it distinguished the result in *Knitwaves* because Knitwaves’ objective was primarily aesthetic whereas Samara’s goal was primarily motivated by source identification.<sup>276</sup> For this reason, the underlying facts should have created little concern for the Supreme Court about overlapping protection.

The approaches used to address the other forms of intellectual property system overlaps also support use of the primary purpose test to address trademarks for media characters. For instance, as we have seen, the courts recognize that dual protection for copyrights and patents is only appropriate if the copyright purposes are primary, or if the aesthetic elements are devised without function (the patent purposes) in mind.<sup>277</sup> Also, in the computer context, courts have scaled back the degree of overlap by requiring filtration of elements that primarily serve patent-related purposes.<sup>278</sup> Likewise, in the trademark/copyright context, courts should filter out those ele-

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271. *See id.* at 1002–05.

272. *Id.* at 1009.

273. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000).

274. Moffat, *supra* note 142, at 1527 (stating that “it is clear that the Supreme Court is not offended by the notion of overlapping protection” because the Court did not reject the trademark claim in *Samara*).

275. *Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 125 (2d Cir. 1998), *rev’d on other grounds*, 529 U.S. 205 (finding that the facts are distinguishable from *Knitwaves* because the clothing line used consistent design elements specifically to identify Samara and build brand loyalty).

276. *See Wal-Mart Stores*, 529 U.S. at 212.

277. *See, e.g., Carol Barnhart, Inc. v. Econ. Cover Corp.*, 773 F.2d 411, 421–22 (2d Cir. 1985) (Newman, J., dissenting); *Brandir Int’l, Inc. v. Cascade Pac. Lumber Co.*, 834 F.2d 1142, 1144 (2d Cir. 1987).

278. *See, e.g., Computer Assoc. Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693, 710 (2d Cir. 1992); *Lotus Dev. Corp. v. Borland Int’l, Inc.*, 49 F.3d 807, 815–18 (1st Cir. 1995).

ments, such as characters, that are primarily intended to advance the stories in films.

In addition, the principles that have been adopted in the trademark/patent context support the relevance of the primary purpose test with copyrights. First and foremost, the Supreme Court has made it clear that the goals of the patent and copyright systems trump confusion.<sup>279</sup> Thus, strict rules, such as the primary purpose test, are appropriate even if some confusion will result. Beyond this general notion, the Court confirmed the dominance of patents over trademarks by preventing trademark protection of product design elements that primarily serve functional ends or are an important reason for purchase.<sup>280</sup> Again, analogous dominance principles should apply to media characters that are primarily developed within the context of a creative film or other copyrightable work.

Although the primary purpose test will foreclose the general appearance of media characters from trademark protection, this does not mean that copyright owners cannot obtain trademark protection for individual images of characters that they consistently use on products or services to identify source. For instance, Fleischer should not have been able to claim trademark protection for Betty Boop, even if the character did have secondary meaning, because she was primarily created in the 1930s as the centerpiece of a cartoon.<sup>281</sup> Nevertheless, Fleischer could still consistently use a particular image of Betty Boop to represent the original source of the film and other products made or authorized by the company. The rights in this trademark would be very thin and would only extend to the distinctive elements that can be conceptually separated from the general appearance of Betty Boop.<sup>282</sup> In other words, trademark rights in a particular Betty Boop image, for instance with crossed legs and a yellow garment, would not prevent other companies from generally displaying Betty Boop, but they might

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279. See, e.g., *TrafFix Devices*, 532 U.S. at 34–35 (“[The Lanham Act] does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller.”); *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 338 (7th Cir. 1985) (“[T]he concept of functionality is intended to screen out from the protection of trademark law certain design features even if they have become so far identified with the manufacturer of a particular brand that consumers may be confused about the origin of the good if another producer is allowed to adopt the feature.”); see also *Dastar Corp.*, 539 U.S. at 33–34.

280. See *supra* notes 124–34.

281. See *Fleischer Studios, Inc.*, 654 F.3d at 961.

282. *Feist Publ'ns, Inc. v. Rural Tel. Serv.*, 499 U.S. 340, 349 (1991) (articulating the notion of thin rights in intellectual property, explaining that the copyright in a compilation of facts was “thin” since it only extended to the creative selection and arrangement of facts, and not to the facts themselves).

not be able to include crossed legs and a yellow garment if consumers, over time, come to recognize those elements as source identifiers. One district court adopted this concept with regard to Peter Rabbit when it accepted trademark rights in particular images but not necessarily in the character itself.<sup>283</sup> It also would conform to trademark policy regarding identifiers that include un-protectable elements, such as generic words or images. For instance, the Coca-Cola Company has trademark rights to Coca-Cola,<sup>284</sup> nonetheless, other companies are free to use the word “cola” as long as they don’t combine it with other terms that are confusingly similar to “coca.”<sup>285</sup>

### *B. Media Characters and the Analogy to Celebrities*

Media characters have such a ubiquitous role in modern society that they perhaps should be treated in many ways like famous celebrities. The analogy is particularly insightful because the trademark treatment of celebrities leads to results that are consistent with the proposed primary purpose test.

Several celebrities have claimed that their general appearance should serve as a trademark, essentially representing their own persona or the services that they provide.<sup>286</sup> In a case involving Tiger Woods, the Sixth Circuit noted that the celebrity was asking to be treated as a “walking, talking trademark,” so that all uses of any image would constitute trademark infringement.<sup>287</sup> According to the Sixth Circuit, “this is an untenable claim,”<sup>288</sup> holding that “as a general rule, a person’s image or likeness cannot function as a trademark.”<sup>289</sup> This conclusion followed the precedent set in previous cases involving Elvis Presley and Babe Ruth, in which the courts made the same determination.<sup>290</sup> One may argue that media characters are different because they do not simply represent themselves, but also the works with which they appear. This claim, however, is not compelling. For instance, the Sixth Circuit relied on the celebrity cases to conclude that

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283. See *Frederick Warne & Co.*, 481 F. Supp. at 1197 n.3.

284. COCA-COLA, Registration No. 0022406.

285. See, e.g., PEPSI-COLA, Registration No. 0349886 (reciting PepsiCo’s federal trademark registration for PEPSI-COLA); see also *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 351 (9th Cir. 1979) (in comparing Sleekcraft with Slickcraft, the court noted that “craft” is frequently used with boats and thus is not protectable, but that the difference between “Slick” and “Sleek” was insufficient to overcome the overall similarity).

286. See *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 581 (2d Cir. 1990); *Estate of Presley v. Russen*, 513 F. Supp. 1339, 1344 (D.N.J. 1981).

287. *ETW Corp. v. Jireh Publ’g Inc.*, 332 F.3d 915, 922 (6th Cir. 2003).

288. *Id.* at 922.

289. *Id.*

290. See *Estate of Presley*, 513 F. Supp. at 1344; *Pirone*, 894 F.2d at 581.

images of the Rock and Roll Hall of Fame could not represent the museum's services as a trademark.<sup>291</sup>

Having said this, these cases do recognize that there is an exception to the general rule barring trademark status for celebrities—when a particular image is used consistently to designate source.<sup>292</sup> For instance, in a dispute involving Elvis Presley, the court determined that one particular image of Presley had been consistently used with the advertising and sale of Elvis Presley entertainment services to identify those services and could be protected as a trademark.<sup>293</sup> On the other hand, Tiger Woods did not allege that any particular photograph had been consistently used on specific goods, and therefore his trademark claim was denied.<sup>294</sup> This again supports the notion that the trademark system should not be available to protect media characters in general, but that it could provide rights to specific distinctive images of characters that are consistently used to identify a source.<sup>295</sup>

## V. CONCLUSION

In the Betty Boop litigation, the Ninth Circuit broached an important subject regarding trademark rights for media characters. To honor the respective economic roles of trademarks and copyrights, trademark rights should only be available for media characters that are primarily created for source identification purposes.<sup>296</sup> At first blush, this may seem to be troubling news for companies such as Disney, which will lose copyright protection for their film stars relatively soon. However, they still can develop goodwill in particular images to identify and distinguish themselves in the marketplace.<sup>297</sup> Also, any worry about potential confusion is certainly

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291. See *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods.*, 134 F.3d 749, 755 (6th Cir. 1998).

292. See *Pirone*, 894 F.2d 579; *Estate of Presley*, 513 F. Supp. 1339.

293. *Estate of Presley*, 513 F. Supp. at 1363–64.

294. See *ETW Corp.*, 332 F.3d at 923.

295. See generally 15 U.S.C. § 1125(a)(1)(A) (2006) (establishing that celebrities cannot protect their general appearances as trademarks, but they do have the ability to bring false endorsement claims under section 43(a) of the Lanham Act and right of publicity claims under state law); see also *Lugosi v. Universal Pictures*, 603 P.2d 425, 428 (1979) (state laws protecting the right of publicity vary slightly in their terms, but in general protect the unauthorized “appropriation, for defendant’s advantage, of the plaintiff’s name and likeness.” Such personal rights, as opposed to trademark rights, are not relevant to media characters, for if they were, A.V.E.L.A. would need to get permission from Betty Boop to put her image on merchandise).

296. *Supra* Part IV.A.

297. See *W.T. Rogers, Co. v. Keene*, 778 F.2d 334, 347–48 (7th Cir. 1985) (noting that the loss of trademark rights “is not a disaster for the owner of a trademark.” If the trademark owner has to share the design, it can “imprint a verbal or other trademark more emphatically, in

misplaced. Once consumers recognize that media characters cannot serve as identifiers, they will rely on the symbols that do function legally as trademarks. Thus, customers who specifically want a filmmaker's products will seek the logos and tags that bear its legitimately protected marks. The end result thus serves to preserve the independent roles of copyrights and trademarks without raising any serious risk of market confusion.

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order to identify its brand to consumers who can no longer look to the . . . [design] for identification of source.”).