

TrademarkThoughts

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fr.com
800-818-5070
info@fr.com

Trademark Functionality Alert: *Job's Daughters* Has Risen Again!



Hearst Holdings and Fleischer Studios are co-owners of a presumptively valid, incontestable trademark registration of the mark at left for, among other goods, shirts, sweatshirts, tops, sleep shirts, and jean shirts. Nearly anyone who was an adolescent or older during the 1929 depression will recognize the young lady as “Betty Boop.” Fleischer (but not Hearst) sued A.V.E.L.A. Inc. and others for unauthorized licensing of BETTY BOOP (words and image) for use on

T-shirts, dolls, and handbags. There were claims for copyright and trademark infringement. The action was dismissed on summary judgment that Fleischer did not own either the necessary copyrights or trademark. After laborious analysis, the Ninth Circuit Court of Appeals affirmed as to copyright ownership, *Fleischer Studios Inc. v. A.V.E.L.A. Inc.*, ___ F.3d ___, 97 USPQ2d 1833 (9th Cir. 2011). Apparently not up to another such ordeal, the Court, when it got to the trademark arguments, took a shortcut: “But all these arguments are mooted by controlling precedent that neither party cited: *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980).” Admittedly without benefit of prior citation, argument or designation of the issue, the Court decided on this “alternate basis” “in the interest of judicial economy.”

It concluded that “A.V.E.L.A. [was] not using Betty Boop or her image as a trademark, but instead as a functional product.” To paraphrase, both for clarity and economy of verbiage, the concept of *Job's Daughters* was that, because the trademark permitted the wearer of the challenged product to identify her affinity for the organization, it was a functional aesthetic component of the challenged product, not a trademark and therefore not an infringement. Betty Boop was blindsided.

1. The case should be of concern to many trademark owners. The rule appears to be that when, without authorization to do so, one uses another's trademark on a product in a way that will permit the owner of the new product with the trademark to express his or her loyalty to or affection for the owner of the trademark, or its goods or services, that is a “functional” use and therefore cannot infringe. If this is the law, it will drastically alter the landscape of trademark management and licensing.
2. There is good reason to believe that this is not the law.

Commentary:

1. One who expresses loyalty to a product or service by wearing its insignia is, of course, identifying the product or service, and its reputation, by use of the trademark. What trademarks do is signify products or services, and their reputations and good will. Restatement Third, Unfair Competition §20, *Comment b* states: “If the benefit afforded by the design resides solely in its association with a particular source, however, the design is not functional. . . .” The Supreme Court has said “[i]t is proper to inquire into a ‘significant non-reputation-related disadvantage’ in cases of [a]esthetic functionality. . . .” *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33 (2001). Condensing paragraphs of explanation, what that means is that a design that confers a competitive advantage because of its reputation is not functional. The disadvantage to non-users that is conferred by the trademark is reputation-related.
2. The rationale seems like a perfect excuse for a lot of trademark counterfeiting. Indeed, just as counterfeiters have been known to argue that their customers on street corners are not confused into believing they are purchasing a genuine designer scarf, handbag or wristwatch, both *Job's Daughters* and *Fleischer Studios* lean heavily on no demonstrated confusion of source.
3. Marks representing characters, teams, institutions or even products that have fans are often registered, and therefore protected, in the clothing field.

Examples:⁽²⁾



Registration and licensing of such marks is commonplace today and is an accepted way of conducting business. That the goodwill of a well-known mark should be protected in fields in which it is likely to attract the custom of fans of the business done under the mark is not a novel idea, and it has been recognized and judicially protected since before *Job's Daughters*. See: *Boston Professional Hockey Ass'n. v. Dallas Cap & Emblem Mfg. Co.*, 510 F.2d 1004 (5th Cir. 1975):

Nearly everyone is familiar with the artistic symbols which designate the individual teams in various professional sports. The question in

this case of first impression is whether the unauthorized, intentional duplication of a professional hockey team's symbol on an embroidered emblem, to be sold to the public as a patch for attachment to clothing, violates any legal right of the team to the exclusive use of that symbol. Contrary to the decision of the district court, we hold that the team has an interest in its own individualized symbol entitled to legal protection against such unauthorized duplication.

Id. at 1008.

4. Not only did the Court of Appeals decide the Boop case, without any warning, briefing or argument, on the basis of a thirty-year-old decision, it apparently did not even take the trouble to see what kind of reception *Job's Daughters* had received.

a. The trademark law authority with the most brainpower behind it is, unquestionably, Restatement Third, Unfair Competition (American Law Institute, 1995). Its view of *Job's Daughters* is that functionality relates to whether something is eligible for trademark protection in the first place; it is not a consideration of whether a particular use infringes a valid mark. See § 17, *Comment b*, p. 180, § 20, *Comment e*, p. 223.

To be sure, the Boop case does stress that the putative infringer is not using Betty Boop as a trademark (perhaps a consequence of its view that A.V.E.L.A.'s use is "functional"). But the law does not require something to be a trademark use to infringe. What is required for infringement by Section 32(1)(a) of the Trademark Act is only that a "reproduction, counterfeit, copy, or colorable imitation of a registered mark . . . is likely to cause confusion, or to cause mistake, or to deceive." The statute also states that such infringing use may be in connection with "advertising"; the definitions section of the Act (Section 45) is clear that trademark use, unlike service mark use, cannot arise simply from advertising.

b. Probably the most widely respected and referenced trademark authority, particularly in the Ninth Circuit, is *McCarthy on Trademarks and Unfair Competition* (4th ed.).

§ 7.82 (Feb. 2011 database update) has this to say:

A handful of cases take the position that the unauthorized use of what is unquestionably someone else's valid and nonfunctional trademark is not an infringement because the *defendant* is making an aesthetically functional use of the mark. These cases take the aesthetic functionality theory of a challenge

to the validity of the mark and turn it on its head into a defense to a valid mark.

The leading decision espousing this view is the *Job's Daughters* decision from the Ninth Circuit. . . .

The *Job's Daughters*' court is singularly unclear as to what relationship it saw between the aesthetic functionality defense it discussed and the issue of likelihood of confusion. The unnecessary mention in *Job's Daughters* of a defense of "functionality" seemed to be a gratuitous way to buttress the conclusion that members of the organization were not likely to be confused into thinking that any and all rings and jewelry with the organization's emblem emanated from the emblem itself. After analyzing the cases accepting and rejecting the notion of a defense of aesthetic functionality, [a commentator] concluded that it was a misguided and mischievous legal theory that should be jettisoned: "Its nomenclature confuses an already complicated subject (functionality). Its tests are meaningless (and wrong). It is a doctrine, whatever its parameters, of uncertain applicability. It appears to serve no useful or necessary purpose. It should be buried."

Author's [Professor McCarthy's] Comment

The author agrees with [the commentator] and the Restatement that the notion of a defensive type of aesthetic functionality is bad law [and] poor policy and provides no coherent rules. . . .

c. Other expressions of disagreement with *Job's Daughters* may be found in: *University of Georgia Athletic Association v. Bill LAITE*, 756 F.2d, 1535, 1547 (11th Cir. 1985), per Kravitch, J.; and *W. T. Rogers Co. v Keene Manufacturing, Inc.*, 778 F. 2d 334, 340 (7th Cir., 1985), per Posner, J.

¹ Registration No. 2,376,545 owned by Fleischer Studios, Inc. and Hearst Holdings, Inc.

² (L to R) Registration No. 2,186,175 owned by Colorado Avalanche for T-shirts, among other clothing items; Registration No. 3,878,949 owned by Danjaq, LLC for T-shirts, among other clothing items; Registration No. 3,430,888 owned by Anheuser-Busch Incorporated for shirts, among other items of clothing; Registration No. 3,553,699 owned by Board of Regents, University of Texas for sweat-shirts, among other clothing items; Registration No. 3,326,043 owned by DC Comics for T-shirts among other clothing items.

By: Anthony L. Fletcher
fletcher@fr.com

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