



## Betty Boop No Longer Threat to Detroit LIONS, Princeton TIGERS, or Yogi BEAR — Oh My!

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Under intense criticism from professional sports and collegiate licensing companies and trademark advocacy groups, the Ninth Circuit, in a rare move, vacated its controversial February 2011 decision that trademark law freely permitted unauthorized reproductions of images of the famous Betty Boop cartoon character.

In its earlier decision in the case of *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, No. 09-56317 (9th Cir. Feb. 23, 2011), the Ninth Circuit shocked the trademark-licensing world by resurrecting and expanding the doctrine of “aesthetic functionality” in a broad manner that called into question the very viability of licensing programs for the names and logos of professional sports teams, television networks, movie studios, colleges and universities, and famous cartoon and other characters. The court did so even though neither party had raised, or briefed the court on, the issue. The court’s surprise decision to decide the case on aesthetic functionality grounds provoked a petition for rehearing from the plaintiff and the filing of numerous critical briefs from trademark groups and groups representing college, sports, and entertainment licensing businesses.

The court revoked its decision and substituted a new decision, yet acknowledged no error in its previous opinion and made no mention of the substantial criticism the opinion had received.

The **new opinion** rests on much narrower, less controversial grounds. Under the new opinion, trademark owners can once again have confidence they can protect their licensing programs by using trademark law to stop sales of unauthorized merchandise bearing the protected name or design.

### Background to the Dispute

Created in the 1930s, the rights to the Betty Boop character were divided and transferred several times in the next few decades. In the 1970s, the family of the original creator (Max Fleischer) formed a company to identify the current holders of the rights to the images of the Betty Boop character, re-purchase the rights, and commercialize the character. When A.V.E.L.A. began licensing its own images of Betty Boop on merchandise, Fleischer sued, asserting that it owned the copyrights and trademark rights to images of Betty Boop. The district court dismissed Fleischer’s case on summary judgment, holding that Fleischer could not prove it owned the copyrights and trademark rights in the Betty Boop character because it failed to submit adequate proof of each link in the multi-link chain of title.

### The Ninth Circuit’s Controversial February Ruling

On appeal, the Ninth Circuit, in a February 2011 opinion, agreed that Fleischer failed to prove ownership of the copyrights, but rejected Fleischer’s trademark infringement claim on different, much broader, grounds than necessary for a holding. It held that because the presence of the Betty Boop design is what made A.V.E.L.A.’s merchandise desirable to consumers — either because they liked the design or wanted to show allegiance with the character — the design was “aesthetically functional” and thereby disqualified from protection under trademark law. This holding was both a misapplication of aesthetic functionality doctrine and inconsistent with several prior rulings, including the Fifth Circuit’s seminal decision in the Boston Bruins logo dispute,

*Boston Prof’l Hockey Ass’n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975).<sup>1</sup>



Equally controversially, the court also held that Fleischer's failure to prove copyright infringement required rejection of its claim of trademark infringement, resting this reasoning on a very broad reading of a relatively narrow Supreme Court ruling in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003) — a case involving an alleged failure to correctly attribute authorship of a film documentary.

### The Ninth Circuit's Superseding August 19 Ruling

When Fleischer asked both the original three-judge panel, as well as the full Ninth Circuit, to reconsider, several licensing companies filed *amicus curiae* ("friend of the court") briefs explaining the doctrinal errors of the February decision and its potentially damaging implications for logo, name, and character licensing programs. These *amicus* included Major League Baseball Properties, NBA Properties, NFL Properties, NHL Enterprises, The Collegiate Licensing Company, and the Motion Picture Association of America.

After receiving comprehensive briefs, the panel withdrew the prior decision and replaced it with a decision which, as to the trademark claim,<sup>2</sup> rests on much narrower grounds. Gone is the ruling that "desirable" trademarks are "aesthetically functional" and disqualified from trademark protection. Also gone is the ruling that the rejection of copyright claims in a design automatically precludes trademark claims. Instead, the replacement opinion sends the case back to the district court to determine whether the potentially "fractured ownership" of the Betty Boop copyrights means that Fleischer cannot prove "secondary meaning," i.e., that consumers associate the image of Betty Boop with a single source of Betty Boop products. If consumers do not view Betty Boop as an indicator of a single source, but rather as an ornamental device, then Betty does not serve as a trademark.

### Result: The Case Goes on, But Trademark Licensing Businesses are Safe

The now-withdrawn opinion's focus on the aesthetic functionality doctrine and whether a trademark was desirable, and therefore unprotected by trademark law, posed a real threat to modern licensing programs for clothing, caps and other merchandise. Before the withdrawal of the previous opinion with its misapplication of the aesthetic functionality doctrine, trademark owners were potentially left powerless to prevent the sale, advertising and distribution of unauthorized merchandise bearing such trademarks as:

Team Names;  
**DODGERS**

Team Logos;



College Logos;



College Names;  
**UCLA**

Cartoon Characters; or



Commercial Logos



Under the substituted opinion, even if Fleischer fails on remand to prove secondary meaning and loses the case, that result would not threaten licensing programs in general. Trademark owners can therefore rest assured that they may continue to maximize licensing revenue by using trademark law to stop sales of unauthorized merchandise bearing the protected name or design or a counterfeit or colorable imitation of the protected name or design.

#### Endnotes

- <sup>1</sup> For more about aesthetic functionality doctrine, the prior opinion, and its ramifications, see our previous Locke Lord QuickStudy piece, *Ninth Circuit "BETTY BOOP" Decision Threatens Sports Logo, College and Character Licensing*, (Feb. 25, 2011).
- <sup>2</sup> The new decision did not materially change the "chain of title" rejection of Fleischer's copyright claim, but one of the judges dissented from this part of the ruling. The dissenting judge believed that Fleischer should have an opportunity to prove alternative chains of title, given the fractured way the Betty Boop rights were carved up and transferred after the creator divested himself of his original rights.

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