



Ninth Circuit “BETTY BOOP” Decision Threatens Sports Logo, College and Character Licensing

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Licensing programs for professional and college sports logos, and other character licensing programs have been put at risk by a recent decision of the U.S. Court of Appeals for the Ninth Circuit. In *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, No. 09-56317 (9th Cir. Feb. 23, 2011), the Ninth Circuit—whose rulings are binding on federal courts in California, Oregon, Washington, Arizona, Nevada, Idaho, Montana, and Hawaii—threw out claims asserted by the alleged owners of the copyrights and trademarks in the image of the famous mid-20th century cartoon icon, BETTY BOOP. Significantly, the Ninth Circuit ruled that because BETTY BOOP “was a prominent feature” of the defendants’ t-shirts and handbags “so as to be visible to others when worn,” it was unprotectable under trademark law.

The Facts and District Court Ruling

The case was filed by the family of the creator of the 1930s cartoon character BETTY BOOP. The creator transferred all his copyrights in the character in 1941 to a second company. Several decades and many transfers later, the rights were divided among several companies. The creator’s family (the plaintiff) started a business to try to purchase back the rights from all of these companies. Having done that (or so they thought), the family then sued the defendants, who sell BETTY BOOP handbags and t-shirts without authorization, for copyright and trademark infringement. The District Court dismissed both claims, holding that the family failed to prove at least one of the links in the chain of each of the possible alleged chains of ownership, and that the family therefore could not prove it owned the copyrights or trademark rights.

Ninth Circuit: Trademark Law Does Not Reach Unauthorized Sale of Character/Logo Products Where the Allure of the Product is the Character/Logo

In a 2-1 decision, the Ninth Circuit affirmed the dismissal. The panel majority first held that the family could not prove ownership of the copyrights to the BETTY BOOP character because of missing links in the chains of titles. However, it disposed of the trademark claim on a much broader ground: since BETTY BOOP was the very thing that the purchasers wanted, it was not a trademark.

The panel majority held that the trademark claim was barred because the depictions of BETTY BOOP on the defendants’ goods served not as a trademark, but instead as a “functional aesthetic component of the product[s].” It also noted that there were no instances of actual confusion and that the defendants did not claim to be selling authorized merchandise. The panel majority relied on its 30-year old, much criticized decision in *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980).

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



functional part of the product itself. The *Job's Daughters* decision was controversial because it specifically rejected another court's decision that professional hockey teams *could* assert trademark rights to stop unauthorized sales of clothing bearing their logos. See *Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004 (5th Cir. 1975). After the *Job's Daughters* decision was heavily criticized, the Ninth Circuit later backed away from it in a 2006 case where it held that Volkswagen could stop the unauthorized sale of logo-bearing key chains and accessories even though many customers bought the products for the logos. See *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062 (9th Cir. 2006).

The *BETTY BOOP* court overlooked *Au-Tomotive Gold*. Relying exclusively on *Job's Daughters* instead, it held that *BETTY BOOP* made the defendant's t-shirts and handbags desirable, and therefore was "functional" and unprotectable under trademark law. The panel majority also noted that the defendants never stated their merchandise was "official" or sponsored by the family, and that there was no evidence of customer confusion.

Possible Ramifications of *BETTY BOOP* for Team, College, & Character Licensing

If followed, the *BETTY BOOP* decision could threaten trademark licensing programs for logos, mascots, or even the names of professional sports teams and colleges. It could even affect entertainment companies like Walt Disney, which license characters on consumer items. As with *BETTY BOOP* t-shirts and *Job's Daughters* logo rings, people generally buy these items because they want to show their allegiance with an entity or because they like the character itself. The *BETTY BOOP* decision thus presents a real risk of hampering efforts to stop unauthorized sales (counterfeits) in the western United States.

Trying to Mitigate the Potential Effect of the *BETTY BOOP* Decision

Trademark owners could try to mitigate the damaging effect of *BETTY BOOP* on their west coast trademark enforcement/anti-counterfeiting activities in several ways. First, because *BETTY BOOP* conflicts with a prior Ninth Circuit decision (*Au-Tomotive Gold*), they could argue that *Au-Tomotive Gold*—which narrowly interpreted *Job's Daughter* and permitted a trademark claim to stop unauthorized sales of logo-bearing items—controls. This is generally how appeals courts handle conflicting precedents.

Second, if possible, trademark owners should collect evidence of any complaints or consumer confusion about a defendant's unauthorized or counterfeit merchandise, which could help show that the *BETTY BOOP* decision does not apply to them.

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

For more information on the matters discussed in *Locke Lord's QuickStudy*, please contact the authors:

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