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MERE ORNAMENTATION AND AESTHETIC FUNCTIONALITY: CAUSING CONFUSION IN THE BETTY BOOP CASE?*

By Deborah S. Cohn**

I. INTRODUCTION

The Ninth Circuit Court of Appeals issued a decision on February 23, 2011, in Fleischer Studios, Inc. v. A.V.E.L.A., Inc.1 (the “Betty Boop” case), wherein it held there was no trademark infringement because the defendant’s use of the name and image of the cartoon character Betty Boop was not “use” in the manner of a trademark. In an unusual application of the doctrine of aesthetic functionality, the court found that even assuming that the plaintiff had established trademark rights in the name and image, the defendant’s unauthorized use of them did not infringe because consumers purchased the defendant’s goods merely because they liked Betty Boop, not because they attributed any source-indicating significance to the name or image. Although federal registrations for the character image were not in evidence in the Betty Boop case, the broad language of the Ninth Circuit’s decision raises the alarming specter that a valid registered trademark, which necessarily is deemed to be perceived by consumers as a source indicator, may be subject to unauthorized use by third parties if the trademarked name or image has some intrinsic value to consumers separate and apart from its source-identifying function. Because the statutory presumption of validity afforded marks registered by the United States Patent and Trademark Office (USPTO) is an important part of the trademark system, any doctrine that effectively disregards the presumption is highly problematic.

II. THE FUNCTIONALITY DOCTRINE

The functionality doctrine was established to ensure the proper balance between patent law, which permits a producer to control a useful product feature for a limited time, and trademark law, which promotes competition by protecting a producer’s reputation.2 The Supreme Court has defined functionality to include product features that put competitors at a significant

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* This publication went to press prior to the Ninth Circuit’s ruling on August 22, 2011, which vacated the aesthetic functionality holding discussed in this article.

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1. 636 F.3d 1115 (9th Cir. 2011).

non–reputation-related disadvantage, which may be an issue in cases of “aesthetic functionality.”\(^3\) In other words, a product feature that does not provide purely utilitarian advantages can also be “functional” and thus ineligible for trademark protection if it provides other significant competitive advantages.\(^4\) The case of *Brunswick Corp. v. British Seagull Ltd.*\(^5\) illustrates this point. There, the United States Court of Appeals for the Federal Circuit held that the proposed mark, the color black for outboard motors, was functional and ineligible for federal registration because it provided significant identifiable competitive “aesthetic” advantages, i.e., compatibility with a variety of boat colors and reduction in the apparent size of the engines.

An asserted mark deemed functional is not a trademark, and therefore is invalid and ineligible for federal registration.\(^6\) In this sense, functionality is to product design marks what genericness is to word marks. Functional product features and generic terms are the antithesis of trademarks—they are incapable of serving as source indicators. As with genericness, the functionality doctrine traditionally relates to a trademark’s validity. Like genericness, functionality is a defense to infringement only in the sense that a defendant can invoke the doctrine to challenge whether a plaintiff has rights in the asserted mark; i.e., if there are no valid rights, there can be no infringement. However, the functionality doctrine should not be invoked to excuse a defendant’s unauthorized use of another’s otherwise valid trademark. To excuse unauthorized use, other defenses, such as fair use, may be invoked if appropriate.

### III. ORNAMENTAL MATTER MAY FUNCTION AS A TRADEMARK

In an application under Section 1 of the Trademark Act,\(^7\) the USPTO must determine whether the subject matter for which registration is sought operates as an indication of source. The USPTO applies the Supreme Court’s definition of functionality in determining whether a proposed mark is eligible for registration. In addition, the USPTO considers in another way the “aesthetic” use of a proposed mark. A mark that consists of decorative or ornamental matter may be refused registration because it fails to function as a mark, but rarely is refused as “functional” unless evidence in the record supports the existence of a significant

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3. *See TrafFix*, 532 U.S. at 32.
4. *Qualitex*, 514 U.S. at 164.
competitive need for the feature sought to be registered. In assessing whether such decorative or ornamental matter functions as a mark, the USPTO considers where it falls along a continuum, ranging from matter that is source-identifying and registrable, to purely ornamental matter that is incapable of trademark significance and unregistrable under any circumstances. Matter that is merely ornamental is perceived by consumers only as decorative and therefore does not identify and distinguish the applicant’s goods or indicate source, i.e., it does not function as a trademark under Sections 1, 2, and 45 of the Trademark Act. Matter that serves primarily as a source indicator, either inherently or as a result of acquired distinctiveness, and that is only incidentally ornamental or decorative can be registered as a trademark.

In differentiating between mere ornamental use of a proposed mark and use that is incidentally ornamental, the USPTO considers factors such as the history and nature of the mark’s use and industry practice. Proof of acquired distinctiveness may indicate that the mark, as presented in the application, is incidentally ornamental; that is, even though the mark may be presented in a decorative manner in the application—for example, the mark may consist of a large design emblazoned across the front of a t-shirt—applicant’s historical use of the mark demonstrates that consumers would associate this decorative use of the mark with the applicant as its source. Likewise, proof that customers are accustomed to seeing university and college names displayed across t-shirts, and that such a practice is widespread among universities and colleges, would establish that the proposed mark was incidentally ornamental to the primary source indicating use of the mark in connection with educational services. In other words, where an applicant provides proof of a primary use of a mark to identify source, such use may establish that consumers would be familiar with the mark and transfer that recognition of the mark as a source indicator to this secondary use of the mark.

The USPTO practice of confirming trademark rights in matter that is incidentally ornamental is not inconsistent with the functionality doctrine. Where subject matter has been

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8. See generally, In re Owens-Corning Fiberglas Corp., 774 F.2d 1116 (Fed. Cir. 1985); In re DC Comics, 689 F.2d 1042 (C.C.P.A. 1982).
11. TMEP § 1202.03(d).
demonstrated to serve as a source indicator in connection with particular goods or services, it is eligible for registration and deserves protection.

IV. THE BETTY BOOP DECISION COULD UNDERMINE THE PRESUMED VALIDITY OF REGISTERED MARKS

By applying the aesthetic functionality doctrine to the defendant’s manner of use, the logic of the Betty Boop decision effectively undermines the validity of federal registrations for trademarks that are used in an ornamental fashion, but nonetheless are proven source indicators. Registered marks receive certain statutory presumptions, including the validity of the mark.13 Where the presumption is unrebutted, a trademark owner is presumed to have the exclusive right to use the trademark on the identified goods, and should be able to prevent others from doing so. The Betty Boop decision leaves room for these presumptions to be disregarded, enabling a defendant to excuse its unauthorized use of a valid mark simply because the subject matter is appealing or desired by consumers.

Such an application of the doctrine differs considerably from Supreme Court case law, which applies the doctrine in terms of assessing the validity of an asserted mark rather than the manner of use of the accused infringer, and inquires into whether competitors need the feature to compete effectively.14 It is also inconsistent with the policy goals underpinning the Trademark Act—to protect consumers from confusion and protect mark owners from misappropriation of a mark’s goodwill.15 Trademarks serve as indications of origin and quality. They represent the “goodwill” or reputation a business and its products and services enjoy with the public. Businesses rely on their marks to identify their products and services and distinguish them from those of their competitors. The public relies on marks to distinguish among competing producers and as guarantees of quality. Misappropriation of a valid mark, which is deemed to have source-indicating significance to consumers, should not be excused simply because the design or trademark subject matter is “appealing.”

15. The legislative history of the Lanham Act explains the dual purpose underpinning it as follows: “One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.” Senate Rep. No. 79-1333 at 3, 5 (1946).
The Betty Boop decision has other troublesome consequences. If aesthetic functionality becomes an accepted defense to infringement, there would be little incentive to build a successful brand around an appealing image. The decision also invites the possibility of increased counterfeiting and upsets settled expectations among many industries and consumers alike, especially in view of modern merchandizing and licensing practices.16

V. CONCLUSION

Even if a trademark comprises ornamental matter, if it is perceived as a source identifier by consumers, it should be protectable and enforceable. Where the trademark owner has established the source-identifying significance of the mark to consumers, such as by obtaining federal registration, a mark’s ornamental nature or use in that manner by an unauthorized party generally should not negate infringement. Rather, whether the rubric of ornamentation or aesthetic functionality is employed, the inquiry should be the same: does the asserted trademark identify the source of the goods to consumers? In short, aesthetic functionality as a defense is “too blunt a weapon,”17 and application of the doctrine should be reserved for its original purpose of determining whether a valid trademark exists.

16. See, e.g., 2-6 Anne Gilson LaLonde, Gilson on Trademarks § 6.01 (2010).
17. 1 McCarthy, supra note 12, § 7:82.