

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

Introduction: The Ninth Circuit's recent decision in the *Betty Boop* case, *Fleischer Studios v. A.V.E.L.A.*, no doubt surprised some people when it reasoned that when one, without authority to do so, puts a recognizable trademark on garments or other objects intended to attract fans of the trademark or the property for which it stands so they can show off their fan-hood, it is a "functional" use of the trademark and therefore immune to charges of infringement. The more prevalent view is that this is probably counterfeiting, and certainly infringement. But, as the *Betty Boop* case explains, the holding is consistent with the thirty-one year old *Job's Daughters* case, which theretofore was the high, or perhaps low (depending on your point of view), water mark of the doctrine of "aesthetic functionality."

The doctrine of *Fleischer Studios* is not likely to go away quietly into the night. It didn't last time. The *Trademark Thoughts* piece that accompanies this presentation has a few suggestions for dealing with *Betty Boop*, which are included in Point III of this paper. But this peculiar version of aesthetic functionality did not arise in a vacuum, and it seems prudent to revisit the doctrine of aesthetic functionality in all its glory, since it seems it was not dead, just hibernating.

- I. BEFORE THERE WAS AESTHETIC FUNCTIONALITY, THERE WAS PLAIN OLD EVERYDAY FUNCTIONALITY (NOW GENERALLY KNOWN AS "UTILITARIAN" FUNCTIONALITY)
 - A. Functionality was a common law doctrine intended to accommodate two policies:
 1. Utilitarian features should be protected only by patents of inventions or discoveries;
 2. Free and effective competition will be preserved best by permitting competitors to copy what is necessary to compete effectively.
 - B. By 1938, Restatement, Torts, §742 articulated the doctrine as follows: "A product feature that affects [the product's] 'purpose, action, or performance, or the facility or economy of processing, handling or using' the product is functional, and to permit its protection as a trademark would unduly restrict competition."
 - C. Subsequent Supreme Court Pronouncements:
 1. A form is functional if "the cost of [the product] would be increased and its high quality lessened if some other form were substituted for the [product] shape," *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938);
 2. "In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851 (1982);



3. “[E]ligibility for protection under § 43(a) depends on nonfunctionality.” . . . [This is now embodied in § 43(a).] The Fifth Circuit holds that a design is legally functional, and thus unprotectible, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection. See *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 426 (1984). This serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses. *Two Pesos v. Taco Cabanna, Inc.*, 505 U.S. 763, 775 (1992).
 4. This Court consequently has explained that, “[i]n general terms, 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,” that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage. *Qualitex v. Jacobson Products Co.*, 514 U.S. 159, 165 (1995).
 5. “[W]e have observed that a functional feature is one the ‘exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.’ *Qualitex*, 514 U.S. at 165. The Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is ‘whether the particular product configuration is a competitive necessity.’ 200 F.3d at 940. See also *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498,1507 (1995) (‘Functionality, by contrast, has been defined both by our circuit, and more recently by the Supreme Court, in terms of competitive need’). This was incorrect as a comprehensive definition. As explained in *Qualitex, supra*, and *Inwood, supra*, a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device. The *Qualitex* decision did not purport to displace this traditional rule. Instead, it quoted the rule as *Inwood* had set it forth. It is proper to inquire into a “significant non-reputation-related disadvantage” in cases of aesthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature.’ *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 26, 32-33 (2001), underline emphasis added.
- D. Four classic evidentiary factors for assessing functionality from *In re Norwich Products*, 671 F.2d 1332 (C.C.P.A. 1982):
1. The existence of a utility patent which discloses the utilitarian advantages of the design.
 2. The existence of any advertising or promotion of the proponent of trademark rights which touts the functional or utilitarian advantages of the very design aspect it now seeks to protect.



3. The existence of other alternative designs which perform the utility function equally well.
4. Whether or not the design results from a comparatively simple, cheap, or superior method of manufacturing the article.

II. THEN CAME AESTHETIC FUNCTIONALITY

A. Restatement, Torts, §742 (1938), Comment *a* stated:

a. When goods are bought largely for their aesthetic value, their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended. Thus, the shape of a bottle or other container may be functional though a different bottle or container may hold the goods equally well. A candy box in the shape of a heart may be functional, because of its significance as a gift to a beloved one, while a box of a different shape or the form in which a ribbon is tied around the box may not be functional. Or a distinctive printing type face may be functional though the print from a different type may be read equally well. The determination of whether or not such features are functional depends upon the question of fact whether prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition.

1. One might wonder why anyone would wish not to be deprived of “something that will substantially hinder [him] in competition,” but the sentence probably intends “something, etc.” to refer back to “prohibition of imitation,” not to refer back to the deprivation.
2. Until 1952 there was little of note to arise from this (or any other) source of aesthetic functionality doctrine.

B. *Pagliario v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952).

Wallace sold hotel dining room china in four patterns carrying (uncopyrighted) designs: Tweed, Hibiscus, Shadowleaf, and Magnolia. Pagliero copied both the pattern names and designs to sell replacement china. He was enjoined from copying the names and designs. On appeal, he was allowed to use the designs (but not the names) because:

1. if the designs had not acquired secondary meaning, they were not protectable [that is standard trade dress law].
2. But if they were functional, they were *publici juris*; “‘Functional’ in this sense, might be said to “connote other than a trade-mark purpose. . . .”

“If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of patent or copyright.”

“[O]ne of the essential selling features of hotel china, if, indeed, not the primary, is the design. The attractiveness or eye-appeal of the design sells the china. Moreover, from the standpoint of the purchaser china satisfies a demand for the aesthetic as well as for the utilitarian, and the design on china is, at least in part, the response to such demand.”

“It seems clear that these designs are not merely indicia of source, so that one who copies them can have no real purpose other than to trade on his competitor’s reputation.”

Pagliari was more of a curiosity than revolutionary case for more than twenty years. Even then, understandings of it ranged from (a) the way to protect that design should have been copyright, and trademark is not a substitute for copyright, to (b) *Pagliari* is revealed truth, although it is not very clear what that truth is.

- C. *Boston Professional Hockey Assn., Inc. v. Dallas Cap & Emblem Mfg. Co., Inc.*, 360 F. Supp. 459 (ND Tex. 1973)

Suit by National Hockey League and most of its member teams against an embroidered emblem maker who was selling emblems of the teams’ official insignia, most of which were registered for ice hockey entertainment services. Relief was denied by the Court, in reliance on the reasoning of *Pagliari*:

“The designs of the plaintiff’s symbol can be characterized as functional because these have become ‘an important ingredient in the commercial success of the product.’ [citing *Pagliari*] When an artistic rendition creates a demand in the market which is unrelated to its feature as an indicia of source, the law will not afford that design protection under the trademark laws. In the instant case, the registered trademark is, in effect, the product itself. The marks have achieved intrinsic value to a segment of the consuming public which may be attracted to the aesthetic features and to their characteristics as a patch to be used on apparel or for collection.” *Id.* at 464.

- D. *Boston Professional Hockey Assn., Inc. v. Dallas Cap & Emblem Mfg. Co., Inc.*, 510 F.2d 1004 (5th Cir. 1985)

“The short answer . . . is that the emblems sold because they bore the identifiable marks of plaintiffs. This fact clearly distinguishes the case from [*Pagliari*. . .]. [There,] ‘the attractiveness and eye-appeal of the design sells the china,’ . . . not the trademark character of the designs. In the case at bar, the embroidered symbols are sold not because of any such aesthetic characteristics but because they are the trademarks of the hockey teams.” *Id.* at 1013.

- E. *In re Penthouse International Ltd.*, 565 F. 2d 679 (CCPA 1967).
PENTHOUSE magazine's key design logo was made into a charm for bracelets, among other items, and its shape was sought to be registered as a trademark for jewelry. The TTAB affirmed a refusal to register the design because "(D)esigns of jewelry are considered to be functional in nature because it is the design of the jewelry that appeals to purchasers, and a particular piece of jewelry is purchased because of its design. Thus * * * the jewelry design would not be regarded as an indication of origin in applicant, but rather would be a design whose attractiveness and eye-appeal 'sell' the goods." *Id.* at 680. The Court saw matters differently:

"Penthouse is not merely attempting to register a jewelry design as a trademark; it seeks to register its established mark used as a jewelry design." *Id.* at 682. "That the mark has been registered for other products is prima facie evidence that it is capable of recognition as a trademark, and therefore of being regarded as an indication of origin. In the light of the record, it cannot be said that sales can result only from the attractiveness of the jewelry item, and that sales would not be triggered by recognition of the mark." *Id.* at 683.

- F. *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980.)

Jobs Daughters is a "young women's fraternal organization." It adopted an emblem in 1921 to identify its organization and members. It licensed official producers of emblem-bearing jewelry for its members, and brought suit against a jeweler who continued to sell such jewelry after authorization to do so had been withdrawn.

"In general, trademark law is concerned only with identification of the maker, sponsor, or endorser of the product so as to avoid confusing consumers. Trademark 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." *Id.* at 917.

"[T]he name "Job's Daughters" and the Job's Daughters insignia are indisputably used to identify the organization, and members of Job's Daughters wear the jewelry to identify themselves as members. In that context, the insignia are trademarks of Job's Daughters. But in the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship. . . .

"It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. 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.” *Id.* at 918.

“We conclude from our examination of the trial judge's findings and of the underlying evidence that Lindeburg was not using the Job's Daughters name and emblem as trademarks. The insignia were a prominent feature of each item so as to be visible to others when worn, allowing the wearer to publicly express her allegiance to the organization. . . . Job's Daughters did not show a single instance in which a customer was misled about the origin, sponsorship, or endorsement of Lindeburg's jewelry, nor that it received any complaints about Lindeburg's wares. Finally, there was evidence that many other jewelers sold unlicensed Job's Daughters jewelry, implying that consumers did not ordinarily purchase their fraternal jewelry from only “official” sources. . . . The name and emblem were functional aesthetic components of the product, not trademarks. There could be, therefore, no infringement.” *Id.* at 920.

- G. *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 759 (9th Cir. 1981). In this case, Vuitton, who made hand bags covered with its registered LV design, faced a copycat bag manufacturer which embellished his bags with a very similar LY design. Two sound observations can be found in the decision:

“Young argues that if a design is “related to the reasons consumers purchase that product,” it is functional. However, a trademark is always functional in the sense that it helps to sell goods by identifying their manufacturer. The policy expressed in *Pagliero* and the cases decided under it is aimed at avoiding the use of a trademark to monopolize a design feature which, in itself and apart from its identification of source, improves the usefulness or appeal of the object it adorns.” *Id.* at 774.

“. . . If the Vuitton mark increases consumer appeal only because of the quality associated with Vuitton goods, or because of the prestige associated with owning a genuine Vuitton product, then the design is serving the legitimate function of a trademark; it is identifying the source of the product, and thus should be protected.” *Id.* at 776.

- H. *Contemporary Commentary*:
1. “The difficulty with accepting such a broad view of aesthetic functionality, which relates the doctrine to the commercial desirability of the feature at issue without consideration of its utilitarian function, is that it provides a disincentive for development of imaginative and attractive design. The more appealing the design, the less protection it would receive. As our ambience becomes more mechanized and banal, it would be unfortunate were we to discourage use of a



spark of originality which could transform an ordinary product into one of grace.” *Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822, 825 (3d Cir. 1981).

2. “In the case of ‘aesthetic’ functionality, on the other hand, it would appear that a demonstration of secondary meaning is crucial. The Ninth Circuit labels as aesthetically functional a design which connotes ‘other than a trademark purpose,’ or which constitutes that which the consumer wishes to purchase ‘as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product.’ In other words, the reasoning is circular. If a design which is sought to be protected as a trademark can be demonstrated to so function, it will be protected as a trademark; it will not be said that its only function is as an aesthetically pleasing design. . . .

“With respect to the notion that a design is aesthetically functional if it is ‘an important ingredient in the commercial success of the product,’ it is noted that many trademarks hold such a place of importance. . . .” Rich, J. concurring in *In re DC Comics, Inc.*, 689 F.2d1042, 1049 (CCPA 1982).

- I. *Bi-Rite Enterprises, Inc. v. Button Master*, 555 F.Supp. 1118 (S.D.N.Y. [1/14] 1983). Plaintiff was licensed to make buttons and other paraphernalia of popular musical artists to be sold outside venues where they were performing. The difference between plaintiff and defendant was that plaintiff was licensed, defendant was not. Relief was denied in a somewhat philosophical opinion:

“This push to extend trademark protection to the use of established marks on collateral products is only the most recent manifestation of the effort (as old as the trademark law itself) to protect the full economic value of distinctive marks. . . . The cause is rooted in fairness and commercial good sense. People establish marks through effort and investment, and the value embodied in these marks should be protected against those who would steal or dilute it. The zeal to protect the full value of marks, and the feelings and economic interests that fuel it, however, cannot negate the fact that unfair competition law clearly requires confusion as to the source of goods before it will protect against the unauthorized use of a mark.

Copyright and patent laws grant to the creators of original expression and ideas monopoly power over their use and sale. . . . Trademark laws do not share this purpose. They function instead to protect the individual reputation and goodwill that parties build for their goods in the market. . . . This distinction made by Congress in its legislative scheme is not merely one of form, having no basis in policy or fairness. Although industry and investment are encouraged by protecting distinctive marks, they are also encouraged by a system that allows entrepreneurs to copy and exploit such marks in nonconfusing ways. Indeed, a system that permits nonconfusing copying may achieve greater social utility and wealth than a system that protects marks without a showing of confusion. The originator of a mark may in some circumstances lose far less in economic value



because of copying by others than is gained by the copiers and the public. Copying enables one to sell the mark for a lower price than the originator is able or inclined to sell, thereby making the goods involved accessible to more consumers as the price is reduced. Indeed, the freedom to copy tends to create competition among copiers, and will drive down prices to the point where the marginal return on investment is merely adequate, thus creating the broadest practicable public access to goods, and tending to prevent monopoly profits and prices.

These policies explain Congress' limitations on trademark protection. They apply with particular force in connection with the use of marks on buttons, for buttons tend primarily to be a medium for communicating ideas or positions; they are not commodities sold to serve any other functional purpose. Under these circumstances expression is enhanced when manufacturers are free to copy and distribute widely the message. . . .

In this Circuit, marks that are exploited only for their functional value and not to confuse the public receive no protection under unfair competition laws. Functionality in this context means that consumers desire the mark for its intrinsic value and not as a designation of origin. When a mark without copyright protection is exploited for its intrinsic functional value, Congress has implicitly determined that society's interest in free competition overrides the owner's interest in reaping monopoly rewards.

These principles do not as a matter of law preclude protection against the use of marks on emblems, buttons, or other novelty items. They require the owner to establish that the particular use of a functional mark on the product involved will cause or was intended to cause consumer confusion as to source. In certain contexts, such as at concerts where the mark's owner performs, the public may, in fact, assume that the owner of the mark sponsored or even produced the goods-emblems, buttons or T-shirts-that bear its mark. An evidentiary record that established such confusion, or created a presumption that the manufacturer sought to confuse consumers as to source, would supply a basis for protection. . . ." *Id.* at 1049-1155.

- J. *University of Pittsburgh v. Champion Products, Inc.*, 566 F. Supp. 711 (W.D. Pa. [6/23] 1983). The University brought suit against a vendor of sweaters and garments bearing the University of Pittsburgh insignia and name.

"We do not believe, however, that the use of Pitt's name on soft goods has acquired any special significance beyond allowing the garment's wearer to display his or her support for the school and its athletic teams. The insignia on these soft goods thus serve a real, albeit aesthetic, function for the wearer. We do not believe that anyone could seriously argue that the soft goods at issue here are, in any realistic way, in competition with similar, unadorned soft goods. The relevant product market for the consumer in this case is soft goods which



allow the consumer to show his or her allegiance to Pitt. There is no evidence that the consumer cares who has made the soft goods or whether they were made under license. Because the Pitt insignia on soft goods serve a functional purpose and largely define a sub market of some size, granting Pitt the relief it seeks would give Pitt a perpetual monopoly over that sub market, precluding any competition in the Pitt insignia soft goods market. We know of no legal theory which would countenance such a result.” *Id.* at 521, *Emphasis added.*

- K. *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327 (2. Cir. [12/21] 1983) became the latest word on this kind of aesthetic functionality for more than a quarter of a century – until the Ninth Circuit revived *Job’s Daughters*. There came a television program series called *The Dukes of Hazzard* that revolved around a 1969 DODGE CHARGER automobile painted orange with a Confederate flag on the roof and the numbers “01” on the door. The car was named the “General Lee,” and, within the television series, it roared around doing high-speed driving stunts. It was very popular with many children young enough to still play with cars. Gay Toys enjoyed remarkable sales success when it changed to color of its 1969 DODGE CHARGER model car to orange, and added Confederate flag roof decoration and “01” on the side door.

“Gay Toys claims the ‘General Lee’ symbols in question are functional in the sense that they are essential to enable children to play ‘Dukes of Hazzard’ with the cars. This is a paradoxical argument, since it is precisely the fact that the symbols provide identification that make them ‘functional’ in the sense urged on us by Gay Toys, while Warner’s exclusive right to use its own identifying symbols is exactly what it seeks to protect. Carried to a logical conclusion, Gay Toys’ argument would enlarge the functionality defense so as to eliminate any protection for any object, since presumably each feature of any object is designed to serve a particular ‘function’ in Gay Toys’ sense of the term.” *Id.* at 330.

“With the functionality defense thus defined it is obvious that the ‘General Lee’ symbols-flag emblem and numbers in tandem with the color orange-are not the kind of ‘useful objects’ that the functionality defense was designed to protect. Rather than representing an advance in the useful arts, the symbols merely function to enable consumers, especially children, to identify a toy car with a particular television series.” *Id.* at 332.

- L. In *Wallace International Silversmiths Inc. v. Godinger Silver Art Cp., Inc.*, 916 F.2d 76 (2d Cir. 1991), the same Court returned to aesthetic functionality, because what was sought to be protected was an aesthetic style of silverware (“baroque”) which a number of companies made. Ultimately, the Court concluded that it would adopt the rule of the [then] draft Restatement that “where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection.” Elsewhere, the Court stated that “the functionality inquiry ... should [focus] on whether bestowing trade dress protection upon [a particular] arrangement of

features 'will hinder competition or impinge upon the rights of others to compete effectively in the sale of goods.' " *Id.* at 79. It also noted that the factors to be considered in determining functionality are: "the degree of functionality of the similar features, the degree of similarity between non-functional (ornamental) features of the competing products, and the feasibility of alternative arrangements of functional features that would not impair the utility of the product. These factors should be considered along a continuum. On one end, unique arrangements of purely functional features constitute a functional design. On the other end, distinctive and arbitrary arrangements of predominantly ornamental features that do not hinder potential competitors from entering the same market with differently dressed versions of the product are non-functional and hence eligible for trade dress protection. . . ." *Id.* at 79-80.

- M. In *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*, 457 F.3d 1062 (9th Cir. 2006), a merchant of automotive key chains and license plate covers sought a declaratory judgment that he could embellish those articles with the registered trademarks of VOLKSWAGEN and AUDI cars. The Court observed: "Accepting Auto Gold's position would be the death knell for trademark protection. It would mean that simply because a consumer likes a trademark, or finds it aesthetically pleasing, a competitor could adopt and use the mark on its own products. Thus, a competitor could adopt the distinctive Mercedes circle and tri-point star or the well-known golden arches of McDonald's, all under the rubric of aesthetic functionality." *Id.* at 1064.

"We now address the marks at issue in this case. Volkswagen and Audi's trademarks are registered and incontestable, and are thus presumed to be valid, distinctive and non-functional. . . . To satisfy this requirement, Auto Gold argues that Volkswagen and Audi trademarks are functional features of its products because "the trademark is the feature of the product which constitutes the actual benefit the consumer wishes to purchase." While that may be so, the fact that a trademark is desirable does not, and should not, render it unprotectable. Auto Gold has not shown that Volkswagen and Audi's marks are functional features of Auto Gold's products. The marks are thus entitled to trademark protection.

At the first step, there is no evidence on the record, and Auto Gold does not argue, that Volkswagen and Audi's trademarks are functional under the utilitarian definition in *Inwood Laboratories* That is to say, Auto Gold's products would still frame license plates and hold keys just as well without the famed marks. Similarly, use of the marks does not alter the cost structure or add to the quality of the products.

We next ask whether Volkswagen and Audi's marks, as they appear on Auto Gold's products, perform some function such that the 'exclusive use of [the marks] would put competitors at a significant non-reputation-related disadvantage.' . . . As an initial matter, Auto Gold's proffered rationale—that the trademarks 'constitute[] the actual benefit the consumer wishes to purchase'



flies in the face of existing case law. We have squarely rejected the notion that ‘any feature of a product which contributes to the consumer appeal and saleability of the product is, as a matter of law, a functional element of that product.’” *Id.* at 1073 (citing *Vuitton*, 644 F.2d at 773).

The concept of an “aesthetic” function that is non-trademark-related has enjoyed only limited application. In practice, aesthetic functionality has been limited to product features that serve an aesthetic purpose wholly independent of any source-identifying function. . . .

. . . [T]here is no evidence that consumers buy Auto Gold's products solely because of their “intrinsic” aesthetic appeal. Instead, the alleged aesthetic function is indistinguishable from and tied to the mark's source-identifying nature.

By Auto Gold's strident admission, consumers want “Audi” and “Volkswagen” accessories, not beautiful accessories. This consumer demand is difficult to quarantine from the source identification and reputation-enhancing value of the trademarks themselves. . . . The demand for Auto Gold's products is inextricably tied to the trademarks themselves. . . . Any disadvantage Auto Gold claims in not being able to sell Volkswagen or Audi marked goods is tied to the reputation and association with Volkswagen and Audi.

In the end, we take comfort that the doctrine of aesthetic functionality, as we apply it in this case, has simply returned from whence it came. The 1938 Restatement of Torts includes this reminder of the difference between an aesthetic function and a trademark function: ‘A feature which merely associates goods with a particular source may be, like a trade-mark or trade name, a substantial factor in increasing the marketability of the goods. But if that is the entire significance of the feature, it is non-functional; for its value then lies only in the demand for goods associated with a particular source rather than for goods of a particular design.’ Restatement of Torts § 742, comment a (1938). 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. Today, as in 1938, such poaching is not countenanced by the trademark laws.

We hold that Volkswagen and Audi's marks are not functional aspects of Auto Gold's products. These marks, which are registered and have achieved incontestable status, are properly protected under the Lanham Act against infringement, dilution, false designation of source and other misappropriations.” *Id.* at 1072 –74.

N. The now-published *Restatement* takes the following position:



“ . . . A design is functional because of its aesthetic value only if it confers a significant benefit that cannot practically be duplicated by the use of alternative designs. Because of the difficulties inherent in evaluating the aesthetic superiority of a particular design, a finding of aesthetic functionality ordinarily will be made only when objective evidence indicates a lack of adequate alternative designs. Such evidence typically is available only when the range of alternative designs is limited either by the nature of the design feature or by the basis of its aesthetic appeal. The ultimate test of aesthetic functionality, as with utilitarian functionality, is whether the recognition of trademark rights would significantly hinder competition.

Restatement Third, Unfair Competition § 17, *Comment c*.

III. WAYS TO ATTACK *JOBS DAUGHTERS*.

A. Authority.

1. “It is proper to inquire into a ‘significant non-reputation-related disadvantage’ in cases of esthetic functionality.” *Traffix, supra* I C 5 (and see 4).

If a feature is functional “if the exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage,” then neither *JOBS DAUGHTERS* nor *BETTY BOOP* is functional. The disadvantage competitors experience if those trademarks are protected, plainly, is reputation-related, not “non-reputation-related.” The essence of any trademark is its reputation.

a. “The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same-to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.” *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942), per Frankfurter, J.

b. “However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And



so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful.” *Yale Electric Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928), per L. Hand, J

2. The trademark law authority with the most brainpower behind it is, unquestionably, Restatement Third, Unfair Competition (American Law Institute, 1995). Its view of *Jobs 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.
3. 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

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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.”

4. *Au-Tomotive Gold, supra II M, and Warner Bros. v. Gay Toys, supra II K*

B. Reason

1. That the owners of celebrated trademarks are entitled to the “full economic value “of their trademarks is widely accepted. Many, many trademarks famous in some other field are registered and used in such collateral fields as clothing, accessories, jewelry (costume and precious) and numerous other products.



2. The usurpers of *Jobs Daughters* and *Betty Boop* are plainly reaping where they have not sown, and obtaining a “free ride” on the reputations of those marks, both of which formulations have a respectable history in condemning what is known, generally, as “unfair competition,” of which trademark infringement is one species.
3. For two other long-accepted principles, see III A. 1 a and b.

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