

## IV. United States of America

### A. *The federal trade mark system*

#### 1. Protection of characters<sup>145</sup>

While the main functions of federal U.S. trade mark law are the subject of scholarly discussion, the most common purposes are seen in:<sup>146</sup> (1) allowing for the identification of a seller's goods and services and the distinction from a competitor's goods or services; (2) signifying that all goods and services bearing the mark stem from an identical commercial source (3) signifying the equal quality of the goods bearing the mark and (4) serving as an instrument in advertising and selling goods.

While the trade mark protection of a character per se, or the establishment of a property right in a character, is not possible, protection may arise if a character also serves as an indicator of origin.<sup>147</sup>

The most obvious difference to the German system is that adoption of marks is based on actual use of the sign. Activities that constitute use include not only the use in a trade mark manner,<sup>148</sup> but also “anal-

---

145 *See generally*: J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (4 ed. 2013); Jerome Gilson, *Gilson on Trademarks* (Lexis Nexis 2013); Louis Altman & Mara Pollack, *Callman on Unfair Competition, Trademarks and Monopolies* (Thomson Reuters 2013); David Hilliard, Joseph Welch & Uli Widmaier, *Trademarks and Unfair Competition* (8 ed. 2010).

146 *See McCarthy supra* note 145 § 3:1 at 104.

147 *Ex parte Carter Publications* 92 U.S.P.Q. (BNA) 251 (Comm'r Pat. & Trademarks 1952); *In re: Circus Foods, Inc.*, 252 F.2d 310 (C.C.P.A. 1958); Peter Shapiro, *The Validity of Registered Trademarks for Titles and Characters After the Expiration of Copyright on the Underlying Work*, 31 COPYRIGHT L. SYMP. (ASCAP) 69, 88-89; *Pillsbury Co. v. Milky Way Prods.* 215 U.S.P.Q. (BNA) 124 (N.D. Ga. 1981); *Jantzen Knitting Mills v. Spokane Knitting Mills Inc.*, 44 F.2d 656 (D. Wash 1930); *Helfland supra* note 20 at 634. *See also*: *In re DC Comics*, 689 F.2d 1042 (C.C.P.A. 1982).

148 *Microstrategy, Inc. v. Motorola, Inc.*, 245 F.3d 335 at (4<sup>th</sup> Cir. 2001) 341 et seq.

ogous use” (meaning: as a designator of origin other than one affixed directly on the product, or displayed in close proximity of the goods),<sup>149</sup> if such use has “substantial impact on the purchasing public”.<sup>150</sup> The option to file for a mark based on the bona fide “intent to use”,<sup>151</sup> does not award the applicant a position equal to a mark holder,<sup>152</sup> thus not changing the fundamental requirement of actual use. U.S. trade marks offer protection from use of the same mark or “colorable imitations”<sup>153</sup> of it, meaning imitations, likely to cause confusion or mistake or to deceive.<sup>154</sup> In practice, likelihood of confusion is based on a multi-factor test, taking into account a variety of elements.<sup>155</sup> While the duration of trade mark protection is theoretically perpetual, the scope of protection is limited to “use in commerce”.<sup>156</sup> This term, however is to be interpreted rather broadly.<sup>157</sup> Furthermore, federal trade marks are protected from the likelihood of dilution by tarnishment or blurring.<sup>158</sup>

As stated above, the emergence of trade mark protection by actual use of the sign in commerce is the decisive criterion to enforce a mark.<sup>159</sup> As opposed to the German approach to unfair competition law, considering it as a legal category independent and different from trade mark law, in the U.S. trade mark law and unfair competition law are interwoven, or as one may put it “thread of the same cloth”.<sup>160</sup>

---

149 15 U.S.C. § 1127 (2006). See also: *Persha v. Amour & Co.*, 239 F.2d 628 (5<sup>th</sup> Cir. 1957).

150 *T.A.B. Systems v. PacTel Teletrac*, 77 F.3d 1372 (Fed. Cir. 1996) at 1375.

151 Trademark Law Revision Act of 1988, Pub. L. No. 100-667, Stat 3935 (Nov 16, 1989) amending 15 U.S.C. 1051 et. seq.

152 *Zazu Designs v. L'Oreal, S.A.*, 979 F.2d 499, 504 (7<sup>th</sup> Cir. 1992).

153 15 U.S.C. § 1114 (2006).

154 *Id.*

155 See e.g. *Judge Friendly in Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2<sup>d</sup> Cir. 1961).

156 15 U.S.C. § 1114 (2006).

157 15 U.S.C. § 1127 (2006); cf. *Rescuecom, Corp. v. Google, Inc.* 562 F.3d 123, 127 (2<sup>nd</sup> Cir. 2009).

158 15 U.S.C. § 1125 as amended by the Trademark Dilution Revision Act (2006) H.R. 683; *statutorily rejecting Moseley v. V Secret Catalogue, Inc.* 537 U.S. 418 (2003).

159 See *Hanover Star Milling Co. v. Metcalf* 240 U.S. 403 (1916).

160 This image is credited to the legal scholar and practitioner Paul Geller.

Lanham Act § 43(a)<sup>161</sup> codifies unfair competition on the federal level, prohibiting among other things the use of any word, term, name, symbol, or device, or any combination thereof, or any false or misleading designations of origin, descriptions or representation that is likely to cause confusion as to origin. Given the high degree of similarity, courts apply trade mark rules such as the multi-factor test for likelihood of confusion<sup>162</sup> for substantive purposes.<sup>163</sup> Thus, it represents a claim for infringement of non-registered marks equivalent to registered marks.<sup>164</sup> This puts owners of character trade marks in the comfortable position of basing claims on character aspects that have been registered, and such that have not been registered cumulatively. In conclusion, both can be treated under the same chapter.

As early as 1921,<sup>165</sup> in the “Mutt and Jeff” case, courts have recognized characters’ ability to act as such an indicator, and have held that the creator of characters “is the owner of the proprietary right existing in the characters”<sup>166</sup> under trade mark law. However early decisions recognized this right only in as far as it was vested in the name and visual appearance of the characters.

The advent of the Lanham Act<sup>167</sup> introduced an even more liberal regime in terms of subject matter eligible for trade mark protection, defining the term trade mark as “any word, name, symbol, or design, or any combination thereof, used in commerce to identify and distinguish the goods of one manufacturer or seller from those of another and to indicate the source of the goods.”<sup>168</sup> While characters per se are not expressly mentioned as a trade mark category, they are covered

---

161 15 U.S.C. § 1125 (2006).

162 See *supra* note 153.

163 See *supra* note 161.

164 *Banff Ltd v. Federated Dep't Stores, Inc.*, 841 F.2d 486 (2d Cir. N.Y. 1988); *A.J. Canfield Co. v. Honickman* 808 F.2d 291, 296 (3d Cir. Pa. 1986); *Union Mfg. Co. v. Han Baek Trading Co.* 763 F.2d 42, 47-48 (2d Cir. N.Y. 1985).

165 *Harry C. Fisher v. Star Company* 231 N.Y. 414, 132 N.E. 133, cert denied 257 U.S. 654 (N.Y. 1921) Widely known as the “Mutt and Jeff” decision after the Characters in question.

166 *Fisher v. Star Co.* 231 N.Y. 414, 425 (1921).

167 15 U.S.C. § 1051 (2002) et. seq.

168 15. U.S.C. § 1127 (2006).

by the broad wording and definition applied by the Lanham Act,<sup>169</sup> and have been found to be able to act as a trade mark.<sup>170</sup>

The line between protection of a character itself and the protection of the artist impersonating the character is fuzzy. In *Oliveira v. Frito-Lay Inc.*,<sup>171</sup> the singer of the famous song “The Girl from Ipanema” tried to prevent a foods manufacturer from using this song in an advertisement on grounds of trade mark law. Despite the plaintiff’s arguments that she “had become known as the girl from Ipanema” herself,<sup>172</sup> and hence was acting as the fictional character that was to be protected, the court dismissed the claims for trade mark infringement. This is not to be interpreted as a bar to trade mark protection for characters, considering that in this case “The Girl from Ipanema” was much rather a nickname of the artist than a character, lacking development of substantial character traits and not being enacted by the plaintiff, but rather besung from meta level.

As illustrated above by the “Mutt and Jeff” case, a character’s name and its visual appearance have long been acknowledged to be able to serve as trade marks under the types of “words and images”. In this respect, following general trade mark mechanics, the mark owner need not necessarily show the acquisition of secondary meaning, but may gain protection based on the inherent distinctiveness of these aspects.<sup>173</sup> Protection has been awarded against the use of the character itself<sup>174</sup> as well as the mere allusion to a character.<sup>175</sup>

---

169 See McCarthy *supra* note 145 § 7 at 105. See also e.g. *Qualitex Co. v. Jacobson Products Co.* 514 U.S. 159, 162 (1995).

170 *Fisher v. Star Co.* 231 N.Y. 414; see also *Franklin Waldheim, Mickey Mouse – Trademark or Copyright*, 54 *Trademark Rep.* 865, 869 (1964).

171 *Oliveira v. Frito-Lay*, 251 F.3d 56 (2<sup>nd</sup> Cir. 2001).

172 *Id.* at 59.

173 See McCarthy *supra* note 145 § 10 at 42; But cf. *Supra* note 165.

174 *Walt Disney Co. v. Powell*, 698 F. Supp. 10 (D.D.C 1988); *Universal City Studios, Inc. v. J.A.R. SALES, Inc.*, 216 U.S.P.Q. 679 (C.D. Cal 1982); *Patten v. Superior Talking Pictures*, 8 F. Supp. 196 (D.C.N.Y. 1934); *Toho Co., Ltd. v. William Morrow and Company, Inc.*, 33 F. Supp. 2d 1206 (C.D. Cal 1998), based on the word mark “GODZILLA”.

175 *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145 (5<sup>th</sup> Cir. 1985).

The protectability of other, more sophisticated aspects of characters physical abilities or personality traits has been denied by courts<sup>176</sup> with varying justifications. In *CBS v. DeCosta*, the court held that characters were eligible for no protection beyond copyright.<sup>177</sup> In *DC v. Filmation* the court based his decision on the consideration that “Plaintiff has cited no case and we have found none, holding that physical abilities or personality traits are protectable under § 43 (a) of the Lanham Act”, and that the protection of character traits “more properly lies under the copyright act.”<sup>178</sup>

I find this argumentation hardly convincing, considering that the broad wording of the Lanham Act, and the legal practice of allowing the registration of particular shapes and sounds, as long as they are able to “carry meaning”,<sup>179</sup> and thus are apt to serve as a source identifier.<sup>180</sup> In cases where personality traits are well developed and characteristic of a character, this will easily be the case. The objection that a personality trait, unlike a shape or a sound can not be described or delineated precisely enough is unconvincing, as the U.S. system, unlike the German system, does not require a strict uniformity of signs to serve as trade marks. The *Plumeria blossom* case, in which protection was granted to an olfactory mark, very vaguely described as “a high impact, fresh, floral fragrance reminiscent of plumeria blossoms”<sup>181</sup> serves as a prime example for the legality of marks, that are not precisely delineated under the U.S. System.<sup>182</sup> On a side-note, personality traits and similar qualities of spokes-characters, unlike

---

176 *Columbia Broadcasting System, Inc. v. DeCosta*, 377 F.2d 315 (1<sup>st</sup> Cir. 1967); *DC Comics, Inc. v. Filmation Associates*, 486 F.Supp. 1273 (S.D.N.Y. 1980); see also McCarthy supra note 145 § 10 at 42, citing the the apparently unrelated decision 77 U.S.P.Q.2D (BNA) 1220.

177 *Contra: Coca-Cola Co. v. Rodriguez Flavouring Syrups Inc.*, 89 U.S.P.Q. 36 (Chief Examiner 1951); see generally McCarthy supra note 145 § 6 at 31.

178 See supra note 176 *DC v. Filmation* 486 F.Supp. at 1277.

179 See *Qualitex* 514 U.S. 159, 162.

180 15 U.S.C. § 1127; William Landes & Richard Posner, *The Economics of Trademark Law*, 78 Trademark Rep. 267, 290 (1988).

181 *In re Celia Clarke* 17 U.S.P.Q.2d (BNA) 1238, 1238 (T.T.A.B. 1990).

182 See also: “A cherry scent” Reg. No. 2,463,044; “The Strawberry Scent of the Goods” Reg. No. 2,596,156; “The scent of bubble gum” Reg. No. 2,560,618; “The Scent of Grapes” Reg. No. 2,568,512.

most colour or shape marks,<sup>183</sup> will be construed as a source identifier by consumers, thus being inherently distinctive.

This of course, calls for strict purposive delineation to copyright law, e.g. by applying a stricter notion of trade mark use. In *Comedy III Productions, Inc v. New Line Cinema*,<sup>184</sup> the owner of all rights and interests in the three Stooges attempted to fence off the use of a short film sequence from a Three Stooges movie in the background of another movie on grounds of trade mark protection. While the court held that the sequence in question was not protected under trade mark law, it more notably added that the defendant did not use the movie extract as a “commercial vehicle”, hence was not using it as a trade mark.<sup>185</sup> Courts however seem to deviate from this strict approach, adopting a more rights-holder friendly position vis-à-vis infringement: In a case of human rights activists adopting the name of a character for their street patrol,<sup>186</sup> the District Court for the Southern district of New York held for trade mark infringement based on likelihood of confusion, “despite” the fact that the character in question was supposedly famous.<sup>187</sup> Commentators have concluded, that “When the mark is a character ... courts appear more likely to find confusion, even if the defendant's work is an obvious parody”.<sup>188</sup>

The need for such protection is evident in scenarios, in which a mental connection to a competitor's product is constructed by copying that competitor's marketing character's personality while staying clear of said character's name or visual appearance. This holds true even for advertisement characters whose dominant feature is an intangible one, like their sense of humour or their accent. Furthermore, evidence in the USPTO-register suggests that there is actual need for the protection of personality traits, in order to effectively protect advertisement characters, especially spokes-characters. Right holders have

---

183 See *Qualitex* 514 U.S. 159, 163.

184 *Comedy III Productions Inc v. New Line Cinema*, 200 F.3d 593 (4<sup>th</sup> Cir. 1999).

185 *Id.* at 596.

186 *MGM-Pathe Communications Co. v. The Pink Panther Patrol*, 774 F.Supp. 869 (S.D. N.Y. 1991).

187 *Id.* at 874.

188 See *supra* note 20 at 661.

tried working around legal limitations and register character traits *per se* in creative ways. In order to protect the undisputed Star of their 2010 Superbowl commercial, a bouquet of anthropomorphic, wilted mail-order flowers yelling insults at their unsuspecting recipient,<sup>189</sup> the owner registered a sound mark, described as “The mark consists of sounds of men and women laughing and making mocking, derisive or sarcastic comments”<sup>190</sup> The USPTO held this description to be too vague,<sup>191</sup> and required additional details, which ultimately lead to the abandonment of the mark. The Jolly Green Giant, whose laughter can be considered his sole personality trait met a similar fate, when its registration was abandoned.<sup>192</sup> The Pillsbury doughboy, with his characteristic giggle still active on the registry, seems to lonely stand his ground.<sup>193</sup> In addition to that, protection may arise as a side effect of the registration of more general features, such as the registration of sales techniques or the overall look and feel of the branding as trade dress.<sup>194</sup> However, as opposed to the name and visual appearance of a character, this will require the proof of secondary meaning.<sup>195</sup>

The appeal of characters makes them a prime object of merchandising, leading to constellations in which the ornamental qualities of a character constitutes the major value the product. The sale of bulk items such as t-shirts, may generate substantially higher revenue when fitted with the depiction of a popular character. Copyright ownership of characters in use for entertainment typically triggers trade mark ownership in characters and secondary meaning,<sup>196</sup> as consequence

189 Cf. Teleflora Superbowl Commercial (Aug. 24, 2013 4:50 PM) <https://www.youtube.com/watch?v=Oy0UN7OI-cg>.

190 WILTED FLOWERS, Registration No. 77,621,516 (abandoned Mar 2 2010).

191 See U.S.P.T.O. Registration No. 77/621516 office action Feb 9<sup>th</sup> 2009.

192 THE JOLLY GREEN GIANT'S LAUGH, Registration No. 75,821,499 (cancelled Sept 19, 2008).

193 POPPIN' FRESH'S GIGGLE, Registration No. 76,163,189.

194 Philip Morris Inc. v. Star Tobacco Corp., 879 F. Supp 379 at 383 (S.D.N.Y. 1995), *resulting in protection for the “Marlboro Man” as side effect of the registration of the general advertisement theme of the Marlboro brand.*

195 Wal-Mart Stores, Inc. v. Samara Brothers, Inc. 529 U.S. 205 (2000).

196 Universal City Studios 216 U.S.P.Q. At 682; Disney v. Powell 698 F. Supp. 10 at 12; DC Comics. v. Filmmation Associates 486 F. Supp. 1273 at 1276 et seq.; Fleischer Studios Inc. v. A.V.E.L.A, Inc. 772 F.Supp. 2d 1155 at 1168 (C.D.Cal 2009).

of uninterrupted, exclusive use. This leads to the problematic situation where owners of characters created primarily for entertainment, and not marketing purposes, acquire trade mark protection, gaining a wider scope of protection based on the dilution doctrine. This can lead to a de facto perpetuation of their copyrights in the character, rendering the copyright bargain useless.<sup>197</sup> The question, whether the owner of a character may resort to trade mark protection to enjoin unauthorized merchandising use is disputed. Practitioners and trade mark owners have argued that trade mark protection in merchandising is a *fait accompli* based on economic realities, justifying this approach with the unfairness of free-riding on investments made in developing the character.<sup>198</sup> Scholars have remained critical towards this approach,<sup>199</sup> arguing that an investment-based approach to trade mark protection inherently leads to difficulties when finding the limits to protection. In order for each of the doctrines to appropriately serve their economic purpose, a balance has to be struck between copyright and trade mark protection and their economic purposes. “If trade mark law is reduced to ensuring a return on producer investment, it will be difficult to establish limits on its reach. If the consumer-regarding aspects of trade mark law are given prominence, it may become easier to reconcile trade mark law to one role and copyright law to another.”<sup>200</sup> In Boston Hockey, judicial practice<sup>201</sup> has opened the door to character protection via trade mark law by introducing the doctrine of likelihood of association, according to which even in the absence of actual consumer confusion the creation of an association to a mark constitutes trade mark infringement. Congress<sup>202</sup> has later provided for a statutory regulation, by amending Section 43 (a) of the Lanham

---

197 See also: Lee Burgunder, *The Scoop on Betty Boop: A Proposal to Limit Overreaching Trademarks*, 32 Loy. L.A. Ent. L. Rev. 257 (2011-2012).

198 Irene Calboli, *The Case for a Limited Protection of Trademark Merchandising*, 2011 U. Ill. L. Rev. 865, 887 (2011).

199 Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 Va. L. Rev. 2099, 2111 (2004); See also *supra* note 198 at 886 *et. seq.*

200 Dinwoodie *supra* note 53 at 520.

201 Boston Hockey 510 F.2d 1004, *supra* note 26.

202 See S. Rep. No. 100-515, at 4 (1988).



Act to include mistake or deception “as to origin, sponsorship or approval” as infringing behaviour.

In its *Dastar*<sup>203</sup> decision, the U.S. Supreme court relativised its formerly liberal approach on the scope of trade mark protection. In this case, the plaintiff was the copyright owner of a television series that had fallen into the public domain. The defendant had edited the television series and sold it as his own product, without making reference to the plaintiff. The court held against the plaintiff’s claim based on reverse passing off, by having made a false designation of origin. The crucial question essentially being whether the term “origin” as used in Section 43 (a) Lanham Act refers only to the source that made the product available to the public or manufacturing it, or also to the source of the underlying work.<sup>204</sup> The Court held for the former, stating that the latter “*would create a species of mutant copyright law that limits the public’s “federal right to copy and to use” expired copyrights.*”<sup>205</sup> Some commentators have argued that this reasoning is to be understood as construing a definite bar on merchandising based on trade mark law,<sup>206</sup> since merchandisers are the source of the underlying work and not the product itself. This however does not take into account, that merchandising will not incorporate a “designation of origin”, but much rather a term, name, symbol or device, thus not being part of *Dastar*’s ratio decidendi. The decision thus offers only a minor relieve against the problem of perpetuation.

In its recent “Betty Boop” decision,<sup>207</sup> the Ninth Circuit revisited the problem of perpetuation, by applying the criterion of aesthetic functionality to the defendant’s merchandising use of the mark and holding such use to be non-infringing. While this controversial decision has been withdrawn by the court, it nevertheless refueled the discussion about the ability to acquire trade mark protection for characters, and the potential danger of perpetuation of copyrights. Also,

---

203 *Dastar Corp. v. Twentieth Century Fox Film Corp.* 539 U.S. 23(2003).

204 *Id.* at 35.

205 *See Dastar v. Fox* 539 U.S. 23, 34 [*citations omitted*].

206 Cf. Jennifer Konefal, *Federal Trademark Law in an Uncertain State*, 11 B.U. J. Sci. & Tech. L. 283 (2005).

207 *Fleischer Studios Inc. v. A.V.E.L.A, Inc.* 772 F.Supp. 2D 1155 (9<sup>th</sup> Cir 2011).

it implied that trade mark protection in character merchandising is not as firmly entrenched as trade mark owners and practitioners may suggest.

Some commentators have argued<sup>208</sup> that a more stringent application of the aesthetic functionality doctrine may provide a solution to this problem. Comparing the aesthetic quality characters add to a movie with that a colour adds to a piece of garment, a case can be made against the protection of characters. This of course, will not affect characters created merely for the purpose of advertisement, that fulfil trade marks economic purpose.<sup>209</sup> *Burgunder* suggested a primary purpose test, awarding trade mark protection based on the initial purpose the character was created for.<sup>210</sup>

However, it seems doubtful whether this proposition is realistically workable, not only because of the high administrative cost involved, but also because a delineation of a sign's purpose can not always be made. There are grey zones, in which characters partially act as designator of origin but in the meantime add entertainment or other substantial value to a product. Furthermore, it is thinkable, that a symbol's role evolves from purely ornamental one, to that of a designator of origin. If the Disney Company should decide to enter the garment business, Mickey Mouse may well evolve into a designator of origin. A clear delineation where a sign has ceased serving its original entertainment purpose, and has turned into a designator of origin can hardly be made. More importantly, applying the criterion of aesthetic functionality – isolated from its original purpose of emergence of a mark – to questions of infringement seems dogmatically displaced.

As already implied by the Court in the original Betty Boop decision,<sup>211</sup> the problem at hand is more elegantly solved by deviating from the likelihood of association doctrine, focussing on consumer protection and applying the trade mark use doctrine. Following traditional trade mark mechanics, character merchandising, when limi-

---

208 See generally *supra* note 215.

209 *Id.* at 289.

210 *Id.*

211 *Fleischer v. A.V.E.L.A* 772 F.Supp. 2D 1155.

ted to the sheer application of a character's counterfeit to a bulk article, is not to be considered trade mark use, but merely as copyright use.<sup>212</sup> As it has been so concisely put by Lord Bridge of Harwich in an analogous U.K. case: "Character Merchandising deceives nobody [...] Nobody who buys a Mickey Mouse shirt supposes that the quality of the shirt owes anything to Walt Disney productions".<sup>213</sup> Should however, the use of the sign change in a way, that it can be considered a designator of origin, e.g. by diversification into the fashion industry, there is no reason why the eligibility for trade mark protection should be barred on grounds of aesthetic functionality. By setting the limits of trade mark subject matter by notions of distinctiveness,<sup>214</sup> a balance can be struck between trade mark and copyright.

This leads to the difficult problem of delineation, when the merchandising use of a character can be considered trade mark use. Some commentators have suggested<sup>215</sup> to judge trade mark use based on the number and combination of marks visible on the final product. This, however, seems like a generalization that may not be practicable in all industries. While clothing labels may be interpreted as designators of origin by large parts of the public, and images of characters printed on the fabric in addition to the label be construed as purely ornamental, modern marketing often creates situations that are more complex and elusive. The use of characters in television commercials in combination with conventional branding come to mind. A more practicable solution would be to give judges leeway in decision-making in the form of a flexible system, with which the economic purpose of the character use can be grasped.<sup>216</sup>

---

212 See Waldheim *supra* note 170 at 867.

213 See Holly Hobbie Trade Mark, (1984) 329 R.P.C. (H. L.) (UK).

214 Cf. Dinwoodie *supra* note 53 at 502.

215 Anne-Virginie Gaide, Copyright, Trademarks and Trade Dress: Overlap or Conflict for Cartoon Characters?, Proceedings of the ALAI Congress, June 13-17, 2001, 560 *et seq.*

216 Cf. Waldheim *supra* note 170 at 867.

## 2. Adaptation of trade marks

In general, marks may be protected even after they have been subject to modernizations or alterations. To assess the protection of altered or modernized marks, courts rely on the “commercial impression” rule. In general, mark owners will be able to claim the original mark’s priority for an altered mark, if it creates the same commercial impression as the original mark.<sup>217</sup> The mark owner is therefore entitled base claims on the priority of the initial sign. If however, the mark is altered to an extent that continuity of the commercial impression is not maintained by the altered sign, the modification will be considered as abandonment of the old sign.<sup>218</sup> Lead by the Federal Circuit, courts later have clarified that the similarity needed is greater than mere likelihood of confusion, requiring the “same continuing commercial impression test requires a greater, albeit undefined degree of similarity ... making tacking on the old mark’s priority only admissible in the rare cases where the old and new formats are legal equivalents”,<sup>219</sup> “either indistinguishable or virtually identical”.<sup>220</sup> Courts apply this commercial impression test in an increasingly stringent manner, denying continuity even in cases of multiple word marks, in which only a single, generic word was changed,<sup>221</sup> or denying an owner priority who changed his fairly simple logo from a “rounded” to a more “angular” design.<sup>222</sup> In terms of characters, this strict approach will limit protection only to cases where the character is slightly modernized in order to transport an ageing character into the present, or to increase

---

217 *Hess's of Allenton, Inc. v. National Bellas Hess, Inc.*, 169 U.S.P.Q. (BNA) 673 at 687 (T.T.A.B. 1971); *Ilco Corporation v. Ideal Security Hardware Corporation*, 527 F.2d 1221 at 1224 (C.C.P.A. 1976); *see also supra* note 145 McCarthy § 17 at 26.

218 *See supra* note 145 Hilliard, Welch, Widmaier § 4.03 at B-4.

219 *See McCarthy supra* note 217; *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, (Fed. Cir. 1991).

220 *One Industries, LLC v. Jim O'Neal Distributing Inc.*, 578 F.3d 1154 at 1161 (9<sup>th</sup> Cir. 2009).

221 *See: American Paging Inc. v. American Mobilephone, Inc.* 13 U.S.P.Q.2d (BNA) 2036 (T.T.A.B. 1989), *aff'd* 923 F.2d 869, 17 U.S.P.Q. 1726 (Fed Cir. 1990), holding against continuous commercial impression between the word marks “AMERICAN MOBILEPHONE” and “AMERICAN MOBILEPHONE PAGING”.

222 *One v. Jim O'Neal*, 578 F.3d 1154 at 1161.

the character's commercial impact. This will be a likely scenario in cases where the strive for continuity and sensibility towards the marks original image (hence: the connection to the goodwill) is a common goal of lawyers and designers alike.<sup>223</sup> Any change more substantial to the character, such as the alteration or adding of features, will not be protected under the “commercial impression rule” thus possibly constituting a new mark.

### B. Copyright

The federal Copyright Act of 1976,<sup>224</sup> awards protection to works that display a minimum degree of originality and fulfil the fixation requirement. Originality in this sense is already acquired when the work is independently created and possesses a minimum degree of creativity.<sup>225</sup> While spokes-characters are created for the purpose of distinguishing the origin of goods and services, and their creation therefore arguably requires no incentive through copyright protection, they will in practically all cases be able to fulfil these requirements.

Works that are subject to copyright protection include literary works, musical works, dramatic works, pictorial and graphic works and motion pictures as well as other audiovisual works.<sup>226</sup> The fact that characters are not expressly covered by the scope of copyright protection, has made some commentators express the need for the introduction of such category into copyright law.<sup>227</sup> Courts however have worked around this lack of express mention in the law by awarding protection to characters as copyrightable components of pre-existing works.<sup>228</sup>

---

223 See also: Beverly Pattishall, *The Goose and the Golden Egg – Some Comments about Trademark Modernization*, 47 Trademark Rep. 801 (1957).

224 Copyright Act of 1976 17 U.S.C. §§ 101-810 (2010).

225 Feist Publications, Inc. v. Rural Tel. Service, 499 U.S. 340 (1991).

226 17 U.S.C. § 102 (a) (2010).

227 See also Feldman *supra* note 3 at 687.

228 17 U.S.C. § 103 (2010).

Copyright grants its owner the exclusive right to reproduce his work and to prepare derivative works based on the copyrighted work as well as to publicly perform and publicly display the work.<sup>229</sup> In general, protection is being awarded independent of the way, the character was initially fixed. Courts have held three dimensional characters to be infringing works that were fixed in a two dimensional manner.<sup>230</sup> Furthermore, protection was granted outside the context in which characters initially occurred,<sup>231</sup> and independent of the medium in which they were originally fixed.<sup>232</sup>

This protection is substantially limited by two legal mechanisms. Firstly, the Copyright Act of 1976 inherently limits the scope of protection by explicitly mentioning the idea/expression-dichotomy: “In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work”.<sup>233</sup>

In addition to that, exclusive rights conferred by the Copyright Act are subject to the limitations of the fair use doctrine, according to which copyrighted works may be copied “for purposes of such as criticism, comment, news reporting, teaching,... scholarship without infringing the copyright.”<sup>234</sup> Courts use a flexible system in determining whether a use is to be considered fair or not, primarily taking into account among other factors the purpose and character of the use, the nature of the work, the substantiality of the portion used in relation to the entire work, its effect on the market of the used work and the intent of the person copying.<sup>235</sup> These interests are weighed against the legitimate interests of the author. As far as character protection is concerned, fair use will most likely be granted for parody,<sup>236</sup> which, de-

---

229 17 U.S.C. § 106 (2010).

230 *Ideal Toys Corp. v. Kenner Products*, 443 F. Supp 291 (S.D.N.Y. 1977).

231 *United Artists vs. Ford Motor Co.*, 483 F. Supp. 89 (S.D.N.Y. 1980).

232 *Burroughs v. Metro-Goldwyn-Mayer Inc.*, 683 F.2d 610 (2d Cir. 1982).

233 17 U.S.C. § 102 (b) (2010).

234 17 U.S.C. § 107 (2010).

235 17 U.S.C. § 107 (2010).

236 *See also* Helfland, *supra* note 20, at 631.

pending on the circumstances may also be given in commercial uses.

The emergence and extent of character's copyright protection has been subject of manifold court rulings, thus having evolved significantly over time. Noteworthy is the fact that courts apply different standards to purely literary characters, and characters with a physical embodiment, such as a pictorial representation, a fact that is considered ironic by some, since literal character are often more sophisticated than “mere cartoons” or even sketches.<sup>237</sup>

*Nichols v. Universal Pictures Corp* opened the door to copyright protection of literary characters, but Judge Learned Hand did so only under careful observance of the limits inherent in the idea/expression-dichotomy.<sup>238</sup> Learned Hand reasoned that “It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for making them too indistinctly”.<sup>239</sup> Based on this reasoning, the two-step “well-developed character” test was established as the standard criterion for copyright infringement in characters, firstly inquiring whether the character has been sufficiently delineated, and secondly analysing substantial similarity between the allegedly infringing character and the original character.<sup>240</sup> As to the detail needed for a character to be considered “well-developed”, case law seems inhomogeneous: While Judge Learned Hand apparently had a fairly sophisticated standard in mind,<sup>241</sup> later courts awarded copyright protection for characters as developed as “Tarzan is the ape-man. He is an individual closely in tune with his jungle environment, able to communicate with animals yet able to experience human emotions. He is athletic, innocent youthful gentle

---

237 See *supra* note 20 at 631, see also Leslie Kurtz, *The Independent Legal Lives of Fictional Characters*, 1986 Wis. L. Rev 429, 472 (1986); See generally Feldman *supra* note 3.

238 *Nichols v. Universal Pictures Corp.*, 45 F.2d. 119 (2d Cir. 1930).

239 *Id.* at 121.

240 See *supra* note 20 at 631, see also *supra* Feldman in note 3 at 691.

241 See *supra* note 238 at 121.

and strong”.<sup>242</sup> Whether the deciding court has ever heard of Rudyard Kipling's “Jungle Book” has not been conveyed.

A stricter reasoning was implemented in the “Sam Spade” case.<sup>243</sup> The starting point of this case was the question whether the transfer of rights to an entire novel leads to the transfer of rights to the characters featured in the novel as well.<sup>244</sup> Elaborating the “well-developed character” doctrine, the court held that the “if the character is only the chessman in the game of telling the story he is not within the area of protection afforded by the copyright”,<sup>245</sup> hence not subject to the transfer of rights.

In contrast to this stringent standard to protect literary characters, protection was more easily obtainable for characters with physical embodiment. This becomes most evident when analysing early cases concerning conflicting comic characters. In *Detective Comics, Inc. v. Bruns Publications*<sup>246</sup> for example, the court held the defendant's character “Wonderman” to be infringing the plaintiff's “Superman”, despite the latter being characterized by little more than being “a man of miraculous strength and speed... dressed in a skintight acrobatic costume”,<sup>247</sup> “with the ability of being impervious to bullets”,<sup>248</sup> thus not being outstandingly well developed by the standards of *Nichols*.<sup>249</sup> Albeit the court did not intend to award “a monopoly to the mere character of a 'superman' who is a blessing to mankind”,<sup>250</sup> the extent of protection granted indicates a rather lackadaisical application of the idea/expression dichotomy.<sup>251</sup> Quintessentially, “Superman” was awarded Copyright protection, despite being of higher sim-

---

242 See *supra* note 232 at 622-623.

243 *Warner Bros. Pictures, Inc. v. Columbia Broadcasting Sys.*, 216 F.2d 945 (9<sup>th</sup> Cir. 1954).

244 *Id.* See also *Feldman supra* note 3 at 693, *Timothy Anderson v. Sylvester Stallone* 11 U.S.P.Q.2d (BNA) 1161 (C.D. Cal 1989).

245 *Warner Bros* 216 F.2d at 950.

246 *Detective Comics, Inc. v. Bruns Publications, Inc.* 111 F.2d 432 (S.D.N.Y. 1940).

247 *Id.* at 433.

248 *Id.*

249 See *supra* note 238 at 121.

250 See *supra* note 246 at 434.

251 See also *supra* note 20, at 634.



plicity than the average literary character. This holding was later restricted in *National Comics Publications v. Fawcett Publications*,<sup>252</sup> clarifying it is to protect only “specific exploits of 'Superman' as each picture portrayed them”, arguably a major restriction to the extent of protection<sup>253</sup> and a re-approach to the classic idea/expression dichotomy.<sup>254</sup>

However, these criteria were later loosened by the introduction of what should become known as the “look and feel test”,<sup>255</sup> awarding protection not merely for specific exploits of a character, but to the more abstract “combination of many different elements which may command copyright protection because of its particular subjective quality”.<sup>256</sup> The court held that where “characters each have developed personalities and particular ways of interacting with one another and their environment”,<sup>257</sup> the protection awarded by copyright exceeds the specific exploits. Framing this approach in the terminology used in *Sam Spade*, protection is awarded to the story being told, unless the characters of the story exceed the role of a “mere chess man”,<sup>258</sup> and the characters themselves constitute the story being told.<sup>259</sup>

This approach was entrenched by the Ninth Circuit's affirmation of *Disney vs. Air Pirates*,<sup>260</sup> ruling “a character (as opposed to the work in which it appears) is protectable, if it is 'especially distinctive' such that it has widely 'identifiable traits'.”<sup>261</sup> The court limited the application of this doctrine to characters with graphical representations,

---

252 *National Comics Publ'n, Inc. v. Fawcett Publ'n, Inc.*, 191 F.2d 594 (2d Cir. 1951).

253 *Supra* note 20, at 634.

254 *See also* Feldman *supra* note 3 at 694.

255 *Sid & Marty Krofft Television Productions v. McDonald's Corp.* 562 F.2d 1157 (9<sup>th</sup> Cir. 1977).

256 *Id.* at 1169.

257 *Id.*

258 *See supra* note 243 at 950.

259 *Walt Disney Productions v. The AIR PIRATES et al.*, 345 F. Supp. 108 at 113 (N.D. Cal 1972), *aff'd in part and rev'd in part* by 581 F.2d 751. (9<sup>th</sup> Cir. 1978).

260 *Id.*

261 *Id.* at 755-756. *See also* *Toho* 33 F. Supp. 2d at 1216; *Metro-Goldwyn-Mayer, Inc. v. Am. Honda Corp.*, 900 F. Supp. 1287, 1297 (C.D. Cal 1995).

reasoning that “which has physical as well as conceptual qualities, is more likely to contain some unique elements of expression”.<sup>262</sup> It should be mentioned that by taking into account the distinctiveness of the character in question, and the “widespread recognition of the characters involved”,<sup>263</sup> the court seemed to be partially applying trade mark law rationale in a copyright analysis. This doctrinal convergence of copyright and trade mark law has been criticised by some commentators.<sup>264</sup>

Another requirement of character protectability is that of consistent depiction. In *Walker v. Viacom International, Inc.*<sup>265</sup> the court held that apart from the lack of distinctiveness of the plaintiff's character “Bob Spongee”, it was inconsistently portrayed in comic strips and advertisements. This lack of consistency ultimately defeated the plaintiff's claim that the stand-alone character ... is protected”.<sup>266</sup> In terms of character adaptations, courts tend to award protection despite inconsistent depiction, in cases where characters have developed a “constant set of traits”.<sup>267</sup> While the addition of new features triggers a new period of copyright protection in those features, it will not grant further protection beyond the alteration's original embellishments and additions to the underlying character.<sup>268</sup> This is sensible, for minor amendments should not serve as a strategy to prolong character protection.

#### D. Other forms of protection

In *Groucho Marx Productions v. Day and Night Co.*<sup>269</sup> the court applied the right of publicity to protect a fictional character, by ruling

---

262 *Id.* at 755. *see also* Feldman in *supra* note 3 at 694.

263 *Id.* at 757.

264 *See generally supra* note 20 at 644 et seq.

265 *Troy Walker v. Viacom International, Inc.*, No. C 06-4931 SI, 2008 U.S. Dist. LEXIS 38882, *see also* *Rice v. Fox Broad Co.* 330 F.3d 1170, 1175 (9<sup>th</sup> Cir. 2003).

266 *Id.* at 16.

267 As was the case for “Godzilla” *Toho* 33 F. Supp. 2d at 1216.

268 *Harvey Cartoons v. Columbia Pictures Indus.* 645 F.Supp. 1564 (S.D.N.Y. 1986).

269 *Groucho Marx Prods. v. Day & Night Co.*, 523 F. Supp. 485 (S.D.N.Y. 1981).

that “the defendants have ... reproduced (the plaintiff’s) manner of performances by imitating their style and appearance” and stating this was an infringement of the plaintiff’s right to publicity.<sup>270</sup> This is however inconsistent with the traditional U.S. approach to publicity protection, applying to the commercial exploitation of a real person and not a fictitious character.<sup>271</sup> Commentators have judged the court’s decision as outright erroneous, stating “In this case the court confused the creators with their characterizations, and, consequently, misapplied the right of publicity to the latter. The defendant’s play did not appropriate the actors themselves, only their characters.”<sup>272</sup>

However, there is one overlap between publicity rights and personality traits that has been recognized by courts. In cases of voice misappropriation, the imitation of the voice of a fictitious character may at the same time be an infringement of the publicity rights of the human voice artist, thus can be enjoined on this legal basis.<sup>273</sup>

While this may lead to situations in which a change in the voice artist results in the new voice artist infringing the old one’s right to publicity, this will not result in an alteration of the character, thus not being in the scope of this paper.

---

270 *Id.* at 492-493.

271 *See* Feldman *supra* note 3 at 709.

272 *Id.*

273 *Lahr v. Adell Chem. Co.*, 300 F.2d 256 (1<sup>st</sup> Cir. 1962); *Booth v. Colgate-Palmolive Company* 362 F. Supp. 343 (S.D.N.Y. 1973).