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COLLEGIATE TRADEMARK LICENSING: PROTECTING YOUR INSTITUTION'S GOOD NAME

Paul J. Ward
Nancy E. Tribbensee
Arizona State University

I. Introduction — Brief History of Collegiate Licensing

A. The manufacture of goods with collegiate indicia predates the administration of collegiate licensing programs. Colleges and universities ventured into the realm of trademark protection initially to prevent the unauthorized use of the institution's name and symbols by third parties and to prevent other institutions from adopting the same or similar names. See, e.g., John Roberts Mfg. Co. v. University of Notre Dame du Lac, 152 F.Supp. 269 (N.D. Ind. 1957), aff'd, 258 F.2d 256 (7th Cir. 1958); Cornell University v. Messing Bakeries, 138 N.Y.S.2d 280 (App.Div.), aff'd, 128 N.E.2d 421 (1955); Trustees of Columbia University v. Axenfield, 241 N.Y.S. 4 (N.Y.Sup.Ct.1930); and Colby College v. Colby Junior College for Women, 359 F.Supp. 571, 374 F.Supp. 1141 (D. N.H. 1973).

B. UCLA, Ohio State, and USC are collectively recognized as among the first institutions to establish collegiate licensing programs in the mid-1970s and to seek federal registration of their respective names and symbols. It is reported that there were 28 collegiate licensing programs in 1982 and over 200 programs by 1992. Today there are approximately 400 collegiate licensing programs. More than half of these so-called agent-

managed programs are with either the Collegiate Licensing Company or the Licensing Resource Group, and the balance are independent, self-managed programs. The Association of Collegiate Licensing Administrators (ACLA) located at 342 N. Main Street, West Hartford, CT 06117-2507 with approximately 186 institutional members has served as a forum for communication about collegiate licensing since 1985. (See http://www.aclanet.org/ 12/18/01)

II. Reasons for Establishing a Trademark Licensing Program

A. The 3 P's of collegiate licensing are protection, promotion, and profit.

1. <u>Protection</u>. Both the owner of the mark and the consumer have an interest in protection. The owner's interests are to prevent any unauthorized use such as obscene or other uses deemed inappropriate by the institution and to require that users of institution's marks accept a royalty-bearing license as a condition of such use. The consumer's interest is to be able to recognize quality goods free from defects. By insisting on certain standards of quality in its licensees, the institution may reduce its exposure to liability claims.

2. <u>Promotion</u>. Colleges and universities have utilized a wide variety of goods to market the identity of the institution from clothing to paper products and foodstuffs. The objective is to generate as many positive visual impressions of the institution as possible.

3. <u>Profit</u>. The retail value of goods bearing collegiate symbols which are subject to some form of licensing program is currently estimated at 2.2 billion dollars. This means approximately 80-90 million dollars is being generated annually as trademark licensing revenue at these colleges and universities. Such trademark royalties are generally directed to support scholarships and fellowships, athletic programs, and a wide variety of other institutional programs. While some programs generate in excess of $1 million annually, Arizona State University has averaged $400,000 over the past four years.

III.Trademark Basics

A. A trademark is a word, distinctive symbol, picture, or slogan used in commerce to identify and distinguish a seller's product. The owner of the trademark has the exclusive right to use the mark and the right to prevent the use of a confusingly similar trademark.

B. In the United States, trademark rights derive from use and are protected under federal law and/or a state's statutory and common law. Common law rights in trademarks are established through adoption and use of a mark. Trademarks may be registered at the state and federal level. A state registration normally cannot defeat a federal registration.

C. The Lanham Act governs federal registration of trademarks. The term of a federally registered trademark is ten years; it can be renewed for a like term so long as the mark remains in use. Also, during the fifth year of a registration the owner must file an affidavit that the mark is still being used in interstate commerce. In appropriate circumstances, then, the trademark registration can last forever. Federal registration provides some important substantive benefits. These include:

1. Federal trademark registration establishes the benefit of nationwide constructive notice of use and a right of priority over subsequent users and filers.

2. The certificate of federal registration creates a legal presumption of validity and of the registrant's right to exclusive use of the mark. The owner may receive treble damages in a successful trademark infringement action.

3. By recording the registration with the U.S. Customs Service, goods bearing a mark which infringes on a registered trademark may be excluded from the United States.

4. Owners of federally registered trademarks may use the symbol ®. Prior to registration the proper notice to the public is "TM" for goods and "SM" for services.

D. The test for trademark infringement is likelihood of confusion as to origin or sponsorship. Courts consider a variety of factors in assessing infringement, including similarity in sound, meaning and appearance, products and services, and channels of trade.

E. In the absence of likelihood of confusion, trademark owners may have a claim for trademark dilution if their marks are "famous" under certain state laws and now under federal law. For example, the owner of a famous mark such as GUCCI would be able to prevent a tire company from using the GUCCI name, even though most consumers would probably not think the companies were related. In addition, recent amendments to the Lanham Act allow owners of famous marks to oppose the registration of similar marks in addition to instituting a civil action. (See Federal Trademark Dilution Act, 15 U.S.C. § 1125c)

> **1. There are two types of dilution: first, dilution that blurs the distinctiveness of a famous mark and, second, dilution that tarnishes or disparages the famous mark.**
>
> **2. The Lanham Act provides a non-exclusive list of factors to consider in determining whether a mark is famous. These are:**
>
> > **a) degree of inherent or acquired distinctiveness of the mark**
> >
> > **b) duration and extent of the mark on the goods/services**
> >
> > **c) duration and extent of advertising and publicity of the mark**
> >
> > **d) geographical extent of the trading area of the mark**
> >
> > **e) channels of trade for the goods/services**
> >
> > **f) degree of recognition of the mark in the markets involved**
> >
> > **g) nature and extent of third-party use of the same or**

similar mark

h) registration of the mark on the Principal Register with the Patent and Trademark Office

F. Infringement or dilution of a trademark by improper registration of a domain name has generated much litigation. The 1999 Anti-Cybersquatting Consumer Protection Act provides trademark owners with a valuable cause of action to protect their marks from cybersquatters. [15 U.S.C. § 1125d] In general, the anti-cybersquatting portion of the Act amends the Lanham Act to add cybersquatting as a cause of action. Among other changes, it adds a new section 43(d) that creates liability for a domain name that is likely to cause confusion with a trademark or is dilutive of a famous mark, if the registrant had a "bad faith intent to profit from the mark."

G. Trademark rights are protected by maintenance, watching, and enforcement. A briefing paper of the ASU Office of General Counsel, "Collegiate Trademark Licensing: The Basic Rules of the Game," which appears on our OGC web page is attached as Exhibit A. (http://asu.edu/counsel/brief/trademark.html 1/2/02) The failure to prosecute known infringers of a mark may result in a determination that the owner has abandoned this trademark. A sample cease and desist letter to an adverse user is attached as Exhibit B. This form is edited depending upon whether or not we would license such use and other factors such as alumni status.

IV. Protecting Institutional Trademarks on the Internet

A. The unauthorized use of trademarked words and logos on websites or in domain names may infringe on the underlying trademarks and service marks.

B. Educate your campus.

1. The ease of downloading or copying another mark or incorporating a name into a domain name does not imply

authorization to use the mark.

2. Some web applications are using alternative ways to indicate that a trademark is a registered mark. (Small font sizes may make the standard "®" or "™" disappear.)

3. Often the most frequent infringers of institutional marks are your students, staff, faculty and alumni who post the institution's registered marks on websites to show their affiliation.

4. Instruct the campus community to obtain permission before using any trademark, logo or copyrighted material. Provide guidance in using institutional marks; the rules may vary for print, web applications, signage and merchandise.

C. A website address or domain name may incorporate protected marks.

1. Domain names and addresses are analogous to trademarks; they designate (or appear to designate) the source of information.

2. Institutional marks may be used or incorporated (*e.g.,* www.asu.edu or www.notHarvard.com).

D. Website address concerns.

1. The unauthorized use of your institution's name or mark may be misleading (e.g., compare www.whitehouse.gov and www.whitehouse.com).

2. Unauthorized use may also suggest an affiliation with your institution (*e.g.,* www.asunudes.com and see Exhibit C).

3. Use of your institution's name may be intended to divert traffic from your site

a) To a competitor's site, or

b) To a site designed to present statements critical of your

institution.

E. ICANN (Internet Corporation for Assigned Names and Numbers)

1. ICANN is a non-profit corporation.

2. ICANN coordinates the assignment of domain names.

3. www.icann.org

F. InterNIC provides resources for website registration

1. If your institution registers obvious institutional references, this may discourage some infringers.

2. www.internic.net

G. What should your institution do if it discovers an unauthorized site that has incorporated the institution's name or mark?

1. First, the institution may wish to identify the owner of the website.

a) A different response may be appropriate for different classes of infringers (friends vs. foes)

b) WHOIS is a web-based service that may help you to identify the registered owner.

c) WHOIS provides contact information (name, address) for the registered owner.

d) A WHOIS search may also reveal information on other sites using your institution's name or mark.

e) www.whois.net

2. Next, the institution may wish to contact the owner of the infringing site.

a) This approach is similar to the trademark cease and desist letter.

b) The infringer may offer to discontinue use or may try to sell the domain name registration to your institution.

c) Note: the infringer may make trivial changes that slightly alter the domain name but that continue to infringe.

3. If the registered owner of the infringing site does not discontinue the infringing use of your institution's name or mark, the institution may wish to consider the UDRP domain name dispute resolution procedure.

a) "UDPR" is the Uniform Domain Name Dispute Resolution Policy.

b) UDRP provides an expedited arbitration procedure for suspected cybersquatting.

c) The UDPR process is relatively inexpensive and entirely electronic.

d) Use of this procedure does not preclude later litigation.

e) The institution may wish to consult with experienced outside counsel (*e.g.*, start with your institution's trademark counsel) for an estimate of expenses.

f) The UDRP policy and procedures are available at: www.icann.org/udrp

4. In a UDPR procedure, the institution must prove that:

a) the respondent's (*i.e.*, the alleged infringer's) domain name is identical to or confusingly similar to the institution's trademarks or service marks,

b) the respondent has no right or legitimate interest in using the name, and

c) the respondent has registered the domain name in bad faith (*e.g.*, with the sole purpose of getting payment from the institution)

V. Recent Developments

A. Litigation

1. <u>White v. Board of Regents of the University of Nebraska</u>, 260 Neb. 26, 2000 WL 1006229 (July 21, 2000). Plaintiff White owned and operated two businesses in Lincoln, Nebraska named "Nebraska Spirit" and "Team Spirit Industries" which engaged in screen printing, embroidering, and selling clothing and novelty items, related to University of Nebraska-Lincoln (UNL) athletics. UNL is represented by the Collegiate Licensing Company (CLC) as its exclusive licensing agent. White obtained a license through CLC to use UNL's indicia from January 1995 to January 1998. During this time period White registered the trade name "Husker Authentics" with the State of Nebraska. UNL subsequently filed a trademark application with the State of Nebraska for a block "N" with a script "Huskers" through it followed by a block lettered "Authentic." White brought an injunction to prevent UNL from using the trade name "Husker Authentics." The Nebraska Supreme Court held that UNL had a prior comon-law right to the trade name "Husker Authentics."

2. <u>Buzas Baseball, Inc. v. Board of Regents of the University System of Georgia</u>, 189 F.3d 477 (10th Cir. 1999). In this case, the Georgia Institute of Technology, the owner of the "Buzz" trademark as used in connection with the Georgia Tech mascot, objected to the "Buzz" name by a minor league baseball team, the Salt Lake Buzz. After an apparent agreement between the parties fell apart, the parties filed separate lawsuits with federal courts in Georgia and in Utah, respectively. The case has not yet been decided by the courts, other than procedural rulings as to which court would hear the case (specifically, in the above-cited decision, the court in Utah declined to exercise jurisdiction, in deference to the action in Georgia).

3. <u>*adidas* America, Inc. v. National Collegiate Athletic Association</u>, 64 F.Supp.2d 1097, 193 F.R.D. 693 (D.Kan. 2000).

The plaintiff, *adidas* America, brought suit seeking damages and injunctive relief against the NCAA challenging NCAA Bylaw 12.5.5, which limits the amount of advertising that may appear on the uniforms and equipment used by university athletes during intercollegiate competition. *adidas* brought its suit on antitrust grounds, alleging that the NCAA had unreasonably restrained trade and attempted to monopolize, in alleged violation of the Sherman Antitrust Act. *adidas* also raised allegations involving state law, for example, claiming that the NCAA interfered with *adidas'* contractual relationships with the individual universities. On August 26, 1999, the Court granted the NCAA's motion for judgment on the pleadings as to both federal and state law claims. On May 3, 2000, the Court denied *adidas'* motion to alter or amend judgment.

4. <u>President and Fellows of Harvard University v. Rhys dba Web-Pro</u>, 99 CV 12489RCL (D.Mass. March 14, 2000). Harvard recently settled a case it had instituted against the owners of a web-based company that had reportedly registered up to 65 domain names containing the words "Harvard" and "Radcliffe." Harvard was one of the first institutions to file suit under the Anti-Cybersquatting Act. Harvard also sued for traditional trademark infringement. A consent decree was entered into in March 2000. The terms of the decree were not released. In a separate matter, Harvard is reportedly considering filing suit against the owners of a web site called *notHarvard.com,* which offers free online educational services. According to reports, the suit would be brought under the Federal Trademark Dilution Act, 15 U.S.C. § 1125c. [Timothy Noah, *Can Harvard Sue notHarvard.com?*, Slate Archives Chatterbox (posted April 20, 2000) <u>http://www.msn.com</u>]

5. At the University of New Mexico, a dispute over ownership of the domain names Lobobasketball.com and Lobofootball.com is being played out in two different forums. In March, James Bray, a former UNM student, filed suit in U.S. District Court alleging the University was violating his first amendment rights. The University had previously instituted an administrative action to force Bray to transfer the domain names to it. Bray reportedly uses the domain name as a forum critical to the University's athletic programs and policies. The University claims Bray's use of the Lobo trademark (UNM's team mascot) is confusingly

similar and would make people falsely believe UNM endorses or is affiliated with the site. [Scott Sandlin, *"Lobo" Web Site Comes Under Fire*, Albuquerque Journal, March 28, 2000, at C1]

6. The Trustees of Columbia University v. Columbia/HCA Healthcare Corporation, 964 F.Supp. 733 (S.D. N.Y. 1997). The University brought this trademark infringement action against a health service provider. Although the University's trademark, "Columbia," was a valid, legally protectable mark, the defendant health care service provider's use of a similar mark was not likely to create confusion to support an infringement claim — notwithstanding the fact that Columbia University was found to be a leading research and teaching university in a wide variety of intellectual and professional disciplines, including medicine.

7. Illinois High School Association v. GTE Vantage, Inc., 99 F.3d 244 (7th Cir. 1996), *cert. den*., 519 U.S. 1150 (U.S. Feb. 24, 1997)(No. 96-1021). The plaintiff high school association brought a trademark infringement action against a licensee of the National Collegiate Athletic Association for the "March Madness" mark. The U.S. Court of Appeals held that the high school association's trademark rights (which dated back to the 1940's) in connection with a high school basketball tournament did not extend to the NCAA's Final Four championship tournament and merchandise sold in connection with same.

8. Dream Team Collectibles, Inc. v. NBA Properties, Inc. and USA Basketball, Inc., 958 F.Supp. 1401 (E.D. Mo. 1997). The plaintiff began using the "Dream Team" mark on collages of sports trading cards in 1986 and filed an application for federal registration of the mark in 1990. This action was brought for trademark infringement, unfair competition, false advertising and dilution as a result of the use of the mark in connection with the 1992 and 1996 Olympics and the 1994 World Championship of Basketball. The U.S. District Court held, in pertinent part, that the Plaintiff's claim of reverse confusion was actionable.

9. Rock and Roll Hall of Fame and Museum, Inc. v. Gentile Productions, 134 F.3d 749, 45 U.S.P.Q. 2d 1412 (6th Cir. 1998). A nontraditional format for trademark protection is distinctive

building design. In this matter the plaintiff challenged the sale of a poster by Charles Gentile which incorporated the registered service mark "The Rock and Roll Hall of Fame" on a picture of the Hall of Fame building designed by I. M. Pei, a world famous architect. Vacating a preliminary injunction granted to the plaintiff , the 6th Circuit Court of Appeals (in a 2-1 decision) held that the plaintiff had not proved a strong likelihood of success on its trademark infringement claims. Moreover, the court also suggested that the use of the name of the building "may very well constitute a fair use of the Museum's registered service mark," pursuant to the Lanham Act. On remand, the District Court granted the defendants' Motion for Summary Judgment holding that the plaintiff did not use the photographic image of its unique building design as a trademark. [71 F.Supp.2d 755 (N.D.Ohio 1999)]

B. Code of Conduct

1. The issue of a university's social responsibility regarding the use of collegiate indicia on foreign-made apparel and equipment produced by forced labor, indentured labor, or prisoners has become a national movement. As colleges and universities learned more about the conditions under which products bearing their trademarks might be manufactured, they began searching for a method of ensuring that licensees abide by certain minimum standards intended to preserve the basic human rights of their workers. To put this in context, however, college-licensed apparel is a $2.5 billion annual business, but it makes up only about 2% of the American clothing industry. (See http://asu.fairlabor.org/html/resources/chronicle-010501.html 1/2/02)

2. Duke University announced its Code of Conduct for Duke University Licensees on March 9, 1998.(Available at: http://www.duke.edu/web/licensees/ 1/2/02) Duke's licensees must ensure that their contractors operate work places with appropriate employment standards, environmental compliance, and ethical principles. The employment standards address, among other things, child labor, forced labor, working hours, wages and benefits, health and safety, nondiscrimination, and harassment and abuse.

3. In October 1998, Congressman George Miller of the 7th District of California sponsored an amendment to the Reauthorization of the Higher Education Act expressing the sense of Congress that colleges and universities should adopt education merchandise codes of conduct.

4. The University of California promulgated the first version of its Code of Conduct for Trademark Licensees for goods produced with UC logos on August 3, 1998. The most recent version of the UC policy was adopted on January 5, 2000, and becomes effective for each licensee when that licensee's current contract expires. Patterned on the Duke University Code, the UC policy contemplates subsequent standards by a national higher education organization or otherwise. (See Exhibit D and available at: http://www.ucop.edu/ucophome/coordrev/policy/1-05-00code.html 1/2/02)

5. By early 2002, many universities across the country have adopted codes of conduct and/or fair labor philosophies. Particular attention has also been given to the monitoring of licensees' compliance with these guidelines. At the present time there are two organizations vying for roles as monitors. Representatives of the apparel and footwear industries, human rights groups, labor, religious organizations, and consumer interests, as well as university interests, created the Fair Labor Association (FLA). The FLA was established under the auspices of the Apparel Industry Partnership (AIP) with active participation of the White House and the U.S. Department of Labor. 173 colleges and universities were affiliated with the FLA http://www.fairlabor.org/html/affiliates/university.html as of January 14, 2002. The Worker Rights Consortium ("WRC") was organized by the United Students Against Sweatshops. 92 colleges and universities were affiliated with WRC http://www.workersrights.org/members.html as of December 13, 2001.

6. There have been protests at universities regarding this issue resulting in continuing debate as to which monitoring organization(s) and program(s) should be implemented by universities.

7. The Independent University Initiative (IUI), made up of Harvard, Ohio State, UC-Berkeley, Michigan, and Notre Dame, conducted an investigation of 13 factories in seven countries (China, El Salvador, Mexico, Pakistan, South Korea, Thailand, and the United States) with the Business for Social Responsibility Education Fund, Investor Responsibility Research Center, and Dara O'Rourke, a researcher at the Massachusetts Institute of Technology. IUI has concluded that "there are no perfect companies to license your logo to, no perfect monitors to oversee these licensees, and no perfect monitoring systems." More specifically, the overall findings include the following:

> **a) Sub-par working conditions exist in apparel factories in all of the countries visited, as reported by stakeholders and confirmed by factory visits;**
>
> **b) The diffuse nature of apparel production hinders enforcement of labor standards;**
>
> **c) Awareness of codes of conduct and monitoring efforts is currently insufficient to promote effective compliance;**
>
> **d) Many trade unions and some NGO's are skeptical about the efficacy of monitoring;**
>
> **e) The proliferation of Codes of Conduct and the resulting duplication of monitoring efforts does not support greater compliance; and**
>
> **f) It is particularly challenging to gather information from workers about conditions in factories.**

8. A pilot monitoring project by Verité, an Amherst, MA nonprofit organization, was conducted on behalf of Boston College, Duke, Georgetown, UNC Chapel Hill, the University of Southern California, and the University of Wisconsin at Madison. The purpose of the project was to explore the process of implementing labor standards at their respective licensees' manufacturing sites. The October 2000 final report concludes with lists of conclusions and recommendations from the perspective of the licensees' and Verité and a modest claim that the pilot project has made a positive contribution to

improve the working conditions in factories that produce licensed collegiate products.

VI. Selected Bibliography (See Exhibit E)