
**SHOWING YOUR SCHOOL SPIRIT: WHY UNIVERSITY
COLOR SCHEMES AND INDICIA DO NOT DESERVE
TRADEMARK PROTECTION**

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INTRODUCTION

If you went to college, chances are that you own a shirt or two¹ bearing the school's name or logo. The shirt probably bears at least some of the school's colors. Universities have registered their marks for decades – for example, in 1982, Louisiana State University (LSU) filed for registration of the mark “LSU” with the Patent & Trademark Office for use on shirts, hats, accessories, and Christmas tree ornaments.² The University of Texas registered several trademarks in the early 1980s as well.³ More recently, universities have started to file for registration of picture marks.⁴ Universities then license their marks to manufacturers and other entities for use on merchandise. In 2010, the University of Texas – the Collegiate Licensing Company's (CLC) top earner since 2005⁵ – made \$10.1 million in merchandising royalties.⁶ CLC estimates that the retail industry for collegiate products is worth \$2.7 billion.⁷ With standard university royalty rates estimated at 7.5% to 8%,⁸ schools can make a lot of money off of two or three letters.

But what about a purple and gold shirt that says “I Bleed Purple and Gold”? Or one that says “Maravich Maniacs”? Or “Beat 'Bama!”? Should a manufacturer have to pay a licensing fee to the university if the manufacturer does not use a registered mark? And should customers have to pay more? One might answer, yes, the manufacturer is getting a free ride at the university's expense; the manufacturer is only making money by referring to the well-known university, and it should have to pay for that reference. Another reason to say yes is that the phrases *are* trademarks, even if they are not registered.

¹ Or seventeen, in my case.

² See LSU, Registration No. 1,331,940.

³ See, e.g., THE UNIVERSITY OF TEXAS, Registration No. 1,351,805 (filed 1984 – for use on shirts); UNIVERSITY OF TEXAS, Registration No. 1,340,787 (filed 1984 – for use on glass cups); THE UNIVERSITY OF TEXAS AT AUSTIN, Registration No. 1,233,977 (filed 1981 – for educational services).

⁴ See, e.g., U.S. Trademark Application Serial No. 78,616,948 (filed Apr. 26, 2005) (picture of Tiger holding “LSU” logo).

⁵ See Press Release, Tricia Hornsby, The Collegiate Licensing Co., The University of Texas at Austin, EA Sports, Knights Apparel, and University Co-Operative Society Lead CLC's Year-End Rankings (Aug. 16, 2011), available at <http://www.clc.com/clcweb/publishing.nsf/Content/Rankings+Annual+FY2011>.

⁶ Reeve Hamilton, *Will Losing Season Be Financial Loss for Longhorns?*, N.Y. TIMES, Dec. 10, 2010, at 25A.

⁷ *Media FAQs*, COLLEGIATE LICENSING COMPANY, <http://www.clc.com/clcweb/publishing.nsf/Content/faq-media.html?open&faqtype=media#WRID-6E3GQP> (last visited Sept. 16, 2011).

⁸ John Jennings, *University Trademark Licensing: Creating Value Through a “Win-Win” Agreement*, WORLD INTELLECTUAL PROP. ORG., http://www.wipo.int/export/sites/www/sme/en/documents/pdf/uni_trademark_licensing.pdf (last visited Sept. 16, 2011).

Both arguments have been successful in universities' attempts to prohibit the sale of these and other unlicensed shirts.⁹

This Note explores the implications of granting protection to universities' unregistered color schemes and indicia¹⁰ and ultimately concludes that manufacturers should be able to sell merchandise bearing these marks without paying licensing fees to the universities. Part I introduces trademark law and precedent. Part II explains why trademark precedent in merchandising cases does not adhere to trademark policy. Part III presents arguments that universities have offered for why they should receive protection over these marks. Part IV refutes these arguments and shows instead why trademark law should not grant universities exclusive rights over color schemes and indicia. Finally, Part V offers other possible theories that universities might use to protect the revenue that they derive from their marks.

I. THE STARTING LINE-UP: TRADEMARK LAW, POLICY, AND PRECEDENT

Trademark law has a rich and exciting history in the context of sports merchandising. In this Part, I provide a brief introduction to trademark law and discuss several major cases that established a property right in athletic teams' trademarks. I then analyze the more recent cases to show how courts have expanded the subject matter of trademark rights to colors and other unregistered indicia.

A. *The Offensive Line: Trademark Law and the Lanham Act*

Anglo-American trademark law, as it evolved at common law, gave mark owners narrow rights; the law's immediate purpose was to protect the consuming public from the fraudulent use of a manufacturer's mark by a competitor.¹¹ As a corollary, the law also protected the manufacturer's

⁹ See *infra* Part I.B.

¹⁰ "Indicia" is a very broad term. In *Board of Supervisors for Louisiana State University Agricultural & Mechanical College v. Smack Apparel Co.*, the court used the term to describe ambiguous phrases on Smack Apparel's t-shirts that referred back to the plaintiff universities, such as "And Bring it Back to the Bayou!" 550 F.3d 465, 472 (5th Cir. 2008). I use the term additionally to refer to more well-known phrases and locations, some of which are registered marks, others not. For example, "Death Valley," the well-known nickname for LSU's Tiger Stadium, falls within the category of indicia. A more recent example is "Honey Badger," the nickname for LSU's aggressive cornerback and Heisman Trophy candidate, Tyrann Mathieu. (Interestingly, LSU is ordering manufacturers to cease and desist production and sale of these shirts because the use of a recognizable nickname of a student athlete on merchandise is a violation of NCAA rules. See *Honey Badger Does Care*, LSU COMPLIANCE (Dec. 7, 2011), <http://compliance.lsu.edu/Pages/HoneyBadger.aspx>). In short, I use the term for any mark that refers to the university but is not the university's name, initials, or official logo.

¹¹ 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:2 (4th ed. 1996).

business from injury.¹² The first “modern” federal trademark law, passed in 1905, remained narrow and was tempered by countervailing rights, such as the right to use one’s name.¹³ Additionally, trademark law prohibited the defendant’s use of the mark on competing goods only if the use confused customers to the point that it diverted customers away from and harmed the plaintiff.¹⁴

Current trademark law, embodied in the Lanham Act of 1946,¹⁵ gives to trademark holders two vehicles with which to bring infringement actions. First, § 32 allows recovery for use of a copy of a registered mark when “such use is likely to cause confusion.”¹⁶ Second, § 43(a) prohibits the deceptive use of any mark, registered or unregistered, if the use “is likely to cause confusion . . . as to the origin, sponsorship, or approval of” the mark owner’s products.¹⁷ The latter provision is broader and provides protection against unfair competition in general, not just against trademark infringement.¹⁸ To succeed under either provision, the plaintiff must show that the mark is distinctive¹⁹ and that the defendant’s use of the mark creates a likelihood of

¹² *Id.*

¹³ *Id.* § 5:3; *see also, e.g.*, *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U.S. 118, 134, 139 (1905) (allowing the use of “Remington-Sholes” and “Rem-Sho” mark on typewriters in competition with “Remington Standard” typewriters because the marks were not identical and because “a personal name cannot be exclusively appropriated by any one as against others having a right to use it”).

¹⁴ *See Borden Ice Cream Co. v. Borden’s Condensed Milk Co.*, 201 F. 510, 513 (7th Cir. 1912) (“The deception of the public naturally tends to injure the proprietor of a business by diverting his customers and depriving him of sales which otherwise he might have made. This, rather than the protection of the public against imposition, is the sound and true basis for the private remedy.”).

¹⁵ Act of July 5, 1946 (Lanham Act) § 46, 15 U.S.C. §§ 1051-1129 (2006). In the text, I will refer to the shorthand section names of the Lanham Act as opposed to the United States Code sections.

¹⁶ *Id.* § 1114(1).

¹⁷ *Id.* § 1125(a).

¹⁸ *See, e.g.*, Margreth Barrett, *Finding Trademark Use: The Historical Foundation for Limiting Infringement Liability to Uses “In the Manner of a Mark,”* 43 WAKE FOREST L. REV. 893, 936 (2008); Aaron Clark, *Not All Edits Are Created Equal: The Edited Movie Industry’s Impact on Moral Rights and Derivative Works Doctrine*, 22 SANTA CLARA COMPUTER & HIGH TECH. L.J. 51, 54 (2005) (“The Lanham Act § 43(a) embodies federal unfair competition law and is aimed at preventing and redressing ‘misrepresentations that may injure plaintiff’s business or personal reputation, even where no trademark is concerned.’” (quoting *Gilliam v. Am. Broad. Cos.*, 538 F.2d 14, 24 (2d Cir. 1976))).

¹⁹ A *registered* mark is presumptively distinctive. *See Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 117 (1st Cir. 2006); *see also* 15 U.S.C. § 1115(a). A defendant may rebut the presumption unless the mark has become incontestable, in which case distinctiveness is conclusive. *See* 15 U.S.C. §§ 1064(3), 1064(5), 1065; *Park ’N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 196 (1985). An *unregistered* mark, on the other hand, must be inherently distinctive or must have developed a secondary meaning.

confusion.²⁰ After the enactment of the Lanham Act, courts responded to the rapidly expanding post-war consumer culture – in which manufacturers were no longer associated with only one product – by finding a likelihood of confusion even in cases where mark users were not direct competitors.²¹ This relaxation in the requirements of trademark infringement actions precipitated a series of cases involving merchandise bearing athletic organizations' trademarks.

B. *The First Half: Trademark Cases in the 1970s and 1980s*

Throughout the 1970s and 1980s, courts split over what constituted infringement of athletic marks. The first major case to hold that duplication of a team's trademark was an infringing use was *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Manufacturing, Inc.*²² Recognizing that “the major commercial value of the emblems is derived from the efforts” of the plaintiff professional hockey teams, the Fifth Circuit held that Dallas Cap & Emblem's use of the teams' symbols constituted trademark infringement.²³ At issue were whether the marks were “used in connection with the sale of goods” and whether use of the marks created a likelihood of confusion.²⁴ The Fifth Circuit found that the “goods” were actually the emblems themselves – the small patches of fabric and thread. Customers bought the goods (i.e., emblems) only because they were embroidered with the teams' marks. Accordingly, Dallas Cap & Emblem had used the marks in connection with the sale of the goods.²⁵

See Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 210-11 (2000) (“[A] mark can be distinctive in one of two ways. First, a mark is inherently distinctive if ‘[its] intrinsic nature serves to identify a particular source.’ . . . Second, a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning . . .” (second alteration in original) (quoting *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992))).

²⁰ The likelihood of confusion inquiry is the same under either provision. *See* Univ. of Ga. Athletic Ass'n v. Laite, 756 F.2d 1535, 1541 (11th Cir. 1985); Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc., 510 F.2d 1004, 1010 (5th Cir. 1975) (“As a general rule . . . the same facts which would support an action for trademark infringement [under § 32] would also support an action for unfair competition [under § 43(a)].”).

²¹ *See* Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 423 (2010) (“[The] tight fit between the requirement of source confusion and the focus on trade diversion depended critically on the assumption that consumers would not think unrelated goods came from the same source. That assumption became increasingly problematic in the early- to mid-twentieth century as producers began serving much wider geographic and product markets.”).

²² 510 F.2d at 1008.

²³ *Id.* at 1011-12.

²⁴ *Id.* at 1011.

²⁵ *Id.* at 1011-12. The district court implied that the use was not in connection with the sale of goods because the “product itself” was the trademark and not something beyond the

The Fifth Circuit additionally rejected the district court's multi-factor likelihood of confusion analysis.²⁶ Instead, the court held that "[t]he certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the [likelihood of confusion] requirement."²⁷ Thus, simply because the teams used the trademarks and the public knew who used them, a likelihood of confusion existed when a manufacturer other than the teams used the marks. This rule – which one commentator calls the "*per se* infringement rule"²⁸ – effectively displaces the likelihood of confusion requirement and holds liable any defendant who intentionally copies a plaintiff's mark, regardless of consumers' reactions to the alleged infringing use. Other courts and commentators have loudly criticized *Boston Professional Hockey*;²⁹ the court's decision greatly expanded the rights that a

trademark. See *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 360 F. Supp. 459, 464 (N.D. Tex. 1973). The Fifth Circuit criticized the district court for overlooking the 1962 amendment to the Lanham Act that eliminated the "source of origin" requirement from the likelihood of confusion analysis. See *Bos. Prof'l Hockey*, 510 F.2d at 1012. Compare 15 U.S.C. § 1114(1)(a) (1958) (requiring for infringement use of a mark that "is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services" (emphasis added)), with 15 U.S.C. § 1114(1)(a) (1964) (eliminating the above-italicized language).

²⁶ The Fifth Circuit, like most other courts, uses a multi-factor test to determine whether two marks are confusingly similar. See, e.g., *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 45 (5th Cir. 1975). *Roto-Rooter*, decided five weeks after *Boston Professional Hockey*, appears to be the first Fifth Circuit opinion to aggregate and list all of the confusion factors. The factors certainly existed and were used prior to the *Boston Professional Hockey* decision. See *Am. Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 624 (5th Cir. 1963) ("The use of the same expression . . . plus the similarity in design . . . , the fact that both were used on food products . . . , the fact that the goods bearing the marks are sold in the same outlets to the same class of purchasers, and are advertised through common media, coupled with the long use and extensive advertising of the mark by plaintiff, together with the evidence of actual confusion adequately substantiate the finding of the court that there was likelihood of confusion . . ."). For other circuits' likelihood of confusion tests, see, for example, *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983), *Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982), *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 790 (9th Cir. 1981), and *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981).

²⁷ *Bos. Prof'l Hockey*, 510 F.2d at 1012.

²⁸ John J. Voortman, *Trademark Licensing of Names, Insignia, Characters and Designs: The Current Status of the Boston Pro Hockey Per Se Infringement Rule*, 22 J. MARSHALL L. REV. 567, 575 (1989).

²⁹ See, e.g., *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 918-19 (9th Cir. 1980) (rejecting explicitly *Boston Professional Hockey*'s reasoning and discussing its incompatibility with trademark law); Mark A. Kahn, *May the Best Merchandise Win: The Law of Non-Trademark Uses of Sports Logos*, 14 MARQ. SPORTS L. REV. 283, 302 (2004) (accusing the decision of "fail[ing] to recognize the rational basis of trademark law as a consumer-protection statute, and thus, mishandl[ing] the likelihood of confusion analysis"); Voortman, *supra* note 28, at 579 (arguing that the decision created a *per se*

trademark owner could assert in his mark and perhaps strayed too far from trademark law's core pro-competition stance.³⁰

Seven years after *Boston Professional Hockey*, a federal district court in Washington held that a football jersey retailer infringed professional football teams' trademarks by selling "colorable imitations" of the marks.³¹ The court used the National Football League Properties's (NFLP) survey evidence to find that the marks – a combination of four elements of a football jersey³² – had acquired a secondary meaning, and it used a standard multi-factor test to find that their use was likely to confuse the public.³³ The court rejected the proffered defenses³⁴ and held that Wichita Falls' jerseys infringed NFLP's marks.³⁵ While the conclusion in *Wichita Falls* was essentially the same as that in *Boston Professional Hockey* – infringement in violation of the Lanham Act – the courts reached the results very differently. The district court in *Wichita Falls* stuck closer to the core principles of trademark law by finding that consumers were not only *likely* confused but also were *actually* confused

infringement rule that grants a property right that is "fundamentally different from traditional trademark rights"). *But see* Julius R. Lunsford, Jr. & William R. Cohrs, *Trademark Protection: Judicial Inconsistency in the Fifth Circuit*, 32 MERCER L. REV. 1167, 1199 (1981) (praising *Boston Professional Hockey* as one of "the best opinions of the decade").

³⁰ *See* Voortman, *supra* note 28, at 579 ("[G]iving the trademark owner the exclusive right to the use of the trademark on identification products has the effect of a patent, it gives the trademark owner the power to compel consumers who want a product to buy it from the trademark owner or sources which it designates *even though the consumer might desire to purchase the product from another source.*"); *cf.* Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 34 (2003) ("[I]n construing the Lanham Act, we have been 'careful to caution against misuse or over-extension' of trademark . . . into areas traditionally occupied by patent or copyright." (quoting *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001))). The Fifth Circuit itself even acknowledged that its decision expanded the protection of marks, admitting that the "decision here may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs." *Bos. Prof'l Hockey*, 510 F.2d at 1011. The court stated that the NHL teams had "acquired a property right in their marks" that effectively gave them a monopoly over use of the marks in the context for which they were suing. *Id.* at 1014.

³¹ Nat'l Football League Props., Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 656 n.5 (W.D. Wash. 1982).

³² *See id.* at 656. The four elements were the official team colors of an NFL team, a large numeral, a sleeve design, and a "descriptive term," which referred to "an NFL full team name, a team nickname, a city or regional designation or the name of a team player." *Id.*

³³ *Id.* at 659, 662.

³⁴ Wichita Falls presented three defenses: functionality, production monopoly, and genericism. *See id.* at 662. The defense of functionality is discussed in Part IV.C.

³⁵ *Id.* at 663.

as to sponsorship or affiliation by the manufacturer's unauthorized use of the mark.³⁶

In the wake of *Boston Professional Hockey* and *Wichita Falls* and throughout the 1980s, other courts also held unauthorized uses of sports logos unlawful. The Eleventh Circuit affirmed an injunction that prevented a novelty beer wholesaler from selling beer in cans that appeared to be associated with the University of Georgia.³⁷ Although the court performed a likelihood of confusion analysis, it found "irrelevant" that confusion did not relate to either origin or sponsorship.³⁸ Instead, confusion rested in "the public's knowledge that the *trademark*, which is 'the triggering mechanism' for the sale of the product, originates with the plaintiff."³⁹ One year later, another court found that the use of the mark "New Jersey Giants" violated § 43(a) of the Lanham Act because it was a "false description or representation as to the source, sponsorship or approval" of the NFL and the New York Giants.⁴⁰ Finally, the

³⁶ On its face, confusion as to use of the mark appears to be exactly what the Lanham Act is meant to prevent. I argue against such a conclusion in Part IV.B, *infra*, by showing that the Lanham Act means to prevent *harm* to the consumer, not merely to prevent confusion. Also bear in mind that NFLP's survey found consumers merely believed that use of the marks required permission; the survey did not, however, imply anything about consumers' *purchasing decisions* based on such a belief. *See id.* at 659.

³⁷ *See Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1537 (11th Cir. 1985). The cans were red and black (University of Georgia's official colors) and depicted a bulldog wearing a sweater bearing the letter "G." *Id.* at 1544.

³⁸ *Id.* at 1546.

³⁹ *Id.* (quoting *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1012 (5th Cir. 1975)).

⁴⁰ *Nat'l Football League Props., Inc. v. N.J. Giants, Inc.*, 637 F. Supp. 507, 519 (D.N.J. 1986). This court, like the court in *Wichita Falls*, used a standard, multi-factor likelihood of confusion analysis and relied on survey evidence of actual confusion. *See id.* at 516-19. Additionally, the court explicitly declined to follow the *per se* infringement rule of *Boston Professional Hockey* and *Laite*. *See id.* at 519 n.8. The opinion, however, is laced with free-riding and questionable negative-association arguments. *See, e.g., id.* at 510 ("What came through from this testimony was an attempt to ride the New York Giants' coattails for one reason and one reason only – money."); *id.* at 512 ("The sale of inferior quality merchandise bearing the NFL marks, or colorable imitations thereof, will adversely affect NFLP's business including the poor impression of the NFL and its Member Clubs that will be held by the consumer."). The court brusquely waved away the defendant's First Amendment arguments. *See id.* at 510 ("Defendant's attempt to foist upon the court a first amendment rationalization for its illegal actions . . . [is], in a word, incredible."). I am tempted to argue with the court's assertion that "defendant's merchandise itself bearing the words 'New Jersey GIANTS' over an outline of the State of New Jersey conveys no message whatsoever." *Id.* The court itself colorfully pointed out that the team plays in New Jersey but still calls itself the New York Giants. *See id.* at 509 ("Plaintiff, the New York Football Giants, Inc., owns and operates the New York Giants, a major league professional football team which plays all of its home games in New Jersey yet eschews a New Jersey identification as resolutely as a vampire eschews the cross."). Unfortunately, a full

First Circuit held that shirts bearing the word “Boston,” a picture of runners, and the year infringed the Boston Athletic Association’s Boston Marathon mark.⁴¹ Because “(1) defendants intentionally referred to the Boston Marathon on its shirts, and (2) purchasers were likely to buy the shirts precisely because of that reference,” the court adopted a rebuttable presumption that the use was likely to cause confusion, a presumption that the defendants failed to overcome.⁴²

Despite the mounting authority in favor of the conclusion that a sports team’s logo on promotional merchandise violated the Lanham Act, one court went in the opposite direction.⁴³ In *University of Pittsburgh v. Champion Products, Inc.*, a federal district court in Pennsylvania rejected the contention that the use of the University of Pittsburgh’s (Pitt) insignia on apparel and other “soft goods” infringed Pitt’s registered marks.⁴⁴ The court found that use

discussion of the issue of parody and fair use is beyond the scope of this Note.

⁴¹ *Bos. Athletic Ass’n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989).

⁴² *Id.* at 34.

⁴³ Two other cases, although they do not involve sports merchandise, also fall under the “promotional goods” category. Both decisions denied protection to fraternal organization retailers for the unauthorized sale of jewelry engraved with the organizations’ logos. First, in *International Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), the Ninth Circuit denounced the *Boston Professional Hockey* decision for “extend[ing] the protection beyond that intended by Congress and beyond that accorded by any other court.” *Id.* at 919. Then, seven years after its decision in *Boston Professional Hockey*, the Fifth Circuit seemed to back off from the per se infringement rule in *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079 (5th Cir. 1982). The court treated likelihood of confusion as a question of fact and affirmed the district court’s finding of no confusion. *Id.* at 1085. Although commentators often lump *International Order of Job’s Daughters* and *Order of Rainbow for Girls* with the sports promotional goods cases, see, e.g., Robert C. Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C. L. REV. 603, 610 (1984); C. Knox Withers, Note, *Sine Qua Non: Trademark Infringement, Likelihood of Confusion, and the Business of Collegiate Licensing*, 11 J. INTELL. PROP. L. 421, 439, 445 (2004), the two lines of cases are fairly distinguishable. The sports cases were largely about money: licensing was big business in professional sports in the 1980s, and the courts either assumed or relied on evidence that customers would associate sports merchandise with approval or sponsorship. See, e.g., *Nat’l Football League Props., Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 659 (W.D. Wash. 1982). The courts in the fraternal organization cases, however, were reluctant to find, absent evidence of actual confusion, that purchasers believed the jewelry manufacturers could use the organizations’ symbols only with their permission. See *Order of Rainbow for Girls*, 676 F.2d at 1083 (finding no likelihood of confusion where there was “no historical custom or practice” that would lead consumers to believe jewelry required sponsorship and where the well-advertised status of another company as “official jeweler” implied that all other jewelry was not sponsored or endorsed).

⁴⁴ *Univ. of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711, 722 (W.D. Pa. 1983). This decision was the third in the series of litigation between Pitt and Champion. In the first case, the district court held that the action was barred by laches. The Third Circuit reversed

of the insignia was not likely to cause confusion as to source or sponsorship based on three factors: (1) "Champion's efforts to indicate the actual source" of the goods (i.e., Champion); (2) lack of evidence that Champion had ever indicated that Pitt did, in fact, make or sponsor the merchandise; and (3) lack of evidence that use of any university's mark on merchandise historically indicated source or sponsorship of the merchandise.⁴⁵ Additionally, the court found that the insignia used on merchandise in this sense was functional in that it "perform[ed] the function of allowing the wearer to express identity, affiliation, or allegiance to Pitt."⁴⁶ Despite the holding in Champion's favor, the parties settled, and Champion agreed to pay royalties to Pitt for use of the insignia under a license agreement.⁴⁷

After the merchandising cases of the 1980s, the 1990s were relatively quiet. In the mid-2000s, however, college sports and the collegiate merchandising industry exploded, leading to more vigilant policing of college marks and, as the next section shows, to more litigation.

C. *The Second Half: Trademark Cases in the 2000s*

As the licensing of college marks to manufacturers such as Champion, Nike, and Under Armour became a major source of revenue for university athletic programs, universities relied on the precedents set in the 1970s and 1980s to ensure protection for their marks. In 2006, a federal district court in Texas held that a retailer's sale of unlicensed Texas Tech merchandise was not only trademark infringement but also trademark dilution.⁴⁸ Additionally, the court

and remanded. *See* Univ. of Pittsburgh v. Champion Prods., Inc., 529 F. Supp. 464, 469 (W.D. Pa. 1982), *rev'd*, 686 F.2d 1040 (3d Cir. 1982).

⁴⁵ *Univ. of Pittsburgh*, 566 F. Supp. at 713.

⁴⁶ *Id.* at 716.

⁴⁷ Scott Bearby & Bruce Siegal, *From the Stadium Parking Lot to the Information Superhighway: How to Protect Your Trademarks from Infringement*, 28 J.C. & U.L. 633, 639 (2002). Champion settled because of high legal fees, a favorable ruling for the trademark holder in a similar merchandising case, and negative impacts on other business Champion carried on with universities, such as manufacturing uniforms. *Id.* It is also likely that the Third Circuit's generally sympathetic tone towards Pitt in its opinion remanding the case to the district court discouraged Champion from pushing the litigation any further, as the company realistically faced a reversal on appeal. *See* Voortman, *supra* note 28, at 596.

⁴⁸ *Tex. Tech Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 523-24 (N.D. Tex. 2006). The court's finding that the sale of unlicensed merchandise was likely to confuse consumers fell short of remarkable except, perhaps, for the inferences drawn from the evidence of actual confusion. If the parties produced any survey evidence, the court did not consider it. Instead, the only evidence of actual confusion that Texas Tech produced was evidence that "at least three customers expressed actual confusion as to whether Texas Tech had licensed" the products. *Id.* at 523. Additionally, the court asserted that "[t]hese instances of actual confusion are the *best evidence* that a likelihood of confusion exists." *Id.* (emphasis added). It is questionable that such skimpy evidence of actual confusion establishes that the products are likely to confuse a significant number of consumers, especially when Texas Tech's

ruled that the appearance of the university's red and black color scheme on merchandise could "serve the important function of showing that the product is officially licensed."⁴⁹ The court held that the color scheme was not, however, aesthetically functional and thus did not bar protection.⁵⁰

Two years later, in *University of Kansas v. Sinks*,⁵¹ a federal district court in Kansas denied the university summary judgment on trademark infringement and dilution claims for most (but not all) of the unlicensed University of Kansas shirts that the defendant sold.⁵² The court granted summary judgment on a small number of the over one hundred shirts at issue because those shirts bore "substantially similar marks."⁵³ As for the remaining shirts, however, the court denied summary judgment due to genuine disputes over several of the likelihood of confusion factors, including whether the marks were similar and whether defendants intended to deceive consumers by adopting the marks.⁵⁴ Following a trial several months later, the court upheld the jury's verdict that several (but once again not all) of the shirts infringed the university's marks.⁵⁵

licensees sell a substantial amount of products. *See id.* at 516 (stating that licensees sell approximately eight million dollars worth of Texas Tech merchandise annually). The court's dilution analysis, on the other hand, simply does not accord with dilution law. The court cursorily and conclusorily held that the defendant's "use of identical marks constitute[d] trademark dilution" without discussing either the famousness of Texas Tech's marks or the effect that the defendant's use had on Texas Tech's marks. *See id.* at 523-24; *see also* 15 U.S.C. § 1125(c) (2006). The court relied on *Moseley v. V Secret Catalogue, Inc.*, which held that a successful action for dilution required a showing of actual, as opposed to likely, harm to the senior mark owner. 537 U.S. 418, 418-19 (2003). As explained above, Congress amended the dilution provision to clarify that the standard does not require actual harm. *See supra* notes 15-21 and accompanying text. Whatever the standard, courts require at least some showing of harm – something that the district court ignored altogether.

⁴⁹ *Tex. Tech Univ.*, 461 F. Supp. 2d at 520.

⁵⁰ *Id.*

⁵¹ 565 F. Supp. 2d 1216 (D. Kan. 2008).

⁵² *Id.* at 1260.

⁵³ *Id.* at 1244.

⁵⁴ *Id.* at 1255. Importantly, the court pointed to evidence that defendants had placed over 100 disclaimers throughout the store that were intended to dispel any confusion as to whether the university had licensed the shirts. The court reasoned that

the placement of the [defendant's own] mark, as well as the disclaimers posted in the store and online could persuade a reasonable jury that defendants were instead attempting to capitalize on their own reputation for supplying irreverent T-shirts that refer to KU but that are explicitly not authorized by KU.

Id. at 1248.

⁵⁵ *See Univ. of Kan. v. Sinks*, 644 F. Supp. 2d 1287, 1302 (D. Kan. 2008) ("[T]he jury was properly instructed to consider a whole host of factors in reaching separate verdicts for each T-shirt at issue. The Court is unable to determine that the jury's conclusions [reaching different verdicts for different T-shirts] are inconsistent given that they made separate determinations for each T-shirt, in line with the Court's instructions.").

The court also upheld the verdict finding dilution.⁵⁶ The jury ultimately found that the university's blue and crimson color scheme, which had been in use since the 1890s and was prominent in the overall university experience, had not acquired secondary meaning;⁵⁷ the court denied the university's motion for judgment as a matter of law on the issue of secondary meaning.⁵⁸

The most significant recent turning point in the area of sports trademark law, however, came from the Fifth Circuit's opinion in *Board of Supervisors for Louisiana State University Agricultural & Mechanical College v. Smack Apparel Co.*⁵⁹ Four large universities – LSU, the University of Oklahoma, The Ohio State University, and the University of Southern California – as well as their official licensing agent, CLC, sued Smack Apparel Company, a T-shirt manufacturer, for trademark infringement under § 43(a) of the Lanham Act.⁶⁰ The shirts displayed the universities' color schemes and referred to various championships in which the teams had played, but only one of the shirts used a university's registered trademark.⁶¹ The court first held that long-time use of the color schemes, coupled with extensive use of the schemes in promotional materials, in the media, and on other merchandise meant that the color schemes (especially when used in conjunction with other indicia) had acquired distinctiveness through secondary meaning.⁶² The court then employed an eight-factor likelihood of confusion analysis and held that the similarity between Smack Apparel's marks and the universities' marks, the defendant's intent to associate with the universities, and several other factors demonstrated a likelihood of confusion.⁶³ Finally, the court vehemently rejected Smack Apparel's functionality defense, asserting that it refused "to abandon [its] long-settled view rejecting recognition of aesthetic functionality."⁶⁴

⁵⁶ *See id.* at 1306.

⁵⁷ *Id.* at 1297-98.

⁵⁸ *Id.* The *University of Kansas* opinions represent thoughtful and well-reasoned applications of trademark laws. The court did not assume that consumers were bound to be confused that the University of Kansas had sponsored or endorsed the merchandise but instead allowed the jury to weigh the evidence, including the offensive nature of some of the T-shirts and the sparse evidence of actual confusion. *See generally* *Univ. of Kan. v. Sinks*, 644 F. Supp. 2d 1287 (D. Kan. 2008). By giving the question to the jury, the court took a very different course of action from most of the other sports promotional goods cases.

⁵⁹ 550 F.3d 465 (5th Cir. 2008).

⁶⁰ *Id.* at 471-73.

⁶¹ *Id.* at 472-73. The only registered trademark was the University of Oklahoma's "OU," which Smack Apparel used by setting it off in different typeface from the words "Bourbon Street or Bust" and "Show us your beads!" *See Bd. of Supervisors of La. State Univ. v. Smack Apparel Co.*, 438 F. Supp. 2d 653, 655-56 (E.D. La. 2006).

⁶² *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll.*, 550 F.3d at 476-78.

⁶³ *Id.* at 485.

⁶⁴ *Id.* at 487-88. For an explanation of why aesthetic functionality could provide a defense in the color scheme merchandising context, see *infra* Part IV.C.

Although the court applied a standard, black-letter trademark infringement analysis,⁶⁵ several things stand out about the *Smack Apparel* opinion, especially in light of the opinions in *Texas Tech* and *University of Kansas*.⁶⁶ First, unlike *University of Kansas*, the court found secondary meaning and likelihood of confusion as a matter of law, rather than submitting the question to a jury. Second, the likelihood of confusion analysis in *Smack Apparel* is unique. The Fifth Circuit dismissed Smack Apparel's argument regarding its use of "humor and creative language to distinguish its t-shirt designs from those of the purportedly more conservative licensed or school-endorsed apparel."⁶⁷ Additionally, in *Smack Apparel*, the universities presented "hotly contested" survey evidence of actual confusion, but the district court considered the evidence unnecessary in its analysis and did not take it into account.⁶⁸ The Fifth Circuit likewise disregarded the evidence.⁶⁹ This approach signaled a departure from the surveys and testimony offered to show actual confusion in cases like *Wichita Falls* and *New Jersey Giants*.⁷⁰ Third, despite earlier speculation that the Fifth Circuit had retreated from *Boston Professional Hockey* and the *per se* infringement rule,⁷¹ the court confirmed that *Boston Professional Hockey* remained good law with strong precedential value, while the court simultaneously gave lip service to the likelihood of

⁶⁵ See H. David Starr & Gregory G. Bennett, *Smack Apparel: Expanding the Palette of Protection to Color Marks?*, 43 MD. B.J. 56, 58 (2010).

⁶⁶ For a thorough discussion of the differences between the *University of Kansas* decision and the *Texas Tech* and *Smack Apparel* decisions, see John Grady & Steve McKelvey, *Trademark Protection of School Colors: Smack Apparel and Sinks Decisions Trigger Color-ful Legal Debate for the Collegiate Licensing Industry*, 18 J. LEGAL ASPECTS SPORT 207, 233-35 (2008).

⁶⁷ *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll.*, 550 F.3d at 480. In denying summary judgment to the plaintiff university, the court in *University of Kansas* distinguished the unlicensed, allegedly infringing shirts from the officially licensed shirts in part on the use of inappropriate language. See *Univ. of Kan. v. Sinks*, 565 F. Supp. 2d 1216, 1246 (D. Kan. 2008) ("More importantly, the overall look, sound, and meaning of the shirts is also different than the licensed shirts in that they reference either sex or alcohol, use irreverent language, make insulting references to rival universities such as Kansas State University or the University of Missouri, or reference individual players and coaches of the KU athletic teams in contravention of an NCAA rule.").

⁶⁸ *Bd. of Supervisors of La. State Univ. v. Smack Apparel Co.*, 438 F. Supp. 2d 653, 661 (E.D. La. 2006), *aff'd*, 550 F.3d 465 (5th Cir. 2008).

⁶⁹ *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll.*, 550 F.3d at 483.

⁷⁰ See *supra* notes 31-36, 40 and accompanying text. This approach does, however, comport with the Fifth Circuit's approach in *Boston Professional Hockey*.

⁷¹ See Denicola, *supra* note 43, at 610 (characterizing the Fifth Circuit's move from *Boston Professional Hockey* to *Order of Rainbow for Girls* as a reformulation of the *per se* infringement rule "to require genuine confusion of sponsorship"); Voortman, *supra* note 28, at 588 ("The Fifth Circuit has retreated from the *per se* infringement rule.").

confusion requirement.⁷² Finally, and perhaps most importantly, the court found infringement based solely on the defendant's use of color and indicia, instead of on the use of actual word or picture marks.⁷³ Even where previous opinions considered the schools' color schemes in the infringement analysis, the actual finding of infringement included the use of at least one identical or substantially similar word or picture mark that the universities claimed to own.⁷⁴

Despite the Supreme Court's recognition of color as a protectable trademark in *Qualitex Co. v. Jacobson Products, Inc.*,⁷⁵ the protection of a school's color scheme – distinguishing not the source of the product but merely the mark-holder – is a clear expansion of the subject matter protectable under the Lanham Act.⁷⁶ For example, in *Smack Apparel*, the court recognized an “overwhelming similarity between the defendant's t-shirts and the Universities' licensed products,”⁷⁷ ignoring that merchandise is licensed in the first place *specifically because* it displays a university's registered trademarks. The court disregarded the possibility that the glaring lack of a university mark immediately signaled to prospective purchasers that the shirts were not officially licensed. Overall, the decision effectively granted to the university a monopoly over all merchandise that somehow refers to the university.

After the Fifth Circuit's expansive opinion in *Smack Apparel*, two cases further established the strength of the precedent on which athletic institutions now stand. In 2009, a federal district court in New York granted the Heisman Trophy Trust (Heisman) a preliminary injunction against Smack Apparel for

⁷² See *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll.*, 550 F.3d at 485. The court, discussing its earlier opinions in *Order of Rainbow for Girls* and *Kentucky Fried Chicken Corp.*, stated, “But we noted that the circumstances in *Boston Hockey* supported the likelihood of confusion there insofar as the sale of products ‘universally associated’ with the hockey team ‘supported the inescapable inference that many would believe that the product itself originated with or was somehow endorsed by Boston Hockey.’” *Id.* at 485 (quoting *Ky. Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 389 (5th Cir. 1977)).

⁷³ *Id.* at 475.

⁷⁴ See *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1544 (11th Cir. 1985); *Tex. Tech Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 515-16, 520 (N.D. Tex. 2006) (listing the marks at issue, which included “Double T,” “Red Raiders,” and a picture of the “Masked Rider,” but also discussing the secondary meaning that the scarlet and black color scheme by itself had acquired).

⁷⁵ 514 U.S. 159, 166 (1995).

⁷⁶ See Grady & McKelvey, *supra* note 66, at 224, 234-37 (asserting that *Smack Apparel* “resulted in the broadest scope of protection for school color schemes” and discussing several articles that argue that “the pendulum has swung too far in favor of the collegiate licensing industry”); Starr & Bennett, *supra* note 65, at 58 (arguing that *Smack Apparel* creates protection for color where the Patent & Trademark Office would not due to strict requirements for registering color as trademark).

⁷⁷ *Bd. of Supervisors for La. State Univ. Agric. & Mech. College*, 550 F.3d at 485.

breaching a settlement agreement that prohibited Smack Apparel from using Heisman marks or any other “confusingly similar marks.”⁷⁸ Smack Apparel had not replicated the Heisman marks but instead played on the marks to refer to Heisman candidates.⁷⁹ In both this decision granting a preliminary injunction and a later decision granting Heisman partial summary judgment on infringement, the court conducted a thorough likelihood of confusion analysis and found that four of the eight factors favored Heisman.⁸⁰ The court rejected Smack Apparel’s disclaimer and parody defenses, as well as the company’s argument that consumers *knew* that Smack Apparel sold unlicensed products and thus could not be confused as to sponsorship.⁸¹

Second, in *University of South Carolina v. University of Southern California*,⁸² the Federal Circuit ultimately upheld the University of Southern California’s (California) opposition to the University of South Carolina’s (Carolina) registration for a mark consisting of “SC.”⁸³ The Trademark Trial and Appeal Board found that because the marks were identical, placed on the same types of goods, and used in the same trade channels, there was a likelihood of confusion, despite explicit findings that (1) California’s mark was not per se famous, (2) at least sixteen other schools used the “SC” mark, (3) there was de minimis actual confusion evidence, and (4) there was evidence of prior concurrent use.⁸⁴ The Board, in essence, looked at the marks in a vacuum, without reference to the realities of their use in the market.⁸⁵ This

⁷⁸ *Heisman Trophy Trust v. Smack Apparel Co.*, 595 F. Supp. 2d 320, 323-24 (S.D.N.Y. 2009).

⁷⁹ *Id.* at 325. For images of the marks, see *SMACK Apparel Lawsuit*, LSU TIGER TAILER NEWSLETTER, (LSU Trademark Licensing, Baton Rouge, La.), Jan. 30, 2009, at 5-6, available at [http://www.lsu.com/lsucom/lsudotcomweb.nsf/\\$Content/Tiger+Tailer+Newsletters/\\$File/LSU+Tiger+Tailer+newsletter+5.18.pdf](http://www.lsu.com/lsucom/lsudotcomweb.nsf/$Content/Tiger+Tailer+Newsletters/$File/LSU+Tiger+Tailer+newsletter+5.18.pdf).

⁸⁰ *Heisman Trophy Trust v. Smack Apparel Co.*, 637 F. Supp. 2d 146, 154-57 (S.D.N.Y. 2009); *Heisman Trophy Trust*, 595 F. Supp. 2d at 326-28.

⁸¹ *Heisman Trophy Trust*, 637 F. Supp. 2d at 157-58.

⁸² 367 F. App’x 129 (Fed. Cir. 2010).

⁸³ *Id.* at 137.

⁸⁴ *Univ. of S. Cal. v. Univ. of S.C.*, No. 91125615, 2008 WL 3333839, at *4-19 (T.T.A.B. Aug. 1, 2008).

⁸⁵ Such realities include the schools’ colors – California’s colors are maroon and gold, while Carolina’s colors are garnet and black. Since the merchandise bearing the mark would almost inevitably also bear the schools’ colors, any risk of confusion would be dispelled. Other realities include fan loyalty – a California fan will buy California gear – and geographic limitations – the schools are over 2500 miles apart and on opposite coasts. The TTAB actually acknowledged the former factor:

[W]e find that many purchasers of collegiate merchandise items are likely to have a loyalty to and affinity for a particular school or team, that they are to be knowledgeable about a particular school’s trademarks as used on the merchandise, and that they are likely to exercise a degree of care in looking for and making their decisions to purchase such goods.

Id. at *9. The TTAB was more concerned, however, with the occasional shopper, “persons

approach, like the others discussed in this section, represented a major departure from the core purpose of trademark protection. The next Part discusses why the results reached in these cases do not comport with trademark law theory.

II. FLAG ON THE PLAY: HOW THE RECENT CASES STRETCH TRADITIONAL TRADEMARK THEORY

This Part discusses in more detail why the expansion of trademark protection to color schemes and indicia does not adhere to traditional trademark policy, especially the policy behind the Lanham Act. First, I discuss how the recent cases have departed from the underpinnings of trademark theory, from both a consumer-focused perspective and a producer-focused perspective. Second, I suggest possible costs that this departure may have on the law and on the markets.

A. *Why Trademark Policy Does Not Support Exclusive Rights*

In this section, I discuss why the policies underlying the Lanham Act do not comport with the cases that grant universities almost exclusive rights in color schemes and indicia. First, I examine the well-accepted theory that trademark law protects consumers by prohibiting uses of marks that could cause harmful confusion. I then briefly discuss another theory, one that posits that trademark law originally was intended to protect producers from fraudulent uses of their marks by competitors. Under both theories, the recent expansion of trademark rights deviates from the policies of trademark law.

1. Consumer-Focused Theory

Scholars generally agree that modern trademark law's core focus is on protecting consumers.⁸⁶ In a complex marketplace, consumers must be able to make efficient, accurate decisions as to the quality of products. Producers generally manufacture goods of consistent quality. The use of a trademark to identify the producer allows the consumer to relate his own knowledge of the producer's quality to the good offered for sale.⁸⁷ Consequently, trademark law prevents a third party from capitalizing on the mark owner's reputation to the third party's advantage and profit.⁸⁸ Consumers, in turn, are not deceived into purchasing the third party's products, and their expectations in quality are not disappointed. As Ninth Circuit Chief Judge Alex Kozinski succinctly put it,

such as relatives or friends who are purchasing the goods as gifts." *Id.* Focusing on these occasional shoppers, as opposed to the average, knowledgeable fan, threatens to coddle consumers. *See infra* Part II.B.

⁸⁶ *See, e.g.*, Kahn, *supra* note 29, at 284 (dubbing the Lanham Act a "Consumer-Protection Statute"); Voortman, *supra* note 28, at 569.

⁸⁷ Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli*, 54 EMORY L.J. 461, 466 (2005).

⁸⁸ *Id.*

“The great evil the Lanham Act seeks to prevent is that of consumers being duped into buying a watch they later discover was made by someone other than Rolex.”⁸⁹

Consumer confusion may be the touchstone of trademark infringement, but its endgame is to promote competition. Use of trademarks without consumer confusion creates informed customers who make accurate purchases, which in turn increases the “overall utility” of trademarks and “push[es] producers to develop better quality products.”⁹⁰

The recognition of exclusive rights in university trademarks on merchandise, however, goes well beyond these limiting principles of protecting consumers against confusion and fostering competition.⁹¹ First, consumers of collegiate merchandise are not confused as to the source of the tangible products. Only the most gullible consumer would believe that universities physically manufacture the T-shirts and hats that bear their marks. Second, consumers may not actually be confused as to sponsorship every time they see a university’s trademark on merchandise; they may not automatically assume that a T-shirt bearing the mark is officially licensed. If they do make such an assumption, there are ample ways to refute it without granting exclusive rights in the mark.⁹² Moreover, consumers are less likely to be confused as to sponsorship when the shirt lacks a university word or picture mark altogether.⁹³ Third, even if consumers are likely to be confused that the merchandise is licensed, this confusion only matters if it is harmful. No court has analyzed likelihood of confusion in the merchandising context under such a theory, and some courts have specifically declined to consider a harm requirement.⁹⁴

Moreover, granting broad trademark rights moves trademark law from promoting competition – one of its goals – to giving the mark owner a

⁸⁹ Alex Kozinski, Essay, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 964 (1993).

⁹⁰ Dogan & Lemley, *supra* note 87, at 467; *see also* Peter E. Mims, Note, *Promotional Goods and the Functionality Doctrine: An Economic Model of Trademarks*, 63 TEX. L. REV. 639, 656 (1984) (“Congress passed the Lanham Act to promote orderly and efficient commerce. The Senate Report praised trademarks as the ‘essence of competition’ because they facilitate consumer choice without fostering monopoly.” (quoting S. REP. NO. 79-1333, at 3-4 (1946), *reprinted in* 1946 U.S. CODE CONG. SERV. 1274, 1275)).

⁹¹ For a more thorough discussion of the likelihood of confusion requirement in the merchandising context, *see infra* Parts III.A and IV.B.

⁹² For a discussion of such disclaimers, *see infra* notes 197-201 and accompanying text.

⁹³ Perhaps this is why actual findings of infringement often include the use of at least one identical or substantially similar word or picture mark that the universities claim to own. *See supra* notes 73-76 and accompanying text.

⁹⁴ *See, e.g.,* Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co., 550 F.3d 465, 485 (5th Cir. 2008) (“Whether or not a consumer *cares* about official sponsorship is a different question from whether that consumer would likely *believe* the product is officially sponsored.”). *See infra* Part IV.B for a deeper discussion of a consumer-harm requirement.

monopoly over the mark, which trademark law and competitive markets in general seek to avoid.⁹⁵ If the law gives universities exclusive rights in their marks, only manufacturers who pay licensing fees to the universities – and therefore only those manufacturers with whom the universities choose to do business – can use the marks. Consequently, the cost of merchandise increases, and consumers have little choice in products.⁹⁶

Finally, the increasing tendency to treat trademarks as tangible property further divorces trademark protection from its fundamental principles of preventing consumer confusion and encouraging investment in product quality.⁹⁷ A trademark's function as a source identifier recognizes an interest in the mark owner's sales and reputation – in the owner's goodwill. Allowing the owner to control all uses of the mark – instead of just those uses that identify the goods – protects the owner's interest in more than goodwill and profit, thus stepping outside the boundaries of trademark theory.⁹⁸ The right to trademark protection must be evaluated with reference to its function as an identifier of source, not as a pure, disconnected mark.⁹⁹

2. Producer-Focused Theory

While modern trademark theory tends to focus on the consumer, one scholar argues that the theory was originally intended “to protect producers from illegitimate diversions of their trade by competitors.”¹⁰⁰ According to this view, trademark law has always operated as a species of unfair competition law.¹⁰¹ The law protects the business because the owner expended time, effort, and money in gaining customer loyalty, and a junior user has no “right to pass off his goods as those of another.”¹⁰² Consumer deception is not the underlying rationale, but rather a reliable means by which to gauge whether competition is unfair and therefore undesirable or whether it is “mere competition, which [is] encouraged.”¹⁰³

Even if trademark law protects producers primarily and protects consumers only incidentally, the merchandising cases depart just as much from this policy as they do from a consumer-oriented policy. As trademark owners, the universities are not producers in the historical sense because they do not

⁹⁵ See Denicola, *supra* note 43, at 633.

⁹⁶ See Mims, *supra* note 90, at 665.

⁹⁷ Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1694 (1999).

⁹⁸ *Id.* at 1713-14 (citing Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1201 (1948)).

⁹⁹ See *id.* at 1697.

¹⁰⁰ Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1841 (2007).

¹⁰¹ *Id.* at 1861.

¹⁰² *Id.* at 1861.

¹⁰³ *Id.* at 1841.

manufacture a physical product. Even expanding “producers” to include a producer’s services, universities still do not fit the traditional mold of a trademark owner. The universities in general provide educational services, while their athletic teams provide entertainment services. The defendants in the merchandising cases did not divert customers by passing off their services as those of the universities. Instead, defendants manufactured their own products that bore the trademarks of the service-providers on products unrelated to the original service. The defendants did not compete with the senior users, and thus they could not divert customers from the trademark owners. The universities might argue that the defendants diverted customers from licensed merchandise to unlicensed merchandise, but this argument presupposes that universities have an exclusive right to license their trademarks for products unrelated to their main educational services. As I will show in later sections, such an assumption has little support.¹⁰⁴

B. *Costs of Granting Universities Exclusive Rights in Their Marks*

When trademark law sticks close to its core, the benefits of trademark protection outweigh the costs it may impose. When protection expands, however, to uses that the Lanham Act did not originally contemplate – that is, when trademark owners come to have exclusive rights as opposed to rights tied to consumer expectations of quality – the costs begin to weigh more heavily.

Professors Mark Lemley and Mark McKenna have identified four possible costs that society may bear when the law protects non-quality-related uses of trademarks. First, the use may create market expansion concerns: with broad rights over the marks, owners will have a right to use the marks in geographic regions and in product areas to which the trademark owner never planned to expand.¹⁰⁵ Such protection threatens the status quo in which uses have always coexisted.¹⁰⁶ *University of South Carolina v. University of Southern California*¹⁰⁷ exemplifies such a problem. The two schools have coexisted for over 130 years,¹⁰⁸ but after the decision by the Federal Circuit, Carolina may no longer register certain marks using its “SC” initials and faces the risk of suit by California if it licenses similar marks.¹⁰⁹ Additionally, protection of university color schemes presents a similar problem. After all, there are only so many colors, and more importantly, there are only so many aesthetically

¹⁰⁴ See *infra* Part III.B.

¹⁰⁵ Lemley & McKenna, *supra* note 21, at 438.

¹⁰⁶ *Id.*

¹⁰⁷ 367 F. App’x 129 (Fed. Cir. 2010).

¹⁰⁸ See *About the University*, UNIV. OF S.C., <http://www.sc.edu/aboutusc/> (last visited Oct. 14, 2011) (giving university founding date as 1805); *About USC: History*, UNIV. OF S. CAL., <http://www.usc.edu/about/history/> (last visited Oct. 14, 2011) (giving university founding date as 1880).

¹⁰⁹ *Univ. of S.C.*, 367 F. App’x at 132.

pleasing color combinations.¹¹⁰ Universities and maybe even sports teams that have used the same colors for years may face infringement suits.¹¹¹

Second, expanded protection threatens to coddle consumers.¹¹² Broad protection could create unreasonable expectations in consumers, confusing consumers about more remote connections between trademarks.¹¹³ In turn, courts would likely respond to the confusion by granting broader rights, creating even more unreasonable expectations, and so on.¹¹⁴ Arguably, this has already begun to happen in the merchandising context, as the courts' reinforcement of confusion regarding product licensing shows.¹¹⁵ Once upon a time, merchandise did not have to be licensed. As the licensing industry grew and consumers began to expect merchandise with university logos to be licensed, courts began to enforce those expectations. Now, courts are beginning to prohibit the unlicensed use of color schemes and indicia without logos. Once consumers have settled expectations regarding this type of merchandise (that is, color schemes and indicia without logos), what is to stop a university (and eventually a court) from prohibiting the sale of clothes that merely bear a university's color schemes but whose manufacturers are not trying to associate themselves directly with the university and do so merely coincidentally?¹¹⁶

¹¹⁰ See *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 168 (1995).

¹¹¹ Among the colleges that use a color scheme almost identical to LSU's purple and gold scheme are Emerson College, James Madison University, and University of Washington. Compare LA. ST. UNIV., <http://www.lsu.edu> (last visited Oct. 14, 2011), with EMERSON COLL., <http://www.emerson.edu> (last visited Oct. 14, 2011), JAMES MADISON UNIV., <http://www.jmu.edu> (last visited Oct. 14, 2011), and UNIV. WASH., <http://www.washington.edu> (last visited Oct. 14, 2011). In professional sports, the Los Angeles Lakers and the Minnesota Vikings also have similar color schemes. See L.A. LAKERS, <http://www.nba.com/lakers> (last visited Oct. 14, 2011); MINN. VIKINGS, <http://www.vikings.com> (last visited Oct. 14, 2011).

¹¹² Lemley & McKenna, *supra* note 21, at 438.

¹¹³ See *id.* at 439.

¹¹⁴ See McKenna, *supra* note 100, at 1912 (“[T]he available evidence suggests that consumers believe names and creative content, some of which can be protected as trademarks, are subject to substantial control. Assuming consumer beliefs about the use of marks or logos on merchandise even roughly approximate this evidence, modern law has essentially no choice but to respond.” (citation omitted)).

¹¹⁵ See Lemley & McKenna, *supra* note 21, at 440.

¹¹⁶ This last situation refers to a trend that existed while I was a student at LSU. Instead of wearing t-shirts and jerseys, women often wore purple and gold dresses, purchased at local Baton Rouge boutiques. The dresses were clearly not designed to refer to or even associate with any university; they merely happened to be purple and gold. The buyers for the boutiques purchased them because they knew that they would sell well during the football season. These fashion buyers were clearly trying to “capitalize” on LSU's popularity – does this support a finding of trademark infringement? Based on the trend in recent cases, it very well could. Cf. *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 482 (5th Cir. 2008) (“[Smack] intentionally

Third, the courts originally developed “multifactor likelihood of confusion tests” to protect consumers from confusion as to source.¹¹⁷ These tests, however, are poorly fitted to sponsorship and affiliation cases.¹¹⁸ The courts designed these tests to apply to directly or almost-directly competing products. Courts now apply the tests, however, to cases in which the trademark owner’s main business is only tenuously related to the infringing product. Such incongruence in application creates a greater risk that courts will reach the wrong result in sponsorship and affiliation cases.¹¹⁹

Fourth, broad protection of trademark rights may threaten free expression. Granting exclusive rights over words, regardless of context, can remove those words from the language and prevent valuable commentary and criticism.¹²⁰ Such a threat also creates a chilling effect on expression. Faced with the increasingly litigious nature of universities and the pro-trademark-owner stance of most courts, defendants with a legitimate First Amendment or fair use defense may “simply cave in and change their practices rather than face the uncertainty of a lawsuit.”¹²¹ At least one court, however, has responded positively to free expression concerns. In *University of Alabama Board of Trustees v. New Life Art Inc.*,¹²² the court concluded that the depiction of the University of Alabama’s football uniforms in the defendant artist’s paintings was “incidental to the purpose and expression of the paintings” and found that the defendant had not infringed.¹²³ Despite this victory, a university’s willingness to sue for artistic use of its marks creates a legitimate risk that some defendants will simply not create such expression in the first place.

More narrowly, the merchandising right itself – as opposed to the broader context of non-quality-related relationships – creates additional risks. Trademark licensing is an expensive process; its existence imposes transaction

incorporated color marks to create the kind of association with the Universities that would influence purchases.”).

¹¹⁷ Lemley & McKenna, *supra* note 21, at 440.

¹¹⁸ *See id.*

¹¹⁹ *Id.* at 440-41.

¹²⁰ *See id.* at 441-42; *see also* Dogan & Lemley, *supra* note 87, at 482-83; Lemley, *supra* note 97, at 1696; *cf.* Kozinski, *supra* note 89, at 976-77 (“[Y]ou would have a strong claim to stencil your own Mets shirt or to make a banner praising the Mets It’s only a small step from there to say you ought to be able to pay someone to stencil the shirt or banner professionally.”).

¹²¹ Lemley & McKenna, *supra* note 21, at 420. A recent phenomenon that demonstrates the increasingly aggressive stance of universities is the cease-and-desist letters that universities send to high schools with the same mascots to intimidate them into changing their logos. *See* Adam Himmelsbach, *We’re the Gators. So Are We. Can’t Look Alike, Colleges Say*, N.Y. TIMES, Nov. 27, 2010, at A1. If high schools’ use of mascots is noncommercial, such threat of litigation raises First Amendment concerns. *See* Lemley & McKenna, *supra* note 21, at 420.

¹²² 677 F. Supp. 2d 1238 (N.D. Ala. 2009).

¹²³ *Id.* at 1250, 1259.

costs on everyone.¹²⁴ When added to the increased prices that inevitably accompany a monopoly, consumers will be (or already are) forced to pay exorbitant prices for a simple T-shirt or hat, because they do not have a lower-priced alternative. Furthermore, the merchandising right imposes administrative costs. The *Boston Professional Hockey* per se infringement rule, which is viable in at least the Fifth Circuit and possibly the Eleventh Circuit, “leaves courts without an effective standard for determining when the use of a trademark is legal.”¹²⁵ A manufacturer may be within its legal rights in one jurisdiction but subject to suit if its goods cross into another jurisdiction. The recent expansion of protection to color schemes and indicia in some jurisdictions further reduces certainty as to what is and is not a trademark. Such uncertainty increases the cost of trademark searching and clearance and increases litigation.¹²⁶

To avoid these risks, courts must narrow the scope of protection currently afforded to universities in the merchandising context. The remainder of this Note describes how to do just that.

III. OFFICIAL REVIEW: THE RULING ON THE FIELD IS CONFIRMED

The Supreme Court recently denied petitions for writs of certiorari filed by Smack Apparel and South Carolina.¹²⁷ Despite the Court’s reluctance to hear a case on the merchandising right, many commentators believe that a Supreme Court ruling on the issue is necessary to resolve the confusion between the federal circuits over the likelihood of confusion standard regarding sponsorship.¹²⁸ Regardless of which court ultimately hears the case, this section presents arguments that a plaintiff university would likely advance in favor of an exclusive merchandising right in both word and color marks. This Part also briefly responds to the arguments.¹²⁹

A. *Likelihood of Confusion as to Sponsorship or Affiliation*

Because likelihood of confusion is the cornerstone of any trademark infringement case, a university would have to advance an argument that customers will believe that the use of a university mark on merchandise indicates that the university sponsored or is affiliated with the merchandise. In

¹²⁴ Lemley, *supra* note 97, at 1696.

¹²⁵ Dogan & Lemley, *supra* note 87, at 482.

¹²⁶ Lemley, *supra* note 97, at 1696.

¹²⁷ See *Univ. of S.C. v. Univ. of S. Cal.*, 131 S. Ct. 387, 387 (2010); *Smack Apparel Co. v. Bd. of Supervisors of La. State Univ. & Agric. & Mech. Coll.*, 129 S. Ct. 2759, 2759 (2009).

¹²⁸ See Dogan & Lemley, *supra* note 87, at 465; Gerald T. Tschura, *Likelihood of Confusion and Expressive Functionality: A Fresh Look at the Ornamental Use of Institutional Colors, Names and Emblems on Apparel and Other Goods*, 53 WAYNE L. REV. 873, 884-87 (2007); Withers, *supra* note 43, at 455.

¹²⁹ More thorough responses will appear in Part IV, *infra*.

essence, consumers will believe that the university has “officially licensed” the merchandise. This argument is the most persuasive one in favor of a merchandising right. If the law requires licensing of merchandise bearing school marks and colors, then consumers may come to expect that *all* products bearing the marks are licensed. In turn, consumers will become confused when unlicensed merchandise bears the marks.¹³⁰ A likelihood of confusion exists because consumers believe that the law requires a relationship between the mark owner and the product.¹³¹

The flaw in this argument is that it includes “self-perpetuating circular reasoning rather than sound legal doctrine.”¹³² Whatever level of confusion may currently exist for university word marks, courts should not use the circular reasoning to further extend the merchandising right to color schemes.¹³³ Instead, “trademark law should act here as a *creator* . . . of societal norms” by defining actionable consumer confusion and preventing a “downward spiral” that grants ever broader rights.¹³⁴ It is unclear whether consumers actually believe that all merchandise bearing university word marks is officially licensed,¹³⁵ and it is even less clear whether merchandise bearing only university color schemes or indicia creates such a belief.¹³⁶

A plaintiff university might also argue that consumer confusion as to sponsorship actually is harmful, both to consumers and to trademark owners,

¹³⁰ See Dogan & Lemley, *supra* note 87, at 485-86; Tschura, *supra* note 128, at 878.

¹³¹ See Lemley & McKenna, *supra* note 21, at 421-22; Tschura, *supra* note 128, at 879-80 (“In essence, the conduct becomes illegal simply because the public *believes* it is illegal. The public believes it is illegal because the licensing industry tells them it is illegal.”).

¹³² Tschura, *supra* note 128, at 879; see also Dogan & Lemley, *supra* note 87, at 486.

¹³³ See Dogan & Lemley, *supra* note 87, at 486-87. *But see* McKenna, *supra* note 100, at 1911-12 (suggesting that broader rights in favor of mark owners is inevitable because “rights are bounded only by consumer understanding” and “modern law has essentially no choice but to respond” to consumer beliefs).

¹³⁴ Dogan & Lemley, *supra* note 87, at 487.

¹³⁵ Cf. Lemley & McKenna, *supra* note 21, at 437 (“[I]t is *possible* that consumers . . . assume . . . that any clothing featuring the school or team name is in fact licensed by the university. On the other hand, those consumer assumptions will *not* be present in every case.” (emphasis added)).

¹³⁶ A major indication that consumer confusion does not exist is the dearth of actual confusion evidence in the recent case law and specifically the lack of customer surveys that are so prevalent in traditional trademark infringement analyses. See *Univ. of Kan. v. Sinks*, 565 F. Supp. 2d 1216, 1249 (D. Kan. 2008) (analyzing the only evidence of actual confusion: two blog posts expressing confusion as to source of defendant’s shirts); *Tex. Tech Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 523 (N.D. Tex. 2006) (finding that evidence “that at least three customers expressed actual confusion” regarding licensing of products weighed in favor of finding a likelihood of confusion, despite absence of a survey); *Bd. of Supervisors of La. State Univ. v. Smack Apparel Co.*, 438 F. Supp. 2d 653, 661 n.6 (E.D. La. 2006) (disregarding the only evidence of actual confusion: one survey conducted at mall), *aff’d*, 550 F.3d 465 (5th Cir. 2008).

because of the consumers' perception of the quality of licensed merchandise. First, consumers may – perhaps accurately – believe that licensed merchandise is of higher quality than unlicensed merchandise. Such a perception, however, actually weighs against finding a likelihood of confusion.¹³⁷ Consumers' belief in the superiority of licensed merchandise presupposes an awareness of unlicensed merchandise, indicating that consumers do not actually believe that all merchandise bearing university marks is licensed and therefore that they are not confused. In addition, if consumers may choose between licensed and unlicensed merchandise, the price of merchandise decreases, and quality and variety may increase. Thus, such a choice benefits consumers, facilitates competition, and serves to “promote the overall goals of trademark and unfair competition law.”¹³⁸

Second, trademark owners would likely argue that unlicensed merchandise's supposedly inferior quality may create a negative association with the trademark owner in consumers' minds. Judge Kozinski believes that such a risk presents a legitimate concern for trademark owners.¹³⁹ Other commentators, however, argue that empirical evidence supporting such an argument is “pretty underwhelming.”¹⁴⁰ Instead, empirical evidence shows that consumers have the capacity to compartmentalize brands.¹⁴¹ In general, consumers who buy products that do not meet quality expectations will simply think negatively of the purchased products. Their thoughts about the “core product” tend to remain unchanged.¹⁴² This evidence supports the common-sense notion that poor quality shirts, manufactured by an entity separate from the university, will not reflect negatively on a university's educational services or athletic programs.¹⁴³ While likelihood of confusion as to source or sponsorship is likely a plaintiff's strongest argument in the merchandising context, it is still fairly weak, especially as the confusion does not harm consumers.¹⁴⁴

¹³⁷ See Dogan & Lemley, *supra* note 87, at 481.

¹³⁸ *Id.*

¹³⁹ See Kozinski, *supra* note 89, at 972 (“If the [unlicensed] shirts portray the team in an unflattering light, the team owner has a legitimate claim not to have his trademark used for that purpose.”); see also *Nat'l Football League Props., Inc. v. N.J. Giants, Inc.*, 637 F. Supp. 507, 512 (D.N.J. 1986) (“The sale of inferior quality merchandise bearing the NFL marks, or colorable imitations thereof, will adversely affect NFLP's business including the poor impression of the NFL and its Member Clubs that will be held by the consumer.”).

¹⁴⁰ Lemley & McKenna, *supra* note 21, at 429.

¹⁴¹ See *id.*

¹⁴² *Id.* at 429-30.

¹⁴³ Mark A. Lemley & Mark P. McKenna, *Owning Mark(et)s*, 109 MICH. L. REV. 137, 157-58 (2010).

¹⁴⁴ See *infra* Part IV.B.

B. *Free-Riding and Unjust Enrichment*

A plaintiff university would also likely argue that a defendant is free-riding on its mark. Many trademark owners have argued, and many courts have agreed, that manufacturers who use a mark without paying licensing fees are getting a free ride.¹⁴⁵ Because such an argument does not tie directly back to likelihood of confusion, however, the argument cannot stand alone and is thus usually tacked onto a (sometimes minimal) consumer confusion inquiry.¹⁴⁶ Generally, the plaintiff mark owner argues that it has expended time, effort, and money on building a “brand” and that it is thus entitled to any profit that the mark generates, regardless of the context in which the mark is used. In the merchandising context, the mark clearly has value; university trademarks can generate millions of dollars in licensing revenue, and so it “seems only fair to reward the party that created the value.”¹⁴⁷ It seems equally fair to bar a defendant who did not create any value from receiving a windfall by generating its own profit from use of the mark. Despite the initial persuasiveness of this argument in the courts, commentators tend to be in agreement that the free-riding argument does not justify exclusive rights in trademarks, especially when the use is in an entirely different market from that for which the producer employs the mark.¹⁴⁸

The free-riding argument first assumes that *someone* has to occupy, control, and gain exclusively the profit from the merchandise market; it makes sense to grant the owner of the mark such a position.¹⁴⁹ This assumption, however, is ultimately false; there is no reason that someone has to control or own an ancillary market. For example, a trademark owner does not have a right to control parodies or commentary and criticism, which are also ancillary markets.¹⁵⁰ Additionally, granting mark owners an exclusive right over ancillary markets gives the owner a right “in gross” over the mark, because it

¹⁴⁵ See, e.g., *Bos. Athletic Ass’n v. Sullivan*, 867 F.2d 22, 33 (1st Cir. 1989) (“Defendants’ shirts are clearly designed to take advantage of the Boston Marathon and to benefit from the good will associated with its promotion by plaintiffs. Defendants thus obtain a ‘free ride’ at plaintiffs’ expense.”); *Bos. Prof’l Hockey Ass’n, Inc. v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011 (5th Cir. 1975); see also Lemley & McKenna, *supra* note 143, at 147-48.

¹⁴⁶ Mark P. McKenna, *Testing Modern Trademark Law’s Theory of Harm*, 95 IOWA L. REV. 63, 91 (2009).

¹⁴⁷ Dogan & Lemley, *supra* note 87, at 463.

¹⁴⁸ See, e.g., *id.* at 463.

¹⁴⁹ See Lemley & McKenna, *supra* note 143, at 177 (offering an argument that the mark owner “has a better claim than anyone else” to “own the right to use the mark in ancillary markets). The authors label this the “principle of accession.” *Id.* In addition to the above arguments against an assumption in favor of control of ancillary markets, “[t]he principle of accession is a way of allocating rights in new property” – that is, real and personal property, or *tangible* property. *Id.* at 177. Thus, the principle is poorly fitted to intellectual property. *Id.*

¹⁵⁰ Dogan & Lemley, *supra* note 87, at 479.

allows the owner to control the use of the mark outside the boundaries of actual use by the mark owner.¹⁵¹

The free-riding argument further uses this assumption of a right to control ancillary markets in order to find harm to the trademark owner: the defendant is receiving money the plaintiff would otherwise get. If one recognizes, however, that trademark owners are *not* entitled to control ancillary markets and therefore are not entitled to the profit that those markets generate, then the focus shifts to the more important question of whether the confusion that might arise from ancillary uses actually harms consumers.¹⁵² The brief answer is that unless an unlicensed merchandiser's use of a mark confuses a customer as to the quality guarantor of the mark, the use is not wrong.¹⁵³ Thus, free-riding constitutes "unfair competition" only in instances where the use is actually unfair because it causes harmful confusion. Any other use is merely authorized competition.

The free-riding argument is sometimes indistinguishable from the defendant's intent inquiry in the likelihood of confusion analysis. Although the intent inquiry should never be dispositive,¹⁵⁴ a finding of intent to confuse customers often weighs heavily in favor of trademark plaintiffs.¹⁵⁵ In the merchandising context, this factor almost always weighs in favor of the mark owner.¹⁵⁶ Courts in the merchandising cases, however, often equate the defendant's intent to *confuse* customers with intent to *capitalize* on the university's popularity.¹⁵⁷ As discussed, however, the law does not prohibit the intent to capitalize on popularity. "To the contrary, trademark law is built on pro-competition goals, and capitalizing off another's popularity is a by-product of all legitimate competition."¹⁵⁸

¹⁵¹ Lemley & McKenna, *supra* note 143, at 156. It is a "fundamental principle of trademark law" that the grant of a right in a trademark must be "tailored to the actual use made of a mark by its owner." *Id.*

¹⁵² *See id.*

¹⁵³ *See* Lemley & McKenna, *supra* note 21, at 427 ("[T]rademark rights ought to extend far enough to cover uses that confuse consumers about who is ultimately responsible for the quality of . . . goods or services."); *infra* Part IV.B.

¹⁵⁴ *Cf.* Univ. of Ga. Athletic Ass'n v. Laite, 756 F.2d 1535, 1543 (11th Cir. 1985) ("We find most significant the same two factors that were identified by the district court, the similarity of design between the two marks and the defendant's intent. In our view, these two factors alone are sufficient to support the conclusion reached by the court below.").

¹⁵⁵ *Tex. Tech. Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 522 (N.D. Tex. 2006) (quoting *Oleg Cassini, Inc. v. Cassini Tailors, Inc.*, 764 F. Supp. 1104, 1112 (W.D. Tex. 1990)).

¹⁵⁶ *See, e.g.*, *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 482-83 (5th Cir. 2008); *Laite*, 756 F.2d at 1545.

¹⁵⁷ David Franklin, Note, *League Parity: Bringing Back Unlicensed Competition in the Sports Fan Apparel Market*, 86 CHI.-KENT L. REV. 987, 1009 (2011).

¹⁵⁸ *Id.* at 1010.

Courts have also addressed the related claim of misappropriation.¹⁵⁹ A misappropriation claim looks very much like a free-riding argument: it describes the plaintiff's efforts and expense in building its mark and then states that a defendant has gained an unfair advantage. A court may then cite to *International News Service v. Associated Press*¹⁶⁰ and call it unfair competition.¹⁶¹ *International News Service*, however, presents a rule that is limited to its narrow circumstances: "hot news" appropriation. A court's reliance on *International News Service* to support such general, free-riding-like misappropriation in the trademark context is dangerously misplaced.¹⁶²

C. *Decreased Incentives*

Like claims of misappropriation, trademark law protects both consumers and business owners. In addition, it provides incentives for mark owners to manufacture quality products. A trademark owner creates a brand name and then builds brand loyalty by providing a superior product or service. Consumers, in turn, reward "manufacturers who achieve high quality or cater

¹⁵⁹ See *Bos. Athletic Ass'n v. Sullivan*, 867 F.2d 22, 33 (1st Cir. 1989) ("In the oft quoted words of the Supreme Court . . . , because the Boston Marathon has achieved its renown as a result of BAA's 'expenditure of labor, skill, and money,' such unlicensed use of BAA's mark would permit defendants to 'reap where [they have] not sown.'" (quoting *Int'l News Serv. v. Associated Press*, 248 U.S. 215, 239 (1918))).

¹⁶⁰ 248 U.S. 215 (1918).

¹⁶¹ *Id.* at 240; see Denicola, *supra* note 43, at 628 ("'Misappropriation' proved a convenient reference when no other principle of unfair competition law would serve to alleviate the perceived injustice of defendant's enrichment at plaintiff's expense.").

¹⁶² See *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 845 (2d Cir. 1997) (distinguishing between broad state law misappropriation claim and "'hot-news' *INS*-like claim" and identifying elements of *INS* claim); Denicola, *supra* note 43, at 629-30 ("The decision in *International News Service*, whatever its ultimate merit, was predicated on a detailed analysis of the particular appropriation at issue. . . . [T]he opinion merely expressed the conclusion that in this specific instance the interest in maintaining incentive outweighed the inefficiency inherent in the resulting monopoly."). But see *S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 532 (1987) ("Yet this recognition always has been balanced against the principle that when a word acquires value 'as the result of organization and the expenditure of labor, skill, and money' by an entity, that entity constitutionally may obtain a limited property right in the word." (quoting *Int'l News Serv.*, 248 U.S. at 239)). By "misappropriation" I refer only to *International News Service*'s "hot news" misappropriation as defined by the Supreme Court. I do not refer to state law misappropriation claims, which are often based on very broad unfair competition laws. See, e.g., *ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852, 859 (N.Y. 2007) ("Under New York law, '[a]n unfair competition claim involving misappropriation usually concerns the taking and use of the plaintiff's property to compete against the plaintiffs [sic] own use of the same property.'" (quoting *Roy Exp. Co. Establishment of Vaduz, Liech. v. Columbia Broad. Sys., Inc.*, 672 F.2d 1095, 1105 (2d Cir. 1982))); cf. *Nat'l Basketball Ass'n*, 105 F.3d at 851 ("The theory of the New York misappropriation cases relied upon by the district court is considerably broader than that of *INS*.").

to [their] special tastes.”¹⁶³ Thus, protection of brand loyalty “motivates producers to maintain adequate quality standards.”¹⁶⁴

While this argument may be credible in the abstract, it simply cannot support a merchandising right.¹⁶⁵ There is no need to worry about a decreased incentive to produce quality merchandise because universities do not manufacture merchandise. Alternatively, any argument that the mark owner will have decreased incentive to invest in the “underlying product” – that is, the university’s educational services or athletic programs – is equally hollow.¹⁶⁶ Universities have an independent interest in promoting these services even if they do not sell merchandise. Finally, even if universities have fewer incentives to invest in merchandising the brand itself, it is unlikely that the supply of merchandise would simply dry up.¹⁶⁷ Additionally, it is unclear whether consumers want or even need such an investment; free competition would likely step in here and benefit consumers. And even with more competition between licensed and unlicensed manufacturers, the lure of “official merchandise” is difficult to deny; universities could probably still license their marks profitably.¹⁶⁸

Thus, the arguments in favor of granting universities exclusive rights in their marks are weak and ultimately unsuccessful. The following section presents more compelling arguments that a defendant could advance to defeat a trademark infringement suit for the unlicensed use of a university’s marks.

IV. OFFICIAL REVIEW: THE RULING ON THE FIELD IS OVERTURNED

This Part shows that the arguments in favor of narrower protection for the use of university marks, especially color schemes and indicia, are stronger than those in favor of broader protection. It begins with an interpretation of the Lanham Act that would narrow protection and then turns to the likelihood of confusion analysis. It ends by discussing functionality as a defense.

A. *Interpretation of the Lanham Act*

1. Definition of a Trademark

The starting place for any trademark infringement suit should be the language of the statute. A trademark is “any word, name, symbol, or device” that is used “to identify and distinguish” a product from other products and “to indicate the source of the goods.”¹⁶⁹ University word marks and color schemes

¹⁶³ F.M. SCHERER, INDUSTRIAL MARKET STRUCTURE AND ECONOMIC PERFORMANCE 378 (2d ed. 1980).

¹⁶⁴ *Id.*

¹⁶⁵ Denicola, *supra* note 43, at 635.

¹⁶⁶ See Lemley, *supra* note 97, at 1708.

¹⁶⁷ Kozinski, *supra* note 89, at 970.

¹⁶⁸ Denicola, *supra* note 43, at 636.

¹⁶⁹ 15 U.S.C. § 1127 (2006).

can and do function as trademarks and service marks, but only when their purpose is to indicate the source of the goods or services. Thus, “University of Texas at Austin” indicates the source of the university’s educational services. More tenuously, “Longhorns” operates as a mark for entertainment services. Neither of these marks, when placed on merchandise, indicates where the merchandise comes from nor identifies the producer of the physical product.¹⁷⁰ A university mark in this context is merely ornamental and thus not protectable as a trademark. This argument is especially true for catch phrases and other indicia, such as “Sweet as Sugar” and “Wreck ’em Texas,” which are not identifying *any* goods or services in *any* context. Simply put, “when marks are not functioning as trademarks, the Lanham Act does not protect their use.”¹⁷¹ Furthermore, prior to 1988, a trademark was “any word, name, symbol, or device . . . used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.”¹⁷² Thus, the 1988 amendment to this section added the requirement that the mark not only distinguish the goods but also identify the source of the goods. This addition may indicate that Congress recognized that the statute should not protect the ornamental use of otherwise valid trademarks.¹⁷³

2. Patent & Trademark Office Color Registration Policy

It is undeniable that courts do and should recognize colors as protectable marks in certain circumstances.¹⁷⁴ The Supreme Court and the Patent & Trademark Office, however, recognize colors as marks only when the colors operate as an indicator of source.¹⁷⁵ The use of a color scheme on merchandise

¹⁷⁰ Cf. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 31 (2003) (“We think the most natural understanding of the ‘origin’ of ‘goods’ – the *source of wares* – is the *producer of the tangible product* sold in the marketplace, in this case the physical Campaigns videotape sold by Dastar.” (emphasis added)). The actual sources of the goods are Champion, Under Armour, and other apparel manufacturers. *Their* marks on the shirts indicate the source of the goods.

¹⁷¹ Kahn, *supra* note 29, at 285. To underscore the point further, here is an example of when a university mark does function as a trademark. When a university affixes its mark to a sporting event ticket, the mark proves the ticket’s authenticity: it shows that the university is the *source* of the ticket. A university would have a valid infringement claim against a defendant who printed counterfeit tickets bearing the mark. *See id.* at 317.

¹⁷² 15 U.S.C. § 1127 (1982).

¹⁷³ *See Voortman, supra* note 28, at 587 (suggesting that the amendment was a legislative rejection of the per se infringement rule that the Fifth Circuit introduced in *Boston Professional Hockey* and the Eleventh Circuit relied upon in *Laite*). The legislative history of the Trademark Law Revision Act of 1988 focuses mainly on the substantive changes to § 43(a) of the Lanham Act and on the addition of an “intent to use” registration. *See, e.g.*, 134 CONG. REC. 10,411-12 (1988). The record does not, as far as I can tell, contain a statement regarding the addition of the language to the definitions.

¹⁷⁴ *Qualitex Co. v. Jacobson Prods. Inc.*, 514 U.S. 159, 162 (1995).

¹⁷⁵ *See id.* at 163 (“[O]ver time, customers may come to treat a particular color on a

that merely is associated with a team is not the same as the use of colors to identify source. The Patent & Trademark Office also prohibits the registration of colors “without considering the manner or context in which the color is used.”¹⁷⁶ Owners must register colors *in connection with* a specific product, not merely in connection with the trademark owner. The rationale for this requirement is that registering colors qua colors “would result in an unlimited number of marks being claimed in a single application.”¹⁷⁷ The protection of school color schemes as unregistered marks creeps one step closer to protecting color in the abstract.¹⁷⁸ Thus, by receiving protection for color schemes as unregistered marks, universities circumvent the registration requirements for color and receive broader protection than that intended by Congress and the Supreme Court.¹⁷⁹

B. *Likelihood of Confusion*

With university marks receiving broader protection than Congress intended, instances of consumer confusion may become more prevalent.¹⁸⁰ The heart of the problem is the ambiguity created by the likelihood of confusion standard. In recent cases protecting the merchandising right, courts consistently have found that use of the mark by defendants is likely to cause confusion as to sponsorship or affiliation. The Lanham Act seeks to prevent material confusion – that is, confusion that causes harm – not just confusion in the abstract. The most obvious problem with the recent cases is that courts have found neither actual nor potential harm to consumers. This section seeks to limit abstract confusion in several ways.

First, courts should only be concerned when the defendant’s alleged use confuses *relevant* purchasers. A relevant purchaser should be a “potential purchaser” and should fall within realistic economic and geographic limits of the product.¹⁸¹ Collegiate merchandise has a large universe due to the

product or its packaging . . . as signifying a brand. And, if so, that color would have come to identify and distinguish the goods – *i.e.*, ‘to indicate’ their ‘source’”); U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1202.05(a) (7th ed. 2010) (requiring an applicant to the Principal Register to show that “color has acquired *source-indicating significance* in the minds of consumers” (emphasis added)).

¹⁷⁶ U.S. PATENT & TRADEMARK OFFICE, *supra* note 175, § 1202.05(c).

¹⁷⁷ *Id.*

¹⁷⁸ Starr & Bennett, *supra* note 65, at 58.

¹⁷⁹ *See id.* (“In granting enforceable trademark rights to [the universities over their color schemes] . . . the Fifth Circuit has not only protected unregistered marks, but *unregistrable* marks.”).

¹⁸⁰ *See supra* notes 112-115 (explaining why creating broad consumer expectations may impose costs on society).

¹⁸¹ *See* Michael J. Allen, *Who Must Be Confused and When?: The Scope of Confusion Actionable Under Federal Trademark Law*, 81 TRADEMARK REP. 209, 251 (1991).

relatively low price of items and the “impulse-buy” nature of the products.¹⁸² The universe is not infinite, however. The consumer “must have an interest in or be considering a purchase of the goods in question.”¹⁸³ The universe may thus be limited mainly to alumni of the university and fans of its athletic teams. These consumers are often repeat consumers, and through exposure to the merchandise, they are the most likely purchasers to know about the differences between licensed and unlicensed merchandise. These consumers are therefore less likely to be confused.¹⁸⁴ In the case of word marks, a fan or alumnus that seeks to buy a University of Southern California shirt is simply not going to be confused into buying a University of South Carolina shirt. Such a fan would clearly know the colors and other indicia of the university with which he seeks to identify.¹⁸⁵ Geographic limits should also factor into the equation. Most university merchandise is sold within a limited radius of the school.¹⁸⁶ Additionally, courts should consider all potential purchasers to be “reasonable” consumers. Partly because the law deals with rational human beings and partly to avoid coddling consumers, courts should assume that consumers are able “to exercise even a marginal amount of common sense.”¹⁸⁷

¹⁸² See *id.* at 227; see also *Bd. of Supervisors of La. State Univ. v. Smack Apparel Co.*, 438 F. Supp. 2d 653, 661 (E.D. La. 2006) (“The products at issue in this case are relatively inexpensive shirts, which are not purchased with a high degree of care.”), *aff’d*, 550 F.3d 465 (5th Cir. 2008).

¹⁸³ Allen, *supra* note 181, at 252.

¹⁸⁴ See *Univ. of S. Cal. v. Univ. of S.C.*, No. 91125615, 2008 WL 3333839, at *9 (T.T.A.B. Aug. 1, 2008) (“[W]e find that many purchasers of collegiate merchandise items are likely to have a loyalty to and affinity for a particular school or team, that they are likely to be knowledgeable about a particular school’s trademarks as used on the merchandise, and that they are likely to exercise a degree of care in looking for and making their decisions to purchase such goods.” (footnote omitted)).

¹⁸⁵ *Contra id.* at *10 (“[T]he record also clearly shows that the purchasers of collegiate merchandise include those who are not necessarily knowledgeable about different schools’ trademarks. These include persons such as relatives or friends who are purchasing the goods as gifts.”). The Trademark Trial and Appeal Board ultimately concluded that the existence of less knowledgeable purchasers weighed in favor of a likelihood of confusion between the schools’ marks. *Id.* at *11. I disagree with the Board’s conclusion here. Friends and relatives, if familiar enough with the recipient of the gift, are likely familiar enough with the school to make an informed purchase. I also doubt that they make up a significant percentage of relevant purchasers. Ultimately, decisions such as these protect a small minority from possible (although unlikely) confusion while imposing significant costs on the rest of society.

¹⁸⁶ Of course, the more popular the school – by reason of its alumni dispersion and national athletic status – the easier that school’s merchandise will be to find. The prevalence of online shopping also tends to weaken the argument in favor of geographic limits. One would imagine, however, that (1) online shoppers know what they are looking for when they begin their shopping and (2) websites make it clear which school’s merchandise they are selling.

¹⁸⁷ Withers, *supra* note 43, at 444.

Second, courts could limit a broad likelihood of confusion standard, at least in merchandising cases, by requiring substantial – not merely *de minimis* – evidence of actual confusion.¹⁸⁸ I do not advocate a requirement of actual confusion in a traditional trademark case, one in which the defendant uses a mark similar to the plaintiff's on a product in direct or close competition with the plaintiff's products, thereby leading consumers to believe that defendant's product is actually plaintiff's product. Such a requirement would force plaintiffs to wait until they had experienced irreversible harm to their business reputation. In the merchandising context, however, such a requirement does not have the same detrimental effect. Any actual confusion that may occur as to the licensing of a product is not likely to negatively affect the consumer's perception of the trademark owner.¹⁸⁹

Third, and perhaps most promisingly, courts could narrow the likelihood of confusion standard by referring back to the core purpose of the Lanham Act and requiring confusion that actually harms the consumer. That is, the confusion must be relevant to and influence a consumer's purchasing decisions.¹⁹⁰ In sports merchandising cases, a consumer's motivation for purchasing the product is separate from his or her confusion regarding sponsorship of the product;¹⁹¹ a consumer simply may not care whether the product is licensed. Some courts have recognized the distinction but have chosen to ignore its effect on the likelihood of confusion analysis.¹⁹² Instead, they have held that creating any confusion, regardless of effect on purchasing decisions, constitutes infringement. Although consumers may have come to expect that the law requires permission to use a university's registered marks,

¹⁸⁸ Some of the early merchandising cases relied on survey evidence to support a likelihood of confusion. See *Nat'l Football League Props., Inc. v. N.J. Giants, Inc.*, 637 F. Supp. 507, 517 (D.N.J. 1986); *Nat'l Football League Props., Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 661 (W.D. Wash. 1982). Most other merchandising cases have either dismissed the need for a showing of actual confusion altogether, see *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 483 (5th Cir. 2008), or have found that several discrete instances of consumer confusion establish actual confusion. See *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1546 (11th Cir. 1985); *Tex. Tech Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 523 (N.D. Tex. 2006); *supra* note 48. *But see Univ. of Kan. v. Sinks*, 565 F. Supp. 2d 1216, 1249 (D. Kan. 2008) (“While this evidence is admissible evidence of actual confusion, at best, it shows that two anonymous individuals were confused as to the source of defendants’ T-shirts. . . . Therefore, while there is some evidence of actual confusion, it is minimal. . . . [I]t does not weigh in favor of a finding of a likelihood of confusion.”).

¹⁸⁹ See *supra* notes 139-143 and accompanying text (refuting quality feedback argument with lack of evidence to support negative associations).

¹⁹⁰ See *Lemley & McKenna*, *supra* note 21, at 414.

¹⁹¹ See *Voortman*, *supra* note 28, at 578.

¹⁹² See *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll.*, 550 F.3d at 485 (“Whether or not a consumer *cares* about official sponsorship is a different question from whether that consumer would likely *believe* that product is officially sponsored.”).

“[i]t remains doubtful whether [that] belief . . . matters at all to the consumer’s purchasing decision or assessment of quality.”¹⁹³

Instead of ignoring the relevance of consumer motivation, courts should decide these cases in accordance with the purpose of the Lanham Act, which protects consumers from being deceived into buying products that they do not want. The only relevant inquiry is whether the consumer is confused as to who is ultimately responsible for the quality of the goods.¹⁹⁴ If a consumer is not confused as to who made the product or guaranteed the quality of the product, then confusion is simply irrelevant to infringement.¹⁹⁵ In the merchandising context, a reasonable consumer would not believe that the university is the source of the merchandise. Additionally, a reasonable consumer probably would not believe that the universities have anything to do with the quality of the merchandise. Universities monitor the quality of products only indirectly by licensing their marks to manufacturers whom they believe have good reputations.

In the sports merchandising cases, especially those involving color schemes and indicia, a plaintiff university who sues for trademark infringement should have to prove the following:

- (1) the use of the university’s marks on the defendant’s merchandise confuses the consumer into believing that the product is licensed;
- (2) the consumer’s belief influences the consumer into actually buying the product; and
- (3) the confusion harms the consumer because he had expectations regarding the guarantor of the quality of the merchandise, and he was deceived into buying something else.¹⁹⁶

While it is conceivable that a university could produce enough proof of harm to satisfy the three requirements, the simple addition of a disclaimer to unlicensed merchandise would make such a showing nearly impossible. Some courts have been adamant that disclaimers are useless in remedying confusion as to sponsorship.¹⁹⁷ Logically, if a consumer is confused about whether the

¹⁹³ Tschura, *supra* note 128, at 885. Voortman points out that plaintiffs in merchandising cases have generally not been “able to prove significant lost sales as a result of confusion as to sponsorship.” Voortman, *supra* note 28, at 573. Thus, in addition to the consumer-protection policy underlying the Lanham Act, a broader likelihood of confusion standard does not adhere to any producer-focused theory either.

¹⁹⁴ Lemley & McKenna, *supra* note 21, at 427.

¹⁹⁵ *Id.* at 414-15.

¹⁹⁶ *See id.* at 451. Professors Lemley and McKenna also advocate that the plaintiff should have to show the above elements as a condition of standing. Lemley & McKenna, *supra* note 143, at 187-89. The rationale for the third element the plaintiff must prove is that “the sort of attenuated confusion at issue in sponsorship and affiliation cases does not necessarily or even often harm consumers or the market for quality products.” Lemley & McKenna, *supra* note 21, at 438.

¹⁹⁷ *See, e.g.,* Bos. Prof’l Hockey Ass’n v. Dall. Cap & Emblem Mfg., Inc., 510 F.2d

merchandise is licensed, the consumer must be aware that the university engages in licensing in the first place. Upon seeing a disclaimer, a reasonable consumer with such awareness could reach only one conclusion: the merchandise is unlicensed. A conclusion that the merchandise *is* licensed, even after seeing a disclaimer, is unreasonable, and the law should not protect and perpetuate such unreasonableness. Because courts assume that consumers have enough common sense to register the meaning of an “Officially Licensed” tag,¹⁹⁸ courts must assume that they have enough sense to understand the meaning of a disclaimer.

Disclaimers have several advantages. First, they preserve consumer choice and facilitate competition. Consumers may choose between officially licensed merchandise and disclaimed unlicensed merchandise, instead of having to pay a premium for the expensive licensed merchandise.¹⁹⁹ Second, a disclaimer is more effective in remedying confusion as to sponsorship than in remedying confusion as to the source of the product.²⁰⁰ Third, a disclaimer allows courts to create consumer expectations and norms, as opposed to reacting to them. If consumers become accustomed to seeing disclaimers, they will adjust their expectations.²⁰¹

1004, 1013 (5th Cir. 1975) (“The exact duplication of the symbol and the sale as the team’s emblem satisfying the confusion requirement of the law, words which indicate it was not authorized by the trademark owner [i.e. a disclaimer] are insufficient to remedy the illegal confusion.”); *see also* Univ. of Ga. Athletic Ass’n v. Laite, 756 F.2d 1535, 1547 (11th Cir. 1985) (rejecting confusion defense based on disclaimer and citing with approval Fifth Circuit’s holding that disclaimers are insufficient as matter of law). *But see* Univ. of Kan. v. Sinks, 565 F. Supp. 2d 1216, 1254 (D. Kan. 2008) (“To the extent the disclaimers are offered to disprove point-of-sale confusion, the Court finds that the disclaimers weigh against a finding of a likelihood of confusion.”); *cf.* Nat’l Football League Props. Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 664 (W.D. Wash. 1982) (denying a modified injunction, modeled on a preliminary injunction requiring disclaimer, because the defendant had violated a preliminary injunction by selling shirts without a disclaimer and by using inconspicuous, incorrectly-worded disclaimers). For criticism of the *Boston Professional Hockey* and *Laite* decisions on disclaimers, see Withers, *supra* note 43, at 444 (“If, however, a disclaimer is conspicuous and contains language clearly indicating that the trademark owner has not authorized the product, why is that measure incapable of dispelling confusion, even if there is exact duplication of the mark? In considering disclaimers, what difference should the degree of similarity between marks make? A disclaimer is a disclaimer.”).

¹⁹⁸ *See* Tex. Tech Univ. v. Spiegelberg, 461 F. Supp. 2d 510, 522 (N.D. Tex. 2006) (“Knowingly placing ‘Officially Licensed’ tags on products clearly shows that the Defendant intended to confuse the prospective purchasers.”).

¹⁹⁹ Dogan & Lemley, *supra* note 87, at 489.

²⁰⁰ *Id.*

²⁰¹ *Id.*

C. Functionality

Assuming that a plaintiff meets the requirements for succeeding on the merits of a trademark infringement case, one available defense is functionality.²⁰² If a feature is functional, trademark law will not offer protection.²⁰³ The Supreme Court has recognized two related definitions of functionality. First, in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,²⁰⁴ the Court stated, “[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.”²⁰⁵ That is, a feature is functional if that “product feature is the reason the device works.”²⁰⁶ Second, in *Qualitex Co. v. Jacobson Products, Inc.*,²⁰⁷ the Court defined a product feature as functional if exclusive use by the party claiming the feature as a mark “would put competitors at a significant non-reputation-related disadvantage.”²⁰⁸ In a functionality analysis, a court first asks whether, under *Inwood*, the design is functional. If it is, “there is no need to proceed further.”²⁰⁹ If it is not functional under *Inwood*, then the court inquires into competitive necessity.²¹⁰ Aesthetic functionality may preclude protection as a trademark “where an aesthetic product feature serves a ‘significant non-trademark function.’”²¹¹ The rationale for the functionality limitation is that it facilitates competition: “For a competitive marketplace to function, competitors must have access to product features that consumers want for their inherent value, not because they indicate source.”²¹²

Most courts have rejected the argument that the use of university marks on merchandise, whether word, picture, or color marks, is functional.²¹³ The Fifth

²⁰² In fact, if plaintiffs sue for infringement of an unregistered mark, the defendant should not have to offer the functionality argument at all. Instead, the burden rests with the plaintiff to establish that the product feature is non-functional. See *Tex. Tech. Univ.*, 461 F. Supp. 2d at 518. Not all courts, however, follow the correct formula. In *Smack Apparel*, the court approached the functionality question only as a defense, after it had already found infringement, even though it did give lip service to the plaintiff’s burden. See *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel, Co.*, 550 F.3d 465, 485-86 (5th Cir. 2008); Starr & Bennett, *supra* note 65, at 57.

²⁰³ See *Qualitex Co. v. Jacobson Prods., Inc.*, 514 U.S. 159, 169 (1995).

²⁰⁴ 456 U.S. 844 (1982).

²⁰⁵ *Id.* at 850 n.10.

²⁰⁶ *Tex. Tech Univ.*, 461 F. Supp. 2d at 518 (quoting *Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 355 (5th Cir. 2002)).

²⁰⁷ 514 U.S. 159 (1995).

²⁰⁸ *Id.* at 165.

²⁰⁹ *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 33 (2001).

²¹⁰ *Id.*

²¹¹ *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 (9th Cir. 2006) (quoting *Qualitex Co.*, 514 U.S. at 170).

²¹² *Dogan & Lemley*, *supra* note 87, at 502.

²¹³ See, e.g., *Bos. Prof’l Hockey Ass’n, Inc. v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d

Circuit in *Smack Apparel* vehemently rejected aesthetic functionality as a defense altogether, despite the Supreme Court's explicit recognition of the doctrine.²¹⁴ The argument, however, has not lost in every merchandising case. In *University of Pittsburgh*, the district court held that the university's "insignia on these soft goods thus serve a real, albeit aesthetic, function for the wearer."²¹⁵ There is also significant academic support for using the functionality doctrine to deny protection to marks.²¹⁶

A university mark, when used on merchandise, may be functional because it is a means for the consumer to express his or her support for the university and the university's athletic teams. This use has been dubbed "expressive functionality" or "communicative functionality."²¹⁷ The court in *University of Pittsburgh* held that this type of functionality would deny protection of the university's insignia, had the insignia been protectable.²¹⁸ Additionally, in the

1004, 1013 (5th Cir. 1975); *Tex. Tech. Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 520 (N.D. Tex. 2006).

²¹⁴ Compare *Traffix Devices, Inc.*, 532 U.S. at 33 (explaining that the *Qualitex* inquiry into competitive necessity is proper "in cases of esthetic functionality"), and *Qualitex Co.*, 514 U.S. at 170 ("The 'ultimate test of aesthetic functionality . . . is whether the recognition of trademark rights would significantly hinder competition.'" (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 cmt. c, at 176 (1993))), with *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 487-88 (5th Cir. 2008) ("We do not believe that the Court's dictum in *Traffix* requires us to abandon our long-settled view rejecting recognition of aesthetic functionality.").

²¹⁵ *Univ. of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711, 721 (W.D. Pa. 1983). The Ninth Circuit also has referred obliquely to aesthetic functionality in the merchandising context, although it has not done so in the case of athletic merchandise. See *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980).

²¹⁶ See, e.g., *Dogan & Lemley*, *supra* note 87, at 503-04 (explaining that, in the merchandising context, marks may be functional because they do not "convey[] valuable information to consumers about the reputation or qualities of the trademark holder as source or sponsor of the product"); *Tschura*, *supra* note 128, at 895 ("Product adornment and ornamentation is often *the* essential element that appeals to the buyer and significant, if not the sole, reason for purchasing. In that regard, the design or adornment is said to be merely ornamentation or aesthetically functional, and not qualified for protection as a trademark."); *Voortman*, *supra* note 28, at 586 ("If the functionality rule is applicable to identification products, it will generally constitute a defense in such cases."). Such support, however, is not universal. For arguments against applying functionality to merchandising cases, see *Denicola*, *supra* note 43, at 619 ("The issue in the ornamentation cases is not whether the design itself offers too great a competitive advantage to permit its appropriation as a trademark, but rather whether the defendant's use of an admittedly valid trademark should be considered noninfringing."), and *Mims*, *supra* note 90, at 661-62. But see *Franklin*, *supra* note 157, at 1000 (dubbing aesthetic functionality as a defense in sports merchandising cases "a false hope").

²¹⁷ See *Tschura*, *supra* note 128, at 887 ("expressive"); *Withers*, *supra* note 43, at 448 ("communicative").

²¹⁸ *Univ. of Pittsburgh*, 566 F. Supp. at 721 ("We do not believe . . . that the use of Pitt's

merchandising context, because the “primary function is other than to identify source,” a court may consider whether there is a “competitive substitute” for the ornamental design.²¹⁹ There is clearly no competitive substitute for a university’s word marks; Louisiana State University cannot express “LSU” in any other way.²²⁰ Additionally, a more acute concern is that if universities have an exclusive right over color schemes and indicia, the university comes to have an exclusive monopoly over *any and all* merchandise that expresses support for the university or its athletic teams, whether or not the merchandise bears registered marks. The rationale underlying the functionality doctrine seeks to avoid this exact result.²²¹

As the above discussion shows, the arguments in favor of narrowing protection over university trademarks are much stronger than the arguments for granting the universities an exclusive right. If trademark law cannot (or should not) succeed to protect university marks on merchandise, then can anything else?

V. OVERTIME: DO UNIVERSITIES HAVE OTHER OPTIONS FOR PROTECTING THEIR MARKS?

Universities want to protect their marks because they want to protect their revenue streams. Trademark law appeared, at first, to be a good fit for such protection. As we have seen, however, the use of trademark law and the extension of the likelihood of confusion standard have granted protection in circumstances that Congress likely never intended to protect. This Part explores other protective doctrines that may prove successful, although it ultimately concludes that the possibility of such success is small.

A. *Dilution by Blurring*

The first appealing possibility for protection is dilution by blurring. The Lanham Act defines dilution by blurring as “association arising from the

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.”).

²¹⁹ Tschura, *supra* note 128, at 893.

²²⁰ *See id.* (“A plain gray sweatshirt is not a substitute for a purple sweatshirt emblazoned with the letters LSU. A crimson sweatshirt bearing the name ‘ALABAMA’ is likewise and most assuredly not a substitute.”).

²²¹ *See Univ. of Pittsburgh*, 566 F. Supp. at 721 (“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. . . . Because the Pitt insignia on soft goods serve a functional purpose and largely define a sub market [sic] 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.”)

similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”²²² At least two universities have successfully argued that the sale of unlicensed products bearing their marks constitutes dilution.²²³ A thoughtful analysis of dilution by blurring in the merchandising context, however, should show that such an action would typically be unsuccessful.

First, the statute requires that the mark be famous. The mark must be “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.”²²⁴ It will be difficult for many universities to prove that their marks are “famous” enough to qualify for protection because many marks – either color or word marks – are associated with multiple schools. For example, USC refers to both University of South Carolina and University of Southern California. MSU refers to Michigan State University, Mississippi State University, Montana State University, Minnesota State University, and Missouri State University, among others. Overlap and non-distinctiveness are even more common in the case of color schemes.²²⁵ Additionally, although college marks are well-known by fans, they are often only regionally popular. College football is incredibly popular in the South and Midwest but not as popular in the Northeast, where only a handful of schools are in nationally-recognized conferences. To receive protection against dilution, marks should “be famous in at least a substantial portion of the United States.”²²⁶ The schools’ names and colors are simply not “household names” such as Barbie or Coca-Cola, the quintessential examples of famous marks.²²⁷

Second, the use of the mark on merchandise will not blur the distinctiveness of the mark. On the contrary, the use of marks on merchandise reinforces the association between the marks instead of creating new associations. The primary purpose of placing the mark on the merchandise “is to capitalize on the *existing* association.”²²⁸ Moreover, unlicensed use of the marks does not blur the original mark’s distinctiveness “because sports logos on merchandise do not suggest anything about the quality of the merchandise and do not connote a single source in the minds of consumers.”²²⁹

²²² 15 U.S.C. § 1125(c)(2)(B) (2006).

²²³ See *Univ. of Kan. v. Sinks*, 644 F. Supp. 2d 1287, 1296 (D. Kan. 2008); *Tex. Tech Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 524 (N.D. Tex. 2006); *supra* note 48.

²²⁴ 15 U.S.C. § 1125(c)(2)(A).

²²⁵ See *supra* note 111. How many red-and-white school color schemes can you name off the top of your head?

²²⁶ Lars S. Smith, *Implementing a Registration System for Famous Trademarks*, 93 TRADEMARK REP. 1097, 1109 (2003).

²²⁷ See *id.* at 1108-09.

²²⁸ Denicola, *supra* note 43, at 639; see also Dogan & Lemley, *supra* note 87, at 493-94 (arguing that use of trademark in merchandising context reinforces distinctiveness of mark).

²²⁹ Kahn, *supra* note 29, at 310.

B. *Dilution by Tarnishment*

A second possible protective doctrine is dilution by tarnishment. Dilution by tarnishment is “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”²³⁰ As discussed immediately above, a plaintiff university will probably have a difficult time surpassing the famousness requirement. If it can surmount that obstacle, however, a university might have a valid claim for dilution by tarnishment in certain circumstances. Those circumstances would involve the use of the mark on merchandise that either denigrates another school or team or that promotes violence or obscenity.²³¹ Such a use of the university’s mark could arguably cause a negative association with the university and harm the university’s reputation.

C. *False Advertising*

Professors Lemley and McKenna have suggested that courts do away with sponsorship or approval related claims altogether when these claims bear no relationship to the quality of the goods or services.²³² They argue instead that plaintiffs in non-quality related sponsorship cases should bring their claims under a theory akin to false advertising. A plaintiff would have to prove two things: first, that the defendant’s use of the mark is false and misleading as to the relationship between the mark owner and the junior user; and second, that the confusion materially affects the consumer’s purchasing decision.²³³

In the merchandising context, the use of a university’s marks would be misleading only if the manufacturer gave the false impression that the merchandise was officially licensed. A manufacturer would create that impression by affixing an “officially licensed” tag or something similar on the shirt. The use of the mark, without any indication of relationship, would not be enough to create such an impression.

D. *Other Points*

Even if a university cannot prevail in court under the theories of dilution by blurring, dilution by tarnishment, or false advertising, two other points are worth emphasizing. First, licensed merchandise has a distinct allure over

²³⁰ 15 U.S.C. § 1125(c)(2)(C) (2006).

²³¹ See *Univ. of Kan. v. Sinks*, 644 F. Supp. 2d 1287, 1300 (D. Kan. 2008) (listing among allegedly infringing shirts “Kansas Drinking Team” and “Kansas Co-Ed Naked Beer Pong”). I am not suggesting that such uses *should* constitute dilution by tarnishment; I am only providing examples of messages with which universities may not want to be associated.

²³² See Lemley & McKenna, *supra* note 21, at 427 (“We therefore propose to do away with the ‘sponsorship or affiliation’ terminology altogether and to reframe the trademark infringement question in terms of whether the defendant’s use is likely to confuse consumers about who is responsible for the quality of the defendant’s goods or services.”).

²³³ *Id.* at 448.

unlicensed merchandise. If given the option, many consumers might prefer to buy licensed merchandise. Further, for marketing purposes, sportswear companies are willing to expend massive amounts of resources to be the exclusive manufacturer for university athletic uniforms.²³⁴ Thus, courts' refusal to prohibit certain unlicensed uses of universities' marks – especially when those marks are color schemes – is unlikely to significantly affect universities' licensing revenue. Second, universities often have control over the sale of the merchandise on their own premises, and nothing requires university stores to carry unlicensed merchandise. Universities have the option of carrying exclusively licensed merchandise in their bookstores and affiliated stores. They also unquestionably have the authority to shut down retailers who sell unlicensed merchandise on campus, on game days for instance.²³⁵

CONCLUSION

Recent cases show a clear trend of expanding trademark protection for the use of university marks, both registered and unregistered, on merchandise. This expansion of protection brings trademark law further from its core function of protecting consumers, as well as from its ancillary function of protecting the mark owners. Broader trademark rights also impose significant costs on society. Although a plaintiff university may advance several arguments in favor of an exclusive right over its marks when used on merchandise, these arguments are weak. Instead, courts should interpret the Lanham Act's language to require that the mark be used to identify the source of goods. Additionally, courts should employ a narrow likelihood of confusion standard that takes into account only potential purchasers and requires harm to that consumer. Finally, courts should also deny protection when they find that the use of the marks on merchandise is functional. With these arguments, courts can and should rein back trademark protection and stop reinforcing the merchandising right.

²³⁴ See Angelique S. Chengelis, *Michigan Signs with Adidas; Company Will Provide Uniforms for All 25 Teams, Pay University \$3.8 Million Annually*, DETROIT NEWS, July 11, 2007, at 2D. From 2001 to 2008, Nike paid the University of Michigan \$1.2 million each year to produce uniforms, equipment, and other merchandise for the school. *Id.* In 2008, Adidas replaced Nike, signing an eight year deal with the university. *Id.* Adidas will annually pay Michigan \$3.8 million in cash and provide the university's athletic teams with \$2.2 million worth of product. *Id.*

²³⁵ See Denicola, *supra* note 43, at 636-37.