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PROTECTION OF SPORTS TRADEMARKS

I. INTRODUCTION

The major professional sports leagues and teams, major college sports powers, and other sports organizations, such as the United States Olympic Committee, the Professional Golfers Association, and the United States Tennis Association, each use trademarks on items manufactured for sale.¹ The four major sports leagues in the United States, the National Basketball Association, the National Football League, the National Hockey League, and Major League Baseball, each have a branch which acts as the exclusive licensing agent for the registered and common law trademarks of the member clubs.² Logos and symbols of these sports teams have turned into a \$3 billion market.³ Royalties from licensing range from six to eight percent of that amount.⁴

For example, National Football League Properties, Inc. ("NFLP") is a California corporation jointly owned by the twenty-eight member clubs of the National Football League ("NFL"). Each of the member clubs grants an exclusive license to NFLP to act as a licensing agent for the trademarks and other commercial identifications of the member clubs. For a royalty fee of six and one half percent of all net sales of licensed products, NFLP issues licenses to manufacturers to produce merchandise bearing the NFL member club's trademarks.⁵ The NFL's sales were estimated at \$600 million in 1989, of which approximately \$39 million went to the league as royalties.⁶

NFLP also maintains a quality control program to monitor the quality and appearance of its licensees' merchandise. In addition, NFLP provides

1. Glenn M. Wong, *Recent Trademark Law Cases Involving Professional and Intercollegiate Sports*, 1986 DET. C.L. REV. 87, 88 (1986).

2. See GREGORY J. BATTERSBY & CHARLES W. GRIMES, 1985 LICENSING LAW HANDBOOK (1985); GREGORY J. BATTERSBY & CHARLES W. GRIMES, THE LAW OF MERCHANDISE AND CHARACTER LICENSING (1985).

3. Gerald Eskenazi, *Sports Logos Become Symbols of Big Profits*, N.Y. TIMES, June 19, 1989, at A1.

4. *Id.*

5. National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 655 (W.D. Wash. 1982).

6. Eskenazi, *supra* note 3, at A1.

trademark protection through investigating claims of infringement and taking appropriate action to protect the trademarks, such as litigation and settlement.⁷

The creation of the licensing arms of the major sports leagues indicates that sports teams object to the unconsented use of their trademarked logos, particularly when the use is disparaging. Some television and movie producers, as well as some merchandising producers, believe that they may use the logos without the permission of the sports teams. The producers rely on the doctrine of functionality as legal support for such unauthorized use.⁸ In contrast, sports organizations rely on the Lanham Act⁹ (federal protection) and state anti-dilution statutes in order to assert control and seek protection of their trademarks.

This Comment analyzes the extent of control that a sports organization should be able to exert over the use of its trademarked logo/symbol. The issue addressed is whether the trademark owner should be permitted to have a monopoly in the name of its famous trademark.¹⁰ This Comment contends that sports organizations should have extensive control over their marks in order to protect their investment in establishing the mark and that California's anti-dilution statute should be amended to eliminate the ambiguities and allow broad protection for sports organizations.

II. FEDERAL TRADEMARK PROTECTION

Federal trademark protection is one of the most commonly used forms of protection for sports organizations in safeguarding their properties.¹¹ The Lanham Act provides various substantive and procedural advantages for registered as well as unregistered common law trademarks. The duration of trademark protection is potentially unlimited. Protection remains for the duration of the owner's continued use of the mark in commerce.¹²

Under the Lanham Act, protectable trademarks are defined as "any word, name, symbol, or device, or any combination thereof . . . used by a

7. *Wichita*, 532 F. Supp. at 655; *see also* *National Football League Properties, Inc. v. Consumer Enters., Inc.*, 327 N.E.2d 242 (Ill. App. Ct. 1975); *National Football League Properties, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 327 N.E.2d 247 (Ill. App. Ct. 1975).

8. *See infra* part II.B.

9. 15 U.S.C. §§ 1051-72, 1091-96, 1111-21, 1123-27 (1988 & Supp. 1994).

10. While there are First Amendment considerations involved with protecting sports trademarks, a First Amendment analysis is beyond the scope of this Comment.

11. *See generally* Gregory J. Battersby & Charles W. Grimes, *Merchandising Revisited*, 76 TRADEMARK REP. 271, 281 (1986).

12. Lanham Act § 8, 15 U.S.C. § 1059 (1988 & Supp. 1994).

person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others to indicate the source of the goods”¹³ Service marks are defined as “any word, name, symbol, or device, or any combination thereof . . . [used] to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services”¹⁴

The Lanham Act provides two substantive provisions relating to the protection of trademarks. Federally registered marks are protected under § 32(a) which provides:

Any person who shall, without the consent of the registrant . . . use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.¹⁵

Section 43(a) provides for protection of unregistered marks by stating:

(a)(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . .

. . .

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.¹⁶

13. Lanham Act § 45, 15 U.S.C. § 1127 (1988 & Supp. 1994).

14. *Id.*

15. Lanham Act § 32, 15 U.S.C. § 1114 (1988 & Supp. 1994).

16. Lanham Act § 43, 15 U.S.C. § 1125 (1988 & Supp. 1994).

A. *Protecting Sports Organizations*
Trademarks — The Likelihood of Confusion

The central inquiry of an infringement action under either § 32(a) or § 43(a) of the Lanham Act is whether there exists a likelihood of confusion. In determining whether there is a likelihood of confusion, all of the federal circuit courts apply a test based on the eight factor test established in *Polaroid Corp. v. Polarad Elecs. Corp.*:¹⁷ (1) the strength of the mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the prior owner will bridge the gap; (5) actual confusion; (6) the defendant's good faith in adopting the mark; (7) the quality of defendant's product or service; and (8) the sophistication of the buyers. These eight *Polaroid* factors, however, do not exhaust the factors that a court may consider in determining the likelihood of confusion.¹⁸ Courts may take other considerations into account such as the size of the plaintiff's investment, the expectations of the public, the plaintiff's treatment of its own mark, the methods by which the products are advertised, the geographical distribution of the products, and the similarity in appearance of the products.¹⁹

1. *Boston Hockey — An Initial Sports Trademark Case*

One of the first sports merchandising/promotional goods cases to reach a federal circuit court was *Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing*.²⁰ The National Hockey League ("NHL") and thirteen of its member hockey teams sought to enjoin the defendant from manufacturing and selling patches which depicted NHL trademarks. The NHL had authorized NHL Services ("NHLS") as its exclusive licensing agent. NHLS thus licensed to various manufacturers the right to use the team symbols on various merchandise. NHLS had granted Lion Brothers Company an exclusive license to manufacture such embroidered emblems. Dallas Cap & Emblem Manufacturing unsuccessful-

17. 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). See also Peter E. Mims, Note, *Promotional Goods and the Functionality Doctrine: An Economic Model of Trademarks*, 63 TEX. L. REV. 639, 643-44 n.15 (1984).

18. *Polaroid*, 287 F.2d at 495.

19. See generally 1 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 5.01-5.09 (1994).

20. 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975).

fully sought such a license from NHL, then they manufactured and sold such emblems without permission.²¹

The Fifth Circuit framed the issue as whether "the unauthorized, intentional duplication of a professional hockey team's symbol on an embroidered emblem, to be sold to the public as a patch for attachment to clothing, violates any legal right of the team to the exclusive use of that symbol."²² The court reversed the district court's finding that there was no likelihood of confusion. The Fifth Circuit found that the team had an interest in its own individualized symbol and was entitled to legal protection against such unauthorized duplication.²³ The confusion requirement was met since "the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in [the] plaintiffs satisfies the requirement of the act."²⁴

2. *NFLP v. Consumer Enterprises, Inc.* — Protection of NFL Team Symbols

The court in *National Football League Properties, Inc. v. Consumer Enterprises, Inc.*²⁵ dealt with the same issue presented in *Boston Hockey* regarding the unlicensed sale of embroidered patches of NFL team symbols.²⁶ The court recognized that the plaintiffs had a property right in the team symbols, which entitled them to protection. This right accrued as a result of the teams acquiring goodwill and a strong secondary meaning in their marks.²⁷ Because the NFL teams and their symbols had acquired

21. *Id.* at 1009.

22. *Id.* at 1008.

23. After the *Boston Hockey* opinion, most commentators supported the protection of trademarks on promotional goods. See Anthony L. Fletcher, *The Trademark Forum: Still More About Patches*, 67 TRADEMARK REP. 76, 84 (1977); Frank P. Presta, *The Boston Professional Hockey Association Case and Related Cases — A Step in the Right Direction*, 66 TRADEMARK REP. 131 (1976); John Paul Reiner, *Those Unraveling Sports Patches Again — Or, Please Do Not Embroider Without the Survey Evidence*, 67 TRADEMARK REP. 318 (1977). The one exception to these articles of approval was an article written by counsel for the defendant in *Boston Hockey*. See Charles A. Laff & Larry L. Saret, *Further Unraveling of Sears-Compco: Of Patches, Paladin and Laurel and Hardy*, 66 TRADEMARK REP. 427, 442-43 (1976).

24. *Boston Hockey*, 510 F.2d at 1012.

25. 327 N.E.2d 242 (Ill. App. Ct. 1975).

26. *Id.* at 245; see also *National Football League Properties, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 327 N.E.2d 247 (Ill. App. Ct. 1975) (companion case to *Consumer Enterprises*).

27. *Consumer Enters., Inc.*, 327 N.E.2d at 245. The term secondary meaning has been interpreted by the Supreme Court as establishing "in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the

popularity and notoriety through extensive licensing arrangements made by NFLP, the court found that the defendant's duplication of the trademarks would cause consumers to associate the patches with the NFL and its teams. The defendant contended that "no trademark infringement has occurred because the emblems are merely decorative ornaments and do not identify sponsorship by plaintiff or the NFL or the member clubs."²⁸ The court rejected this argument and noted that:

[D]efendant is in the business of manufacturing and selling embroidered emblems; it can place any design it wishes on the emblems. However, it has chosen to copy the marks of the NFL teams because they are very distinctive and are associated with highly successful football teams. Therefore, we conclude that the trademarks of the teams copied by defendant indicate sponsorship or origin in addition to their ornamental value.²⁹

3. *Dallas Cowboys v. Pussycat Cinema* — Protecting a Sports Trademark's Reputation

Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.,³⁰ provides strong support for sports organizations in exercising tight control over their trademarks. In that case, the plaintiff asserted that it had a trademark in its uniform, and that the defendants infringed and diluted the value of that mark by advertising and exhibiting unauthorized copies of plaintiff's uniform in the movie "Debbie Does Dallas." After the court found that the plaintiff had a trademark in its uniform,³¹ the issue was whether the defendants' depiction of the uniform in the movie violated the trademark. The court found that the uniform worn in the movie was almost identical to the plaintiff's uniform. The defendants contended, however, that despite that similarity, the public is unlikely to be confused within the meaning of § 43(a) of the Lanham Act.³²

According to the defendants, the Lanham Act requires confusion as to the origin of the film.³³ Thus, the defendants asserted that they did not

product itself." *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 851 n.11 (1982). The prime element of secondary meaning is "a mental association in buyers' minds between the alleged mark and a single source of the product." 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15.02[1], at 15-8 (3d ed. 1994).

28. *Consumer Enters., Inc.*, 327 N.E.2d at 246.

29. *Id.* at 246-47.

30. 604 F.2d 200 (2d Cir. 1979).

31. See *infra* notes 79-81 and accompanying text.

32. *Dallas Cowboys*, 604 F.2d at 204.

33. *Id.*

infringe plaintiff's mark because no reasonable person would believe that "Debbie Does Dallas" originated with the plaintiff.³⁴ The court found defendants' confusion standard too narrow and went on to hold:

In order to be confused, a consumer need not believe that the owner of the mark actually produced the item and placed it on the market. The public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement. In the instant case, the uniform depicted in "Debbie Does Dallas" unquestionably brings to mind the Dallas Cowboys Cheerleaders. Indeed, it is hard to believe that anyone who had seen defendants' sexually depraved film could ever thereafter disassociate it from plaintiff's cheerleaders. This association results in confusion which has "a tendency to impugn [plaintiff's services] and injure plaintiff's business reputation."³⁵

The court found that the plaintiff had established a likelihood of confusion. It also expanded the protection afforded to trademark owners by asserting that "trademark laws are designed not only to prevent consumer confusion but also to protect 'the synonymous right of a trademark owner to control his product's reputation.'"³⁶ Sports teams rely on this ruling as protection against unconsented use by movie producers in using similar costumes or logoed clothing/items.³⁷ While the case does lend support for such protection, the ruling of the case may have been affected by the X-rated nature of the defendants' movie.

4. *NFLP v. Wichita* — Preventing Consumer Confusion and Misappropriation of Goodwill

National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.,³⁸ is another case which supports sports organizations' right to control their trademarks. Plaintiff NFLP sought to enjoin defendant Wichita Falls Sportswear, Inc. from manufacturing and selling NFL football jersey replicas. The replicas used the name of NFL teams or their nicknames on the jersey. After finding secondary meaning in the marks of

34. *Id.*

35. *Id.* at 204-205 (citations omitted).

36. *Id.* at 205 (quoting *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976)).

37. See generally Mims, *supra* note 17.

38. 532 F. Supp. 651 (W.D. Wash. 1982).

the NFL teams,³⁹ the court examined whether a likelihood of confusion existed. The court considered various factors including those of the *Polaroid* test. The court found that the replicas were physically similar to official NFL football jersey replicas, the goods were sold in similar markets, and there was evidence of actual confusion.⁴⁰ In addition, the court looked at the intent of the defendant and found that the defendant intended to create confusion as to authorization or sponsorship. Wichita's president, Mr. Cooke, "testified that he sold shirts with city names and team nicknames to NFL fans who wished to support a particular member club."⁴¹ In addition, the defendant continued to manufacture and sell its product after NFLP informed the defendant that such conduct constituted infringement.⁴²

The court, in finding that the defendant deliberately intended to manufacture its products to resemble official replicas, also found that the defendant intended to appropriate the goodwill and reputation of the NFL.⁴³ Such evidence, concluded the court, "reflects on Wichita's intent to confuse the public as to sponsorship."⁴⁴ Thus, the court found that the defendant infringed on the plaintiff's rights as the trademark owner by causing consumer confusion as to who produced the goods.

5. Federal Case Law Favors Protection of Sports Organizations' Trademarks

An analysis of these cases demonstrates that sports teams can rely on federal protection for their trademarks/logos. In order to utilize federal protection, the team must demonstrate that the defendant's use creates a likelihood of confusion. This requirement can be met by showing that the public believed the trademark owner sponsored or approved the use of the trademark/logo. While trademark law was established to protect the interests of consumers, it also functions to protect trademark owners in controlling a product's reputation. Thus, in various federal cases, sports organizations have succeeded in preventing the unconsented use of their marks/logos.

39. See *infra* notes 92-98 and accompanying text.

40. *Wichita*, 532 F. Supp. at 659.

41. *Id.* at 661.

42. *Id.* at 661-62.

43. *Id.* at 662.

44. *Id.*

*B. Defense of Functionality Asserted by
Alleged Sports-Trademark Infringers*

The defense of functionality can be used by defendants in a trademark infringement case in an "attempt to escape the confines of the confusion rationale."⁴⁵ Some products, because of extensive advertising, popularity, novelty, or other causes, acquire a secondary meaning and a functional feature.⁴⁶ The Supreme Court, in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*⁴⁷ stated, "[i]n general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article."⁴⁸ If trademark law were to protect such functional features, "the original producer would be able to establish a monopoly in useful goods."⁴⁹ Thus, the functionality doctrine is intended to protect consumers from such monopolies by allowing competitors to copy the functional features of a product. Copying is allowed even if there is secondary meaning, but not if the feature is protected by either a copyright or a patent. The goals of the functionality doctrine are to allow free competition and to prevent the creation of an exclusive monopolistic right to market goods with features that are essential to the use or efficiency of a product.⁵⁰

This doctrine has also been applied to aesthetic and utilitarian features of a good. The Restatement of Torts states that "when goods are purchased in part for their aesthetic qualities, features unrelated to the operation or performance of a product may nevertheless be 'functional' in the sense that a prohibition on imitation could substantially hinder competition."⁵¹ In *Pagliero v. Wallace China Co.*,⁵² the Ninth Circuit refused to enjoin the defendant's copying of four designs which appeared on the plaintiff's china. The court found that the aesthetic design on the china was an essential selling feature of the product and was thus functional. While some courts

45. Robert C. Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C. L. REV. 603, 617 (1984).

46. Mims, *supra* note 17, at 644.

47. 456 U.S. 844 (1982).

48. *Id.* at 850 n.10.

49. Mims, *supra* note 17, at 644-45.

50. *Id.* at 645.

51. Denicola, *supra* note 45, at 618 (quoting RESTATEMENT OF TORTS § 742 cmt. (a) (1938)).

52. 198 F.2d 339 (9th Cir. 1952).

follow *Pagliero*, others, such as the Court of Customs and Patent Appeals, have rejected it.⁵³

1. Vagueness of Trademark Law Produces Disparate Results

The disparate results, evidenced in the various cases dealing with trademark protection for sports teams, are caused by the inherent vagueness of trademark law.⁵⁴ The contrasting decisions of the various courts reflect "the uncertain limits of protection for trademark owners in light of the common-law doctrine of functionality."⁵⁵ In addition, the conflicting results can be attributed to the difficulty of determining whether the unconsented use creates a likelihood of confusion.⁵⁶

2. *Boston Hockey* — Broad Interpretation of Trademark Rights and a Rejection of the Functionality Defense

In *Boston Hockey*, the defendants argued that plaintiff's marks were functional and thus served no trademark purpose and that the concept of free competition should remove the plaintiffs from the scope of protection under the Lanham Act.⁵⁷ The court rejected the defendants' argument since the symbols/patches sold bore the identifiable trademarks of the plaintiffs. The court distinguished *Pagliero* in that the designs involved were not trademarked, copyrighted, or patented, while in *Boston Hockey* the embroidered symbols "are sold not because of any such aesthetic characteristic but because they are the trademarks of the hockey teams."⁵⁸ As a result, the court enjoined defendants from copying the emblems.⁵⁹

3. Ninth Circuit Rejects Broad Trademark Protection

The Ninth Circuit, in *International Order of Job's Daughters v. Lindeburg and Co.*,⁶⁰ rejected the broad trademark protection afforded in *Boston Hockey*.⁶¹ The plaintiff, a young women's fraternal organization, sought to enjoin the defendant from selling jewelry which bore the

53. Mims, *supra* note 17, at 646.

54. *Id.* at 639.

55. *Id.* at 640.

56. *Id.*

57. *Boston Hockey*, 510 F.2d at 1013.

58. *Id.*

59. *Id.* at 1012.

60. 633 F.2d 912 (9th Cir. 1980). See *infra* part II.A.

61. *Id.* at 918.

organization's insignia. The court, however, found that the name and emblem of the organization are functional aesthetic components of the jewelry since "they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship."⁶² The court went on to state:

It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.⁶³

The court rejected the broad interpretation in *Boston Hockey* that a trademark's owner has a complete monopoly over all of its uses, including its functional use.⁶⁴ The court interpreted the Lanham Act and its legislative history as granting a much narrower scope of protection to trademark owners. The court found that the property right afforded to a trademark owner should be limited to a right necessary to prevent consumer confusion as to who produced the goods and to assist in the distinguishing of the trademark owner's goods.⁶⁵ However, the court recognized that a name or emblem could be protected if it served simultaneously as a functional component of a product and as a trademark.⁶⁶ The court stated:

Our holding does not mean that a name or emblem could not serve simultaneously as a functional component of a product and a trademark. That is, even if the Job's Daughters' name and emblem, when inscribed on Lindeburg's jewelry, served primarily a functional purpose, it is possible that they could

62. *Id.*

63. *Id.* But see *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651 (W.D. Wash. 1982) (finding survey evidence shows that a majority of potential consumers believe that emblems and sportswear bearing team names and insignia are sponsored by the NFL).

64. *Job's Daughters*, 633 F.2d at 918.

65. *Id.*

66. *Id.*

serve secondarily as trademarks if the typical customer not only purchased the jewelry for its intrinsic functional use and aesthetic appeal but also inferred from the insignia that the jewelry was produced, sponsored, or endorsed by Job's Daughters.⁶⁷

Thus, to prevail against aesthetic functionality, a plaintiff can show secondary meaning and a likelihood of confusion. This concept greatly "loosened the strict standard of 'aesthetic functionality' developed in the Ninth Circuit in *Pagliero* and its progeny."⁶⁸

4. Sports Insignia as a Functional Characteristic of a Soft Good

In *University of Pittsburgh v. Champion Products, Inc.*,⁶⁹ the University of Pittsburgh ("Pitt") sued Champion to prevent Champion from selling soft goods⁷⁰ bearing the university's insignia. The court rejected Pitt's claim on the ground that Pitt failed to show a likelihood of confusion.⁷¹ Pitt did not introduce survey evidence which would demonstrate "likelihood of consumer confusion as to source, origin, authorization or sponsorship."⁷²

The court also determined that "the Pitt insignia as used by Champion are functional characteristics of the soft goods."⁷³ The use of Pitt's name on the soft goods, according to the court, merely allows "the garment's wearer to display his or her support for the school and its athletic teams."⁷⁴ Such a use was found to be an aesthetic function and thus not subject to an injunction. The goods could not perform this allegiance function unless they bore the Pitt insignia. Therefore, the insignia is essential to the use or purpose of the goods.⁷⁵ The court emphasized that "[t]here is no evidence [that proved] that the consumer cares who has made the soft goods or whether they were made under license."⁷⁶ In addition, the relief sought by Pitt would grant it a monopoly over its insignia, and the court did not want to reach such a result.⁷⁷

67. *Id.* at 919 (citation omitted).

68. Mims, *supra* note 17, at 655 n.82.

69. 566 F. Supp. 711 (W.D. Pa. 1983).

70. The term soft goods refers to garments such as sweatshirts and tee shirts.

71. *University of Pittsburgh*, 566 F. Supp. at 720.

72. *Id.*

73. *Id.*

74. *Id.* at 721.

75. *Id.*

76. *University of Pittsburgh*, 566 F. Supp. at 721.

77. *Id.*

5. Sports Design Characterized as Non-Functional

In *Dallas Cowboys*, the defendants argued that the uniform worn by the cheerleaders was a functional item necessary for performing cheerleading routines, and thus was not capable of becoming a trademark.⁷⁸ The court rejected this argument and found that plaintiff had a trademark in the particular combination of colors and decoration which is used to distinguish their uniform from other team's uniforms.⁷⁹ The court stated "[i]t is well established that, if the design of an item is nonfunctional and has acquired secondary meaning, the design may become a trademark even if the item itself is functional."⁸⁰ Since the uniform was also found to be an arbitrary design, it was allowed to serve as a trademark. In addition, the court found that the design of the uniform is not essential to the performance of a cheerleading routine and thus was subject to protection.⁸¹

*National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*⁸² is another case in which a court rejected the doctrine of aesthetic functionality in regard to design features whose appeal rests on the associations they conjure.⁸³ The defendant argued that the plaintiff's marks were functional and thus not subject to trademark status. According to the defendant, the descriptive terms used on an NFL football jersey replica are crucial components of the good. No consumer would purchase a replica unless it had the descriptive terms relating the jersey to the NFL team. The court rejected this argument by citing *Keene Corp. v. Paraflex Industries, Inc.*⁸⁴ as holding that "[a]n attractive feature is not per se functional."⁸⁵ The court also cited the simultaneous standard of functionality and trademark in *Job's Daughters*, and found that the marks at issue had attained secondary meaning and consumers were likely to be confused.⁸⁶ Thus, the court issued an injunction against the defendant.⁸⁷

78. *Dallas Cowboys*, 604 F.2d at 203. See *supra* part II.A.3.

79. *Id.*

80. *Id.*

81. *Id.*

82. 532 F. Supp. 651 (W.D. Wash. 1982). See *supra* part II.A.4.

83. *Id.*

84. 653 F.2d 822 (3d Cir. 1981).

85. *Wichita*, 532 F. Supp. at 662.

86. *Id.* at 663.

87. *Id.* at 662.

6. Proposed Limit on Functionality — Utilitarian Uses

If a sports team's logo/symbol indicates a source or represents an affiliation and does not contribute to the operational utility of a product, it should be granted trademark protection.⁸⁸ The court in *Keene Corp. v. Paraflex Industries, Inc.* recognized a fault in the doctrine of aesthetic functionality in that "it provides a disincentive for development of imaginative and attractive design. The more appealing the design, the less protection it would receive."⁸⁹ The concept of functionality should thus be limited to utilitarian uses. According to Joseph P. Bauer:

It is only when the symbol or feature for which protection is sought has a utilitarian function — it enhances the operational utility, rather than the mere desirability (or 'sales utility'), of the product — that the interests in enhanced competition are sufficiently implicated so that trademark protection ought to yield. When the symbol or feature has no such function, a second person should be prohibited from copying the product.⁹⁰

C. Use of Survey Evidence

As seen from an analysis of these cases dealing with the concept of functionality and the likelihood of confusion, the trademark owner usually prevailed when he was able to introduce some evidence of consumer confusion. In the cases in which the defendant prevailed under the doctrine of functionality, the plaintiff had failed to establish a likelihood of confusion. Surveys can indicate that a significant proportion of the relevant consumer population think there is a direct connection between the goods with a logo/symbol and the teams or institutions associated with the logo/symbol. For example, the NFL has successfully and consistently introduced survey evidence to show that a "majority of potential consumers believe that emblems and sportswear bearing team names and insignia are sponsored by the NFL."⁹¹

In *National Football League Properties, Inc. v. Wichita*,⁹² the NFL conducted a survey which asked people who had only seen official jerseys whether they believed the company that produced the jersey had to obtain

88. See Joseph P. Bauer, *A Federal Law of Unfair Competition: What Should be the Reach of Section 43(a) of the Lanham Act?*, 31 UCLA L. REV. 671, 724 (1984).

89. *Keene Corp.*, 635 F.2d at 825.

90. Bauer, *supra* note 88, at 728.

91. Denicola, *supra* note 45, at 611-612.

92. 532 F. Supp. 651 (W.D. Wash. 1982). See *supra* part II.A.4.

authorization/permission to make it. If the interviewee answered that authorization was required, he was then asked from whom he thought authorization was obtained.⁹³ Approximately 50% of the interviewees believed that the manufacturer was required to obtain authorization from the NFL or one of the teams in order to manufacture the jerseys.⁹⁴ Another such survey was conducted in which interviewees were shown one of defendant's jerseys and asked if they believed authorization was required in order to manufacture the jersey.⁹⁵ Again, approximately 50% of the interviewees believed that NFL or team authorization was required.⁹⁶ In addition, the NFL introduced evidence of an actual purchaser of the defendant's jersey who assumed that the defendant's product was licensed.⁹⁷ The court relied on this evidence in finding a likelihood of confusion, and thus enjoined the defendant.⁹⁸

III. STATE ANTI-DILUTION LAW

A. *Advantage to Sports Organizations — Avoiding a Showing of a Likelihood of Confusion*

One of the drawbacks for sports organizations in using the Lanham Act to protect logos/trademarks is that the Act requires a showing that consumers are likely to be confused by the offending use of the trademark. The analysis of the cases in the preceding section demonstrates that the courts have been inconsistent in their application of the law in regard to finding a likelihood of confusion. Thus, sports organizations also rely on state anti-dilution statutes which protect against the diminution of the marketing value of trademarks.⁹⁹ These anti-dilution statutes do not require a showing of a likelihood of confusion and thus have the potential for granting broad property rights in a trademark to its owner.¹⁰⁰

93. *Id.* at 659.

94. *Id.*

95. *Id.* at 661.

96. *Id.*

97. *Wichita*, 532 F. Supp. at 660.

98. *Id.* at 660-662.

99. David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 532 (1991).

100. *Id.*

Anti-dilution statutes are concerned with the loss or dilution of a symbol's distinctiveness.¹⁰¹ A famous mark's value accrues from its ability to form an association in the mind of the consumer with a particular product or producer. This association is in jeopardy, even absent confusion, if another producer adopts the mark for its products.¹⁰² Anti-dilution statutes protect famous marks by prohibiting others from using them and thus diluting their distinctiveness.

Likelihood of injury to business reputation is also protected by anti-dilution statutes.¹⁰³ Courts have used the statutes to protect against tarnishment of famous marks.¹⁰⁴ For instance, courts protect against the unauthorized use of a famous mark on a poor quality product. Such unauthorized use tarnishes the goodwill that the true owner has developed, despite the consumer's knowledge that the product is not sponsored or authorized by the trademark owner.

According to Frank Schechter, the first proponent of protecting the mark's selling power under such anti-dilution theory:

The real injury in all such cases can only be gauged in the light of what has been said concerning the function of a trademark. It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.¹⁰⁵

As an effort to protect the interests of trademark owners, twenty-four states have passed anti-dilution statutes.¹⁰⁶

B. California's Anti-Dilution Statute

California protects against dilution in Article 12 of its Business and Professions Code. Section 14330 provides:

101. See 1 JEROME GILSON, *TRADEMARK PROTECTION AND PRACTICE* § 5.05[9], at 5-90 (1994).

102. *Id.*

103. *Id.*

104. *Id.*

105. Frank Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927).

106. Welkowitz, *supra* note 99, at 536.

(a) Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.¹⁰⁷

Section 14335 provides:

(a) Any person who uses or unlawfully infringes upon a mark registered under this chapter or under Title 15 of the United States Code, other than in an otherwise noninfringing manner, either on the person's own goods or services or to describe the person's own goods or services, irrespective of whether the mark is used primarily as an ornament, decoration, garnishment, or embellishment on or in products, merchandise, or goods, for the purpose of enhancing the commercial value of, or selling or soliciting purchases of, products, merchandise, goods, or services, without prior consent of the owner of the mark, shall be subject to an injunction against that use by the owner of the mark.

(b) Nothing in subdivision (a) shall be construed to prohibit comparative advertising.

(c) For the purposes of this section, the term "comparative advertising" means the use of a competitor's trademark in advertising to compare the relative qualities of the competitive goods.¹⁰⁸

1. Ambiguity and Breadth of the Statute

Sports organizations and other trademark owners argue that these statutes should be interpreted broadly so that injunctive relief would be available for almost all collateral uses of a mark, including ornamental uses.¹⁰⁹ The statute extends trademark rights beyond the federal level of protection by not requiring, as an element of infringement, the likelihood of consumer confusion. In its present form, the statute is ambiguous as to what extent of protection is actually afforded to trademark owners. It exempts unauthorized uses of a mark "in an otherwise noninfringing

107. CAL. BUS. & PROF. CODE § 14330 (West 1987 & Supp.' 1995).

108. *Id.* § 14335.

109. See Bill Ainsworth, *Dodgers Fighting Off Pitch to Bench State Trademark Law*, THE RECORDER, June 3, 1993, at 8.

manner;" yet "noninfringing" is not defined. Thus, it is left to the courts and attorneys to interpret the definition of noninfringing.¹¹⁰

a. Statute is Poorly Written and thus Irrelevant?

In *Plasticolor Molded Products v. Ford Motor Co.*,¹¹¹ the court interpreted the statute and found that the law was "so poorly written [that] it was irrelevant."¹¹² Judge Kozinski found, "[i]n attempting to satisfy both sides, the legislature added language that nullified the language already there. By trying to say everything, the legislature succeeded in saying nothing at all."¹¹³ Under this ruling, ornamental use of a mark is not considered an infringement and thus not subject to an injunction.

b. Is the Statute too Dangerous in Extending
an Owner's Rights and Privileges?

In spite of the interpretation in *Plasticolor*, the California State Bar feels that the statute is too dangerous and should be repealed. They contend that section 14335 extends rights and privileges to trademark owners which far surpasses the rights previously granted under state and federal law.¹¹⁴ The California State Bar argues that the statute gives California's trademark owners an "in gross" right to their mark without a need to show a likelihood of a negative impact on the mark.¹¹⁵ While federal law requires a showing of an element of consumer confusion and section 14330 requires a likelihood of damage to business reputation or mark uniqueness, section 14335 has no comparable standard. It only requires that the mark be used to enhance the marketability or commercial value of the non-owner's product. Thus the California State Bar contends that the statute allows owners to extract licensing fees unfairly.¹¹⁶

110. *Infringement of Trademarks: Injunctive Relief: Hearings on S. 254 Before the Senate Comm. on Judiciary*, Regular Sess. 3 (1993-94).

111. 713 F. Supp. 1329 (C.D. Cal. 1989).

112. Ainsworth, *supra* note 109, at 8.

113. *Plasticolor*, 713 F. Supp. at 1348.

114. *Infringement of Trademarks: Injunctive Relief: Hearings on S. 254 Before the Senate Comm. on Judiciary*, Regular Sess. 2 (1993-94).

115. *Id.*

116. Ainsworth, *supra* note 109, at 8.

c. Does the Statute Set a Dangerous Precedent?

The California State Bar further contends that the law sets a dangerous precedent. If the statute were interpreted broadly, section 14335 could allow for a “‘near monopoly’ over words, symbols, product configurations and containers, beyond any situation in which there is consumer confusion or dilution of a mark.”¹¹⁷ They contend that such a broad interpretation would allow for an injunction against the following:

- (a) “United” brand toothpicks, which could be enjoined by “United” Airlines;
- (b) Software that is advertised to operate on “IBM or IBM-compatible computers”;
- (c) How to manuals, e.g., “How to Use WordPerfect”;
- (d) Advertisements or signs by an independent repair shop indicating that the shop “repairs VWs, Porches, and Audis”; . . .
- (f) The mere mention or incidental depiction of a trademark or trademarked product in a book, movie, painting, photograph, or music video.¹¹⁸

Because of the ambiguity and possibility for such great control for trademark owners under section 14335, the California State Bar, the San Francisco Patent and Trademark Law Association, and the Los Angeles County Intellectual Property and Entertainment Law Section are seeking the repeal of the statute.¹¹⁹

2. California Sports Organizations Maintain the Statute is Essential

The California sports organizations, including the Lakers, Clippers, and Dodgers contend that the law is necessary to protect their team’s logos and images. Dodgers’ general counsel Santiago Fernandez asserts that the statute’s intent is clear in that it means “that ornamental use requires consent.”¹²⁰ Fernandez further avers that sports teams spend substantial amounts of time, effort, and money in protecting their good image and do not desire to have others “take advantage of that goodwill through the

117. *Infringement of Trademarks: Injunctive Relief: Hearings on S. 254 Before the Senate Comm. on Judiciary*, Regular Sess. 3 (1993-94).

118. *Id.*

119. Ainsworth, *supra* note 109, at 8.

120. *Id.*

'incidental or ornamental' use of their teams' trademarks without the teams' permission."¹²¹

a. Statute Protects Sports Teams Image and Prevents
Unjust Enrichment by an Infringer

James Perzik, the Los Angeles Lakers' general counsel, asserts that the law allows sports teams to protect their image and ensure that others do not unfairly profit from the use of their logo.¹²² Perzik argues that "[t]he only reason someone would want to use the Lakers' logo . . . is because of the goodwill the team has generated. . . . [I]t would be unfair to allow someone else to profit from the Lakers' efforts."¹²³ He also asserts that the law provides the sports teams with a necessary image control. Perzik feels the law supports his argument that "[i]f a character in a play is a Laker who is a mass murderer, I want to be able to keep the Lakers out of the play."¹²⁴

b. Statute Assists Sports Teams and Movie Studios
in Maintaining Cordial Relations

According to the Dodgers' general counsel, the statute has helped the Dodgers maintain cordial relationships with movie studios.¹²⁵ The studios have consistently complied with the Dodgers' wishes regarding the use of their logo.¹²⁶ They have either taken the Dodger trademark out of their films or paid the Dodgers a nominal licensing fee to use their logo. For example, the producers of the movie "Down and Out in Beverly Hills" asked the Dodgers their opinion over dialogue in the movie that mentioned the team. The Dodgers' general counsel, Fernandez, asked the studio to delete the obscene language contained in the dialogue.¹²⁷

In the movie "Grand Canyon," one of the main characters, played by Danny Glover, was supposed to wear a Dodgers' hat, but instead wore a New York Mets hat. The Dodgers convinced the filmmaker not to use its hat because the team considered the film too violent.¹²⁸ The Dodgers

121. *Id.*

122. *Id.*

123. *Id.*

124. Ainsworth, *supra* note 109, at 8.

125. *Id.*

126. *Id.*

127. *Id.*

128. *Id.*

were also successful in preventing the Dodgers logo from being used on a hat in an advertisement of the movie "Water."¹²⁹

As these examples demonstrate, the California sports teams have been successful in preventing ornamental use of their logos by relying on the protection afforded in section 14335. Intellectual property lawyers contend that the statute's ambiguity gives the sports teams the advantage.¹³⁰ Patricia Thayer, co-head of the intellectual property section at Howard, Rice, Nemevroski, Canady, Robertson & Falk contends that "[w]hen you have a large and well-financed organization, just by holding up the law, you can get people to capitulate."¹³¹

3. Amendment Must Be Implemented to Clarify the Ambiguity of the Statute

a. Senator Kopp's Proposed Amendment

An attempt to repeal section 14335 failed in the 1993 California legislative session. Subsequently, Senator Kopp introduced an amendment to clarify the section:

Any person who uses, or unlawfully infringes upon, a professional sports insignia that is a mark registered under this chapter or under Title 15 of the United States Code, on the person's own goods or services where that mark identifies the goods on which the mark is affixed or the person's own services with the owner of the registered mark, for the purpose of enhancing the commercial value of the goods or services, in the sale or solicitation for purchase of, the person's products, merchandise, goods, or services, without prior consent of the owner of the mark, shall be subject to an injunction against that use by the owner of the mark. This section applies irrespective of whether the mark is used primarily as an ornament, decoration, garnishment, or embellishment on or in products, merchandise, goods, or in connection with services.¹³²

The amendment thus clarifies the statute so that it only applies to owners of professional sports insignia. It also limits the granting of

129. See Lionel S. Sobel, *Santiago Fernandez: The L.A. Dodgers' Clubhouse Lawyer*, L.A. LAWYER, Oct. 1985, at 20.

130. Ainsworth, *supra* note 109, at 1.

131. *Id.* at 8.

132. CAL. LEGIS. COUNS. DIG. 254 (Feb. 10, 1993).

injunctions to those cases in which the mark is used to enhance the salability of another party's product or service. Additionally, the use of the mark must also serve to identify the other party's goods or services with the sports insignia or logo. The amendment also decreases the ambiguity of the original statute by deleting the language "otherwise noninfringing manner."

b. Dodgers' Proposed Changes to the Statute

While such an amendment appears to be a vast improvement over the original statute, the Dodgers have suggested another alternative. The Dodgers also seek to eliminate the language "otherwise noninfringing manner" and limit section 14335 to owners of professional sports teams marks.¹³³ In contrast to the above amendment, the Dodgers do not want to limit injunctive relief to cases in which the other party must attempt to identify with the sports insignia.¹³⁴ Such an amendment would grant sports organizations a clearer means of protection against all unconsented use, including ornamental or incidental, so long as the other party's use was for the purpose of enhancing the commercial value or salability of the user's product.¹³⁵

c. Senator Kopp's Amendment Should be Implemented

Section 14335 should be amended to protect sports organizations. Currently section 14335 is ambiguous as to the scope of its protection, and thus the "otherwise noninfringing" exception should be deleted. Senator Kopp's proposed amendment eliminates the existing ambiguity of the statute by limiting protection to instances in which the infringing use is for the purpose of enhancing the commercial value of the goods or services. In addition, his proposed amendment requires that the infringing use of the mark serves to identify with the actual goods or services of the owner's mark. His amendment would also retain the exception for use of a mark in comparative advertising. Thus, Senator Kopp's amendment should be passed to protect professional sports insignia and trademarks.¹³⁶ Such an

133. *Infringement of Trademarks: Injunctive Relief: Hearings on S. 254 Before the Senate Comm. on Judiciary*, Regular Sess. 4 (1993-94).

134. *Id.* at 5.

135. *Id.*

136. Whether Senator Kopp's amendment should be expanded to include protection beyond sports teams is beyond the scope of this Comment. Under the current statute, all registered marks are protected. See CAL. BUS. & PROF. CODE § 14335 (West 1987 & Supp. 1995) (protection is afforded to marks registered under this code or under Title 15 of the United States Code).

amendment will allow for broad protection of trademarks and logos of sports organizations and others, but that protection will be adequately and clearly limited by the above proposals.

B. Disadvantages of Using Dilution Statutes

⁶ While states have passed statutes to protect trademark owners, the courts "have often limited the effectiveness of these statutes through restrictive interpretations."¹³⁷ Courts may be reluctant to protect the property interest of the trademark owners. Since traditional trademark law focuses on consumer interests, judges often decide dilution cases based on the likelihood of confusion and the danger of monopoly if the junior user were enjoined.¹³⁸ However, dilution cases are not based on the likelihood of consumer confusion, and thus trademark owners are likely to lose their cases based on such strict judicial interpretation. Another problem is that less than half of the states in the United States have dilution statutes. Those states that do have dilution statutes have different provisions, though most are based on the Model Trademark Bill. Thus, it is difficult for a sports organization to have a uniform means of dilution protection throughout the United States. Nonetheless, in states that do provide strong anti-dilution statutes, such as California, a trademark owner has a powerful means, in addition to federal trademark law, to exert control over his trademarks.

IV. ECONOMIC ANALYSIS

A. Appropriateness of Analysis

An economic analysis of the control that a sports organization should be able to exert over its trademark/logo is appropriate because Congress passed the Lanham Act in an effort to promote orderly and efficient commerce.¹³⁹ The Senate Report on the Lanham Act considered trademarks as the "'essence of competition' because they facilitate consumer choice without fostering monopoly."¹⁴⁰ The Senate Report evidenced Congress' concern with the misappropriation of the goodwill of trademark owners by stating, "where the owner of a trade-mark has spent energy,

137. Mims, *supra* note 17, at 650.

138. *Id.* at 651.

139. *Id.* at 656.

140. *Id.*

time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats."¹⁴¹ Congress, in passing the Lanham Act, examined the economic impact the Act would have on both the interests of consumers and trademark owners.

*B. Should Sports Trademark Owners be Granted
an Exclusive Monopoly?*

1. An Argument against Granting the Monopoly

One economic argument against granting to the trademark owner an exclusive right to the use of a sports logo/symbol relies on the result of inefficiency and inequity of the monopoly. As a result of a monopoly, consumers pay higher prices for goods with sports logos/symbols. Traditional economic theory posits that "monopolies tend to generate a less than optimal allocation of resources."¹⁴² The monopolist can also control the quantity of goods supplied to the market and thus create an artificial scarcity in order to establish a higher market price.¹⁴³

a. Counter-Argument

In opposition to this argument, trademark owners will still face competition from other trademark owners. If, for example, the NFL demanded excessive royalties from its potential licensees, the licensee could turn to the National Basketball Association. In addition, if anyone who desired to use the mark was allowed to, the value of the mark to others besides the owner may be adversely affected by the nature and quantity of use.¹⁴⁴

141. S. REP. NO. 1 333, 79th Cong., 2d Sess. 3-4 (1946), reprinted in 1946 U.S.C.S. 1274, 1274.

142. Denicola, *supra* note 45, at 633.

143. *Id.*

144. *Id.* at 637.

2. Exclusive Control of the Mark is Necessary for the Owner to Prevent Harm to both the Owner and Consumers

a. Detriments of Unauthorized Use of a Trademark

The unauthorized use of a famous mark sometimes causes detriments that exceed the benefit to the user. For example, the reputation of the mark's owner may be injured if the purchaser infers that they are dealing with the entity identified by the mark. Assuming a lack of confusion, offensive or inappropriate use of the mark may reduce its value to both the owner and others.¹⁴⁵ Also, unauthorized use on various merchandise may lead to a saturation of the market and further decrease the value of the mark. Such copying by junior users can result in the loss of exclusive control for the trademark owner. Thus, if all trademarks "could be used 'ornamentally' by anyone who chooses, without control by the trademark owner, the protection of trademarks would suffer a serious setback."¹⁴⁶

Some courts implement the aesthetic functionality doctrine in an attempt to prevent the creation of a monopoly in a useful product.¹⁴⁷ However, by allowing a junior user to copy an aesthetically functional feature, a court "is not significantly decreasing the risk of a monopoly in a useful product."¹⁴⁸ Thus, "if two parties are selling the same product at the same price, consumers may decide to purchase the more aesthetically pleasing of the two."¹⁴⁹ In addition, "[j]unior users can choose from an infinite number of equally pleasing designs."¹⁵⁰ Thus, a trademark owner of an aesthetically pleasing design "will not be able to extract significant monopoly profits as long as other producers can produce similar products with different aesthetically pleasing features."¹⁵¹

145. *Id.*

146. 1 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 5.05[10], at 5-109 (1994).

147. Mims, *supra* note 17, at 661.

148. *Id.*

149. *Id.* at 661 n.113.

150. *Id.* at 661.

151. *Id.* at 661-62.

b. Exclusive Control is Necessary by the Owner to Prevent
Unjust Enrichment by Infringers

The trademark owner can also rely on the principle of unjust enrichment in arguing for complete control over the ornamental use of its trademarks. The value of the mark is the result of the owner's efforts. A demand for the collateral product would not exist unless "there were demand for the primary product. Without the New York Yankees no one would want a tee shirt with their logo. The tee shirt would have no meaning."¹⁵² Thus, if that value is infringed by another, the trademark owner has a claim to the proceeds.¹⁵³

Under an exclusive merchandising right for the owner of the mark, licenses are issued to manufacturers in exchange for a percentage of royalties.¹⁵⁴ An argument exists that the public would benefit from manufacturers, such as those in *Boston Hockey* and *Job's Daughters*, who could enter the market without paying royalties and thus offer lower prices. However, there is no compelling proof that such defendants would not have charged the same prices as the other emblem manufacturers and thus enjoyed higher profits.¹⁵⁵ Also, the defendants in such cases can usually enter the market by getting a license. The licensing process is relatively easy and requires only the payment of a royalty or modest licensing fee.¹⁵⁶

c. Fairness, Equity, and Consumer Benefit Weigh
in Favor of Granting the Sports Organization
a Monopoly over its Trademark

Notions of fairness and equity militate in favor of a trademark owner's right to prohibit others from exploiting the mark. In regard to source or quality, the public may be indifferent as to whether a manufacturer of goods is an actual licensee of a sports organization. "In the long run, however, consumers will be injured if hockey teams (and other similarly situated licensors) are unable to obtain the full economic benefits from the creation and exploitation of their trademarks."¹⁵⁷ For example,

152. Diana Elzey Pinover, *Aesthetic Functionality: The Need for a Foreclosure of Competition*, 83 TRADEMARK REP. 571, 587 (1993).

153. Denicola, *supra* note 45, at 640.

154. *Id.*

155. Bauer, *supra* note 88, at 731.

156. See Sobel, *supra* note 129, at 20.

157. Bauer, *supra* note 88, at 732.

royalties from licenses may allow sports teams to charge lower ticket prices, pay higher salaries for better players, and remain in a certain location.¹⁵⁸ Sports fans thus would probably desire that revenues from licensing went to the sports teams instead of some unrelated entity.¹⁵⁹ Proponents of such exclusive control argue that to “the extent that it is expensive to create and market trademarks (and their related goods and services), denying full exploitation of a mark to the owner will, in the long run, result in the creation of fewer and less attractive marks and of inferior products or services associated with those marks.”¹⁶⁰

d. Proposed Amount of Control that Sports Organizations
Should Have Over their Trademarks

Sports organizations should have strong control over their marks. Such control, though, should be limited to preventing an infringer from increasing its own saleability or identifying with the sports team. Thus, the amount of control afforded to sports organizations should be geared toward protecting their investment in establishing the mark.

V. CONCLUSION

Sports organizations should be allowed significant control over their marks, but that control should not be absolute. Federal trademark protection extends to those owners who can establish a likelihood of confusion. The use of the functionality defense should be limited to utilitarian uses of the mark. State anti-dilution statutes provide an added means of protection for sports organizations in the absence of a likelihood of confusion. However, statutes such as California’s must be clarified so that protection is limited to the use of a trademark as an effort to increase the saleability of the other product as well as identify it with the sports organization.

The divided rationale in the case law reflects the ambiguous nature of trademark protection for sports organizations. However, most users who desire to use another’s trademark/logo acquire a license. The licensing branch of the sports organizations will often provide a license for use of their mark for a reasonable royalty and a guarantee that such use is not disparaging or detrimental to their goodwill. The sports organizations have

158. *Id.* at 732 n.238 (sports teams often make location or ownership changes because of inadequate revenues).

159. *Id.*

160. *Id.*

developed the goodwill in their logos/symbols and thus should be allowed strong control over those logos/symbols. While the consumer may pay slightly higher prices for goods or services which incorporate a sports organization's logo, the additional royalty to the sports organization can be used to enhance the quality of the team and also contribute to lower ticket prices. Thus, allowing sports organizations to maintain strong control over their marks benefits both the owners as well as the consumers who desire to associate with or show allegiance to the sports teams.

*Avi Friedman**

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