

# Trademark Protection of Intercollegiate Names, Logos, Colors and Trade Dress - A Comparison between the U.S. and Germany

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## I. Introduction

Licensing revenues for the University of Florida have increased from barely \$ 25,000 in 1981-82 to almost \$1,700,000 in 1993-94.<sup>2</sup> Other colleges and universities generated similar figures.<sup>3</sup> Collegiate logo merchandise sales for all institutions have reached close to \$2 billion<sup>4</sup> and the market is still growing. The main reason for this increase is that in the 1980's, colleges and universities began to realize<sup>5</sup> what value their names and symbols printed on a t-shirt or mug have to students, alumni and fans everywhere and therefore to their institution. Until then, everybody could take the University of Florida's Gator or Georgetown's Bulldog, print it on a towel or hat, and sell it to appreciating fans. The universities did not receive a dime.<sup>6</sup>

German educational institutions can only dream of figures like these. Although there is a strong need for more money to support research, and attracting competent teachers, funding libraries and hiring assistants (probably like in any university of the world), German universities do not use their names and symbols in a professional manner to create another source of income.<sup>7</sup>

There are basically three reasons why German universities do not achieve even a fraction of the revenues American universities are able to generate with their names and symbols.

First, universities in Germany do not compete athletically with each other. There is nothing like the SEC<sup>8</sup> or the "Big Ten"<sup>9</sup>. In fact, the universities do not have organized sports teams. There are tournaments where a "University Champion" is crowned, but it is not professionally organized or marketed as in the U.S. There is no TV coverage, nor any advertising in the student body itself.<sup>10</sup>

Second, during their academic career many students change the university they attend or change the degree they are seeking several times.<sup>11</sup> Thus, there is not a feeling of pride and loyalty that most students in the U.S. have for their colleges. This enthusiasm is often created through successful university athletic programs.

Finally, universities in Germany are publicly funded institutions.<sup>12</sup> Thus, universities are, and always have been very reluctant to accept 'private' money, because they are afraid of losing their independence. During the last two or three decades, however, the number of students increased in such numbers that the money provided is not enough any more to guarantee the best education. As a result, the quality of education has decreased, which subsequently will lead to the loss of Germany's only natural resource - knowledge and wisdom. Since this danger has not been evident until recently, universities did not search for ways to generate additional income, which will allow them to keep

their independence and which concurrently, will allow them to become more independent from governmental funds.

After describing different ways of protection of trademarks in both the U.S. and Germany, this article will discuss their impact on intercollegiate names, logos, colors, and trade dress.

## II. Purposes of Trademark Protection

In today's economic marketplace world trademarks play a very important role. There are two primary beneficiaries of trademark protection laws.

Trademark is on the one hand designed to protect the consumer from confusion. It ensures the customer, when she is purchasing a particular product and/or service, that she recognizes from a prior use, that she will get the product and/or service she seeks. Additionally, trademarks require the trademark owner to maintain certain quality standards if the mark is licensed. If the trademark owner fails to control the quality standard, she may lose the trademark.<sup>13</sup> Thus, trademarks represent a kind of quality assurance to the consumer.

The longer the trademark is used, the more consumers will appreciate it, which leads to more consumer loyalty or in other words, the goodwill of the product is developed. The goodwill is developed through advertising and through the maintenance of the product's high quality. Once the favorable association is established on the consumer's side, the trademark owner has a strong interest in protecting the trademark. It becomes part of the business assets and accordingly is protected against the abuse of third parties like any other interest in the business. As Justice Frankfurter expressed over 50 years ago. "The protection of trade-marks is the law's recognition of the psychological function of symbols."<sup>14</sup>

In most countries this reasoning is well understood and has resulted in the creation of statutes protecting names and logos. The famous Lanham Act and Germany's Trade Mark Act of 1995 (MarkenG) are statutes that these countries created as their most important executions of the trademark protection idea.

## III. U.S. Trademark Protection Laws

Trademarks in the U.S. are protected by several laws. On the one hand there are both federal and state statutes, on the other hand there is the common law of unfair competition.<sup>15</sup> Since both federal and state statutes developed from the common law governing unfair competition,

1 Rechtsanwalt in München.

2 Gainesville Sun, July 10, 1994, 8 A; *Peter Mitchel, Forget Football, Her's the Ranking that Counts*, Wall St. J., Dec. 14, 1994, at F3

3 e.g., Notre Dame's "Fighting Irish" name is estimated to have been worth somewhat close to \$ 4,000,000 and the Miami Hurricanes' national championships of the 1980s still produced around \$ 2,500,000 in revenues in 1993-94, see Gainesville Sun, July 10, 1994, 1 A

4 *Ruth H. Alexander*, The Economic Impact of Licensing Logos, Emblems and Mascots, *Journal of Legal Aspects of Sport*, 5(1), 1995, 28, 32; *David Fairchild*, Big Business is Dominating School Logos, *Kan. City Bus. J.*, May 17, 1996.

In 1993, collegiate items were only outsold by NFL products. College items make up 23.7% of the sample's total licensed product sales in 1993. Collegiate products also saw an 18.9% dollar growth in 1993. *Robert Carr*, SGB Market Survey; Licensed Products, *Sporting Goods Bus.*, Mar. 1, 1994 at 64 (survey of 52 fan shops, 83 sporting goods retailers, 29 department stores/mass merchandisers/others)

5 see e.g., *University of Pittsburgh v. Champion Products, Inc.*, 529 F. Supp. 464 (W.D. Pa. 1982), 566 F. Supp. 71 (W.D. Pa. 1983), 686 F.2d 1040 (3rd Cir. 1982), cert. denied, 459 U.S. 1087, 103 S.Ct. 571 (1982); *Texas A & M University System v. University Book Store, Inc.*, 683 S.W.2d 140 (1984)

6 *Michael G. Schinner*, Establishing a Collegiate Trademark Licensing Program: To What Extent does an Institution Have an Exclusive Right to its Names, 15 J.C. & U.L. 405, 425 n. 128 (1989)

7 *A.D. Harvey*, Higher Education: Germany: Intelligentsia Heads Roll Under the Axe On a Wild Witch Hunt of Academics Accused of Collusion with the Communists Before East Germany Broke Up, *The Guardian* (London), Apr. 5, 1993, at The Guardian Education Page (containing a general discussion of higher education crisis in Germany). *Facing Budget Shortfall, Germany's Universities Increasingly Look in the Private Sector for Help*, *Week in Germany*, June 7, 1996.

8 SEC or Southeastern Conference is an athletic conference composed of twelve colleges and universities: East: Florida, Georgia, Tennessee, Kentucky, South Carolina, and Vanderbilt. West: Louisiana State, Auburn, Alabama, Arkansas, Mississippi State and Mississippi.

9 The "Big Ten" is actually comprised of eleven colleges and universities: Northwestern, Iowa, Ohio State, Purdue, Michigan State, Wisconsin, Illinois, Minnesota, Indiana, and Penn State.

10 *Swifter, Higher, Stronger, Dearer: Television and Sport are Perfect Partners; Each has made the Other Richer, But is the Alliance Really so Good for Sport?*, *The Economist*, July 20, 1996 (discussing money spent in America for broadcast rights of sporting events and how the trend is beginning to catch hold in Europe)

11 *Peter Norman*, Eternal Students Earn Wan Smiles - Germany's System of Government Makes a Solution to its Protracted Higher Education Crisis Difficult, *The Fin. Times*, Mar. 11, 1996, at 11. *Bonn Puts Tuition Fees on Agenda*, *Week in Germany*, Sep. 13, 1996

12 *Facing Budget Shortfall*, supra note 6; *Foreign Alums Turn Out for University of Heidelberg*, *Week in Germany*, Sep. 6, 1996

13 See *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 387 (5th Cir. 1977). "If a trademark owner allows licensees to depart from its quality standards, the public will be misled, and the trademark will cease to have utility as an informational device. A trademark owner who allows this to occur loses its right to use the mark."

14 *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kregge Co.*, 316 U.S. 203, 205, 62 S.Ct. 1022, 1024 (1942); Mr. Justice Frankfurter went on saying that "[...] the trademark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress." *Id.*

15 *Paul Goldstein*, Copyright, Patent, Trademark and Related State Doctrines (rev. 3rd ed. 1993): "Historically, the single most important distinction between unfair competition and trademark law was jurisdictional. Unfair competition was principally the product of state common law and statute, while trademark law was principally the product of the federal Trademark Act. By the mid-twentieth century, state legislatures and the Congress has sub-

the differences are generally very slight. Trademark infringement is one of the doctrines which is encompassed by unfair competition.<sup>16</sup> When Congress enacted the federal Trademark Act it was aware of the fact that trademark owners may want to bring an action based on the federal act and a state cause for trademark protection under unfair competition principles. In 28 U.S.C. § 1338(b) Congress expressly provided pendent jurisdiction in the federal district courts to hear both unfair competition claims and related federal trademark claims. Thus, a trademark owner protecting his trademark may bring an action against an alleged infringer under the Lanham Act and a state statute and common law.<sup>17</sup>

#### A. Statutory Law

This article will discuss two different statutes - the federal Trademark Act of 1946<sup>18</sup> and Chapter 495 of the Florida Statutes.<sup>19</sup>

##### 1. Trademark Act of 1946 (Lanham Act)

The federal statute that protects trademarks is the Trademark Act of 1946, commonly referred to as the "Lanham Act".<sup>20</sup> The basic purpose of the federal legislation for its creation was [t]o protect trade-marks, therefore, [is] to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed.<sup>21</sup>

Protection under the Lanham Act is only available to marks registered with the Patent and Trademark Office (PTO).<sup>22</sup> There are four types of marks: trademarks, service marks, collective marks and certification marks. The Lanham Act defines a mark as a trademark when the mark refers to goods that can be distinguished from other types of goods, as a service mark when the mark is used to distinguish it from services of other offerors, as a collective mark when a trademark or service mark is used by members of an organization to identify their membership and to identify their product or service as being produced or provided by a member of that organization, or as a certification mark when the mark in form of any word, name, symbol, or device is used by its owner to certify that the product or service offered by another is of a certain origin, or has certain characteristics or qualities.<sup>23</sup>

Names and logos of universities are usually considered to be trademarks.<sup>24</sup> In order to qualify as a mark, a word, name, symbol or device must be distinctive. There are four different categories of terms with respect to trademark protection: (1) generic marks, (2) descriptive marks, (3) suggestive marks, and (4) arbitrary and fanciful marks.<sup>25</sup> Sometimes it is not absolutely clear to which group a mark belongs.

stantially erased the jurisdictional boundaries between unfair competition and trademark law. Most states have enacted their own trademark statutes, based on the Model State Trademark Bill promulgated by the United States Trademark Association in 1949 and revised in 1964, for the registration of marks used within their borders." *Id.* at 55

16 *Margreth Barrett*, *Intellectual Property* (1995), 603: "Unfair competition" is an umbrella term that encompasses several related legal doctrines, all aimed at prohibiting improper conduct in the marketplace.

17 *cf.*, Fla. Stat. § 495.161 provides: Nothing herein [chapter 495] shall adversely affect or diminish the rights or the enforcement of rights in marks acquired in good faith at any time at common law.

18 15 U.S.C. §§ 1051 - 1127

19 Fla. Stat. ch. 495.011 - ch. 495.171 (1996)

20 15 U.S.C. § 1051, et seq.

21 S. Rep. No. 1333, 79th Congress, 2d session, p. 4 (1946)

22 15 U.S.C. § 1051

23 15 U.S.C. § 1127

24 *Balaram Gupta*, *Names and Logos under Intellectual Property Laws and Consequences*, 2 *Sports Law J.* 245, 249-50 (1995) (the author discusses the trademark protection of university symbols in sports cases context, noting that in sports cases disputes may arise when teams names and logos, which are protected as trademarks, are used without authorization. He further indicates, that league and team names and logos are service marks, when they are used to identify the activities of the leagues and teams and that a league name or logo may even be considered to be a collective membership mark; *Id.*)

25 *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2nd Cir. 1976)

26 *Id.*

27 as further indicated by 15 U.S.C.A. § 1064 (3), which even provides the cancellation of a registered mark which becomes the generic name for the good or service for which it is registered

28 15 U.S.C. § 1052 (e)

29 *Berner International Corp. v. Mars Sales Co.*, 987 F.2d 975 (3rd Cir. 1993) (a descriptive term enjoys trademark protection only if the claimant proves that the term conveys to consumers a secondary meaning of association with the claimant); *Steven N. Geisse*, *A Whole New Ballgame, the Application of Trademark Law to Sports Mark Litigation*, 5 *Seton Hall J. Sports L.* 553, 559 (1995)

The determination must be made on a case-to-case basis. Generally, a mark is generic if it refers, or has come to be understood as referring, to the genus of which the particular product is a species.<sup>26</sup> The Lanham Act provides no protection for generic terms.<sup>27</sup> Descriptive marks have a greater chance of protection under the Lanham Act. Descriptive marks are either marks that describe a product or service, or describe the geographical location from which the goods or services stem from, or simply constitute a persons surname.<sup>28</sup> To be protected, these marks need to have a secondary meaning. This places the burden of proof on the owner to show that consumers associate certain goods or services with her 'descriptive' mark.<sup>29</sup> That can be proven by direct evidence, such as a consumer survey.<sup>30</sup> It may also be proven by indirect evidence such as the trademark holder's length of use or sales and investment in sales and advertising expenditures to promote customer association of the trademark with the product or service.<sup>31</sup> In addition, the Lanham Act provides that proof of a substantially exclusive and continuous use of the descriptive or surname mark on goods and services in commerce for five years can be prima facie evidence that the mark has attained secondary meaning.<sup>32</sup> Suggestive marks are marks that indirectly describe the product or service they are supposed to identify.<sup>33</sup> "A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of the goods."<sup>34</sup> These terms are entitled to registration without proof of secondary meaning.<sup>35</sup> The greatest protection is assessed to arbitrary and fanciful marks, because they are inherently distinctive. Fanciful or arbitrary is a name that was invented only to be used as a mark (e.g. Exxon, Xerox). A term may be considered arbitrary when it is applied to describe a product or service with no reasonable connection at all.<sup>36</sup>

Generally, disputes arise when someone, without the owner's permission, uses a name or a logo which is either registered with the Patent and Trademark Office (PTO) or is similar enough to such a registered name or logo.<sup>37</sup> Trademark infringement will be found if the marks are sufficiently similar that confusion can be expected.<sup>38</sup> In determining whether confusion between related goods is likely, several factors are relevant: (1) strength of the mark, (2) proximity of the goods, (3) Similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) type of goods and the degree of care likely to be exercised by the purchaser, (7) defendant's intent in selecting the mark, and (8) likelihood of expansion of the product lines.<sup>39</sup>

The two most important provisions of the Act are sections 1114 (1)(a) and § 1125(a). Section 1114 (1)(a) protects federally registered marks against any unauthorized use that "is likely to cause confusion, or to cause mistake, or to deceive".<sup>40</sup> Section 1125(a) protects other iden-

30 *Frisch's Restaurant, Inc. v. Shoney's, Inc.*, 759 F.2d 1261, 1268 (6th Cir. 1985) (holding that it is the trial court's responsibility to determine the probative value of a consumer survey, and that it is appropriate for the trial court to accord little or no weight to a defective survey); *National Football League Properties, Inc. v. Wichita Falls Sportswear Inc.*, 532 F.Supp. 651 (W.D.Wash. 1982) (holding that the NFL's submission of consumer surveys established secondary meaning of a descriptive trademark).

31 *International Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 824 (9th Cir. 1993) (while evidence of a manufacturer's sales, advertising and promotional activities may be relevant in determining secondary meaning, the true test of secondary meaning is the effectiveness of the effort to create it); see, *Levi Strauss v. Blue Bell*, 632 F.2d at 817; *Homeowners Group, Inc. v. Home Marketing Specialists*, 913 F.2d at 1105; Restatement § 13, cmt. E

32 15 U.S.C. § 1052 (f)

33 *J. Thomas McCarthy*, *McCarthy's Desk Encyclopedia Of Intellectual Property* at 322; Robert C. Door, *Protecting Trade Secrets; Patents; Copyrights And Trademarks* (2d ed. 1995) at 106. For example, "Greyhound" is a suggestive trademark because it suggests speed and sleekness.

34 *Stix Products, Inc. v. United Merchants & Manufacturers Inc.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968); *MCCARTHY*, supra at 322; see, *20th Century Wear, Inc. v. Sanmark-Stardust, Inc.*, 747 F.2d 81 (2d Cir. 1984); *Bernard v. Commerce Drug Co.*, 964 F.2d 1338 (2d Cir. 1992)

35 *Abercrombie, 537 F.2d 4* at 11; see, *West & Co., Inc. v. Arica Institute*, 557 F.2d 338 (2d Cir. 1977); *Abraham Zion Corp. v. Lebow*, 761 F.2d 93 (2d Cir. 1985); *Physician's Formula Cosmetics, Inc. v. West Cabot Cosmetics, Inc.*, 857 F.2d 80 (2d Cir. 1988)

36 *Robert Lattinville*, *Logo Cops: The Law and Business of Collegiate Licensing*, 5 *SPG Kan. L.J. & Pub. Pol'y* 81, 83 (1996); see, *Abercrombie*, 537 F.2d 4 at 11

37 *Abraham Zion Corporation*, 761 F.2d 93 at 104

38 *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979)(defendant's use of "Sleekcraft" for its line of high-speed, sporty recreational boats infringed plaintiff's registered mark "Slickcraft")

39 *Id.*; the Court of Appeals for the Ninth Circuit in that decision goes on to discuss each factor serially, and also states that the list is not exhaustive, that other variables may come into play depending on the particular facts presented, *Id.*

40 15 U.S.C. § 1114(1)(a)

tifying symbols when used without authorization and results in a "false designation or origin, or any false description or representation."<sup>41</sup> Both provisions use likelihood of confusion as a measure to determine liability.<sup>42</sup>

## 2. Florida Statute Chapter 495

Most universities, such as the University of Florida or the University of Miami, have the benefit of state statutes to protect their names.<sup>43</sup>

Like most states, Florida has enacted a pendant to the federal Lanham Act. Chapter 495 of the Florida Statutes provides the state with its own regulation of trademarks and service marks.

The Florida Statute defines the different types of marks essentially in the same way the Lanham Act does.<sup>44</sup>

Distinctiveness has to be analyzed based on cases decided under comparable provisions of the federal Lanham Act, because Fla. Stat. § 495.181 (1995) requires that "due consideration and great weight be given to the interpretations of the federal courts relating to comparable provisions of the Trademark Act of 1946, as amended (15 U.S.C.A. § 1051 et seq.)."<sup>45</sup>

The Florida Statute, like the Lanham Act, provides an action for infringement on the basis of likelihood of confusion.<sup>46</sup> But Chapter 495 of the Florida Statute has a provision to which the Lanham Act has no comparable provision. Dilution is an action unknown to the Lanham Act.<sup>47</sup> Dilution differs from infringement in that it does not necessarily depend on either competing goods or likelihood of confusion. All that is needed for an action for dilution is (1) a likelihood of injury to the business reputation or (2) dilution of the distinctive quality of the trade name.<sup>48</sup> The underlying rationale of the dilution doctrine is to protect the mark against "the whittling away of an established trademark's selling power and value through its unauthorized use by others upon dissimilar products."<sup>49</sup> In *Great Southern v. First Southern*,<sup>50</sup> the Florida Supreme Court adopted the principles expressed in the Restatement (Third) of Unfair Competition § 25 as appropriate for resolution of a dilution action in Florida.<sup>51</sup> The Restatement provides:

A number of factors are relevant to whether a mark has acquired sufficient distinctiveness to be protected from dilution, including the inherent distinctiveness and uniqueness of the mark, the duration and extent of its use, the duration and extent of advertising that emphasizes the mark, and the degree of recognition by prospective purchasers. Third-party use of the mark either as a trade symbol or for other purposes is also an important factor in assessing distinctiveness. Concurrent use by others makes it unlikely that consumers will form a single mental association between the mark and one specific user.<sup>52</sup>

41 15 U.S.C. § 1125(a)

42 *Lattinville*, *supra* note 35, at 84-5

43 Another example is Cal. Educ. Code § 92000 (Denning 1978), which protects famous universities like UCLA through protection of the name 'University of California'.

44 Fla. Stat. § 495.011 (1)-(4)

45 Fla. Stat. § 495.181 (1995); *Great Southern v. First Southern*, 625 So.2d 463, 466-67 (Fla. 1993)

46 Fla. Stat. § 495.131 (1995): "[...] any person who shall:

(1) Use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this chapter on any goods or 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 mistake or to deceive as to the source or origin of such goods or services; ... [s]hall be liable in a civil action by the owner of such registered mark ..."

Cf. the *Lanham Act's* § 1114 (1): "Any person who shall, without the consent of the registrant-(a) 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."

47 Fla. Stat. § 495.151 (1995) provides: "Every person, association ... adopting and using a mark, trade name, ... may proceed by suit, and all courts having jurisdiction thereof shall grant injunctions, to enjoin subsequent use by another of the same or similar mark, trade name, ... if it appears to the court that there exists a likelihood of injury to business reputation or of dilution of the distinctive quality of the mark, trade name, ... of the prior user, notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services."

48 *Id.*

49 *Community Fed. Savings and Loan Association v. Orondorf*, 678 F.2d 1034, 1037 (11th Cir. 1982) (quoting *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 399 N.Y.S.2d 628, 369 N.E.2d 1162 (1977))

50 625 So.2d 463 (Fla. 1993)

51 *Id.* at 471 (the court was looking at Tent. Draft No.2 (1990) which has in the

## B. Common Law Protection

Common law protection in an action for unfair competition or trademark infringement is available regardless of whether the mark has been registered. The common law doctrine of unfair competition gives the owner of a mark a cause of action when (1) the plaintiff is able to establish the exclusive right to use the mark, and (2) consumers are confused as to the source of the goods or services resulting from the defendant's use of same or similar marks.<sup>53</sup>

Since these rather general requirements can be applied to various different factual circumstances, they provide a very flexible remedy to the trademark owner. This flexibility is the major advantage of the protection under the common law theory of unfair competition.

## IV. German Trademark Protection Laws

### A. German Trade Mark Act of 1995 (MarkenG)

#### 1. Scope

The new German Trademark Act is based on the First Council Directive (89/104/EEC) of the European Communities of December, 21 1988 to approximate the laws of the member states relating to trademarks (European Trade Mark Law Directive). Changes in the trademark law are not, however, limited to the adoption of this directive, but rather represent a reformation of the trademark law.<sup>54</sup>

The new Act not only deals with the protection of trademark but also deals with the protection of trade designations and appellations of geographical origin.<sup>55</sup> The Act regulates the protection of registered marks, trademarks which have acquired prominence due to use, and trademarks which are well-known within the meaning of Article 6bis of the Paris Convention.<sup>56</sup>

"Any signs, in particular words including personal names, designs, letters, numerals, acoustical signs, three-dimensional configurations including the shape or packaging of a product, as well as other get-ups including colors and compositions of colors, can be protected as trademarks, insofar as they are capable of distinguishing the goods or services of one undertaking from those of other undertakings can be protected as trademarks"<sup>57</sup>

With respect to trade designations, the new Act distinguishes between company symbols and titles of works.<sup>58</sup> Finally, the new Trademark Act

meantime been adopted as Restatement (Third) of Unfair Competition (1993)

52 Restatement (Third) of Unfair Competition § 25 comment e (1993)

53 *Harry D. Nims*, *The Law Of Unfair Competition And Trademark*, 667-672 (4th ed. 1947); Epstein, *supra* note 14, at 7-7.

54 The new Trade Mark Act is conceived as an independent law which functions without reference to the Patent Act and which comprises all provisions concerning the protection of trademarks acquired by registration or by use in the course of trade and of other signs used in the course of trade; up until 1995, these provisions have been contained partly in the previous Trade Mark Act and partly in the Unfair Competition Act.

Instead of the previously used term "Warenzeichen", the new Trade Mark Act now uses the term "Marke" uniformly for all categories of trademarks, product marks, service marks, and collective marks.

In addition to the registered marks, the new Trade Mark Act also regulates the sign protection of signs which are not protected by registration as a trademark. This applies to trademarks which are protected on the basis of their prominence acquired by use in the course of trade, trademarks which are well-known within the meaning of Article 6bis of the Paris Convention, and company symbols and titles of works which are protected as trade designations. It also regulates the protection of appellations of geographical origin as well as protection of geographical indications and designations of origin for agricultural products and foodstuffs according to Council Regulation (2081/92/EEC) of July, 14 1992 (printed in Official Journal of the European Communities No. L 208 p.1).

The Act also contains regulations concerning trademarks internationally registered according to the Madrid Agreement and the Protocol Relating to the Madrid Agreement.

Finally, the new Trade Mark Act no longer requires the existence of a business establishment.

55 *Bruce W. Slayden*, *Recent Developments in Trademark Law*, Tex. Intellectual Prop. L.J. at 125 (Winter 1995)

56 § 4 MarkenG provides: Trademark protection shall accrue

1. from the registration of a sign as a trademark in the register kept at the Patent Office,

2. from the use of a sign in the course of trade, provided that the sign has acquired prominence as a trademark among the trade circles concerned, or

3. from the fact that a trademark is well-known within the meaning of Article 6bis of the Paris Convention for the Protection of Industrial Property (Paris Convention).

57 § 3 (1) MarkenG; German Parliament Passes Sweeping Trademark Reforms, 6 J. Prop. Rights 35 (Nov. 1994).

58 § 5 MarkenG:

(1) Company symbols and titles of works are protected as trade designations.

also provides protection for appellations of geographical origin.<sup>59</sup>

## 2. Requirements for the Protection of Trademarks

Trademarks receive protection only insofar as they are capable of distinguishing the goods or services of one business from those of other businesses.<sup>60</sup>

## 3. Prerequisites for the Registration of a Trademark<sup>61</sup>

### 3.1. Proprietorship

Proprietors of registered trademarks and of pending trademarks, may in addition to legal persons, be natural persons as well as partnerships. However, they must be vested with the ability to acquire rights and to assume obligations.<sup>62</sup> The existence of a business establishment is no longer required.

### 3.2. Absolute Bars to Registration<sup>63</sup>

The bars to registration regulated in Section 8 of the Trademark Act substantially restrict the range of signs capable of being protected, as specified in Section 3. According to Section 8, Subsection 1 of the Trademark Act the only signs which are capable of being registered are those which can be represented graphically.

The only trademarks which are still excluded from registration are those which are devoid of any distinctive character.<sup>64</sup> The intention behind this is to make it clear that any degree of distinctive character, however slight, suffices to overcome the bar to protection constituted by the lack of distinctive character.

Exclusion from trademark registration due to a lack of distinctive character can be overcome if, prior to its registration, the trademark ac-

(2) Company symbols are signs used in the course of trade as the name, company name or special designation of a business establishment or of an undertaking. When business insignia and other signs which are intended to distinguish the business establishment from other business establishments are regarded as a symbol of the business establishment among the trade circles concerned, they shall be of equal rank with the special designation of a business establishment.

(3) Titles of works are the names or special designations of printed publications, cinematographic works, acoustical works, plays or other comparable works.

59 § 126 (1) MarkenG: Appellations of geographical origin within the meaning of this law are names of places, areas, regions or countries as well as other indications or signs used in the course of trade for identifying the geographical origin of goods or services.

60 *supra*, note 43; § 3 (2) MarkenG: Signs consisting exclusively of a shape  
1. which results from the nature of the goods themselves,  
2. which is necessary to obtain a technical result, or  
3. which gives substantial value to the product  
shall not be capable of being protected as trademarks.

61 For trademark registration procedure, as well as opposition and cancellation proceeding, see generally, *Germany*, in *Trademarks Throughout The World*, G-1, G-10 to G-12.1 (Jeanine M. Politi, 4th ed., 1996).

62 § 7 (1) MarkenG: Proprietors of registered trademarks and of trademarks applied for may be:  
1. natural persons,  
2. legal persons, or  
3. partnerships, provided that they have been vested with the ability to acquire rights and to assume obligations.

63 § 8 (1) MarkenG: Signs which are capable of being protected as a trademark within the meaning of § 3 but which cannot be represented graphically shall not be registered.

#### (2) Trademarks

1. which are devoid of any distinctive character with respect to the goods or services,

2. which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, time of production of the goods or of the rendering of the services, or other characteristics of the goods or services,

3. which consist exclusively of signs or indications which have become customary in everyday language or in bona fide and established practices of the trade for designating the goods or services,

4. which are of such a nature as to deceive the public, especially as to the kind, quality or geographical origin of the goods or services,

5. which are contrary to the public order or to accepted principles of morality,

6. which include national coats of arms, national flags or other national emblems or coats of arms of a place in the Federal Republic of Germany, or of an association of German local government bodies,

7. which include official test marks or signs of quality which, in accordance with an announcement of the Federal Ministry of Justice in the Federal Law Gazette (*Bundesgesetzblatt*), shall not be registered as trademarks,

8. which include coats of arms, flags or other identifications of international intergovernmental bodies which, in accordance with an announcement of the Federal Ministry of Justice in the Federal Law Gazette, shall not be registered as trademarks, or

9. the use of which can obviously be prohibited pursuant to other provisions in the interest of the public, shall not be registered.

(3) Subsection 2, No. 1, 2 and 3, shall not apply where, as a result of the use

quired a secondary meaning among the trade circles concerned.<sup>65</sup>

## 3.3. Relative Bars to Registration<sup>66</sup>

Relative bars to registration include those objections which may be found valid when raised in opposition or cancellation proceedings by third parties owning an earlier trademark against a later registrant.<sup>67</sup>

Well-known trademarks are also admitted in the opposition proceedings as an additional relative bar to registration, provided that they meet the requirements according to Section 9.<sup>68</sup> Finally, the cancellation of trademarks which were registered without the consent of the proprietor by an agent or representative can also be effected in the opposition proceedings.<sup>69</sup>

## 4. Scope of Protection

The proprietor of a trademark which has been validly registered according to Section 4, has acquired prominence among the trade circles as a result of its use, or has become well-known within the meaning of Article 6bis of the Paris Convention, is entitled to an exclusive right in this trademark.<sup>70</sup> The proprietor of the trademark having a priority in time is entitled to prohibit a third party from using the sign.<sup>71</sup>

of the trademark for the goods or the services for which it has been applied for, the trade mark acquired a secondary meaning among the trade circles concerned prior to the date on which a decision is taken with regard to the registration.

64 § 8 (2) No. 2 MarkenG, *supra*, note 62

65 § 8 (3) MarkenG, *supra*, note 62

66 § 9 (1) MarkenG: Registration of a trademark may be cancelled

1. if it is identical with a trademark applied for which has a prior time rank or a registered trademark with a prior time rank and if the goods or services for which the trademark has been registered are identical with the goods or services for which the trademark with the prior time rank was applied for or registered,

2. if, because of its identity with, or similarity to, to a trademark applied for which has a prior time rank or a registered trademark with a prior time rank and because if the identity or similarity of the goods or services covered by the two trademarks, there exists a likelihood of confusion on the part of the public including the likelihood of the two trademarks becoming associated in the mind of the public, or

3. if it is identical with, or similar to, a trademark applied for which has a prior time rank or a registered trademark with a prior time rank and has been registered for goods or services which are not similar to those for which the trademark with the prior rank has been applied for or registered, where the trademark with a prior time rank is a trademark having a reputation in the Federal Republic of Germany and where the use of the registered trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the trademark which has a reputation.  
(2) Applications for trademarks only constitute a bar to registration within the meaning of Subsection 1 if they are registered.

Note that in both §§ 9 (3)(2) and 8(2)(a) MarkenG, only an earlier mark that has been registered has acquired rights. The United States support a different view. *Cf. Ansehl v. Williams*, 267 F. 9 (8th Cir. 1920) (holding that neither the defendant's failure to register, nor the registration of the plaintiff's trademark before application by defendant, affects the defendant's right to a trademark which he used first).

67 *Cf.* Council Regulation 40/94 of December 1993 on Community Trade Mark, art. 8, 1993 O.J. (L 11)\_, amended by Regulation 3288/94, O.J. (L349), 83. Under article 8, "Relative Grounds for Refusal", a trademark may be denied registration for similar reasons upon opposition by the proprietor of an earlier trademark. *Id.*

68 § 10 (1) MarkenG: A trademark shall not be registered if it is identical with, or similar to, a well-known trademark in the Federal Republic of Germany, in the sense in which the words "well-known" are used in Article 6bis of the Paris Convention, and if the additional requirements according to Section 9, Subsection 1, No. 1, 2 or 3 are met.

The term "well-known" is used in the same sense in which it is used in Article 6bis of the Paris Convention. § 10 (1) MarkenG. Article 6bis (1) provides:

The countries of the Union, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

Paris Convention for the Protection of Industrial Property, opened for signature March 20, 1883, 25 Stat. 1372, 828 U.N.T.S. 305, 325

69 § 11 MarkenG: The registration of a trademark may be cancelled if the trademark was registered in favor of the proprietor's agent or representative without the consent of the proprietor of the trademark.

70 § 14 (1) MarkenG: The acquisition of protection of a trademark pursuant to Section 4 shall confer on the proprietor of the trademark exclusive rights therein.

See *Germany*, in *Trademarks throughout the world*, at G-13. Registration of a trademark confers on the registrant "the exclusive right" to the use of the mark in activities related to the goods of the kind named in the declaration. *Id.* Unlike a registered mark, an unregistered one "has no status (since) the

In addition to the claim to cease and desist, the proprietor is also entitled to claims for damages.<sup>72</sup>

## 5. Limits of Protection

The scope of protection of a trademark ends where the rights conferred by the trademark can no longer be invoked due to statutory limitation, limitation of the right in consequence of acquiescence, or exhaustion of the right.<sup>73</sup>

### 5.1. Statutory Limitation

The new Trademark Act provides a uniform statutory limitation of 3 years for the assertion of the claims from the date on which the infringement of the right becomes known.<sup>74</sup>

### 5.2. Limitation in Consequence of Acquiescence

Whereas the previous law provided a limitation in consequence of acquiescence only in accordance with the general rules of Section 242 of the Civil Code, the new statute has added a codified definition of limitation in consequence of acquiescence in Section 21.<sup>75</sup> According to Section 21, the proprietor of a trademark having a prior time rank cannot proceed against the use of a trademark having a later time rank if, being aware of such use of the trademark, he acquiesced to the use for a period of five successive years.<sup>76</sup> It is, however, a prerequisite for the limitation in acquiescence that the potential infringer also validly acquired a right to the designation, such as by registration, by the designation's prominence among the trade circles concerned according to Section 4(2), or by the fact that the designation is well-known according to section 4(3). Accordingly, continuous use of a designation is

right to a mark being absolutely dependent upon its registration, unless the mark has become commonly and generally known in the trade as distinguishing the goods of the owner." *Id.* at G-16. See also, Business Transaction in Germany, § 37.02(2)(c)(ii). The general rule is "that the products which are not protected by copyright or industrial property rights are not entitled to protection under the law against unfair competition." *Id.*

71 § 14 (2) MarkenG: Third parties shall be prohibited from using in the course of trade without the consent of the proprietor of the trademark

1. any sign identical with the trademark in relation to goods or services which are identical with those for which the trademark is protected,

2. any sign where, because of its identity with, or similarity to, the trademark and the identity or similarity of the goods or services covered by the trademark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of the sign and the trademark becoming associated in the mind of the public, or

3. any sign identical with, or similar to, the trademark in relation to goods or services which are not similar to those for which the trademark is protected, where the trademark has a reputation in the federal Republic of Germany and where the use of that design without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark which has a reputation.

(3) If the prerequisites specified in Subsection 2 are fulfilled the following, in particular, shall be prohibited:

1. affixing the sign to goods or to the get-up or packaging thereof,
2. offering goods, or putting them on the market or stocking them for these purposes under the sign,
3. offering or supplying services under the sign,
4. importing or exporting the goods under the sign,
5. using the sign on business papers or in advertising.

72 § 14 (5) MarkenG: The proprietor of the trademark may claim an injunction against any person who uses a sign in contravention of Subsections 2 to 4.

(6) Any person who commits the infringing act wilfully or negligently shall be liable to compensate the proprietor of the trademark for damage resulting from the infringing act.

(7) If the infringing act is committed in a business establishment by an employee or by an authorized representative, the claim to cease and desist and, insofar as the employee or authorized representative acted wilfully or negligently, the claim for damages can also be asserted against the proprietor of the business establishment.

73 §§20, 21, and 24MarkenG

74 § 20 (1) MarkenG: The claims referred to in Sections 14 to 19 shall become enforceable by statutory limitation at the end of three years from the date on which the person entitled to make such a claim obtained knowledge of the infringement of his right and of the identity of the person liable for such claims or, irrespective of such knowledge, at the end of thirty years from the date of the infringement itself.

(2) [ ... ]

(3) If the person liable for such claims made a gain by the infringement at the expense of the person entitled to make such a claim, he shall be liable, even after the statutory limitation period has ended, to restore said gain in accordance with the provisions concerning the restoration of unjustified enrichment.

75 § 21 (1) MarkenG: The proprietor of a trademark [ ... ] shall not be entitled to prohibit the use of a registered trademark with a later time rank for the goods or services for which it is registered to the extent that he has acquiesced, for a period of five successive years, in the use of this trademark while being aware of such use, unless the application for the trademark with a later time rank was filed in bad faith.

(2) The proprietor of a trademark [ ... ] shall not be entitled to prohibit the

not, by itself, a sufficient reason for limitation in consequence of acquiescence pursuant to Section 21.

### 5.3. Legal Validity of the Trademark with a Later Time Rank

As far as the trademark with a prior time rank is due for cancellation the trademark with a prior time rank could have been canceled because of insufficient use in the last five years or because of absolute bars to protection. The same applies in cases in which the earlier right is a trademark "having a reputation" [ ... ] if this trademark [ ... ] has not yet become known among the business circles concerned on the date of registration of the trademark having a later time rank.<sup>77</sup>

### 5.4. Exhaustion

Pursuant to Section 24, Subsection 1, the proprietor of a trademark cannot proceed against a third party who uses the trademark for goods which have been put on the market with the consent of the proprietor.<sup>78</sup> Section 24, Subsection 2 makes clear that exhaustion is only applicable in cases where original goods are put on the market.<sup>79</sup>

### 5.5. Plea of Insufficient Use

The proprietor of a trademark which has been registered for at least five years cannot assert any claims against third parties if the trademark has not been used within the last five years.<sup>80</sup> In the case of legal action, the plaintiff is liable to establish proof that the trademark has been used in response to objections raised by the defendant.<sup>81</sup>

### 6. Grounds for Cancellation

Cancellation of a registered trademark can be effected by renouncement on the part of the proprietor of the trademark<sup>82</sup> or by a third party

use of a trademark within the meaning of Section 4, No. 2 or 3, [ ... ], or other right within the meaning of Section 13 with a later time rank, to the extent that he has acquiesced, for a period of five successive years, in the use of this right while being aware of such use, unless the proprietor of this right was acting in bad faith on the acquisition of the right.

(3) In the cases referred to in Subsections 1 and 2, the proprietor of the right with a later time rank shall not be entitled to prohibit the use of the right with a prior time rank.

(4) Subsections 1 to 3 shall not affect the application of general principles concerning the limitation of claims in consequence of acquiescence.

76 In Germany, authorized use by a third party, as well as use of the mark in Switzerland by a German or Swiss national or resident, supports the use requirement. Trademark throughout the World, at G-13, G-14.

77 § 22 (1) MarkenG: The proprietor of a trademark [ ... ] shall not be entitled to prohibit the use of a registered trademark with a later time rank for the goods or services for which it is registered if an application for cancellation of the registration of the trademark with the later time rank was dismissed or would have to be dismissed

1. because the trademark [ ... ] with a prior time rank did not yet have a reputation within the meaning of Section 9, Subsection 1, No. 3, Section 14, Subsection 2, No. 3, or Section 15, Subsection 3, on the date decisive for the time rank of the registration of the trademark with a later time rank,

2. because the registration of the trademark with a prior time rank could have been cancelled because of liability to revocation or because of absolute bars to protection on the date of publication of the registration of the trademark with a later time rank.

(2) In the cases referred to in Subsection 1, the proprietor of the registered mark with a later time rank shall not be entitled to prohibit the use of the trademark [ ... ] with a prior time rank.

78 § 24 (1) MarkenG: The proprietor of a trademark [ ... ] shall not be entitled to prohibit a third party from using the trademark or [ ... ] in relation to goods which have been put on the market by him or with his consent in the Federal Republic of Germany, in one of the other Member States of the European Community or other Contracting State of the Convention concerning the European Economic Area under that trademark [ ... ].

(2) Subsection 1 shall not apply where there exist legitimate reasons for the proprietor of the trademark [ ... ] to oppose the use of the trademark [ ... ] in connection with further commercialization of the goods, especially where the condition of the goods is changed or impaired after have been put on the market.

79 *supra* note 77

80 § 25 (1) MarkenG: The proprietor of a trademark cannot assert any claims against third parties [ ... ], if the trademark has not been used [ ... ] within the last five years prior to the assertion of the claim for the goods or services cited by him to substantiate his claim, provided that the trademark has been registered for a period of at least five years on this date.

§ 26 (3) MarkenG: The use of the trademark in a form differing from a form in which it was registered shall also constitute use of a registered trademark, provided that the differences do not alter the distinctive nature of the trademark. [ ... ]

81 § 25 (2) MarkenG: If claims [ ... ] because of infringement of a registered trademark are asserted by a legal action, the plaintiff shall, in response to objections made by the defendant, be liable to establish proof that the trademark has been used [ ... ] within the last five years prior to the institution of the legal action for the goods or services cited by him to substantiate his claim. [ ... ] When the decision is being made, only the goods and services with regard to which use has been proved shall be taken into account.

82 § 48 (1) MarkenG: Upon application of the proprietor of the trademark, the

upon application on the grounds of either of liability to revocation,<sup>83</sup> or because of nullity.<sup>84</sup> Liability to revocation is the generic phrase used to refer to situations where the trademark has become the common name for goods or services, the trademark is likely to mislead, or the proprietor of the trademark no longer fulfills the requirements for proprietorship pursuant to Section 7 of the Trademark Act. Nullity, on the other hand, is the generic term for the fact that a sign is due for cancellation in view of absolute bars to registration pursuant to Sections 3, 7 and 8, where the applicant acted in bad faith upon filing the application, or where earlier rights of third parties.

#### B. Section 12 of the Civil Code (§ 12 Bürgerliches Gesetzbuch)

Although Section 12 BGB is a section under the title about natural persons/individuals,<sup>85</sup> it can, according to the prevailing opinion, also be applied to the names of juristic persons and legal entities.<sup>86</sup> It also applies to all other namelike designations, including abbreviations and catchwords,<sup>87</sup> insignia,<sup>88</sup> and coat of arms.<sup>89</sup> Section 12 BGB applies if such designations are of a distinctive nature or have acquired a distinctiveness in the course of trade. After adjudication by the Federal Supreme Court of Germany, not every use of another's name is prohibited - only such use, that is capable of creating confusion as to the users identity.<sup>90</sup> This view is supported by the intent of Section 12 which is to protect only the name in its function as an identification of its bearer.<sup>91</sup>

#### V. Protection of University Names and Logos

Universities in both the U.S. and Germany have a proper interest in protecting their names and logos.<sup>92</sup> They want and need to protect their reputation, as well as the financial interests, which are associated with their names and logos.<sup>93</sup> The good-will associated with the name of a university requires years to develop and is the result of educational achievements, and athletic success. This results not only in the attraction of knowledgeable and well-known faculty members and students, but also in significant revenues.<sup>94</sup>

registration shall be cancelled in the Register at any time for some or all the goods or services for which it is registered.

(2) If a person is entered in the register as proprietor of a right to the trademark, the registration shall be cancelled only with the consent of this person.

83 § 49 (1) MarkenG: The registration of a trademark shall, upon application, be cancelled because of liability of revocation, if, after the date of registration, the trademark has not been used [ ... ] within a continuous period of five years. [ ... ]

(2) The registration of a trademark shall, upon application, also be cancelled because of liability to revocation,

1. if, in consequence of acts or inactivity of the proprietor, the trademark has become the common name in the course of trade for the goods or services for which it is registered;

2. if, in consequence of the use made of the trademark by the proprietor or with his consent in respect of the goods or services for which it is registered, the trademark is capable to mislead the public particularly as to the kind, quality or geographical origin of those goods or services, or

3. if the proprietor of the trademark no longer fulfills the requirements specified in Section 7.

(3) Where grounds for liability to revocation exist in respect of only some of the goods or services for which the trademark is registered, cancellation of the registration shall cover these goods or services only.

84 Section 50 of the Trademark Act deals with nullity because of absolute bars to protection, Section 51 with nullity because of the existence of earlier rights

85 Section 12 BGB: If the right of an entitled party to use the name is denied by another or if the interest of the entitled party is injured because another uses the same name without authorization, the entitled party may demand the removal of the interference. If more interferences are apprehensive, the entitled party may petition for a restraining order.

86 RGZ 74, 115, BGH NJW 1970, 1270

87 BGHZ 11, 215; 24, 240; 43, 252

88 BGH, LM § 12 Nr. 44

89 RG JW 24, 1711

90 BGHZ 30, 7, 10 = NJW 1959, 1269; BGHZ 81, 75, 78 = NJW 1981, 2404;

BGHZ 91, 117, 120 = NJW 1984, 1956

91 BGH, LM § 12 Nr. 30; NJW 1993, 920

92 See e.g., *Trustees of Columbia University v. Axenfeld*, 136 Misc. 831, 241 N.Y.S. 4 (1930) (acknowledging that colleges and universities have a protectable interest in their names and insignia); *Cornell University v. Messing Bakeries*, 138 N.Y.S.2d 280 (N.Y.App. Div.), aff'd 128 N.E.2d 421 (1955) (holding that a bakery could not use the university's name on bread packaging without permission); *John Roberts Manufacturing Co. v. University of Notre Dame du Lac*, 152 F.Supp. 269 (N.D.Ind. 1957), aff'd 258 F.2d 256 (7th Cir. 1958) (reinforcing university's right to protect a university mark from unauthorized commercial use); *University of Pittsburgh v. Chjampion Products, Inc.*, 529 F.Supp. 464 (W.D.Pa.), aff'd in part and rev'd in part, 686 F.2d 1040 (3rd Cir. 1982) (ruling that the university could obtain "prospectively and injunctive relief"), cert. denied, 459 U.S. 1087 (1982), on remand, 566 F.Supp. 711 (W.D.Pa. 1983); *Texas A&M University System v. University*

#### A. U.S.A.

As early as 1930,<sup>95</sup> a court in the U.S. recognized a university's interest in restricting others from adopting the same or similar name or logos.<sup>96</sup> In *Trustees of Columbia*, the trustees of the Columbia University brought an action against Axenfeld and others, because they were running an educational institution under the name of 'Columbia Educational Institute'.<sup>97</sup> The Plaintiff moved for a temporary injunction.<sup>98</sup> The court granted the motion because it found the conclusion "irresistible that defendants in adopting the name 'Columbia Educational Institute' did so with the deliberate design of conveying to the public the impression that they were identical or associated" with the Columbia University.<sup>99</sup> The court recognized that Columbia University "has built up a great name and standing among the educational institutions of the country, which [...] cannot be appropriated by the service resorted to by the defendants."<sup>100</sup>

One of the first cases to prevent the exploitation of a university's name for business purposes was *Cornell University v. Messing Bakeries*.<sup>101</sup> In Cornell, a professor at the University's New York State College of Agriculture, invented a formula for making a highly nutritious kind of bread.<sup>102</sup> The recipe was released to the public and its commercial utilization unrestricted.<sup>103</sup> Cornell University allowed the use of the words 'Cornell Formula Bread' but objected to the use of 'Cornell Recipe Bread' which the defendant had been using.<sup>104</sup> The New York Supreme Court held that the defendant had to have the University's permission to use its name. The court stated that "[t]he theory underlying injunctive interference is that an educational institution which has won large public prestige by hard effort and at high cost ought not, against its will, have that prestige diluted by a commercial use of its name, suggesting connection or benefit to the institution from the enterprise",<sup>105</sup> but continued to note that the name of the University might "be used under circumstances which would not touch upon or invade the University's area of protection."<sup>106</sup> However, using the words 'Cornell Formula Bread' and using the formula developed by one of the University's departments could quite sensibly be regarded as unduly and adversely affecting the University's rights when commercially exploited.<sup>107</sup>

Probably the most prominent case is *University of Pittsburgh v. Cham-*

*Book Store, Inc.*, 683 S.W.2d 140 (Tex.App. 1984) (dismissing a suit filed by several off-campus bookstores to cancel the university's trademark registration and to enjoin the university from licensing and collecting royalties); *University of Georgia Athletic Association v. Laite*, 756 F.2d 1535 (11th Cir. 1985) (affirming permanent injunction against a beer manufacturer); *Temple University v. Michael Tsokas, et al*, Slip Op. Case No. 88-1106 (E.D.Pa. Sept. 11, 1989) (Court permanently enjoined the defendant from using the unregistered "Temple" mark as a trade name for his dental practice which was located near the university); *Board of Governors of the University of North Carolina v. Helpingstine*, 714 F.Supp. 167 (M.D.N.C. 1989); *University Book Store v. Board of Regents of the University of Wisconsin System*, TTAB, Nos. 84, 223, 84-229, 84-289, 84-290, 84-789, 7/19/94 (Trademark Trial and Appeal Board held that the university did not abandon its mark by failing to control the nature and quality of third-party users).

See generally, Richard L. Irwin et al, *A Critical Analysis of Collegiate Licensing Policies and Procedures*, 20 J.C. & U.L. 97 (1993)

93 See Irwin, *supra* note 91, at 97. In a survey of sports and collegiate programs, fifty-nine percent of the collegiate respondents, and all of the sports licensing respondents, had sought legal advice from a trademark specialist. *Id.* at 103-04. A majority of the sport and collegiate licensing programs also registered their trademark with the state and federal government. *Id.* at 104.

94 See Irwin, *supra* note 91, at 97

95 *Trustees of Columbia University in City of New York v. Axenfeld*, 136 Misc. 831, 241 N.Y.S. 4 (1930)

96 In an even earlier decision in 1901, the Supreme Court of Pennsylvania in *Commonwealth v. Banks*, 198 Pa. 397, 48 A. 277 (Pa. 1901), held that the "unlawful use of the word 'university' in the name of a business school may be restrained by injunction". *Id.*

97 *Id.*

98 which was followed by a final judgment granting a permanent injunction upon the consent of the defendants, *Id.*

99 *Id.*

100 *Id.*

101 285 A.D. 490, 138 N.Y.S.2d 280 (N.Y. App. Div.), affirmed, 309 N.Y. 722, 128 N.E.2d 421 (1955)

102 285 A.D. at 491

103 *Id.*

104 *Id.*; Cornell University principally required that the name of the bakery to be displayed on the bread wrapper in letters twice as large as 'Cornell Recipe Bread' and the prohibition of placing the phrase containing 'Cornell' on a scroll, banner, flag, or similar device, *Id.* at 491-92

105 *Id.* at 492

106 *Id.*; "A coal mine or trucking enterprise might, for example, use 'Cornell' and no one would think the University either involved or concerned." *Id.*

107 *Id.*

pion Products, Inc.<sup>108</sup> In University of Pittsburgh ("Pitt"),<sup>109</sup> the defendant Champions Products, Inc., a manufacturer of "soft goods" including t-shirts, sweat shirts, polo shirts, jackets and other wearing apparel, in or about 1936 began manufacturing, offering for sale and selling soft goods with the University of Pittsburgh's insignia in the City of Pittsburgh metropolitan area.<sup>110</sup> Champion sold its soft goods bearing the insignia to the campus bookstore as well as to sport stores not affiliated with Pitt.<sup>111</sup>

In 1977, Pitt played the University of Georgia for the unofficial national championship in the Sugar Bowl game in New Orleans. The manager of Pitt's campus bookstore noticed thousands of garments bearing various Pitt insignia at the game.<sup>112</sup> Subsequently, Pitt decided to register its name and marks under federal and state trademark laws and license their use by manufacturers.<sup>113</sup>

Prior to December, 1980 Pitt never objected to Champion's selling of those soft goods with Pitt's names and symbols.<sup>114</sup> In December 1980, Pitt gave notice to Champion of its claim of the marks and requested Champion to execute a license agreement. Champion refused, arguing that since Pitt filed suit long after it learned of Champion's trademark infringement, it could no longer assert a likelihood of confusion which damaged its goodwill and reputation.<sup>115</sup> The district court stated that [i]n a trademark infringement action, the defense of laches is established, and a plaintiff is entitled to no relief where there has been: (1) a long period of unexcused inaction on the part of the plaintiff, (2) open and notorious use by the defendant of the allegedly infringing trademarks, and awareness by the plaintiff of such use, (3) reliance by the defendant to its detriment on the inaction of the plaintiff, and (4) lack of evidence that the initial use by the defendant of the trademark was fraudulent.<sup>116</sup>

The court held that the principle of laches barred request for injunction and accounting under federal and state law.<sup>117</sup>

The Third Circuit of Appeals agreed that it is inconceivable that persons in authority at Pitt did not know that Champion soft goods, marked with various Pitt insignia, were being sold at retail outlets other than the Pitt book store.<sup>118</sup> Therefore, it held, that the district court did not abuse its discretion in barring Pitt's claim for an accounting for past infringement.<sup>119</sup> However, it reversed the judgment of the district court insofar as it held Pitt's claim for prospective injunctive relief to be barred by laches.<sup>120</sup> The court of appeals "did not believe that Pitt's action rises to the level of outrages and inexcusable delay which will bar relief even absent of showing a detriment to Champion."<sup>121</sup> The court based its decision on a distinction of two classes of delay. First, the "narrow class of cases where the plaintiff's delay has been so outrageous, unreasonable and inexcusable as to constitute a virtual abandonment of its right."<sup>122</sup> Next, "there is the much more common situation in which the plaintiff's less egregious delay will bar its claim for an accounting for past infringement but not for prospective injunctive relief."<sup>123</sup> The court explained that "where consent by the owner is inferred from his knowledge and silence merely, 'it lasts no longer than the silence from which it springs: it is, in reality, no more than a revocable license.'<sup>124</sup> Thus, in a case of "mere delay",<sup>125</sup> the plaintiff may revoke the 'license by silence' and exclude the defendant from any future use of the name

108 529 F. Supp. 464 (W.D. Pa. 1982), 566 F. Supp. 711 (W.D. Pa. 1983), 686 F.2d 1040 (3rd Cir. 1982), cert. denied, 459 U.S. 1087, 103 S.Ct. 571 (1982)

109 *Id.*

110 529 F. Supp. at 467

111 *Id.*

112 686 F.2d 1043

113 *Id.*

114 *Id.* at 468

115 *Id.*

116 529 F. Supp. at 469, quoting *Anheuser-Busch v. DuBois Brewing Co.*, 175 F.2d 370 (3rd Cir. 1949), cert. denied, 339 U.S. 934, 70 S.Ct. 664

117 *Id.*

118 686 F.2d at 1045; 529 F. Supp. at 468

119 686 F.2d at 1045

120 *Id.* at 1049

121 *Id.* at 1044

122 *Id.*

123 *Id.*

124 *Id.* at 1045 (quoting *Menendez v. Holt*, 128 U.S. 514, 524, 9 S.Ct. 143, 145 (1888))

125 *Id.*

126 The court did not believe that Pitt's delay was so outrageous or inexcusable as to bar all relief even absent a showing of detriment to Champion. *Id.* Finding no indication that Pitt had surrendered its name or insignia, the court noted that Pitt "went to the trouble of registering a trademark in the design for its class ring." *Id.* at 1045-46

or symbol.<sup>126</sup> The appeals court further noted that Pitt officials had no knowledge of the existence or volume of sales outside the Pittsburgh area, and therefore Pitt could well have felt that the university "would become aware of quality problems or objectionable uses in due course and that costs of litigation and damage to its ongoing business relationship with Champion made the volume of the infringement involved de minimus," as long as the sales were largely confined to the Pittsburgh area.<sup>127</sup> It also observed that the character and scope of the alleged trademark infringement evolved substantially over the years from a modest sales program to students and local adherents of the university to a program of national sales aimed at servicing and capitalizing upon Pitt's emergence as a national college football power.<sup>128</sup> Thus, Pitt may have acquiesced to the local sales program, but not to the national sales program.<sup>129</sup>

Consequently, the court rejected Champion's contention that Pitt's delay alone had barred its right to prospective relief and held that such a bar must depend upon the degree to which Pitt's delay may have prejudiced Champion.<sup>130</sup> The appellate court then examined and rejected the district court's findings of Champion's detrimental reliance on Pitt's delay. The court stated that in the classic trademark or unfair competition case, the "essential issue is consumer confusion: if the public could reasonably believe the junior's product to be the product of the senior, the junior may be enjoined."<sup>131</sup> Even though the court did not answer the question as to whether there has been actual trademark infringement,<sup>132</sup> it expressly referred to consumer confusion as one of the factors the university has to prove in a trademark infringement case.<sup>133</sup> The heart of Champion's argument is that because most buyers would not reasonably believe that Pitt actually manufactured the soft goods, there can not be consumer confusion.<sup>134</sup> The court replied that "the crucial element is consumer desire to associate with the entity whose imprint is reproduced. This desire is based on success or notoriety which, in turn is a result of the efforts of the entity."<sup>135</sup> Champion merely packaged and exploited Pitt's popularity. It did not develop its plant and market for soft goods in reliance on Pitt, but on its method of imprinting names and designs on soft goods.<sup>136</sup> "Champion's investment is in the industry in general not in Pitt's marks in particular."<sup>137</sup>

The case was remanded to determine whether consumers would likely be confused when purchasing Pitt's products and Champion's products.<sup>138</sup>

On remand,<sup>139</sup> however, the district court held that Pitt did not present sufficient evidence to show consumer confusion over "Pitt-insignia soft goods",<sup>140</sup> but found it more important that Champion made its products clearly distinct to customers as Champion's products.<sup>141</sup> The court also held that Champion's efforts in marketing their products enabled it to build up a "substantial goodwill in the business of selling soft goods bearing college or university insignia."<sup>142</sup> The court concluded that the complaint must fail because Pitt, as a plaintiff in a trademark case, was not able to prove the essential elements of (a) likelihood of confusion, (b) nonfunctionality, (c) secondary meaning, and (d) prior use.<sup>143</sup> And accordingly Pitt could not prevail.

Despite this success on the merits, Champion and the University of

127 *Id.* at 1046

128 *Id.* at 1046

129 *Id.*

130 *Id.*

131 *Id.* at 1047

132 The court declined "to delve into this fray without the benefit of its consideration by the district court and full briefing of these most recent cases by the parties." 686 F.2d at 1048.

133 *Id.* at 1047

134 *Id.*

135 *Id.* at 1049; *Boston pro. Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1012 (5th Cir. 1975), cert. denied, 423 U.S. 868, 96 S.Ct. 132 (1975): "The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, [ ... ], is the triggering mechanism for the sale of the emblem."

136 686 F.2d at 1048

137 *Id.* at 1049; Pitt was also only one of approximately 10,000 schools and colleges whose names and logos Champion imprinted on soft goods, *Id.* at 1048

138 *Id.* at 1049

139 *University of Pittsburgh v. Champion Products, Inc.*, 566 F. Supp. 711

140 *Id.* at 714

141 *Id.* at 714: "Champion's labels and packaging clearly identify Champion as the source and origin of the goods."

142 *Id.* at 715

143 *Id.* at 719. In regard to likelihood of confusion, the court stated that a plaintiff had to demonstrate the likelihood of confusion under section 43(a) of the Lanham Act. *Id.* The district court was not convinced by Pitt that there was any confusion. *Id.* at 720. As to the functionality requirement, the court no-

Pittsburgh signed a consent decree vacating the decision as part of a settlement agreement.<sup>144</sup>

In *University of Georgia Athletic Association v. Laite*,<sup>145</sup> the Eleventh Circuit affirmed the District Court's permanent injunction against a wholesaler of novelty beers, who marketed beer cans portraying an English bulldog. The injunction prohibited the wholesaler from marketing or distributing the beer under that label, because it created a likelihood of confusion with the "University of Georgia Bulldog."<sup>146</sup> Laite, in 1982, had begun to market "Battlin' Bulldog Beer" which was sold in cans bearing the University of Georgia's colors, red and black, and bearing the portrayal of an English bulldog wearing a red sweater with a black "G" on it, and a football under its right "arm."<sup>147</sup> The can on one side contained the words "[n]ot associated with the University of Georgia."<sup>148</sup> Laite previously had sought permission from the University of Georgia Athletic Association (UGAA), to use an exact reproduction of the "University of Georgia Bulldog" on the cans, but such permission had been denied.<sup>149</sup> In 1981, the UGAA had registered with the State of Georgia certain service marks incorporating the word "bulldog" or the portrayal of an English bulldog. These marks were registered for use in connection with "services related to sports activities."<sup>150</sup> UGAA, upon learning of the existence of the beer on the market, informed Laite that it believed the cans infringed its registered and unregistered marks, and demanded that Laite cease distributing the beer.<sup>151</sup> When Laite refused, UGAA filed suit.<sup>152</sup>

The Court of Appeals affirmed the District Court's order for permanent injunction, prohibiting the defendant from marketing or distributing the beer under the bulldog label.<sup>153</sup> The court of appeals first turned to the question whether "University of Georgia Bulldog" is a valid trade or service mark worth protection under the Lanham Act.<sup>154</sup> The court held that [t]urning to the mark at issue in the instant case, we are convinced beyond a shadow of doubt that the "University of Georgia Bulldog" is not a descriptive mark. In our view, the portrayal of an English bulldog chosen by the university as a symbol for its athletic teams is, at best, "suggestive," if not downright "arbitrary."<sup>155</sup>

Therefore, UGAA was not, despite Laite's assertion, required to prove secondary meaning in order to prevail on its Lanham Act claim.<sup>156</sup>

After considering the question whether the district court used the wrong factors in comparing the "Battlin' Bulldog" with the 'University of Georgia's Bulldog,'<sup>157</sup> the court held that the sale of "battlin' Bulldog Beer" created a likelihood of confusion.<sup>158</sup> It found "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."<sup>159</sup>

Laite argued that the confusion over the beer relates not to its origin,

ted that the "insignia on these soft goods serves a real, albeit aesthetic, function for the wearers." *Id.* at 721. The court also did not find the third requirement of secondary meaning to exist. *Id.* To prove the third element, Pitt would have had to have shown a "substantial association in the public's mind between the use of the Pitt insignia on soft goods and a sense that Pitt was in some way affiliated with the source of the products," *Id.* As for the final element of prior use, the court determined that Pitt had failed to show that it had priority of "trademark use in commerce." *Id.* at 722.

144 Glenn M. Wong, *Recent Trademark Law Cases Involving Professional and Intercollegiate Sports*, 1 Det. C. L. Rev. 87, 87, 107 (1986); the author states that the reasons for the settlement were (1) legal fees and (2) the loss of business from other colleges and universities who disagreed with Champion's decision not to enter into licensing agreement with them. *Id.*

145 756 F.2d 1535 (11th Cir. 1985)

146 *Id.* at 1543

147 *Id.* at 1537

148 *Id.*

149 *Id.* (applications for federal registration of the mark were pending at the time the case was heard in the District Court) *Id.* at 1537, n.2.

150 *Id.*

151 *Id.* at 1537-38

152 *Id.* at 1538 (After a hearing, the district court granted UGAA's motion, concluding that UGAA was likely to prevail on its Lanham Act claim and that the remaining conditions for preliminary relief were met.)

153 *Id.* at 1538

154 *Id.* at 1540; the circuit court held itself limited to determining whether the district court's decision was proper under the Lanham Act, because the district court did not mention state law claims, *Id.* at 1539. Under the "Erie Doctrine", state substantive law would govern the state law claims, *Erie Railway Co. v. Tompkins*, 304 U.S. 64, 82 L.Ed. 1188, 58 S.Ct. 817, although the court noted that the standards governing the claims under Georgia law were similar if not identical to those under the Lanham Act. 756 F.2d at 1539, n. 11.

155 *Id.* at 1541

156 *Id.* The court held that proof of secondary meaning is required under section

but to whether it has been licensed by the University of Georgia. The court found this statement, regardless of its validity, irrelevant in this case, because confusion "need not relate to the origin of the challenged product. Rather, confusion may relate to the public's knowledge that the trademark, which is the 'triggering mechanism' for the sale of the product, originates with the plaintiff."<sup>160</sup> Laite's last argument, that no confusion could result because the cans contained the disclaimer "[n]ot associated with the University of Georgia" was rejected for two reasons. "First, the disclaimer is relatively inconspicuous on the individual cans, and practically invisible when cans are grouped together into six-packs."<sup>161</sup> Second, [t]he 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 are insufficient to remedy the illegal confusion. Only a prohibition of the unauthorized use will sufficiently remedy the wrong.<sup>162</sup>

One of the most recent cases is the Board of Trustees of the University of Arkansas v. Professional Therapy Services, Inc.,<sup>163</sup> in which the University of Arkansas brought an action against a sports and physical therapy clinic, alleging trademark infringement and false designation under the Lanham Act and state law claims of unfair competition, in connection with the clinic's unauthorized use of the University's "Razorback" team name and design logo.

For most of the 20th Century, the University has identified itself with the "Razorback(s)" mark and a design logo that featured a red, running hog.<sup>164</sup> Since the late 80s, the University retained the Collegiate Licensing Company (CLC) to oversee the licensing and to monitor and stop unauthorized uses and begin the process of obtaining federal registration for its marks.<sup>165</sup> In 1989, the clinic which was incorporated 1971 as the Physical Therapy Clinic, changed its name to the "Razorback Sports and Physical Therapy Clinic". In August 1991, the clinic obtained a fictitious name registration with the State of Arkansas as the "Razorback Sports and Physical Therapy Clinic" and used the red, running Razorback hog for its logo.<sup>166</sup>

To determine whether a likelihood of confusion existed, the court had to consider several factors to find the Clinic infringing the University's trademark:

(1) the strength of the owner's mark; (2) the similarity between the owner's mark and the alleged infringer's mark; (3) the degree to which the products are in competition with one another (which is often referred to as the "competitive proximity" of the products); (4) the alleged infringer's intent, or the lack thereof, to pass of the trademark owner as the source of the goods, or as a sponsor of the goods; (5) incidents of actual confusion; and (6) the degree of care likely to be exercised by potential customers. Each factor must be considered to the extent it is relevant, and no one factor should be given excessive weight at the expense of some other factor.<sup>167</sup>

The court then went on to consider each factor in turn.<sup>168</sup> As to the first factor, the court considered the level of the inherent distinctiveness of

43(a) only when protection is sought for a descriptive mark as opposed to an arbitrary or suggestive mark. *Id.* See also *John H Harland Co. v. Clarke Checks Inc.*, 711 F.2d 966, 981, n. 25 (11th Cir.) ("Several Courts ... have held that the plaintiff in an infringement action need not prove secondary meaning when the product is inherently distinctive.")

157 The appellate court held that "even were we to agree with Laite that the court below failed to consider some of the relevant factors, this would not constitute an independent basis for reversing the court's decision. The real question is whether the court's ultimate determination about the "likelihood of confusion" was correct." 756 F.2d at 1543. *Cf. Conogra Inc. v. Singleton*, 743 F.2d 1508 (11th Cir. 1983); *Sun-Fun Products, Inc. v. Suntan Research and Development*, 656 F.2d 186 (5th Cir. 1981)

158 *Id.*

159 *Id.*

160 *Id.* at 1546; citing *Boston Professional Hockey Association v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1012 (5th Cir. 1975), cert. denied, 423 U.S. 868, 96 S.Ct. 132, 46 L.Ed.2d 98 (1975). See also *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979) (The public's belief that the mark's owner sponsored or otherwise approved the use of a trademark satisfies the confusion requirement); *George W. Luft Co., Inc. v. Zande Cosmetics Co., Inc., et al.*, 142 F.2d 536, 538 (The appellants stress the absence of proof of actual confusion or deception of purchasers, but such proof is unnecessary where the similarity is such as to make confusion likely).

161 756 F.2d at 1547

162 *Id.* (quoting *Boston Professional Hockey*, 510 F.2d at 1013)

163 873 F. Supp. 1280 (W.D. Ark. 1995)

164 *Id.* at 1283

165 *Id.* at 1284

166 *Id.*

167 *Id.* at 1284

168 *Id.*, 1285-1292



the Razorback marks.<sup>169</sup> The court held that the use of Razorback marks, in connection with physical therapy or medical services, as well as almost any other good or service one can imagine, is arbitrary. This is true with most collegiate marks. The historical origin of collegiate mascots is usually the subject of much myth and love.<sup>170</sup>

The court also dismissed the Clinic's argument that the University's marks are not arbitrary, but rather geographically descriptive, and as such are unprotected unless they have acquired a secondary meaning. The Clinic asserted that the term "Razorback" is a synonym for Arkansas because it is supposedly used to refer to Arkansas as the "Razorback State."<sup>171</sup> The court noted that geographic regions often become strongly identified with the universities located there, and local businesses do frequently name themselves using the university marks. This is a natural result of the goodwill that local businesses and communities justifiable feel toward their institutions of higher learning, or often more, "their" athletic teams sponsored by the institution. However, the resultant identification of a geographic region with a collegiate mark never becomes so strong that it negates the primary identification of the mark with the University.<sup>172</sup>

The court then rejected the Clinic's argument that the "Razorback" marks are weak marks and do not deserve a great degree of protection, because local and state businesses extensively use the marks in their trade names.<sup>173</sup> Next, the court considered the competitive proximity of the services offered by the Clinic and the University.<sup>174</sup> The court held that even if the University and the Clinic would not compete with each other, they offer related services.<sup>175</sup> After considering the additional factors of similarity of the marks,<sup>176</sup> the intent to confuse, the actual confusion, the degree of care exercised by the purchaser,<sup>177</sup> other factors,<sup>178</sup> and rejecting the Clinic's argument of a disclaimer,<sup>179</sup> the court granted summary judgment for the University on the Lanham Act cause of action.<sup>180</sup>

## B. Germany

After the old Trademark Act (Warenzeichengesetz) the name or logo of a University was not protected, because only trademarks of goods of a business establishment were eligible for protection.<sup>181</sup>

Since this requirement was given up by the drafters in the new Trademark Act, the name and logo of a university may be protected under the new Act, provided that all prerequisites for protection are fulfilled. So far there has not been any litigation which challenged the protection of a university's name and/or logo under the new Trademark Act. Not long before the new Trademark Act was enacted, the German Supreme Court had to decide an action which was brought from one manufacturer of soft goods against another manufacturer, both using the

name and other signs of the University of Heidelberg.<sup>182</sup> In December 1988, the plaintiff entered into a contract with the University of Heidelberg, in which the University transferred the commercial right of exploitation and right to use its name, seal, and insignia exclusively upon the plaintiff.<sup>183</sup> After execution of the contract, the plaintiff began to market goods, especially t-shirts and sweatshirts, which were bearing the University's name, seal, and insignia.<sup>184</sup> The defendant had been marketing similar goods bearing the University's name, seal, and insignia for about 20 years, without any authorization of the University.<sup>185</sup> The plaintiff sued for a future injunction to market such goods and for accounting for such goods which were sold after plaintiff had entered into the contract with the University.<sup>186</sup> The trial court held for the defendant. On appeal, the appellate court held that the marketing of goods bearing the name, seal, or insignia of the University violated the University's right of its name under Section 12 BGB.<sup>187</sup> The court noted that based on the historical development, the University of Heidelberg derived an economic asset from its right to use its name.<sup>188</sup> It further noted that the University's name, which originally was used by the University only to distinguish itself from other universities, can be commercialized.<sup>189</sup> The Supreme Court agreed with the appellate court's holding in this matter.<sup>190</sup> Nevertheless, the Supreme Court remanded the case on the basis that the plaintiff did not have standing to sue, because the plaintiff could not acquire the right to use the name in rem. All it could acquire was the permission to use the name.<sup>191</sup> It seems, however, that the University itself could have sued for an injunction and accounting under Section 12 BGB. But until now that issue has not yet been brought to the Supreme Court. Currently, the University would probably be protected under the new Trademark Act. As would the transferee after Section 27 subsection 1 of the Trademark Act.<sup>192</sup>

## VI. Protection of University Colors

### A. U.S.A.

To date there has not been a decision whether the colors used by a university are protected.<sup>193</sup> Until the passage of the Lanham Act, courts referred to the color depletion theory. The courts applied the theory that there are a limited number of colors in the palette, and that it is not a wise policy to foster further limitation by permitting trademark registrants to deplete the reservoir.<sup>194</sup> This per se prohibition, however, conflicted with the liberating purposes of the Act and was abandoned.

Arkansas, for trademark infringement under the common law of Arkansas, and for dilution of the mark under Ark. Code Ann. § 4-71-113 (Michie 1991), which the complaint also alleged, *Id.* at 1283

181 § 1 (1) WZG: Who wants to use a trademark in the course of his business establishment to distinct his goods from the goods of another, may apply to register the mark in the trademark register.

182 BGHZ 119, 237 = NJW 1993, 918

183 NJW 1993, 918

184 *Id.*

185 *Id.*

186 *Id.*

187 OLG Karlsruhe, NJW 1991, 1487

188 *Id.* at 1488

189 *Id.*, the court mentions that this tendency to commercialize the university's name and logos has its origin in the U.S.

190 NJW 1993, 918, 920

191 *Id.* at 919; see *Hans Forkel*, The Permissibility of Limited Conveyance of the Right to Use the Name, NJW 1993, 3181 with a very critical discussion about the issue

192 § 27 (1) MarkenG: The right established by the registration or use of a trademark or by the fact that the trademark is well-known may be transferred or assigned to others for some or all of the goods or services for which the trademark is protected.

(2) [ ... ]

(3) At the request of one of the parties concerned, the assignment of the right established by the registration of a trademark shall be entered in the Register, if such assignment of a right is proved to the Patent Office.

193 e.g. the University of Florida's Orange and Blue or the University of Michigan's Blue and Maize

194 *Campbell Soup Co. v. Armour & Co.*, 175 F.2d 795, 81 U.S.P.Q. 430 (3d Cir.), cert. denied, 338 U.S. 847, 70 S.Ct. 88, 94 L.Ed. 518, 83 U.S.P.Q. 543 (1949) ("What the plaintiff are really asking for then is a right to the exclusive use of labels which are half red and half white for food products. If they may so monopolize red in all its shades the next manufacturer may monopolize orange in all its shades and the next yellow in the same way. Obviously the list of colors will soon run out."); *In re Owens-Corning Fiberglass Corporation*, 774 F.2d 116, 120, citing *Diamond Match Co. v. Saginaw Match Co.*, 142 F.727 (6th Cir.), cert. denied, 203 U.S. 589, 27 S.Ct. 776, 51 L.Ed. 330 (1906) ("Indeed, it is customary for a large company like the defendant to issue many brands of matches, with heads of different colors. It is now making tipped Matches. If by appropriating two colors for each brand it could

169 *Id.*

170 *Id.* at 1286

171 *Id.* at 1287

172 *Id.* at 1287-88

173 there were over 140 separate Arkansas telephone listings in which the term "Razorback" has been incorporated in the business or trade name and even more listings with the Secretary of State. *Id.* at 1288

174 *Id.* at 1290 (If the University and the clinic do actually compete, then the University deserves protection under trademark law so that it does not loose confused customers to the clinic).

175 *Id.* ("In the public mind and in fact, universities are on the cutting edge of medical technology and procedure, especially in the area of sports medicine, ..."); *Exxon Corp. v. Texas Motor Exchange of Houston Inc.*, 628 F.2d 500, 505 (5th Cir. 1980) (the greater the similarity between the products and services, the greater the likelihood of confusion).

176 *Id.* at 1290. The Court found that "there is no doubt, as a matter of law, the overall impression of the mark is substantially similar to that created by Razorback marks." *Id.* at 1291

177 *Id.* at 1291. The court noted that a high degree of care by product purchasers is not a very strong defense when the other factors lean strongly toward trademark infringement. *Id.* See also *Grotman, Helfferiche, Schulz v. Steinway & Sons*, 523 F.2d 1331, 1341 (2d Cir, 1975)

178 *Id.* at 1292 (physical proximity between the Clinic and the office of the University's medical clinic, presence of University employees at the Clinic, and the Clinic's use of promotional materials to emphasize its relationship with the University)

179 "many courts have held that a disclaimer does not serve to cure an otherwise clear case of likelihood of confusion. Consumer studies indicate that disclaimers are ineffective in curing the customer confusion over similar marks. In fact, in some instances, the use of a disclaimer can serve to aggravate, not alleviate, confusion over brands." *Id.* at 1292 (quoting *J. Thomas McCarthy, McCarthy On Trademarks And Unfair Competition*, § 23.15[9] at 23-105 (3d ed. 1993))

180 *Id.* at 1292; it did not address the causes of action for false designation of origin under section 43 (a) of the *Lanham Act*, 15 U.S.C.A. § 1125 (a) (West 1963 and Supp. 1994), for unfair competition under the common law of

In Owens-Corning Fiberglas,<sup>195</sup> the Federal Circuit Court rejected the traditional per se prohibition and held that Owens-Corning Fiberglas could register the color pink as uniformly applied to fibrous glass residential insulation.<sup>196</sup> The court based its holding on evidence that the use of color was not functional or necessary to compete in the industry,<sup>197</sup> and that it had acquired distinctiveness as an indicator of the insulation's source.<sup>198</sup>

Functionality and lack of distinctiveness are the major obstacles of obtaining trademark rights to colors or color patterns.<sup>199</sup> A color is functional if there is a competitive need to use the color.<sup>200</sup>

For the next decade, the various Courts of Appeal were divided as to the recognition of color alone as a mark.<sup>201</sup> In *Qualitex Co. v. Jacobson Products Co., Inc.*,<sup>202</sup> the Supreme Court attempted to resolve this division. In that case, *Qualitex Co.* had registered the green-gold colors of the pads it made and sold for dry cleaning presses and brought an infringement suit against *Jacobson Products Co.*, who was selling pads of a similar color.<sup>203</sup> The district court found that there had been an infringement, but the Court of Appeals for the Ninth Circuit set aside the judgement and held that the Lanham Act does not permit registration of color alone as a trademark.<sup>204</sup> The Supreme Court reversed, holding A color is also capable of satisfying the more important part of the statutory definition of a trademark, which requires that a person "us[e]" or "inten[d] to use" the mark "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. s 1127. True, a product's color is unlike "fanciful," "arbitrary," or "suggestive" words or designs, which almost automatically tell a customer that they refer to a brand. [ \*\*\* ]. But, over time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm's insulating material or red on the head of a large industrial bolt) as signifying a brand. And, if so, that color would have come to identify and distinguish the goods—i.e. "to indicate" their "source"—much in the way that descriptive words on a product (say, "Trim" on nail clippers or "Car-Freshner" on deodorizer) can come to indicate a product's origin. [ \*\*\* ]. We cannot find in the basic objectives of trademark law any obvious

theoretical objection to the use of color alone as a trademark, where that color has attained "secondary meaning" and therefore identifies and distinguishes a particular brand (and thus indicates its "source"). [ \*\*\* ]. It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes.<sup>205</sup>

The Supreme Court's decision indicates that university colors could meet ordinary legal trademark requirements<sup>206</sup> and can serve as trademarks if they have attained secondary meaning.<sup>207</sup> For example, the distinctive colors orange and blue, in context with "University of Florida" or "Gators" certainly at least in Florida have attained secondary meaning. Likely the colors have attained secondary meaning even in context with the mere name "Florida".

Therefore, universities should be able to register their colors as a trademark.

## B. Germany

With the enactment of the new Trademark Act, colors and compositions of colors can be protected as trademarks, insofar as they are capable of distinguishing the goods and services of one undertaking from those of another.<sup>208</sup>

This means, in theory, that universities would have the possibility to protect their colors. In practice, however, they do not use colors very much to distinguish themselves from each other. Therefore, the requirement of being "capable of distinguishing" is, at least for the moment and probably for the next couple of years, not fulfilled.

## VII. Protection of University Trade Dress

### A. U.S.A.

There are basically two different trade dresses a university may be interested in protecting: a product in a specific and distinctive shape;<sup>209</sup> and a restaurant's decor, menu, layout, and style of service.<sup>210</sup>

The Lanham Act's Section 43(a)<sup>211</sup> is interpreted as providing a federal unfair competition remedy that provides protection for trade dress.<sup>212</sup> Originally, "trade dress" only meant a product's packaging, but it has been extended to include features of the product itself.<sup>213</sup> Thus, universities should be able to obtain protection for products which include

mompolize them, it would soon take all the colors not in use by complainant, and thus cover the entire field once." *Id.* at 729-30); *International Braid Co. v. Thomas French & Sons, Ltd.*, 150 F.2d 142, 66 U.S.P.Q. 109 (CCPA 1945)(trademark which consists of the use of any color rather than a distinctive and specific one cannot be registered).

195 *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 227 U.S.P.Q. 417, (Fed. Cir. 1985)

196 In the case of *Campbell Soup Co. v. Armour & Co.* the court refused to protect the red and white colors of Campbell's labels on the ground that if Campbell were to monopolize red in all of its shades competition would be affected in an industry where colored labels were customary, 175 F.2d at 798

197 *Bliss v. Gotham Industries*, 316 F.2d 848,855 (citing *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952)(holding that if one particular feature is an important ingredient in the commercial success of the product, the interests in free competition permits imitation in the absence of a patent or copyright).

198 774 F.2d at 1122-23

199 *Donald S. Chisum & Michael A. Jacobs, Understanding Intellectual Property Law* (1992), 5 - 28; See also *Best Lock Corp. v. Schlage Lock Co.*, 413 F.2d 1195 (1969)("where a functional purpose exists, the rule is it is not registrable as a trademark.")

200 *Id.*; In *Owens-Corning Fiberglas*, the color pink was not functional because Owens-Corning was the only manufacturer who colored its insulation. There were only few insulation producers, and there was no utilitarian reason to color the product, which was naturally light yellow in color, 774 F.2d at 1122-23; See also *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 850 (citing *Sears v. Stiffel*, 376 U.S. 225, 232) (a product feature is functional only if it is essential to the use or purpose of the article).

201 In *Nutra Sweet Co. v. The Stadt Corp.*, 917 F.2d 1024, 16 U.S.P.Q. 1959 (7th Cir. 1990) the Court of Appeals for the Seventh Circuit disagreed with the Federal Court's view, so did the Ninth Circuit's Court of Appeals in *Qualitex Co. v. Jacobson Products Co., Inc.*, 13 F.3d 1297 (9th Cir. 1994). The Court of Appeals for the Eighth Circuit came to same result as Owens-Corning court in *Master Distributors, Inc. v. Pako Corporation*, 986 F.2d 219, 61 USLW 2529, 25 U.S.P.Q.2d 1794 and held that no per se prohibition of color alone as a trademark exists, 986 F.2d at 221

202 *Qualitex Co. v. Jacobson Products Co., Inc.*, 115 S.Ct. 1300, 131 L.Ed. 248, 34 U.S.P.Q. 1161, 63 USLW 4227 (1995)

203 *Id.*

204 13 F.3d 1297, 1300, 1302 (1994)

205 115 S.Ct. at 1303-04

206 The court posed the question: "If a shape of a Coca-Cola bottle, a sound of NBC's three chimes, and a fragrance of plumeria blossoms on sewing threads can act as symbols why, one might ask, can colors not do the same?" *Id.* at 1302

207 *Id.* at 1302. Over time customers may come to treat particular color s ... as a signifying brand. And, if so, those color s would have come to identify and distinguish the goods, i.e. to indicate their source, as much in the way that descriptive words can come to indicate a product's origin. *Id.* The court continued, "Secondary meaning' is acquired when 'in the minds of the public, the primary significance of a product feature e.g. the color scheme ... is to identify the source of a product rather than the product itself.'" *Id.* (quoting *Inwood Labs Inc.*, 456 U.S. 844, 851, n. 11 (1982)).

208 § 3 (1) MarkenG: Any signs, in particular words including personal names, designs, letters, numerals, acoustical signs, three-dimensional configurations including the shape or packaging of a product as well as other get-ups including colors and compositions of colors, which are capable of distinguishing the goods or services of one undertaking from those of other undertakings can be protected as trademarks.

209 e.g. a mug in the distinctive shape of UF's Gator

210 e.g. a restaurant on campus featuring the university's colors, displaying pictures of the university's athletic teams, offering "Gator"-burger or "Salad a la Spurrier", etc.

211 15 U.S.C. § 1125 (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, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

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

212 One of the first cases that did so was *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210, 191 U.S.P.Q. 79 (8th Cir. 1976), cert. denied, 429 U.S. 861, 191 U.S.P.Q. 588 (1976); the court held that the defendant unfairly competed by copying the exterior design of the plaintiff's semi-trailer, *Id.*

213 *Ideal Toy Corp. v. Plawner Toy Manufacturing Corp.*, 685 F.2d 78, 80, 216 U.S.P.Q. 102, 104 (3d Cir. 1982) ("Although historically trade dress infringement consisted of copying a product's packaging, the parties and the district court used the term 'trade dress' in its more modern sense to refer to the appearance of the [product] itself as well as its packaging, and we will do the same."); *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980, 219 U.S.P.Q. 515, 528 (11th Cir. 1983) (" 'Trade dress' involves the total image of a product and may include features such as size, shape, color, color combinations, texture, or graphics."); *Blue Bell Bio-Medical v. Cin-Bad*,

features of, for example, their mascots.

The protection of a restaurant's interior and distinguishing design aspects, has been recognized since the famous Fuddrucker's decision.<sup>214</sup> In Fuddrucker's, a national restaurateur operating chains of hamburger restaurants, brought a trademark infringement suit against Doc's B.R. Others. Fuddrucker's claimed that the competitor was using design elements of its restaurants.<sup>215</sup> The court held "that a restaurant's decor, menu, layout and style of service may acquire the source-distinguishing aspects of protectable trade dress such that their imitation is likely to cause consumer confusion."<sup>216</sup> It further held that trade dress may be protected if it is nonfunctional and has acquired secondary meaning and if its imitation creates a likelihood of confusion.<sup>217</sup> A restaurant's trade dress can include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior floor plan, the appointments and decor items, the equipment used to serve the food and the servers' uniforms.<sup>218</sup> In *Two Pesos, Inc. v. Taco Cabana, Inc.*,<sup>219</sup> another trade dress infringement suit, an operator of a chain of restaurants brought suit against an operator of a chain of similar restaurants. The Supreme Court held that a trade dress which is inherently distinctive is protected under the Lanham Act Section 43(a) prohibiting the use of any false description or representation in connection with any goods or services, without showing that such trade dress has acquired secondary meaning, since trade dress itself is capable of identifying products or services as coming from a specific source.<sup>220</sup> Thus, for a restaurant to be protected under the Lanham Act, all that is required is an inherent distinctiveness, non-functionality, and a likelihood of consumer's confusion.

Trademark law does not protect the functional features of products because such protection would provide a perpetual monopoly of features which could not be patented. 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."<sup>221</sup> The elements of functionality that are separately unprotected can be protected together as part of the trade dress.<sup>222</sup> It's not the question "whether individual elements of the trade dress fall within the definition of functional, but to whether the whole collection of elements taken together are functional."<sup>223</sup>

There are two situations to distinguish. In one setting the university itself is operating a restaurant with specific design and service features. When a third party is opening a restaurant using the same or confusingly similar features, the operator is almost certainly infringing upon the university's trade dress. The other setting is much more difficult to decide. An example might be an operator of a restaurant who is only using the university's colors for tables, chairs, wallpapers, etc., displaying pictures of the university, its athletic teams and mascot, putting its waiters and waitresses in the mascot's costumes, and naming its

*Inc.*, 864 F.2d 1253, 1256 (5th Cir. 1989)(stating that the trade dress of a product is essentially its total image and overall appearance).

214 *Fuddrucker's, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 56 USLW 2164, 4 U.S.P.Q. 1026 (9th Cir. 1987)

215 *Id.* at 839

216 *Id.* at 841

217 *Id.* at 842; see also the earlier decision of the 8th Circuit in *Prufrock Ltd., Inc. v. Lasater*, 781 F.2d 19, 132, 228 U.S.P.Q. 435 (8th Cir. 1986) ("Prufrock can obtain protection for its trade dress under the Lanham Act if its trade dress is nonfunctional, has acquired secondary meaning, and Dixie Management's imitation of it creates a likelihood of confusion in consumer's minds as to the origin of the services.")

218 781 F.2d at 132

219 *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S.Ct. 2753, 120 L.Ed. 615, 60 USLW 4762, 23 U.S.P.Q. 2d 1081 (1992)

dishes after the university's celebrities. There is non-functionality, and there is probably inherent distinctiveness. There may be no consumer confusion as to the restaurant itself, because the university is not operating a similar restaurant. However, there may very well be a likelihood of confusion as to the affiliation of the restaurant with the university.<sup>224</sup>

This, of course, depends on different factors. The first factor, naturally, would be the restaurateur's intent.<sup>225</sup> The second factor is the local proximity of the restaurant of the kind described, to university institutions and/or the main campus.<sup>226</sup> The closer the restaurant, the more likely a consumer may believe there is a connection.<sup>227</sup> The operator of such a restaurant probably would try to get as close to the campus as possible to establish some kind of connection. The third factor is the intensity of the features used by the restaurant. It certainly would not be harmful if the restaurant displayed posters of the university and its athletic teams, or other memorabilia. As in tests for the likelihood of consumer confusion, there may be other factors.<sup>228</sup>

It may, depending on the university and its students, be wise for universities to open restaurants using the university's colors, etc. on or close to campus. Either by itself or through a franchisee. This may avoid future litigation and any loss of the university's reputation through the mismanagement or carelessness of an unaffiliated but seemingly connected restaurant.

## B. Germany

Under Section 3(1) of the Trademark Act, signs including the shape or packaging of a product as well as other get-ups including colors and compositions of colors, which are capable of distinguishing the goods or services of one undertaking from those of another can be protected as trademarks.<sup>229</sup>

This probably includes trade dress as well. But again, this offers at most a theoretical protection, because universities in Germany do not use trade dress yet.

## IX. Conclusion

There seems to be a bright future for collegiate licensing in both the U.S. and Germany. Although collegiate licensing in the U.S. is much more sophisticated and litigated than collegiate licensing in Germany, which is still in its infancy, both countries acknowledge their universities' interests and rights to protect their names and logos. In Germany, unlike in the U.S., colors and/or trade dress have not been used by universities. Nevertheless, it seems that they would be protected as well. Despite the economic considerations, universities in both countries must keep in mind, that the ultimate purpose of collegiate licensing must be to protect not only the names of the universities but moreover their image.

220 505 U.S. at 773-74, 112 S.Ct. at 2760

221 *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, 102 S.Ct. 2182, 2187, 72 L.Ed.2d 606 (1982)

222 826 F.2d at 842

223 *Id.*

224 *cf.* Section 43(a)(1)(A) of the Lanham Act, *supra*, note 183

225 See *UGAA v. Laite*, 756 F.2d 1535 (11th Cir. 1985)

226 See *Board of Trustees of the University of Arkansas v. Professional Therapy Services, Inc.*, 873 F.Supp. 1280 (W.D. 1995)

227 *Id.*

228 e.g. the sophistication of customers and the actual confusion; see CHISUM, *supra*, note 199, 5-281 - 5-290 (the author enumerates the factors applied by the different Circuits and the 1938 Restatement of Torts to determine likelihood of confusion)

229 § 3 (1) MarkenG. *supra* note 56