

# 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-

