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## LEAGUE PARITY: BRINGING BACK UNLICENSED COMPETITION IN THE SPORTS FAN APPAREL MARKET

DAVID FRANKLIN\*

### INTRODUCTION

True sports fans realize the importance of owning a game-day wardrobe. For example, a Detroit football fan understands that, when rooting for the Lions, it is essential to wear Honolulu-blue-and-silver apparel bearing the classic logo, Bubbles the Lion.<sup>1</sup> The importance of such apparel stems from the fact that fans regularly express love for their favorite teams through their clothing and other logo-bearing merchandise.<sup>2</sup> Indeed, one would be hard-pressed to find a Michigan Wolverines alumnus who does not own a t-shirt bearing the maize-and-blue block 'M.'

In the past, sports fans could communicate their team loyalty by purchasing apparel from any store wanting to supply the goods.<sup>3</sup> Apparel retailer Champion, for example, was once free to design and sell PITT-logo-bearing merchandise to University of Pittsburgh fans without the university's approval.<sup>4</sup> Trademark infringement did not occur here, as the law prohibited only uses of a mark that were likely to confuse consumers as to the source or "origin" of the underlying product.<sup>5</sup> In this context, consumers of University of Pittsburgh team apparel were not confused as to the product's origin; although the PITT trademark adorned the apparel, consumers un-

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1. Another essential element for any Lions fan is a brown paper bag, which nicely conceals one's identity. See *I Am a Detroit Lions Fan...*, MLIVE.COM (Sep. 25, 2008), [http://blog.mlive.com/terpstake/2008/09/i\\_am\\_a\\_detroit\\_lions\\_fan.html](http://blog.mlive.com/terpstake/2008/09/i_am_a_detroit_lions_fan.html) (last visited July 28, 2010). Also, Lions fans generally prefer the Honolulu-blue-and-silver color combination, except for occasions where, in protest, they wear orange to root for the other team. See *Orange-Out Announced for Detroit Lions Game*, THELIONSFANATICS.COM (Dec. 9, 2005), [http://www.thelionsfanatics.com/insider\\_news\\_177.html](http://www.thelionsfanatics.com/insider_news_177.html).

2. See Gerald T. Tschura, *Likelihood of Confusion and Expressive Functionality: a Fresh Look at the Ornamental Use of Institutional Colors, Names and Emblems on Apparel and Other Goods*, 53 WAYNE L. REV. 873, 874 (2007).

3. See generally *Univ. of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711, 713 (W.D. Pa. 1983).

4. *Id.*

5. 15 U.S.C. § 1125(a)(1).

derstood that Champion, rather than the University of Pittsburgh, was the manufacturing source of the product.<sup>6</sup>

Consumer perceptions and expectations changed, however, as it became increasingly popular for sports teams and universities to license their logos to outside apparel providers (such as Champion and Nike, for example).<sup>7</sup> Although the teams themselves never produced the apparel, they began to sponsor the products by entering into licensing agreements, whereby apparel providers pay a premium to the team to become “officially licensed.” With the general increase in such licensing agreements, the notion of a product’s “source” became less clear. As a result, the scope of trademark law extended to prohibit uses of a mark that are likely to confuse consumers as to the source or sponsorship of the underlying product.<sup>8</sup> Currently, based on this notion of “sponsorship confusion,” unlicensed apparel providers face trademark infringement liability in nearly every context.<sup>9</sup>

Team merchandising continues to grow, as courts have effectively provided professional sports teams and collegiate institutions with a monopoly over the fan apparel market.<sup>10</sup> Recent court decisions reflect the notion that, nowadays, consumers are necessarily likely to believe that fan apparel bearing a team’s logo has been sponsored by the underlying team.<sup>11</sup> Under this view, team logos are exclusive team property, as all unauthorized uses of a team’s mark on fan apparel will likely lead to trademark infringement liability for the unlicensed retailer.<sup>12</sup> With only officially licensed fan apparel remaining in the marketplace, consumers are forced to pay a premium to support the teams they love.<sup>13</sup>

This Note shows how unlicensed merchandise can co-exist with officially licensed fan apparel without causing consumer confusion in the marketplace. Such an influx of unlicensed products would eliminate the monopoly in the fan apparel context, thereby providing consumers with lower prices and more ways to show support for their favorite teams. In order to break this monopoly, however, courts must apply the likelihood of

6. *Champion*, 566 F. Supp. at 716.

7. See Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 473 (2005).

8. 15 U.S.C. § 1125.

9. See Tschura, *supra* note 2, at 874–76.

10. *Id.*

11. *Id.* at 879.

12. *Id.* at 874–76.

13. *Id.* at 875 (“One’s position as a student, alumnus, or avid fan carries with it no right to express allegiance without payment.”).

confusion analysis in a way that reflects true consumer confusion and fosters fair, unlicensed competition.

Part I of this Note details the history and background of trademark law, including its transformation in the modern licensing era. Part II explains how this transformation has led to the “proPERTIZATION” of team logos, thereby eliminating unlicensed competition in the fan apparel context. Part III shows why, contrary to the hopes of several scholars, the functionality defense will not limit the trademark protection that courts have afforded to sports teams and universities. Finally, Part IV suggests that, based on the irrelevance of post-sale confusion in the fan apparel context, the use of conspicuous in-store disclaimers should allow for the comeback of unlicensed competition.

## I. THE HISTORY AND BACKGROUND OF TRADEMARK LAW

### A. *Marketplace Clarity: the Foundation of Trademark Law*

Trademark law developed primarily to prevent consumer confusion and bring clarity to the marketplace.<sup>14</sup> By designating goods “as the product of a particular trader,”<sup>15</sup> trademarks serve an important source-communicating function that benefits both producers and consumers.<sup>16</sup> For producers, trademark protection fosters investment in goodwill and allows for the development of quality reputations.<sup>17</sup> Based on these reputations, trademarks are also a convenient means for consumers to gauge a product’s quality.<sup>18</sup> To illustrate, a consumer who is shopping for cars understands that any vehicle bearing the Mercedes tri-point star logo will be of quality level associated with Mercedes. If competitors could imitate the tri-point star logo and “free ride” off Mercedes’ reputation, the trademark would no longer communicate reliable product information to consumers, and Mercedes would have less incentive to invest in its brand.

Trademark infringement occurs when the defendant’s use of a mark is likely to confuse consumers into thinking that the plaintiff is the source of the product.<sup>19</sup> Trademark law, therefore, prevents sellers from confusing

14. See Dogan & Lemley, *supra* note 7, at 469 (“[T]rademark law’s core focus . . . [is] on facilitating the flow of truthful information and reducing consumer search costs.”).

15. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918).

16. See Dogan & Lemley, *supra* note 7, at 469.

17. See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (“[Trademark] law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.”).

18. Dogan & Lemley, *supra* note 7, at 466.

19. 15 U.S.C. § 1125(a)(1).

consumers who, but for the confusion, “would have purchased from the trademark holder.”<sup>20</sup> It follows that, for a mark to earn trademark protection, consumers must associate the mark with a particular source. To illustrate, because consumers associate the “swoosh” logo with Nike, trademark law prohibits a shoemaker from displaying the swoosh logo on its own shoes, as such a use would likely confuse consumers into thinking that Nike was the source of the product.

Importantly, trademark law does not prevent all uses of another’s registered mark. Specifically, trademark infringement does not occur if the use of the mark is not likely to confuse consumers into thinking that the trademark owner is the source of the underlying product.<sup>21</sup> For example, a newspaper publisher does not infringe the trademark of McDonald’s by using an image of the Golden Arches while reporting news relating to the fast-food chain.<sup>22</sup> Here, trademark infringement does not occur because the use of the mark is not indicating that McDonald’s produced or published the newspaper. Further examples of permissible uses of another’s mark fall under the “fair use” and “functionality” defenses, explored later in this Note.<sup>23</sup>

### B. *Trademark Law’s Development in the Early Licensing Era*

The concept of source confusion was relatively clear in the early stages of trademark law, but the public’s perception of a product’s “source” changed as licensing agreements became commonplace. In the early stages of the law, trademarks indicated that a product originated at a particular source.<sup>24</sup> Consumers knew, for example, that a shoe bearing a “swoosh” was produced in a Nike factory. But this perception changed with the advent of “traditional” licensing agreements,<sup>25</sup> whereby businesses outsourced production to other manufacturers.<sup>26</sup> To illustrate, traditional licensing would occur where General Electric, producer of home appliances, arranges for an independent manufacturer to produce appliances

20. See Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 423 (citing *Coats v. Holbrook*, 7 N.Y. Ch. Ann. 713, 717 (1845)).

21. *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980).

22. See Mark A. Kahn, *May the Best Merchandise Win: The Law of Non-Trademark Uses of Sports Logos*, 14 MARQ. SPORTS L. REV. 283, 292 (2004).

23. See *infra* Part II.D.

24. Lemley & McKenna, *supra* note 20, at 415 (explaining that the “core case of confusion regard[s] the actual source of a defendant’s product or service”).

25. Irene Calboli, *The Sunset of “Quality Control” in Modern Trademark Licensing*, 57 AM. U.L. REV. 341, 348–49 (2007).

26. *Id.* at 343.

under General Electric's GE mark.<sup>27</sup> Under such arrangements, although the licensor—General Electric in the above example—is no longer the “source” of the product in the traditional sense of the word, the licensor ultimately controls and sponsors the underlying product. Consequently, Congress expanded the scope of trademark law to protect against consumer confusion as to the product's source or “sponsorship.”<sup>28</sup>

In this early licensing context, the expansion of trademark law to prohibit “sponsorship confusion” was consistent with the law's underlying aim of facilitating marketplace clarity.<sup>29</sup> This is because, under traditional licensing agreements, although the trademark owners (the licensors) no longer produced the goods, their marks still communicate truthful quality information to consumers. Consumers of outsourced GE appliances still expect the products to be of a quality level associated with General Electric. And this expectation is reasonable, as General Electric has the incentive to maintain its goodwill by monitoring the performance of its licensees.<sup>30</sup> In fact, for licensors to continue receiving trademark protection over their marks, courts initially required them to set and maintain quality-control standards for licensees.<sup>31</sup> These standards were important because, in the absence of such standards, “licensors could not guarantee consistent product quality, and this would result in consumer deception.”<sup>32</sup> Thus, trademarks in the early licensing era still served their intended function: a means of communicating truthful product information to consumers.

### C. *The Transformation of Trademarks in the Merchandising Era: Trademarks as Products in Themselves*

With the continued growth of trademark licensing, brand names and logos became increasingly valuable, and the role of trademarks eventually changed. Specifically, companies began to use their marks not only as source or quality indicators, but also as products in themselves.<sup>33</sup> This concept of trademark “merchandising” is particularly evident in the fan apparel

27. A similar type of licensing is “collateral licensing,” which occurs where a company licenses its marks to expand into a new industry or product line. *Id.* at 349.

28. 15 U.S.C. § 1125(a)(1)(A). This type of confusion is referred to as “sponsorship confusion.”

29. *See supra* Part I.A.

30. *See supra* note 17 and accompanying text.

31. Calboli, *supra* note 25, at 344–45.

32. *Id.*

33. *See* *Bos. Prof'l Hockey Ass'n, Inc. v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1010 (5th Cir. 1975). In this case, where the defendant sold embroidered emblems of a hockey team logo, the court affirmed the infringement finding but explained that “[t]he difficulty with this case stems from the fact that a reproduction of the trademark itself is being sold, unattached to any other goods.” *Id.*

context, where sports teams and universities license their logos for use on a seemingly endless array of products, all with varying quality levels.<sup>34</sup> For example, an official Green Bay Packers fan apparel website reveals, amongst other merchandise, PACKERS toothbrushes, night lights, drapes, soap dishes, and bed sheets.<sup>35</sup>

Trademark merchandising has skyrocketed in recent years, as professional sports teams and collegiate institutions continue to control the market for fan apparel.<sup>36</sup> These organizations earn tremendous profits through licensing agreements, whereby sellers of team apparel pay licensing fees, or royalties, to the underlying team.<sup>37</sup> Most universities contract with outside licensing agencies that negotiate agreements and police infringers, whereas some universities, such as the University of Notre Dame, operate internal licensing departments.<sup>38</sup> Nearly all sellers of fan apparel must pay a premium to the underlying team, as those attempting to sell unlicensed apparel will undoubtedly face trademark infringement suits from the teams or licensing agencies. To illustrate the big money at stake, the market for North American collegiate sports licensing reached \$4.3 billion in 2008.<sup>39</sup> At the professional level, the three major American sports leagues—NFL, MLB, and NBA—combined to sell \$11.5 billion in licensed products in 2008.<sup>40</sup>

The use of trademarks in the merchandising context is distinctly different from that in the traditional licensing context. Traditionally, licensed marks still communicated information about a product's quality and manufacturing origin.<sup>41</sup> For example, the GE trademark, as displayed on out-sourced General Electric appliances, functioned to communicate to

34. See Kahn, *supra* note 22, at 304 (“[T]here are products of many different quality levels that feature [team logos]”).

35. And this is just the Bed & Bath collection. See *Green Bay Packers Gear*, FOOTBALLFANATICS.COM, [http://www.footballfanatics.com/NFL\\_Green\\_Bay\\_Packers\\_Blankets\\_Bed\\_And\\_Bath](http://www.footballfanatics.com/NFL_Green_Bay_Packers_Blankets_Bed_And_Bath) (last visited Aug. 24, 2010).

36. C. Knox Withers, *Sine Qua Non: Trademark Infringement, Likelihood of Confusion, and the Business of Collegiate Licensing*, 11 J. INTELL. PROP. L. 421, 434 (2004).

37. See Robert Lattinville, *Logo Cops: the Law and Business of Collegiate Licensing*, 5 KAN. J.L. & PUB. POL'Y 81, 88 (1996) (“The sale of licensed merchandise yields universities tremendous rewards in terms of money, recognition, and status.”).

38. *Licensing*, UNIV. OF NOTRE DAME, <http://licensing.nd.edu/> (last visited Aug. 24, 2010).

39. Ben Klayman, *College Sports License Market Tackled by Recession*, REUTERS, Sep. 4, 2009, available at <http://www.reuters.com/article/sportsNews/idUSTRE5835UD20090904?pageNumber=1&virtualBrandChannel=11604&sp=true>.

40. Greg Johnson, *Sports Licensing in For Tough Year in 2009*, L.A. TIMES, Dec. 22, 2008, [http://latimesblogs.latimes.com/sports\\_blog/2008/12/sports-licens-1.html](http://latimesblogs.latimes.com/sports_blog/2008/12/sports-licens-1.html).

41. See *supra* notes 29–32 and accompanying text.

consumers that the products have a quality level associated with General Electric standards. In contrast, trademarks that are merchandized for their intrinsic value, such as team logos, do not function as quality indicators.<sup>42</sup> Rather, as evidenced by the wealth of obscure PACKERS merchandise, the team's logo *is* the product. In other words, consumers buy sports team apparel not for the quality of the underlying products, but to display the logo of a particular team. The observation that team logos are products in themselves is further supported by the fact that, in this logo merchandising context, courts have essentially abandoned the requirement of quality control altogether.<sup>43</sup> And, as discussed below, the notion that a trademark can function as its own product, rather than as a mere indicator of a product's source or origin, led to the elimination of unlicensed apparel providers.

## II. THE DEFEAT OF THE UNLICENSED FAN APPAREL PROVIDER

Before the rise of licensing agreements, team logos did not serve any trademark-related function in the fan apparel context. These marks functioned merely as ornamental product features, improving the aesthetics of the underlying merchandise. For example, the only mark on a Chicago Cubs t-shirt that indicated the product's source or quality was that of the apparel manufacturer (Nike, Champion, Adidas, etc.). In the early stages of the law, because consumers were not confused into thinking that the teams themselves were the source of the products, manufacturers could design and sell unlicensed fan apparel without facing trademark infringement liability from the underlying team. Thus, manufacturers did not have to pay licensing fees to the teams, and consumers were not forced to pay a premium for the apparel. This freedom to sell unlicensed apparel disappeared, however, as licensing arrangements became more popular and broadened the public's perception of a product's "source."

### A. *The Early Days: When Unlicensed Apparel Providers Were Free to Compete*

Interestingly enough, the early days of the fan apparel industry are best illustrated through the fraternal jewelry context. To this day, jewelers are able to design and sell pieces of jewelry that bear fraternal emblems, despite the fact that these emblems are federally-registered trademarks of the underlying fraternal organizations. Courts allow this unlicensed use of

42. One would expect that a consumer of a Green Bay Packers toothbrush is not buying the product simply because he or she believes it will provide optimal dental care.

43. See Calboli, *supra* note 25, at 387.



fraternal emblems because there is no likelihood of source or sponsorship confusion; consumers do not think fraternal emblems indicate that the underlying fraternity produced or sponsored the jewelry.<sup>44</sup> Instead, the only source-identifier on fraternal jewelry, if any, is the logo of the jeweler.<sup>45</sup> As the Fifth Circuit noted, there is no "historical custom" in the fraternal jewelry context that would lead consumers to believe that such jewelry can only be manufactured with the fraternal organization's sponsorship or approval.<sup>46</sup> Thus, fraternal emblems in this context simply do not function as trademarks. Rather, they provide consumers with a means to show their membership in, or loyalty to, a particular organization.<sup>47</sup>

In the fan apparel context, team logos seem identical to fraternal emblems. For both marks, consumers desire the underlying products to show support for, or membership in, a particular organization.<sup>48</sup> Just as a consumer of fraternal jewelry desires the emblem to indicate her status as a member of a sorority, a consumer of fan apparel desires the team logo to indicate his or her status as a fan of a team. And, as explained below, in the pre-trademark-merchandising era, these contexts *were* identical; consumers did not believe that team logos communicated the source or sponsorship of the underlying apparel.

Unlicensed retailers were once free to design and sell team-logo-bearing apparel. Such was the outcome in *University of Pittsburgh v. Champion Products*, where the court held that Champion, a clothing manufacturer, could sell t-shirts bearing PITT logos to University of Pittsburgh fans without obtaining authorization from, or paying licensing fees to, the University of Pittsburgh.<sup>49</sup> Champion was not infringing on the University of Pittsburgh's trademarks because, at that time, the PITT logo did not

44. See *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079, 1085 (5th Cir. 1982); *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 918 (9th Cir. 1980) (explaining that fraternal emblems, as displayed on jewelry, are "merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship").

45. *Rainbow for Girls*, 676 F.2d at 1081 ("[T]he quality of material and workmanship . . . is identified by [the jeweler's] own trademark, the letter 'S'.")

46. *Id.* at 1083.

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

48. *Id.*:

Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.

49. 566 F. Supp. 711, 713 (W.D. Pa. 1983).

indicate that the university made or even sponsored the goods.<sup>50</sup> The team logo was merely an “ornamental” component of the apparel, whereas the CHAMPION logo communicated the product’s source.<sup>51</sup> Thus, consumers were not confused into thinking the University of Pittsburgh was affiliated with the goods in any way.<sup>52</sup>

Importantly, the *Champion* court also acknowledged the value in allowing unlicensed competitors to use team logos in non-confusing ways. The court emphasized that producers should be able to use team logos to ensure that teams and universities do not gain a “perpetual monopoly” in the fan apparel marketplace.<sup>53</sup> The court’s fear eventually actualized, however, as the licensing era transformed the public’s perception of “source.”

### B. *The Growth of Licensing: Team Logos as Indicators of Sponsorship*

Sports teams and universities eventually gained a monopoly in the fan apparel context after licensing became increasingly commonplace. As teams and licensing agencies aggressively asserted that team logos were exclusively team property, such that any use of the logos required authorization from the team, the perception that team logos were *only* ornamental components of fan apparel vanished.<sup>54</sup> In time, consumers started to believe that all fan apparel was sponsored by the underlying team, and, consequently, unlicensed apparel providers faced infringement liability in nearly every context for sponsorship confusion.<sup>55</sup>

The following examples illustrate how teams and universities created the perception that the use of team logos, and even team “images,” requires authorization from the underlying team. In 2005, the University of Alabama brought a trademark infringement suit against a sports artist for selling paintings that depicted the football team’s memorable plays, despite the fact that the artist did not use Alabama logos in his paintings.<sup>56</sup> In 2008,

50. *Id.* at 716 (“The Pitt insignia emblazoned upon the front of soft goods do not indicate to the consumer at the time of purchase that Pitt is the source, origin or sponsor of the soft goods.”).

51. *Id.* at 720 (“The soft goods products at issue here are clearly marked as made by Champion. They are not advertised, described or denominated as ‘official’ or in any way sanctioned by Pitt”).

52. *Id.* at 713.

53. *Id.* at 721.

54. See Tschura, *supra* note 2, at 874 (“[R]etailers were free to compete [in the fan apparel context]. What is new, however, is a consolidated approach by institutions and the licensing agencies they employ to convince the public and the courts that the institutions’ names, colors, mascots, and insignia are no longer freely available to the public.”).

55. See *infra* Part II.C.

56. Libby Sander, *Federal Judge to Alabama in Suit over Crimson: Roll On, Tide*, THECHRONICLE.COM, Nov. 3, 2009, <http://chronicle.com/article/Federal-Judge-to-Alabama-in/49032/>. Although the artist was not liable for trademark infringement, the court emphasized that its decision

Major League Baseball prohibited a youth baseball organization from naming its teams after professional teams.<sup>57</sup> More recently, Anheuser-Busch felt obligated to drop its “fan can” promotional campaign, which only featured university color-schemes on its beer cans, after the NCAA threatened trademark infringement suits.<sup>58</sup>

As teams continually asserted control over the use of their logos, they eventually changed consumer expectations. To illustrate, consumers today still do not think that the Chicago Cubs organization manufactures its own apparel in some sort of team factory, and consumers still do not associate the CUBS logo with a particular level of product quality.<sup>59</sup> Generally, however, consumers do assume that any apparel provider who uses the CUBS logo is required to have authorization from the team.<sup>60</sup> Thus, unlike consumers in the *Champion* era, consumers today expect that an apparel provider who uses a team’s logo has a licensing agreement with that team.<sup>61</sup> And because consumer expectations determine whether a likelihood of confusion exists—i.e. whether trademark infringement occurs—teams were able gain trademark protection over their logos in the fan apparel context by changing public perception.<sup>62</sup> Currently, unlicensed apparel providers face trademark infringement liability in nearly every context.<sup>63</sup>

This extension of trademark law in the merchandising context has recently raised this “circularity” question: Should the law require authoriza-

applied only to “fine artistic creations” and not to team apparel such as “[t]-shirts, cups, mugs, and calendars.” *Id.*

57. See Tim Cronin, *MLB to Youth: You’re Out*, HERALDNEWSONLINE.COM, May 27, 2008, [http://www.suburbanchicagonews.com/heraldnews/news/971947,4\\_1\\_JO27\\_LOGOS\\_S1.article](http://www.suburbanchicagonews.com/heraldnews/news/971947,4_1_JO27_LOGOS_S1.article).

58. John Hechinger, *Team Color Bud Cans Leave Colleges Flat*, WALL ST. J., Aug. 21, 2009, at A1.

59. See Tschura, *supra* note 2, at 877 (explaining that consumers desire the team logos for their ornamental value, “[r]ather than believing in the quality of the shirt”); Dogan & Lemley, *supra* note 7, at 488 (“[A] logo . . . may not matter at all to [the consumer’s] assessment of the quality of the merchandise at issue, such as when the product prominently identifies its manufacturer.”); Kahn, *supra* note 22, at 304 (stating that “the [sports team’s] trademark does not signify a certain quality level.”).

60. See 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:9 (4th ed. 1994) (explaining that “consumers are conditioned to see certain trademarks appear licensed and authorized on goods and services far removed from their origins.”).

61. See *NFL v. Governor of Del.*, 435 F. Supp. 1372, 1381 (D. Del. 1977) (“[I]n this day and age when professional sports teams franchise pennants, teeshirts, helmets, drinking glasses and a wide range of other products, a substantial number of people believe, if not told otherwise, that one cannot conduct an enterprise of this kind [(a football-related lottery)] without NFL approval.”).

62. Tschura, *supra* note 2, at 879 (“[In the licensing context], institutional mark holders can themselves dictate the scope of protection afforded by [trademark law].”).

63. It is another issue altogether whether this “sponsorship confusion,” which may have no influence on a consumer’s purchasing decision, should be relevant in determining trademark infringement liability. See Lemley & McKenna, *supra* note 20, at 413–14 (labeling such confusion as “irrelevant confusion”).

tion simply because consumers *think* that the law requires authorization?<sup>64</sup> Scholars who oppose the merchandising right that courts afford to sports teams and universities argue that this trademark protection is rooted in “self-perpetuating circular reasoning rather than sound legal doctrine.”<sup>65</sup> Although the merchandising right developed in a somewhat circular manner, this outcome is consistent with the principles of trademark law, as “it is consumer perception that creates a likelihood of confusion[,] [a]nd it is likelihood of confusion that creates ‘the law’ that requires permission for a given use of a mark.”<sup>66</sup> Thus, trademark protection should extend in the fan apparel context to the extent that consumers expect team-logo-bearing apparel to be licensed or sponsored by the underlying team.

### C. *The Current Landscape: the Elimination of Unlicensed Apparel Providers*

As teams and universities earned control over the use of their marks in the fan apparel context, unlicensed retailers faced the daunting task of creating desirable merchandise that displayed neither team names nor logos.<sup>67</sup> Although this disadvantage alone was probably enough to rid the market of these sellers, recent court decisions indicate that unlicensed apparel providers are completely barred from competing, even where they do not use the names or logos of the underlying team.<sup>68</sup> As a result, professional sports teams and collegiate institutions have gained a complete monopoly over the fan apparel market.<sup>69</sup>

For instance, in *LSU v. Smack Apparel*, the Fifth Circuit affirmed the lower court’s trademark infringement finding, despite the fact that the defendant, an unlicensed collegiate apparel provider, used neither the univer-

64. MCCARTHY, *supra* note 60, at § 24:9 (“If consumers think that most uses of a trademark require authorization, then in fact they will require authorization because the owner can enjoin consumer confusion caused by unpermitted uses or charge for licenses.”).

65. Tschura, *supra* note 2, at 879 (citing Robert Denicola, *Freedom to Copy*, 108 YALE L.J. 1661, 1668 (1999)). See also Dogan & Lemley, *supra* note 7, at 489 (“[T]he fact that consumers may believe trademark owners have a right to control merchandise bearing their brands does not itself justify a merchandising right.”).

66. MCCARTHY, *supra* note 60, at § 24:9. See *id.* at § 2:14 (“[A]ny ‘property’ in trademarks is created and defined by the mental state of customers.”).

67. See *Great Moments In Unlicensed Pittsburgh Sports Merch: This Got Six? Shirt*, PITTSBURGH SPORTS & MINI PONIES, Sep. 24, 2009, <http://psamp.com/2009-articles/september/gmiupsm-got-six-shirt.html> (mocking unlicensed Pittsburgh Steelers merchandise).

68. See *Bd. of Supervisors for La. St. Univ. v. Smack Apparel Co.*, 550 F.3d 465, 475 (5th Cir. 2008) (holding that a university’s protectable trademarks include color schemes in combination with any indicia that merely “makes reference to” the university).

69. See Tschura, *supra* note 2, at 884 (stating that the decisions in *Smack Apparel* and *Texas Tech* “did little more than endorse a gross property right in the [team’s] colors, names, and insignia from which defendants should not reap any advantage.”).

sities' names nor logos.<sup>70</sup> Instead, the defendant used only the university color-schemes and other "indicia" that referenced the universities as the subject of the t-shirts.<sup>71</sup> For example, one of the infringing t-shirts, geared toward Louisiana State University fans, identified the university by using only the purple-and-gold color scheme and the phrase "2003 National Champions."<sup>72</sup> Moreover, the defendant attempted to differentiate its t-shirts from officially licensed apparel by using irreverent language and its own house logo—a SMACK insignia accompanied by the phrase "Talkin' the Talk."<sup>73</sup> The court, however, found that the defendant's t-shirts were confusingly similar to officially licensed apparel merely because the t-shirts used the teams' colors in combination with other identifying indicia.<sup>74</sup> Under such a view, unlicensed fan apparel is completely barred from the marketplace, as all desirable merchandise must, at a minimum, reference the team through the use of colors and indicia.

The composition of the fan apparel marketplace confirms the disappearance of all meaningful unlicensed competition.<sup>75</sup> At the present time, any team merchandise in a retail store is likely to bear an "officially licensed" sticker of some kind.<sup>76</sup> Ironically, the only unlicensed fan apparel retailer that a thorough internet search reveals is Smack Apparel.<sup>77</sup> However, based on this retailer's "brash" nature, Smack Apparel is hardly a reasonable alternative to officially licensed apparel.<sup>78</sup> In the absence of unlicensed team apparel retailers, fans are forced to pay a premium to support the teams they love.<sup>79</sup>

70. *Smack Apparel*, 550 F.3d at 473, 485.

71. *Id.* at 473.

72. *Id.*

73. *Id.*

74. *Id.* at 478, 483.

75. See Tschura, *supra* note 2, at 875 ("The consumer/fan is prohibited by the vast majority of colleges and universities from displaying loyalty on their apparel or other goods unless such goods have been licensed and the appropriate licensing fees paid.")

76. See *infra* notes 191–194 and accompanying text.

77. Search for "unlicensed team apparel," GOOGLE, <http://www.google.com> (last searched Sep. 1, 2010).

78. It is likely that Smack avoids further infringement liability by selling apparel that "bashes" teams, rather than communicating support for any particular organization. See *The Smack Story*, SMACKAPPAREL.COM, <http://www.smackapparel.com/our-story.aspx> (last visited Sep. 2, 2010) ("[B]rash shirts . . . is what SMACK is all about!").

79. See Dogan & Lemley, *supra* note 7, at 482:

If only one company controls the sale of Seattle Seahawks t-shirts, those shirts will cost more and be of worse quality than if the market competes to provide those shirts. Consumers lose something tangible—they pay more for the shirt, they are unable to express their support for the Seahawks because they can't afford the shirt, or they get a lower quality shirt. (footnote omitted).

#### D. *Should Teams Have Property Rights in Their Logos?*

At first glance, it may seem that professional sports teams and collegiate institutions should have the sole right to sell fan apparel. After all, the success of these organizations is what created the desire for the goods and logos in the first place.<sup>80</sup> However, to argue that these organizations should receive the profits from all fan apparel places trademark law within the domain of a “property right,” erroneously characterizing the underlying theories upon which the law is based.<sup>81</sup>

Trademark law is not intended to give trademark owners an absolute property right over their logos.<sup>82</sup> Unlike patent law, which encourages innovation by granting inventors a limited monopoly over their new product designs, trademark law is founded on pro-competition aims.<sup>83</sup> A trademark is not the property of its owner, as others are free to use the mark to the extent that consumers are not confused as to the source or sponsorship of the underlying product.

The pro-competition aims of trademark law are reflected by the various defenses built into the law. The fair use defense, for example, tolerates some level of consumer confusion where a competitor, in good faith, uses another’s mark to describe its own goods.<sup>84</sup> To illustrate, the fair use defense allows a confectionary company to describe its candy as having a “sweet-tart” flavor, despite the fact that another competitor has rights to the distinctive “SweeTARTS” insignia.<sup>85</sup> Similarly, the functionality defense, examined later in this Note, ensures that trademark law does not “inhibit [] legitimate competition by allowing a producer to control a useful product feature.”<sup>86</sup>

80. *Univ. of Pittsburgh v. Champion Prods., Inc.*, 566 F. Supp. 711, 712 (W.D. Pa. 1983):

The notion that a university’s name and insignia are its own property, to do with as it chooses, has a certain common-sense appeal. . . . [But] [t]he relief sought by Pitt is not minor; it amounts to a judicially created, perpetual monopoly on a product, Pitt-insignia soft goods, which many people wish to purchase.

81. *Id.*

82. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918) (“There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”).

83. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (“[I]t is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time.”).

84. *See MCCARTHY*, *supra* note 60, at § 11:45.

85. *See Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1058 (7th Cir. 1995) (“That SweeTARTS is an incontestable mark for sugar candy does not make Sunmark the gatekeeper of these words for the whole food industry.”).

86. *Qualitex*, 514 U.S. at 164.

The argument that teams *deserve* the profits from fan apparel is, therefore, not within the province of trademark law. Unlike patent law, trademark law “does not exist to reward manufacturers for their innovation in creating a particular device.”<sup>87</sup> Rather, as emphasized throughout this Note, trademarks are protected “only insofar as is necessary to prevent consumer confusion as to who produced the goods.”<sup>88</sup> And a team’s assertion of exclusive rights over the use of its logos is “a claim to market control, not a claim to harm resulting from confusion or even an injury to consumers at all.”<sup>89</sup>

In the absence of consumer confusion, society’s interest in free competition outweighs any interest a team has in reaping monopoly rewards from the use of its logos in the fan apparel context.<sup>90</sup> Because teams have no inherent property rights in their trademarks, the question now becomes, how can unlicensed fan apparel providers emerge victorious in their fight against teams and universities, thereby providing consumers with better merchandise? Most scholars who support the de-monopolization of the fan apparel market argue that team logos in this context should not receive trademark protection based on the doctrine of functionality.<sup>91</sup> The functionality defense, however, is unlikely to succeed in limiting the trademark protection of team logos.

### III. THE FUNCTIONALITY DOCTRINE: A FALSE HOPE

The functionality doctrine remains a topic of debate in the fan apparel context, where several scholars have argued that team logos should not receive trademark protection based on their functional value. It is well established that, based on the pro-competition principles of trademark law,

87. *TrafFix Devices, Inc. v Mktg. Displays, Inc.*, 532 U.S. 23, 34 (2001).

88. *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980).

89. Lemley & McKenna, *supra* note 20, at 438.

90. Sheldon W. Halpern, *Trafficking in Trademarks: Setting Boundaries for the Uneasy Relationship Between “Property Rights” and Trademark and Publicity Rights*, 58 DEPAUL L. REV. 1013, 1028 n.76 (2009) (“society’s interest in free competition overrides the owner’s interest in reaping monopoly rewards”) (quoting *Bi-Rite Enters., Inc. v. Button Master*, 555 F. Supp. 1188, 1195 (S.D.N.Y. 1983)).

91. See, e.g., Tschura, *supra* note 2, at 889:

There is no rationale for treating school color or logo decorations on apparel or other goods any differently than the courts have historically treated the functional or aesthetically pleasing features of any other product’s configuration. If the useful or aesthetically pleasing features of a product are a key component of the product itself, such features should be denied protection despite the undeniable role the features might play as an identifier of source. Collegiate logos and symbols on fan/student/alumni merchandise certainly fit this bill. (citation omitted);

Kahn, *supra* note 22, at 297 (“Because purchasers of team merchandise probably would strongly prefer the actual logo of their favorite team to appear on the merchandise rather than merely the team name or some unauthorized logo, such official logos properly fit under the definition of aesthetically functional features.”).

“functional” product features cannot receive trademark protection.<sup>92</sup> The underlying rationale is that competitors must be allowed to copy important product features that enable them to “compete effectively,” even where these features also serve as symbols of origin.<sup>93</sup> To illustrate, the block-and-tube-shaped design of LEGO building blocks could not be trademarked—despite the fact that consumers identified this specific design with the LEGO brand—because the studded shape of the interlocking blocks contributed to the blocks’ overall “effectiveness and performance.”<sup>94</sup> Importantly, competitors had few reasonable alternatives to the LEGO design, as “simple round tubes and studs are the easiest shapes to manufacture.”<sup>95</sup>

Courts have been inconsistent in defining what constitutes a functional design, but the definitions generally fall under two categories: utilitarian and aesthetic functionality.<sup>96</sup> Under both categories, scholars have recently argued that team logos are functional components of fan apparel, thereby prohibited from receiving trademark protection in this context.<sup>97</sup> This view, if accepted, would break the monopoly that sports teams and collegiate institutions currently enjoy in the fan apparel marketplace. Based on the pro-competition aims of the functionality defense, this argument has a strong common-sense appeal. As explained below, however, courts are unlikely to rip away the trademark protection that is currently provided to team logos. Importantly, although the Supreme Court has not addressed whether the functionality defense applies to team logos in the fan apparel context,<sup>98</sup> several courts have rejected this argument.<sup>99</sup>

92. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (1995) (“[I]n determining whether a particular design is ‘functional’ and therefore ineligible for protection as a trademark, the ultimate inquiry is whether a prohibition against copying will significantly hinder competition by others.”).

93. MCCARTHY, *supra* note 60, at § 7:63 (citing *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163 (1995)).

94. *Tyco Indus., Inc. v. Lego Sys., Inc.*, 1987 WL 44363, at \*20 (D.N.J.), *aff’d*, 853 F.2d 921 (3d Cir. 1988), *cert. denied*, 488 U.S. 955 (1988).

95. *Id.* at \*21.

96. See MCCARTHY, *supra* note 60, at § 7:69 (“It seems that there are as many definitions of what is ‘functional’ as there are courts.”).

97. See *supra* note 91.

98. *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1070 (9th Cir. 2006) (“The Supreme Court has yet to address aesthetic functionality as it applies to logos and insignia, in contrast to product features.”).

99. See, e.g., *Bd. of Supervisors for La. St. Univ. v. Smack Apparel Co.*, 550 F.3d 465, 487 (5th Cir. 2008) (“Our circuit has consistently rejected the concept of aesthetic functionality.”); *Tex. Tech Univ. v. Spiegelberg*, 461 F. Supp. 2d 510, 520 (N.D. Tex. 2006) (“By itself, the use of a color (or combination of colors) as a trademark does not offend the functionality doctrine. Here, [the defendant] has produced no evidence that the use of the Texas Tech color scheme could affect the cost or quality of the products or are the reason the products work.”) (citation omitted).



### A. *The Utilitarian Functionality Defense*

The traditional notion of functionality is categorized as “utilitarian functionality.” Under this category, the Supreme Court has stated that a product feature is functional if it is “essential to the use or purpose” of the underlying product or if it “affects the cost or quality” of the product.<sup>100</sup> The design of LEGO blocks, for example, falls under this category of functionality.<sup>101</sup> Specifically, the block-and-tube-shaped design of LEGO products cannot receive trademark protection because this design affects the performance of the interlocking building blocks, and few reasonable alternatives exist for competitors.<sup>102</sup>

Using the utilitarian functionality defense, scholars have argued that team logos are “essential” components of fan apparel, thereby prohibited from receiving trademark protection. Proponents of this view emphasize that, in the fan apparel context, there is no alternative to using a team’s logo, color scheme, or other identifying indicia. As one professor points out, when a Michigan State alumnus wishes to purchase a t-shirt to show support for his alma mater, there is no reasonable substitute for the green ‘S’ emblem.<sup>103</sup> This argument, however, presumes that the “purpose” of such t-shirts is to operate as fan apparel, as opposed to mere articles of clothing.<sup>104</sup>

Although team trademarks (the logos, color schemes, and other identifying indicia) *are* essential features of any piece of fan apparel,<sup>105</sup> these marks do not affect the physical utility of the underlying good. In the utilitarian sense, the purpose of a PACKERS toothbrush is to function as a device for oral hygiene, rather than as a means for Green Bay fans to show support for their football team. The Fifth Circuit in *Texas Tech University v. Spiegelberg* followed this view, emphasizing that Texas Tech team logos, as used on knitted hats, did not “affect the quality of the cap or its ability to keep one’s head warm.”<sup>106</sup>

100. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 10 (1982).

101. *See supra* note 94 and accompanying text.

102. *Id.*

103. Tschura, *supra* note 2, at 874 (“A blue sweater adorned with an appliqué of the well-known maize colored block ‘M’ for Michigan is not a likely competitive substitute for a green sweater bearing the equally regionally iconic green ‘S’ symbol for Michigan State.”).

104. *Id.* (“Perhaps, however, warmth is not the essential purpose of these particular sweaters. Instead, the expression of the wearer’s allegiance [to the underlying team] is the essential function.”).

105. *See Dogan & Lemley, supra* note 7, at 463 n.9 (“Imagine, for example, that I am a Dallas Cowboys fan who wants to wear a Cowboys t-shirt to show my support for the team. In that case, the trademark is an essential part of the product I’m seeking—I am not looking to buy just any t-shirt, but a t-shirt with COWBOYS as its defining feature.”).

106. 461 F. Supp. 2d 510, 520 (N.D. Tex. 2006).

Therefore, under the utilitarian functionality defense, courts are correct in determining that team logos are not “essential” components of fan apparel. Scholars who support the de-monopolization of the fan apparel market have stretched the notion of utilitarian functionality too broadly, as this defense is more “engineering-driven.”<sup>107</sup>

### B. *The Aesthetic Functionality Defense*

The second category is “aesthetic functionality,” a defense which some courts have relied on to deny trademark protection to intrinsically desirable marks.<sup>108</sup> Under this defense, the rationale is that competitors must be able to copy certain aesthetically pleasing designs to compete effectively. For example, the first seller of heart-shaped boxes for Valentine’s Day could not earn trademark protection over this packaging design, despite the fact that consumers associated the design with that particular seller.<sup>109</sup> This result occurred because such a heart-shaped design is aesthetically functional; in this instance, there are “no alternative designs capable of satisfying the aesthetic desires of [the] prospective purchasers.”<sup>110</sup>

Importantly, however, a trademark owner “does not forfeit trademark rights simply because prospective purchasers find the design aesthetically pleasing.”<sup>111</sup> Rather, as with the utilitarian functionality defense, a design is aesthetically functional “only if it confers a significant benefit that cannot practically be duplicated by the use of alternative designs.”<sup>112</sup> In addition, if the desirability of a particular design lies in its association with the reputation of the trademark owner, the design is not functional under this defense.<sup>113</sup> The general rule is, therefore, that the exclusive use of the design must put competitors at a “significant *non-reputation-related* disadvantage.”<sup>114</sup>

In the fan apparel context, proponents of the aesthetic functionality defense point out that unlicensed fan apparel providers, unable to use team

107. MCCARTHY, *supra* note 60, at § 7:69.

108. *Id.* at § 7:80 (stating that a “handful of courts” have used the aesthetic functionality defense to deny trademark protection to ornamental marks).

109. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (1995).

110. *Id.*

111. *Id.*

112. *Id.*

113. *Id.* (citing Warner Bros. Inc. v. Gay Toys, Inc., 724 F.2d 327 (2d Cir. 1983); Vuitton et fils S.A. v. J. Young Enters., Inc., 644 F.2d 769 (9th Cir. 1981); Bos. Prof’l Hockey Ass’n v. Dall. Cap & Emblem Mfg., Inc., 510 F.2d 1004 (5th Cir. 1975)).

114. Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 165 (1995) (emphasis added).

marks, are indeed at a “significant” disadvantage. It is difficult to disagree with this position, as unlicensed apparel providers have effectively been eliminated from the fan apparel marketplace. Indeed, a team’s trademarks are the defining features that allow a consumer to show allegiance to that team.<sup>115</sup> To this extent, the team’s trademarks essentially are the product, and no alternatives exist.<sup>116</sup>

Accepting that unlicensed apparel providers are at a significant disadvantage in the marketplace, the heart of the issue is whether this disadvantage is “reputation-related.” Advocates of the aesthetic functionality defense argue that this term should be interpreted narrowly, so as to refer only to the *quality* reputations of the competitors. Under this narrow interpretation, scholars point out that the desirability of team logos is not related to the team’s quality reputation, as these logos do not serve any quality communicating function.<sup>117</sup> Indeed, teams do not have a reputation for licensing merchandise of a particular quality level.<sup>118</sup> In contrast, a footwear manufacturer who cannot use the Nike “swoosh,” for example, *is* at a quality-reputation-related disadvantage, as consumers desire Nike shoes not only for the ornamental value of the swoosh insignia, but also for the quality associated with the Nike brand. Therefore, scholars argue that unlicensed apparel providers are disadvantaged in a way that is unique to the fan apparel context.

Courts, however, have consistently rejected the aesthetic functionality defense in the fan apparel context, interpreting “reputation-related” more broadly. These courts have stated that, for an ornamental product feature to be aesthetically functional, the feature’s desirability must not be tied to its association with the trademark owner in any way.<sup>119</sup> Because the popularity of logo-bearing merchandise is necessarily tied to the success and history of the underlying team, courts have held that any disadvantage that unlicensed apparel providers face *is* reputation-related.<sup>120</sup>

115. See *supra* notes 103–105 and accompanying text.

116. *Id.*

117. See *supra* notes 34–35, 59 and accompanying text.

118. *Id.*

119. See *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1073 (9th Cir. 2006) (“In practice, aesthetic functionality has been limited to product features that serve an aesthetic purpose wholly independent of any source-identifying function.”). See also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (1995).

120. See, e.g., *Bd. of Supervisors for La. St. Univ. v. Smack Apparel Co.*, 550 F.3d 465, 488 (5th Cir. 2008) (“[A]ny demand for Smack’s t-shirts is inextricably tied to the Universities’ trademarks themselves. . . . Smack’s alleged competitive disadvantage in the ability to sell game day apparel relates solely to an inability to take advantage of the Universities’ reputation.”).

The following examples illustrate how courts have applied this aesthetic functionality doctrine to determine whether the desirability of a trademark is “reputation-related.” In one case, the Seventh Circuit denied trademark protection to a cookbook seller’s gold-colored page border design, stating that gold is “a natural color to use on a fancy cookbook.”<sup>121</sup> Consumers desired the gold-colored page design for its natural, aesthetic appeal, and not because they associated the color with a particular source. Conversely, in a case more analogous to the fan apparel context, the Fifth Circuit held that Volkswagen’s VW logo, as displayed on aftermarket car accessories, was not aesthetically functional.<sup>122</sup> In this case, the defendant marketed its license plate covers to Volkswagen drivers, and, in the absence of the automaker’s approval, placed VW logos on its products.<sup>123</sup> The court acknowledged that Volkswagen’s exclusive use of its VW logo would put the defendant at a significant disadvantage, but the court emphasized that this disadvantage *was* reputation-related, as consumers desired the logo for its association with Volkswagen.<sup>124</sup>

Following the courts’ interpretation of this defense, team marks are not aesthetically functional components of fan apparel. Although these marks confer a significant benefit to consumers that cannot be duplicated by the use of alternative designs, the desirability of team marks does not stem from any natural, aesthetic beauty. Rather, the value of the trademarks stems from the association with the trademark owners—the underlying teams.

Although unlicensed competition would thrive if teams lost trademark protection over their logos in the fan apparel context, courts have emphasized the slippery-slope effect that may arise with the extension of the functionality doctrine. Classifying team logos as functional could mean that all intrinsically desirable logos, such as the VW emblem and Nike swoosh, would lose trademark protection.<sup>125</sup> One can see how such an application would be problematic, as marketplace confusion would likely result where, under the doctrine of aesthetic functionality, competitors “could adopt the distinctive Mercedes circle and tri-point star or the well-known golden arches of McDonald’s.”<sup>126</sup>

121. *Publ’ns Int’l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 342 (7th Cir. 1998).

122. *Au-Tomotive Gold*, 457 F.3d 1062, 1074 (9th Cir. 2006).

123. *Id.* at 1065.

124. *Id.* at 1074 (“Any disadvantage Auto Gold claims in not being able to sell Volkswagen or Audi marked goods is tied to the reputation and association with Volkswagen and Audi.”).

125. *Id.* at 1064 (stating that the extension of the aesthetic functionality doctrine to intrinsically desirable logos would be “the death knell for trademark protection.”).

126. *Id.*

One could argue that this slippery-slope possibility is lessened by the fact that team logos are distinguishable from other desirable marks. As previously mentioned, the fan apparel context is unique in the sense that sports teams and universities generally have never produced any tangible merchandise. In turn, one could argue that the aesthetic functionality defense for merchandised trademarks would not extend beyond the fan apparel context, where the trademark owners have no quality reputations. A closer look, however, reveals that sports teams and universities are not so dissimilar from other companies that wish to profit off the popularity of their logos. Consider McDonald's, a company with a world-wide quality reputation for fast food. Although McDonald's has no history of producing t-shirts, consumers who see the golden arches embroidered on a t-shirt will be reminded of the taste of McDonald's cheeseburgers or the quality of their fast-food experience. Similarly, consumers who see a PACKERS t-shirt will be reminded of the football team or their experiences in Green Bay. In both cases, consumers are buying the t-shirts for the ornamental value of the logos, and not for the quality of the t-shirt. The fact that McDonald's developed a quality reputation for fast food does not seem like a relevant difference. Therefore, it appears that courts are justified in recognizing the possible slippery-slope effect that may arise with the denial of trademark protection to team logos in the fan apparel context.<sup>127</sup>

Although the monopoly that teams enjoy in the fan apparel market runs contrary to the pro-competition goals of trademark law, courts are unlikely to use the functionality defense to invalidate the trademark protection they have afforded to teams and collegiate institutions. The courts are justified in recognizing a slippery-slope possibility, and the loss of trademark protection for intrinsically desirable marks could have a chaotic effect in the marketplace. Unlicensed fan apparel providers, however, should be able to compete through the use of conspicuous disclaimers, as this Note ultimately concludes.

127. Also note that trademark "dilution," which is non-confusion-based liability, is another theory upon which sports teams and universities could sue unlicensed apparel providers. To briefly summarize, trademark dilution occurs where the use of a famous mark in non-confusing ways eventually "dilutes" or weakens the mark's ability to identify one source. The theory of trademark dilution is beyond the scope of this Note. See MCCARTHY, *supra* note 60, at § 24:67.

#### IV. SAVING THE UNLICENSED APPAREL PROVIDER: THE LIKELIHOOD OF CONFUSION ANALYSIS, DISCLAIMERS, AND POST-SALE CONFUSION

##### A. *Applying the Likelihood of Confusion Analysis in the Fan Apparel Context*

To determine whether trademark infringement occurs, each circuit applies its own “likelihood of confusion” analysis.<sup>128</sup> For this analysis, the circuits generally incorporate the same eight foundational factors to determine whether the defendant’s use of a mark is likely to confuse consumers as to the source or sponsorship of the product.<sup>129</sup> These eight factors are the (1) similarity of the marks, (2) similarity of the marketing channels, (3) degree of consumer care exercised in the purchase, (4) strength of the senior user’s mark, (5) likelihood that the senior user would expand into the field of the junior user, (6) retail territories of the goods, (7) intent of the junior user, and (8) evidence of actual confusion.<sup>130</sup>

Although the likelihood of confusion test incorporates several foundational factors, most of these factors are less significant in the fan apparel context.<sup>131</sup> Sponsorship confusion cases are unique in the sense that the confusion is not necessarily “between a plaintiff’s and defendant’s *products*.”<sup>132</sup> More specifically, in the fan apparel context, consumers are not confused over whether the teams physically manufactured the products, but over whether the team sponsored or licensed the products.<sup>133</sup> To this extent, the application of factors such as the strength of the marks, marketing channels, senior user’s likelihood of expansion, retail territories, and consumer care are less meaningful in this context.<sup>134</sup> Sports teams and unlicensed apparel providers each compete with the same type of products, in the same marketing channels, and for the same customer base, so the appli-

128. *Id.* at § 23:19.

129. *See id.* (“[U]nder the modern Restatement, eight foundational factors are relevant to the determination of a likelihood of confusion.”).

130. *Id.*

131. *See* Lemley and McKenna, *supra* note 20, at 442 (“Courts have developed multifactor likelihood of consumer confusion tests . . . [but] few of the factors make much sense when the issue is confusion about some unspecified sponsorship or affiliation relationship.”).

132. *Univ. of Ga. Athletic Ass’n v. Laite*, 756 F.2d 1535, 1547 (11th Cir. 1985).

133. *Id.* at 1546 (“[The likelihood of confusion] need not relate to the origin of the challenged product. Rather, ‘confusion’ may relate to the public’s knowledge that the *trademark* . . . originates with the [university].”).

134. *Id.* at 1547 (“[The] similarity of product, identity of retail outlets and purchasers, and identity of advertising media utilized, [are] less significant in the instant case than in most trade or service mark cases.”). *See also* Lemley and McKenna, *supra* note 20, at 442 (“Factors such as marketing channels, likelihood of expansion, and even consumer sophistication have little relevance to evaluating [sponsorship confusion].”).

cation of these factors generally remains fixed, regardless of the specific fact pattern.<sup>135</sup> Unlicensed apparel providers may choose to concede that these factors weigh in favor of a likelihood of consumer confusion.<sup>136</sup>

Likewise, the similarity-of-the-marks factor necessarily supports an inference of likely confusion in the fan apparel context. Indeed, unlicensed apparel providers routinely display exact duplications of team logos on their products. Moreover, even where the defendant uses neither the team's name nor logo, the products are still likely to be confusingly similar to the team's marks, as all fan apparel must, at a minimum, reference a team through the use of its colors and indicia.<sup>137</sup>

Because the likelihood of confusion analysis remains largely unchanged in the fan apparel context, courts emphasize the most variable factor—the defendant's intent.<sup>138</sup> Included in this factor is the defendant's use of disclaimers, which may indicate whether the defendant intended to confuse consumers as to the source of sponsorship of the product.<sup>139</sup> However, the courts' narrow application of this factor has essentially foreclosed unlicensed competition in the fan apparel context.

As this Note ultimately concludes, to bring back unlicensed fan apparel providers, courts should apply the likelihood of confusion analysis in way that is more indicative of true consumer confusion. More specifically, courts should modify their application of the intent digit and allow conspicuous disclaimers to dispel point-of-sale confusion in most instances. Finally, post-sale confusion should not be actionable in these cases, as the general harms stemming from post-sale confusion are not relevant in the fan apparel context.

#### 1. The "Intent" Factor: Intent to Capitalize off a Team's Popularity vs. Intent to Confuse

In the fan apparel context, when determining whether a likelihood of consumer confusion exists, courts rely heavily on their perception of the

135. See *Bd. of Supervisors for La. St. Univ. v. Smack Apparel Co.*, 550 F.3d 465, 481 (5th Cir. 2008) ("Smack concedes that . . . the Universities' licensed products are often sold wholesale to the same retailers who purchase Smack's products.").

136. See *id.*

137. See *supra* notes 70–74 and accompanying text.

138. See *Laite*, 756 F.2d at 1543. See also *Lemley & McKenna*, *supra* note 20, at 443 (stating that, in sponsorship confusion cases, "more and more attention is focused on factors . . . [such as] the defendant's intent").

139. *Univ. of Kan. v. Sinks*, 565 F. Supp. 2d 1216, 1248 (D. Kan. 2008) ("[T]he placement of the Joe-College.com mark, as well as the disclaimers posted in the store . . . could persuade a reasonable jury that defendants were instead attempting to capitalize on their own reputation for supplying irreverent T-shirts that refer to KU but that are explicitly not authorized by KU.").

defendant's intent. Because the "intent" factor is particularly significant in sponsorship confusion cases,<sup>140</sup> the defendant's intent "may alone be sufficient to justify an inference that there is a likelihood of confusion."<sup>141</sup> The application of this factor has been problematic in the fan apparel context, as several circuits have read the requisite intent to mean the intent to capitalize off a team's popularity rather than what courts have traditionally looked to: the intent to confuse consumers.<sup>142</sup>

The *Smack Apparel* case illustrates how courts have stacked the intent factor against unlicensed apparel providers. There, the Fifth Circuit stated that an inference of consumer confusion is justified whenever a mark is "adopted with the intent of deriving benefit from the reputation of the [trademark holder]."<sup>143</sup> This view is rooted in an earlier Fifth Circuit case, *Boston Hockey*, where the court stated that it is wrongful for a competitor to free ride off another's goodwill.<sup>144</sup> By equating an apparel provider's intent to capitalize off the popularity of a team with the intent to confuse consumers, courts can infer likely consumer confusion in *any* case involving the sale of unlicensed fan apparel. It is no secret that unlicensed apparel providers intend to benefit from the popularity of sports teams and universities; the demand for such merchandise is inextricably tied to the reputation and success of these organizations. Scholars criticize this view as being misguided and unsupported by trademark law's policies, but many circuits continue to accept this application of the intent factor.<sup>145</sup>

This application of the intent factor is problematic because capitalizing off a competitor's popularity is a legitimate aim.<sup>146</sup> As one scholar ex-

140. See *supra* notes 134–139 and accompanying text.

141. *Smack Apparel*, 550 F.3d at 481.

142. See Lemley & McKenna, *supra* note 20, at 443:

[C]ourts tend to fall back on their assessment of a defendant's intent in deciding whether consumer confusion is likely. Perhaps this is acceptable if the intent in question is intent to confuse consumers into buying the defendant's goods instead of the plaintiff's. But when the relevant intent is more amorphous—some sort of free riding—the fact that courts rely so heavily on intent becomes problematic because the concept of free riding is ultimately empty. (citation omitted).

143. *Smack Apparel*, 550 F.3d at 482 (quoting *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir. 1980)).

144. See Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 615 (2006) ("Other courts followed *Boston Hockey*'s lead, influenced, like the *Boston Hockey* court, by a belief that it was wrongful for the defendant to free ride on the plaintiff's goodwill.").

145. See *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1545 (11th Cir. 1985) (finding the intent factor satisfied because the unlicensed brewer of Battlin' Bulldog Beer "intended to capitalize on the popularity of the University of Georgia football program."). See also *supra* note 144.

146. See *Am. Footwear Corp. v. Gen. Footwear Co.*, 609 F.2d 655, 662 (2d Cir. 1979) ("[O]ne can capitalize on a market or fad created by another provided that it is not accomplished by confusing the



plains, “all competition involves taking customers from a competitor and thus taking value that the competitor has created through its investment in product quality.”<sup>147</sup> Courts are therefore incorrect in assuming that an apparel provider’s intent to capitalize on a team’s popularity is prohibited or even discouraged by the law. To the contrary, trademark law is built on pro-competition goals, and capitalizing off another’s popularity is a by-product of all legitimate competition.

In one fan apparel case, *University of Kansas v. Sinks*, the district court correctly applied the intent factor, recognizing that the intent to *confuse* is the proper inquiry.<sup>148</sup> The court emphasized that “the focus of this [intent] factor is not whether defendants intended to refer to [the team], but . . . whether they intended to confuse.”<sup>149</sup> Although the jury found the defendant liable for trademark infringement, the *Sinks* court acknowledged that the defendant could have intended to build its own reputation through the use of in-store disclaimers and unique apparel designs.<sup>150</sup> Under this application of the intent factor, defendants who sell unlicensed fan apparel will not automatically have blameworthy intent; rather, the intent factor would weigh in favor of a likelihood of consumer confusion only where the defendant intends to deceive consumers by falsely suggesting that its merchandise is sponsored or licensed by the underlying team.<sup>151</sup>

Courts should follow the *Sinks* application of the intent factor in the fan apparel context, focusing not on whether the defendant merely intended to capitalize off the team’s popularity, but whether the defendant intended to confuse or deceive consumers. As scholars have pointed out, this view is more appropriate because the intent to deceive is truly indicative of whether consumers are likely to be confused, whereas the intent to “free ride” is an amorphous concept. Also, this view fosters legitimate competition in the fan apparel industry and would still prohibit truly deceptive acts, such as where an unlicensed apparel provider attempts to disguise its goods as “official” team apparel.

public into mistakenly purchasing the product in the belief that the product is the product of the competitor.”).

147. Bone, *supra* note 144, at 617.

148. 565 F. Supp. 2d 1216, 1247 (D. Kan. 2008).

149. *Id.*

150. *Id.* at 1247–48 (“[T]he placement of the Joe-College.com mark, as well as the disclaimers posted in the store . . . could persuade a reasonable jury that defendants were instead attempting to capitalize on their own reputation for supplying irreverent T-shirts that refer to KU but that are explicitly not authorized by KU.”).

151. Tschura, *supra* note 2, at 886 (stating that a false indication that apparel is officially licensed would “[w]ithout a doubt” constitute trademark infringement).

## 2. The Effect of Disclaimers on Consumer Confusion

Generally, whether a defendant's disclaimer dispels a likelihood of consumer confusion depends on the facts of the case.<sup>152</sup> Some circuits, however, follow the *Boston Hockey* view that a disclaimer, no matter how visible, will not remedy consumer confusion in some instances.<sup>153</sup> The Eleventh Circuit adopted this view in *University of Georgia v. Laite*, where the defendant sold six-packs of beer that displayed the University of Georgia logo on the packaging.<sup>154</sup> In this case, the University of Georgia argued that "Battlin' Bulldog Beer"—an unlicensed alcoholic beverage aimed at university fans—was likely to confuse consumers into thinking the beer was licensed or sponsored by the university.<sup>155</sup> Although it is difficult to imagine that consumers would be confused into thinking that a collegiate institution entered the brewing industry,<sup>156</sup> the defendant nonetheless placed disclaimers on the beer informing consumers that the product was "Not associated with the University of Georgia."<sup>157</sup> Despite this disclaimer, the court affirmed the finding of trademark infringement,<sup>158</sup> emphasizing that, where a defendant duplicates a team's logo without authorization, "[disclaimers] are insufficient to remedy the illegal confusion."<sup>159</sup>

Opponents of this narrow *Boston Hockey* view emphasize that a reasonable consumer is able to read and comprehend disclaimers that clarify a product's origins.<sup>160</sup> Thus, these courts and scholars suggest that disclaimers should always factor into the likelihood of confusion analysis, even

152. See MCCARTHY, *supra* note 60, at § 23:51.

153. See *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir. 1975):

The exact duplication of the symbol and the sale as the team's emblem satisfying the confusion requirement of the law, words which indicate it was not authorized by the trademark owner are insufficient to remedy the illegal confusion. Only a prohibition of the unauthorized use will sufficiently remedy the wrong.

See also MCCARTHY, *supra* note 60, at § 23:51 ("[M]any courts have held that a disclaimer does not serve to cure an otherwise clear case of likely confusion.").

154. 756 F.2d 1535, 1547 (11th Cir. 1985).

155. *Id.* at 1537–38.

156. See Withers, *supra* note 36, at 444 ("While it is possible to argue that beer brewing could be related to education, that connection is, at best, remote. In reality, there is little likelihood that a consumer would be confused in this manner.").

157. *Laite*, 756 F.2d at 1547.

158. *Id.*

159. *Id.* (citing *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1013 (5th Cir. 1975)).

160. See Withers, *supra* note 36, at 444–45 ("The 'Boston Hockey' cases assume that consumers are relatively naive and are unable to exercise even a marginal amount of common sense. . . . [R]easonable consumers are not likely to believe that an entity has endorsed an item when a disclaimer clearly instructs them to the contrary.").

where the defendant duplicates the plaintiff's trademark.<sup>161</sup> For example, in *Sinks*, where the defendant sold unlicensed apparel bearing the University of Kansas name and emblem, the district court explained that the defendant's in-store disclaimers *could* sufficiently dispel confusion as to whether the defendant's apparel was licensed by University of Kansas.<sup>162</sup> Likewise, in a different context, the Sixth Circuit in *General Motors v. Keystone* found that the defendant's disclaimer on its "knockoff" car grilles eliminated consumer confusion at the point of sale.<sup>163</sup> The Sixth Circuit emphasized that "the transparent and conspicuous indications that [the defendant] manufactured its grilles make confusion at the point of sale all but impossible."<sup>164</sup>

In the fan apparel context, courts should follow the view that clear disclaimers can sufficiently remedy consumer confusion at the point of sale.<sup>165</sup> By presuming that the duplication of a team's logo is an inherent "wrong" that is incurable by disclaimers, proponents of the *Boston Hockey* view side-step the issue of whether consumers are truly confused.<sup>166</sup> Indeed, one would expect that a consumer who sees, for example, a conspicuous "Not associated with the Chicago Bears" disclaimer will understand that the product is not licensed by that team.

Scholars have recently endorsed the view that disclaimers should be the touchstone for allowing unlicensed fan apparel back into the marketplace.<sup>167</sup> The main concern with this view, however, is that most disclaimers are no longer visible in the post-sale context, where consumers have removed the tags from their purchases. Because disclaimers are not visible in the post-sale setting, unlicensed apparel providers will still face liability for "post-sale confusion" under the current application of trademark law. Scholars who propose that disclaimers should be the foundation for allowing unlicensed apparel into the marketplace have argued that post-sale con-

161. See *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 355 (6th Cir. 2006) ("There can be no likelihood of confusion at the point of sale where a defendant conspicuously and unequivocally informs buyers that the defendant, and not the plaintiff, is the source of the product."). See also *supra* note 160.

162. 565 F. Supp. 2d 1216, 1248 (D. Kan. 2008).

163. 453 F.3d at 355.

164. *Id.* at 356.

165. The issue of "post-sale confusion" is addressed in Section C, *infra*.

166. See *supra* note 153.

167. See Tschura, *supra* note 2, at 886 ("Perhaps the placement of prominent and conspicuous disclaimers on 'unofficial' collegiate merchandise can further satisfy any real concerns as to confusion while still satisfying trademark law's ultimate goal of providing consumers with informed choices."); Dogan & Lemley, *supra* note 7, at 489 (stating that "disclaimers, rather than injunctions against use, should suffice in most merchandising cases.").

fusion should not be actionable in the fan apparel context.<sup>168</sup> The conclusion of this Note expands on why post-sale confusion should be irrelevant in the fan apparel context.

*B. The Applicability of Post-Sale Confusion in the Fan Apparel Context*

Although most decisions address point-of-sale confusion, which occurs when the use of the trademark is likely to confuse the direct purchaser, confusion in the post-sale context is also actionable.<sup>169</sup> The “vast majority” of courts recognize post-sale confusion,<sup>170</sup> which occurs when individuals other than the purchaser are confused into thinking that a product was manufactured by the trademark owner.<sup>171</sup> Thus, post-sale confusion involves potential customers who see the product in public use. To illustrate, a customer who buys counterfeit OAKLEY sunglasses on a street corner knows that the merchandise is not genuine, but a subsequent observer may think that the customer is wearing an authentic Oakley product.<sup>172</sup> Consequently, the reputation of Oakley, the trademark owner, could be harmed if post-sale observers attribute the low-quality sunglasses to its brand.

Based on the potential harm flowing from post-sale confusion, the majority of courts agree that disclaimers, no matter how conspicuous, will not prevent a finding of trademark infringement if the disclaimers are not visible after the point of sale.<sup>173</sup> In the above example, even if the street vendor places a large tag on each pair of sunglasses informing purchasers that the products are “Not associated with Oakley,” observers on the street may still be confused once the purchaser removes the disclaimer. Therefore, even with the use of clear disclaimers, unlicensed apparel providers will still face trademark infringement liability under the concept of post-sale confusion.<sup>174</sup>

168. See Tschura, *supra* note 2, at 886 (“[A]s it is already a stretch to assume it matters whether [fan apparel] is licensed, it is hardly imaginable it could matter at all to anyone other than the purchaser at the time of sale. Hence, post sale confusion is simply not a relevant inquiry.”).

169. See MCCARTHY, *supra* note 60, at § 23:5.

170. *Id.*

171. Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP, 423 F.3d 539, 549 (6th Cir. 2005).

172. See Hermes Int'l v. Lederer de Paris Fifth Ave., Inc., 219 F.3d 104, 107–08 (2d Cir. 2000) (explaining that the practice of selling “knockoff” products could constitute trademark infringement, even where consumers know they are buying knockoffs).

173. See, e.g., Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1077–78 (9th Cir. 2006) (“Shorn of their disclaimer-covered packaging, Auto Gold’s products display no indication visible to the general public that the items are not associated with Audi or Volkswagen. The disclaimers do nothing to dispel post-purchase confusion.”).

174. This argument assumes that using permanently visible disclaimers is not a practical option.

The concept of post-sale confusion, however, should not apply in the fan apparel context. Although post-sale confusion harms trademark owners in some circumstances, this harm does not extend to professional sports teams and collegiate institutions that license their logos for use on fan apparel. The possible ways in which a trademark owner can be harmed by post-sale confusion are detailed by the Sixth Circuit in *General Motors*.<sup>175</sup> As explained below, these harms are either inapplicable or too disconnected to have relevance in the fan apparel context.

The ordinary harm caused by post-sale confusion occurs where the trademark serves its traditional function as a quality indicator. In these instances, “knockoffs” entering the marketplace may confuse consumers into thinking that the knockoffs were produced by the trademark owner.<sup>176</sup> Consequently, the trademark owner’s “reputation for quality may be damaged if individuals mistake an inferior counterfeit for the original.”<sup>177</sup> To illustrate, consider the situation in *General Motors*, where the defendant produced knockoff car grilles that were identical to the trademarked GM design.<sup>178</sup> In this case, although the defendant placed clear disclaimers on the packaging of each product, the court stated that it would nonetheless be liable for trademark infringement if the grilles confused the “viewing public.”<sup>179</sup> The potential harm in this circumstance is clear: quality is a major consideration for car buyers, and imitation GM grilles would communicate false quality information to potential customers.<sup>180</sup> As a result, the quality reputation of General Motors could be damaged, and car buyers could be influenced to pass on products they may otherwise have purchased and enjoyed. Based on these direct harms, post-sale confusion should be actionable in instances where, as in the *General Motors* case, the trademark communicates product quality information to consumers. This result fosters the “flow of truthful information” in the marketplace.<sup>181</sup>

Post-sale confusion also harms both consumers and producers in instances involving “prestige” products, which derive their value in part from

175. *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 358 (6th Cir. 2006).

176. *Id.*

177. *Id.*

178. *Id.* at 353.

179. Here, the court determined that a question of fact remained as to whether the defendant’s disclaimers were visible after the point of sale. *Id.*

180. *Id.* at 359 (“Such confusion could damage GM’s reputation for quality if the public associates any inferior attributes (e.g., improper fit or cracking) of [the defendant’s] grilles with GM.”).

181. *Dogan & Lemley, supra note 7*, at 469. *See supra* Part I.A.

their scarcity and exclusivity.<sup>182</sup> A Rolex watch is an example of a prestige product. For consumers of these products, an increase in knockoffs in the marketplace will diminish the value of their purchase.<sup>183</sup> Similarly, the trademark owner will lose its reputation for rarity as observers see an increasing number of knockoffs in the marketplace.<sup>184</sup> To illustrate, consider the effect that an influx of counterfeit Rolex watches has on the marketplace; because the desirability of Rolex watches stems in part from the brand's exclusivity, "the proliferation of Rolex look-alikes cuts away at that valuable commodity."<sup>185</sup>

Importantly, however, these harms do not occur in the fan apparel context, which is unique in the sense that consumers desire the apparel for the intrinsic value of its logos, and not for the quality of the underlying product.<sup>186</sup> Because teams and universities do not have quality reputations, the existence of unlicensed fan apparel does not have the same reputation-damaging effects as does, for example, knockoff GM grilles and counterfeit Rolexes. These harms are absent in the fan apparel context because sports teams and universities have no interest in maintaining scarcity or consistent product quality.<sup>187</sup> Instead, the aggressive expansion of merchandising in recent years shows that teams and universities want their trademarks on as many items as possible, regardless of the quality level.<sup>188</sup> An increase in fan apparel, whether licensed or unlicensed, strengthens team loyalty and reminds more people to watch the games.<sup>189</sup> Therefore, the efforts of unlicensed apparel providers do not necessarily run against the interests of the underlying team.<sup>190</sup>

Admittedly, consumers may expect certain types of fan apparel to be of a superior quality level. Authentic team football jerseys, for example, are

182. These products are also known as "Veblen goods." *See id.* at 491–92 ("For certain types of goods—called Veblen goods—the value of the good to a consumer is a function of scarcity and corresponding exclusivity or 'snob appeal.'").

183. *See* *Hermes Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108 (2d Cir. 2000) ("[T]he purchaser of an original is harmed by the widespread existence of knockoffs because the high value of originals, which derives in part from their scarcity, is lessened.").

184. *Id.*

185. Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. Rev. 960, 967 (1993).

186. *See* Dogan & Lemley, *supra* note 7, at 471–72 ("[T]he so-called 'merchandising right' is something of an anomaly. When fans buy t-shirts with the name of their school, team, or rock band . . . the mark in these cases is rarely serving the traditional function of a trademark.").

187. *See* *Univ. of Kan. v. Sinks*, 565 F. Supp. 2d 1216, 1235 (D. Kan. 2008) ("KU does not manufacture apparel, but it licenses its trademarks to hundreds of different persons or entities and its marks appear on a wide variety of competing products with varying levels of quality.").

188. Consider the Bed & Bath collection for Green Bay Packers merchandise, *supra* note 35 and accompanying text.

189. Kozinski, *supra* note 185, at 967.

190. *Id.*

generally higher-priced and designed to endure the stresses of game action. Even for such high-end apparel, however, the team's logo does not communicate quality information like a traditional trademark. Rather, the "officially licensed" sticker or mark of the manufacturer communicates the quality of the underlying product.<sup>191</sup> To illustrate, a consumer who sees a knockoff Michigan Wolverines jersey that displays imitation Nike logos will attribute the product's inferior quality to Nike, the manufacturer, rather than to the university. Even the Collegiate Licensing Company, which represents nearly two hundred colleges and affixes an "officially licensed" label to each licensed product, states that its label "serves as a quality seal of approval."<sup>192</sup> Because team logos are ornamental features of fan apparel that do not communicate product quality, the existence of unlicensed apparel will not damage the licensing reputation of teams and universities. The goodwill of these organizations would only be harmed by a producer's false assertion that its merchandise is "officially licensed," and such an assertion would still lead to trademark infringement liability.<sup>193</sup> Thus, the quality- and reputation-related justifications for applying post-sale confusion are not applicable in the fan apparel context.

To recap, any possible harm resulting from post-sale confusion in the fan apparel context is too attenuated to be relevant. Because consumers of fan apparel do not view team logos as indicators of quality, the existence of unlicensed apparel in the post-sale setting will not affect the licensing reputation of the teams. To this extent, a defendant's unauthorized use of the manufacturer's label or false assertion that its merchandise is "officially licensed" would still lead to trademark infringement liability. Thus, even if apparel providers are able to use team logos without authorization, "licensors of officially sponsored or endorsed products are [still] adequately protected."<sup>194</sup> In the absence of any relevant harm from post-sale confusion in the fan apparel context, courts should only consider point-of-sale confusion in determining trademark infringement liability for unlicensed apparel providers.<sup>195</sup> This solution seems to reach a desirable middle ground, where unlicensed apparel providers can compete in the marketplace through con-

191. See Kahn, *supra* note 22, at 304 (explaining that consumers of fan apparel must read a product's label to determine its quality because "there are products of many different quality levels that feature the [team logo]").

192. *Labeling Requirements*, COLLEGIATE LICENSING CO., <http://www.clc.com/clcweb/publishing.nsf/Content/labeling+requirements.html> (last visited Sep. 10, 2010).

193. See *supra* note 151.

194. Tschura, *supra* note 2, at 886.

195. Whether this post-sale confusion argument should apply to trademarks in other merchandising contexts is beyond this scope of this Note.

spicuous disclaimers, and teams and universities can continue to receive trademark protection over their logos at the point of sale.<sup>196</sup>

## V. CONCLUSION

Unlicensed apparel providers should be allowed to provide sports fans with an alternative to officially licensed merchandise. Through the use of clear disclaimers, unlicensed retailers can sufficiently eliminate any confusion at the point-of-sale. Indeed, consumers have the ability to read and understand markings that clarify a product's origins. To this end, courts should only consider point-of-sale confusion in determining trademark infringement liability for unlicensed apparel providers. The traditional reputation-damaging harms caused by post-sale confusion are not applicable in the fan apparel context, because the trademarks of sports teams and universities do not function as quality indicators. Under this proposal, however, retailers who falsely designate their goods as "officially licensed" would still face trademark infringement liability, as such markings serve as a seal of quality approval.

The only harm to sports teams and universities under this proposal would be the lost revenue associated with an increase in fair, unlicensed competition. However, any claim to market control or property rights over a mark has no basis in trademark law, which functions primarily to prevent consumer confusion in the marketplace. Although teams argue that they deserve complete control over the logos they popularized, it is clear that trademark law does not exist to reward businesses for their creations—this is the function of patent and copyright law. Thus, in the absence of consumer confusion, society's interest in free competition outweighs the teams' interests in reaping monopoly rewards in the fan apparel marketplace.

Importantly, consumers will greatly benefit from the demopolization of the fan apparel market. Unlicensed apparel providers would not be required to pay royalties to the underlying team and could therefore offer lower-priced goods to consumers. Moreover, the increase in competition will provide sports fans with more ways to show love for their favorite teams.

196. See *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 358 (6th Cir. 2006) (“[C]ourts should be wary of overprotecting public domain ideas and works whose exploitation can lead to economic efficiency, greater competition, and lower costs for consumers.”).



