

SPORTS ALERT

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Trojans Defeat Gamecocks - Trademark Battle over the Interlocking "SC" logo

College teams, sponsors, agencies and licensees should consider taking steps to protect themselves in light of a recent federal appeals court decision in the trademark battle between the University of Southern California ("Southern Cal") and the University of South Carolina ("Carolina"). The decision raises questions about whether, where and how a university team can use its own logo, and affects college teams' licensor-agents and licensees as well.

What happened

Southern Cal's trademark registration protects the letters "SC" in standard character form and the interlocking "SC" logo:



Carolina attempted to register its own interlocking "SC" logo as follows:



Based on its interlocking "SC" logo registration, Southern Cal filed an opposition proceeding with the Trademark Trial and Appeals Board ("TTAB"). Carolina counterclaimed in an effort to cancel Southern Cal's registration. The TTAB ruled in favor of Southern Cal, (i) denying registration of Carolina's interlocking "SC" logo, and (ii) granting a summary judgment in favor of Southern Cal dismissing Carolina's counterclaim for cancellation of Southern Cal's "SC" logo registration. On January 19, the Court of Appeals for the Federal Circuit affirmed the TTAB's decision.

The arguments

Despite there being no evidence of actual consumer confusion, the TTAB determined these were legally identical marks and that overlapping markets would create a likelihood of confusion. Carolina based its counterclaim for cancellation of Southern Cal's standard character form registration on the Lanham Act, asserting that the letters "SC" falsely suggested an association with the State of South Carolina. But the TTAB found that Carolina failed to establish that a genuine issue of fact for trial existed on whether the initials "SC" "pointed uniquely" to the state, and the appellate court agreed. Further, the

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court noted that by Carolina's own admission, in the context of another issue, at least 16 other universities and colleges represent themselves as "SC."

Why the Decision Is Important to You

College teams' branded goods and sponsorship identity were once geographically confined, but are now being promoted against other national and local college brands. This increases the chance of trademark conflicts, and the fact that two major colleges engaged in expensive litigation and an appeal over their marks highlights the value inherent in college team logos. Even though there was no express finding that Carolina infringed Southern Cal's trademark rights, Carolina's inability to federally register its own version of the "SC" mark may impact the value and marketability of its brand at a time when the school is trying to monetize that brand with sponsorships and Internet-based merchandise sales. Such conflicts will likely arise with other brands and schools as well.

College team trademark licensees and sponsors may also get squeamish and seek assurances from schools, licensors and their agents as to their right to use team logos nationally without fear of infringement claims. Licenses and sponsorship agreements often contain warranties by the licensor as to exclusive ownership and validity of licensed marks. The inability to provide such warranties by team licensors could jeopardize future contract renewals, as well as licensing and sponsorship opportunities.

Sponsors and licensees (as well as distributors, retailers and promotional partners) may themselves may be exposed to possible infringement claims, for which the school may be responsible under contract indemnification clauses. In a "worst case" scenario, retailers and distributors may cease carrying stock of licensed goods depicting a tainted team logo due to uncertainty over the mark's validity, thereby impacting licensees' ability to move completed or in-process inventory of licensed goods on hand. Sponsors may stop using a school's mark in their advertising and other promotional activity which may deprive them of the full value of their sponsorship investment.

What to Do

Whether you are a college team, sponsor, agency or a licensee, you should assess your current and future agreements to ensure the adequacy of indemnification provisions and what would happen if any marks you depended on were deemed not to be registrable, or worse, infringing. Also make sure your liability policies for advertising injury and errors and omissions are broad enough to cover such contingencies.

If you are a licensee with minimum sales requirements and are caught in this situation, speak with your licensor as soon as possible to either renegotiate terms or terminate the license on mutual consent if retail and distribution channels start to dry up.

If you are a sponsor, make certain that the intellectual property you are currently using in advertising or promotions pursuant to the rights granted to you under a sponsorship agreement with a "property" are on firm footing. If they're not, seek a legal review of your contract rights before contacting the property owner so that you are best equipped to address the situation.

If you are a licensor or a property owner granting sponsorship rights, it's important to provide adequate assurances to your licensees, sponsors and other promotional partners.



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Consider seeking out mutual trademark consent agreements with other teams with similar marks in advance to avoid disputes.

Most importantly, conduct careful trademark due diligence before rolling out a new logo or team mark, or seeking registration of an existing mark. Property owners of existing but unregistered marks may be better served where there may be a conflict by not seeking registration, thereby staying off the radar and continuing to coexist as in the past.

Contact

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