



TRADEMARK CASE ALERT
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Color of Law? College Colors Held Protectable as Trademark

By H. David Starr and Gregory G. Bennett

On November 25, 2008, the U.S. Court of Appeals for the Fifth Circuit (“Fifth Circuit”) affirmed that non-licensed t-shirts incorporating the color schemes and other indicia of several universities infringes upon the universities’ trademark rights. The court, covering Louisiana, Mississippi, and Texas, held that universities can establish ownership rights in their colors as legally protectable marks.

Since 1998, Smack Apparel Co. (“Smack”) manufactured t-shirts targeted toward fans of college sports teams, using school colors and loosely associated printed messages. Notably, these t-shirts did not use the names or even logos of the schools. Based upon previous dealings with universities, Smack believed that by avoiding use of names and logos it avoided possible trademark infringement liability. Smack’s products did, however, display the well-known school colors in conjunction with other indicia, such as final scores of the Sugar Bowl, or the number of national championships held.

Louisiana State University, the University of Southern California, the University of Oklahoma, and Ohio State University (collectively “Universities”) sued Smack in the United States District Court for the Eastern District of Louisiana (“District Court”) in 2004. The Universities met with immediate success. The District Court found liability at the summary judgment stage, and held a jury trial on damages. The jury awarded the Universities actual damages of over \$10,500 and nearly \$36,000 in lost profits. The District Court also issued an injunction barring Smack from manufacturing or selling the t-shirts at issue. Smack appealed the liability verdict and damages award to the Fifth Circuit.

The issues before the Fifth Circuit were whether the Universities had ownership in a legally protectable mark, and if so, whether there was infringement, as shown through likelihood of confusion between the Smack t-shirts and authentic university apparel. In holding that the colors were legally protectable, the court considered the longstanding use of the color schemes and prominent display on merchandise, the well-known nature of the colors as representing the

schools themselves, and the presentation in combination with team feats, scores, or geographical location. In the context of t-shirts and other apparel, such use, in the eyes of the court, established secondary meaning; that is, the colors in combination with the other indicia served to identify the Universities in the minds of consumers as the *source* of the goods, rather than identifying the *goods* themselves.

From here, it was a short ride to upholding liability. Over Smack's arguments that their use of the colors was "nominative fair use" and that the generally "taunting" nature of the messages on their shirts excepted them from requiring licenses, the Fifth Circuit affirmed the finding of infringement. Among the factors considered were the similarities between Smack's and the authentic products, the overlap in methods of advertising and points of sale, and Smack's intent to profit from the Universities' reputations. These "digits of confusion" combined to create a clear impression in the consumers' minds of affiliation. Thus, Smack was impermissibly free-riding upon this deceptive appearance of affiliation.

This case should have a vast impact on universities as well as professional sports franchises for several reasons. This holding demonstrates that unregistered and even *unregisterable* trademarks can be highly potent. Specific color combinations in conjunction with "other indicia" untethered to any particular product is too vague to obtain registration as a trademark at the Patent and Trademark Office. Yet, in the eyes of the Fifth Circuit, this combination is just as much a trademark as any federally registered one, and provides a powerful cause of action against infringers heretofore careful to avoid direct use of teams' names and logos. In the billion-dollar world of licensing—witness the \$93 million of such licensed products sold from these four schools alone in recent years—this can be big business.

Not only does *Smack Apparel* expand the visible range of infringers within the scopes of the schools and sports franchises, but it also gives more force to existing licenses and more incentive for new ones.

The Nath Law Group regularly provides counseling to universities on trademark clearance, prosecution, enforcement, and licensing matters. For more information about how your licensing strategies and enforcement efforts may be impacted by this case or other trademark law, please contact William E. Beaumont, Partner of the University Group, or H. David Starr, Manager of the Trademark Department.

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