

# Testing the Bounds of Universities' Merchandising Rights in Light of Penn State v. Vintage Brand

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The district court opinion in *Pennsylvania State University v. Vintage Brand* (2022) offers new legal insight about how judicial interpretations of trademark law in merchandising cases may be evolving to be much less protective of universities than in the past. Whereas successful legal arguments by universities in past trademark infringement cases have largely shielded universities and given them adequate trademark protection, that legal status quo may be shifting to be less protective of the universities as a result of recent case law, including in the instant case. Because of how the logos and emblems are used on the merchandise, the case suggests there may be an opportunity for unauthorized retailers to be able to use the names and past logos of the university without a license, a legal proposition that would curtail the expansive merchandising rights in sport. This article explores these legal issues through the Penn State case and examines how they may affect university athletics trademark licensing practices going forward if the legal climate shifts in how universities approach protection of their intellectual property.

Keywords: intellectual property, trademark licensing, merchandising rights, collegiate sport

## Overview of the Collegiate Licensing Industry and Reliance on Trademark Law

The collegiate licensing industry for sports apparel and related merchandise has become big business. Recent estimates suggest that the global sports apparel market (including collegiate licensed goods) creates around \$191 billion in revenue, and that number is expected to increase to \$249 billion by 2026 (Statista, 2022). Major retail manufacturers in this space include Nike and Adidas, among other major brands like Under Armour, who partner with universities to produce officially licensed apparel and merchandise for sports fans of the universities' athletic teams (Smith, 2022). As demand for college-themed and team-branded sports apparel continues



to rapidly increase, new brands—including unlicensed manufacturers and retailers, and retailers who operate completely online—continue to enter the retail space. These new retailers push back on claims by universities that they are committing blatant trademark infringement of the university’s protected intellectual property. Any further codification of these efforts to protect the universities’ intellectual property, through legal and business means, faces greater scrutiny as expanding merchandising rights are tested again in recent court decisions. This sets up the perfect legal firestorm to revisit the legal issues involving sport merchandising rights to see if recent case law focused on Penn State and vintage-themed goods might challenge existing legal norms and licensing industry practices about where the legal lines of protection are drawn, or should be drawn, going forward. In attempting to answer the key question of who should be able to say (or use) “Penn State” on sports merchandise, whether it is only Penn State and their official licensees or perhaps now others with some newly granted leeway, the district court’s ruling on Penn State’s motion to dismiss in *Penn State v. Vintage Brand* (2022) provides much legal fodder for trademark scholars in sport, college athletics licensing professionals, and the trademark bar to contemplate as the collegiate brand battles in the retail shops and online now extend well beyond the rolling hills of Happy Valley.

## Introduction to the Case

Called a troubling decision (Baker, 2022) and “a potentially industry-shifting legal decision” (Feldman, 2022), the district court opinion in *Pennsylvania State University v. Vintage Brand* (2022) offers new legal insight and provides a fresh perspective about how judicial interpretations of trademark law in merchandising cases may be evolving to be much less protective of universities than in the past. Underlying these merchandising rights are the protections found in federal trademark law under the Lanham Act. Under the Lanham Act (15 U.S.C. § 1114), a party must prove that it has a protectible ownership interest in the mark, and that the defendant’s use of the mark is likely to cause consumer confusion (*Network Automation, Inc. v. Advanced Systems Concepts, Inc.*, 2011). Federal trademark law provides substantial legal protections for trademark owners and gives the respective universities as owners of the registered trademark nearly absolute legal protections to police their marks. However, recent judicial interpretations may be reshaping the scope and bounds of that right, in a significant way. The purpose of this article is to explore how the *Penn State v. Vintage Brand* (2022) case may influence the interpretation of trademark issues surrounding merchandising rights in sport, to become less protective of universities’ legal interests than what currently exists, and to understand the potential effect this disruption would have on collegiate athletics’ trademark licensing practices.

In 2021, Penn State University sued Vintage Brand, an online retailer who creates vintage-themed designs on athletic merchandise, often featuring university



subject matter, including retro logos no longer used by the university (DiSanto, 2021). It primarily produces what would be called vintage-style merchandise, and the challenged uses are not about the primary athletic logos currently used by Penn State and existing licensees. Penn State argued that Vintage’s sale of these goods was unauthorized use of their intellectual property and constituted trademark infringement. Penn State further claimed this might cause consumers to think that Penn State endorsed the merchandise when no such official licensing relationship ever existed. Vintage responded to the lawsuit, claiming that some of the challenged uses on the marks constitute ornamental use by Penn State and do not serve the required trademark function of designating Penn State as the source of the goods. Ornamental use, or an ornamentality challenge as described by Tushnet (2022), would essentially defeat trademark protection for certain marks for Penn State if it could be established by Vintage Brand the marks as used on the goods were “merely ornamental” (McCarthy, 2022, § 7:81) and not also serving the trademark function as source identifiers of the actual goods sold. As McCarthy (2022) explained in his treatise, “[t]he ‘merely ornamental’ rule is simply a facet of the basic trademark factual question: is the disputed feature in fact perceived by customers as a trademark or not?” (§ 7:81).

While the theoretical arguments related to trademark law are substantial and grounded in the policy goals and original intent of trademark law, discussed in further detail below, the district court was quick to identify the precise legal issue before it in ruling on Penn State’s motion to dismiss Vintage’s counterclaims. As the court contemplated both sides’ nuanced and technical arguments regarding the scope and protectability of the trademarks and merchandising issue, “[t]he key issue [the court considered] is whether Vintage can put the [university-related] matter across the front of T-shirts, etc.” (Tushnet, 2022) without a license or authorization from Penn State. Penn State offered a very straight-forward legal argument against any unauthorized uses and the University’s ability to exclusively control use of the words “Penn State” or its past or present trademarks. Vintage Brand took a much different tact, challenging the eligibility of Penn State to continue to exert trademark rights over certain marks. As an eligibility case (as opposed to a traditional infringement case), the focus is on whether the mark identifies Penn State as the source of the goods (*Penn State v. Vintage Brand*, footnote 26). Vintage Brand does this by trying to chip away at the protectability of the university subject matter as ornamental uses of the marks, which would not be deserving of trademark protection.

## **Reconciling Trademark Theory with Collegiate Sport Licensing Industry Practices**

As recognized by Judge Brann, courts have struggled with how to reconcile the scope of trademark law and the scope of what is protectible when compared to the dominant licensing industry practices that have been reinforced and perpetuated,



via a significant body of case law. The legal argument that any mention of Penn State, or another university, by a seller not officially licensed by the university would likely be *per se* trademark infringement flows from the idea that consumers' mental association with marks of a university are identifiers of the source of the goods. Vintage Brand posits that consumers' association as fans are to show support and the name of the institution is not perceived as identifiers of the source of the actual goods sold. This is where the major discrepancy lies in the case and highlights the gap between theory and practice that is seen in the separate but competing bodies of case law about merchandising rights.

As highlighted by Judge Brann, there is a substantial gap between trademark theory and its original goals to protect consumers, and the current licensing industry practices that have helped to shape the law in this area and that are reflected in the existing body of case law about merchandising rights in sport. This case illustrates a likely judicial shift, unequivocally rejecting the legal standard laid out in *Boston Hockey* (1979) and now being more open to considering more nuanced legal arguments about whether use of the university name or team logos also identifies the source of the physical goods, while undeniably allowing consumers to show their affiliation for the team (and trademark owner). This legal divergence, so to speak, whether use of the Penn State marks also indicates the source of the goods or is instead "merely ornamental," which would likely defeat protection as a trademark, is the legal crux of the instant case. Judge Brann also hints at the importance of the latest on-point guidance from the U.S. Supreme Court, in *Dastar v. Twentieth Century Fox* (2003), where the high court found that the inquiry should consider the relevant goods at issue, the videotapes Dastar was selling, and not the underlying creative works owned by Twentieth Century Fox. Judge Brann seems to be applying the *Dastar* Supreme Court precedent supporting Vintage Brand's position about consumer confusion as to the source of the T-shirts being the correct inquiry, and not to focus on sport consumers' desire to show support or affiliation for the team whose logo is represented.

Trademark and branding expert Thomas Baker (2022) and trademark attorney Josh Gerben (Pallotto, 2022) emphasize Judge Brann's opinion and the existing case law do not reconcile well with current collegiate licensing industry practices, in which universities primarily use sophisticated licensing programs to achieve goals related to quality and keeping out unlicensed competitors in order to best protect their portfolio of intellectual property and also facilitate getting products to market more efficiently.

While many have commented that the theoretical rationale and policy goal emphasis and extensive discussion in the *Penn State* ruling produced is somewhat unusual and a "head scratcher" (Pallotto, 2022), the current analysis and discussion provided by Judge Brann may help to bridge the gap in legal theory and licensing industry practices. The well-established licensing programs used by colleges and



universities rely on trademark law as the legal backbone to justify strict protection and enforcement of their valuable intellectual property rights. Judge Brann dealt Penn State a legal setback (McCann, 2022), finding that Vintage Brand’s use of the Penn State imagery did not inherently infringe Penn State’s trademarks (Jahner, 2022a). In so ruling, this allowed the counterclaims to proceed in order to find further facts about the alleged ornamental uses that allow fans to show their support for Penn State but do not also indicate the source of the goods as Penn State. While not a final decision on the merits, this setback for Penn State triggered by the judge’s ruling has been highlighted by trademark law practitioners and legal scholars alike, including Stanford law professor Mark Lemley, as a case to watch going forward and one the trademark bar and sport associations would be keenly interested in following. An adverse ruling on appeal for Penn State could “upend the school’s licensing rights and force it to compete” with unauthorized sellers of Penn State gear (Jahner, 2022b). The district court ruling should give universities pause as it contains significant legal analysis and criticism of the current state of expansive sport merchandising rights by sports properties and wonders whether that position is still legally justified under current interpretations of trademark law.

## **Legal and Business Strategy Implications of the Case for Merchandising Rights in Sport**

Whereas successful legal arguments in past cases involving universities alleging trademark infringement by unauthorized retailers have largely shielded universities and given them adequate trademark protection, this legal status quo that the universities have relied upon may begin to shift to be less protective of the universities because of recent case law. Moreover, this acute shift would be a significant shakeup (McCann, 2022) to an industry with consistently aggressive trademark enforcement practices, including initiating trademark infringement lawsuits. Historically speaking, the sport licensing industry has been in a strong legal position and courts have been generally supportive of their business goals to vigorously protect their intellectual property. Universities often zealously pursue all unauthorized uses of their trademarks and seek all legal remedies available to them, including stopping unauthorized sales. This industry practice has been reinforced by the theoretical developments and expansion in trademark protection for collegiate sport properties, rooted in both case law and in legal scholarship analyzing the policy goals and original intent of trademark law to eventually create modern day merchandising rights for sports properties.

Judge Brann spent much of his opinion analyzing the legal path to recognizing merchandising rights in sports apparel, set in motion by the seminal case of *Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing Corp.* (1979), a case involving embroidered emblems produced by Dallas Cap that used the team’s protected trademarks to be sewn onto hockey jerseys. In *Boston Hockey*, the



Fifth Circuit found for plaintiffs, determining that “consumers only purchase the merchandise because of the mental association it creates between the trademark and the trademark holder” (p. 1012). Under this theory, the source is determined by examining “the toil who generated the sale” (*Penn State v. Vintage Brand*, 2022, p. 10), irrespective of who the consumer thinks is the source of the goods. As Judge Brann noted, “university-trademarked apparel and merchandise presents a different case; the mark itself is the product” (*Penn State v. Vintage Brand*, 2022, p. 8). “Applying this standard, there’s no inquiry into the belief of the consumer” (Howard & Ervin, 2022, p. 2).

Subsequent courts and legal scholars were quick to reject this line of reasoning, and the *Boston Hockey* (1979) decision by the Fifth Circuit was later rejected by subsequent case law that helped to develop a solid body of case law establishing merchandising rights involving sports apparel. Noted by Judge Brann, these subsequent cases affirmed theoretical concerns that legal scholars were long raising, such as universities were amassing more trademarks when more trademarks was never the original intent of trademark law; preventing consumer confusion was the primary goal. Furthermore, subsequent cases, such as *University of Pittsburgh v. Champion Products* (1982), found “there was no likelihood of confusion as to the good’s source, origin, authorization, or sponsorship; that the marks served the solely functional purpose of ‘allow[ing] the consumer to show his or her allegiance to Pitt’” (pp. 14-15); and that apparel bearing Pitt’s marks “did not primarily serve a secondary purpose of ‘identify[ing] the source of the product rather than the product itself’” (*Penn State v. Vintage Brand*, 2022, p. 15).

Judge Brann rejected what he calls the “per se” approach, where any use of Penn State’s name or trademarked logos by Vintage Brand or other unlicensed parties would inherently infringe Penn State’s marks, putting source confusion on the back burner as a determining factor in whether the trademark should be cancelled if challenged over lack of identifying the source of the goods. This is perhaps the most significant theoretical development of the case, which gives legal scholars and practitioners pause to wonder about what is next as this case progresses and whether it continues the trend of over-protection of trademarks as highlighted by Balsam (2022). More likely, this begins to contract merchandising rights closer to the original goals of trademark law, which is about protecting consumers from confusion in the marketplace. Industry practice reflecting victory for collegiate properties and their respective universities in the courts, and the practical effects of this legal strategy, grounded in trademark theory, have been so successful and strictly adhered to across the licensed goods industry that Judge Brann questioned whether consumers (incorrectly) have been conditioned to think a seller needs a license or authorization from the university to use the marks. He opined, “If consumers’ confusion stems from their incorrect belief that goods bearing Penn State’s emblem must be licensed, shouldn’t that belief be corrected, not perpetuated?” (p. 22). According to the judge,



these consistent licensing and enforcement practices may have helped to further the misconception among consumers about what they believe the legal requirement is regarding merchandise bearing the university's logos or emblems.

Perhaps most concerning for universities looking to derive the full value from their trademark rights, the district court ruling in *Penn State v. Vintage Brand* (2022) can be viewed as a judicial roadmap for forecasting where the "new" bounds of merchandising rights may get redrawn by future courts weighing similar issues. As such, the *Penn State* decision essentially calls into question existing case law that has consistently affirmed the rights of universities to license their intellectual property (McKelvey & Sliffman, 2015) and allows the universities as trademark owners and licensors to assert nearly exclusive control over their use on collegiate-themed merchandise, including athletic apparel. Now, that absolute protection that enables universities to exclusively control their marks, as well as the judicial line of thought underpinning it, may be beginning to weaken because of the *Vintage Brand* case.

Currently, universities rely upon an established body of case law, that is well-reasoned in accord with trademark theory, in applying trademark law to their licensed goods. This helps trademark owners to guarantee a high level of legal protections for their trademarks and to produce high quality goods that consumers have come to expect from brands like Nike and Adidas. Any change because of the instant case that would lessen that level of protection would be an unwelcome change by the universities. In fact, in denying Penn State's 12(b)(6) motion to dismiss *Vintage Brand*'s counterclaims regarding cancellation of some of the challenged marks, the ruling in *Penn State v. Vintage Brand* (2022) is likely still sending shockwaves through universities' general counsel offices. While not a final decision on the merits, the ruling offers a legal roadmap of sorts about how the universities' expansive merchandising rights are now being scrutinized more closely by courts, which may eventually lead to limiting the value of universities' merchandising. This would inevitably result in less protection of universities' intellectual property, especially their valuable trademark portfolio that serves as the basis for robust and financially lucrative athletics licensing programs.

Any attempt, through legal maneuvering by the universities' creative legal teams, which often includes outside legal counsel with specific expertise in intellectual property and licensing matters, to scale back the current expansive state of merchandising rights by sport entities would disrupt the universities' dominant legal position regarding their trademark rights and "could shake the sports industry" (McCann, 2022, p.1). Professor McCann (2022) noted that "[Judge] Brann's ruling is significant because it could eventually weaken protection for college athletic programs, and possibly professional teams, if team properties can be used by others without consent" (p. 1). This worst-case legal scenario for universities would be to lose some of these secure legal protections and would pose a direct challenge to the





fundamental legal basis found in trademark law upon which universities rely upon to license their marks on collegiate merchandise. In doing so, it could continue to erode the universities' legal rights and cast doubt upon the legal position that the universities have long relied upon with confidence, which is that merchandising rights are exclusively within their control to approve through licensing agreements. This dominant legal position has been advanced by the collegiate and professional sport licensing industry in crafting their legal arguments over time when suing for trademark infringement cases involving athletic team-branded merchandise.

## Possible Changes to Collegiate Licensing as a Result of This Case

The legal developments in the Penn State case may eventually lead to changes in licensing and business strategy by sport properties, including both collegiate licensing and professional sports teams' licensing approaches. As Tushnet (2022) has suggested, if online retailers or other unlicensed manufacturers or sellers can put Penn State subject matter (Penn State imagery such as the Nittany Lion mascot or use the word marks such as the university name or team name) without needing a license from Penn State, this is problematic for Penn State as the registered owner of these marks. Vintage Brand argued it did not need a license to be able to use the Penn State subject matter because Penn State's uses were ornamental and did not indicate or cause consumer confusion that Penn State was the source of their vintage apparel. If Vintage's line of legal thought is adopted by future courts, this rationale would presumably suggest that Vintage Brand likely did not need to be licensed or authorized by Penn State to legally create and sell their unique merchandise. Of legal and practical significance, this line of reasoning put forward by Vintage Brand in their briefs would diverge substantially from what almost all universities now require and expect via their trademark licensing programs, in that merchandisers and retailers absolutely do need a license to use any aspects of the university's intellectual property, including the university name. This would also include using protected logos or emblems of the university, such as the university's official seal.

In rejecting the *per se* approach espoused in *Boston Hockey v. Dallas Cap & Emblem* (1979) "which is about source confusion and thus a fact-dependent inquiry about source identification" (Tushnet, 2022, p. 1), Judge Brann articulated that he believed the *per se* approach, as articulated by Penn State, has now been soundly rejected by other courts and reiterated his strong belief that it should also be rejected in the instant case. These trademark cases involving unlicensed retailers or manufacturers focus on a common legal question that seeks to define the scope of the trademark owner's merchandising rights: should a trademark holder have an exclusive right to control merchandise bearing their marks when consumers are purchasing the products not for their guaranteed quality, but to signal their support for or affiliation





with the trademark holder? (*Penn State v. Vintage Brand*, 2022 p. 7). Whether Vintage Brand can use the university imagery, without a license or permission, to help fans communicate support for these athletic teams and their respective universities via vintage T-shirts often muddies the more substantial legal issues being weighed when the associated symbols of Penn State are now being used on unlicensed retail goods.

If Vintage Brand's line of legal thought is adopted and becomes part of the industry standard used in collegiate licensing to allow some of Penn State's registered marks to be cancelled as ornamental uses and not causing confusion that Penn State was the source of the goods, this could inevitably suggest that Vintage Brand does need to be licensed or authorized by Penn State to create their vintage-themed university merchandise. Notably, and legally significant, Vintage's legal position would seem to diverge substantially from what almost all universities currently require and expect in that manufacturers and retailers need a license to use aspects of the university's intellectual property, a position generally supported by the relevant case law related to merchandising rights, including rejecting *Boston Hockey* (1979) and its progeny as discussed earlier in the trademark theory section of this paper.

The most recent ruling by Judge Brann seems consistent with the modern trend to scale back these merchandising rights in sport, a proposition that legal scholars have argued have long been overprotected by the owners of the marks (Balsam, 2022). This would be a notable shift from the current legal posture asserted by universities and would allow leeway for increased competition in the university licensed goods space by unlicensed retailers. The plaintiff universities would likely not react favorably to legal decisions handed down by federal courts that suggest they must give up control over this valuable intellectual property that they have worked hard to develop and support, in terms of brand awareness and consumer goodwill for the universities and their athletic programs, in order to now allow unauthorized users and unlicensed uses of the university marks and other typically protected subject matter (Baker, 2022). In the current legal environment, universities assert exclusive legal protections over their intellectual property, which helps to achieve several business objectives, including controlling for product quality by selecting trusted retail partners as their licensees (Baker, 2022). Thus, any potential industry changes spurred by adverse results of trademark litigation threaten to disrupt the universities' successful licensing programs and "produces potential problems for sport teams and merchandisers" (Baker, 2022, p. 1). Any loosening of the university's strong grip on the exclusive scope of their trademark rights would open the retail marketplace to more unlicensed competition, resulting in lost licensing revenues. As such, the *Penn State v. Vintage Brand* (2022) opinion has the potential to be a legal "game changer" in advancing a line of newer trademark jurisprudence in sport that deviates from prior case law that has often been quite favorable to the universities' legal interests. Future developments that challenge the existing case law about merchandising rights



involving sports apparel would chip away at the legal premise that universities have exclusive control over their trademarks, a position that universities have consistently asserted in their legal claims in trademark litigation involving merchandise rights. This case has significant industry implications for its careful approach in scrutinizing how universities work to prevent unauthorized uses of their intellectual property by unlicensed entities. Allowing any uses of the university marks by retail brands that have not been vetted as official licensees through university licensing protocols threatens established quality controls for officially licensed goods (Baker, 2022). If that unauthorized activity was no longer deemed infringing as a matter of law and thus became legally permissible, it would become more difficult for universities to stop these unauthorized uses in the future. Furthermore, if retailers feel they could legally create and produce university-themed merchandise, without a license or approval from the university that owns the trademarks, with legal impunity, this would open up Pandora's box to endless possibilities for unauthorized uses and the potential for widescale infringement by unlicensed parties. This outcome would not only interfere with the universities' ability to control and police their marks in the retail marketplace, but also it would provide less certain outcomes in trademark litigation involving sport merchandising rights going forward.

The decision authored by Judge Brann has cast legal doubt on these previously almost-absolute legal protections as well as the position of exclusive control asserted by universities with regard to their collegiate licensing programs. The *Penn State v Vintage Brand* (2022) district court opinion disrupts the previously steadfast legal protections governing the universities' trademark rights when used on athletic merchandise and arguably creates greater legal uncertainty for future university plaintiffs contemplating trademark litigation. Currently, universities seem to lack any hesitancy in seeking all legal remedies available to them under federal trademark law to stop infringement by unlicensed retail entities. This historically strict "no nonsense" enforcement approach to unlicensed activity by retailers by universities is universally applied across the board by universities with high-profile athletic programs in pursuing trademark infringement actions that have produced generally favorable legal outcomes for the universities. This is especially true in cases brought against typically small or online retail operations that often do not have the financial resources to put up a proper legal fight (McKelvey & Sliffman, 2015). While trademark licensing enforcement procedures typically start with cease and desist letters sent by university lawyers to stop the unauthorized use of the marks, the cases can also result in litigation pursued without hesitation by the universities to stop what they view as blatant trademark infringement. For example, Penn State called Vintage Brand a "serial infringer" in filing its lawsuit (DiSanto, 2021, p. 1).

Legal critics, including influential legal scholars, have long argued that universities are over-asserting their trademark rights, and therefore over-protecting them



(Balsam, 2022). These scholars claim the same universities have benefited from trademark expansion through over-zealous efforts to police their marks, which some claim amounts to “trademark extortion” (Port, 2008, p. 589-590). Legal scholars also have alleged that the universities are acting as “brand bullies” in enforcing their trademark rights often against smaller retail competitors (Boyle & Jenkins, 2021). For legal practitioners in the university context, as well as legal and sport management scholars and licensing industry professionals within the sporting goods and related merchandise domains, the broader significance of the *Penn State* opinion about the proper scope of merchandising rights may be in terms of legal and business strategy concerning university trademark licensing practices. That strategic industry shift may occur if rulings such as *Penn State v. Vintage Brand* (2022) continue to cast doubt on the previously unchecked legal status of expansive merchandising rights involving sports apparel, as currently articulated in the legal arguments advanced by the university plaintiffs in trademark infringement cases. Furthermore, the opinion sets in a motion some novel legal remedies, such as the use of a disclaimer on unlicensed goods, where unlicensed (or unauthorized) uses may be permissible, and that universities may need to adapt if the standards related to merchandising rights evolve to be less protective of the university’s intellectual property. As greater legal scrutiny addresses the scope of merchandising rights, this could have an effect on future trademark licensing business practices and would be a significant change in how universities currently respond to unauthorized retail activity by unlicensed vendors with zeal and purpose to stop the alleged infringement.

Trademark laws, as applied in merchandising rights cases, are not nimble enough to adapt to rapid developments in consumer preferences reflected in the products sold by the sport licensed goods industry. Furthermore, federal jurisprudence is notoriously slow to react to changes in how trademark laws are interpreted, especially when considered against the much more rapidly changing retail and licensing trends, such as consumers’ desire for vintage-themed goods. Perhaps more compelling, as indicated in the legal arguments proffered in the instant case, the universities do not have a strong desire or legal justification to want the rules of the game to change, as the universities seemingly have the upper hand. As the registered owners of these well-recognized collegiate trademarks, this gives the universities nearly exclusive control over how the marks are used and by whom. One can speculate if, because of the *Penn State* opinion, a decision and ultimate resolution on the merits may eventually trigger a shift in universities not being able to protect licensed uses and prevent unauthorized uses of their intellectual property as comprehensively as they currently do. Similarly, Baker (2022) stressed the need for sufficient legal protections for the universities as trademark owners to control for quality of the goods and in identifying which manufacturers that the university wants to partner with in licensing and retail matters.



## Conclusion

Recent judicial interpretations of the law involving sport merchandise rights may continue to give universities pause to reconcile with a new legal reality, highlighted by the *Penn State* opinion, where unlicensed retail competitors, including some retailers who operate exclusively online, could have some leeway to use marks or imagery that universities have previously asserted were exclusively within their control via licensing. Currently, the balance is tipped heavily in favor of the universities' legal interests. Thus, the potentially "industry-shifting legal decision," as described by Professor Feldman (2022), resulting from the *Penn State* opinion could cause the pendulum to shift (McKelvey & Sliffman, 2015) away from the universities' legal interests and more toward the side of unlicensed retailers. It has been argued that this modern interpretation of trademark law and merchandising rights is closer to the original intent of trademark laws (Jahner, 2022b). If left unchallenged through appeal or if the case eventually settled, the unanswered questions raised by Judge Brann's effusive opinion could still be persuasive in allowing other courts some new flexibility to "upend" trademark laws as currently applied to the sport licensing industry (Pallotta, 2022). This dramatic result seems legally plausible, as even the judge speculated about the legal foundation upon which merchandising rights for the sport licensing industry as a house "built on sand" (*Penn State v. Vintage Brand*, 2022, p. 22).

As discussed throughout this article, any further judicial recognition of *Vintage Brand's* legal theories, as they have been articulated in the present case, to scale back merchandising rights would have potentially far-reaching industry implications for universities and their athletics licensing program. Notably, while any legal developments still may not implicate the primary athletic marks and logos currently used by the university on "officially licensed" athletic merchandise, it could still affect the universities significantly by enabling, if not emboldening, unauthorized retail activity to produce designs using university-related content or subject matter and other arguably protected imagery without any approval or license from the university. If left unchallenged by *Penn State*, these ongoing legal developments would likely shake up this segment of the sport industry (McCann, 2022) and would weaken the universities' exclusive control over their trademark rights. If, and if so how, the legal bounds get redrawn regarding universities' merchandising rights on apparel, the district court opinion in *Penn State v. Vintage Brand* (2022) can be viewed as a significant milestone in the ongoing trademark battle between universities and online retailers in the dynamic marketplace for university-related goods.

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