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University Trademarks and Alumni Associations: How Far Is Too Far?

With the recent emergence of Name Image Likeness (NIL) compensation, alumni associations focused on raising funds to compensate student athletes have been on the rise. But alumni associations in some form or another have been around as long as some of the oldest colleges and universities in the nation. Schools are often faced with the question of how far they will permit an alumni association to utilize trademarks, colors and slogans in furtherance of raising funds without an explicit license.

What You Need to Know:

- University alumni associations looking to raise funds to compensate student athletes for use of their Name Image Likeness (NIL) rights have been on the rise.
- Universities should ensure that when school trademarks and colors are used by alumni associations, such uses are subject to written license agreements, to avoid loss of trademark rights.
- Universities should also monitor how licensed alumni associations utilize school trademarks, to make sure that

no actions are being taken that could harm the reputation and goodwill of the university.

The recent decision in *Bethune-Cookman University Inc. v. Dr. Mary McLeod Bethune National Alumni Assoc., Inc.* provides some interesting points to consider.¹ There, the Middle District of Florida ultimately enjoined (by joint stipulation) an alumni association from “any use of... the colors maroon and gold” and “any imagery including or incorporating a black rose.” Bethune-Cookman (BCU) was founded in 1904 by Dr. Mary McLeod Bethune, and a statue of her holding a black rose is a central figure on campus. The District Court initially denied a preliminary injunction, and the Eleventh Circuit affirmed in May 2023.² The parties continued to litigate after that, and ultimately agreed upon the permanent injunction that was recently entered.

The National Alumni Association of Bethune-Cookman University, Inc. (the “Alumni Association”) had begun working cooperatively with BCU to raise funds more than 20 years ago.³ A 2006 “Memorandum of Understanding” between the parties set forth some details, but did not include an explicit trademark license from BCU to the Alumni Association.⁴ After BCU explicitly withdrew its permission for the Alumni Association to use university marks in 2021, the association changed its name from the “National Alumni Association

of Bethune-Cookman University, Inc.” to the “Dr. Mary McLeod Bethune National Alumni Association, Inc.”⁵ “Despite this minor change in name, the Alumni Association continued to use BCU trademarks and trade dress (including the colors maroon and gold). BCU filed suit against the Alumni Association on January 7, 2022.⁶ About six months later, BCU moved for a preliminary injunction. The court denied the injunction without an evidentiary hearing, finding that BCU had waited too long to seek injunctive relief.⁷ BCU appealed that decision to the Eleventh Circuit, which affirmed. After the affirmation, the parties moved towards summary judgment, with competing briefs being filed in January of this year. Before the court could reach the merits of the summary judgment arguments, however, the parties filed a joint motion to enter a permanent injunction, apparently having resolved their differences.⁸

So, what can we take away from this case? For starters, universities should make sure that all trademark licenses with alumni associations and other similar groups are in writing, and contain clear provisions regarding the use of trademarks. In *Bethune-Cookman*, the Alumni Association argued that the failure of BCU to include specific trademark provisions in the parties’ 2006 “Memorandum of Understanding” resulted in the BCU trademarks being “nakedly” licensed.⁹ In trademark law, the failure of a licensor to exercise quality control over a licensee’s operations is called a “naked” license, and such a practice can result in the invalidation of the relevant marks. One easy way to think about this is what would happen if McDonald’s didn’t ensure that the hamburgers at all of its franchise locations were

of the same relative quality? If you went into a McDonald's location and received something that tasted completely different, then it is not really a "McDonald's" hamburger anymore, and the McDonald's trademarks start to lose their value and significance. The same principles hold true for any trademark license, and thus the reason why a "naked" license can result in the nullification of trademark rights. BCU is fortunate that the court was not pressed to decide this issue because an adverse decision could have resulted in the university having no trademark rights left to license. By the same token, the Alumni Association is better off that the court was not forced to decide whether it created confusion among alumni in soliciting donations. The Alumni Association could have been forced to disgorge all of its donations from 2021 forward, as the measure of damages in a trademark case is lost profits, but it is incumbent on the defendant to prove setoffs once the plaintiff has proven total revenues.

Another point to consider is to what extent a college or university should investigate the 501(c)(3) non-profit status of a licensed

alumni association. In *Bethune-Cookman*, part of the reason that BCU terminated the rights of the Alumni Association to use university marks was for failure of the Alumni Association to file forms to maintain its tax-exempt status with the IRS, thus putting BCU's "accreditation and reputation at risk."¹⁰ "BCU argued that the Alumni Association's continued use of "Dr. Bethune's name, image, and likeness; images of [BCU]'s campus, its football team, mascot, marching band, and [BCU]'s distinctive maroon and gold color scheme" was harming its reputation and good will, and was causing serious confusion amongst BCU alumni. While the Alumni Association's status with the IRS is not directly relevant to an examination of trademark infringement, it does support BCU's argument that its reputation was being damaged by the Alumni Association's various actions.

NIL is rapidly changing the face of college athletics, and the money being raised by some organizations is truly staggering. Now is a key time for all colleges and universities to take a step back and look at their relationships with alumni organizations.

Trademarks are the most important piece of a university's brand, and unsupervised use by alumni associations could result in huge monetary losses, and lost opportunities to connect with devoted alumni. Check your agreements, and make sure you are not "naked" in the new world of NIL.

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1. See *Bethune-Cookman, University, Inc. v. Dr. Mary McLeod Bethune National Alumni Assoc., Inc.*, Docket No. 6:22-cv-00047-WWB-DAB (the "BCU Litigation"), Order [D.E. 210], Feb. 15, 2024.
2. *Bethune-Cookman, University, Inc. v. Dr. Mary McLeod Bethune National Alumni Assoc., Inc.*, 2023 WL 3704912 (11th Cir. 2023) (the "BCU Appeal").

3. BCU Litigation, Defendant's Motion for Summary Judgment, Jan. 8. 2024 [D.E. 191].
4. *Id.*
5. BCU Appeal, 2023 WL 3704912 at *1.
6. *Id.* at *2.
7. *Id.* at *4.

8. BCU Litigation, Joint Motion for Stipulated Permanent Injunction, Feb. 1. 2024 [D.E. 206].
9. BCU Litigation, Defendant's Motion for Summary Judgment, Jan. 8. 2024 [D.E. 191].
10. BCU Litigation, Plaintiff's Motion for Summary Judgment, Jan. 8. 2024 [D.E. 189].

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