NCAA Athletes Will Finally Be Able to Exploit Their Name and Likeness, But Not School Trademarks

Proposed Restriction on Trademark Use Could Collide With Nominative Fair Use Doctrine

By Elizabeth Schilken and Lauren Russell

College athletes will soon be able to cash in on their name, image and likeness (NIL) rights under proposed rule changes recently announced by the NCAA. But the marketability of those rights may depend on the extent to which players are allowed to reference their colleges' trademarks in connection with their NIL.

On April 29, 2020, in response to California's recent passage of legislation overriding the NCAA's longstanding prohibition against athletes' exploiting their rights of publicity, the NCAA Board of Governors recommended that its three divisions adopt new rules reversing the policy. *See NCAA Board of Governors Federal and State Legislation Working Group Final Report and Recommendations*, Apr. 17, 2020 ("Final Report"), at 1 (noting the NCAA's working group which recommended the rule change was created in the summer 2019 "for the purpose of investigating possible responses to proposed state and federal legislation regarding the commercial use of student-athlete name, image or likeness").

But under the NCAA's proposal, athletes who commercially exploit their NIL would not be allowed to use trademarks belonging to their school, conference, or the NCAA, with the exception of identifying themselves by sport and school.

http://www.ncaa.org/about/resources/media-center/news/board-governors-moves-toward-allowing-student-athlete-compensation-endorsements-and-promotions ("While student-athletes would be permitted to identify themselves by sport and school, the use of conference and school logos, trademarks or other involvement would not be allowed."); *see also* Final Report, at 20 (student athletes should not be permitted to use the NCAA's, conferences' or colleges' "facilities, uniforms, trademarks or other intellectual property").

This proposal would prevent athletes from using trademarked team nicknames, logos, slogans, or possibly even school colors in connection with the commercial use of their name or likeness. Such a move could limit the marketability of NIL rights for all but the most well-known players.

The exact contours of the restriction will not be known until January 2021 when the NCAA divisions are expected to adopt new rules, but the new system will almost certainly create tension between the players' interest in monetizing their ROP and colleges' interest in protecting their valuable trademarks. And, if the current trademark proposal is adopted, colleges may end up prohibiting non-infringing uses of their marks by preventing athletes from engaging in nominative fair use.

The concept of nominative fair use was first articulated by Judge Kozinski in the Ninth Circuit's *New Kids on the Block v. News Am. Publ'g, Inc*., 971 F.2d 302, 304 (1992). Courts had long recognized that a defendant must occasionally use a plaintiff's trademark to refer to the plaintiff's products in the context of promoting the defendant's own goods or services. Courts analyzing such uses often held they were unlikely to cause consumer confusion. *See Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 352 (9th Cir. 1969) (auto repair service named "Independent Volkswagen Porsche Service" did not infringe plaintiff's trademarks); *Smith v. Chanel, Inc.*, 402 F.2d 562, 563 (9th Cir. 1968) (reversing grant of injunction against defendant whose advertisements compared perfume to Chanel No. 5). In *New Kids*, Judge Kozinski developed a three-part test to determine whether such uses were infringing, and coined the name "nominative fair use" to describe those that satisfy the test. While early cases in the Ninth Circuit described nominative fair use as a "defense," *see New Kids*, 971 F.2d at 308, the Ninth Circuit subsequently held the plaintiff bears the burden of proving the use is *not* a nominative fair use. *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1183 (9th Cir. 2010).

A defendant's use of a trademark to refer to the plaintiff's product or service is a nominative fair use if (1) the product or service is "not readily identifiable without use of the trademark," (2) only so much of the plaintiff's mark is used "as is reasonably necessary to identify the product or service," and (3) the defendant does not "suggest sponsorship or endorsement by the trademark holder." *New Kids*, 971 F.2d at 304. The Ninth Circuit uses the test as a replacement for the traditional likelihood-of-confusion analysis. *Toyota Motor Sales*, 610 F.3d at 1182. The Second, Third, and Fifth Circuits have adopted a version of this test as either an affirmative defense (Third Circuit), or as a supplement to the traditional likelihood of confusion test (Second and Fifth Circuits). The D.C. Circuit has adopted the test but has not resolved the manner in which it is to be applied. Other circuits that have not adopted the test instead analyze such uses under the traditional multi-factor likelihood of confusion tests.

The NCAA's proposal limits trademark use to the athlete's sport and school – for example, "USC football" – thus suggesting that NCAA officials are trying to stay within the confines of trademark legal doctrines and believe use of additional marks would fail the nominative fair use test. *New Kids*, 971 F.2d at 304. However, athletes could claim a reasonable need to use additional marks to refer to their schools' athletic programs and their own accomplishments on the field. A USC running back who endorses a sports camp may wish to include a game photograph of himself in a brochure, wearing the cardinal and gold uniform and helmet bearing the image of the Trojan. A licensee who is promoting a UNC basketball player's appearance at a local event may want to refer to his exploits with the Tar Heels. A UConn basketball player who is an influencer for Adidas could share a photograph of a new line of shoes on her Instagram account, alongside personal posts with the Husky logo. Whether these are nominative fair uses would depend on whether they exceed what is reasonably necessary to "identify" college sports programs and the athletes' careers, and whether such uses suggest sponsorship by universities.

A case the NCAA likely relied on in drafting its proposal, *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002), examined nominative fair use in the context of a former Playboy

model's attempts to exploit her name and likeness. Defendant Terri Welles advertised on her professional website that she was the "Playboy Playmate of the Year 1981." The Ninth Circuit held that Welles' use of the title in headlines and banner advertisements, and her use of "Playboy" and "Playmate" in metatags, were nominative fair uses of Playboy's marks. There was no suggestion that Playboy sponsored her website, and the court noted her site included an express disclaimer of any affiliation. However, Welles' use of "PMOY '81" as a watermark on the website failed the test because it was not necessary to describe her. A later decision explained that the use of PMOY '81 was not a nominative fair use because it "served no additional identification purpose." *Applied Underwriters, Inc. v. Lichtenegger*, 913 F.3d 884, 894-895 (9th Cir. 2019).

In another well-known case, *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 903 (9th Cir. 2003), former Beach Boy Al Jardine was sued by a corporation representing his former bandmates after touring under names such as "The Beach Boys Family and Friends." The Ninth Circuit found there was no nominative fair use because Jardine's promotional materials used "The Beach Boys" portion of the name more "prominently and boldly" than "Family and Friends," so as to suggest sponsorship by The Beach Boys. *Cf. Kassbaum v. Steppenwolf Prods., Inc.*, 236 F.3d 487, 493-494 (9th Cir. 2000) (rock musician's identification of himself as "formerly of Steppenwolf" in promotions for his new band did not infringe Steppenwolf trademark, where new band's name was displayed more prominently than trademarked term).

The NCAA's proposal attempts to conform to the doctrine by allowing athletes to identify themselves by school and sport, but a categorical prohibition on the use of additional trademarks may run afoul of nominative fair use. The NCAA and its member universities could attempt to moot any potential nominative fair use argument by requiring student athletes to contractually waive any right to use trademarks except the school's name and the athlete's sport. But if they did so, such waivers would likely be challenged by athletes in court or even outlawed by state legislatures.

Regardless, if the proposed restriction is enacted as recommended, we will likely see further development of the nominative fair use doctrine and the validity of any related NCAA rules or waiver agreements tested in the courts.

Elizabeth Schilken and Lauren Russell are attorneys at Ballard Spahr.