

## On My Mind Blog

### License Required for Affinity Merchandise

01.14.2025 By [William M. Borchard](#)

*The Pennsylvania State University v. Vintage Brand, LLC*, No. 4:21-cv-01091 (M.D. Penn. Nov. 19, 2024) is an important case.

This case concerns whether or not a trademark owner's rights are infringed when its trademarks are used without authorization on merchandise for consumers to express their allegiance to the institution or brand. This issue is significant for academic institutions, sports teams, motion picture studios, and others who offer services and who also sell or license merchandise displaying their trademarks.

Following a jury trial, the trademark owner was victorious. The jury found Vintage Brand, LLC (Vintage) liable for trademark infringement in making and selling unauthorized merchandise prominently displaying the trademarks of The Pennsylvania State University (Penn State). These marks included THE PENNSYLVANIA STATE UNIVERSITY, TPSU, PENN STATE, and logos including those shown below, which the school used on merchandise, directly or through its licensees. Several of these marks are incontestably federally registered.



"S Lion Logo"



"Pozniak Lion Logo"



"Penn State Seal"



"Nittany Lion Rock Design"



"Nittany Frankfurter Design"

## The Allegations

On June 21, 2021, Penn State sued Vintage on trademark infringement grounds for the sale of apparel and other merchandise featuring designs that included various Penn State word and logo trademarks. Penn State contended consumers would perceive its marks as an identification of source for the goods.

Vintage defended its use by alleging that its products reproduced public domain artwork previously featured in vintage sports memorabilia (e.g., game tickets, pennants). Vintage depicted these designs with large font and in a prominent location. Vintage contended this use of the Penn State marks was as mere aesthetically functional ornamental decoration. Vintage's purpose was not to identify Penn State as the source of the goods, but rather to allow consumers to express their allegiance to the school. Vintage also displayed, on its website and products, a disclaimer indicating that the merchandise was not licensed by Penn State. A few of Vintage's products are shown below:



Vintage moved to dismiss Penn State's second amended complaint based on the legal question "[u]nder the Lanham Act [the U.S. Trademark Law] does a symbol identify the source of the goods if it merely creates an association between it and the trademark holder?" Vintage's motion was denied in an interesting interim decision by Chief Judge Matthew Brann, [The Pennsylvania State University v. Vintage Brand, No. 4:21-cv-01091 \(July 14, 2022\)](#).

## The Earlier Case Law

Judge Brann outlined the divergent views treating this question of whether nostalgic (and unauthorized) use of historic school logos and imagery is lawful expression or simply infringement. On the one hand, the Fifth Circuit and the Trademark Trial and Appeal Board (TTAB) had concluded that a fact-intensive inquiry was not necessary because the efforts of the trademark owner, not the merchandise seller, had generated the sales—which Judge Brann

deemed the “per se approach.” The Court cited *Boston Prof. Hockey Ass’n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004 (5<sup>th</sup> Cir. 1975) (embroidered emblems displaying National Hockey League team insignia, but not attached to any other product, constituted trademark infringement) and *In re Olin Corp.*, 1973 WL 19761 (TTAB 1973) (“O” logo registrable as trademark for t-shirts as ornamentation can serve as indication of secondary source of origin).

On the other hand, still more courts have rejected this *per se* approach and instead adopted a fact-intensive analysis, emphasizing that more than a mental association between the trademark and its holder was required, and that the consumer’s belief was a question of fact to be tried.

In rejecting the *per se* approach, the Court presented a lengthy discussion of various opinions in *Champion Prods. v. Univ. of Pittsburgh*, a 1982s Third Circuit case (which includes the Pennsylvania district court) with similar facts to the instant case. The parties in the *Champion* case ultimately settled, and Judge Brann concluded that the Third Circuit had not squarely decided the issue.

### Judge Brann’s View

Judge Brann then offered his own initial assessment:

The Court first considered the views of academic scholars who criticized the creation of a broad merchandising right, contending that the focus on property rights is unmoored from trademark law’s twin goals: encouraging product quality and preventing consumer deception. These scholars also said that U.S. Supreme Court might agree, as suggested in decisions such as *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), about a video series embodying the Crusade TV programs without crediting them (holding consumers want to know who is responsible for the end-product, not who originated ideas or communications embodied in it).

The Court went on to say that, at the very least, these scholars concluded that the remedy for confusion as to source should be a disclaimer, not an injunction.

In the Court’s view, it would seem perverse to award market exclusivity based on the misconception by consumers that the law requires permission for a product bearing the name of an entertainer, cartoon character, some other famous person, [or a Penn State trademark]. If consumer confusion stems from the incorrect belief that such goods must be licensed, the Court posed the question, “shouldn’t that belief be corrected, not perpetuated?”

Although the Court recognized that these legal issues are to be decided on another day, the decision ended on a reflective note:

The modern collegiate trademark-and licensing-regime has grown into a multibillion-dollar industry. But that a house in large is of little matter if it’s been built on sand.

## The Jury Verdict

Regardless of Judge Brann's views of the merits, and in accordance with the holding that the determination should be based on a factual finding as to what consumers understand, the Court later denied summary judgment to both parties and the case was tried to a jury.

Three years after the original complaint was filed, the jury decided that Vintage's use of Penn State's trademarks was likely to cause consumer confusion as to the source or endorsement of Vintage's goods. The jury awarded Penn State \$28,000 in damages for 1,269 products sold by Vintage bearing Penn State imagery.

Thus, the jury sided with the trademark owner, in finding that the ornamental use of the owner's trademark on merchandise can be a source identification, even if it also functions to allow the consumer to express allegiance to the trademark owner.

***The Pennsylvania State University v. Vintage Brand, LLC, Case No. 4:21-cv-01091 (M.D. Penn. November 19, 2024).***

### ***Author's Note:***

We previously wrote in "[A Trademark May—or May Not—be Aesthetically Functional](#)" about a case upholding the aesthetic functionality defense for products bearing the slogan LETTUCE TURNIP THE BEET:

[T]he dividing line between a protectable mark and an aesthetically functional mark is not always apparent and depends on the facts of each particular case and the exercise of subjective judgment.

Whatever the law may or may not allow as to an expressive slogan alleged to be a trademark, this jury verdict in favor of Penn State is an important step in upholding the rights of the owners of established trademarks against those who seek to cash in on their popularity without getting a license to do so.

Given the divergent views as to the academic, legal, and factual issues presented in this case, an appeal may follow to the Third Circuit and possibly to the U.S. Supreme Court.

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Bill has handled domestic and international trademark and copyright matters at the highest level for over 60 years. He has counseled and represented clients on domestic and international trademark matters concerning clearance, registration, proper use, licensing, contested administrative proceedings and infringement claims. He became Senior Counsel in January 2024 and is now focusing on providing guidance and advice to other lawyers within our firm and writing informative and engaging articles on intellectual property law developments.