

How Penn State Trial Against Retailer Could Upend TM Law

By **Ivan Moreno**

Law360 (November 7, 2024, 8:36 PM EST) -- The Pennsylvania State University and an online retailer of goods bearing retro logos and images of schools and sports teams are set to clash in a trademark trial next week that could upend how courts examine infringement claims.

Penn State is not the first university to take legal action against Vintage Brand LLC for selling clothing and other merchandise with screen-printed images of memorabilia and historic logos of various universities and professional sports teams. But this is the first time that legal proceedings against Vintage Brand have reached the trial stage. That means jurors will decide questions that are foundational to trademark law, such as whether a design mark serves as a source and quality indicator or if it's simply aesthetic and ornamental and not an indication of a product's origin.

The trial, expected to start with jury selection Nov. 12 in Pennsylvania federal court, has major implications for universities and other entities that make millions of dollars by licensing their trademarks to third parties to sell merchandise. Vintage Brand, meanwhile, is battling other lawsuits as it prepares for trial, and a loss could devastate its business.

Penn State and other plaintiffs argue Vintage Brand is infringing registered and common law trademarks because those marks are incorporated into Vintage Brand products without consent.

Vintage Brand has countered that consumers know its products are not affiliated or endorsed by Penn State or other universities or teams because they can see the hang tag on its clothing disclaiming that.

Here's what you need to know about the trial that trademark attorneys think will one day reach the U.S. Supreme Court.

The Road To Trial

In 2021, Penn State sued Vintage Brand, co-founder and majority owner Chad Hartvigson, and its affiliated business Sportswear Inc., which makes Vintage Brand's products at a manufacturing plant in Kentucky. Hartvigson is a minority owner of Sportswear.

Hartvigson, a former professional baseball player and memorabilia collector, uses historic images from sports teams to scan and affix on products to sell on his website — everything from apparel to coffee mugs. Vintage Brand says Penn State's infringement claims fail because those historic images are in the public domain.

The first hint that this might not be a straightforward trademark infringement case came about a year after Penn State's suit when U.S. District Judge Matthew W. Brann rejected the university's bid to dismiss one of Vintage Brand counterclaims.

Judge Brann said that while the dispute touched "on broad and substantial questions about collegiate merchandising rights" in trademark law, Penn State's motion turned on a narrow question.

"Under the Lanham Act, does a symbol identify the source of the goods if it merely creates an association between it and the trademark holder? Because the court finds that it does not, Penn State's motion to dismiss is denied," Judge Brann said.

Then in February, Judge Brann denied Penn State summary judgment on its trademark infringement claims.

"Although the historical images indisputably incorporate Penn State trademarks, the images are visually distinct from those trademarks, and Vintage Brand provides numerous disclaimers on its website that disavow affiliation with any university. These facts mean that many of Penn State's claims fail," Judge Brann said.

In his earlier decision on Penn State's motion to dismiss one of Vintage Brand's counterclaims, the judge delved into the evolution of trademark law and the debate over merchandising rights for trademark owners, saying there are two opposing views.

The "per se" approach, which Penn State advocates for, holds that consumers inherently associate marks with a particular university, satisfying the source-identification requirement. Other courts, however, have taken a different, "fact-intensive" approach, Judge Brann noted, one that Vintage Brand favors, which calls for a case-by-case analysis on whether consumers believe the trademark owner is the source or sponsor.

Judge Brann said the present trademark dispute happened to land in his court "because many courts have still not squarely addressed the question," including the U.S. Supreme Court.

What's At Stake

Merchandise licensing is a huge moneymaker for universities, so perhaps not surprisingly they have been the first and only parties to sue Vintage Brand since it launched in 2017. The company had a dedicated page for Penn State merchandise until the university filed suit.

"If this goes in Vintage Brand's favor, then it will open a door for retailers and fans to basically start creating and selling merchandise in a way that the licensor, the trademark owner, would no longer be able to control," said Tiffany Gehrke, partner at Marshall Gerstein & Borun LLP.

That potential consequence could reach beyond university and sports merchandising, said Matthew Moersfelder, partner at Seyfarth Shaw LLP.

"I don't see any reason why this wouldn't apply to movie franchises like Disney or any of those where people have a connection to a character or a logo or something [where] they're not necessarily buying a shirt because they think it comes from [Disney]," he said. "They are buying it because they want to

express themselves in a way connected to something they like."

For Vintage Brand, a small operation with no "W-2 employees," as Penn State described it in a pretrial memorandum, the stakes are high as well.

"I have to imagine that this is a bet-the-company situation, where if they are told they can't do this, it destroys their whole business model," Moersfelder said.

Whatever the outcome, attorneys who spoke to Law360 all said they expect the case to be appealed because of how much each side has to lose. The tension of some courts adopting the "per se" or "fact-intensive" approach that Judge Brann mentioned in discussing Penn State and Vintage Brand's arguments means the dispute could draw the interest of the Supreme Court to eventually take it up, attorneys said.

"In the Fifth Circuit, there's no undertaking of a fact-intensive inquiry into whether the consumers actually believe the trademark holder had manufactured or sponsored the product," said James Molen of Greenberg Glusker Fields Claman & Machtinger LLP. "And that's different from circuits like the Ninth that do a more fact-intensive inquiry."

Other Litigation And What's To Come

In all the federal lawsuits Vintage Brand has faced, it has raised arguments similar to its assertions in the Penn State litigation, with representation by Seattle-based Stokes Lawrence PS.

The Purdue University trustees first sued Vintage Brand for trademark infringement in late 2020. The parties were preparing for a trial scheduled for 2024 when they agreed to dismiss the case with prejudice in March 2023, but not before Vintage Brand convinced an Indiana federal judge to allow it to argue that the school's claims were barred on ornamentality grounds.

After Purdue, a dozen colleges and universities, including the University of Arizona; University of California, Los Angeles; and Oregon State University, sued Vintage Brand in Washington state federal court in April 2021. A trial date had been set for this month, but that has been postponed to June 2025.

Last year, Vintage Brand settled a case brought by Baylor University before a scheduled trial on the school's counterfeiting claim. Prior to trial, U.S. District Judge Alan Albright in Texas, a state that follows the "per se" trademark analysis under the Fifth Circuit, granted summary judgment for the school on its infringement claims. As part of the settlement, Vintage Brand was permanently enjoined from using Baylor's marks.

In October, Vintage Brand settled a suit from the University of Illinois. Vintage Brand failed in November 2023 to win a summary judgment ruling with its argument that the school abandoned the trademark for the logo of its former mascot.

The University of Georgia Athletic Association Inc. and Auburn University are the latest to take Vintage Brand to court, with an August suit in Georgia federal court that includes several other colleges and universities. The complaint accused Vintage Brand of "brazenly infringing and counterfeiting plaintiffs' valuable trademarks."

Vintage Brand has asked to stay the proceedings in that case because of the Penn State trial, calling the

Georgia action "the latest in a series of coordinated lawsuits" against the business "to force a legitimate competitor out of the marketplace." That motion is pending.

Counsel for Vintage Brand and Penn State, whose representation is led by McGuireWoods LLP, did not respond to requests for comment.

Trial Rules of Engagement

On Monday, Judge Brann ruled on each side's motions to preclude certain evidence or testimony during trial.

Jurors will not hear about the other suits against Vintage Brand, and Penn State will not be able to characterize Vintage Brand as selling counterfeits. In his summary judgment order earlier this year, Judge Brann dismissed Penn State's counterfeiting claim.

Vintage Brand will be prevented from arguing that its actions are protected by the First Amendment, but Penn State unsuccessfully sought to block any evidence or arguments about consumers' motivation for buying Penn State merchandise to express affiliation with the school.

A lot of trademark disputes are settled before trial, so there is not a lot of precedent, said Preetha Chakrabarti, partner at Crowell & Moring LLP.

"The fact that we're going to get something more here, people are really excited," she said. "But also just sort of apprehensive to see what happens."

Because jurors will have to determine whether Vintage Brand's business practices cause buyers to be confused about who is responsible for the product, much of the trial will come down to analyzing "the mind of the consumer, which can often be a mystery," Chakrabarti said.

"If you're Vintage Brand, getting this in front of a jury would make me very nervous," Chakrabarti said.

Vintage Brand and Penn State plan to present expert testimony about consumer surveys they conducted, according to pretrial filings, and both parties are also prepared to attack the findings of the other side's experts.

"Those surveys are going to ask questions like, 'Who do you think was the source of these goods? Did you think Penn State sponsored it?' Questions along these lines [will] try to ascertain what they were thinking at the time of the purchase," said Molen of Greenberg Glusker. "And I think, by and large, that favors Vintage Brand because most consumers are going to say they didn't think about it."

The case is *The Pennsylvania State University v. Vintage Brand LLC et al.*, case number 4:21-cv-01091, the U.S. District Court for the Middle District of Pennsylvania.

--Editing by Dave Trumbore.