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Three Point Shot

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In Partial Trademark Victory over Chinese Sportswear Company, MJ Posterizes Unauthorized User of Chinese Version of His Name ("??")

In Game 3 of the first round of the 1991 NBA Eastern Conference playoffs between the New York Knicks and the Chicago Bulls, Michael Jordan produced one of his many memorable highlights when he eluded a double team on the baseline and took it to the rim and dunked over (or "posterized") Patrick Ewing. The Knicks were eliminated from the playoffs and the Bulls went on to win their first NBA Championship. After losing trademark battles over the use of his name in front of two lower Chinese tribunals, Jordan recently achieved a victory in another important Game 3 before the Supreme People's Court of China. In a notable decision, the Chinese high court partially reversed the lower court decision and invalidated sportswear company Qiaodan Sports Co.'s registration of the Chinese version of Jordan's name, "??", but refused to cancel related registrations that used the transliteration or pinyin version of Jordan's last name, "Qiaodan" (pronounced cheow-dahn).

Jordan first brought suit against Qiaodan Sports in 2012 over the use of his name as a trademark on jerseys, sneakers and a host of sports-related and other products sold in Qiaodan Sports' thousands of retail locations in China. Jordan contested over 70 of Qiaodan's trademarks, including the use of a basketball player silhouette similar to the well-known Jumpman logo. Qiaodan registered to use the Chinese version of MJ's name first, beating Jordan to the hoop for the trademark rights to his Chinese name. Jordan's suit is emblematic of the problem faced by famous athletes and American multinationals that have, in some cases, found their attempts to thwart trademark squatters rejected, given that the law in China generally favors those who register first and marks that have been registered for five years.

Known for his tenacious play and lethal fourth-quarter finishing skills, Jordan kept pushing the case up the court and finally achieved a noteworthy (if partial) win. While the high court revoked Qiaodan's rights with respect to trademarks using the Chinese form of Jordan's name – finding that it was clearly associated with the famous name of Michael Jordan – the Chinese court permitted the company to employ trademarks using the pinyin version of Jordan's name (Qiaodan). Jordan had argued that he was well-known in China as "Qiaodan" and that the high court also should have called an offensive foul on those pinyin marks. The logic of the high court's decision to protect the Chinese form of his name but not the transliteration may be as inscrutable as the triangle offense, particularly without a written opinion; the lower court previously had reasoned that "Qiaodan" is merely the customary transliteration of the common surname "Jordan" and not specifically linked to the superstar Michael Jordan. The Supreme People's Court is the final word on the trademark issues, yet the series is not over, as Jordan may gain further relief from a separate lawsuit against Qiaodan Sports in a Shanghai court for unauthorized commercial use of his name.

Court watchers and international brands are optimistic that this narrow victory is a harbinger of stronger IP protection in China for Western individuals and companies and might provide some relief from trademark squatters. The ruling may impel more sports stars to file actions to invalidate Chinese trademarks that unfairly capitalize on their names, yet the best advice for securing Chinese rights is to beat the shot clock and register your mark first.

Pawn to E4: Chess Website Kept in Check over Digital Rights to Publish Players' Moves

Last month, on the eve of a battle between two chess grandmasters, three websites found themselves "FIDEing" for advantage over tournament revenue streams. After much anticipation, the World Chess Championship recently concluded in New York City, as reigning champion Magnus Carlsen of Norway successfully defended his title against challenger Sergey Karjakin of Russia. Before the action even unfolded, World Chess Events Ltd. and World Chess U.S., Inc. ("World Chess") – owners and operators of the chess website worldchess.com – partnered with the World Chess Federation ("Fédération Internationale des Échecs" or "FIDE") to gain exclusive production and broadcast rights to the event. By doing so, World Chess was looking to become the king of the chess broadcasting world, mixing together live commentary on match moves, virtual reality, and a 360 degree panorama of every flank, fork and forfeit.

Given its big investment gambit, World Chess decided to go on the legal attack, attempting to pin down two of its main competitors. In a complaint filed in a New York district court against the operators of the websites chessgames.com ("Chessgames") and chess24.com ("Chess24"), World Chess sought $4.5 million in damages, a preliminary injunction prohibiting the sites from republishing live match updates, and declaratory relief that its Championship broadcast rights were enforceable (*World Chess U.S., Inc. v. Chessgames Services LLC*, No. 1:16-cv-08629-VM (S.D.N.Y., filed Nov. 7, 2016)). In its strong judicial play, World Chess alleged that the method the defendants would use to acquire the moves (e.g., logging into World Chess' site or attending the live event and transmitting moves) would constitute a breach of contract. Both World Chess' terms of use (which one must agree to before accessing World Chess' website content) and visitor rules (which are found on the admission ticket to the live event) prohibit the reproduction and redistribution of the players' chess moves. Hence, in World Chess' view, Chess24 and Chessgames would be violating the "express contractual restrictions" placed upon them. In a tactic typically used by newspapers and media outlets, World Chess also brought hot news misappropriation claims, reasoning that real-time chess moves were akin to breaking news, which could be treated as the quasi-property of World Chess, and thus subject to protection against a competitor's "free riding."

World Chess argued that Chessgames and Chess24 were essentially "pirates" that intended to report and analyze the moves list of each Championship match in real time without compensating World Chess for its production efforts. Such an opportunist strategy, World Chess contended, "threatens the continued viability of chess tournaments and the enjoyment of such events by chess fans around the world." To support its contentions, World Chess noted that chess moves are unique because of the purely intellectual nature of chess. Unlike other traditional sporting events where the entertainment value goes far beyond the X's and O's, one can fully appreciate a high-level chess match simply by studying the moves. Tournament hosts gain needed revenue, in part, from being the first (and perhaps exclusive) entity to publish the moves in real time. Therefore, by republishing the Championship moves at approximately the same time as World Chess, World Chess argued that Chess24 and Chessgames would be stalemating its profit model and its very ability to produce such an event and award prize money to the participants.

With Chess24 and Chessgames on the clock, Chess24 quickly countered and submitted a reply brief just prior to the injunction hearing. In its response, Chess24 argued that the issue of whether one can hold exclusive rights in chess moves is black and white: chess moves are purely factual in nature and thus not protectable by copyright. The website further noted that none of the audiovisual or textual materials from the World Chess site would be displayed on its site during the tournament. Rather, Chess24 would draw the moves list from publicly available sources such as Twitter or the Norwegian TV broadcast and then compile its own digital chess boards and commentaries for each match. Moreover, Chess24 contended that World Chess could not demonstrate irreparable harm because it purportedly licenses the right to real-time match reports to other websites, thereby establishing, in the defendant's view, that a monetary remedy (e.g., lost licensing revenue) was available.

Despite World Chess' best efforts to piece together a viable claim against Chess24 and Chessgames, its motion for preliminary relief appears to have been a miscalculation. In a written opinion handed down on November 22nd, the New York court laid out its reasons for denying World Chess' application. Ultimately, the court found that World Chess could not carry the burden on its hot news and contract claims at this early stage. The court determined that the defendants were not necessarily "free riding" off of World Chess' event, but collecting factual data from secondary sources and expending their own resources to disseminate the news. Also, with the primary issue being a potential loss of ticket sales, television rights, and other forms of licensing revenue, the court did not agree that World Chess would suffer *irreparable* harm without an injunction. The court noted that such revenue "is precisely the type of loss compensable by money damages." Looking ahead, while World Chess' opening move failed, it needn't resign yet, and can instead advance its claims across the board in an effort to obtain monetary relief against Chess24 and Chessgames.

Ohio State University Seeing Scarlet in Trademark Suit against Online Marketplace

Ohio State University ("Ohio State," "University," or "OSU") recently threw the proverbial yellow flag and filed a complaint in the Ohio federal district court against online print-on-demand marketplace CafePress, Inc. ("CafePress") for allegedly selling unlicensed clothing and merchandise, asserting claims of trademark infringement, unfair competition, passing off and counterfeiting under the Lanham Act, in addition to violation of the rights of publicity assigned to the University by Urban Meyer, the head coach of the school's football program. (*The Ohio State University v. CafePress, Inc.*, No. 16-01052 (S.D. Ohio Nov. 3, 2016)). When it comes to knockoffs of University-branded t-shirts and novelties, OSU prepares for such alleged infringements like a Bowl game and has a successful track record of protecting its rights in court.

In its Complaint, Ohio State claims that CafePress offered 1,100 "Ohio State Buckeyes" designs available on 67,300 products. Those products ranged from t-shirts saying "Let's Go Buckeyes!" to decals with images of the "O-H-I-O" chant spelled out by fans' posed arms. The University owns federally registered trademarks for, among other things, "OSU," "BUCKEYES," "SCARLET & GRAY" (the school's colors), the Buckeye design, and the "O" logo. Ohio State University is a public institution, founded in 1870, and boasts one of the largest intercollegiate athletics programs in the country. It is one of the top ten universities in combined NCAA Division I team and individual national championships. According to the University, the fame of the school's athletics programs has resulted in trademarks with "strong secondary meaning" and "favorable national recognition" that have become "assets of significant value as symbols pointing only to Ohio State, its services, products and goodwill."

Meyer, who accepted the role as head football coach in 2011 and is currently under contract with the OSU Buckeyes until 2020, is a well-known public figure among NCAA football coaches. As recently as 2015, he led Ohio State to victory in the College Football Playoff National Championship game over the Oregon Ducks, becoming the second college football head coach ever to win a national championship at two different schools. According to the Complaint, Urban Meyer assigned his rights of persona and trademark to the University in May 2012 and those rights apply to the various Ohio State-licensed products with Meyer's name or likeness on them, including t-shirts with photos of the coach or with the slogan "Urban Meyer Knows."

CafePress, Inc., founded in 1999, is a publicly traded online retailer of stock goods and user-customized on-demand goods, including t-shirts, bags, mugs and many other types of products. With respect to user-customized products, CafePress' User Agreement states in its representations and warranties that users' designs shall not "infringe the rights of any third-party including, but not limited to, copyrights, trademarks, patents, trade secrets, and rights of privacy and publicity." As of the date of this edition of *Three Point Shot*, CafePress has yet to file an Answer to Ohio State's allegations. Unfortunately for CafePress, certain well-known legal protections available in other contexts (e.g., the DMCA safe harbor, which protects certain service providers from copyright liability, and Section 230 of the Communications Decency Act, which protects many websites and services from publisher liability for third-party content) do not apply to trademark infringement.

Ohio State seeks a permanent injunction against CafePress, as well as any available remedies under the Lanham Act—including, but not limited to, statutory damages, disgorgement of profits, and/or costs and attorneys' fees. Both the University and CafePress have reasons for wanting to maintain (and expand) their respective shares of the close-to-$4 billion collegiate merchandise market. According to the school, to date, OSU's licensing program has generated over $130 million in royalty revenue from approximately $1.3 billion in licensed retail sales—one of the most profitable collegiate licensing programs in the country.

Three Point Shot previously covered two similar trademark lawsuits brought by Ohio State in the Southern District of Ohio against Teespring, Inc. and Skreened Ltd.—both web-based user-customized shirt printing services. The court ruled in favor of Ohio State in the case against Skreened in April 2014, and Teespring agreed to a stipulated final consent judgment and permanent injunction in May 2016. With two established entities in play, it seems more likely than not that the parties will come to some mutual agreement as to the handling of OSU merchandise. However, another Ohio State victory may have far-reaching implications for similar online producers of on-demand goods, as leagues and teams—both professional and collegiate—continue to blitz alleged trademark offenders to protect their licensing programs. The play clock is running for CafePress, and this dispute over Ohio State's registered trademarks has plenty of yards to go.

Triathlete's Signed Liability Waiver Dispositive in Wrongful Death Action

The full Pennsylvania Superior Court has halted an effort to hold Philadelphia Triathlon, LLC (the "Triathlon") liable for a competitor's death in the 2010 Philadelphia Insurance Triathlon Sprint. Michele Valentino, widow of 40-year-old Derek Valentino, filed a wrongful death lawsuit against the Triathlon after her husband disappeared during the swimming leg of the 2010 race. Sadly, divers found Mr. Valentino's body the day after the race in the Schuylkill River. Before the recent ruling dismissing the action, the lower courts had jogged in place for four years regarding Mrs. Valentino's ability to sue, given that her husband had signed a liability waiver before entering the race.

The race in question consists of a 15.7-mile bike race, a half-mile swim in the Schuylkill and a 3.1-mile run. In order to compete, each participant is required to register, pay a fee, and electronically execute a liability waiver form. Among other things, the form expressly states that the participant "understands and acknowledges the physical and mental rigors associated with triathlon," "realizes that running, bicycling, swimming and other portions of such events are inherently dangerous," and understands "participation involves risks and dangers which include … the potential for death [as well as] dangers arising from… inadequate safety measures." Additionally, the form states that the participant further agrees that if "he, or anyone on his behalf, makes a claim of liability against [the Triathlon], he will indemnify, defend, and hold harmless [the Triathlon] from any such liability which it may incur as a result of such claim." Mr. Valentino submitted this form and electronically registered as a participant in the Triathlon and entered the race as a first-time competitor on June 26, 2010.

Mrs. Valentino filed her wrongful death and survival claims against various defendants, claiming that the race organizers did not provide adequate supervision or train its employees, failed to inspect or maintain the course, or have appropriate safety measures in place to protect participants. Mrs. Valentino's claims were dismissed in the trial court; however, on appeal, a panel of the Pennsylvania Superior Court affirmed, in part, and reversed, in part, the lower court's rulings. The majority of the panel determined that Mr. Valentino's liability waiver did not bar his wife from bringing a wrongful death action as she was not a signatory to the agreement.

However, after an en banc hearing, the Superior Court ultimately ruled in favor of the Triathlon. (*Valentino v. Philadelphia Triathlon, LLC*, No. 3049-EDA-2013, 2016 PA Super 248 (Pa. Super. Nov. 15, 2016)). The Superior Court first determined that Mr. Valentino was aware of and executed the liability waiver when he registered for the event and thereafter obtained his competitor's bib. As to the crux of the dispute – whether the liability waiver was dispositive of the wrongful death action – the court held that while the waiver did not bar Mrs. Valentino from bringing the wrongful death action, such a claim was still subject to substantive defenses, such as the decedent's signing of the waiver that might prove that the Triathlon owed no duty or was not negligent. In short, the court ruled that even non-signatory wrongful death claimants remain subject to the legal consequences of a valid liability waiver. Thus, a majority of the Superior Court held that the liability waiver executed by Mr. Valentino supports the Triathlon's argument that Mr. Valentino "knowingly and voluntarily assumed the risk of taking part in the competition" and therefore, the Triathlon's actions were not tortious. Applying settled principles of Pennsylvania law, the wrongful death and survival claims were disqualified and the Superior Court affirmed the lower court's summary judgment order dismissing Mrs. Valentino's action. It remains to be seen whether the case will be appealed to the state supreme court, or if the state's highest court will consider granting an appeal.

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