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TRADEMARKS LAW

INTERNATIONAL OLYMPIC COMMITTEE v. SAN FRANCISCO ARTS & ATHLETICS: NO OLYMPIC TORCH FOR THE GAY GAMES

I. INTRODUCTION

In *International Olympic Committee v. San Francisco Arts & Athletics*,¹ the Ninth Circuit held that the International Olympic Committee (IOC) and the United States Olympic Committee (USOC) have exclusive property rights in the word "Olympic" for trade and promotion purposes.²

The Ninth Circuit affirmed the district court's order granting IOC and USOC summary judgment and a permanent injunction barring the use of the word "Olympic" by San Francisco Arts & Athletics (SFAA), sponsors of the "Gay Olympic Games." However, the Ninth Circuit vacated and remanded the \$96,600³ attorney fee award that the lower court had granted IOC and USOC.⁴

II. FACTS

IOC⁵ and USOC⁶ brought suit under the Amateur Sports

1. 781 F.2d 733 (9th Cir. 1986)(per Goodwin, J.; the other panel members were Wallace, J. and Stephens, D.J. sitting by designation), *cert. granted*, 55 U.S.L.W. 3247 (U.S. Oct. 21, 1986)(No. 86-270).

2. *International Olympic Comm.*, 781 F.2d at 735-37.

3. Appellants' Brief at 5, *International Olympic Comm. v. San Francisco Arts & Athletics*, 781 F.2d 733 (9th Cir. 1986).

4. *International Olympic Comm.*, 781 F.2d at 735.

5. *International Olympic Comm. v. San Francisco Arts & Athletics*, 219 U.S.P.Q. 982 (N.D. Cal. 1982). The International Olympic Committee is a non-profit organization created by the Congress of Paris on June 23, 1894 which is organized and exists under the laws of Switzerland. *Id.* at 982.

6. 36 U.S.C. §§371-396 (1982). The United States Olympic Committee is duly

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Act of 1978⁷ to restrain and enjoin SFAA⁸ and Thomas P. Waddell⁹ from using the phrase "Gay Olympics."¹⁰ SFAA used the word "Olympic" on paraphernalia and printed materials in conjunction with the international athletic competition it sponsored in San Francisco in August 1982. This competition included and benefited lesbians and gay men.¹¹ SFAA failed to obtain USOC's consent to use the word "Olympic."¹²

The district court granted USOC's application for a temporary restraining order on August 9, 1982,¹³ and granted USOC's motion for a preliminary injunction on August 20, 1982.¹⁴ SFAA appealed, and on April 8, 1983, the Ninth Circuit affirmed the preliminary injunction.¹⁵

On February 16, 1984, the district court granted USOC and IOC summary judgment and a permanent injunction.¹⁶ The district court awarded USOC \$96,600 in attorney fees on September 21, 1986.¹⁷ SFAA appealed the judgment, the injunction, and the attorney fees award,¹⁸ and the Ninth Circuit affirmed both the judgment and the injunction but remanded the fee award. SFAA subsequently filed a petition for rehearing and a suggestion for rehearing en banc, which the Ninth Circuit denied. The

chartered and functions under the laws of the United States. *International Olympic Comm. v. San Francisco Arts & Athletics*, 219 U.S.P.Q. at 982. USOC was first incorporated and granted a federal charter in 1950. However, predecessors to the now federally chartered USOC have existed since 1896. *Id.* at 982.

7. 36 U.S.C. §§371-396 (1982). The Amateur Sports Act is codified at 36 U.S.C. §§371-396 (1982).

8. Appellants' Brief at 6, *International Olympic Comm.* San Francisco Arts and Athletics is a "non-profit corporation, incorporated under California Law in 1981 for the purpose of conducting public activities, including athletic and arts events . . . to educate the general public on the vitality, variety, and versatility of the gay movement." *Id.*

9. Appellants' Brief at 6, *International Olympic Comm.* Thomas F. Waddell was an organizer of SFAA and is its Chairman. *Id.*

10. *International Olympic Comm.*, 781 F.2d at 735.

11. Appellants' Brief at 6, *International Olympic Comm.*

12. Appellees' Brief at 2, *International Olympic Comm. v. San Francisco Arts & Athletics*, 781 F.2d 733 (9th Cir. 1986).

13. Appellants' Brief at 4, *International Olympic Comm.*

14. *Id.* at 5.

15. Appellees' Brief at 4, *International Olympic Comm.*

16. Appellants' Brief at 5, *International Olympic Comm.*

17. *Id.* at 5.

18. *International Olympic Comm.*, 781 F.2d at 735; Appellees' Brief at 4-5, *International Olympic Comm.*

court, however, amended its decision and a dissent was filed.¹⁹

On appeal, SFAA first argued that a claim under the Amateur Sports Act required a showing that the use of Olympic words and symbols was apt to confuse the public as to whether USOC endorsed or sponsored the event and that no such showing was made.²⁰ Second, SFAA contended that because judicial enforcement of the Act constituted state action, USOC's selective enforcement violated the equal protection component of the fifth amendment due process clause.²¹ Third, SFAA argued that the Act violated the first amendment protections afforded commercial speech by barring non-confusing speech.²² Fourth, SFAA asserted that USOC was discriminating against lesbians and gay men because it allowed other groups²³ to use the word "Olympic" while suing SFAA,²⁴ and that this selective enforcement suppressed its freedom of speech.²⁵ Finally, SFAA argued that USOC was using a trademark violation claim to censor non-commercial use of the word "Olympic," and in response SFAA raised the Lanham Act defense²⁶ of "fair use in description."²⁷

III. BACKGROUND

A. AMATEUR SPORTS ACT

In 1978, Congress adopted the Amateur Sports Act,²⁸ which

19. 789 F.2d 1319 (9th Cir. 1986)(per Goodwin, J.; the other panel members were Wallace J. and Stephens, D.J. sitting by designation)(as amended on denial of rehearing May 22, 1986; Kozinski, J., with whom Pregerson, J. and Norris, J. join dissenting May 28, 1986), *cert. granted*, 55 U.S.L.W. 3247 (U.S. Oct. 31, 1986)(No. 86-270).

20. *International Olympic Comm.*, 781 F.2d at 736. See *infra* notes 62 & 130 and accompanying text.

21. *Id.* at 736-37.

22. *Id.* at 737.

23. Appellants' Brief at 25, *International Olympic Comm.* "USOC has permitted an array of non-gay groups, including police, juniors, and others to use 'Olympic.'" *Id.*

24. *International Olympic Comm.*, 781 F.2d at 736.

25. Appellants' Brief at 22, *International Olympic Comm.*

26. 15 U.S.C. §1115 (1982) lists the Lanham Act defenses; *International Olympic Comm.*, 781 F.2d at 736; see *infra* note 75 and accompanying text.

27. Appellants' Brief at 13-17, *International Olympic Comm.*; see *infra* note 75 and accompanying text.

28. 36 U.S.C. §§371-396 (1982). The Amateur Sports Act is codified at 36 U.S.C. §§371-396 (1982). 36 U.S.C. §380(a)(4) (1982). The Act provides, in pertinent part, that:

(a) Without the consent of the Corporation, any person who used for the purpose of trade, to induce the sale of any goods services, or to promote any theatrical exhibition, athletic per-

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amended the United States Olympic Committee Charter of 1950.²⁹ Under this legislation, USOC became the coordinating body for amateur sports that relate to American participation in the Olympic games and other major international competitions.³⁰ The Act provides a mechanism for resolving disputes among various sports organizations and athletes.³¹

The purpose of the Act was to facilitate USOC's fund raising ability so that it could send amateur athletes into international competition without United States government subsidies.³² To further this purpose, Congress gave USOC the power to regulate the commercial use of Olympic words and symbols.³³ The Act also made civil remedies³⁴ provided under the Lanham Trademark Act of 1946³⁵ available to USOC for the unautho-

formance, or competition—

...
(4) the words "Olympic," "Olympiad," "Citius Altius Fortius," or any combination or simulation thereof tending to cause confusion, to cause mistake, to deceive, or to falsely suggest a connection with the Corporation or any Olympic activity;

shall be subject to suit in a civil action by the Corporation for the remedies provided in the Act of July 5, 1946 (60 Stat. 427; popularly known as the Trademark Act of 1946).

Id.

29. See H.R.Rep. No. 1627, 95th Cong. 2d Sess. 9, reprinted in 1978 U.S. Code Cong. & Admin. News 7478, 7481-82.

30. *Id.*

31. *Id.*

32. *United States Olympic Comm. v. Intelicense Corp.*, 737 F.2d 263, 264, 266 (2d Cir.), cert. denied, 105 S.Ct. 387 (1984). In *Intelicense*, USOC brought an action to stop Intelicense, a Swiss corporation and its licensees from marketing official pictograms of IOC without USOC's consent. The pictograms were graphic designs of athletes against a backdrop of the five-ring Olympic symbol. The court held that USOC's consent was a prerequisite to the marketing of the Olympic symbol in the United States. *Id.* at 264.

33. *Id.* at 266. Relying on the legislative history, the *Intelicense* court found that the Congressional intention behind section 380 was promotion of the United States Olympic effort by "entrusting the USOC with unfettered control over the commercial use of Olympic-related designations." *Id.*

34. 15 U.S.C. §1114 (1982). The civil remedies available under the Lanham Trademark Act of 1946 are injunctive relief and money damages. *Id.* See also Callmann, *The New Trademark Act of July 5, 1946*, 46 Colum. L. Rev. 929, 946-48 (1946).

35. 15 U.S.C. §§1051-1072, 1091-1096, 1111-1121, 1123-1127 (1982). The Lanham Trademark Act of 1946 is codified at 15 U.S.C. §§1051-1072, 1091-1096, 1111-1121, 1123-1127 (1982). Sen. Rep. No. 1333, 79th Cong., 2d Sess. 1946, reprinted in U.S. Code Cong. & Admin. News 1274. The purpose of the Lanham Trademark Act of 1946 was to protect both the public and the owners' trademarks by placing all matters relating to trademarks in one statute, thereby eliminating judicial obscurity, simplifying registration, and making relief against infringement prompt and effective. *Id.*

rized use of words and symbols associated with the Olympics.³⁶ When it provided these civil remedies, Congress repealed the previous criminal penalties for such unauthorized use.³⁷

The Act provides that any unauthorized commercial use of the word "Olympic" or any simulation that tends to cause confusion or suggest a false connection with USOC is subject to a civil action.³⁸ Congress expanded USOC's protection of Olympic words and symbols by adding a new prohibition against the use of words and symbols tending to cause confusion or mistake.³⁹

36. *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112, 1117-19 (S.D.N.Y. 1984). In *Stop the Olympic Prison*, S.T.O.P., an organization opposed to the post-games use of the Lake Placid Village as a prison, sought a judgment declaring its first amendment right to print and distribute "Stop the Olympic Prison" posters and to use the word "Olympic" and the interlocking rings symbol in expressing its opposition to the construction of the prison. The district court of the Southern District of New York held that S.T.O.P. was entitled to a judgment declaring that its posters did not violate the Amateur Sports Act of 1978 because its posters were not used for the purpose of trade or to induce the sale of goods. *Id.*

37. *Stop the Olympic Prison*, 489 F. Supp. at 1117-19. From and after September 21, 1950 until November 8, 1978,

the section of the USOC's federal charter governing unauthorized use of the words and symbols associated with the Olympics was former section 379 of Title 36, which provided criminal penalties for such misuse. The charter nowhere mentioned trademark protection. Then in the Amateur Sports Act of 1978, 36 U.S.C. §380(a)(as amended 1978), signed into law on November 8, 1978, Congress repealed the criminal penalties, and instead expressly provided for a civil action under the Lanham Act.

Id. at 1117-18.

38. See 36 U.S.C. §380(a)(4) (1982); see *supra* note 28 and accompanying text.

39. H.R. Rep. No. 1627, 95th Cong., 2d Sess. (1978) 16, 36-38, reprinted in 1978 U.S. Code Cong. & Admin. News 7478, 7494-96.

Section [380](a)(4) makes actionable not only use of the words "Olympic," "Olympiad," "Citius Altius Fortius," and any combination thereof, but also any simulation or confusingly similar derivation thereof tending to cause confusion, to cause mistake, to deceive, or to falsely suggest a connection with the Corporation or any Olympic Activity

Section [380] carries forward some prohibitions from the existing statute enacted in 1950 and adds some new prohibitions, e.g. words described in section (a)(4) tending to cause confusion, to cause mistake, or to deceive with respect to the Corporation or any Olympic Activity. Accordingly, the Grandfather Clause should reflect the permissible, continued use of terms under the existing statute which were lawfully used prior to September 21, 1950, and also permissible, continued use of terms under this bill whose lawful use commenced prior to the enactment of this legislation. This will avoid the preemption

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B. STATE ACTION

"State action" refers to government involvement. Because the fifth amendment applies to the federal government and not to private parties,⁴⁰ state action is a necessary element when a violation of the equal protection component of the fifth amendment due process clause is alleged.⁴¹ Although federally chartered, USOC is a private organization.⁴²

The United States Supreme Court has provided guidelines to determine the existence of state action when the activity is ostensibly by a private organization:⁴³ whether the state and the private party were seen as one entity in regard to the challenged activity,⁴⁴ and whether there was a close connection between the state and the challenged action so that the action was seen as part of the state.⁴⁵ This is not a precise formula, however, because the facts of each case must also be studied.⁴⁶

of existing lawful uses in both cases.

Id. at 7496.

40. *Public Utilities Comm. of Columbia v. Pollack*, 343 U.S. 451, 461 (1952)(citing *Corrigan v. Buckley*, 271 U.S. 323, 330 (1926)(quoting *Talton v. Mayes* 163 U.S. 376, 382 (1896))).

41. *DeFrantz v. United States Olympic Comm.*, 492 F. Supp. 1181, 1192 (D.D.C. 1980).

42. *Id.* In *DeFrantz*, 25 athletes and one USOC executive board member brought a motion to enjoin USOC from carrying out a resolution not to send an American team to participate in the XXIIInd Olympiad games. The court held that "the decision of the USOC not to send an American team to the summer Olympics was not state action, and therefore, [did] not give rise to an actionable claim for the infringements of the constitutional rights alleged." *Id.* at 1194. *Cf.* *Martin v. International Olympic Comm.* 740 F.2d 670 (9th Cir. 1984) (USOC's acts held to be state action).

43. *DeFrantz*, 492 F. Supp. at 1192-93. *See* *Burton v. Wilmington Parking Authority*, 365 U.S. 715, 725 (1961); *Jackson v. Metropolitan Edison Co.*, 419 U.S. 354, 351 (1974).

44. *DeFrantz*, 492 F. Supp. at 1192-93 (quoting *Burton v. Wilmington Parking Authority*, 365 U.S. 715, 725 (1961)). The *DeFrantz* court stated that the first guideline used by the Supreme Court involved "an inquiry into whether the state has so far insinuated itself into a position of interdependence with [the private entity] that it must be recognized as a joint participant in the challenged activity." *DeFrantz*, 492 F. Supp. at 1192-93.

45. *DeFrantz*, 492 F. Supp. at 1193 (quoting *Jackson v. Metropolitan Edison Co.*, 419 U.S. 345, 351 (1974)). The second guideline fashioned by the Supreme Court "involves an inquiry of whether there is a sufficiently close nexus between the state and the challenged action of the regulated entity so that the action of the latter may be fairly treated as that of the state itself." *DeFrantz*, 492 F. Supp. at 1193.

46. *Burton v. Wilmington Parking Authority*, 365 U.S. 715, 722 (1981). The United States Supreme Court, however, cautions that it is an impossible task in such cases to

In *DeFrantz v. United States Olympic Committee*,⁴⁷ the district court of the District of Columbia applied these guidelines in the context of a civil action against USOC. The *DeFrantz* court determined that USOC's vote not to send an American team to the summer Olympics did not constitute state action because there was no intermingling between USOC and the federal government.⁴⁸ Moreover, the court found that there was no close connection between the federal government and USOC's vote because, even though the government exerted pressure on USOC, the court did not equate this pressure with actual control over USOC.⁴⁹ Therefore, there was no state action.⁵⁰

C. FIRST AMENDMENT PROTECTION OF COMMERCIAL SPEECH

The free use of speech is protected under the first amend-

apply a precise formula for recognition of state responsibility under the equal protection clause. *Id.* The Court reasoned that "only by sifting facts and weighing circumstances can nonobvious involvement of the state in private conduct be attributed its true significance." *Id.* In *Burton*, a restaurant located in a public parking building refused to serve the plaintiff food or drink because he was Black. *Id.* at 716. The building was owned by an agency of the State of Delaware. *Id.* The Court held that the state was a joint participant in the operation of the restaurant, and its refusal to serve the plaintiff violated the equal protection clause of the fourteenth amendment. *Id.* at 725.

47. 492 F. Supp. 1181 (D.D.C. 1980).

48. *Id.* at 1192-93. The *DeFrantz* court reasoned that there was no intermingling because USOC did not receive federal funding and existed and operated independently of the federal government. The court concluded that even though the Act linked USOC and the federal government because it required USOC to submit an annual report to the President and Congress, "this hardly converts such an independent relationship to a joint participation." *Id.* at 1193.

49. *Id.* at 1193-94. The *DeFrantz* court ruled that the federal government had the power to prevent athletes from participating in the Olympics but it did not have the power to make USOC vote in a certain way. Therefore, this did not constitute state control. The court said that if power of persuasion equated with control, the courts would be pushed into the untenable position of determining how much pressure amounted to sufficient control over a private entity to invoke federal jurisdiction. *Id.* Examples of the governmental pressures that were exerted are:

President Carter told members of the Athletes Advisory Council, an official body of the USOC, that American athletes will not participate in the Moscow summer games [T]he President sent a telegram to the president and officers of the USOC and to its House of Delegates, urging the USOC to vote against sending an American team to Moscow. In an April 10th [1980] speech, the President said that "if legal actions are necessary to enforce [my] decision not to send a team to Moscow, then I will take those legal actions."

Id. at 1184.

50. *Id.* at 1194.

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ment of the United States Constitution. However, the constitution tolerates reduced protection for commercial speech.⁵¹ SFAA's use of the word "Olympic" to designate and advertise its athletic competition was a commercial use.⁵²

To determine if a restriction on commercial speech violates the first amendment, a four-part analysis is used.⁵³ First, if the commercial speech concerns a lawful activity and is not misleading, it is protected.⁵⁴ Second, the court determines whether the asserted governmental interest is substantial.⁵⁵ Third, if both inquiries produce affirmative answers, the court must then determine whether the regulation directly advances the asserted governmental interest.⁵⁶ Finally, the court determines whether the regulation exceeds what is necessary to serve the governmental interest.⁵⁷ In *Central Hudson Gas & Electric v. Public Service Commission*,⁵⁸ the Supreme Court used this analysis in determining that the Commission's advertising policy, which completely banned an electrical utility's promotional advertising, violated the first amendment because the Commission failed to demonstrate that a more limited regulation could not protect its interest in conservation.⁵⁹ The Supreme Court, however, has been reluctant to approve regulations that restrict the use of particular words because of the danger of suppressing the spe-

51. *Central Hudson Gas & Electric v. Public Service Comm.*, 447 U.S. 557, 562-63 (1980)(quoting *Ohrlik v. Ohio State Bar Association*, 463 U.S. 447, 456-57 (1978)).

52. *International Olympic Comm. v. San Francisco Arts & Athletics*, 781 F.2d 733, 736 (9th Cir. 1986). "It is uncontested that SFAA used 'Olympic' in the promotion of its games. This use involved not only the advertising of the games, but the selling of products with the word 'Olympic' on them." *Id.*

53. *Central Hudson*, 447 U.S. at 566. First, the court stated:

[W]e must determine whether the expression is protected by the First Amendment. For commercial speech to come within that provision, it at least must concern lawful activity and not be misleading. Next, we ask whether the asserted governmental interest is substantial. If both inquiries yield positive answers, we must determine whether the regulation directly advances the governmental interest asserted, and whether it is not more extensive than is necessary to serve that interest.

Id.

54. *Id.*

55. *Id.*

56. *Id.*

57. *Id.*

58. 447 U.S. 557 (1980).

59. *Id.* at 570.

cific ideas and emotions that words convey.⁶⁰

IV. THE COURT'S ANALYSIS

A. THE INITIAL OPINION

In its initial opinion in *International Olympic Committee*,⁶¹ the Ninth Circuit first determined whether an unauthorized use of Olympic words and symbols must cause confusion to the public to violate section 380 of the Amateur Sports Act.⁶² It was uncontested that SFAA used the word "Olympic" in promoting its games.⁶³ The court reasoned that, if the Act did not require confusion, summary judgment could be sustained because there would be no disputed issue of fact.⁶⁴

In analyzing this issue, the court considered prior statutory law, legislative intent, and case law.⁶⁵ Prior statutory law provided criminal sanctions for non-confusing use of the protected word "Olympic."⁶⁶ Congress intended the current law to broaden the scope of USOC's protection by providing for civil remedies.⁶⁷ To require confusion as an element of USOC's cause of action, however, would make the current law narrower than the prior law. This suggested that confusion was not a necessary element under the Act.⁶⁸

60. *Cohen v. California*, 403 U.S. 15, 26 (1971). "[W]e cannot indulge the facile assumption that one can forbid particular words without also running a substantial risk of suppressing ideas in the process. Indeed, governments might soon seize upon the censorship of particular words as a convenient guise for banning the expression of unpopular views." *Id.* The *Cohen* Court held that the state's making the simple public display of a four-letter expletive on a jacket a criminal offense was inconsistent with the first and fourteenth amendments. *Id.*

61. 781 F.2d 733 (9th Cir. 1986).

62. 36 U.S.C. §§371-96 (1982); *International Olympic Comm. v. San Francisco Arts & Athletics*, 781 F.2d 733, 736 (9th Cir. 1986). Courts have defined confusion to be when the public is apt to believe that USOC endorsed, sponsored, or is associated with the unauthorized product or activity. *See U.S. Olympic Comm. v. International Fed'n of Bodybuilders*, 219 U.S.P.Q. 353, 361 (D.D.C. 1982); *Stop the Olympic Prison v. U.S. Olympic Comm.*, 489 F. Supp. 1112, 1121-22 (S.D.N.Y. 1980); *supra* notes 20 & 28 and accompanying text; *infra* note 130 and accompanying text.

63. *International Olympic Comm.*, 781 F.2d at 736.

64. *Id.*

65. *Id.*

66. *Id.*; *see also* H.R. Rep. No. 1627 95th Cong. 2d Sess. 1978, 27, reprinted in 1978 U.S. Code Cong. & Admin. News 7478, 7495.

67. *International Olympic Comm.*, 781 F.2d at 736.

68. *Id.*

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The Ninth Circuit also relied on *United States Olympic Committee v. Intelicense Corp.*,⁶⁹ which held that USOC's consent was a prerequisite to marketing the Olympic symbol in the United States.⁷⁰ In *Intelicense*, the Second Circuit found that a showing of false association with USOC was not required.⁷¹ The Ninth Circuit, therefore, concluded that confusion was not a necessary element for a claim under the Act⁷² and affirmed the district court's summary judgment.⁷³

The court next determined whether the Lanham Act's⁷⁴ "fair use in description" defense that SFAA raised was applicable.⁷⁵ Looking to the language of the Amateur Sports Act,⁷⁶ the court noted that the Act did not expressly recognize any Lanham Act defense.⁷⁷ Because Congress expressly included these defenses in the Trademark Counterfeiting Act of 1984,⁷⁸ a similar statute, the court found that the omission was intentional.⁷⁹ The court also examined the legislative history and determined that because the purpose of the Amateur Sports Act was to give

69. 737 F.2d 263 (2d Cir.), cert. denied, 105 S.Ct. 387 (1984).

70. *Id.* at 264.

71. *Id.* at 266-67.

72. 36 U.S.C. §380(a)(4) (1982).

73. *International Olympic Comm. v. San Francisco Arts & Athletics*, 781 F.2d 733, 735 (9th Cir. 1986).

74. 15 U.S.C. §§1051-1072, 1091-1096, 1111-1121, 1123-1127 (1982).

75. See 15 U.S.C. §1115 (1982) for a listing of Lanham Act defenses. SFAA argued that its use of the word Olympic fell specifically under 15 U.S.C. §1115(b)(4). Appellants' Brief at 14, *International Olympic Comm.* The provision provides that:

(b) If the right to use the registered mark has become incontestable . . . the registraton shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce or in connection with the goods or services specified in the affidavit. . . subject to any conditions or limitations stated therein except when one of the following defenses or defects is established.

. . .

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin . . .

15 U.S.C. §1115(b)(4) (1982).

76. 36 U.S.C. §§371-396 (1982).

77. *International Olympic Comm.*, 781 F.2d at 736.

78. 18 U.S.C. §2320(c) & (d)(1)(B) (Supp. 1985).

79. *International Olympic Comm.*, 781 F.2d at 736.

USOC more rights than an ordinary trademark holder, SFAA's Lanham Act defense would undermine that intent.⁸⁰ The court, therefore, concluded that the Lanham Act defenses were inapplicable.⁸¹

The Ninth Circuit then considered SFAA's contention that the application of the Amateur Sports Act to SFAA violated the equal protection clause of the fifth amendment.⁸² SFAA argued that USOC's enforcement of its rights in the word "Olympic" against SFAA discriminated against gay and lesbian groups because USOC did not act to prevent similar unauthorized use for such events as the Police Olympics and the Junior Olympics.⁸³ The court did not reach the question whether equal protection applied or whether USOC discriminated, however, because it found no state action in the alleged discrimination.⁸⁴ The court explained that when the state receives no benefit from the challenged action, state action will not be found unless there was a governmental decision to violate a party's rights.⁸⁵ The court concluded that government enforcement of private rights was not sufficient grounds for state action.⁸⁶ Even though Congress created special property rights in USOC's trademarks, the exploitation of those rights was not deemed to be state action for purposes of an equal protection violation.⁸⁷

The Ninth Circuit also addressed SFAA's assertion that the Amateur Sports Act violated its first amendment rights of commercial speech.⁸⁸ Relying on two Supreme Court decisions,⁸⁹ the

80. *Id.*

81. *Id.*

82. *Id.*

83. *Id.*; Appellants' Brief at 25, *International Olympic Comm.*

84. *International Olympic Comm.*, 781 F.2d at 736-37.

85. *Id.*

86. *Id.* (citing *Cobb v. Georgia Power Co.*, 757 F.2d 1248, 1251 (11th Cir. 1985)).

87. *International Olympic Comm.*, 781 F.2d at 737.

88. *Id.*

89. *Id.* The court relied on *Zacchini v. Scripps-Howard Broadcasting*, 433 U.S. 562, 573-77 (1977), where property rights in the performance of a human cannonball act received priority over first amendment rights of a broadcaster. *Zacchini's* human cannonball act was video taped without his consent and shown on the eleven o'clock news. He brought an action for damages alleging that he was in the entertainment business and that the film showing his act was an "unlawful appropriation of [his] professional property." *Id.* at 564. The other case the court relied on was *Hudgens v. NLRB*, 424 U.S. 507, 518-21 (1976), where private property rights defeated a claim to speak freely on the property of another.

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court determined that the word "Olympic" was essentially property that could be protected without implicating the first amendment.⁹⁰ Suggesting that SFAA had sufficient alternative means for expressing itself, the court held that SFAA had no first amendment right to use the word "Olympic" in promoting its games.⁹¹

Relying on Ninth Circuit case law,⁹² the court then considered whether the district court abused its discretion in granting the permanent injunction.⁹³ The court applied a two-part test⁹⁴ and concluded that the district court did not abuse its discretion because it correctly stated the applicable law and because the facts were undisputed.⁹⁵ The court further found that the injunction was not overbroad because it conformed to the statute,⁹⁶ and that the district court was justified in granting the injunction in light of SFAA's past improper use of the protected words and symbols.⁹⁷

Finally, the Ninth Circuit considered the propriety of the district court's attorney fee award.⁹⁸ The court noted that a violator of the Act is subject to the remedies provided in the Lanham Act.⁹⁹ Under the Lanham Act, the court may award attorney fees in exceptional circumstances.¹⁰⁰ Because the statute does not define exceptional circumstances,¹⁰¹ the court adopted the definition found in the Senate Report which requires a willful violation of the Act.¹⁰² The Ninth Circuit had previously adopted this definition.¹⁰³

90. *International Olympic Comm.*, 781 F.2d at 737.

91. *Id.*

92. *Id.* at 737-38. *Sports Form, Inc. v. United Press Int'l*, 686 F.2d 750 (9th Cir. 1982); *Miss Universe, Inc. v. Fleisher*, 605 F.2d 1130 (9th Cir. 1979).

93. *International Olympic Comm.*, 781 F.2d at 738.

94. *Id.* "Abuse of discretion occurs if the district court rests its conclusion on clearly erroneous factual findings or if its decision relies on erroneous legal conclusions." *Id.* (citing *Sports Form, Inc.*, 686 F.2d at 752; *Miss Universe, Inc.*, 605 F.2d at 1133-34).

95. *International Olympic Comm.*, 781 F.2d at 738.

96. *Id.*

97. *Id.*

98. *Id.*

99. 15 U.S.C. §1117 (1982). *International Olympic Comm.*, 781 F.2d at 738.

100. 15 U.S.C. §1117 (1982).

101. *International Olympic Comm.*, 781 F.2d at 738.

102. *Id.*

103. See *Sealy, Inc. v. Easy Living Inc.*, 743 F.2d 1378, 1384 (9th Cir. 1984); *Playboy Enterprises v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272, 1276 (9th Cir. 1982).

The district court awarded USOC attorney fees on the theory that SFAA intentionally used the word "Olympic" in violating the statute.¹⁰⁴ The Ninth Circuit noted, however, that the district court failed to consider whether SFAA might have reasonably believed its use of the word "Olympic" did not violate the statute.¹⁰⁵ Thus, the court remanded the fee award issue and instructed the district court to hold a hearing to determine whether SFAA's conduct was sufficiently willful to justify an attorney fee award.¹⁰⁶ Furthermore, if the district court determined that USOC was entitled to fees, it should then decide what constitutes reasonable attorney fees.¹⁰⁷

104. *International Olympic Comm.*, 781 F.2d at 738.

105. *Id.* at 738-39. The Ninth Circuit noted that

the rule defining willful infringement in patent cases [was] instructive. Cases construing willful infringement in areas apply the rule that one 'who reasonably doubted that the patent was valid has not willfully infringed.' *Lam, Inc. v. Johns-Manville Corp.*, 668 F.2d 462, 474 (10th Cir.), *cert. denied*, 456 U.S. 1007 (1982). *Cf. United States Olympic Comm. v. Union Sports Apparel*, 220 U.S.P.Q. 526, 529 (E.D. Va 1983)(attorney's fees particularly appropriate where 'expenses were caused by a recalcitrant defendant without a substantial defense').

Id. at 738.

106. *International Olympic Comm.*, 781 F.2d at 739. To determine whether the conduct was exceptional, the court instructed the district court to use the Ninth Circuit decision of *Sealy, Inc. v. Easy Living, Inc.*, 743 F.2d 1378 (9th Cir. 1984). In *Sealy*, the court ruled that "[u]nder 15 U.S.C. §1117 reasonable attorney fees may be awarded in 'exceptional [trademark] cases.' A trademark case is exceptional for the purposes of an award of attorney's fees where the infringement is malicious, fraudulent, deliberate, or willful." *Id.* at 1384 (citing *Playboy Enterprises v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272, 1276 (9th Cir. 1982)); *see* S. Rep. No. 1400, 93rd Congress, 2d Sess. (1974), *reprinted in* U.S. Code Cong. & Admin. News 7132-33.

107. 718 F.2d at 739. The court relied on the Ninth Circuit decision in *Kerr v. Screen Extras Guild, Inc.*, 526 F.2d 67, 70 (9th Cir. 1975). The following should be balanced in a determination of reasonable attorney fees:

1) the time and labor required; 2) the novelty and difficulty of the questions involved; 3) the skill required to perform the legal services properly; 4) the preclusion of other employment by the attorney due to accepting the case; 5) the customary fee; 6) whether the fee is fixed or contingent; 7) time limitations imposed by the client or the circumstances; 8) the amount involved and the results obtained; 9) the experience, reputation, and ability of the attorneys; 10) the 'undesirability' of the case; 11) the nature and length of the professional relationship with the client; and 12) awards in similar cases.

Id. (citing *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974)).

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B. THE AMENDED OPINION

1. *The Majority*

SFAA filed a petition for rehearing and a suggestion for rehearing en banc, both of which the court denied.¹⁰⁸ The panel, however, filed an amended opinion that added a footnote defending its decision on the state action issue.¹⁰⁹ The court considered whether its finding of no state action in this case conflicted with its previous finding of state action in *Martin v. International Olympic Committee*.¹¹⁰ In *Martin*, the court held that USOC's denial of equal medal opportunities to women at the 1984 Olympic Games constituted state action, and thus ran afoul of the equal protection clause.¹¹¹ The court explained that its finding of no state action in the instant case was consistent with *Martin* because, in *Martin*, there was significantly more government involvement.¹¹²

2. *Dissent*

In dissent, Judge Kozinski argued that the court's interpretation of the Amateur Sports Act raised serious first amendment concerns¹¹³ because it would prevent any organization other than

108. *International Olympic Comm.*, 789 F.2d at 1320.

109. *Id.* The court reasoned that the determination whether state action exists depends upon the unique facts of each case. *Id.* See, e.g. *Burton v. Wilmington Parking Authority*, 365 U.S. 715, 726 (1961).

110. 740 F.2d 670 (9th Cir. 1984). In *Martin*, women runners filed suit against various Olympic organizations to require the organizers of the 1984 Summer Olympic Games to include 5,000 and 10,000 meter track events for women. *Id.* at 673. The district court denied a request for a preliminary injunction to require the organizers to include the events. *Id.* The Ninth Circuit affirmed and held that the denial of the preliminary mandatory injunction was proper. *Id.* The court found that the district court did not err in finding state action present. *Id.* at 677.

111. *Id.*

112. *International Olympic Comm.*, 789 F.2d at 1320.

SFAA contends that our finding of no state action conflicts with *Martin v. International Olympic Committee*, 740 F.2d 670, 677 (9th Cir. 1984). We disagree. The determination whether state action exists is entirely dependent on the unique facts of each case. *Burton v. Wilmington Parking Authority*, 365 U.S. 715, 726 [81 S.Ct. 856, 862, 6 L.Ed.2d 45] (1961). In *Martin*, the government involvement was significantly more extensive than that found in this case.

Id.

113. 36 U.S.C. §§371-396 (1978). *International Olympic Comm.*, 789 F.2d at 1320.

USOC or IOC from using the word "Olympic" and the concepts this word embodies.¹¹⁴ Judge Kozinski explained that when the Supreme Court has permitted restrictions on the use of particular words, it has applied strict scrutiny and careful limitations.¹¹⁵ The majority, however, ignored these criteria and dismissed the first amendment arguments without fully considering the issue.¹¹⁶ Moreover, even though USOC permits some groups, such as young people, the disabled, and police, to use the word "Olympic," there are no safeguards against USOC's arbitrary exclusion of certain groups, such as homosexuals, from using the word.¹¹⁷

Judge Kozinski then considered whether there was a substantial governmental interest served in abridging first amendment rights.¹¹⁸ Because the majority interpreted the Amateur Sports Act as proscribing all uses of the word "Olympic,"¹¹⁹ Judge Kozinski determined that courts must closely scrutinize the governmental interest served by this broad protection.¹²⁰ Speculating that the Act indirectly subsidized USOC, he concluded that such an end did not justify blanket free speech restriction.¹²¹ Finally, Judge Kozinski concluded that the court failed to apply the strict scrutiny standard necessary for reviewing a permanent injunction inhibiting the right of public expression.¹²²

V. CRITIQUE

The Ninth Circuit's interpretation of the Amateur Sports Act gives USOC unlimited rights in the word "Olympic." This interpretation, however, raised first amendment concerns that

114. *International Olympic Comm.*, 789 F.2d at 1321. "The Supreme Court has been extremely reluctant to approve restrictions against the use of particular words." *Id.* See, e.g. *Cohen v. California*, 403 U.S. 15, 26 (1971).

115. *International Olympic Comm.*, 789 F.2d at 1321; see *FCC v. Pacifica Foundation*, 438 U.S. 726, 744-51 (1978), *reh. den.* 439 U.S. 833. Because broadcasting has a pervasive presence in America and is uniquely accessible to children, the Court held that FCC's ban on patently offensive language was justified. *Id.* at 748-51.

116. *International Olympic Comm.*, 789 F.2d at 1321.

117. *Id.* at 1323.

118. *Id.* at 1323-24 (citing *Central Hudson Gas & Electric*, 447 U.S. at 564, 566).

119. *International Olympic Comm.*, 789 F.2d at 1324.

120. *Id.*

121. *Id.*

122. *Id.* at 1325.

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the court failed to adequately address. The result may be widespread infringement of personal freedoms.¹²³

Relying on legislative history and analogous legislation, the court concluded that Congress intentionally omitted the Lanham Act defenses.¹²⁴ Perhaps, however, this omission was merely a Congressional oversight. The defense of "fair use in description"¹²⁵ would create a buffer for protecting the first amendment concerns that conflict with USOC's rights in the word "Olympic." A balance would be struck between the purpose of the Amateur Sports Act, which was to facilitate USOC's fundraising ability,¹²⁶ and the first amendment's interest in free expression of ideas.¹²⁷ Such a compromise would allow the word "Olympic" into the public domain as long as USOC is not financially harmed.

A regulation that involves the suppression of speech must be no more extensive than necessary to serve the state's interest.¹²⁸ The Ninth Circuit's interpretation of the Act prohibits all use of the word "Olympic" that is not authorized by USOC; yet the court failed to address whether the statute was more extensive than necessary. A less restrictive regulation might be more appropriate to preserve both the first amendment's free speech protections and the government's interest in facilitating USOC's fundraising ability so that it can send amateur athletes into in-

123. *Id.* at 1320. See also San Francisco Chronicle, Sept. 19, 1986, at 26 col. 1. California businessman Leo LeBranche brought an action against USOC and lost. He is appealing that decision and lobbying Congress to amend the law so that USOC does not have exclusive rights to the use of the word "Olympic." LeBranche contends that the law violated his first amendment rights. *Id.* See also *International Olympic Comm.*, 789 F.2d at 1323 n. 4. Judge Kozinski examined the Los Angeles, Manhattan, and Olympia telephone directories and discovered over 200 potential violators of the Act because the word "Olympic" was part of their business name. *Id.*

124. *International Olympic Comm.*, 781 F.2d at 736. See *supra* text and accompanying notes 75-81.

125. 15 U.S.C. §1115(b)(4) (1982).

126. See *supra* text accompanying notes 28-33.

127. Denicola, *Copyright and Free Speech: Constitutional Limitations on the Protection of Expression*, 67 Calif. L. Rev. 283 (1979); Nimmer, *Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?*, 17 U.C.L.A. Rev. 1180 (1970); Goldstein, *Copyright and the First Amendment*, 70 Colum. L. Rev. 983 (1970). This type of fair use analysis has been suggested for the conflict between copyrights and the first amendment and lends itself to the conflict between the first amendment and USOC's rights.

128. *Central Hudson Gas & Electric v. Public Service Comm.*, 447 U.S. 557, 571-72 (1980).

ternational competition without United States government subsidies.¹²⁹ This could be accomplished by prohibiting confusing uses of the word "Olympic" or uses of the word that trade on USOC's goodwill in order to defraud people.¹³⁰

Instead of a commercial speech analysis, the court, relying on two Supreme Court cases,¹³¹ determined that USOC had a property interest in the word "Olympic." Conclusively finding that property rights could be protected without violating the first amendment,¹³² the court avoided any determination whether its interpretation of the Act was more extensive than necessary. The court overlooked the fact that the word "Olympic" embodies certain intellectual and spiritual concepts of intense amateur competition and, as a result of its ruling, suppressed these ideas.

Because government censorship of particular words could lead to censorship of unpopular views, the Supreme Court requires a specific and compelling reason to justify the censorship of particular words.¹³³ In *Cohen v. California*¹³⁴ the Supreme Court held that a disorderly conduct conviction based on the public display of a four-letter expletive on a jacket violated the first and fourteenth amendments.¹³⁵ Here, because the Ninth Circuit dismissed the case before trial, whether USOC has a specific and compelling justification for its control over the word "Olympic" remains unsettled.

USOC's property rights would be adequately protected if the Amateur Sports Act were construed to prohibit only those

129. See *supra* text accompanying notes 32 & 33 for a discussion of the government's interest.

130. See *supra* note 62 and accompanying text. Confusing speech is defined as the use of Olympic words and symbols that is apt to cause the public to believe that USOC endorsed or sponsored the event.

131. *International Olympic Comm.*, 781 F.2d at 737. *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 573-77 (1977); *Hudgens v. NLRB*, 424 U.S. 507, 518-21 (1976). See *supra* note 89 and accompanying text.

132. *International Olympic Comm.*, 781 F.2d at 737. See *supra* note 89 and accompanying text. "[T]he word Olympic and its associated symbols and slogans are essentially property. Such property rights can be protected without violating the First Amendment." *International Olympic Comm.*, 781 F.2d at 737.

133. *Cohen v. California*, 403 U.S. 15, 26 (1971).

134. *Id.* at 15.

135. *Id.* at 26.

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uses that were likely to cause confusion or result in financial loss to USOC instead of suppressing all unauthorized uses of the word "Olympic."¹³⁶ Such an interpretation would also be more consistent with the first amendment's prohibition against the suppression of particular words and ideas.¹³⁷

The drafting of an amended opinion appears to indicate that the court was not thorough in its first analysis and found it necessary to clarify its position. The initial opinion in *International Olympic Committee* failed to distinguish the Ninth Circuit's decision in *Martin v. International Olympic Committee*.¹³⁸ In *Martin*, the court found state action,¹³⁹ but in *International Olympic Committee*, it did not.¹⁴⁰ Even though the court did not change its result in the amended opinion,¹⁴¹ it appears that it ignored or overlooked *Martin* in its initial decision. Because Judge Wallace, who was on the panel in both cases, wrote the *Martin* opinion, it is unlikely that the *International Olympic Committee* court overlooked *Martin*. It can only be hoped, however, that this was not a political decision influenced by the parties involved, or that *Martin* has not been overruled *sub silentio*.

Another example of the court's cursory disposition in *International Olympic Committee* was the panel's impromptu approval of the injunction. This does not measure up to the close appellate scrutiny required for first amendment claims and defenses.¹⁴² The majority simply dismissed SFAA's first amendment argument by finding that the word "Olympic" was property that could be protected without violating the first amendment.¹⁴³ This does not evidence the close inspection or

136. *International Olympic Comm.*, 789 F.2d at 1324.

137. *See Cohen*, 403 U.S. at 26.

138. *Martin v. International Olympic Comm.*, 740 F.2d 670 (9th Cir. 1984).

139. *Id.* at 677. *See supra* text accompanying note 111.

140. *International Olympic Comm.*, 781 F.2d at 737.

141. *International Olympic Comm.*, 789 F.2d at 1320. The court merely stated that its finding of no state action in the instant case was consistent with *Martin* because in *Martin* there was significantly more government involvement. However, the court did not offer any examples to explain the difference. *Id.* *See supra* note 112 and accompanying text.

142. *International Olympic Comm.*, 789 F.2d at 1325-26 (citing *Bose Corp. v. Consumers Union of United States, Inc.*, 466 U.S. 485 (1984); *Standard Oil Co. of California v. FTC*, 577 F.2d 653 (9th Cir. 1978)).

143. *International Olympic Comm.*, 781 F.2d at 737.

searching study that the Supreme Court has required before the use of certain words can be restricted.¹⁴⁴ The court's analysis falls short of thorough appellate review and sets a disturbing precedent.¹⁴⁵ In finding that certain words and phrases are property instead of speech,¹⁴⁶ the court failed to protect the first amendment concerns that conflict with these property rights. The decision, as written, may be interpreted as giving private corporations and organizations undue power to infringe first amendment rights. Hopefully, this is an isolated case, so that other words and phrases will not be found to be "property." The judicial recognition of possessory rights in language created in *International Olympic Committee* can only have a chilling effect on free expression.

VI. CONCLUSION

Section 380 of the Amateur Sports Act protects USOC's property rights in the word "Olympic," effectively granting USOC a monopoly in the use of this word. The Ninth Circuit's interpretation of the Act, however, fails to provide any limitation on USOC's arbitrary exercise of these rights. Consequently, the court has removed the word "Olympic" from the public domain without providing any safeguards to ensure against USOC's arbitrary enforcement of these rights. The result, as the instant case demonstrates, is the chilling of all ideas and emotions embodied in the word "Olympic."

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144. See, e.g., *FCC v. Pacifica Foundation*, 438 U.S. 726, 748-51 (1978); see *supra* text accompanying note 115.

145. *International Olympic Comm.*, 789 F.2d at 1326.

146. *International Olympic Comm.*, 781 F.2d at 737.

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