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A Trademark Owner’s Right to Control Sublicenses

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 By Leonard D. DuBoff, © 2007

We wrote the book on small business law.

It is well settled that the owner of a copyright or a patent has the right to control the sublicensing of that intellectual property right, even when that right is not expressly reserved in the license agreement, but until recently the question of trademark sublicensing had not yet been addressed by any of the country’s appellate courts.

In a case involving the world famous musician Glenn Miller, the Ninth Circuit joined New York and Georgia district courts in holding that trademark sublicensing follows the same rules as copyright and patent sublicensing. Miller, known for the big band sound, was lost at sea when his airplane disappeared toward the end of World War II while flying to Paris to entertain U.S. combat troops. Approximately twelve years later, Glenn Miller Productions, Inc. (GMP), was established to carry on the Glenn Miller tradition. Helen Miller, the band leader’s widow, was an executive in the company and granted it the right to exploit Glenn Miller’s name, likeness and library of music.

Sometime later, GMP began operating the Glenn Miller Orchestra and registered “Glenn Miller Orchestra” with the U.S. Trademark Office. Beginning in 1988, GMP granted sublicenses to third parties, including a Glenn Miller orchestra in Germany and one in the United Kingdom. In addition to having the right to use the late artist’s copyrighted music, the sublicensees were also given the right to exploit Miller’s name, likeness and reputation, commonly known as the right of publicity.

Many years later, Glenn Miller’s heirs, the current owners of his intellectual property rights, filed suit in the Central District of California (Los Angeles) to challenge GMP’s right to grant sublicenses of the late artist’s trademark. The district court granted the company’s motion for summary judgment on the grounds that the heirs sat on their rights too long. This doctrine, known as
laches, is the only form of statute of limitations available in a federal trademark dispute.

Despite its holding on laches, the district court made it clear that the licensee of a trademark does not have the right to grant a sublicense without the express written permission of the owner of the mark. The court justified this rule by pointing out that a trademark owner has the right and obligation to police the quality of items bearing the protected mark.

While some jurisdictions have held that the trademark owner has the right to control the grant of sublicenses, even when that right is not expressly reserved in a written agreement, it is still a good idea for a trademark license to expressly deal with this issue, since most jurisdictions have not yet weighed in on the subject. Whether you are a licensee or a licensor, you should work with an experienced intellectual property lawyer when entering into a trademark license agreement to ensure that your rights are protected.

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