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Litigation Alert

Ninth Circuit Extends Sublicensing Rule to Trademark Licenses

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On July 19, 2006, the Ninth Circuit held in *Miller v. Glenn Miller Productions, Inc.*, No. 04-55874 (9th Cir. 2006) that a licensee of trademark and related publicity rights does not have the right to sublicense those rights to third parties without the licensor's express permission. In so holding, the Ninth Circuit extended the well-established "sublicensing rule" from copyright and patent law to the licensing of trademark and related publicity rights. In so doing, the Ninth Circuit joins a number of other jurisdictions which have considered this issue and uniformly held that the sublicensing rule applies to trademarks.

Implications of *Miller*

This holding is a clear victory for trademark and right of publicity owners who wish to maintain maximum control of their rights. The ability to block undesirable trademark sublicenses is significant in view of a trademark owner's affirmative duty to supervise and control a licensee's use of the mark, on penalty of losing the ability to enforce the mark. The ability to block undesirable sublicenses of publicity rights, on the other hand, will allow the licensor to prevent unwanted uses of his or her name or likeness, including those that are offensive or otherwise injurious to the licensor or his image.

Background

Approximately 12 years after musician and bandleader Glenn Miller died in a plane crash, his former lawyer established Glenn Miller Productions., Inc. ("GMP") with the aim of establishing a business based on the Glenn Miller name which would, among other things, continue performances of the Glenn Miller Orchestra. Glenn Miller's widow, Helen Miller, served an executive role in the company and licensed to it the right to use the name and likeness of Glenn Miller and his music. GMP operated under this license agreement, executed in 1956, registering the "Glenn Miller Orchestra" trademark and operating a successful orchestra. Since 1988, GMP has also sublicensed to third parties the right to operate other orchestras called the Glenn Miller Orchestra, with the most current sublicensees in Germany and the United Kingdom. Miller's heirs, the present owners of his intellectual property rights, filed suit in the Central District of California, challenging GMP's ability to sublicense the Glenn Miller mark without their express permission. Although the Central District granted GMP's motion for summary judgment on the ground that plaintiffs' claims were barred by the doctrine of laches due to their substantial delay in bringing suit, it nonetheless held that the ban on sublicensing absent the licensor's express consent, already well-established in patent and copyright law, should be extended to licenses of trademarks and rights of publicity. *Miller v. Glenn Miller Prods.*, 318 F. Supp. 2d 923 (C.D. Cal. 2004).

Ninth Circuit's Holding

In a brief opinion, the Ninth Circuit affirmed and adopted the majority of the district court's opinion, including its extension of the sublicensing rule to trademark and related publicity rights and the policy reasons justifying the extension. In the district court, GMP had argued that plaintiffs did not have the right to control sublicensing of the mark because that right was not reserved in the licensing agreement. Noting that under trademark law a trademark licensor has an affirmative duty to police its license, the district court observed, "A license agreement need not contain an express quality control provision because trademark law, rather than the contract itself, confers on the licensor the right and obligation to exercise quality control." *Miller*, 318 F. Supp. 2d at 936. The district court then identified two policy reasons for extending the sublicensing rule: *First*, the licensor's ability to monitor use of the mark will remove the potential for litigation caused by disputes between the licensor and licensee regarding the actions of the sublicensee. *Second*, preserving the licensor's control is necessary to protect the public's expectation of the source and quality of the trademarked product. The district court applied these same policies to extend protection to related publicity rights, which often are licensed in connection with trademarks, and for which the licensor has a similar right and incentive to control sublicensing arrangements.

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