

NATIONAL SPORTS LAW

NEGOTIATION COMPETITION 2021

ROUND ONE

“Guardians Inferno”

GENERAL FACTS FOR BOTH TEAMS

After years of debate, dispute, and protest, one of the most long-standing Native American mascots has been changed. Following the transition of the former Washington Redskins to the simple temporary name of the “Washington Football Team,” the Major League Baseball (MLB) franchise in Cleveland, OH—long called the “Cleveland Indians”—announced in December 2020 that they too would be changing their name to avoid further controversy over the team’s longtime use of a Native American mascot.

On July 23, 2021, the team announced its new name: the Cleveland Guardians. The name “Cleveland Guardians” contains significant symbolic significance to the franchise and to the surrounding area. While many fans and commentators made jokes about the Marvel franchise or the ease of transition given the continued use of a name containing a “-dians” suffix, the Guardians name was chosen to represent the eight iconic “Guardians of Traffic” statues on the Hope Memorial Bridge located less than a mile from the MLB team’s home ballpark. Sculpted in the early 1930s by Henry Hering, the Guardians statues each hold a different vehicle to symbolize the progression of transportation from hay wagons to modern automobiles and commercial trucks.

The name was initially largely celebrated as befitting the city, specifically the iconic art so close to the team’s home ballpark. However, it quickly became apparent that the symbolic virtue of the Guardians statute to a Cleveland-area sports team was not an original idea. Indeed, there was already a team called the Cleveland Guardians in existence: an amateur Cleveland-based roller derby team that has been using the name for about a decade, including in state corporate filings since 2017. The team has been shut down for the past two years due to the COVID-19 pandemic, but announced a recruitment call for new team members the day after the Cleveland MLB team announced their new name.

The conflicting names has already caused some conflict between the two teams. While the roller derby team had not filed to trademark the name prior to the MLB team’s announcement, the roller derby team does own the rights to the website clevelandguardians.com—a domain that would clearly be of interest and of value to the MLB team as well. Additionally, the roller derby team did file for trademark rights on July 27, 2021—four days after the MLB team’s announcement—and announced on their (previously dormant) website their intentions to sell merchandise with their Cleveland Guardians name and logo.

Conflicts of this nature are not necessarily new. In the mid-1990s, an entertainment basketball team called the Harlem Wizards sued the National Basketball Association (NBA), NBA Properties, and an NBA team after that team announced a change in name from the Washington Bullets to the Washington Wizards.¹ The name “Guardians” is also not unprecedented in sports and pop culture generally, as the Cleveland MLB team received clearance from the XFL New York Guardians and Disney/Marvel (who owns a “Guardians of the Galaxy” comic book and movie franchise) prior to finalizing the name change. However, the team did not seek clearance from the roller derby team.

Last week, the Cleveland roller derby team announced on social media its intentions to oppose the MLB team’s trademark application at the US Patent and Trademark Office (USPTO)’s Trademark Trial and Appeal Board (TTAB). Attorneys for the MLB team have thus reached out to attorneys for the roller derby team looking to resolve the conflict. Both teams have given their representatives full authorization to be creative and—if possible—craft a mutually beneficial agreement that will both resolve this conflict and hopefully advance each side’s interests.

¹ Harlem Wizards Ent. v. NBA Properties, 952 F.Supp. 1084 (D.N.J. 1997). This opinion is incorporated by reference into this fact pattern and is thus considered part of the closed universe of the fact pattern for the purposes of NSLNC Rule 6(a) (“Outside Research”).

SUPPLEMENTAL MATERIAL

Roller Derby Team Logo:



MLB Team Logo:



Timeline of Relevant Events:

- **April 8, 2021:** The Cleveland MLB files for “Cleveland Guardians” trademark in the African country of Mauritius (in order to receive an earlier priority date for an USPTO application).
- **Before July 23, 2021:** The Cleveland MLB franchise successfully negotiates agreements with the XFL and Disney/Marvel for use of the “Guardians” name.
- **July 23, 2021:** The Cleveland MLB team [announces on social media](#) that starting in 2022, their new franchise name will be the “Cleveland Guardians.” The team filed two USPTO trademark applications (serial nos. 90844557, 90844546) for the name “Cleveland Guardians” on the same day.
- **July 24, 2021:** Posting on their clevelandguardians.com website for the first time since March 31, 2018, the Cleveland roller derby team announces a recruiting call for team members for the 2022 season. (*Note: The team had been posting intermittently on their Facebook page during that time*)
- **July 27, 2021:** The Cleveland roller derby team files two USPTO trademark applications (serial nos. 90850972, 90850953) for the name “Cleveland Guardians” and for their “Gazing Mercury” logo (pictured above).

CONFIDENTIAL FACTS FOR THE CLEVELAND ROLLER DERBY TEAM

For the Cleveland Guardians roller derby team, the MLB team stealing their name is a major slight. But you have noticed that the name is not the only concern here. Complicating matters is the fact that the roller derby team managers' viewpoints are obviously skewed by more emotional concerns: namely their preexisting feelings about the Cleveland MLB team. The managers are all diehard Cleveland MLB fans but they abhor the current ownership group for allegedly mismanaging the team since purchasing the franchise in 2000. During the ownership group's tenure, the MLB team has traded away several star players for solely financial reasons including fan favorites Francisco Lindor, Trevor Bauer, and Mike Clevinger within the past eighteen months. The managers have also been insulted by constant threats and rumors of the MLB franchise leaving for greener pastures; the most recent rumors have the team moving to Nashville if a sweetheart lease and stadium upgrades deal between the team, city, and county is not approved by city council.

Moving forward with this name change without even bothering to talk to the roller derby team first is seen as just another slight by the Cleveland MLB ownership against their local fanbase. Making matters even worse was the news that the MLB team did approach the XFL New York Guardians and Marvel/Disney and did settle with them, even though their conflicting names were much more tangential than the literally identical "Cleveland Guardians" mark used by the roller derby team. The roller derby managers see no justifiable reason for that other than simply feeling that the roller derby team was not worth their time—at least until they were embarrassed on social media.

After you explained the basics of trademark law to the roller derby team managers, they believe that they have a strong case. The roller derby team sees this as a classic case of what you called "reverse confusion." Reverse confusion refers to a situation where a stronger junior user saturates the market with a similar trademark, thus overwhelming the weaker senior user.² As a result, the general public—including consumers—believe that the senior user's products are connected to the junior user's or, even more problematically, that the senior user is in fact the user

² See *Ameritech Inc. v Am. Info. Techs. Corp.*, 811 F.2d 960, 964-65 (6th Cir. 1987); *Progressive Distribution v. UPS, Inc.*, 856 F. 3d 416, 425 (6th Cir. 2017).

that jumped in later to capitalize off of the junior user’s stronger brand image. Despite the fact that the roller derby “Cleveland Guardians” have been around for decades, the team is worried that they will always be accused of copying the MLB team’s name should the change go through.

For these reasons, you feel that the threat of the roller derby team managers supporting a Trademark Trial and Appeal Board (TTAB) challenge to the MLB team’s trademark application is certainly real, despite the financial risk of harm. You have explained to them that these cases can get expensive and that attorneys’ fees are not always recoverable even in victory,³ but the team is gung-ho about following through on their threats anyway. The team itself certainly does not have the cash reserves to pay for such actions—especially after losing the 2019 season due to lack of interest and the 2020-21 seasons due to the COVID-19 pandemic—but the team feels confident that they can rally support around their cause. Indeed, while the roller derby team managers support the general idea of the MLB team’s name change (obviously to something other than The Guardians), they feel they may get substantial financial support through a GoFundMe campaign from those who are against the name change and see the roller derby team’s effort as a symbol for their cause.

The roller derby team managers do acknowledge substantial risk in pursuing a challenge against the MLB franchise. For one, the team managers are not anxious to tie their brand image to the debate on the former “Indians” moniker and they feel that there is certainly a risk of this happening if their crusade turns into a referendum on the name change. Furthermore, the team managers understand that public support for their cause could turn on a whim or could simply not be enough to cover the full costs of filing a TTAB claim and the cost of an almost certain appeal by the MLB team, should the roller derby team win. Given the extremely tight operating budgets of roller derby—considering the need for insurance, specially-designed tracks, and league dues—the team managers accept that should they recklessly and needlessly challenge the MLB team in litigation and lose, the case will not even matter much anymore because they will no longer have a team to sport the “Cleveland Guardians” name and logo.

With all of this considered, the team is certainly willing to entertain settling with the MLB team, but not for anything resembling a token amount of money. The team has heard anecdotally

³ See Theodore H. Davis Jr., *Recovery of Attorneys’ Fees in Trademark and Unfair Competition Litigation*, LANDSLIDE MAGAZINE (May/June 2010), <https://kilpatricktownsend.com/~media/Files/articles/2010/TDavisLandslide.ashx>.

from news reports and from legal commentators on social media that their damages could approach six—or even seven—figures, so they have high expectations that are difficult to dissuade through practical legal experience. Considering the identical name and somewhat similar logo, the team managers believe that a financial settlement offer from the MLB team should at least approach \$750,000.00. If such a figure is not possible, the team may be willing to settle for a little bit less in arrangement where they are not required to completely abandon their use of the “Cleveland Guardians” name.

Of course, the “Guardians” name is not the only consideration here. The roller derby team management assumes that the MLB team will also look to take over the clevelandguardians.com domain name as part of any settlement agreement. However, if the roller derby team is going to continue to be known as the “Cleveland Guardians” their branded website will continue to be extremely valuable to them. In fact, some team members have joked that the MLB team name change might be a boon for the roller derby team as confused fans looking for the MLB team’s website may accidentally type in clevelandguardians.com and be led to marketing material for the roller derby team. Regardless, retaining using of the team’s website is very important to the team managers and the domain should not be handed over but for a very generous settlement offer.

Of final concern is the team’s logo. The team managers acknowledge that the two logos are not all that similar; while there are some similar design elements in the statuesque wings, the wings are clearly derived from a neutral source: the Hope Memorial Bridge guardian statues (which have similar winged helmets). This lack of similarity has the roller derby team managers strongly leaning against including such a challenge in any potential TTAB filing.

Instead, they feel that leaving the logos as is would be totally fine if the two teams are to share the “Cleveland Guardians” name moving forward. However, they have made clear to you that they and team alumni are very attached to the distinctive “Winged Apollo” logo; if the MLB team feels differently about the lack of similarity they will have a fight on their hands in order to get the roller derby team to give it up. The managers have been firm that any settlement package that includes abdication of the “Winged Apollo” logo—whether they remain the Guardians or not—must clear \$1 million by a substantial amount. If faced with a binary choice, they would much rather change the name while keeping the logo than change the logo while keeping the name.

Ultimately, the roller derby team managers want to make clear to both you and to the MLB team that they are coming to the table in good faith—even despite their anger over the MLB team’s

operations both in regard to this situation and in running their team. They understand that these settlement negotiations are sensitive and are willing to consent to a non-disclosure agreement both for a final settlement (should one be reached) and even concerning the negotiations themselves, if necessary. While they are extremely protective of the typical fierce independence and rebellious nature of their roller derby brand (and are thus wary of any close association with the MLB team), they are certainly willing to consider any and all creative solutions that you and/or the MLB team might offer that can help the two sides resolve this conflict without resorting to more drastic measures.

CONFIDENTIAL FACTS FOR THE CLEVELAND BASEBALL TEAM

This is a dispute that even ownership acknowledges can—and probably should—have been settled months ago. The truth of the matter is that ownership did know about the Cleveland Guardians roller derby team ahead of the name change. In fact, you had seen the roller derby team’s website beforehand and explained to ownership that their presence might complicate matters. Ownership had instructed you to ignore the roller derby team not only due to concerns over leaking the new team name but also in large part because the team was seen as too small to be taken seriously as a legal threat. Now, however, ownership sees a potential public relations problem given the social media fervor over the similar name even if they are still confident in their legal justification for adopting the name without approaching the roller derby team first.

At the same time, ownership did instruct you to settle with two other entities for safe use of the Guardians name. Disney/Marvel—who have a popular “Guardians of the Galaxy” comic book and film franchise—ended up being easy to appease. You negotiated a token amount of \$1,000.00 in compensation to the company for the use of the name plus two agreements: first, an agreement to inform Disney/Marvel’s legal department of any unauthorized Cleveland Guardians merchandise featuring their characters; and second, an agreement to negotiate potential crossover promotions at a further date whenever Disney/Marvel is looking to market future “Guardians of the Galaxy” movies. It was more difficult to work with the XFL in order to clear the “New York Guardians” hurdle (in large part due to the bankruptcy-fueled desperation of that league), but you were still able to come to terms on a settlement of any and all future challenges and trademark claims for \$100,000.00. That number, ownership feels, is not too much less than what should be provided to the roller derby team for a similar arrangement.

Of course, you know that negotiations with the roller derby will be substantially more complicated. This complication is in part due to the simple fact that the names are entirely identical instead of just mostly identical; the XFL had much less of a legal leg to stand on due to the differing city names between “New York Guardians” and “Cleveland Guardians.” But of even more concern is the threat of public backlash, especially since the roller derby team is a much more sympathetic entity than the XFL would have been—and certainly more of a sympathetic entity than a powerful MLB franchise. This situation does feel to you like a classic case of “reverse

confusion”—where a stronger junior user saturates the market with a similar trademark, thus overwhelming the weaker senior user⁴—and you see a significant possibility that a judge on the Trademark Trial and Appeal Board (TTAB) and/or an appellate court might take pity on the roller derby team for this reason.

You have been able to convince the Cleveland MLB ownership group to adjust their expectations in this regard and have been given a tentative budget of up to \$500,000.00 to settle this claim.⁵ After all, a TTAB challenge by the roller derby team—along with a potential appeal, if the MLB team were to lose—would likely approach or even exceed that figure. However, the ownership group has made clear to you that they would strongly disfavor any deals approaching (or beyond) that \$500,000.00 figure and would carefully scrutinize the entire settlement package to make sure that all of their other interests are met. You get the strong feeling that they are still attached to the \$100,000.00 figure paid to the XFL and that they would prefer to stick closely to that number as much as justifiably possible.

The ownership group would expect a few concessions from the roller derby team for them to be willing to go up to or beyond \$500,000.00 in a potential settlement. Perhaps the last thing that ownership wants is for the roller derby team to be asked (or forced) to stop using the “Cleveland Guardians” name—they do not want to be seen as having bullied the roller derby away from the name, given the social media backlash already present. But of special concern is the clevelandguardians.com domain name. For obvious reasons, ownership sees ensuring that fans can easily find the team’s website as a vital part of the rebranding process. While the team is working on acquiring guardians.com, clevelandbaseball.com, and cleguardians.com (all of which are currently owned by domain squatters), they see clevelandguardians.com as the most important piece of the complete internet branding package. In fact, most of the ownership group sees acquisition of the clevelandguardians.com domain as even more important than settlement of any potential legal challenges, though this is in large part due to ownership’s perhaps overconfident attitude surrounding the likelihood of success of a roller derby team’s challenge to the MLB team’s use of the Guardians name.

⁴ See *Ameritech Inc. v Am. Info. Techs. Corp.*, 811 F.2d 960, 964-65 (6th Cir. 1987); *Progressive Distribution v. UPS, Inc.*, 856 F. 3d 416, 425 (6th Cir. 2017).

⁵ This budget does not include the \$110,000.00 already paid out for the XFL and Disney/Marvel settlements.

Of lesser concern are the two teams' logos. While ownership is willing to acknowledge that the identical names are a problem, they adamantly oppose any sort of recognition that the logos are in way the same. While the two logos have some similar design elements in the statuesque wings, the wings are clearly derived from a neutral source: the Hope Memorial Bridge guardian statues (which have similar winged helmets). Any extra financial consideration for a settlement of a challenge to the logo trademarks would be strongly opposed. By the same token, the ownership group would have no issue with the roller derby team's continuing use of its logo, so long as it agrees not to change the color scheme or design to anything resembling what the MLB team has or will later put out as their own design elements.

On the other hand, the ownership group has made clear to you that they think the roller derby's team logo—particularly the stoic, Greek statue figure—is well designed, and with some modifications could fit well into their own branding portfolio in later years. If the roller derby team was looking to abandon the Guardians name entirely—or if they stop operating altogether—the MLB team would be interested in discussing the cost of acquiring copyright and trademark rights to the roller derby team's logo. Such interest seems to you to be of tangential concern, however, as the team is not willing to expend any additional money (beyond what has already been budgeted for these negotiations) to purchase these intellectual property rights at this time.

One major fear that the ownership group has is in disclosure of the settlement negotiations and final terms. As noted, a major reason why the ownership group declined to approach the roller derby team before announcing the name was the fear that the roller derby team—an entity seen as significantly less reliable for their discretion than executives and lawyers for Disney/Marvel and the XFL—would prematurely leak the name to the public either unintentionally (by making a reference to the settlement agreement on social media) or intentionally (if negotiations were to break down). While discretion in terms of the planned name change is obviously no longer necessary, the signing of a non-disclosure agreement before negotiations even begin would go a long way to appease concerns that the roller derby team might not be coming to the table in good faith. Indeed, the name change is a controversial one among Cleveland locals and fans of the team more generally; neither you nor the MLB team owners know if the roller derby team representatives are among those who oppose the name change, but there is certainly moderate concern among the ownership group that the roller derby team will use the settlement negotiations as a public referendum on the name change, potentially to fundraise a future legal challenge.

And, of course, a non-disclosure clause as part of a final settlement agreement is a must in order for that final deal to be approved by ownership. This is both based on the owners' own personal concerns and concerns raised by the league office: the league does not want any public precedent set as to how much money another entity in a similar situation can get should a similar situation arise in the future with another MLB team.

Ultimately, the MLB team ownership group wants this issue—and the problematic roller derby team—to go away as quickly and quietly as possible. They have not been happy to see commentary about the shared name on social media and elsewhere spoiling what should have been a flawless and well-received shift away from their controversial former brand. Having backlash from angry fans wanting to keep the Native American design elements was expected, but having to fight against perceptions of bullying a roller derby team away from their name is a battle that ownership is much less willing to fight on a protracted basis. Ownership is wary of the stereotypical nature of roller derby teams as rebellious and fiercely independent and wants to limit the co-mingling of the two brands as much as possible even if the brands are to share a name moving forward. But they are certainly willing to consider any and all creative solutions that you and/or the roller derby team might offer that can help the two sides resolve this conflict—particularly if those measures help them save money on the final deal.