

Trump Brand Loses Trademark Licensing Dispute - Rules of Contract Law Prevail

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Trademark licensing disputes can present thorny issues at the intersection of contract and trademark law. And when the dispute

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involves the Trump brand for residential buildings, the adjudication of rights and obligations under a trademark license agreement can become national news. The decision in *Residential Committee of the Board of Managers of 200 Riverside Boulevard at Trump Place Condominium v. DJT Holdings LLC* was no bed of roses for DJT, as the court held that the 200 Riverside Building was not required to use the Trump name on the façade of the Building.

As recounted by the court, the 200 Riverside Building, consisting of 377 residential and four commercial units, was constructed around 1998, at which time the words “Trump Place” were “installed with large brass-finish characters in two locations on the Building’s façade.” In March 2000, Trump and the condominium board of the Building (the “Condo Board”) entered into a royalty-free license agreement, which granted a “nonexclusive, nontransferable right for the Building to use the Identification ‘Trump’ on its façade” in exchange for \$1 and “other good and valuable consideration.”

In February 2017, the Condo Board conducted a straw poll among residential unit

owners, and of the 253 unit owners who responded, 63% favored removal of the Trump signage. A month later, the Condo Board received what the court characterized as a “Threatening Letter” from DJT, stating that removal of the Trump Identifications from the Building “would constitute a flagrant and material breach of the License Agreement.” The Condo Board did not wait around to see if it would be sued, instead commencing an action for declaratory judgment that its License Agreement with DJT did not require the building to use the Trump signage. The Condo Board then moved for summary judgment.

The Trump team raised several arguments in response: first, the Condo board lacked standing; second, there was no controversy for the court to decide (at least yet); and third, under the License Agreement, the Condo Board either did not have the right to remove the Trump signage or it did not take the proper steps to do so. The court rejected each of these arguments.

DJT contended that standing was lacking because the “full” Condo Board did not vote to authorize the lawsuit. The court easily dispensed with this argument, noting that the two Board seats that did not vote were vacant, and had not voted in Board matters in several years. More importantly, the Condo Board’s rules required a quorum, which it had during the meeting at which the vote occurred.

Next, DJT argued that there was no “justiciable controversy,” meaning that there was no dispute for the court to resolve— only a precursor to a dispute. The court rejected this argument, finding that there was in fact a dispute the court could resolve. In particular, DJT argued that there was no dispute yet because the Condo Board had not taken any actual steps to remove the Trump signage on the façade. The court disagreed, as both a factual and legal matter. Factually, the court relied heavily on the “Threatening Letter” asserting that removal of the signage would be a material breach of the License Agreement. The court also noted, ironically, that DJT “complains that [the Condo Board] has not taken the very steps [DJT] threatened it and coerced it not to take.” DJT’s legal argument fared no better, as the court held that the judicial interpretation of the License Agreement would (and ultimately did) resolve the dispute. Specifically, if the court found that the License Agreement prevented the Condo Board from removing the signage, then the Condo Board would not remove it and the dispute would be over. Likewise, if the court found that the License Agreement did not prohibit removal, the Condo Board would do so and the dispute would be resolved.

The court then turned to the interpretation of the License Agreement to determine whether removal of the signage was permitted. When the language of a contract is clear, as the court found for the License Agreement, a court must enforce that agreement based on the plain meaning of its terms. When such an agreement is commercial, and negotiated at arm’s length by sophisticated parties—all of which the court found present here—a court is to apply these principles with “even greater force.”

Applying these principles, the court’s straightforward analysis turned on the express language of the “very brief, 4-page (including the signature page) License Agreement.” The court agreed with the Condo Board’s argument that there are “no obligations or

requirements for the building to carry the name ‘Trump’ on it in perpetuity.” Specifically, Section 1(a) of the license provides that licensor:

“... hereby **grants** to Licensee a nonexclusive, non-assignable, nontransferable **right**, without the right to grant sublicenses, to use the Identifications, on a royalty-free basis, solely for the purpose of identifying the Building at its above-mentioned location and in advertising, promotional and publicity materials solely with respect to the promotion of the Building and its residential condominium units....” (emphasis added by court).

According to the Condo Board, the words “right” and “grant” conferred a permitted right, privilege or favor, not an obligation.

DJT argued in opposition that a “whereas” clause in the agreement was intended to memorialize that the Building would be named Trump Place until such time as a proper vote is conducted in favor of changing the name. The court disagreed with this interpretation of the “whereas” clause, which stated:

“Since approximately March 25, 1999, Licensee has used the Identifications substantially in accordance with the terms and conditions of this Agreement, and Licensor and Licensee now desire to set forth, in writing, the terms and conditions for Licensee’s continued use of the Identifications to identify the Building.”

The court held this clause merely reflected the parties’ intention to continue use of the Trump name as had been the case since 1999, but did not impose a requirement that use of the Trump name continue forever.

DJT’s next argument — that the Condo Board had not taken the requisite steps to change the name to comply with applicable condominium bylaws — was found to constitute a “fatal” concession. As the court observed, if DJT believed that there was a proper mechanism to vote on removing the Trump name from the building, there must be a right to do so.

The final argument raised by DJT centered on the quality control provision of the License Agreement, which stated: “Licensor shall have the absolute right of prior approval of any and all uses of the identifications of Licensee. Licensee shall submit all such proposed uses to Licensor in writing....” According to DJT, this provision required affirmative consent before any change in use of the Trump name—including a change to non-use — could be made. The court gave this interpretation short shrift, holding that the provision “simply does not say what [DJT] contends it does.” According to the court, “a plain reading of the License Agreement states only that affirmative use of the identifications requires consent.”

The court therefore concluded that the License Agreement was clear and unambiguous and that the Condo Board was not required under the terms of the agreement to use the

Trump name on the Building.

So for those of you driving up the West Side Highway, there may only be limited time left to see the Trump Place signage before it comes down. Sad!