

Licensing: Common Questions

LICENSING AND TRADEMARKS

→ What is Greek Licensing?

Affinity Consultants has been in business since 1997 and is hired by more than 80 Greek Organizations to manage the commercial use of their trademarks. More information about our clients and their long-standing trademark rights can be found at GreekLicensing.com. Greek organizations' trademark rights have been affirmed by federal courts. Just like other trademark owners (for example, colleges and universities), Greek organizations have the right and obligation to claim ownership of their marks and to control the use of those marks. They do this through their licensing programs.

→ Who needs to become licensed?

Any group or individual that wishes to trade on the goodwill associated with our clients' marks, and benefit commercially from utilization of those marks, must become licensed in order to do so. A vendor is not required to become licensed in order to resell products produced by a licensed manufacturer, so long as they do not further embellish the product or expand on the use of the insignia.

→ What are the organization's trademarks?

The trademarks include the organization's name, nicknames, Greek letters, crest, badge, symbols, and other insignia. Any and all commercial use of these marks (or any marks that are confusingly similar) must be granted through a license agreement.

→ How can the letters of an alphabet be a trademark?

It has been long held that combinations of letters can be (and are) distinctive enough to be used as trademarks, similar to companies like IBM, AAA, KFC, etc. This has been consistently reinforced by federal courts.

→ How can a nickname or symbol be a trademark?

Since the organization has used the nickname and/or symbol consistently in conducting business for many years, they have the right to claim ownership of that mark within their channel of trade (fraternity and sorority members). A federal court recently reinforced the fact that nicknames and symbols are distinctive, protectable marks



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CHAPTERS/MEMBERS VS. HEADQUARTERS

→ Do members of a fraternity or sorority need to become licensed in order to utilize the insignia?

A member's right to use their organization's insignia is limited to non-commercial personal use. Outside of this limited use, a member of an organization is required to follow the same legal obligations as other vendors. Consistent with fair trade practices, our clients have equitable terms for all vendors, regardless of whether or not an owner or employee may be a member of their organization.

→ Does licensing apply for custom orders and/or if the order is placed by a chapter or member?

Yes, licensing applies whenever a commercial transaction takes place. Moreover, neither individual chapters nor members of the organization have the right to grant commercial use of the trademarks to a third party. Only the inter/national organization (headquarters) has that authority because they are the sole trademark owner.

→ How does licensing benefit members of Greek organizations?

Licensing benefits members because it's the best way to ensure that members receive quality products and services that adhere to their organization's standards and positively represent their membership in a values-based organization. Additionally, royalties collected ultimately benefit members in the long run because they support scholarships, educational programming, leadership trainings, etc.

→ Do members know that their organization has a licensing program?

While it isn't a legal requirement of theirs, our clients actively educate their members about their licensing program in various ways including emails, chapter newsletters, articles and ads in their publications, leadership trainings, etc. They also have policies in place, which state that their members can only purchase merchandise containing their marks from licensed vendors.



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BENEFITS

→ What are the benefits of being licensed?

There are several benefits to being licensed including exposure on GreekLicensing.com, GreekQuote.com, and the ability to market your company as officially licensed, just to name a few. Becoming licensed is the only legal way to utilize our clients' marks. Also, our clients direct their members to only patronize licensed vendors and to look for vendors that are using the Official Licensed Product seal (only available to licensed vendors).



QUALITY CONTROL

→ Why are vendors required to submit representative samples in order to become licensed?

Our clients expect that high quality products and services are made available to their members. We must carefully review proposed products in order to ensure that this expectation is met.

→ Why must all designs be approved prior to production, marketing and/or sale?

As values-based organizations, our clients must ensure that their marks are only used in ways that positively reflect their standards. And, they must maintain the integrity of their brand identity. Each product or service that displays one or more of our clients' marks will have an impact on their reputation as an organization, so they have a responsibility (and a legal right) to uphold certain guidelines related to the use of their marks.

ROYALTIES

→ Why are vendors required to pay a royalty?

Licensing exists primarily to protect the goodwill associated with a trademark by ensuring quality control of products and services. Our clients have a right and a responsibility to control the commercial use of their marks, and one of the rights afforded to them is the ability to collect a royalty in order to offset the costs of managing a licensing program. This is an industry standard and common practice of trademark owners.

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INSURANCE

→ Why is maintaining a \$1 million insurance policy, and listing the Greek organizations as additional insured, required?

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COMPLIANCE AND ENFORCEMENT

→ How do you ensure that vendors accurately report their sales?

We have access to third party accounting data, which we use to verify the accuracy of reported sales. We also have an official shopper program that allows us to match up receipts with reported sales. We engage in these accountability measures in order to maintain a fair, level playing field among all of our clients' licensed vendors.

→ What happens if a vendor decides to not comply with the Greek organizations trademark rights?

On behalf of our clients, we have a legal obligation to follow up with known cases of infringement until the vendor complies with their trademark rights. If a vendor continues to utilize our clients' marks outside of a license agreement, we may have no choice but to turn the case over to our attorneys. Also, our clients require that vendors pay back royalties from the date we first made them aware of their ownership rights before they will approve them as a licensee if a vendor continued to utilize their marks once they were made aware of the fact that they need to be licensed.