

FROM THE COURT TO THE COURTROOM - 2019 NBA CHAMPION KAWHI LEONARD SUES NIKE OVER RIGHTS TO HIS LOGO

By Andrew Jankovic

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NBA superstar Kawhi Leonard recently, for the second time in his on-court career, achieved the professional basketballer's ultimate goal, leading his team to the NBA championship. Off-court, Kawhi's lawyers have their own battle to win, and have filed a lawsuit against Kawhi's former sponsor Nike for fraudulently claiming ownership of a logo which Kawhi himself designed. Kawhi's team has applied to the U.S. District Court to rule that he is the rightful owner of his 'Klaw' logo and that Nike violated the terms of his expired sponsorship deal.

This American case has direct parallels with Australian law and highlights the importance of creators and artists alike securing their ownership rights in intellectual property, and ensuring the correct agreements are arranged when licencing or assigning one's copyright.

What happened?

Kawhi claims that his "Klaw" logo was created by himself, originating in 2011 when he was drafted to the NBA. He designed a personalised logo by tracing his famously large hands (inspiring his nickname "The Klaw"), while incorporating his initials 'KL' and his jersey number '2' in the design. The Klaw was then used on Kawhi's sponsored Nike apparel and shoes, much like Michael Jordan's "jumpman" decades before. Since Kawhi created his logo, he has gone on to become one of the league's elite superstars and was signed with Nike until last year.

During this time Nike had approached Kawhi seeking to update his Klaw logo for use on his Nike products. According to the lawsuit, Kawhi had rejected numerous modifications of his original design by Nike, and finally agreed to a logo which was essentially "an extension and continuation of Kawhi's original 'Klaw' design". It is further claimed, that in communication Nike always referred to it as "Kawhi's logo", and that its use was permitted for the term of the sponsorship deal.

In 2017, without Kawhi's knowledge or consent, Nike successfully registered with the US Copyright office ownership of the 'Klaw' logo. In retaliation to Nike's bold claim of ownership, Kawhi filed the very same 'Klaw' logo as a trade mark in his name and continued to act as the rightful owner using the logo on non-Nike merchandise products. While both offer intellectual property protection, they protect different types of assets. Copyright is geared toward literary, dramatic, musical or artistic work, while a trade mark protects items that help define a company brand or 'badge of origin' such as a logo. Since 2018, Kawhi's sponsorship deal with Nike has ceased, and he is now signed with New Balance.

A quick note on copyright and the difference between the US and Australia

The Berne Convention enables us to understand and implement copyright laws, which come to exist and apply domestically, across other jurisdictions (currently 177 countries). As per the Convention, copyright will exist once any expression or idea has been 'fixed' in some material form. Therefore, the moment Kawhi designed his logo in 2011, as the author not bound by any contract and having not assigned his rights to anyone else, he inherently gained exclusive rights in the work as the copyright owner. Key aspects now to determine are how the original idea and design has changed since authorship, and on what terms has Kawhi licensed or assigned his authorship rights throughout the course of his agreement with Nike.

It is evident on the facts of the claim, that Kawhi and Nike agreed to a logo which was 'modified' and a 'derivative' of the original Klaw. US law is different to Australian copyright law, as it contains a 'derivative right' which is broader than the rights provided under the Australian *Copyright Act*. Kawhi's counsel will be sure to claim that the alterations made to Kawhi's original logo did not establish a 'sufficiently new expression', satisfying the requirement of 'originality' and therefore not attracting new copyright.

Australia does offer an 'adaptation right', however this is relatively narrow and does not apply to artistic works. Therefore, Kawhi would need to rely on his 'reproduction' rights and would claim that Nike has infringed upon these rights – i.e. that Nike has substantially reproduced his artistic work without consent and thus infringed his copyright. This substantiality is measured both quantitatively and qualitatively, meaning a small part of a work that is particularly central or crucial to the work will be sufficient to amount to a substantial reproduction for the purposes of an infringement. On the facts it seems that Kawhi may have a strong case that the final logo produced by Nike copies a 'substantial' amount from the original logo. However similar to US law, Nike could have right to claim that a new and 'original' work was created from the original logo, during the time it was lawfully licenced to Nike. It will be very interesting to watch how this matter plays out in Court.

As an (important) aside, it is worth noting that the US requires the registration of copyright if a copyright holder wants to enforce their rights in court and be entitled to claim statutory damages and costs. Australian copyright law does not necessitate registration before enforcement.

Key Learnings

The strength of either party's case will be determined by the extent to which Nike was permitted to use the original and the new version of the Klaw logo, and how this permission could be construed in respect to the written sponsorship agreement and any other agreements or commitments made by the parties over a long period. Typically, companies would seek to enter watertight contracts to ensure the appropriate parties retain any ownership of intellectual property which has been created under the contract. This is where lawyers must be very careful to ensure IP rights are properly dealt with and protected, according to the deal made between the parties.

However, Kawhi's 'Klaw' design originated before the sponsorship agreement and was not created with Nike, but merely altered. Attempting to objectively analyse the amount a modified work deviates from the original is often a fine line in determining what is a 'substantial' reproduction. A common misconception is that changing a work by 10% - 20% will mean that one can avoid liability for copyright infringement, however this is not true. The test for 'substantial' is not merely quantitative but rather both quantitative and qualitative, and has been interpreted to mean an important, recognisable, essential part of the work in its entirety.

Often creators and artists will overlook the legal aspects required when the time comes to commercialise their work. Securing one's rights with the appropriate legal foundations will ensure that business complications are avoided, and projects are not jeopardised.

Contact us

If you would like further information on the above and how it impacts on your business or your client's business, or you need advice regarding Copyright and IP in general, please contact one of our experts below.

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