

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

United States Jaycees v. Philadelphia Jaycees

639 F.2d 134 (3d Cir. 1981) · Decided January 30, 1981

SUMMARY

The United States Court of Appeals for the Third Circuit considered whether a disaffiliated local chapter could continue using the national organization’s federally registered “Jaycees” trademarks. The court rejected abandonment and secondary-meaning arguments and held that the district court abused its discretion by allowing continued use with geographic and affiliation disclaimers. It directed entry of a broad injunction barring the Philadelphia group from using the trademarks.

CASE DETAILS

COURT	United States Court of Appeals for the Third Circuit
WRITING FOR THE COURT	Rosenn, Circuit Judge; Gibbons; Rosenn; Weber
JURISDICTION	Federal
DECIDED	January 30, 1981
DISPOSITION	vacated
PROCEDURAL POSTURE	The trademark owner and the Pennsylvania state organization appealed from a district court judgment finding infringement but entering only a limited injunction permitting the former chapter to continue using the mark with geographic and affiliation disclaimers.
STANDARD OF REVIEW	An appellate court reviews the modification or vacation of an injunction for abuse of discretion, while ensuring that the district court's equitable discretion is exercised consistently with controlling statutory rights.
PRECEDENTIAL VALUE	published precedential federal appellate opinion
PARTIES	United States Jaycees, Pennsylvania Junior Chamber of Commerce v. Philadelphia Jaycees

TOPICS

- trademark infringement
- trademark law
- equitable relief
- remedies
- civil rights

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the United States Jaycees abandoned its trademarks through nonuse, tolerance of disaffiliated or noncompliant chapters, or insufficient control over licensees.
2. Whether the district court abused its discretion by allowing the former chapter to continue using the exact Jaycees trademark with a geographic prefix and disclaimer.
3. Whether judicial enforcement of the Lanham Act trademarks would constitute unconstitutional state action under *Shelley v. Kraemer* because the charter had been revoked for admitting women.

HOLDINGS

1. The Philadelphia Jaycees failed to prove abandonment because the national organization had neither discontinued use of the marks nor demonstrated an intent to abandon them, and its conduct had not caused the marks to lose their significance as indicators of origin.
2. The district court abused its discretion by permitting the former licensee to continue using the exact Jaycees trademark with the prefix Philadelphia and a disclaimer; the Lanham Act required a broad injunction barring all use of the mark.
3. Judicial enforcement of the Lanham Act against the former chapter did not violate *Shelley v. Kraemer* because the injunction enforced trademark rights and was not substantially related to the alleged discriminatory membership policy or the charter revocation.

KEY QUOTATIONS

“Protection of infringers is not a purpose of the Lanham Act. On the contrary, the Act’s objective is the protection of the trademark and the public.” (639 F.2d at 142)

“To say that the licensee has acquired rights that survive the legal termination of that license, destroys the entire concept of a license.” (639 F.2d at 143)

“We therefore hold that judicial enforcement of violations of the Lanham Act is not precluded, even though the charter of a chapter of an organization is terminated because the chapter violated the sexually discriminatory policies of its national organization.” (639 F.2d at 146)

FACTUAL BACKGROUND

The United States Jaycees operated a national organization with affiliated state and local chapters that were licensed to use the Jaycees trademarks. The Philadelphia chapter amended its bylaws in 1972 to admit women, violating national affiliation requirements, and its charter was revoked in 1973. Despite disaffiliation, the Philadelphia group continued using the name and marks, while the national organization continued using the marks throughout the United States and tolerated some other chapters' noncompliance.

PROCEDURAL HISTORY

The United States Jaycees filed a Lanham Act action in the Eastern District of Pennsylvania after revoking the Philadelphia chapter's charter for admitting women. The district court found the national organization owned valid and several incontestable marks and found infringement, but denied a complete prohibition on use of the Jaycees marks and entered a narrow injunction. The Third Circuit vacated that order and remanded for a broad injunction.

DISPOSITION

vacated

REMAND INSTRUCTIONS

Vacate the district court's limited injunction and remand with directions to permanently enjoin the defendants from using the trademarks Jaycee or Jaycees and to grant such other relief as is consistent with the opinion.

CASES CITED

- New York City Jaycees, Inc. v. United States Jaycees, Inc., 512 F.2d 856 (2d Cir. 1975)
- Junior Chamber of Commerce of Kansas City v. Missouri State Junior Chamber of Commerce, 508 F.2d 1031 (8th Cir. 1975)
- Junior Chamber of Commerce of Rochester, Inc. v. United States Jaycees, 495 F.2d 883 (10th Cir. 1974)
- Shelley v. Kraemer, 334 U.S. 1 (1948)
- Saxlehner v. Eisner & Mendelson Co., 179 U.S. 19 (1900)
- Baglin v. Cusenier Co., 221 U.S. 580 (1911)
- Old Swiss House, Inc. v. Anheuser-Busch, Inc., 569 F.2d 1130 (C.C.P.A. 1978)
- Sheila's Shine Products, Inc. v. Sheila Shine, Inc., 486 F.2d 114 (5th Cir. 1973)
- Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959)
- P.A.B. Produits et Appareils de Beaute v. Satinine Societa in Nome Collettivo di S.A. e. M. Usellini, 570 F.2d 328 (C.C.P.A. 1978)
- Beech-Nut Packing Co. v. P. Lorillard Co., 273 U.S. 629 (1927)
- Johanna Farms, Inc. v. Citrus Bowl, Inc., 468 F. Supp. 866 (E.D.N.Y. 1978)
- Edwin K. Williams & Co. v. Edwin K. Williams & Co.-East, 542 F.2d 1053 (9th Cir. 1976)
- Tennessee Valley Authority v. Hill, 437 U.S. 153 (1978)
- United States v. W. T. Grant Co., 345 U.S. 629 (1953)
- United States v. Article of Drug Designated B-Complex Cholinols Capsules, 362 F.2d 923 (3d Cir. 1966)
- Frostie Co. v. Dr. Pepper Co., 361 F.2d 124 (5th Cir. 1966)
- Family Circle, Inc. v. Family Circle Associates, Inc., 332 F.2d 534 (3d Cir. 1964)
- Scott Paper Co. v. Scott's Liquid Gold, Inc., 589 F.2d 1225 (3d Cir. 1978)
- Everest & Jennings, Inc. v. E & J Manufacturing Co., 263 F.2d 254 (9th Cir. 1959)
- Professional Golfers Association v. Bankers Life & Casualty Co., 514 F.2d 665 (5th Cir. 1975)
- Wrist-Rocket Manufacturing Co. v. Saunders Archery Co., 578 F.2d 727 (8th Cir. 1978)

- Motor Master Products Corp. v. Motor Masters Warehouse, Inc., 463 F. Supp. 232 (E.D. Pa. 1978)
- Quality Weaving Co. v. Regan, 245 Pa. Super. 66, 369 A.2d 296 (1976)
- Perham v. Richman, 158 F. 546 (C.C.E.D. Pa. 1907)
- Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366 (7th Cir. 1976)
- Barrows v. Jackson, 346 U.S. 249 (1953)
- Griffin v. Maryland, 378 U.S. 130 (1964)
- Reitman v. Mulkey, 387 U.S. 369 (1967)
- Hunter v. Erickson, 393 U.S. 385 (1969)
- Moose Lodge No. 107 v. Irvis, 407 U.S. 163 (1972)

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