GENERAL COUNSEL CORNER

By Peter H. Gunst, Esquire

What's in a Name?

In Shakespeare's *Romeo and Juliet*, Juliet declaims:

> What's in a name? That which we call a rose by any other name would smell as sweet ….

Perhaps not.

In November 1994, Pennsylvania Jobber Shipley Fuels Marketing entered into a 15-year distribution agreement with what was then Mobil Oil Corporation.

The supply agreement touted Mobil's considerable efforts to develop the unique and valuable Mobil brand, and granted Shipley the right to use the Mobil brand for the resale of Mobil products.

As a condition of approval of the Exxon/Mobil merger, the Federal Trade Commission required the divestiture of a multitude of Exxon and Mobil retail assets, including Mobil's interest in its supply agreement with Shipley.

Shipley continued to purchase and resell Mobil-branded products, first from Mobil's assignee and sublicense, Tosco, and later from Tosco's successor, ConocoPhillips.

In 2004, Shipley's supply agreement was assigned yet again, this time to Getty Petroleum Marketing, which also obtained the right to utilize the Mobil brand subject to the payment of royalties to Exxon/Mobil.

On October 19, 2006, Getty wrote to inform Shipley of its intention to terminate its licensing agreement for use of the Mobil trademark effective February 2007, and demanded that Shipley rebrand its stations with the LUKOIL brand.

To Shipley, this name change appeared to be disastrous. It believed that replacing the well-known Mobil brand name with that of a Russian refiner having little or no market presence would adversely affect both its volume and profitability. Shipley refused to consent to the name change.

Getty sued Shipley in federal court in Pennsylvania, and sought a preliminary injunction requiring Shipley to rebrand as LUKOIL for what remained of the parties' 15-year supply agreement.

Getty argued that it could compel rebranding because the supply agreement expressly provided for the assignment of Mobil's contractual rights to a third-party such as Getty, and gave both Mobil and its assignee the "right to discontinue without liability, the sale of any or all of the Mobil products covered by the Agreement."

Getty emphasized that the parties' supply agreement authorized Mobil or its assignee to "at any time, on written notice, change the … brand name … or other distinctive designation of any Mobil product." Getty therefore argued that it possessed an absolute right to compel Shipley to accept the LUKOIL name.

Shipley countered that Getty by its own election had forfeited the right to distribute Mobil product under the Mobil brand name. It therefore had ended the supply agreement because it was no longer able to perform its obligations under the agreement.

Judge Gardner issued a detailed opinion on September 27, 2007, which refused to require rebranding.

Interpreting the language of the supply agreement, Judge Gardner found that Mobil and then ConocoPhillips were within their rights in assigning the supply agreement, ultimately to Getty. But, although Getty had a contractual right to discontinue its sale of Mobil-branded products and offer substitute products to Shipley, Shipley was under no obligation to accept those substitute products.

Rejecting Getty's reliance on the contractual provision permitting it as assignee to change "any … trademark … used in connection with the packaging, sale or distribution of any of the Mobil products covered by this Agreement," Judge Gardner emphasized that the right to require mandatory rebranding was limited to "Mobil products."

Judge Gardner explained:

> This provision does not allow plaintiff to foist the LUKOIL mark upon [Shipley] because the allowable changes are specifically limited to those used in connection with the Mobil products covered by the Agreement. Because no products are now a part of the Agreement as a result of [Shipley's refusal to accept the proposed replacement products], there are no trademarks to be altered.

As Shipley realized, there is indeed much in a name. That is why it fought so hard to block rebranding to an inferior logo.

Despite what Juliet said, a rose by another name may not smell as sweet to the customer. For that reason, you should know what rights you possess if your supplier attempts to foist a rebranding on you.

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