



## A First Amendment Right to Disparaging Trademarks?: U.S. Supreme Court Asked to Review Federal Circuit Decision Holding Ban on Disparaging Marks Unconstitutional

Is the Lanham Act’s prohibition on the registration of disparaging trademarks invalid under the First Amendment? This question was presented to the U.S. Supreme Court on April 20, 2016, by the U.S. Patent and Trademark Office (“USPTO”), which filed a Petition for a Writ of Certiorari, requesting review of the December 2015 en banc Federal Circuit decision holding that the statutory ban on “disparaging” trademark registrations is an unconstitutional violation of free speech. The potential for the Supreme Court to weigh in on this issue has implications not just to a band called “The Slants,” or to the Washington Redskins football team, but to others seeking registration of trademarks that may be considered defamatory or offensive.

### Background

This controversy began when applicant Simon Shiao Tam sought federal trademark registration for his band name, THE SLANTS, on November 14, 2011. According to Tam, his band, consisting of all Asian American members, was named THE SLANTS to “reclaim” and “take ownership” of Asian stereotypes.

The mark THE SLANTS was refused registration on the basis that it was likely disparaging to “persons of Asian descent” under Section 2(a) of the Trademark Act, 15 U.S.C. § 1052(a). Section 2(a) of the Act prevents the registration of a trademark if it “[c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage ... persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.” This decision was affirmed by the Trademark Trial and Appeal Board (“TTAB”). *In re Shiao Tam*, 108 U.S.P.Q.2d 1305 (T.T.A.B. 2013).

### The 2015 Federal Circuit Decisions

In April 2015, Tam appealed the TTAB’s decision to the Federal Circuit. In *In re Shiao Tam*, 785 F.3d 567 (Fed. Cir. 2015), the Federal Circuit affirmed the TTAB’s decision, following precedent holding that the refusal to register a mark does not suppress any expression because it does not affect the applicant’s right to use the mark. However, the Federal Circuit then issued a *sua sponte* decision holding that this opinion was vacated and that the case would be heard en banc.

On December 22, 2015, an en banc Federal Circuit reversed the TTAB's decision, holding that Section 2(a)'s prohibition on "disparaging" marks violates the First Amendment. *In re Simon Shiao Tam*, 808 F.3d 121 (Fed. Cir. 2015). In a majority opinion written by Judge Moore, the panel held that Section 2(a)'s disparagement provision amounts to viewpoint discrimination, therefore triggering the strict scrutiny standard.

In its decision, the panel rejected the government's argument that strict scrutiny should not be applied because Section 2(a) does not implicate the First Amendment at all. Although refusal of a trademark registration does not prohibit use of the mark, the panel held it does burden free speech by preventing the applicant from taking advantage of the "truly significant and financially valuable benefits [bestowed] upon markholders." Such benefits as the right to stop importation of infringing goods bearing the mark, or recovery of treble damages for willful infringement, only accompany federal trademark registration.

The panel held that Section 2(a)'s disparagement clause chills speech by creating a disincentive to adopt a mark that the government may deem offensive or disparaging. Further compounding this problem, the panel found, is the fact that the test for what qualifies as "disparaging" is not consistently applied. The panel noted that "[a] single examiner, with no input from her supervisor, can reject a mark as disparaging by determining that it would be disparaging to a substantial composite of a referenced group." The panel stated that this uncertainty of "speech-affecting standards" is a First Amendment problem.

As part of its decision, the panel explicitly overruled *In re McGinley*, 660 F.2d 481 (C.C.P.A. 1981), which held there are no First Amendment implications from a refusal to register a mark.

Notably, the panel expressly limited its holding to the disparagement provision of Section 2(a). The panel noted that "other portions of § 2 may likewise constitute government regulation of expression based on message, such as the exclusions of immoral or scandalous marks," but stated that it would leave those issues to future panels.

The panel also rejected other arguments put forward by the government, including that: (i) strict scrutiny should not be

applied because Section 2(a) regulates commercial speech; (ii) trademark registration is government speech; and (iii) Section 2(a) merely withholds a government subsidy.

The panel vacated the TTAB's decision refusing registration of the mark THE SLANTS and remanded the matter to the TTAB.

## Difference of Opinion

The December 2015 decision demonstrated a difference in judicial opinion, as five of the 12 judges joined in a concurrence or dissent. Judge O'Malley concurred, stressing that Section 2(a) is not only unconstitutional because it violates the First Amendment but also because it is unconstitutionally vague in violation of the Fifth Amendment. Judge Dyk concurred in part and dissented in part, stating that while he agreed Section 2(a)'s disparagement clause is unconstitutional as applied to Tam, he does not believe it is unconstitutional on its face. Judge Lourie wrote in a separate dissent that he would have affirmed the TTAB's decision refusing to register the mark based primarily on *stare decisis*. Finally, Judge Reyna separately dissented, stating that he would uphold the constitutionality of Section 2(a) on the basis that trademarks are commercial speech, and the provision would pass intermediate scrutiny since the government has a substantial interest in regulating trademarks to promote the "orderly flow of commerce."

## Aftermath of the Federal Circuit Decision

On February 12, 2016, the Federal Circuit issued its formal mandate to the USPTO, remanding the case for "further proceedings." On March 8, 2016, Tam filed a request with the director of the USPTO that she commence "further proceedings" by allowing the mark to proceed to publication. In response to this request, the director of the USPTO wrote that there would be no "further proceedings" until the last of the following occurs: (i) the period to petition for a writ of certiorari (including any extensions) expires without a petition being filed; (ii) a petition for certiorari is denied; or (iii) certiorari is granted and the Supreme Court issues a decision.

To clarify its position on new applications during this period of uncertainty, the USPTO issued an examination guide on March 10, 2016, titled "Examination for Compliance with Section

2(a)'s Scandalousness and Disparagement Provisions While Constitutionality Remains in Question." This guide holds that for any new applications, the USPTO will continue to issue refusals on the basis of scandalous, immoral, or disparaging matter under Section 2(a), but that these refusals will only be "advisory." If a mark's registrability based on the disparaging provision of Section 2(a) is the only issue, the application will be suspended under the same terms stated in the USPTO's response to Tam.

The December 2015 *In re Tam* decision also lends support to challenges of the other provisions of Section 2(a), such as the prohibition on "scandalous" marks. In the Federal Circuit appeal of *In re Brunetti*, in which an application to register FUCT was denied as scandalous and immoral, the Director of the USPTO advised in a letter brief to the Federal Circuit that the *In re Tam* decision also requires invalidation of the scandalous provision in Section 2(a), such that the case should be remanded to the Board for further proceedings.

On March 15, 2016, Tam filed a petition for a writ of mandamus, accusing the USPTO of "ignoring" the Federal Circuit's ruling by failing to publish his trademark application, and requesting the USPTO be ordered to immediately do so. The USPTO responded on March 24, 2016, noting that the Federal Circuit's mandate did not require it to publish the application "on any particular timetable." On March 30, 2016, the Federal Circuit denied Tam's "extraordinary" request.

Aside from the parties directly involved with *In re Tam*, the Federal Circuit's decision also affected the ongoing case of *Pro-Football Inc. v. Blackhorse*. The December 2015 decision was welcomed by Pro-Football Inc., the owner of the Washington Redskins franchise and several REDSKINS marks that were cancelled earlier in 2015. Notably, the court in *Pro-Football Inc. v. Blackhorse*, No. 1-14-CV-01043-GBL, 2015 U.S. Dist. LEXIS 90091 (E.D. Va. July 8, 2015), relied on *McGinley* in making its decision to affirm cancellation of the REDSKINS marks. Since the *McGinley* decision was explicitly overruled by the Federal Circuit's *In re Tam* decision, the Fourth Circuit may follow the Federal Circuit's lead and find the disparagement clause of Section 2(a) unconstitutional. Pro-Football filed its appeal to the Fourth Circuit in August of last year, and the case has been fully briefed.

## The Petition for a Writ of Certiorari

In its April 20, 2016 Petition for a Writ of Certiorari, the USPTO contended that because Section 2(a) does not prohibit any speech or conduct, or restrict trademark use or common law protections, it was incorrect for the Federal Circuit to treat the provision as an affirmative restriction on speech and facially unconstitutional.

The USPTO first argued that the Supreme Court should grant review because the Federal Circuit invalidated a "long-standing federal statutory provision." Because "any decision invalidating an Act of Congress on constitutional grounds is significant" and "cast[s] doubt on Congress's ability to determine when the federal government will lend its assistance to private actors," the USPTO reasoned, the Federal Circuit decision deserves immediate review.

The second basis of the USPTO's argument for granting the petition was that the Federal Circuit erred in its decision that Section 2(a) is unconstitutional. First, the USPTO argued that Section 2(a) does not restrict speech because it does not restrict terms that may be used as trademarks. Rather, a disparaging mark may be used and can enjoy common law protections without registration. The USPTO specifically pointed to the remedies still available to those without federal registration, including Section 43's cause of action for false designation of origin, importation ban, and remedy for cybersquatting. Furthermore, the petition averred that the disparagement provision does not restrict Tam's freedom of expression or penalize private speech: it does not limit how Tam advertises his band, what songs he sings, or what messages he conveys.

The USPTO also argued that the disparagement provision provides lawful "eligibility criteria" for federal trademark registration, which is a voluntary government program. The Constitution, the USPTO argued, "does not require Congress to open the federal trademark-registration system to racial epithets." Although Tam has a right to use THE SLANTS, the USPTO argued, he does not have a right to force the government to register the mark, publish it in the *Official Gazette*, or issue a registration certificate for the mark "in the name of the United States of America."

Furthermore, the USPTO argued that the Federal Circuit erred in finding government-subsidy decisions inapplicable and determining the unconstitutional-conditions doctrine applied. The USPTO claimed that the economic nature of the advantages of trademark registration are another reason to uphold the eligibility criteria. The USPTO also noted the government's substantial interest in facilitating commerce through its trademark registration program and its interest in declining to use resources to "encourage" disparaging marks.

In its final point, the USPTO contended that the question presented is important because the "challenged provision is a longstanding and important part of the federal trademark-registration system." The USPTO argued that the case should be heard now, as the current unsettled state of the law is holding up numerous trademark applications. Citing to its March 2016 examination guide, the USPTO advised that it has suspended action on all trademark applications that would be refused under the disparagement provision. The USPTO also argued that certiorari should be granted because the Federal Circuit's decision casts doubt on the validity of other provisions of Section 2(a), such as the bar against registration of scandalous trademarks.

Tam has until May 20, 2016, to file a response.

## Ramifications of a Grant of the Petition for a Writ of Certiorari

What might follow if the Supreme Court grants certiorari? For now, it appears that federal trademark applications for marks that may be deemed disparaging or scandalous are in a holding pattern as the USPTO seeks review of the Federal Circuit's decision that Section 2(a) is unconstitutional. A decision granting review will allow the Supreme Court to answer the question of whether a prohibition on registration of disparaging marks amounts to the denial of free speech rights.

Tam's response to the USPTO's petition is due on May 20, 2016. If Tam files his response early or on time without seeking an extension (although the government did obtain an extension

for filing its petition), it is possible that the Court will be able to determine whether or not to grant certiorari by the end of this Term, which happens at the end of June 2016. If not, the Court's decision whether or not to take up the case will not occur until this coming fall. Either way, if certiorari is granted, the argument and ultimate decision will not take place until the Court's next Term, which runs from October 2016 to June 2017.

Finally, should the Supreme Court take up the case, it is possible that *Pro-Football* will be stayed pending resolution of *In re Tam*. However, the *Pro-Football* case is fully briefed before the Fourth Circuit and is awaiting the scheduling of an argument, which could suggest that the Fourth Circuit will proceed toward argument and decision. Relatedly, because of the pendency of the *Pro-Football* case, the Court could simply decide to deny certiorari until the Fourth Circuit has a chance to weigh in on the issue and thereby determine whether a "circuit split" arises on the question. If so, this issue will likely be before the Supreme Court again, and quickly, once the Fourth Circuit rules on the constitutional question in *Pro-Football*.

## Lawyer Contacts

For further information, please contact your principal Firm representative or one of the lawyers listed below. General email messages may be sent using our "Contact Us" form, which can be found at [www.jonesday.com/contactus/](http://www.jonesday.com/contactus/).

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