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## THE FUTURE OF TRADEMARK REGISTRATIONS POST TAM

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### OVERVIEW

In a blockbuster decision issued in June 2017, the Supreme Court held that the provision of the Lanham Act barring registration of disparaging trademarks was unconstitutional. The Court's holding marked the end of a longstanding dispute based on the U.S. Patent and Trademark Office's (USPTO) refusal to register THE SLANTS on the basis that the trademark was a derogatory term for persons of Asian descent. The Court's holding was a signature win for Simon Tam and his band, The

Slants, who sought to register the trademark in order to reclaim the otherwise derogatory slur and to eliminate its denigrating impression.

As background, in November 2011, Simon Tam filed a trademark application with the USPTO seeking registration of THE SLANTS in connection with "entertainment in the nature of live performances by a musical band." But the USPTO, relying on 15 U.S.C. § 1052(a), commonly referred to as the "disparagement clause," denied Tam's trademark application. The "disparagement

clause" barred the registration of any trademark that may "disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute."

Tam's initial attempts to overturn the USPTO's decision through administrative channels were unsuccessful. But Tam found relief by way of appeal to the U.S. Court of Appeals for the Federal Circuit which held that the "disparagement clause" violated the Free Speech protections of the First Amendment and, as a result, could not

block Tam's attempt to register THE SLANTS as a trademark. For the reasons that follow, the Supreme Court affirmed the judgment of the Federal Circuit and on November 14, 2017 – *six years to the day of the filing of Tam's trademark application* – Tam received his federal trademark registration from the USPTO for THE SLANTS.

### THE SUPREME COURT'S DECISION

Before addressing the issue of whether the “disparagement clause” violated the Free Speech protections of the First Amendment, the Court first considered Tam's argument that the “disparagement clause” only prohibited the registration of trademarks that disparage natural persons or businesses, but not racial or ethnic groups. To support this argument, Tam pointed to the language of the “disparagement clause” which precluded the registration of marks that “may disparage ... persons, living or dead.” The Court rejected Tam's narrow interpretation of the word “persons” reasoning that a mark that disparages a racial or ethnic group necessarily disparages multiple “persons” within that particular group.

Going forward, the USPTO argued that the First Amendment does not apply to “government speech;” thus, the government can place restrictions on its speech because it does not have a right to free speech. Stated differently, the USPTO argued that trademarks were “government speech,” and – unlike private speech – could be abridged.

The Court rejected this argument holding that it was “far-fetched” that trademarks could be considered “government speech” because, if they were, the result would be that “the Federal Government is babbling prodigiously and incoherently.” For example, if trademarks were deemed “government speech,” then it would be the government “babbling” “America Runs on Dunkin,” “Just Do It,” or “Think Different.” Of course, this is not so.

The USPTO next argued that the federal trademark registration process was tantamount to a governmental subsidy program. To support this argument, the USPTO pointed to cases in which the Court upheld the constitutionality of governmental subsidies that provided cash, or its equivalent, to certain programs that supported a particular viewpoint. The Court dismissed this argument on the grounds that the federal trademark registration process is not a subsidy; to the contrary, it is the individual or entity seeking trademark registration that pays money to the government. Not vice versa.

Failing to convince the Court that

trademarks were “government speech” or similar to a governmental subsidy, the USPTO next asked the Court to craft a new doctrine to apply to “government-program” cases. The USPTO argued that the registration of trademarks is a type of governmental program in which certain restrictions on speech are permitted. To support this argument, the USPTO attempted to analogize the federal trademark registration process with laws that restricted speech to the extent that they permitted a public employer to deduct wages from employees to support some, but not all, union activities. The Court rejected the USPTO's analogy and, in turn, the USPTO's attempt to create a new “government-program” doctrine, for the same reasons that it rejected the USPTO's claim that the federal trademark registration process was similar to a governmental subsidy program.

The Court concluded its decision by addressing the USPTO's argument that all trademarks were commercial speech and, as a result, subject to a more relaxed level of judicial scrutiny. In response, Tam argued that trademarks are more than commercial speech to the extent that trademarks embody expressive components and, thus, are subject to a heightened level of judicial scrutiny. The Court, however, did not determine whether trademarks were commercial speech. Instead, the Court held that the “disparagement clause” – even if trademarks were commercial speech – did not withstand even a more relaxed level of judicial scrutiny. This is because the “disparagement clause” was not narrowly drawn to serve a substantial interest as the clause applied to any trademark that disparages any living or deceased person, group, or institution.

### LIFE POST-TAM

The Court's decision in *Tam* has already affected two separate, but equally noteworthy, legal cases. The first case involved a decades-long dispute between a group of Native Americans and the Washington Redskins of the National Football League regarding the federal registration of certain trademarks featuring the Redskins name. As background, in 2014, certain trademark registrations owned by the Washington Redskins featuring the Redskins name were invalidated on the basis that those registrations violated the Lanham Act's “disparagement clause.” The case was on appeal in the U.S. Court of Appeals for the Fourth Circuit, but stayed pending the Court's decision in *Tam*. Subsequent to the Court's decision in *Tam*, all parties agreed that their dispute was essentially mooted by the *Tam* decision and

that the Washington Redskins' trademark registrations should be restored.

The second case involved a separate, but similar, provision of the Lanham Act. In December 2017, the Federal Circuit, in *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. December 15, 2017), relied heavily upon the Court's decision in *Tam* to conclude that the provision of the Lanham Act barring registration of trademarks that are “immoral” or “scandalous” is, likewise, unconstitutional. As a result, trademarks that were once considered immoral or scandalous, just like disparaging trademarks, as per the Second Circuit's decision, are now capable of receiving a federal trademark registration.

However, one issue that remains uncertain is whether the Court's holding in *Tam* will result in an increased number of trademark filings seeking to register marks that contain disparaging language. Based on these authors' review of trademark applications filed with the USPTO subsequent to *Tam*, there have been only a nominal number of applications containing disparaging words. But only time will tell whether there will be an increase in the filing of disparaging trademarks.

Expectedly, business owners who may seek to register a trademark that contains disparaging content will have to carefully consider and weigh the benefits of a federal trademark registration against the detriments that may be associated with the use of a disparaging mark in the promotion of their goods or services.



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