

I N S I D E T H E M I N D S

Recent Trends in Trademark Protection

*Leading Lawyers on Educating Clients,
Understanding the Impact of Technology, and
Navigating the Current Marketplace*

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ASPATORE

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Trademarks and
Government Speech: The US
Supreme Court Addresses the
Constitutionality of the Lanham
Act's Disparagement Clause

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ASPATORE

Introduction

The USPTO giveth, and it also taketh away.

This lesson was once a sorry experience exclusive to patent owners, whose patents, after issuance by the US Patent and Trademark Office (USPTO), have been found to be at risk to a process known as *inter partes* review. Statistics have shown that as many as one-half of all patents subjected to *inter partes* review (which can be triggered by any person, for any reason) are found by the USPTO as invalid.¹ Recently, however, patent owners are not the only intellectual property owners scratching their heads asking “What just happened?” The USPTO practice of reversing itself has now spread to federally registered trademarks.

In a decision involving the Washington Redskins football team,² the USPTO has found that it made a mistake when it approved six trademarks using the term “Redskins” from the mid-1970s through the mid-1990s. The USPTO now says the Redskins marks were disparaging at the time the applications were filed and were not registrable under the Lanham Act’s disparagement clause.³ All six of the trademarks have been cancelled. This decision has been appealed to the Eastern District of Virginia, which affirmed the USPTO’s opinion.⁴ That result was appealed to the Fourth Circuit Court of Appeals.

In a similar development, a group of Asian-American musicians intentionally selected a racial slur as the name of their dance band: The Slants. The popular group hopes to promote social change by using a provocative “in-your-face” name to promote its music. But when the group applied for a federal trademark, their popularity and good intentions failed to overcome the ban on federal registration of racist terms under the

¹ Matt Cutler, *3 Years of IPR: A Look at the Stats*, (Oct. 9, 2015), <http://law360.com/articles/699867/3-years-of-ipr-a-look-at-the-stats> (“Overall, as of the IPR three-year anniversary, if your patent claims are targeted in an IPR petition, the odds of each claim surviving is now almost a flip of the coin: 51 percent.”).

² 111 U.S.P.Q.2d 1080 (Trademark Tr. & App. Bd.), 2014 WL 2757516.

³ Lanham Act, *see* 15 U.S.C.A. § 1052(a).

⁴ *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).

Lanham Act's disparagement clause. The name of the group is undeniably racist and, under the law, cannot be protected as a federal trademark. The group appealed to the Federal Circuit and the court, sitting *en banc*, agreed. In a controversial and split decision, the Federal Circuit held the disparagement clause to be unconstitutional.⁵ The USPTO has filed a petition for writ of certiorari seeking review of the Federal Circuit's decision by the US Supreme Court, and most constitutional scholars agree that the petition will be granted.

In a strategic move, the owners of the Redskins marks have recently filed a petition for writ of certiorari with the Supreme Court as well, looking to have that matter heard as a companion case. It is possible, in fact likely, that the Supreme Court will grant certiorari in both cases and decide the issue in one opinion.

For context, this is not a new issue resulting from recent legislation passed by Congress. The federal government has always exercised editorial control over the trademark registration program by providing standards that must be satisfied for approval of a mark, specifically barring those marks that are considered disparaging. The USPTO's refusal to register an applicant's trademark does not preclude the mark's owner from using the mark in advertising. The denial of registration simply prevents the mark holder from federal statutory remedies for enforcing trademark rights.

The USPTO's cancellation of the Redskins marks forty years after issuing the registrations is one issue. The denial of registration of a mark intended to promote social change is another. Both issues put into play the constitutionality of the disparagement clause in the Lanham Act. The Federal Circuit has found that the federal trademark registration program is not considered "government speech," and is therefore a violation of the First Amendment. The Eastern District of Virginia, meanwhile, determined trademark registration is "government speech" that is exempt from First Amendment protection. This chapter addresses these decisions and discusses whether the disparagement clause can withstand Constitutional

⁵ *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).

scrutiny at the US Supreme Court.

Federal Law Does Not Create Trademarks

Article I, Section 8 of the US Constitution⁶ grants Congress the authority “to regulate commerce with foreign nations, and among the several states and with Indian tribes.” As a supplement to common-law trademark protection, Congress created a federal trademark registration system and federal remedies for mark owners against infringement, dilution, and unfair competition.⁷ “Congress enacted the Lanham Act⁸ in 1946...to provide national protection for trademarks used in interstate and foreign commerce.”⁹ The act “secure[s] to the owner of the mark the goodwill of [the owner’s] business and...protect[s] the ability of consumers to distinguish among competing producers.”¹⁰

A trademark is a “word, name, symbol, or device” used by a person “to identify and distinguish his or her goods” in commerce and “to indicate the source of the goods.”¹¹ “Trademarks desirably promote competition and the maintenance of product quality.”¹² Trademark law also protects the public by preventing competing merchants from using confusingly similar marks to mislead consumers about the source of the goods and services they purchase.¹³ The purpose of a trademark is to distinguish goods or services from those offered by a competitor in commerce. Federal law does not create trademarks or trademark rights.¹⁴ Instead, trademark rights arise through the use of a mark in commerce in connection with particular goods

⁶ U.S. Const. Art. I, § 8.

⁷ See July 5, 1946, ch. 540, 60 Stat. 427 (Lanham Act) (15 U.S.C.A. §§ 1051 *et seq.*).

⁸ Lanham Act, *see* 15 U.S.C.A. §§ 1051 *et seq.*

⁹ *Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 193, 105 S. Ct. 658, 83 L. Ed. 2d 582 (1985).

¹⁰ *Park ‘N Fly, Inc.*, 469 U.S. at 198 (quoting S. Rep. No. 1333, at 3, 5 (1946)).

¹¹ 15 U.S.C.A. § 1127.

¹² *Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 193, 105 S. Ct. 658, 83 L. Ed. 2d 582 (1985).

¹³ *See, e.g., B & B Hardware*, 135 S. Ct. at 1299; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992).

¹⁴ *See, e.g., In re Trade-Mark Cases*, 100 U.S. 82, 92, 25 L. Ed. 550, 1879 WL 16583 (1879).

and services.¹⁵ A trademark owner may use and enforce a mark without federal registration.¹⁶

A trademark must first be used in interstate commerce before a trademark application can be considered for registration. Federal registration confers certain benefits on trademark owners who register their marks.¹⁷ Among other benefits, registration on the Principal Register provides *prima facie* evidence of the owner's exclusive right to use the mark in connection with certain goods or services in commerce;¹⁸ constructive notice of the registrant's claim of ownership of the mark;¹⁹ and incontestability of the validity of the mark after five years of registration.²⁰ Unregistered marks have the benefit of common law rights. Remedies also are available for marks not registrable under the federal statute through trademark statutes passed by the individual states. Many of the federal remedies created by the Lanham Act²¹ are available to owners of all marks, without regard to registration.²²

Immoral and Scandalous Marks

The Lanham Act permits registration of trademarks unless an exception in Section 2²³ provides otherwise. Section 2 bars registration of some marks for reasons related to the functions of trademark law, including the avoidance of confusion with existing marks. Section 2 also bars registration of flags or insignia of the United States and other foreign countries and to marks that consist of the names of living persons.²⁴ Importantly, Section 2 also bars registration for reasons entirely unrelated to consumer confusion,

¹⁵ Anne Gilson LaLonde, *Gilson on Trademarks*, § 3.02[2] [a] (2015).

¹⁶ *See B & B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293, 1299, 191 L. Ed. 2d 222 (2015).

¹⁷ *See B & B Hardware*, 135 S. Ct. at 1300.

¹⁸ 15 U.S.C.A. §§ 1057(b), 1115(a).

¹⁹ 15 U.S.C.A. § 1072.

²⁰ 15 U.S.C.A. §§ 1065, 1115(b).

²¹ Lanham Act, *see* 15 U.S.C.A. §§ 1051 *et seq.*

²² *See* 15 U.S.C.A. § 1125(a) (federal cause of action for representations about the origin of goods or services that are likely to confuse consumers); 15 U.S.C.A. § 1125(b) (importation ban); and 15 U.S.C.A. § 1125(d) (remedy for cybersquatting).

²³ *See* 15 U.S.C.A. § 1052.

²⁴ 15 U.S.C.A. § 1052(b), (c).

prohibiting the registration of “immoral” or “scandalous” marks.²⁵ Since 1946, Section 2(a)’s²⁶ disparagement clause additionally has barred registration of marks that “may disparage...persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.”²⁷ Some scholars and jurists have concluded (albeit in different and varying ways of expression) that Congress legislated morality in the registration of trademarks when it adopted the Lanham Act, and, in so doing, tread upon the First Amendment to the US Constitution.

In determining whether a proposed or existing mark violates Section 2(a)’s disparagement clause, the USPTO applies a two-part test, determining the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and, if that meaning is found to refer to identifiable persons, institutions, beliefs, or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.²⁸

Two Cases Pending before the Supreme Court Pit the First Amendment against the Lanham Act’s Disparagement Clause

The controversy involving the name of the National Football League’s Washington, DC-based football team is not new. Litigation in one form or another involving the mark “Redskins” has been pending since at least 1992, while the topic has been a matter of public debate since the team obtained its first federal registration in 1967.²⁹ The debate has largely focused on whether the term Redskins has the effect of disparaging a class of people. Various civil rights groups and others have argued for the better part of five decades that the Redskins mark is racist, disparaging, and slanderous. During this time, the USPTO has taken markedly inconsistent positions, by first approving six different trademark applications bearing the

²⁵ 15 U.S.C.A. § 1052(a), and its 1905 predecessor statute, Feb. 20, 1905, ch. 592, § 5(a), 33 Stat. 724, 725.

²⁶ See 15 U.S.C.A. § 1052(a).

²⁷ 15 U.S.C.A. § 1052(a).

²⁸ See, e.g., USPTO, Trademark Manual of Examining Procedure (TMEP), T.M.E.P. § 1203.03(b) (i), (c) (2015).

²⁹ The team name has been used since 1933.

Redskins mark,³⁰ and then canceling them all on two separate occasions.³¹ This is the first and only time the USPTO has cancelled a mark *after* having granted it based on the disparagement cause.

The second pending controversy over the application of the Lanham Act's disparagement clause³² involves a musical group consisting of Asian-Americans who filed a trademark application to protect the name of their musical group. Ironically, the musicians chose a name they admit constitutes a racial slur: The Slants. The name was specifically chosen by the musicians to advance their mission of using satire as a means to market their music with an unspoken nod toward a desire for social change. The question is not whether the mark is disparaging, because the applicants freely acknowledge this fact. The issue is whether the Lanham Act's disparagement clause can prevent someone from obtaining the protections afforded a federally registered trademark when the First Amendment guarantees the individual the right of free speech. To complicate the issue, the type of speech arising from the use of the mark The Slants could be considered both political and commercial in nature. The musical group seeks to advance social reform by prominently using a racist slur as the band's name (political speech); yet, at the same time, the group seeks to profit from the use of that name in interstate commerce (commercial speech). The determining issue ultimately will be whether federal registration of the mark also constitutes government speech, which is precluded from First Amendment protection.

While the case involving the USPTO's cancellation of the six Redskins trademarks in *Blackhorse* is currently pending at the Fourth Circuit Court of Appeals, the USPTO's decision to deny registration of the mark The Slants

³⁰ The USPTO registered different trademarks bearing the name of the Redskins in 1967, 1974, 1978, and 1990. See registration numbers 1,606,810; 1,085,092; 987,127; 986,668; 978,824; and 836,122.

³¹ See *Harjo v. Pro-Football Inc.*, 50 U.S.P.Q.2d 1705, 1999 WL 375907 (T.T.A.B. 1999), decision rev'd, 284 F. Supp. 2d 96(D.D.C. 2003), *aff'd*, *Pro-Football, Inc. v. Harjo*, 415 F.3d 44 (D.C. Cir. 2005), and *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d 1080, 2014 WL 2757516 (T.T.A.B. 2014), *aff'd*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

³² Lanham Act, see 15 U.S.C.A. § 1052(a).

in *In re Tam*³³ is before the US Supreme Court on a petition for writ of certiorari, which most legal scholars agree should be granted.

On April 25, 2016, Pro-Football Inc. (PFI), the owner of the Redskins marks, filed its own petition for writ of certiorari, seeking to leap-frog the Fourth Circuit Court of Appeals and have its appeal heard with *Lee v. Tam*. PFI's decision to file the petition and consolidate the decisions has not been ruled upon at the time of this chapter's publication. If granted, the Supreme Court will decide both issues, and likely resolve the issue regarding the constitutionality of the Lanham Act's disparagement clause with no ambiguity.

PFI's Trademark Controversy

In the first cancellation petition brought against PFI, the petitioner sought to cancel six different Redskins trademarks that had been issued by the USPTO in 1967, 1974, 1978, and 1990.³⁴ The Trademark Trial and Appeal Board (TTAB) held that "such continuous renown in the sport of football and acceptance of the word 'Redskin(s)' in connection with respondent's football team is inconsistent with the sense of outrage by a substantial composite of the general population that [it] would be necessary to find this word scandalous in the context of the subject marks and the identified services."³⁵ This decision was overturned in *Pro-Football, Inc. v. Harjo*³⁶ when the District Court found the TTAB's finding of disparagement was not supported by substantial evidence, while the affirmative defense of laches applied to prevent the petitioners from maintaining the action. In its analysis, the District Court found the TTAB's conclusion that Native Americans considered the Redskins marks disparaging was based on extrapolated and limited survey results. The TTAB also failed to address alleged flaws in the survey it relied upon. The doctrine of laches applied because the petitioner had known of the marks for as long as twenty-two years before filing the petition for cancellation.

³³ *In re Tam*, 785 F.3d 567 (Fed. Cir. 2015), *reh'g en banc granted, opinion vacated*, 600 Fed. Appx. 775 (Fed. Cir. 2015) and *on reh'g en banc*, 808 F.3d 1321 (Fed. Cir. 2015).

³⁴ *Harjo v. Pro-Football Inc.*, 50 U.S.P.Q.2d 1705, 1999 WL 375907 (T.T.A.B. 1999), *decision rev'd*, 284 F. Supp. 2d 96 (D.D.C. 2003).

³⁵ *Harjo v. Pro-Football Inc.*, 50 U.S.P.Q.2d 1705, 1999 WL 375907 *48 (T.T.A.B. 1999), *decision rev'd*, 284 F. Supp. 2d 96 (D.D.C. 2003).

³⁶ *Pro-Football, Inc. v. Harjo*, 284 F. Supp. 2d 96, 99 (D.D.C. 2003).

The district court decision was appealed to the Fourth Circuit. The Fourth Circuit affirmed the lower court's decision in part, finding the doctrine of laches applied. The appellate court declined to decide whether sufficient evidence existed for a finding of disparagement.³⁷

In *Blackhorse v. Pro-Football, Inc.*,³⁸ the petitioners, five Native Americans, brought a second cancellation proceeding, pursuant to Section 14 of the Trademark Act of 1946,³⁹ to cancel the registration of the six Redskins trademarks, including both word and stylized marks owned by PFI. In their petition, the Blackhorse parties alleged the Lanham Act “prohibits registration of marks that may disparage persons or bring them into contempt or disrepute.”⁴⁰ In determining the issue, the USPTO held that the question was whether each mark was disparaging when registered, not whether it is disparaging today.⁴¹

Blackhorse was initiated by five young adults who were between the ages of eighteen and twenty-four at the time the *Harjo* case was filed. The TTAB determined the period of excusable neglect extended until 2008, when the *Harjo* case was fully resolved. Finding the decision concerning laches in the *Harjo* case was limited to the individual petitioners who had filed that action, the TTAB began its analysis by concluding the *Blackhorse* petitioners had not delayed in filing the proceeding. These petitioners had brought their action within a few years of reaching the age of legal competency.⁴²

In *Blackhorse*, the TTAB adopted essentially the same conclusions expressed in *Harjo*, but provided an extensive analysis of the evidence submitted on the issue of disparagement. Among other factors, the TTAB considered in detail the substance of expert reports, expert testimony, a resolution by the Executive Council of the National Congress of American Indians

³⁷ *Pro-Football, Inc. v. Harjo*, 415 F.3d 44 (D.C. Cir. 2005).

³⁸ *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d 1080, 2014 WL 2757516 (T.T.A.B. 2014), *aff'd*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

³⁹ 15 U.S.C.A. § 1064(c).

⁴⁰ *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d 1080, 2014 WL 2757516 *1 (T.T.A.B. 2014), *aff'd*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

⁴¹ *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d 1080, 2014 WL 2757516 *10 (T.T.A.B. 2014), *aff'd*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

⁴² The TTAB also considered the effect of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 on the standard of review and the application of law.

concerning the meaning of the term “Redskins,”⁴³ testimony of fact witnesses at the time the term “Redskins” was first registered, letters of protest written at the relevant time, and newspaper articles. Based on this evidence, the TTAB concluded “a substantial composite of the Native American population found the term ‘Redskins’ to be disparaging when the respective registrations issued.”⁴⁴

PFI had submitted evidence from members of the Native American community who supported use of the name “Redskins” during the relevant time, but the evidence was found to be inadequate. The TTAB found it did not negate the opinions of those finding the term to be disparaging:

Respondent has introduced evidence that some in the Native American community do not find the term “Redskin” disparaging when it is used in connection with professional football. While this may reveal differing opinions within the community, it does not negate the opinions of those who find it disparaging. The ultimate decision is based on whether the evidence shows that a substantial composite of the Native American population found the term “Redskins” to be disparaging when the respective registrations issued [citation omitted]. Therefore, once a substantial composite has been found, the mere existence of differing opinions cannot change the conclusion.⁴⁵

Having determined a substantial composite of the Native American population found the term “Redskins” to be disparaging at the time of the registrations, the TTAB determined the disparagement clause required cancellation of the trademarks.

On appeal to the US District Court for the Eastern District of Virginia, the court found that no First Amendment right is curtailed by the USPTO’s

⁴³ The resolution found the term to be disparaging (“Redskins is not and never has been one of honor or respect, but instead, has always been and continues to be a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous, disreputable, disparaging, and racist designation for Native Americans.”).

⁴⁴ *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d 1080, 2014 WL 2757516 *29 (T.T.A.B. 2014), *aff’d*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

⁴⁵ *Blackhorse*, 111 U.S.P.Q.2d 1080 (P.T.O. June 18, 2014).

refusal to register an applicant’s mark: “the [USPTO’s] refusal to register an applicant’s mark does not infringe upon the mark owner’s First Amendment rights as [no] conduct is proscribed...and no tangible form of expression is suppressed.”⁴⁶ The denial of federal trademark registration from the USPTO does not preclude the owner of the mark from continuing to use the term “Redskins” as the name of the franchise; nor does it prevent the owner from selling merchandise bearing that name.

PFI alternatively argued “Section 2(a) of the Lanham Act⁴⁷ should be closely scrutinized because although it may not prohibit speech outright, it may drive ideas from the marketplace.”⁴⁸ The court found this argument to be off-target because the speech itself is uninhibited: “*Simon & Schuster* is distinguishable from this case as it involved a New York statute that required publishers to pay a fee to the State Crime Victims Board for any monies derived from the sales of books where criminals spoke of their conduct.”⁴⁹ Because statutes that impose a financial burden on a speaker based on the content of their speech are unconstitutional,⁵⁰ the Supreme Court declared this New York Son of Sam law unconstitutional. The court found PFI’s unsuccessful attempt to map incongruent First Amendment jurisprudence onto the Lanham Act unpersuasive, as Section 2(a) imposes no financial penalty on speech—it simply cancels a trademark’s registration, while the speech itself is uninhibited.

Having determined there was no intersection between the First Amendment and the Lanham Act, the Eastern District of Virginia next set about to determine whether the federal trademark registration

⁴⁶ *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 455 (E.D. Va. 2015) (citing *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981) (abrogated by *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015)), *Test Masters Educational Services, Inc. v. Singh*, 428 F.3d 559, 578 n. 9 (5th Cir. 2005), *In re Fox*, 702 F.3d 633, 640 (Fed. Cir. 2012) (abrogated by *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015)); *In re Boulevard Entertainment, Inc.*, 334 F.3d 1336, 1343 (Fed.Cir. 2003); *Ritchie v. Simpson*, 170 F.3d 1092, 1099 (Fed. Cir. 1999)); *In re Mavety Media Group Ltd.*, 33 F.3d 1367, 1374 (Fed. Cir. 1994) (abrogated by, *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015))).

⁴⁷ See 15 U.S.C.A. § 1052(a).

⁴⁸ *Blackhorse*, 112 F. Supp. 3d at 456. (citing *Simon & Schuster, Inc. v. Members of New York State Crime Victims Bd.*, 502 U.S. 105, 116, 112 S. Ct. 501, 116 L. Ed. 2d 476 (1991)).

⁴⁹ See *Simon & Schuster*, 502 U.S. at 116, 112 S.Ct. 501.

⁵⁰ See *Leathers v. Medlock*, 499 U.S. 439, 447, 111 S. Ct. 1438, 113 L.Ed. 2d 494 (1991).

program is “government speech” exempt from First Amendment scrutiny. As part of its analysis, the court first addressed whether principles concerning commercial speech apply: “As an initial matter, the court finds that the federal trademark registration program is not commercial speech. Commercial speech is defined as ‘speech that does no more than propose a commercial transaction.’”⁵¹ Marks approved through the federal trademark registration program are published in the Official Gazette of the USPTO and the Principal Register to inform the public of marks registered with the federal government. The Principal Register does not propose a commercial transaction, and therefore is not commercial speech.⁵²

Having found the federal trademark registration program is not “commercial speech” due to the absence of a commercial transaction, the court next considered whether the trademark program is exempt from the First Amendment as “government speech.” The court determined it was, in fact, government speech:

The court finds that the factors articulated in the Supreme Court’s decision in *Walker v. Tex. Div., Sons of Confederate Veterans, *458 Inc.*, — U.S. —, 135 S.Ct. 2239, 192 L.Ed.2d 274 (2015), and the Fourth Circuit’s mixed/hybrid speech test in *Sons of Confederate Veterans, Inc. v. Comm’r of Va. Dep’t of Motor Vehicles (SCV)*, 288 F.3d 610, 616 (4th Cir.2002), weigh in favor of a finding that the federal trademark registration program is government speech. Furthermore, under *Rust v. Sullivan*, 500 U.S. 173, 111 S.Ct. 1759, 114 L.Ed.2d 233 (1991), the federal trademark registration program is constitutional because the federal

⁵¹ *Harris v. Quinn*, 134 S. Ct. 2618, 189 L. Ed. 2d 620 (2014). (citations and internal quotation marks omitted); see also *City of Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 423, 113 S. Ct. 1505, 123 L. Ed. 2d 99 (1993) (noting that the proposal of a commercial transaction is “the test for identifying commercial speech” (citation and internal quotation marks omitted)); *Briggs & Stratton Corp. v. Baldrige*, 728 F.2d 915, 917-18 (7th Cir. 1984) (explaining that the “hallmark of commercial speech” is that it “pertains to commercial transactions,” including those “facilitated through the use of a trademark”).

⁵² *Blackhorse*, 112 F. Supp. 3d at 457.

government may determine the contents and limits of programs that it creates and manages.⁵³

Weighing heavily in support of this conclusion is the fact that registry with the government trademark program “communicates the message that the federal government has approved the trademark.”⁵⁴ The insignia of trademark registration, the ®, may be viewed as a manifestation of government approval.

Finally, the federal government exercises editorial control over the trademark registration program by providing standards that must be satisfied for approval of the mark. “Parties constantly litigate whether the TTAB properly exercised its discretion in cancelling or denying a mark’s registration under §1052.”⁵⁵

Because the content is government speech, it is exempt from the First Amendment. “Sitting *en banc*, the Fifth Circuit held, ‘The First Amendment does not prohibit the government, itself, from speaking, nor require the government to speak. Similarly, the First Amendment does not preclude the government from exercising editorial discretion over its own medium of expression.’”⁵⁶ The court concluded that “by approving or denying registrations under Section 2(a) of the Lanham Act,⁵⁷ the government is merely exercising editorial discretion over what is published in the Official Gazette of the USPTO and in the Principal Register. Accordingly, the court finds...the federal trademark registration program is government speech.”⁵⁸ The Eastern District of Virginia, therefore, adopted the position that the Lanham Act does not tread upon the First Amendment when it provides standards

⁵³ *Blackhorse*, 112 F. Supp. 3d at 457-58.

⁵⁴ *Blackhorse*, 112 F. Supp. 3d at 458.

⁵⁵ 15 U.S.C.A. § 1052 *Blackhorse*, 112 F. Supp. 3d at 459, citing *Princeton Vanguard, LLC v. Frito-Lay North America, Inc.*, 786 F.3d 960 (Fed. Cir. 2015); *In re TriVita, Inc.*, 783 F.3d 872 (Fed. Cir. 2015); and *In re Geller*, 751 F.3d 1355 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 944, 190 L. Ed. 2d 828 (2015).

⁵⁶ *Blackhorse*, 112 F. Supp. 3d at 459, citing *Muir v. Alabama Educational Television Com’n*, 688 F.2d 1033, 1044, 66 A.L.R. Fed. 585 (5th Cir. 1982) (citations omitted).

⁵⁷ See 15 U.S.C.A. § 1052(a).

⁵⁸ *Blackhorse*, 112 F. Supp. 3d at 459.

determining which marks may be accepted as part of the federal system for registration.

The decision of the Eastern District of Virginia was appealed by PFI to the Fourth Circuit Court of Appeals. While pending at the Fourth Circuit, PFI filed a petition for writ of certiorari before judgment pursuant to 28 United States Code, Sections 1254(1) and 2101(e).⁵⁹ In its petition, PFI has requested its appeal be heard with *Lee v. Tam*, which raises an identical question in a different context. PFI's decision to file a petition for writ of certiorari is not unexpected. The Federal Circuit Court of Appeals addressed an identical issue, but adopted a different analysis than the Eastern District of Virginia, and, in so doing, came to a different result. The Supreme Court has not ruled on the petition for writ of certiorari in *Lee v. Tam*. It is reasonable to expect that, if the Supreme Court grants certiorari in *Lee v. Tam*, it will probably also take PFI's petition, as the two cases involve legal issues addressing the intersection of the First Amendment with the same provision of the Lanham Act.

The Tam Trademark Controversy

Simon Shiao Tam is the lead singer of a dance-rock band called The Slants. In 2011, he sought to federally register “The Slants” as a trademark for use in connection with live performances by his band. Tam had been using the mark in commerce since 2006. The USPTO denied registration on the ground that the mark is disparaging to persons of Asian ancestry.

The TTAB affirmed the denial.⁶⁰ The board concluded the mark is used to refer to an identifiable group of people—persons of Asian ancestry—and is disparaging to a substantial composite of such people. The board explained that dictionary definitions and other sources cited by the parties “unanimously categorize the word ‘slant,’

⁵⁹ 28 U.S.C.A. §§ 1254(1), 2101(e).

⁶⁰ *In re Tam*, 108 U.S.P.Q.2d 1305, 2013 WL 5498164 (T.T.A.B. 2013), *aff'd*, 785 F.3d 567 (Fed. Cir. 2015), *reh'g en banc granted, opinion vacated*, 600 Fed. Appx. 775 (Fed. Cir. 2015) *and on reh'g en banc*, 808 F.3d 1321 (Fed. Cir. 2015) *and vacated and remanded*, 808 F.3d 1321 (Fed. Cir. 2015).

when meaning a person of Asian descent, as disparaging.”⁶¹ The TTAB also cited record evidence that Asian individuals and groups had specifically objected to the respondent’s use of the term as the name for his band.⁶² Members of the band have said they use the word “slant” *because* it is “an ethnic slur for Asians” and the band wishes to “take on stereotypes” about Asians.⁶³ The board further determined that the USPTO’s refusal to register the mark does not violate the First Amendment because the denial of registration does not suppress speech or proscribe conduct, but simply prevents the respondent from calling upon the resources of the federal government to assist him in enforcing his rights in “The Slants.”⁶⁴

One panel of the Federal Circuit Court of Appeals affirmed.⁶⁵ The court first rejected Tam’s argument that the board had erred in finding the mark disparaging under Section 1052(a).⁶⁶ The court concluded that substantial evidence supported the TTAB’s conclusions that “the mark ‘The Slants’ refers to people of Asian descent” and the mark “is likely offensive to a substantial composite of people of Asian descent.”⁶⁷ The court noted “the definitions in evidence universally characterize the word ‘slant’ as disparaging, offensive, or an ethnic slur when used to refer to a person of Asian descent.”⁶⁸

The Federal Circuit rejected Tam’s various constitutional challenges, including his First Amendment challenge to Section 1052(a). Relying on circuit precedent, the court explained “the [USPTO’s] refusal to register [the] mark does not affect his right to use it; no conduct is proscribed, and no tangible form of expression is suppressed,” and the respondent’s First Amendment rights therefore are not “abridged by the refusal to register his

⁶¹ *In re Tam*, 108 U.S.P.Q.2d 1305, 2013 WL 5498164 at *7 (T.T.A.B. 2013), *aff’d*, 785 F.3d 567 (Fed. Cir. 2015), *reh’g en banc granted, opinion vacated*, 600 Fed. Appx. 775 (Fed. Cir. 2015) *and on reh’g en banc*, 808 F.3d 1321 (Fed. Cir. 2015) *and vacated and remanded*, 808 F.3d 1321 (Fed. Cir. 2015).

⁶² *In re Tam*, 108 U.S.P.Q.2d 1305, 2013 WL 5498164 at *8.

⁶³ *In re Tam*, 108 U.S.P.Q.2d 1305, 2013 WL 5498164 at *2.

⁶⁴ *In re Tam*, 108 U.S.P.Q.2d 1305, 2013 WL 5498164 at *7-8.

⁶⁵ *In re Tam*, 785 F.3d 567 (Fed. Cir.).

⁶⁶ 15 U.S.C.A. § 1052(a).

⁶⁷ *In re Tam*, 785 F.3d. at 571 (Fed. Cir.).

⁶⁸ *In re Tam*, 785 F.3d. at 571 (Fed. Cir.).

mark.”⁶⁹ In a separate opinion, Judge Moore urged the court to “revisit [its prior] holding on the constitutionality of Section 2(a) of the Lanham Act.”⁷⁰

After a rehearing *en banc*, the Federal Circuit reversed course and held that Section 1052(a)’s disparagement provision is facially unconstitutional under the First Amendment, vacated the TTAB’s decision, and remanded for further proceedings.⁷¹ The government argued that Congress may, consistent with the First Amendment, create an optional program of federal trademark registration without opening that program to racial slurs or other disparaging marks. The court rejected that characterization of the program, concluding the trademark registration scheme is a law “penaliz[ing] private speech merely because [the government] disapproves of the message it conveys.”⁷² Because the court viewed Section 1052(a) as a viewpoint-based restriction on speech, the provision was subjected to a strict scrutiny review and held invalid. The court also stated it would find Section 1052(a) unconstitutional even under the more forgiving commercial speech standard because there is no “substantial government interest justifying” the ban on registration of disparaging marks.⁷³

Judge O’Malley (joined by Judge Wallach) filed a concurring opinion. Those judges agreed that Section 1052(a)’s disparagement provision is facially unconstitutional under the First Amendment, and that the provision is impermissibly vague.⁷⁴ Judge Dyk concurred in part and dissented in part, indicating he would have held that Section 1052(a)⁷⁵ is facially constitutional because registration is a government benefit for commercial speech that reasonably may be denied to disparaging marks, but that Section 1052(a) is unconstitutional as applied in this case because the respondent’s use of his mark involves “political” speech.⁷⁶ Judge Lourie dissented, concluding Section 1052(a) is constitutional because it does not prohibit any speech, but instead denies the benefits of registration to private disparaging

⁶⁹ *In re Tam*, 785 F.3d. at 572 (Fed. Cir.) (quoting *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981)).

⁷⁰ *In re Tam*, 785 F.3d. at 573 (Fed. Cir.).

⁷¹ *In re Tam*, 808 F.3d 1321, 1345 (Fed. Cir. 2015).

⁷² *In re Tam*, 808 F.3d. at 1351.

⁷³ *In re Tam*, 808 F.3d. at 1355.

⁷⁴ *In re Tam*, 808 F.3d. at 1362.

⁷⁵ 15 U.S.C.A. § 1052(a).

⁷⁶ *In re Tam*, 808 F.3d. at 1374.

speech.⁷⁷ Judge Reyna also dissented, expressing the view that Section 1052(a)'s disparagement provision is a permissible regulation of commercial speech because it “directly advances the government’s substantial interest in the orderly flow of commerce.”⁷⁸

Perhaps the key distinction between the Federal Circuit’s decision in *In re Tam* and the Eastern District of Virginia’s decision in *PFI* is that the Federal Circuit has determined trademark registration is not government speech:

Use of a mark by its owner is clearly private speech. Trademarks identify the source of a product, and are often closely associated with the actual product. A mark’s purpose—to identify the source of goods—is antithetical to the notion that a trademark is tied to the government. The fact that Coca Cola and Pepsi may be registered trademarks does not mean the government has endorsed these brands of cola, or prefers them over other brands. We see no reason that a mark holder’s use of its mark constitutes government speech.⁷⁹

Best Practice Observations

One undisputed ongoing theme found in the *PFI* and *Tam* cases is that any mark can be used in commerce to distinguish one’s goods, whether it is considered disparaging or not. Whether it is a good idea to use a specific mark is not the focus of this chapter. The point here is that the mark may be used and may be enforced (even if disparaging) under common law trademark rights. Accordingly, The Slants band can continue to use that name regardless of the decision reached by the Supreme Court. The same is true for the Redskins. However, the Supreme Court’s decision on the issue may, or may not, strip *Tam*, *PFI*, and other owners of potentially disparaging marks of certain federal remedies granted by the Lanham Act.

⁷⁷ *In re Tam*, 808 F.3d. at 1374-75.

⁷⁸ *In re Tam*, 808 F.3d. at 1376.

⁷⁹ *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).

The long-term ramifications of the *PFI* and *Tam* decisions will be extensive. If the Supreme Court affirms the logic advanced by the Eastern District of Virginia in *PFI*, one could foresee challenges to well-known trademarks used by professional sports teams such as the Cleveland Indians, Atlanta Braves, Golden State Warriors, and Chicago Blackhawks. If challenged, these marks could be cancelled if they are found to disparage a substantial composite of a cultural or ethnic group. In *PFI*, a survey finding that 30 percent of Native Americans found the mark Redskins to be disparaging was “without doubt a substantial composite.”⁸⁰

Some sports teams have garnered support for their team names despite using Native American mascots. For example, the NCAA issued what it calls a “Namesake Exception” for the Florida Seminoles, the University of Utah Utes, and the Central Michigan University Chippewas after the local namesake tribes expressed support for their respective mascots and associated logos.⁸¹ One could foresee teams such as the Chicago Blackhawks obtaining support from the namesake tribe to prevent a finding that the name disparages a substantial composite of a cultural or ethnic group.

Assuming the Supreme Court affirms the USPTO’s cancellation of The Slants and Redskins marks, a trademark applicant whose mark is determined to be disparaging by the USPTO will have a daunting task ahead. The applicant, in that situation, will need to invest in a survey supporting the position that the mark is not disparaging to the cultural or ethnic group in question. Surveys by qualified experts are not inexpensive and the results in any event will be carefully and critically scrutinized by the USPTO. Obtaining support from the namesake group could likewise be an option, but obtaining the support could be laborious and a time-consuming task. Not all applicants will have the budget necessary to overcome a USPTO finding that their trademarks are disparaging. Conversely, if the disparagement clause is struck down by the Supreme Court, the applicant of a disparaging mark will not have this concern.

⁸⁰ *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d 1080, 2014 WL 2757516 *29 (T.T.A.B. 2014), *aff’d*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

⁸¹ National Congress of American Indians, *Ending the Legacy of Racism in Sports & The Era of Harmful “Indian” Sports Mascots*, 7 (2013) http://www.ncai.org./resources/ncai-publications/Ending_the_Legacy_of_Racism.pdf.

Conclusion: Reconciling the Conflicting Rulings

If history provides any guidance on how the US Supreme Court will act, it is reasonable to predict it will grant the petition for certiorari in *In Re Tam* and likely will grant the petition in *PFI* so the court can decide the issues together. History becomes a little less reliable, however, when it comes to trying to predict how the Supreme Court will address the issue. It most likely boils down to the question of whether the federal trademark registration system is considered “government speech.” Any resolution of the question must address this issue. The Supreme Court’s decision on the matter, assuming certiorari is accepted, is not necessarily the final answer on this issue.

The US Congress wrote the legislation and can amend it. If the Supreme Court finds the speech at issue is government speech, and thereby affirms the decisions of the USPTO, Congress could amend the statute and remove the disparagement clause from the law altogether. In so doing, Congress would open the door to registration of trademarks regardless of how they may be perceived by members of the population in general or any particular segment of society. Conversely, if the Supreme Court finds Congress overstepped its bounds in drafting the disparagement clause, and strikes it down, Congress will find tough sledding to rework the statute to achieve a different result.

The impact of the *Tam* and *PFI* cases will primarily affect trademark applicants and a few existing trademark owners whose trademarks are thought to be disparaging. Depending on the decision of the US Supreme Court, there may be no issue (if the Federal Circuit decision is affirmed in *Tam*) or result in a complicated road to resolving the problem (if the *PFI* decision is affirmed). In the latter case, the applicant or existing holder of a mark deemed disparaging will be required to litigate the result and marshal survey evidence and other objective proof supporting the position that the mark does not disparage a substantial composite of a cultural or ethnic group. If your client owns a mark that may be considered disparaging, the time is now to begin the process of gathering objective evidence supporting the client’s position. The other alternative is to begin looking for an alternate mark so as to avoid the expense and possible stigma associated with defending a mark deemed disparaging. However, changing a client’s

recognized mark may also have costly and negative implications, such as the loss of any associated goodwill the mark may have accumulated.

Key Takeaways

- The federal government exercises editorial control over the trademark registration program by providing standards that must be satisfied for approval of the mark, specifically barring those marks that are considered disparaging.
- The USPTO's refusal to register an applicant's mark does not preclude one from using the mark for advertising and marketing purposes. The denial of registration simply prevents the mark holder from federal statutory remedies for enforcing trademark rights.
- The Federal Circuit has found that the federal trademark registration program is not considered "government speech," and is therefore an unconstitutional invasion of the First Amendment right to free speech. The Eastern District of Virginia, however, has determined trademark registration is "government speech" that is exempt from First Amendment protection. It remains to be seen how these differences will be reconciled.

Since 1988, Stephen A. Kennedy, a managing partner with Kennedy Law LLP, has successfully represented clients in high-profile trademark cases, copyright infringement cases, high-tech patent infringement cases, copyright misuse, patent-antitrust, intellectual property transactions, and trade secrets cases. He has represented clients from Paris to Seattle, Puerto Rico to Geneva, Dallas to Grenoble, and New York to Los Angeles. He has been an equity partner in two of the nation's largest law firms, and began his own firm in 1996 so he could represent clients without the conflict of balancing the client's need to control costs against big-firm overhead and excess. Since starting his own firm, he has tried cases at the International Trade Commission, the Eastern District of Texas, the Dallas County Court House, as well as the Northern, Southern, and Western Districts of Texas. He has argued before the Federal Circuit Court of Appeals, the Fifth Circuit Court of Appeals, the Eighth Circuit Court of Appeals, the Fifth District Court of Appeals in Dallas, and the Texas Supreme Court.

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