

## Matal v. Tam:

### The Supreme Court Rejects the Prohibition on Disparaging Trademarks

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On June 19, 2017, in *Matal v. Tam*, the U.S. Supreme Court affirmed a Federal Circuit decision, holding that Section 2(a) of the Lanham Act, which prohibits the United States Patent and Trademark Office (“PTO”) from registering disparaging trademarks (“disparagement clause”), violates the Free Speech clause of the First Amendment of the U.S. Constitution, and is therefore unconstitutional.<sup>1</sup> Not only does this decision impact communities seeking to reappropriate historically derogative terms, but it also impacts a wide range of ongoing trademark disputes, such as the *Pro-Football, Inc. v. Harjo* case involving the cancellation of the registration of the Washington Redskins football team, and represents a significant victory for free speech advocates.

#### I. Background

“The Slants” are a Portland-based all-Asian American dance rock band led by Simon Tam, their lead singer. The band not only “offer[s] up catchy dance beats,” but dedicates their name to taking ownership of stereotypes about people of Asian descent.<sup>2</sup> In 2011, Mr. Tam applied for federal trademark registration of the band’s name – “THE SLANTS” – for the purpose of “entertainment in the nature of live performances by a musical group.”<sup>3</sup> The PTO examiner rejected the application, finding that “the slang term ‘slant’... when used to indicate ethnicity, is disparaging to... persons of Asian descent” under Section 2(a) of the Lanham Act.<sup>4</sup> When Tam appealed the denial to the PTO’s Trademark Trial and Appeal Board (“Board”), the Board affirmed the examiner, finding that “it is abundantly clear from the record not only that THE SLANTS . . . would have the ‘likely meaning’ of people of Asian descent but also that such meaning has been so perceived and has prompted significant responses by prospective attendees or hosts of the band’s performances.”<sup>5</sup>

Mr. Tam further appealed the denial to the Federal Circuit, arguing the Board’s finding was unconstitutional. The Federal Circuit, after initially rendering a decision against Mr. Tam, was ordered by an en banc Federal Circuit to revisit the case and consider the question, “Does the bar on registration of disparaging marks in 15 U.S.C. § 1052(a) violate the First Amendment?”<sup>6</sup> The Federal Circuit court ultimately concluded that “the disparagement provision of § 2(a) is unconstitutional because it violates the First Amendment.”<sup>7</sup> The Government, having lost at the Federal Circuit, sought relief from the U.S. Supreme Court, which rendered the current decision.

#### II. Section 2(a) and the First Amendment

Writing for the majority, Justice Alito announced the disparagement clause “offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.”<sup>8</sup> The disparagement clause prohibits the PTO from registering a 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.”<sup>9</sup> The determination of whether a

trademark is “disparaging” involves a two-part test, which asks “1) what is 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 [\*12] with the goods or services; and 2) 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.”<sup>10</sup>

The Government’s main argument sought to categorize Section 2(a) as government speech, and therefore preclude it from the First Amendment’s prohibition on the “abridg[ement of] the freedom of speech.”<sup>11</sup> Under the government speech doctrine, “the Free Speech Clause does not require government to maintain viewpoint neutrality.”<sup>12</sup> Justice Alito contended that the government “does not dream up these marks, and it does not edit marks submitted for registration.”<sup>13</sup> Otherwise, the court informs, “the Federal Government is babbling prodigiously and incoherently.”<sup>14</sup>

In considering the Government’s position that the disparagement clause was a form of government speech, the Court outlined factors that represented situations where government speech was found to exist, and distinguished these from the trademark statute. For example, in *Johanns*, the government was deemed to be so involved in the process of creating beef advertisements, that the court found the ads were government speech.<sup>15</sup> In *Summum*, privately-donated monuments in public parks represented government speech because they had been used as such “since ancient times,” parks had been selective in accepting donated monuments and they were “closely identified in the public mind with the government.”<sup>16</sup> Furthermore, Justice Alito referred to *Walkers* as “the outer bounds of the government speech doctrine.”<sup>17</sup> In the recent case concerning specialty license plates in Texas, the Court identified another factor, the manner in which Texas had “direct control over the messages conveyed in its specialty plates.”<sup>18</sup> Consistent with the present ruling, Justice Alito dissented in *Walkers*, finding that the license plates represented a “limited public forum,” and that the Board’s rejection of the Confederate battle flag as a plate constituted viewpoint discrimination.<sup>19</sup> In that case, even though the majority found the plates constituted government speech, Justice Alito found the messages proposed by private parties for specialty Texas plates were private speech.<sup>20</sup> In the present *Matal* decision, Justice Alito found the registration of federal trademarks was “vastly different” from the factors present in *Johanns*, *Summum*, and *Walkers*. Thus, the government speech doctrine did not apply to marks and was therefore subject to the First Amendment.<sup>21</sup>

After rejecting the Government’s arguments based on trademarks as “government programs that subsidized speech” or “a type of government program in which some content- and speaker-based restrictions are permitted,”<sup>22</sup> the Court did not get to the question of whether trademarks constitute “commercial speech” for purposes of First Amendment analysis because the disparagement clause could not withstand the standard for a constitutional challenge under *Central Hudson*.<sup>23</sup> The clause was not sufficiently narrowly drawn to accomplish the Government’s interests of antidiscrimination and the facilitation of commerce. As it applied to *any person, group, or institution*, the clause was “not an antidiscrimination clause; it is a happy-talk clause,” and was therefore too broad to serve the Government’s stated interests.<sup>24</sup>

The court found that the clause was unconstitutional because it required viewpoint discrimination. Mr. Tam has also repeatedly pointed out, the PTO has registered marks that are offensive to certain people and groups and the clause is thus not viewpoint neutral.

### III. Significance

This Supreme Court decision will impact federal trademark registration, and will open up remaining portions of Section 2(a) of the Lanham Act for future challenge. Today, Section 2(a) still prevents registration of trademarks that are immoral, deceptive, and scandalous, but it no longer prevents registration of trademarks that are “disparaging.” Because the disparagement

clause necessarily required a subjective value judgment on whether something is “disparaging,” it is not difficult to imagine that the analysis of whether a trademark is immoral, deceptive, or scandalous will also be found to depend on an individual’s viewpoint, and therefore be deemed unconstitutional.

In the parallel *Pro Football Inc.* case (a.k.a., the Redskins case), the same disparagement clause section of the Lanham Act was challenged and has been held in abeyance pending the outcome of the present *Matal* decision. In *Pro Football Inc.*, Suzan Shown Harjo, a Native American activist, petitioned the PTO to cancel the registration because the name and logo of the team incite negative stereotypes of Native Americans. In 2014, the team’s trademark registration was cancelled, and in 2015, the United States District Court for the Eastern District of Virginia affirmed the cancellation. The present *Matal* decision would appear to also be a victory for the Redskins in this long standing battle for their federal trademark registrations.

#### IV. How Does This Affect Your Trademarks?

The decision by the U.S. Supreme Court overturns a portion of the Lanham Act statute that has been around since 1946. During the 70 plus years since, there have been attempts to federally register trademarks that were denied as being disparaging. For many of those trademarks, it is likely that there is no longer a desire for their registration because the products or services likely no longer exist. However, for other of those trademarks, it is possible that goods and services bearing those disparaging trademarks have continued to be sold in interstate commerce and presumably have acquired and/or maintained common law trademark rights. The owners of those disparaging trademarks are now free to seek federal registration. In addition, there may be a short term influx of applications for new trademark registrations for disparaging marks that may never have been previously filed because of the prior prohibition on such marks. Once the initial bolus of applications is acted upon, the demand for such trademark registrations will likely fade into the background as a small percentage of the overall collection of registered trademarks.

Don’t forget that to obtain and maintain federal trademark registrations requires use of the mark in interstate commerce in association with goods or services and transactions or sales with consumers. If consumers do not demand the goods or services (because they are turned off by the disparaging brands), then the lack of business opportunity will weaken the desire of trademark owners to register or maintain such trademarks. In sum, don’t run out and try to register a bunch of disparaging trademarks just because you now can. If you do not have a solid business plan based on proven or likely demand for the goods or services that would be associated with such marks, then the entire exercise would be a waste of time and money. In the United States, actual use of the trademark in commerce (with actual transactions with consumers) is the most important factor in securing trademark registrations. That has not been changed by the present decision.

For more information on trademarks, please contact [Sean D. Detweiler](#).

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#### Footnotes.

1. *Matal v. Tam*, 582 U.S. \_\_ (2017).

2. “About the Slants,” <https://theslants.com/about>; *In re Shiao Tam*, 108 U.S.P.Q.2D (BNA) 1305, 1310 (Trademark Trial & App. Bd. Sept. 26, 2013).

3. App. No. 85/472, 044.

4. J.A. 42.

5. *In re Tam*, 2013 WL 5498164, at \*5 (T.T.A.B. Sept. 26, 2013) (“Board Opinion”).

6. *In re Tam*, 808 F.3d 1321, 1334 (Fed. Cir. 2015).

7. *Id.* at 1358.

8. *Matal*, 582 U.S. at 2.

9. 15 U.S.C.S. § 1052 (2017).

10. *In re Shiao Tam*, 108 U.S.P.Q.2D (BNA) 1305, 1309 (Trademark Trial & App. Bd. Sept. 26, 2013).

11. *Matal*, 582 U.S. at 12.

12. *Id.* at 13; see *Pleasant Grove City v. Summum*, 555 U.S. 460, 467-468.

13. *Id.* at 14.

14. *Id.* at 14-15.

15. *Id.* at 16 (the government provided guidelines, attended meetings, and could edit or reject any proposed ad).

16. *Id.*

17. *Id.* at 17.

18. *Id.*

19. *Walker v. Tex. Div., Sons of Confederate Veterans, Inc.*, 135 S. Ct. 2239, 2262 (2015).

20. *Walker v. Tex. Div., Sons of Confederate Veterans, Inc.*, 135 S. Ct. 2239, 2263 (2015).

21. *Matal*, 582 U.S. at 17.

22. *Id.* at 22-23.

23. *Id.* at 24.

24. *Id.* at 25.