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Trademark Law Update: SCOTUS to Decide Whether Ban on Registering “Disparaging Marks” Is Unconstitutional

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Under section 2(a) of the Lanham Act, the Patent and Trademark Office (USPTO) may refuse to register any trademark that “[c]onsists of . . . matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute.” This spring, the U.S. Supreme Court will decide in *Lee v. Tam* whether this provision of the Lanham Act is facially invalid under the First Amendment. Here’s what you need to know about this important case.

Background of this Case

Simon Shiao Tam is the front man for a dance-rock band called “The Slants.” Tam and his fellow bandmates are Asian-American and chose the band’s name to “reclaim” and “take ownership” of negative stereotypes about Asian-Americans.¹ In 2011, Tam applied to the USPTO to register the mark THE SLANTS. The examiner refused to register this mark on the ground that it was likely disparaging to Asian-Americans, notwithstanding Tam’s intention to reappropriate and reclaim a racial slur. Tam appealed the decision to the Trademark Trial and Appeal Board (TTAB), which affirmed the examiner’s denial of registration.²

The Federal Circuit’s Decision

Tam then appealed the TTAB decision to the U.S. Court of Appeals for the Federal Circuit, arguing both that the name, in context, was not disparaging and that § 2(a) was unconstitutional. Hearing the case *en banc*, a divided Federal Circuit held that the disparagement provision of § 2(a) was facially unconstitutional under the First Amendment.³ In so doing, the Federal Circuit applied strict scrutiny, rejecting the USPTO’s contentions that trademark registration merely constituted a government subsidy, or, in the alternative, government speech.⁴

While the Federal Circuit limited its holding to the disparagement provision of § 2(a), the Court recognized that other portions of § 2 — such as the prohibitions on “immoral” or “scandalous” marks — might also be found unconstitutional in future decisions.⁵

¹ See *In re Tam*, 808 F.3d 1321, 1331 (Fed. Cir. 2015).

² *Id.* at 1331-32.

³ *Id.* at 1357.

⁴ *Id.* at 1345-55.

⁵ *Id.* at 1330 n.1.

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Issues Before SCOTUS

The USPTO appealed the Federal Circuit’s decision to the U.S. Supreme Court, arguing, among other things, that § 2(a) does not restrict speech at all, but simply “reflects Congress’s judgment that the federal government should not affirmatively promote the use of racial slurs and other disparaging terms by granting them the benefits of registration.”⁶ The U.S. Supreme Court granted cert in the case on September 29, 2016 and will hear oral argument on a date to be scheduled in the upcoming months.

The outcome of the *Tam* case will likely turn on what level of scrutiny the Court decides to adopt for § 2(a)’s disparagement provision. If the Court sees the provision as a content-based restriction on speech — as the Federal Circuit did — then it will likely declare the provision unconstitutional. However, if the Court accepts the USPTO’s view that the provision is simply a condition placed on a government benefit (trademark registration), then the provision is more likely to survive.

The REDSKINS Case

While the U.S. Supreme Court granted cert in *Tam*, it declined to hear another case involving the disparagement provision. The Washington Redskins football team (the Team) is the subject of long-running litigation regarding whether its valuable brand name and logos should be cancelled as disparaging marks under § 2(a). In 2014, the USPTO cancelled six of the Team’s longstanding REDSKINS registrations, finding that they were disparaging to Native Americans at the time at which they were registered.⁷ The U.S. District Court for the Eastern District of Virginia affirmed the cancellations, rejecting the Team’s arguments that § 2(a) violates the First Amendment, that § 2(a) is unconstitutionally vague, and that the government’s almost 50 year delay between the first REDSKINS registration and the cancellation violates procedural due process.⁸

The Team had attempted to bypass review in the U.S. Court of Appeals for the Fourth Circuit and appeal the District Court’s decision directly to the U.S. Supreme Court through a process known as “certiorari before judgment.” The Team argued that its case would be a natural companion to *Tam*, should the high court agree to hear the latter case.⁹ Though the U.S. Supreme Court declined to hear the case, it did allow the Team to file an amicus brief supporting the respondent in *Tam*.¹⁰ Meanwhile, the Fourth Circuit recently granted the Team’s request to postpone the December 9th oral argument pending the U.S. Supreme Court’s decision in *Tam*. The Team argued that the U.S. Supreme Court’s decision could have an impact on its case, especially if the Court were to find that the disparagement provision violated the First Amendment.

⁶ Petition for Certiorari at 10, *Lee v. Tam*, http://www.scotusblog.com/wp-content/uploads/2016/04/Petition-for-writ_Michelle-K.-Lee-Director-United-States-Patent-and-Trademark-Office-Petitioner-v.-Simon-Shiao-Tam.pdf.

⁷ *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 451 (E.D. Va. 2015).

⁸ *Id.* at 458.

⁹ See Petition for Certiorari Before Judgment at 3, *Pro-Football v. Blackhorse*, <http://www.scotusblog.com/wp-content/uploads/2016/04/Redskins-petition-5-25-16.pdf>.

¹⁰ See Brief of *Amicus Curiae* Pro-Football, Inc. in Support of Respondent, *Lee v. Tam*, <http://www.scotusblog.com/wp-content/uploads/2016/06/15-1293acPro-FootballInc.pdf>.

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Looking Forward

Indeed, *Tam* promises to be a consequential case not only for the holders of potentially disparaging marks but for the IP world more broadly. If the U.S. Supreme Court strikes down the disparagement provision as a content-based speech restriction, other provisions of § 2 are likely in jeopardy as well. Foremost among them are § 2(a)'s provisions concerning “immoral, deceptive, or scandalous matter,” which have broad applications similar to the disparagement provision.

At the same time, a decision upholding the disparagement provision could be equally consequential. The Federal Circuit warned that the logic behind § 2(a) could be extended to copyright registration, allowing the government to refuse registration of works containing offensive racial slurs or religious insults.¹¹

We will continue to follow the *Tam* case. Stay tuned for future updates.

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¹¹ See *In re Tam*, 808 F.3d at 1351.