



# The Door is Open to Disparaging Trademarks

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## Federal Circuit Rules § 2(A) of The Lanham Act Unconstitutional

Refusal to Register Disparaging Marks Held Unconstitutional

On December 22, 2015, the Federal Circuit in *In re Simon Shiao Tam* ruled that Section 2(a) of the Lanham Act is unconstitutional, as it violates an individual's constitutionally protected, First Amendment right to free speech. *Tam* involved an Asian-American musical artist attempting to register the name THE SLANTS, for use in connection with entertainment, namely, live performances by a musical band, with the United States Patent & Trademark Office (USPTO). The Trademark Trial and Appeal Board (TTAB) affirmed the USPTO examiner's finding that the mark was disparaging to people of Asian descent and refused to register the mark. On appeal, *Tam* included an argument that Section 2(a) was unconstitutional as violating his First Amendment rights. However, the Federal Circuit upheld the original disparagement ruling, denying registration to the mark, and also indicating it was bound by precedent to conclude that Section 2(a) was constitutional.

The precedent previously set in *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981) dictated that, because Section 2(a) only prohibits federal registration of a mark, and does not bar an applicant from using a mark of its choosing in commerce, the provision does not implicate the First Amendment. Questioning this rationale, the Federal Circuit, sua sponte, ordered a rehearing en banc, and concluded by majority opinion that the disparagement clause of Section 2(a) did indeed violate Tam's constitutionally protected right to free speech under the First Amendment.

Section 2(a) of the Lanham Act, 15 U.S.C. § 1052, reads in part:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it -- (a) Consists of or comprises immoral, deceptive, or scandalous matter; or 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; . . .

The *Tam* decision may be critical to the on-going battle regarding the National Football League's Washington Redskins. In 2014, the NFL Redskins franchise was dealt a serious blow when the TTAB cancelled all six of the team's trademarks on the grounds that the marks disparaged individuals of Native American descent, and were therefore in violation of Section 2(a) of the Lanham Act. The team appealed the decision before the Fourth Circuit Court of Appeals, in part on the grounds that Section 2(a) is unconstitutional.

The Fourth Circuit is not required to follow the decision in *Tam*, and could reach an alternative result, as Federal Circuit decisions are not precedential and binding upon the Fourth Circuit. However, Federal Circuit rulings are controlling for the United States Patent & Trademark Office (USPTO), the agency responsible for registering federal trademarks. Therefore, practically speaking, the ruling in *Tam* means that disparaging trademarks may now be registered for federal protection with the USPTO.

Notably, only the disparagement clause of Section 2(a) was held unconstitutional by the majority in *Tam*. An immoral or scandalous mark was not addressed in this decision, suggesting immoral or scandalous marks may still be refused registration by the USPTO as a violation of Section 2(a). However, in a separate Federal Circuit appeal, the USPTO conceded on Thursday, January 21st, that the Circuit Court's decision in *Tam* would likely foreclose USPTO refusals on scandalous grounds, as well as disparagement. In the case of *In re Brunetti*, the USPTO denied registration to the mark FUCT for apparel goods, claiming the mark was scandalous in violation of Section 2(a). On appeal, the government came to the following conclusion:

Although a court could draw constitutionally significant distinctions between these two parts of [the Lanham Act], we do not believe, given the breadth of the court's *Tam* decision and in view of the totality of the court's reasoning there, that there is any longer a reasonable basis in this court's law for treating them differently.

Despite this admission, the government has not completely given up the fight. Attorneys for the USPTO say they believe *Tam* was wrongly decided and are considering appealing the *Tam* ruling to the U.S. Supreme Court. In addition, they claim to reserve the right to argue that the scandalous and immoral ban could independently pass constitutional scrutiny. Given this, one should not be too quick to attempt to register all disparaging, scandalous or controversial marks for shock-value just yet. Such registrations still may be cancelled down the line, should the U.S. Supreme Court decide to hear the case and reaches an alternative conclusion.

We maintain that the federal trademark registration program does not restrict speech, but rather subsidizes and encourages the use of certain marks in commerce, wrote the government. The government's refusal to subsidize certain types of marks comports with the First Amendment."