

# TMM Trademark

## A Rose By Any Other Name...

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*It's not often* that trademark law faces a direct conflict with constitutional law. Yet recent cases have turned a bright spotlight on the tension between federal registration of disparaging marks and the First Amendment.

The Lanham Act provides for federal registration of trademarks that identify the source of goods or services. Trademark examiners at the United States Patent and Trademark Office (USPTO) review trademark applications and determine whether a mark is registrable. Section 2(a) of the act prohibits registration of immoral, scandalous, or disparaging marks. The disparagement provision states that a mark can be refused registration or cancelled if it may disparage “persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute.”<sup>1</sup>

Uneven application of the disparagement provision has been particularly problematic. For example, the USPTO allowed the mark “The Devil Is A Democrat” to register, but rejected “Have You Heard That Satan Is A Republican” as disparaging. “F\*A\*G Fabulous And Gay” was permitted to register, while “Fag Forever A Genius!” and “Marriage Is

For Fags” were denied as disparaging. Other marks deemed disparaging include “The Christian Prostitute,” “Heeb,” “Amishhomo,” “Ride Hard Retard,” and “2 Dyke Minimum.” Compare these to the registered marks “Off-White Trash,” “Celebretards,” and “Dykes On Bikes.”

Though cancellation of the Washington Redskins’ trademarks may have dominated the discussion of disparaging trademarks among Virginians, recent major strides for deeming Section 2(a) of the Lanham Act unconstitutional have come from a groundbreaking case in the US Court of Appeals for the Federal Circuit involving the trademark “The Slants.”<sup>2</sup> After an arduous process, the Asian-American rock band The Slants succeeded in defeating the disparagement provision so the band can register its trademark.<sup>3</sup>

Initially, the USPTO rejected “The Slants” because the name was “offensive to people of Asian descent” and therefore disparaging under Section 2(a). The 2010 application included a specimen showing use of the mark that referenced Asian themes and culture, potentially adding to the trademark examiner’s impression of possible disparagement. The band abandoned the original application after receiving an initial rejection on this basis and refiled for the trademark using different

specimens that did not reference the band members' Asian descent. The application was once again denied under the disparagement provision.

Trademark registration provides important legal rights including presumptions of ownership and validity, nationwide constructive notice, and the ability to obtain US Customs assistance in combatting infringing or counterfeit imports, among others. Although a disparagement refusal does not ban use of a mark, the mark holder loses the benefits associated with federal registration and may therefore be discouraged from using such a mark. Throughout *In re Tam*, the court repeatedly underscored the numerous valuable benefits that federal registration bestows.

When examining potentially disparaging marks, the USPTO examiners consider two factors: (1) The likely meaning of the mark, considering not only dictionary definitions, but also the word in relation to other elements in the mark, the nature of the goods or services, and how the mark is used in the marketplace; and (2) Whether that meaning refers to identifiable persons, institutions, beliefs, or national symbols.<sup>4</sup> Once an examiner makes a prima facie showing under these factors, the applicant must successfully rebut the finding or the examiner will refuse to register the mark.

Disparaging mark refusals were fairly uncommon until the last several decades.<sup>5</sup> Notably, examiners who determine that a mark is disparaging do not have to consult a supervisor or take steps to ensure consistent application, as is required for marks deemed immoral or scandalous.<sup>6</sup> Thus, one single examiner can determine the fate of an ostensibly disparaging mark. The potential for arbitrary application clearly exists.

In *The Slants*' case, the examining attorney stated that the term "has long been a derogatory term directed towards those of Asian descent."<sup>7</sup> The refusal also pointed out that an applicant's intent to disparage the referenced group is not required. Thus, it is irrelevant that the band is attempting to "take the term back" and transform it into something positive.

On April 20, 2015, the appeals court upheld the denial of registration, following the precedent of *In re McGinley*.<sup>8</sup> *McGinley* permitted refusal of disparaging marks because the denial of federal registration does not prevent someone from using the mark. Thus, the court held that the First Amendment is not violated because "no conduct is proscribed, and no

tangible form of expression is suppressed." The court failed to cite legal authority for its rationale.

A persuasive dissent by Circuit Judge Kimberly Ann Moore questioned *McGinley*'s precedent and whether refusal of disparaging trademarks does in fact violate the First Amendment. Subsequently and apparently persuaded by Judge Moore, the US Court of Appeals for the Federal Circuit (CAFC) issued a *sua sponte* order vacating its own April opinion. On December 22, 2015, the court held in a 9-3 decision that precluding disparaging trademarks from federal registration violates the First Amendment.<sup>9</sup> Emphasizing that "the First Amendment protects even hurtful speech," the court laid out its findings as detailed below, stating that, "Whatever our personal feelings about the mark at issue here, or other disparaging marks, the First Amendment forbids government regulators to deny registration because they find the speech likely to offend others."<sup>10</sup>

Trademarks have an expressive character that is precisely what the First Amendment protects. The CAFC explained that the ban on marks that may disparage is based on the expressive nature of the mark. Government regulations that ban or burden private speech based on viewpoint discrimination are subject to strict scrutiny. The court noted that the basis for refusal of a disparaging mark "is always [the] mark's expressive character, not its ability to serve as a source identifier," and thus the disparagement provision does not govern commercial speech.<sup>11</sup> The disparagement provision not only regulates private speech based on the nature of a trademark's message, but also

***Notably, examiners who determine that a mark is disparaging do not have to consult a supervisor or take steps to ensure consistent application, as is required for marks deemed immoral or scandalous.***

discriminates based on the viewpoint of that message. To demonstrate the facial discrimination of the provision, the court cited previously registered marks that refer to particular groups in positive or neutral ways: "Celebrasians," "Asian Efficiency," "New Muslim Cool," "Jewishstar," and even "NAACP." Moreover,

marks that may seem disparaging can be registered if the applicant can show that the referenced group perceives the term in a positive way. For example, “Dykes On Bikes” registered after the applicant provided evidence that the relevant population uses the term with pride. The court held that such viewpoint discrimination based on the expressive aspect of a trademark is not permissible under the First Amendment. Furthermore, in light of the application of strict scrutiny, the court found that the government does not have a sufficiently “compelling interest in fostering racial tolerance.”<sup>12</sup>

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Rather than harkening back to the misguided approach applied in *McGinley* — that refusal of a disparaging mark does not prohibit any speech — the CAFC highlighted the significant chilling effect that the disparagement provision has on private speech. Laws that burden speech, even indirectly, are just as problematic as laws that censor outright. Emphasizing the value of federal registration, the court explained that “[d]enial of these benefits created a serious disincentive to adopt a mark which the government may deem offensive or disparaging.”<sup>13</sup> The court expressed concerns that a disparagement refusal is dependent on the subjective view of a particular group, and that usage or meaning of terms may change over time or in different areas of society. Thus, a mark that has been registered for decades could later be cancelled after substantial investment (e.g., Redskins). Faced with this potentially severe penalty, applicants are unwise to select a mark that may become problematic in the future, contributing to the chilling effect. Most applicants denied registration under the disparagement provision abandon the application and change their name rather than forego federal registration or challenge the rejection.<sup>14</sup>

As support for its right to refuse to register disparaging marks, the USPTO argued that

trademark registration (not the trademark itself) constitutes government speech.<sup>15</sup> The court disagreed, finding that trademark registration is merely a regulatory activity that does not transform a trademark into government speech. The court repeatedly pointed out that following the USPTO’s logic, copyrights registered with the federal government would convert the underlying works into government speech. The government could therefore censor copyrighted works that contain immoral, scandalous, or disparaging material — a clearly untenable idea.

In considering the argument that a trademark amounts to government speech, the court distinguished trademarks from the recent Supreme Court decision which found that specialty license plate designs constitute government speech.<sup>16</sup> The Sons of Confederate Veterans sought to sponsor a specialty plate that depicted the Confederate flag, which the Texas DMV denied as offensive.<sup>17</sup> License plates bear the state name, and the state requires and issues license plates, along with controlling their messages, design, and disposal.<sup>18</sup> Thus, the Supreme Court held that license plate designs are government speech, and that prohibiting certain messages is not a violation of a private citizen’s First Amendment rights.<sup>19</sup> While the Supreme Court found that “license plate designs are often closely identified in the public mind with the state,”<sup>20</sup> the court in *In re Tam* found that trademarks do not convey the same connection. Indeed, the court cited numerous marks which clearly have no government affiliation — religious and drug-related marks, as well as marks like “Capitalism Sucks Donkey Balls,” “Murder 4 Hire,” and “Take Yo Panties Off.” Moreover, the USPTO makes clear that federal registration is not an endorsement of any mark, product, or service. As the court stated, “There is simply no meaningful basis for finding that consumers associate registered private trademarks with the government.”<sup>21</sup>

The CAFC’s opinion was loud and clear. “It is a bedrock principle underlying the First Amendment that the government may not penalize private [nongovernment] speech merely because it disapproves of the message it conveys.”<sup>22</sup> For these reasons, the court found the disparagement provision unconstitutional, in violation of the First Amendment.<sup>23</sup>

The USPTO can appeal the CAFC’s decision to the US Supreme Court within ninety

days after issuance. Commentators agree that the Supreme Court would likely consider the case.

Meanwhile, the battle rages on. The Slants band has asked the USPTO to proceed with federal registration of its mark. The USPTO has refused this request, stating in a letter to the band's attorney that registration will be suspended until either the agency forgoes the appeal or the Supreme Court decides the case, as is consistent with USPTO policy following a federal circuit ruling.<sup>24</sup> Furthermore, the USPTO has stated it will generally suspend consideration of potentially disparaging marks until final resolution of these proceedings.<sup>25</sup> The USPTO has not sought a stay in enforcing the Federal Circuit's determination that the disparagement provision is unconstitutional — only a thirty-day extension to file a petition of certiorari.<sup>26</sup> In light of the extension request, an appeal by the USPTO seems highly likely and could potentially block the registration of disparaging marks until a Supreme Court ruling. As of March 15, 2016, The Slants filed a petition for a writ of mandamus with the Federal Circuit, calling for an order that would require the USPTO to proceed with registration.<sup>27</sup> The court reacted within hours, ordering that the USPTO respond to the petition within one week and answer The Slants's accusation that the agency has ignored the court's ruling.<sup>28</sup>

As football fever slowly amps up again before the NFL draft at the end of April, the Redskins' lawyers are also gearing up for the Fourth Circuit appeal centered on the cancellation of the team's marks under the disparagement provision.<sup>29</sup> While The Slants' case was based on First Amendment arguments for a trademark application, the Redskins' case is based on both First Amendment<sup>30</sup> and Fifth Amendment arguments fighting the cancellation of six marks.

The Redskins team has been battling cancellation of its marks for a long time.<sup>31</sup> In 2014, the Trademark Trial and Appeal Board (TTAB) found the Redskins' marks disparaging to Native Americans and canceled the registrations. The Redskins then appealed to a federal court in Virginia, claiming that the marks' cancellation violated First and Fifth Amendment protections. On July 8, 2015, the district judge upheld the TTAB's earlier decision, finding the disparagement provision constitutional. The opinion deemed trademark registrations government speech similar to the

license plates in *Walker*, thus exempting them from First Amendment protections. Notably, this decision did not consider the seeming conflict between this interpretation and the problems that parallel application to copyright registration entail.

In November 2015, the Redskins appealed to the Fourth Circuit, which is not bound by the Federal Circuit's ruling in *The Slants'* case. In the meantime, the Redskins can still use the name, and claim extensive common law rights in the trademarks, but the marks no longer have the benefits of federal registration. Final briefs were due mid-March 2016. If the Redskins can make the crucial distinction between its case and *Walker*, the team may be able to obtain a reversal and resume its federal trademark registration rights.

If the Fourth Circuit's decision emulates the Federal Circuit's holding in *In re Tam*, the USPTO may see a flood of applications for marks that would have once been deemed disparaging. Moreover, such findings open the door for the parallel statutory provisions forbidding immoral and scandalous marks to be challenged as unconstitutional. Even with these cases, markholders with potentially disparaging marks may not get definitive answers for quite some time — until the US Supreme Court makes its determination on whether the disparagement provision is constitutional.

#### Endnotes:

- 1 Lanham Act § 2(a).
- 2 *In re Tam* (Fed. Cir. 2015).
- 3 *Id.*
- 4 TMEP § 1203.03(b)(i).
- 5 *Tam* at 8.
- 6 Compare TMEP § 1203.03 (including no further protocol to follow if examiner finds mark disparaging) with TMEP § 1203.1 (requiring examiners to consult a supervisor after deeming a mark immoral or scandalous).
- 7 Office Action, THE SLANTS App. Ser. No. 85/472044 (January 6, 2012).
- 8 660 F.2d 481 (1981).
- 9 *Tam* at 62. Two of the judges in the majority wrote a separate opinion that found the disparagement provision to be impermissibly vague as well, citing examples of inconsistent application. *Id.* at 63-73.
- 10 *Tam* at 4, 61.
- 11 *Id.* at 23-24. The court also determined that even if the disparagement provision was found to address commercial speech, it would fail the applicable intermediate scrutiny test. *Id.* at 56-61.

- 12 The court found that *Bob Jones University v. United States* addressed racially discriminatory conduct, not speech. Thus, the government has “an interest in combating ‘racial discrimination in education,’ not a more general interest in fostering racial tolerance that would justify preventing disparaging speech.”
- 13 *Tam* at 29.
- 14 *See Id.* at 33-34.
- 15 The USPTO argued that the markholder’s use of the (R) symbol, the mark’s placement on the Principal Register, and Certificates of Registration issued to markholders are government speech.
- 16 *Walker v. Texas Division, Sons of Confederate Veterans, Inc.*, 135 S. Ct. 2239 (2015). The court considered only license plate designs, typically sponsored by organizations, and not license plate letters/numbers.
- 17 The offensiveness standard applied to the license plates stems from a different area of law than the disparagement provision of § 2(a) of the Lanham Act.
- 18 *Id.* at 2248.
- 19 *Id.*
- 20 *Tam* at 40 (quoting *Walker* at 2248) (internal quotes omitted).
- 21 *Id.* at 41.
- 22 *Tam* at 4.
- 23 It is important to note that the holding applies only to the disparagement provision and not the rest of Section 2(a), which also forbids registration of immoral and scandalous marks.
- 24 Bill Donohue, ‘*Slants*’ Trademark Suspended For Now, *USPTO Says*, LAW360 (March 14, 2016, 3:58 PM), available at <http://www.law360.com/articles/771166/slants-trademark-suspended-for-now-uspto-says>.
- 25 *Id.*
- 26 *Id.*
- 27 Bill Donohue, *Fed. Circ. Orders USPTO To Explain ‘Disparaging’ TM Delay*, LAW360 (March 15, 2016, 11:28 AM), available at <http://www.law360.com/articles/771742/the-slants-ask-court-to-make-uspto-comply-with-tm-ruling>.
- 28 *Id.*
- 29 *Pro-Football, Inc. v. Amanda Blackhorse*, Case No. 15-1874 (Fourth Circuit).
- 30 The Redskins’ First Amendment arguments include a claim that the disparagement provision is impermissibly vague.
- 31 In 2009, after 17 years of litigation, the Supreme Court of the United States denied certiorari, upholding a ruling that the Native American plaintiffs in that case did not have standing because they waited too long before attempting to have the Redskins’ trademarks canceled. *See Pro-Football, Inc. v. Harjo*, 415 F.3d 44 (D.C. Cir. 2005). A group of younger Native Americans brought the most recent case. *See Pro-Football, Inc. v. Blackhorse*, Case No. 1:14-cv-01043 (E.D. Va. 2015).



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