

# Supreme Court Strikes Down The Lanham Act's Bar On Registration Of Disparaging Trademarks

June 21, 2017

This week, the Supreme Court struck down as unconstitutional a provision in the Lanham Act that authorizes the Patent and Trademark Office (“PTO”) to reject the federal registration of trademarks that may disparage individuals, groups or institutions. In *Matal v. Tam* (formerly *Lee v. Tam*), the Court held that this provision—known as the anti-disparagement clause—violates the bedrock First Amendment principle that speech may not be banned on the ground that it offends.<sup>1</sup>

## **Background**

Federal registrations are not necessary to enforce a trademark or protect against infringement. Nonetheless, registration confers certain benefits, such as establishing *prima facie* evidence of the validity of the mark and the owner’s exclusive right to use it, and making the mark incontestable after it has been registered for five years. Section 2(a) of the Lanham Act authorizes the PTO to reject trademark applications that involve “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.”<sup>2</sup>

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<sup>1</sup> *Matal v. Tam*, No. 15-1293, 2017 WL 2621315, at \*5 (U.S. June 19, 2017).

<sup>2</sup> 15 U.S.C. § 1052(a).



When Simon Tam, an Asian American, sought a federal trademark registration for his band name, “The Slants,” the Trademark Trial and Appeal Board (“TTAB”) determined that, because “slant” is typically known as a racist and derogatory term for people of Asian descent, the mark could be disparaging to most of the Asian American community.<sup>3</sup> The TTAB therefore denied the registration.

On appeal, after a panel of the Federal Circuit Court of Appeals affirmed the TTAB’s determination, the full court ruled *en banc* that the anti-disparagement clause is unconstitutional because it violates the free speech principles of the First Amendment. The Federal Circuit reasoned that this clause was neither content- nor viewpoint-neutral because the government could filter out marks that spoke negatively about specific groups (e.g., “The Slants”) but register marks that spoke positively about the same groups (e.g., “Celebrasians,” “Asian Efficiency”).<sup>4</sup>

### **The Supreme Court Ruling**

On June 19, 2017, the Supreme Court affirmed, ruling that the anti-disparagement clause is unconstitutional because it “offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.”<sup>5</sup> Justice Alito, writing for the Court, first rejected arguments that registered trademarks constitute government speech, which falls outside of First Amendment protections. The Court reasoned that the government is not the source of the registered trademarks and “[i]f private speech could be passed off as government speech by simply affixing a government seal of approval, [the] government could silence or muffle the expression of disfavored viewpoints.”<sup>6</sup> Furthermore, the Court reasoned, “[i]f the federal registration of a trademark makes the mark government speech, the Federal Government is babbling prodigiously and incoherently” because it is

expressing contradictory views and freely endorsing countless commercial products and services.<sup>7</sup>

Second, the Court reasoned that trademark registration cannot be considered a government subsidy that could be withheld for speech that the government does not wish to endorse.<sup>8</sup> The Court distinguished its earlier decisions permitting government subsidies for speech expressing a particular viewpoint, explaining that they involved the government paying cash subsidies or equivalents.<sup>9</sup> In contrast, the PTO does not pay money to those registering marks. Rather, applicants pay the PTO a filing fee.<sup>10</sup> Additionally, the Court explained that characterizing a trademark registration as a government subsidy simply because it uses government resources to provide non-monetary benefits would prove too much, because the same reasoning could apply to practically any government service, including police or fire protection, the adjudication of private lawsuits or the use of public parks and highways.<sup>11</sup>

Finally, the Court rejected the government’s novel theory that the federal trademark system should be tested under a new “government-program” doctrine in which some content- and speaker-based restrictions are permitted.<sup>12</sup>

Having decided that no First Amendment exceptions applied, the Court determined that it need not decide whether trademarks constitute “commercial speech.” The Court observed that, even under the more relaxed scrutiny afforded to restrictions on commercial speech, the anti-disparagement clause would still be impermissible because it is not narrowly drawn to serve a substantial government interest.<sup>13</sup> The Court reasoned that the government’s proposed interest of “preventing underrepresented groups from being bombarded with demeaning messages in commercial advertising” constituted a blanket bar on ideas that offend, which would strike at the core of the First Amendment.<sup>14</sup> The

<sup>3</sup> *In re Simon Shiao Tam*, 108 U.S.P.Q.2d 1305, 2013 WL 5498164, at \*8 (T.T.A.B.).

<sup>4</sup> *In re Tam*, 808 F.3d 1321, 1336. (Fed. Cir. 2015) (en banc).

<sup>5</sup> *Matal v. Tam*, 2017 WL 2621315, at \*5.

<sup>6</sup> *Id.* at \*12.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at \*15.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at \*16.

<sup>12</sup> *Id.* at \*16, \*18.

<sup>13</sup> *Id.* at \*19.

<sup>14</sup> *Id.* (internal quotation marks omitted).

Court further explained that the government’s proposed interest of “protecting the orderly flow of commerce” by banning discriminatory conduct also would not pass scrutiny because the anti-disparagement clause was not narrowly drawn to eliminate discriminatory conduct.<sup>15</sup> Instead, it applies to *any* person (living or dead), group or institution. To illustrate the point, Justice Alito offered a hypothetical: “Is it conceivable that commerce would be disrupted by a trademark saying: ‘James Buchanan was a disastrous president’ or ‘Slavery is an evil institution’?”<sup>16</sup>

Concluding that no First Amendment exceptions applied and none of the government’s proposed interests could withstand even a relaxed level of scrutiny, the Court affirmed the Federal Circuit’s ruling, holding the anti-disparagement clause unconstitutional.<sup>17</sup> While Justice Kennedy wrote a concurring opinion in which three other Justices joined and Justice Thomas submitted his own concurrence, all eight Justices agreed on the core ruling that the anti-disparagement clause could not withstand First Amendment scrutiny.

**Takeaways**

The Court’s ruling invalidates a federal trademark statute that has been enforced for more than 70 years. As a result, the PTO can no longer deny registration to marks on the basis that they are disparaging. Beyond clearing the way for Mr. Tam to register “The Slants” as his band’s name, the decision presumably will enable the Washington Redskins to reinstate their trademark registrations that had been cancelled based on the anti-disparagement clause in 2014.

While the decision may be important as a matter of First Amendment jurisprudence, whether it will have a substantial commercial impact is less clear. There may be an uptick in filings seeking registration of marks that would be regarded as disparaging, but registrations are granted only when a mark is used or intended to be used in commerce,<sup>18</sup> and not many business enterprises are likely to choose a trademark regarded as disparaging.

The lack of participation by well-known companies as *amici* in *Matal v. Tam* reflects that the case is likely more significant for its constitutional dimensions than its market impact.

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<sup>15</sup> *Id.* at \*19–20.

<sup>16</sup> *Id.* at \*20.

<sup>17</sup> *Id.*

<sup>18</sup> 15 U.S.C. § 1051(a)(1).