December 29, 2015

On December 22, 2015, the US Court of Appeals for the Federal Circuit, sitting *en banc*, overturned decades of case law by holding that a statute barring federal registration for trademarks that "may disparage" people, institutions, beliefs, or national symbols is unconstitutional under the First Amendment's protection of free speech.

The decision could have implications for a similar case involving a challenge to the Washington, DC football team's REDSKINS trademarks.

Background

In 2011, Simon Tam, front man of the Asian-American dance-rock band "The Slants," applied to register the band's name with the US Patent and Trademark Office (PTO) for "Entertainment in the nature of live performances by a musical band." The trademark examiner refused registration of the mark under Section 2(a) of the Lanham Trademark Act, finding it likely that the mark would be disparaging "to persons of Asian descent."

Although Tam stated his band chose the mark to "reappropriate" the disparaging term, the PTO examining attorney denied registration in light of the term's "long history of being used to deride" people of Asian descent, finding that a substantial composite of people of Asian descent would still find the term disparaging.

The Trademark Trial and Appeal Board affirmed the examiner's refusal, and a three-judge Federal Circuit affirmed the Board's determination that the mark is disparaging. Both tribunals rejected Tam's argument that Section 2(a) is an unconstitutional abridgment of free speech, citing a 1981 case, *In re McGinley*, 660 F.2d 481 (C.C.P.A. 1981), which held that because denial of registration does not bar *use* of the mark, "no tangible form of expression is suppressed."

Unconstitutionality under the first amendment

But then the full Federal Circuit, sitting *en banc*, decided it was time to revisit its predecessor court's decision in *McGinley*.

Content-based regulations of expression – those that target speech based on its communicative content – are presumptively invalid under the First Amendment. The court decided that because the statute allowed the PTO to discriminate against some trademarks but not others based on the "idea or message expressed," it is not content or viewpoint neutral. For example, it noted that the PTO allowed registration of marks laudatory of Asian-Americans like ASIAN EFFICIENCY but denied it for THE SLANTS.

The court also rejected the argument that a trademark is "commercial speech," for which the First Amendment tolerates some restrictions (such as against false advertising). It noted that although trademarks also identify who puts out a product, it is their "expressive character," not their commercial purpose that triggers a Section 2(a) rejection.

The court also rejected the government's arguments that denying registration does not violate the First Amendment: (1) because it does not "prohibit" speech at all; (2) because trademark registration is government speech; and (3) because Section 2(a) merely withholds a government subsidy.

Denying trademark registration can burden speech

The court observed that federal registration bestows "significant and financially valuable benefits upon markholders" (like procedural advantages in litigation and the ability to have Customs seize infringing goods), and that denial of those benefits creates serious disincentives to adopt marks the government may deem disparaging. The law's subjective nature –denying registration to marks that "*may* disparage" – further chills speech because enforcement is uncertainty and unpredictable, the court held.

Trademark registration is not government speech

The court rejected the argument that a trademark registration is like a slogan on a license plate that is considered "government speech," noting there is "no basis for finding that consumers associate registered private trademarks with the government." The court concluded that processing trademark registrations "no more transforms private speech into government speech than when the government issues permits for street parades, copyright registration certificates, or, for that matter, grants … birth certificates."

Trademark registration is not a government subsidy program

Under the "constitutional conditions" doctrine, the government may not deny a benefit to a person on a basis that infringes their constitutionally protected interests – especially the interest in freedom of speech. But the court stated that trademark registration is not a subsidy because the benefits, "while valuable, are not monetary." Also, the PTO is funded by user fees, not taxes.

Implications for the REDSKINS trademarks

A group of Native Americans successfully challenged the Washington, DC football team's REDSKINS trademarks as disparaging under Section 2(a), winning a decision in a Virginia federal court over the team's argument that the statute is unconstitutional. But that court based its decision on the now-overruled *McGinley* decision. The case, *Pro-Football v. Blackhorse,* is now on appeal to the US Court of Appeals for the Fourth Circuit, which no doubt will be looking very closely at the decision in Simon Tam's case.

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