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Supreme Court Strikes Down the Lanham Act's Disparagement Clause

by David Stewart and Mary Grace Gallagher

On June 19, 2017, the U.S. Supreme Court, in *Matal v. Tam*, held that the disparagement clause of the Lanham Act violates the First Amendment's free speech clause. In a unanimous decision, the Court found that the portion of Section 2(a) of the Lanham Act that bars federal registration of trademarks that disparage persons, institutions, or beliefs constitutes unlawful viewpoint discrimination under the First Amendment.

Background

The plaintiff, Simon Tam, is the lead singer of an Asian-American rock band named The Slants. Tam chose this name for the band to "reclaim" the term and lessen its force as a denigrating term for Asian persons. Tam sought federal registration of the mark THE SLANTS, but the U.S. Patent and Trademark Office (USPTO) denied the application under a provision of Section 2(a) of the Lanham Act, known as the "disparagement clause," that prohibits the registration of trademarks that "[consist] of or [comprise] 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." Tam appealed the decision to the Federal Circuit, which held in a split decision that the disparagement clause is facially unconstitutional. The U.S. government filed a petition for certiorari, which the Supreme Court accepted. The disparagement clause is infrequently cited by the USPTO as a bar to registration, but it was notoriously invoked by the Trademark Trial and Appeal Board (TTAB) of the USPTO in 2014 as grounds for cancellation of six registrations of the Washington Redskins that included the term "redskins."

The Decision

Justice Samuel Alito delivered the judgment and principal opinion of the Court. Justice Anthony Kennedy authored an opinion joined by Justices Ruth Bader Ginsburg, Sonia Sotomayor, and Elena Kagan that concurred in part and concurred in the judgment, and Justice Clarence Thomas authored an opinion that concurred in part and concurred in the judgment. Justice Neil Gorsuch did not participate in the decision because he was not present for oral argument.

After first analyzing the history of the Lanham Act, the Court addressed Tam's argument that the disparagement clause does not apply to marks that disparage racial or ethnic groups because such groups are neither natural nor juristic persons and therefore fall outside the scope of the disparagement clause, which applies only to "persons, living or dead,

institutions, beliefs, or national symbols." The Court found Tam's argument meritless, holding that a mark that disparages a substantial percentage of the members of a racial or ethnic group necessarily disparages "persons."

The Court next addressed the government's argument that federal trademark registrations are government speech that falls outside the restrictions of the Free Speech Clause. The Court acknowledged that it is well-established that the government may make content-based choices when it is speaking. For example, the Court noted that the federal government produced and distributed posters during the Second World War that urged enlistment, the purchase of war bonds, and the conservation of scarce resources but that the government was not obligated to produce and distribute posters that encouraged Americans not to engage in these activities. Nevertheless, the Court found that the issuance of a trademark registration does not amount to government speech.

In so holding, the Court noted that the USPTO does not create trademarks, does not edit or change the marks in any way, and has made clear that registration does not constitute approval of a mark. The Court further noted that it would be anomalous if trademarks constituted government speech because, if that is true, "the Federal Government is babbling prodigiously and incoherently" and "expressing contradictory views" through statements such as "Abolish Abortion" (Reg. No. 4,935,774) and "I Stand With Planned Parenthood" (Reg. No. 5,073,573); and it wondered what the government has in mind when it advises Americans to "Just Do It" (Nike) and "Have it your way" (Burger King). A finding that trademarks constitute government speech would necessarily also lead to a finding that copyrights constitute government speech and thus eliminate all First Amendment protections for such expressive works. The Court therefore held that trademarks are private, not government, speech.

The government's next argument that it is not required to subsidize activities it does not wish to promote fared no better. Because the USPTO does not pay money or subsidize the cost of seeking a registration, the Court found that a trademark registration is not a subsidy. Instead, the Court found that a registration is a benefit that cannot be denied by violating an individual's freedom of speech.

The government next argued that the Court should adopt a new, broad "government-program" clause allowing it to apply the disparagement clause. The Court found relevant cases cited by the government in which the Court had allowed the government to create limited public forums for private speech where some content-based and speaker-based restrictions may be permissible, such as a public university meeting hall or a city-owned theater, because these are places the government has intentionally held open for expressive activities. However, the Court noted that viewpoint discrimination is not permissible even in these situations. The Lanham Act's disparagement clause, while evenly prohibiting discrimination against all groups, denies registration solely on whether or not a mark is offensive, which the Court found to be viewpoint discrimination and an impermissible suppression of speech.

In the final section of Justice Alito's opinion, the Court considered the government's argument that trademarks constitute commercial speech and are therefore subject to a lower level of scrutiny under the First Amendment than noncommercial speech (which is subject to "heightened" or "strict" scrutiny). The Court did not decide the issue because it found that, even under the more relaxed standard for restrictions on commercial speech adopted by the Court in *Central Hudson Gas & Electric Corp. v. Public Service Commission of N.Y.*, 447 U.S. 557 (1980), the disparagement clause is unconstitutional because the restriction is not "narrowly drawn" to serve "a substantial interest." The Court rejected the government's argument that it has an interest in prohibiting speech that offends because one of the hallmarks of free speech is the freedom of others to express a thought that we hate, and the Court rejected the government's argument that it has an interest in protecting the orderly flow of commerce because the disparagement clause is not "'narrowly drawn' to drive out trademarks that support invidious discrimination."

In his concurring opinion, Justice Kennedy wrote that the Court should not have considered the issue of whether trademarks are protected under the lower standard applied to commercial speech under *Central Hudson* because, under the precedent of the Court, viewpoint discrimination is subject to heightened scrutiny regardless of whether the speech at issue is commercial or noncommercial.

Justice Thomas concurred in the judgment but opined that the Court should not have considered Tam's argument about whether a racial group is a juristic person because Tam had failed to raise the issue before the TTAB or Federal Circuit, and the Court had refused Tam's request for certiorari on this issue. Justice Thomas noted that he also authored a separate opinion to reassert his belief that "when the government seeks to restrict truthful speech in order to suppress the ideas it conveys, strict scrutiny is appropriate, whether or not the speech in question may be considered 'commercial.'"

Impact

Although the Court's holding has generated substantial media attention, it is likely to have little practical impact on our clients because few businesses elect to adopt marks that are likely to denigrate or offend others. The biggest winner of the case may be the Washington Redskins because the decision should pave the way for the reinstatement of its previously canceled federal registrations. We further anticipate that, at least in the short term, there will be an influx of new applications by hate groups for marks that are likely to be intentionally offensive to the racial, ethnic, and/or religious groups they oppose.

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If you have any questions or wish to discuss further, please contact any of the following members of Alston & Bird's Intellectual Property Group:

Martha Barber
704.444.1018
martha.barber@alston.com

Robert Lee
404.881.7635
bob.lee@alston.com

David Stewart
404.881.7952
david.stewart@alston.com

Michele Glessner
704.444.1124
michele.glessner@alston.com

Richard McDermott
704.444.1045
rick.mcdermott@alston.com

Paul Tanck
212.210.9438
paul.tanck@alston.com

Jonathan Gordon
213.576.1165
jonathan.gordon@alston.com

Scott Pivnick
202.239.3634
scott.pivnick@alston.com

Lindsey Yeargin
404.881.4745
lindsey.yeargin@alston.com

Sam Gunn
404.881.7894
sam.gunn@alston.com

Jason Rosenberg
404.881.7461
jason.rosenberg@alston.com

Lara Holzman
212.210.9553
lara.holzman@alston.com

Casondra Ruga
213.576.1133
casondra.ruga@alston.com

Ginabeth Hutchison
404.881.7145
ginabeth.hutchison@alston.com

Nadya Sand
404.881.4565
nadya.sand@alston.com

Larry Jones
704.444.1019
larry.jones@alston.com

Holly Saporito
404.881.4402
holly.saporito@alston.com

ALSTON & BIRD

WWW.ALSTON.COM

ATLANTA: One Atlantic Center ■ 1201 West Peachtree Street ■ Atlanta, Georgia, USA, 30309-3424 ■ 404.881.7000 ■ Fax: 404.881.7777
BEIJING: Hanwei Plaza West Wing ■ Suite 21B2 ■ No. 7 Guanghua Road ■ Chaoyang District ■ Beijing, 100004 CN ■ +86 10 8592 7500
BRUSSELS: Level 20 Bastion Tower ■ Place du Champ de Mars ■ B-1050 Brussels, BE ■ +32 2 550 3700 ■ Fax: +32 2 550 3719
CHARLOTTE: Bank of America Plaza ■ 101 South Tryon Street ■ Suite 4000 ■ Charlotte, North Carolina, USA, 28280-4000 ■ 704.444.1000 ■ Fax: 704.444.1111
DALLAS: 2828 North Harwood Street ■ 18th Floor ■ Dallas, Texas, USA, 75201 ■ 214.922.3400 ■ Fax: 214.922.3899
LOS ANGELES: 333 South Hope Street ■ 16th Floor ■ Los Angeles, California, USA, 90071-3004 ■ 213.576.1000 ■ Fax: 213.576.1100
NEW YORK: 90 Park Avenue ■ 15th Floor ■ New York, New York, USA, 10016-1387 ■ 212.210.9400 ■ Fax: 212.210.9444
RESEARCH TRIANGLE: 4721 Emperor Blvd. ■ Suite 400 ■ Durham, North Carolina, USA, 27703-85802 ■ 919.862.2200 ■ Fax: 919.862.2260
SAN FRANCISCO: 560 Mission Street ■ Suite 2100 ■ San Francisco, California, USA, 94105-0912 ■ 415.243.1000 ■ Fax: 415.243.1001
SILICON VALLEY: 1950 University Avenue ■ 5th Floor ■ East Palo Alto, California, USA, 94303-2282 ■ 650-838-2000 ■ Fax: 650.838.2001
WASHINGTON, DC: The Atlantic Building ■ 950 F Street, NW ■ Washington, DC, USA, 20004-1404 ■ 202.239.3300 ■ Fax: 202.239.3333