



Federal Circuit Rules Lanham Act Prohibition on "Disparaging" Trademarks is Unconstitutional, but The Slants Case is No Guaranteed Win for the Redskins

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On December 22, 2015, after an *en banc* hearing, the U.S. Court of Appeals for the Federal Circuit held that the disparagement portion of Section 2(a) of the Lanham Act is an unconstitutional restraint on free speech under the First Amendment. [*In re Tam*](#), Appeal No. 2014-1203 (Fed. Cir. December 22, 2015).

The USPTO initially refused registration of the band name trademark "The Slants" under Section 2(a) as disparaging to people of Asian descent. Both the Trademark Trial and Appeal Board (TTAB) and a panel of the Federal Circuit maintained the refusal. Shortly after that decision, the Court, *sua sponte*, ordered a rehearing *en banc* (before the entire court) on the issue of whether the disparagement provision violates the First Amendment.

The Court held that the disparagement provision of Section 2(a) amounts to "a viewpoint-discriminatory regulation of speech, created and applied in order to stifle the use of certain disfavored messages." The Court also found that the loss of rights afforded by federal registration of a trademark (e.g., constructive nationwide rights, presumption of validity, recovery of damages, etc.) is sufficient to chill speech relating to messages the government disapproves. Further, the Court found that Section 2(a) discriminates against speech on the basis of the content of the message and that such regulations are presumptively invalid. Therefore, the law must be narrowly tailored to serve a compelling governmental interest to be upheld under the Court's stringent "strict scrutiny" test.

The Court found that the government failed to put forward any arguments that the law survived strict scrutiny. The government instead argued that Section 2(a) does not touch on the First Amendment at all because a trademark registration amounts to government speech, or that such registrations amount to commercial speech and are subject only to intermediate scrutiny under the First Amendment. The Court also rejected the government's argument that the issuance of the Certificate of Registration amounts to government speech and thus is not protected by the First Amendment. The Court reasoned that a mark's purpose, to indicate the source of a product or service, does not suggest that the government approves of that brand merely because it is registered with the USPTO. Instead, like

copyright registrations, trademark registration is a regulatory activity, and the use of the ® symbol merely shows that the mark is registered, not that the government endorses that brand or the content of the brand name.

The government also argued that registration of trademarks amounts to commercial speech, which is subject to intermediate scrutiny and not the more stringent strict scrutiny standard. The Court, however, found that the USPTO denying registration of disparaging trademarks amounts to restricting expressive speech and not commercial speech. Moreover, the Court held that Section 2(a) focused on the expressive aspect of the speech, not the commercial (i.e., source-identifying) aspect of the speech and, therefore, was subject to the heightened standard. Nonetheless, the Court also found that Section 2(a) would equally be unconstitutional under intermediate scrutiny because the government does not have a substantial interest in disapproving of the content of messages conveyed by such trademarks.

The practical implication of this decision is that it restricts the government's ability to block registration of marks that may be hurtful or insulting to portions of the population (e.g., based on race, gender, religion, etc.).

This is likely not the last court decision on this topic, as the Fourth Circuit is likely to rule on a nearly identical issue in the Redskins case. In that case, the U.S. District Court for the Eastern District of Virginia cancelled the Redskins' trademark registrations based on the theory that trademark registrations, like government-issued license plates, amounts to government speech and are thus exempt from protection under the First Amendment. However, the Federal Circuit in The Slants case directly rejected this argument. This decision will likely strengthen the Redskins' arguments before the Fourth Circuit or, at the very least, will increase the likelihood that the Supreme Court will take up one of these cases. It is likely that the Redskins case will make its way up to the Supreme Court, though The Slants case has better facts, in that the band uses a racial slur for positive, and not intentionally disparaging, reasons.

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