

Daily Journal

www.dailyjournal.com

WEDNESDAY, JANUARY 18, 2017

PERSPECTIVE

Offensive trademark arguments at high court

By Blaine H. Evanson
and Christina R.B. López

On Wednesday, the U.S. Supreme Court will hear argument in *Lee v. Tam* on the constitutionality of the “disparagement provision” in Section 2 of the Lanham Act, which authorizes the Patent and Trademark Office to refuse registration of a trademark if it “[c]onsists of or comprises ... matter which may disparage ... persons ... institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.” The en banc U.S. Court of Appeals for the Federal Circuit in *Lee* struck down the disparagement provision as facially unconstitutional, and the Supreme Court’s decision will likely affect not only the respondent in this case, but also the Washington Redskins and other owners of trademarks that may be considered racially or culturally insensitive.

In 2013, the PTO denied Simon Tam federal trademark registration for his band “The Slants.” Tam is Asian-American, and claims he sought to register the mark in order to “reappropriate” the term “slants,” which has been used as a derogatory term for people of Asian descent. The PTO determined that the term is disparaging to a “substantial composite of” people of Asian descent, and that Tam’s band was using the term in its derogatory context. Tam appealed the decision, arguing that the disparagement provision violated the First Amendment, but he lost before the Trademark Trial and Appeal Board and the Federal Circuit.

However, the Federal Circuit reheard the case en banc, and on rehearing ruled that the disparagement provision violates the First Amendment because it is a contentand viewpoint-based restriction, which significantly chills private speech. The PTO petitioned for certiorari, which the Supreme Court granted.

The first question for the Supreme Court is whether speech affected by the disparagement provision qualifies for First Amendment protection at all. The PTO argues that the trademarks listed in the federal register are not private speech, but instead constitute speech by the government. Last term, in *Walker v. Texas Division, Sons of Confederate Veterans, Inc.*,

2015 DJDAR 6811, the Supreme Court upheld Texas’ decision to deny an organization’s application to manufacture a specialty license plate due to its offensive content because the specialty designs on license plates qualify as government speech. The PTO argues that trademark registration is government speech for the same reason.

The petitioners’ analogy to *Walker* is appealing at first blush, but the Supreme Court may rule differently here. For instance, whereas the court found that Texas owns the designs on its license plates, the PTO does not own the trademarks in the federal register — they belong to the trademark holders. In addition, the license plates in *Walker* were part of a government licensing program and displayed “Texas” on the plates, which the court determined could be interpreted as Texas’s endorsement of the speech. By contrast, no one could reasonably think that the federal government endorses the trademarked message simply because the mark is registered. *Walker* is generally thought of as reaching the outer limits of the government speech doctrine, and the court is not likely to extend it to an even more attenuated association here.

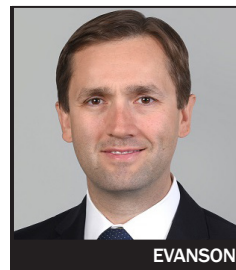
The PTO’s other argument is that the Supreme Court should treat the anti-disparagement provision not as a restriction on speech, but as a limitation on a government subsidy program. In its 1991 decision in *Rust v. Sullivan*, 500 U.S. 173, the Supreme Court held that “when the Government appropriates public funds to establish a program[,] it is entitled to define the limits of that program.” *Rust* involved a regulation restricting the ability of Title X fund recipients to engage in abortion-related activities. The court held that the regulation did not violate the First Amendment as a viewpoint-based restriction because Congress may, pursuant to its spending power, define the purpose and limits of federally funded programs. The PTO’s argument here is that, like Title X, trademark registration is a federally funded program for which Congress can define the limits, and citizens seeking registration are not burdened by the disparagement provision outside the context of registration because they are free to continue using their marks.

If limits on disparaging trademarks are not government speech or a proper exercise of the spending power, then it is hard to see why the PTO’s refusal to register a mark the government deems disparaging is anything besides content-based viewpoint discrimination subject to strict constitutional scrutiny. Viewpoint discrimination is “the most pernicious of all” government action because it allows the government to “take sides in” and “skew[] public debate.” *Rosenberger v. Rector*, 515 U.S. 819, 894-95 (1995). What is worse, and as Tam and his amici point out, the government has been wildly inconsistent in its exercise of the disparagement provision, such that registrants cannot easily predict what the PTO will deem “disparaging.”

Lurking behind Tam’s appeal is a far more valuable mark that has garnered widespread media attention — the PTO’s cancellation of the trademark registration for the Washington Redskins. That mark was first registered in 1967 and was held by one of football’s most profitable teams until last year when the PTO canceled the registration. The Redskins attempted to intervene in Tam’s case or to have the Supreme Court grant certiorari before the lower-court appeals have been exhausted, but the Supreme Court rejected the attempt. The Redskins filed an amicus brief, and it is clear that the court’s decision in *Lee v. Tam* will have a significant, if not dispositive, impact on the Redskins’ appeal.

Blaine H. Evanson is a partner in the Orange County office of Gibson, Dunn & Crutcher LLP, and practices in the Appellate and Constitutional Law and Intellectual Property practice groups.

Christina R.B. López is a litigation associate in the Orange County office of Gibson, Dunn & Crutcher LLP.



EVANSON



LÓPEZ