

Intellectual Property Litigation

SCOTUS OKs Disparaging Trademarks



By David H. Levitt

On June 19, 2017, the U.S. Supreme Court, decided *Matal v. Tam*, 582 U.S. ___ (2017), popularly known as the “Slants” case. The Court ruled that §1052(a) of the Lanham Act, 15 U.S.C. §1052(a), barring registration of trademarks that may “disparage... or bring... into contempt or disrepute” any “persons, living or dead,” was unconstitutional under the First Amendment. Of interest beyond that specific issue, which will have wide implications on trademark registration actions such as those seeking to cancel the registration of the Washington Redskins, is the impact that the ruling is likely on other aspects of trademark registration practice and, perhaps

broader still, on First Amendment free speech jurisprudence.

Simon Tam, lead singer of the rock group “The Slants,” chose the band’s name in order to drain its denigrating force as a derogatory term for Asian persons. The USPTO denied registration under §1052(a), but the Federal Circuit reversed, and SCOTUS affirmed the Federal Circuit. Although the judgment was a unanimous 8-0 ruling, the reasoning of the Court required three separate opinions. That split provides important insights in and of itself.

The government raised several defenses, all of which were rejected by the court. Part III.A of Justice Alito’s opinion was joined by seven justices (all but Justice Thomas, who believed that the court did not need to address this issue), held that issuance of a

trademark registration by the USPTO is not “government speech” and thus not exempted from application of the First Amendment.

The rest of Justice Alito’s opinion did not command a majority, but instead were supported by four votes (Justices Alito, Roberts, Thomas, and Breyer). Justice Alito rejected the government’s alternative arguments that a trademark is “subsidized speech” (Part III.B) or a “government program” (Part III.C); the latter is noteworthy for its definition of “viewpoint discrimination”—something addressed in more detail by the Justice Kennedy’s concurrence—where it noted that “[g]iving offense is a viewpoint.” More substantive, however, is Part IV, in which Justice Alito stated that, whether or not a trademark qualifies as “commercial speech,” §1052(a) failed to pass muster under the commercial speech doctrine established in *Central Hudson Gas & Elect. v. Public Serv. Comm’n of N.Y.*, 447 U.S. 557 (1980). According to Justice Alito, there is no substantial government interest in preventing offensive speech nor is there a reasonable fit between any such possible government interest and the breadth of the ban. Leaving open the question of whether the *Central Hudson* test was even the proper one to apply, Justice Alito held that the statute failed even this more lenient test.

Justice Kennedy wrote a concurrence that also garnered four votes (Justices Kennedy, Ginsburg, Sotomayor, and Kagan). Interestingly, the liberal wing of the Court, some of whom have made public statements opposing such free speech decisions as *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), determined that heightened scrutiny applied even if the speech did qualify as commercial speech, relying in part on *Sorrell v. IMS Health Inc.*, 564 U.S. 552 (2011) for the proposition that viewpoint discrimination—the government regulating speech because it disagrees with the message it conveys—mandates strict scrutiny. Even applying this heightened standard, Justice Kennedy nonetheless included a reasonable fit analysis, noting: “The central purpose of trademark registration is to facilitate source identification.... Whether the mark is disparaging bars no plausible relation to that goal.”

Although concurring with Justice Alito’s opinion, Justice Thomas wrote a separate



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one-page concurrence. The essential sentence: “I continue to believe 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 characterized as ‘commercial.’” (emphasis added).

Thus, oddly enough and despite three opinions:

- Although they did not say it quite this way, a majority of the Court (the four in the Kennedy opinion plus Justice Thomas) determined that strict scrutiny applied even if the speech qualified as commercial speech.
- All eight justices felt no need to determine whether the speech was commercial or noncommercial. Justice Alito’s opinion did not need to do so because the statute did not meet even the lower standards. Justice Kennedy did not need to do so because strict scrutiny applied even to commercial speech. And Justice Thomas did not need to do so because “truthful speech” may not be restricted regardless of its characterization.

Many areas of free speech jurisprudence turn on whether the speech at issue is deemed commercial or noncommercial; it is a frequently litigated issue. It is perhaps not too much of a stretch to suggest that recent SCOTUS opinions, like *Sorrell* and now *Tam*, are beginning to erode the distinction and application of differential standards. At a minimum, litigants should be alert to this trend and craft their arguments accordingly.

Moreover, on larger First Amendment/free speech issues, it is worth noting that the liberal wing of the court applied strict scrutiny despite that wing’s sometimes positions that certain forms of speech, and speakers, may be subject to some form of legislative control. Are we seeing a break from that posture, or is *Tam* perhaps an aberration based on the particular issues presented?

As to the Lanham Act itself, *Tam* also has wider application. While the court considered the “disparaging” language in §1052(a), that same section also bars registration of trademarks that consist of “immoral” or “scandalous matter.” In one case in which this part of the statute was invoked by the USPTO to refuse registra-

tion of FUCT as a proposed trademark, the USPTO wrote a letter to the Federal Circuit conceding that the Federal Circuit’s decision in *Tam* (now affirmed by SCOTUS) would also apply to these other parts of §1052(a). See <https://tinyurl.com/In-re-Brunetti-Letter>. The Federal Circuit has ordered the parties to submit supplemental briefs in light of *Tam*, but based on that letter, the result would seem to be a foregone conclusion. 