

United States: Supreme Court: Lanham Act's Disparagement Clause Violates First Amendment

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Matal v. Tam, 137 S. Ct. 1744 (2017)

In June 2017, the United States Supreme Court affirmed the Federal Circuit's ruling that the disparagement clause of the Lanham Act prohibiting federal trademark registration for marks that disparage persons, living or dead, was facially invalid under the First Amendment protection of speech. With the exception of Justice Gorsuch who recused himself as he was not on the Court at the time of oral argument, all eight other justices joined the holding.

A. Background

Simon Shiao Tam, the front man of the rock band *The Slants*, applied in 2011 to register the name of his band with the United States Patent and Trademark Office ("USPTO"). An USPTO examining attorney denied Tam's application on the grounds that the band name violated the Lanham Act's prohibition against registration of trademarks that may "disparage...or bring...into contemp[t] or disrepute" any "persons, living or dead." 15 U.S.C.A. § 1052(a). Tam and his bandmates, all Asian men, had chosen the band name to "reclaim" the term "slants," which is sometimes used as a derogatory term referring to the eye shape of people of East Asian descent. Tam appealed the examining attorney's decision to the USPTO Trademark Trial and Appeal Board ("TTAB"), which affirmed the application's refusal on the ground that the mark THE SLANTS disparaged people of Asian heritage. A Federal Circuit panel initially affirmed the refusal, but on rehearing en banc, vacated and remanded the decision on the ground that the disparagement clause was likely unconstitutional, and even if valid, the mark did not qualify as disparaging to justify refusal of registration. Our previous detailed discussion of the Federal Circuit decision can be seen [here](#). The Supreme Court granted certiorari before further proceedings occurred in the TTAB.

B. The Supreme Court Opinion

The Supreme Court first rejected Tam's argument that the disparagement clause applies only to natural or juristic persons, rather than a racial or ethnic group of people, as refuted by the clause's use of the word "persons." The standard of review under the clause asks whether the mark would be found disparaging by a "substantial" percentage of the affected group, or in other words, disparaging of many "persons." If Congress had wanted to limit the clause's application to individuals, the Court reasoned, it could have used the phrase "particular living individual" as it did in neighboring Section 1052(c). Moreover, Tam's narrow reading contradicts the wide breadth of the clause, which also applies to "institutions" and "beliefs."

Nevertheless, the Supreme Court ruled for Tam by entirely striking down the disparagement clause as facially unconstitutional. According to the Court, the clause violated First Amendment protections against government censorship of private speech that impermissibly discriminates based on the speech's viewpoint. The Court first rejected the Petitioner's argument that the TTAB's review of trademark applications need not be viewpoint neutral because trademark registrations are government speech, similar to personalized license plates, which the government can refuse based on viewpoint because license plates are closely

associated with government speech and activity. The Court found that trademark registrations are not government speech because the government does not "dream up the trademarks registered," cannot remove registrations unless a private party initiates cancellation proceedings, and would be "babbling prodigiously and incoherently" if trademarks were government speech. A finding that government speech includes trademark registrations would be "a huge and dangerous extension" of the doctrine that could extend to government denial of copyright registrations based on the viewpoints expressed in the applicants' works.

In the alternative, the government argued that the USPTO can refuse to register disparaging trademarks because registration is akin to a government subsidy, or that the USPTO's trademark registers are limited public forums available through a government program. The Court found government subsidy cases inapposite because the USPTO does not pay money to applicants, but rather requires them to pay fees, and government spending to operate the USPTO does not constitute a subsidy. Cases regarding limited public forums were more relevant, but these cases also forbade viewpoint discrimination. Since "giving offense" is a viewpoint, the disparagement clause facially discriminated based on viewpoint.

After holding that trademark registrations were private, rather than government speech, the Court considered Petitioner's argument that the disparagement prohibition met the standard for government regulation of commercial speech, which requires that the restriction be "narrowly tailored" to serve "a substantial interest." The Court refrained from determining whether trademarks qualified as commercial speech by holding that the disparagement clause was invalid even under the more lenient standard for regulating such speech. The Court dismissed the first government interest offered by Petitioner—preventing speech that offends—as implicating "the heart" of First Amendment protection. The Court recognized a substantial interest in Petitioner's second ground—protecting the orderly flow of commerce from disruption caused by trademarks that support invidious discrimination—but found that the clause was not narrowly tailored to the interest because it bars trademarks that disparage "any person, group, or institution." Such broad language justifies the refusal of innocuous marks such as "DOWN WITH RACISTS," and "goes much further than is necessary to serve the interest asserted."

C. Implications of the Supreme Court Decision

Other prohibitions in Section 1052(a), such as the bar to deceptive marks, survives the Court's ruling striking down the disparagement clause. The USPTO has taken the position that this decision does not affect its review of "scandalous matter" under Section 1052(a), which is currently the subject of the action *In re Brunetti*, No. 15-1109 (refusal of application for the mark FUCT), before the Federal Circuit. However, the Federal Circuit will likely hold that the scandalous matter prohibition is also unconstitutional viewpoint discrimination under the Supreme Court's rationale in *Matal v. Tam*. This decision could have even farther-reaching implications within trademark law. The doctrine of dilution—and in particular, tarnishment—involves the TTAB making judgment calls about whether one mark harms the reputation of another mark, much like the disparagement clause required the USPTO to assess a mark's offensiveness to particular people or groups. Trademark owners should watch future cases, like *In re Brunetti*, to see if *Matal v. Tam* is the beginning of a sea change curtailing the USPTO's powers to refuse and cancel registrations.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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