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INTELLECTUAL PROPERTY

SUPREME COURT DECIDES THAT BANNING DISPARAGING TRADEMARKS VIOLATES THE FIRST AMENDMENT

In a unanimous decision delivered on Monday, June 19, 2017, the Supreme Court held that the 71 year old “disparagement clause” of the Lanham Act is unconstitutional because it violates the Free Speech Clause of the First Amendment. The disparagement clause has been used by the United States Patent and Trademark Office (USPTO) to deny registration to trademarks that are “offensive to a substantial percentage of the members of any group.” The Court reached its decision based on the view that “[s]peech may not be banned on the ground that it expresses ideas that offend.” Importantly, in reaching this conclusion the eight justices who participated in this decision held that “[t]rademarks are private, not government, speech.”

The Slants

The Supreme Court’s decision comes after a nearly decade long effort to obtain the benefits and protection of federal trademark registration for a dance-rock band, comprised of Asian Americans, called “The Slants”. Simon Tam, the lead singer for “The Slants,” filed trademark applications with the USPTO in 2010 and 2011 to secure federal registration for the trademark THE SLANTS. Simon Tam chose the name THE SLANTS “in order to ‘reclaim’ and ‘take ownership’ of stereotypes about people of Asian ethnicity.” The USPTO refused registration of the trademark relying on a provision of the Lanham Act that prohibits registration of a trademark that “may disparage. . . persons, living or dead, institutions, beliefs, or national symbols.” 15 U.S.C. § 1052. The USPTO’s position is that the mark THE SLANTS was apt to offend a substantial percentage of Asian Americans in violation of the Lanham Act.

After exhausting all options for appeal within the USPTO, Tam took his case to the United States Court of Appeals for the Federal Circuit where, in a split decision, the court found the disparagement clause to be in violation of the Free Speech Clause of the First Amendment. The USPTO appealed the ruling to the Supreme Court. The Supreme Court subsequently heard the case and upheld the decision, ruling that the disparagement clause is unconstitutional.

The Supreme Court Weighs In

As the Court noted, the First Amendment forbids government regulation of speech that favors some viewpoints over others. In defending its position, the USPTO argued that its policy is viewpoint-neutral because it equitably denied all viewpoints found offensive by a substantial percentage of the members of any group. Putting aside Tam’s argument that the USPTO has frequently permitted trademarks that “plainly denigrated African-Americans and Native Americans,” the Court held that the USPTO’s policy failed to be viewpoint-neutral because it disapproved of a particular subset of messages—namely, those messages that the USPTO determined were offensive. In his concurring opinion, Justice Kennedy referred to this as “the essence of viewpoint discrimination.”

Because complete viewpoint neutrality would paralyze government action, government speech need not conform to viewpoint neutrality. As Justice Alito noted in his opinion for the Court “the First Amendment does not say that Congress and other government entities must abridge their own ability to speak freely.” The USPTO

contended that trademarks constitute government speech and as such permit a departure from complete viewpoint neutrality.

To advance its position, the USPTO relied heavily on the recent Supreme Court decision, *Walker v. Sons of Confederate Veterans*. In *Walker*, the Court concluded that specialty license plates are government speech and that Texas's denial of a specialty license plate featuring a confederate flag was permissible and did not violate the free speech rights of the group who had petitioned for the specialty plate.

The Court acknowledged that the *Walker* case "marked the outer-bounds of the government speech doctrine" and declined to accept the USPTO's position that trademark registrations are government speech. The Court identified the various ways that affiliation exists between specialty license plates and the government in the minds of the public, and determined none of those factors as being present with respect to trademarks.

The Court also pointed out that "[t]he USPTO has made it clear that registration does not constitute approval of the mark" and the menacing fact that "[i]f private speech could be passed off as government speech by simply affixing a government seal of approval, government could silence or muffle the expression of disfavored viewpoints." In addition, the Court took care to recognize the "worrisome implication of the [USPTO's] argument" with respect to the United States system of copyright registration. In other words, if trademarks were to qualify as government speech, so too may copyrights.

Trademark Registration after The Slants

The Supreme Court's ruling will undoubtedly alter the landscape of federal trademark registration for marks that previously may have come within the bounds of the "disparagement clause." However, the Court's affirmation of the federal circuit ruling does not eviscerate the entire provision of the Lanham Act where the "disparagement clause" resides. Rather, this ruling artfully removes the language that applies to disparagement refusals. Otherwise, the provision remains intact, and will continue to permit trademark registration refusals for marks that comprise "immoral, deceptive or scandalous material" or that may "bring into contempt or disrepute" a person living or dead, an institution, belief or national symbol. The case also helps further determine the bounds of what does and does not qualify as government speech.

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