

## The Slants' Trademark Battle Plays On

*Law360, New York (April 5, 2016, 10:50 AM ET) --*

During performances, Portland-based dance-rock band The Slants sing “I Wanna Break You Down,” which is an apt metaphor for the band’s legal battle to strike down the ban on disparaging trademarks. The band, whose member musicians are of Asian-American descent, chose its name specifically because of its use as a slur against people of Asian descent, in order to “weigh in on cultural and political discussions about race and society” and to “reclaim and take ownership of Asian stereotypes.” After their application to register the trademark The Slants for “Entertainment, namely, live performances by a musical band” was refused for being disparaging to Asian-Americans pursuant to Section 2(a) of the Lanham Act, the stage was set for a lively “show” that continues to play out.



Paul D. Popeo

Here’s what the dance card looks like so far.

On Dec. 22, 2015, the en banc Federal Circuit departed from long-standing precedent to strike down the ban on disparaging trademarks from Section 2(a) of the Lanham Act as an unconstitutional discrimination against unpopular speech under the First Amendment. The 9-3 *In re Tam* decision evoked the “bedrock principle underlying the First Amendment that the government may not penalize private speech merely because it disapproves of the message it conveys.” The Federal Circuit vacated the holding of the Trademark Trial and Appeal Board that the mark was unregistrable under Section 2(a) and remanded to the board for further proceedings.



Irina Oberman Khagi

After the Federal Circuit issued its formal mandate to the U.S. Patent and Trademark Office on Feb. 12, 2016, the USPTO stated that it would not immediately issue marks formerly considered “disparaging” but instead “suspended” consideration of them while seeking extension for seeking review by the U.S. Supreme Court. On March 15, 2016, Simon Shiao Tam — the bassist and front man for The Slants — filed a petition for a writ of mandamus to order the USPTO to publish his application for the mark The Slants and otherwise process his application without regard to the disparagement bar. The same day, the Federal Circuit ordered the USPTO to respond to the petition no later than March 23, 2016.

On March 24, 2016, the USPTO responded by noting that the court’s mandate did not require the USPTO to publish the application or issue a registration certificate “on any particular timetable” or to take “any particular action on remand, much less direct the agency to issue a registration certificate to Tam before the completion of any Supreme Court review” of the Federal Circuit’s decision. The USPTO noted that

their policy of suspending action until the conclusion of any Supreme Court proceedings is consistent with “longstanding USPTO practice.” On March 30, 2016, the Federal Circuit denied Tam’s petition for a writ of mandamus, effectively allowing the USPTO to suspend the matter pending possible further proceedings in the Supreme Court. *In re Tam*, 16-121, D.I. 17. The Supreme Court has granted the USPTO an extension for time within which to file a writ of certiorari until April 20, 2016.

Here’s the story, told through The Slants songs.

### **"Find What’s Right"**

Section 2(a) of the Lanham Act bars the registration of marks that “consist[] of or comprise[] immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute.” To determine if a mark is disparaging under Section 2(a), a trademark examiner considers: (1) the likely meaning of the mark, and (2) if that meaning is found to refer to persons, whether that meaning may be disparaging to a “substantial composite” of the referenced group.

The en banc Federal Circuit analyzed the constitutionality of Section 2(a)’s disparagement provision under two levels of review: The strict scrutiny standard used to review restrictions on exclusively expressive speech (which the Federal Circuit found applied to the provision) and the intermediate scrutiny standard applied to restrictions on commercial speech. Strict scrutiny is used to review any governmental regulation that burdens speech based on disapproval of the message conveyed. The Federal Circuit found that the disparagement provision not only discriminates on the basis of content (because it applies to particular speech based on the content discussed), but also discriminates on the basis of viewpoint, because the USPTO rejects marks that it finds refer to a group in a negative way, but permits registration when it judges the proposed mark refers to a group in a positive, nondisparaging way. Viewpoint-based regulation is the most constitutionally suspect of all speech restrictions.

Nor could Section 2(a) be saved under the more lenient intermediate scrutiny reserved for exclusively commercial speech. The court rejected the government’s proffered interests in regulating trademarks as commercial speech, finding they all “boil down to permitting the government to burden speech it finds offensive.” It concluded that the government’s asserted interest in racial tolerance falls severely short of the intermediate scrutiny standard by pointing out that Section 2(a) certainly does not “directly advance” the interest of racial tolerance when disparaging speech “abounds” on the internet, in books and in songs which themselves bear government registered copyrights. In addition, the potency of Section 2(a) in the face of vast racial intolerance is further undermined to the extent the government suggested that the denial of registration has no meaningful effect on the use of disparaging marks in commerce.

In reality, applicants who are denied registration under Section 2(a) often abandon the refused mark and file a new (different) application. The court recognized that while a trademark owner may use its mark in commerce even after refusal of federal registration, it is clear that registration “bestows truly significant and financially valuable benefits upon markholders.” A sample of the benefits that registration bestows include (1) the right to exclusive nationwide use of the mark where there was no prior use by others; (2) prima facie evidence of validity, ownership, and exclusive use; (3) incontestability (with certain exceptions) after five years of contiguous post-registration use; (4) the right to sue in federal court to enforce the trademark, and to recover treble damages if the infringement was willful; (5) the assistance of U.S. Customs and Border Protection in restricting importation of infringing or counterfeit goods; and (6) a complete defense to state or common law claims of trademark dilution.

## **"Unconventional Ways"**

Section 2(a), by its terms, extends the ban on registration to marks that “may disparage.” The Federal Circuit explained that if an examiner makes a prima facie showing that a “substantial composite,” not necessarily a majority, of the referenced group would find the proposed mark disparaging, then the burden shifts to the applicant for rebuttal. If the applicant fails to rebut the prima facie case of disparagement, the examiner refuses to register the mark, without taking any further steps to ensure the provision is applied fairly and consistently across the agency and for all applicants. Not surprising, inconsistency can be readily identified in the USPTO’s record of trademark registrations. For instance, the USPTO denied the mark "Have You Heard Satan Is A Republican" because it disparaged the Republican Party, but did not find the mark "The Devil Is A Democrat" disparaging. The USPTO registered the mark "Fagdog" three times, but refused it twice, at least once as disparaging.

The Federal Circuit observed further that the uncertainty of the statute on its face and as applied by the USPTO implicates the First Amendment through the overbreadth doctrine, and the Fifth Amendment through the vagueness doctrine. However, the Federal Circuit did not make a holding in this area, acknowledging that the uncertainty of the provision only applies to the extent that it “contributes significantly to the chilling effect on speech” under the unconstitutional conditions doctrine. On the other hand, Judge Kathleen O’Malley’s concurring opinion found the disparagement provision of Section 2(a) unconstitutionally vague under the Fifth Amendment on due process grounds.

## **"I Want Everything"**

While the decision seems likely headed to the Supreme Court for a “last dance,” for now the Federal Circuit has paved the way for trademark applicants to register marks that might otherwise have run the risk of being found — even far after the time the application is filed — to be disparaging. Even if the USPTO is not ready to be issuing registrations on trademarks it finds disparaging, the Federal Circuit was very clear that the standards for determining whether a mark “may disparage” a certain group were arbitrary and uncertain “given the subjective reaction element and shifting usages in different parts of society.”

It now appears that, when registering for a trademark, applicants and attorneys advising them need not worry whether a seemingly innocent mark — such as one based on geographical location that may potentially disparage (i.e., Squaw Valley) — might be unregistrable under the disparagement bar of Section 2(a). The likely result will be a rise in applications for marks formerly found to be disparaging, such as the "Redskins," though the Eastern District of Virginia has held that mark to be unregistrable under the disparagement bar of Section 2(a). See *Pro Football Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va. 2015). That case is currently on appeal in the Fourth Circuit.

The decision also opens the door for the future removal of additional obstacles to registration or potential grounds for cancellation of issued marks. Section 2(a) is not limited to a ban on disparaging marks; it also bars the USPTO from registering immoral and scandalous marks. The Federal Circuit tipped its hand to future challenges to the constitutionality of these portions of Section 2(a) when it explicitly recognized that “other portions of § 2 may likewise constitute government regulation of expression based on message, such as the exclusions of immoral or scandalous marks.” Without question, the stage is set for spirited challenges to these provisions, as the free speech arguments mounted to invalidate the disparagement provision apply equally to the government’s regulation of immoral and scandalous speech.

—By Paul D. Popeo and Irina Oberman Khagi, Choate Hall & Stewart LLP

*Paul Popeo is a partner at Choate in Boston and co-leader of the firm's trade secret group. Irina Oberman Khagi is an associate at the firm.*

*The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

---

All Content © 2003-2016, Portfolio Media, Inc.