

**Keywords:** trademarks, registration, 15 U.S.C. § 1052(a), disparagement, viewpoint, offensive, commerce, commercial speech, federal government, monuments, suppress, regulation, consumers, funds, ethnic group, government-speech

*Matal, Interim Director, United States Patent and Trademark Office v. Tam*

U.S. Supreme Court

Case Nos. 15-1293

Decided June 19, 2017

**I. Facts**

Simon Tam, the lead singer of the rock group “The Slants”, sought federal trademark registration of “THE SLANTS” in 2011. He chose the band name in order to “reclaim” and “take ownership” of the term in order to drain its denigrating force as a derogatory term for Asian persons. The Patent and Trademark Office (PTO) denied the application under 15 U.S.C. § 1052(a), a Lanham Act provision prohibiting the registration of trademarks that may “disparage . . . or bring into contemp[t] or disrepute” any “persons, living or dead, institutions, beliefs, or national symbols.” This provision is termed “the disparagement clause” and it appeared in the original Lanham Act made effective in 1946.

The examining attorney at the PTO determined that the mark was disparaging and rejected the request for federal registration of “THE SLANTS” by applying a “two-part test” outlined in the Trademark Manual of Examining Procedure. The examiner is first to consider “the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services.” If the meaning of the mark refers to identifiable persons, the examiner moves to the second step, asking “whether that meaning may be disparaging to a substantial composite of the referenced group.” If the examiner finds that a substantial composite of the referenced group would find the proposed mark disparaging, a prima facie case of disparagement is made and the burden shifts to the applicant to prove that the mark is not disparaging.

The examiner determined that there is a substantial composite of persons who find the term “THE SLANTS” offensive relying on dictionary definitions that define “Slants” as a derogatory term for Asian persons.

Tam contested the denial of registration through the administrative appeals process by contesting the denial before the examining attorney and before the PTO’s Trademark Trial and Appeal Board (TTAB) but was unsuccessful. Tam took the case to Federal court, where the en banc Federal Circuit ultimately found the disparagement clause facially unconstitutional under the Free Speech Clause of the First Amendment. The majority found that the clause engages in viewpoint-based discrimination, it regulates the expressive component of trademarks and it cannot satisfy strict scrutiny to which it is subject. The government filed a petition for certiorari which the Supreme Court granted.

## II. Issue

Did the Federal Circuit err in determining that the disparagement clause is facially invalid under the Free Speech Clause of the First Amendment?

## III. Discussion

### ***The disparagement clause does apply to marks that disparage racial or ethnic groups.***

The disparagement clause prohibits registration of marks that disparage “persons.” Tam claims in his brief responding to the government’s petition for certiorari that the term “persons” does not include racial groups. In an effort to avoid adjudicating the constitutional question, the Supreme Court analyzed Tam’s argument about the definition of “persons” in the Lanham Act.

Tam advances a textual argument that the Lanham Act definition of a “person” includes only “natural and juristic persons,” and not non-juristic entities like racial groups. Per Tam’s argument, those groups consist of several natural persons and the members of these groups are not “persons” under the disparagement clause. He also contends that his interpretation of the disparagement clause is supported by the PTO’s history of registering marks that plainly denigrated African Americans and Native Americans. The Court refutes these arguments by establishing the following:

(1) Congress uses the phrase “a particular living individual” in a neighboring Lanham Act clause making it clear that Tam’s definition of “person” is not the same as Congress’s intentional definition.

(2) Tam’s narrow interpretation of “persons” negates the breadth of the disparagement clause which applies not just to “persons,” but also to “institutions” and “beliefs.”

(3) The practices of the PTO in the years following the passage of the Lanham Act are unenlightening as they are likely attributable not to the acceptance of Tam’s interpretation of the disparagement clause but to the regrettable attitudes of the time period.

### ***Trademarks are private speech, not government speech.***

The First Amendment prohibits the government from “abridging the freedom of speech.” The government may not suppress speech based on disapproval of the ideas or perspectives the speech conveys. The Free Speech Clause does not regulate the federal government and as such, the government’s own speech is exempt from First Amendment scrutiny. The First Amendment does not require the government to maintain viewpoint neutrality when it speaks.

The government argues that when the government grants a trademark, the expression can be passed off as government speech. From the government’s perspective, it should be at liberty to reject a trademark which expresses a disfavored viewpoint because it is not required to maintain viewpoint neutrality. The Court rejects this argument on the following grounds:

(1) If private speech became government speech by simply affixing a trademark, the government could silence the expression of any disfavored viewpoint. This would effectively negate the First Amendment.

(2) The Federal Government plays no part in the creation of trademarked expressions.

(3) The PTO makes clear that registration does not constitute the approval of a mark.

***Trademark is completely distinguishable from subsidized-speech programs.***

The Court has upheld the constitutionality of government programs that subsidize speech expressing a particular viewpoint (e.g. government funding of family planning programs). The government is not required to subsidize activities that it does not wish to promote. The government argues that the constitution does not prohibit it from denying the benefit of trademark registration when the expression is one that it does not support.

The Court makes clear that the federal registration of a trademark is nothing like the programs at issue in subsidized speech cases. The PTO does not provide money to parties seeking registration of a mark – the applicant instead pays the PTO. This is not a subsidized-speech program.

***The disparagement clause is not constitutional under a “government-program” doctrine.***

The government cites two cases in which the Court upheld laws that conferred very valuable benefits to entities because it was thought that this arrangement served important government interest. The Court held in both cases that the government was permitted to confer a substantial non-cash benefit for the purpose that they desired to promote but it did not have to provide a similar benefit for the purpose of furthering other activities. The Court determined that these cases are analogous to subsidized-speech programs and determined that these do not form a basis to allow the refusal of trademark registration under the disparagement clause.

***Although the disparagement clause is subject to strict scrutiny, it would fail an intermediate scrutiny test.***

The government contended that trademarks should be considered “commercial speech” because the central purpose of trademarks are commercial and federal law regulates trademarks to promote fair and orderly interstate commerce. Commercial speech is subject to relaxed scrutiny. Tam argues that trademarks typically have an expressive component – their primary purpose is to identify the source of the product but they usually go on to say something more about the product or a broader issue.

The Court decided that it need not resolve this debate because the disparagement clause cannot withstand the relaxed scrutiny test, the Central Hudson test. Under this test, the restriction of speech must serve “a substantial interest” and be “narrowly drawn.” The government’s interest in preventing underrepresented groups from being bombarded with demeaning messages in commercial advertising is substantial. The government’s interest in protecting the flow of commerce is also substantial. The disparagement clause fails the Central Hudson test because it is not “narrowly drawn” to drive out trademarks that support invidious discrimination. The disparagement clause reaches any trademark that disparages any person and it is not an anti-discrimination clause. Thus, since the disparagement clause fails the relaxed scrutiny test, the Court declined to determine whether trademarks are commercial speech.

#### **IV. Conclusion**

The Court ruled that the disparagement clause violates the Free Speech Clause of the First Amendment and affirmed the judgment of the Federal Circuit.