


**PRACTICE FOCUS / INTELLECTUAL PROPERTY**


## What's In a Name? The Ban on Registering Disparaging Trademarks is Struck Down as Violating Free Speech

Commentary by Josh E. Saltz



For decades, the Lanham Act has prohibited the registration of “immoral, scandalous and disparaging” trademarks. Marks such as MORMON WHISKEY (water treatment & distribution) and BULLS\*\*T (beverages) have been refused registration based on one or more of these grounds. And one of the most well-known disparagement cases is now working its way through the courts: Pro Football, Inc. is appealing the cancellation of its Washington

REDSKINS trademark registrations, found to be disparaging to Native Americans.

While adopting an immoral, scandalous or disparaging mark may fail the test of political correctness, if not good taste, courts are revisiting whether the ban against the registration of such marks can survive First Amendment scrutiny. Leading the pack is *In re Simon Shiao TAM*, Case No. No. 2014–1203 (Fed. Cir. December 22, 2015), where the trademark applicant sought to register the mark THE SLANTS to identify a rock band composed of Asian musicians. The applicant had adopted the name to “reclaim” and “take ownership” of Asian stereotypes, but the U.S. Patent and Trademark Office refused registration, finding that the mark disparages persons of Asian descent.

Hearing the appeal, en banc, the Federal Circuit struck down the Lanham Act’s disparagement provision as violating the applicant’s First Amendment free speech rights. The court held that the provision imposed a content-based restriction on private speech – a restriction which is presumptively unconstitutional. To avoid violating the First Amendment, a content-based provision must pass “strict scrutiny,” meaning the government must prove that the law is narrowly tailored to serve a compelling state interest and it must use the least restrictive means for achieving that interest. The Federal Circuit held that the Lanham Act’s disparagement provision could not pass this high standard.

Anticipating this finding, the government did not even argue that the provision could satisfy the strict scrutiny standard, but instead argued that the provision does not implicate any First Amendment rights in the first place.

First, the government argued that the provision does not prohibit free speech since a person can freely adopt and use a disparaging trademark without a federal registration. But the court rejected this argument, finding that federal registration grants significant additional rights and remedies to a trademark holder such that the denial of these benefits would have a chilling effect on free speech.

Second, the government argued that trademark registrations represented a form of “government speech” because the government authorizes the trademark holder to use the ® symbol, issues a certificate of registration, and places the mark on the Principal Register. The court, however,

found this argument meritless because the logical extension of the government’s argument would enable it to prevent the registration of copyrightable works it likewise deems offensive—censorship unquestionably inconsistent with the First Amendment.

Finally, the government argued that by granting trademark registrations the government was providing a type of government subsidy which the government could properly withhold. But the court summarily rejected this argument as contrary to the unconstitutional conditions doctrine, which prohibits the government from denying benefits which would impair or limit constitutionally-protected rights.

The court distinguished *Walker v. Texas Division, Sons of Confederate Veterans, Inc.*, 135 S.Ct. 2239 (2015), where the Supreme Court held that the State of Texas did not violate First Amendment rights by rejecting a non-profit group’s request for the state to issue a specialty license plate bearing a Confederate flag design. The Supreme Court held that such license plate messages represented government speech – in this case a message from the State of Texas – and thus the state’s restrictions on license plate messages did not implicate individual free speech rights.

In contrast, the Federal Circuit held that the public associates the message of a trademark with the holder of the trademark registration, and not with the government. Consequently, when the government registers a trademark, it merely conveys information that the mark was registered -- without endorsing the message -- and thus does not engage in government speech.

The constitutional question raised by the Federal Circuit in THE SLANTS case will likely have sweeping consequences. Although the Fourth Circuit Court of Appeals, where the Washington REDSKINS case is pending, is not bound by the Federal Circuit’s ruling, if it ultimately agrees with the Federal Circuit’s reasoning, and reverses the cancellation of the REDSKINS marks, then the “disparagement” portion of the Lanham Act will likely be constitutionally doomed. On the other hand, if the Fourth Circuit upholds the cancellation, then the resulting conflict between the two circuit courts could well prompt review by the United States Supreme Court.

The Federal Circuit’s decision did not address, however, whether the Lanham Act’s other prohibitions against the registration of “immoral” and “scandalous” trademarks are likewise unconstitutional. Nonetheless, the logic of the decision directly calls into question the constitutionality of these prohibitions as well -- thus opening the door to further First Amendment challenges in the future where such marks are denied registration.

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