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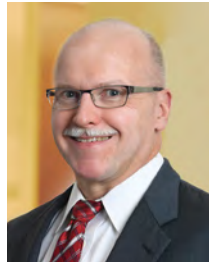
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U.S. Constitutionality of Section 2(a) of the Lanham (Trademark) Act

By Steven E. Warner & Kathryn E. Easterling

On December 22, 2015, an en banc panel of the U.S. Court of Appeals for the Federal Circuit ruled that Section 2(a) of the Lanham Act (“Section 2(a)”), which states that a U.S. trademark may be refused registration on the principal register if it “consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage...” is unconstitutional under the First Amendment of the U.S. Constitution. This decision provided a significant development in the ongoing debate about the role of Section 2(a) in U.S. trademark law.

In re Tam¹

In 2011, Simon Tam, founder of Asian-American dance-rock band “The Slants”, filed a U.S. trademark application to register the band name, citing adoption of the mark as a way “to ‘reclaim’ and ‘take ownership’ of Asian stereotypes”. The U.S. Patent and Trademark Office (“PTO”) Examining Attorney refused to register the mark, finding the term to be disparaging to a “substantial composite of persons of Asian descent” despite Tam’s intentions. Tam appealed to the Trademark Trial and Appeal Board (“TTAB”) of the PTO, and then to a Federal Circuit panel, both of which upheld the Examining Attorney’s rejection. In April of

2015, the Federal Circuit sua sponte ordered an en banc rehearing on whether Section 2(a) violates the Constitution’s First Amendment.

The Federal Circuit en banc found Section 2(a) to be unconstitutional, as it could not survive the test of strict scrutiny used to review government regulations that affect private speech. In its decision, the court noted that Section 2(a) is neither content nor viewpoint neutral. By allowing the PTO to choose what marks it deems disparaging, Section 2(a) was found to discriminate both based on topic and message conveyed. The court further noted that trademarks contain an expressive aspect that elevates their function above the purely commercial, and condoning refusal of trademark registration based on personal judgment of expressive content makes Section 2(a) invalid on its face as discriminatory.

The Federal Circuit rejected the government’s argument that Section 2(a) does not prohibit speech, and thus does not implicate the First Amendment. The court reasoned that denial of the benefits conferred by trademark registration may potentially deter applicants from applying for trademark protection due to a concern that their mark will be rejected as “dispar-



aging”, thereby curtailing an aspect of speech. The government’s attempt to analogize trademark registration to government speech likewise fell short, as the court countered with the example of copyright registration, noting that the government is not permitted to censor what work can and cannot be copyrighted based on what is deemed to be “immoral, scandalous, or disparaging” content.

The government also argued that rejecting a trademark registration under Section 2(a) merely constitutes withholding a government subsidy, and thus is exempt from the purview of strict scrutiny. The Federal Circuit disagreed. While the government does have broad discretion on how it appropriates funds for programs

arising out of the Spending Clause of the Constitution, “Congress does not have the authority to attach ‘conditions that seek to leverage funding to regulate speech outside the contours of the program itself’”. Trademark registration – which arises under the Commerce Clause – does not qualify as a subsidy program “through which the government is seeking to get its message out through recipients of funding”.

Finally, the Federal Circuit noted that Section 2(a) would still not survive if analysed under the less-burdensome test of intermediate scrutiny, because the interest of the PTO in justifying Section 2(a) essentially amounted to “permitting the government to burden speech it finds offensive”.

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Moreover, in March 2016, the Commissioner of Trademarks issued an informal directive asking trademark Examining Attorneys to “suspend” all registrations for potentially “disparaging” marks until the Supreme Court issues its decision in *Tam*.
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Pro Football

Section 2(a) is also at issue in a concurrent high-profile case, *Pro-Football v. Blackhorse*,² which involves registered trademarks for the NFL team The Washington Redskins. The current *Pro-Football* case follows a previous case involving Redskins trademarks, *Pro-Football v. Harjo*,³ which ran for nearly a decade and ended with the District Court of D.C. finding no disparagement.⁴

In the current case, the TTAB (in June of 2014) decided to cancel six of the Redskins’ U.S. trademark registrations, finding that a substantial portion of the Native American population found them offensive. *Pro-Football* appealed the TTAB’s decision to the Eastern District of Virginia (“EDVA”), where a district judge affirmed the cancellation, finding the marks to “bring Native Americans into ‘contempt and disrepute’” and thus to be unregistrable under Section 2(a). On the issue of constitutionality, the EDVA proclaimed Section 2(a) to be constitutional, reasoning that federally registered trademarks constitute government speech and can thus be regulated.

Conflict

The Federal Circuit’s ruling in *Tam* is dissonant with the district court’s ruling in *Pro-Football*,

as each court had a different view on whether trademarks constitute government speech. Interestingly, both the EDVA and the Federal Circuit relied upon the *Walker v. Texas Division*⁵ case in their analyses, but each came to a different conclusion. In *Walker*, the Supreme Court found that specialty license plates constituted government speech, as these license plates “long have communicated messages from the States”. The Federal Circuit used *Walker* to distinguish trademark registrations from other government speech, stating that the only message conveyed by trademark registration is that the mark is registered, and there was “simply no meaningful basis” for associating private trademarks with the government. Conversely, the EDVA analogized *Walker* to trademark registration, finding that placing the “®” used to denote a federally registered mark next to a trademark transformed the mark into government speech. These two different interpretations ultimately led to differing views on the constitutionality of Section 2(a).

Future Developments

Both the PTO in *Tam*, and *Pro-Football* in *Pro-Football* petitioned for writs of certiorari to the Supreme Court.⁶ In September 2016, the Supreme Court granted certiorari to *In re Tam*, but denied *Pro-Football*’s request, sending them back to the Fourth Circuit. Interestingly, *Tam*’s

responsive brief to the PTO’s petition agreed that certiorari should be granted, and expanded the question to be presented to the Supreme Court to include a point only previously indicated in a two-judge concurring opinion in the Federal Circuit’s *Tam* decision: whether Section 2(a) is unconstitutionally vague under the First and Fifth Amendments.⁷ The Supreme Court will hear oral arguments in *Lee v. Tam* on January 18, 2017.

Trademark registrants and the PTO alike will appreciate clarity from the Supreme Court on Section 2(a). The Federal Circuit’s ruling of unconstitutionality is not binding on the Fourth Circuit in *Pro-Football*, as the two courts are “sister courts”. Moreover, in March 2016, the Commissioner of Trademarks issued an informal directive asking trademark Examining Attorneys to “suspend” all registrations for potentially “disparaging” marks until the Supreme Court issues its decision in *Tam*.⁸ Until the Supreme Court provides guidance, governing bodies remain divided on the constitutionality and application of Section 2(a).

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1. *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).
2. *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va. 2015).
3. *Pro-Football, Inc. v. Harjo*, 567 F. Supp. 2d 46 (D. D.C. 2008).
4. The court only analyzed disparagement from the time of registration in 1967 until 1990.
5. *Walker v. Texas Div., Sons of Confederate Veterans, Inc.*, 135 S. Ct. 2239 (2015).
6. *Pro-Football*’s writ of certiorari looked to bypass the Fourth Circuit and obtain review directly from the Supreme Court.
7. Dennis Crouch, *Lee v. Tam: Supreme Court Takes on the Slants*, PATENTLYO (Sept. 29, 2016) <http://patentlyo.com/patent/2016/09/supreme-takes-slants.html>.
8. Ronald Abrams, *Offensive Trademark Applications Suspended by USPTO Until Supremes Rule on In re Tam*, IP WATCHDOG (March 3, 2016) <http://www.ipwatchdog.com/2016/03/03/offensive-trademark-applications-suspended-by-uspto/id=66682/>.