Simpson Thacher

Memorandum

Supreme Court's Playlist Features 'The Slants': Lanham Act Ban on Registering Disparaging Trademarks Held Unconstitutional

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On June 19, 2017, in *Matal v. Tam*, the U.S. Supreme Court unanimously struck down a provision of the Lanham Act that prohibits federal registration of trademarks that "disparage . . . any "persons, living or dead." 15 U.S.C. § 1052(a). The Asian-American rock band "The Slants" brought the case after it attempted to register its name as a trademark, but was rebuffed by the U.S. Patent and Trademark Office, which determined that the claimed mark was disparaging to Asian-Americans.

Why the Case Matters

The Supreme Court made clear that the Constitution's free speech guarantee governs trademark law, striking down the Lanham Act's prohibition on "disparaging" trademarks as facially invalid under the First Amendment. The central question now is how far First Amendment regulation of trademark law will go. Will dilution law – especially the tarnishment variant – be the next feature of the Lanham Act to be subjected to First Amendment scrutiny? Meanwhile, although some commentators have suggested that the *Tam* decision will lead to a flood of applications to register racially offensive marks, that seems unlikely, as racially offensive terms should have limited market appeal. However, for marks that might be generally offensive, we note that dozens of applications are currently pending to register marks with a word that was traditionally banned on network television.[1]

In any event, the Court has made it clear that the USPTO cannot deny registration to otherwise registrable subject matter based on the agency's view that the claimed mark is offensive. Further, the Court's holding is almost certainly not limited to "disparaging" marks. The same Lanham Act section, 15 U.S.C. § 1052(a), also prohibits registration of trademarks that are "immoral" or "scandalous". Under *Tam*, one would expect the

[1] Currently, 147 live applications exist that contain at least one of comedian George Carlin's famous seven words that can't be said on television (https://en.wikipedia.org/wiki/Seven_dirty_words).

Court to strike down any future USPTO rejections of trademark registrations on those grounds as well. (Section 1052(a) also bars registration of "deceptive" trademarks, but the Court's opinion does not reasonably support striking down this prohibition.)

Tam also continues a trend of the Supreme Court's erasing what it perceives as special rules that have developed in the intellectual property context – that is, instances in which well-established legal rules are altered or omitted altogether in the development of intellectual property doctrine.[2] Here, the "special rule" was a provision in the Lanham Act that permitted the USPTO to grant or deny registration based on its perception of the content or viewpoint embodied in the mark. Outside the trademark context, such a power to discriminate would be readily recognized as a First Amendment violation, and the Court has made clear that trademark law does not receive special treatment, but rather that the standard First Amendment safeguards apply. Meanwhile, the *Tam* decision likely determines the outcome of another on-going trademark battle involving the famous "Washington Redskins" NFL team. The team, whose nearly 60-year-old registered mark had been cancelled by the PTO as disparaging, had challenged the cancellation in court, and that case was stayed pending the *Tam* decision.

Case History and Analysis

The lead singer of The Slants, Simon Tam, claims that he chose the band's name to "reclaim" or "take ownership" of stereotypes about people of Asian ethnicity. *Matal v. Tam*, 582 U. S. _____ (2017) slip op. at 7, available at https://www.supremecourt.gov/opinions/16pdf/15-1293_1013.pdf. The USPTO nonetheless refused to register the band's name as a trademark, citing 15 USC 1052(a), which prohibits registration of a trademark "which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." Tam appealed the rejection to the USPTO's Trademark Trial and Appeal Board and then to the Federal Circuit, which ruled first *per curiam* and then *en banc* in his favor.

As the Supreme Court noted, the USPTO rejection would not stop Tam from using "The Slants" as a band name. The rejection meant only that the name would not have the additional benefits conferred by federal registration, namely: (i) constructive notice of the registrant's ownership claim; (ii) *prima facie* evidence of the mark's validity; and (iii) the power to block infringing imports at the border. Many trademark owners, upon receiving a substantive USPTO objection to registration, elect to use their mark on an unregistered basis, to avoid the time and expense of further challenging the USPTO. Tam's case took seven years from his initial USPTO rejection until this holding.

The Court's opinion contains strong language supporting free speech. The Court concluded that the disparagement clause of the Lanham Act "offends a bedrock First Amendment principle: Speech may not be

[2] As bookends for this trend, *see eBay v. MercExchange*, 547 U.S. 388 (2006) (rejecting special standard for injunctive relief in patent cases) and *TC Heartland LLC v. Kraft Food Groups LLC*, 137 S. Ct. 1514 (2017) (rejecting the Federal Circuit's formulation of a special reading of the patent venue statute).

banned on the ground that it expresses ideas that offend." *Tam*, slip op. at 1-2. The Court also rejected the argument that the USPTO's registration practices are government speech, which lies beyond First Amendment review.

Finally, the Court left for another day the question of whether trademarks should be deemed "commercial speech," which faces a lower standard of First Amendment scrutiny. The Court declined to answer the question, but all justices agreed that § 1052(a) violated the First Amendment even if trademarks were viewed as commercial speech.

For further information about this decision, please contact one of the following members of the Firm's Litigation Department.

NEW YORK CITY

Lori E. Lesser
+1-212-455-3393
llesser@stblaw.com

Noah M. Leibowitz
+1-212-455-3098
nleibowitz@stblaw.com

Christopher Jon Sprigman
+1-212-455-7844
christopher.sprigman@stblaw.com

PALO ALTO

Harrison J. (Buzz) Frahn
+1-650-251-5065
hfrahn@stblaw.com

Jeffrey Eric Ostrow
+1-650-251-5030
jostrow@stblaw.com

Marcela Robledo
+1-650-251-5027
mrobledo@stblaw.com

Simpson Thacher Worldwide

UNITED STATES

New York
425 Lexington Avenue
New York, NY 10017
+1-212-455-2000

Houston
600 Travis Street, Suite 5400
Houston, TX 77002
+1-713-821-5650

Los Angeles
1999 Avenue of the Stars
Los Angeles, CA 90067
+1-310-407-7500

Palo Alto
2475 Hanover Street
Palo Alto, CA 94304
+1-650-251-5000

Washington, D.C.
900 G Street, NW
Washington, D.C. 20001
+1-202-636-5500

EUROPE

London
CityPoint
One Ropemaker Street
London EC2Y 9HU
England
+44-(0)20-7275-6500

ASIA

Beijing
3901 China World Tower
1 Jian Guo Men Wai Avenue
Beijing 100004
China
+86-10-5965-2999

Hong Kong
ICBC Tower
3 Garden Road, Central
Hong Kong
+852-2514-7600

Seoul
25th Floor, West Tower
Mirae Asset Center 1
26 Eulji-ro 5-Gil, Jung-Gu
Seoul 100-210
Korea
+82-2-6030-3800

Tokyo
Ark Hills Sengokuyama Mori Tower
9-10, Roppongi 1-Chome
Minato-Ku, Tokyo 106-0032
Japan
+81-3-5562-6200

SOUTH AMERICA

São Paulo
Av. Presidente Juscelino
Kubitschek, 1455
São Paulo, SP 04543-011
Brazil
+55-11-3546-1000