

# Will anyone be offended if the Supreme Court finds the disparagement provision of the Lanham Act invalid?

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## Breaking News!

### What happened?

Yesterday, the Supreme Court of the United States announced that it has granted certiorari in Lee v. Tam, a case closely followed by trademark law gurus. Lee is before the Court after the United States Court of Appeals for the Federal Circuit reversed the Trademark Trial and Appeal Board's ("Appeal Board") and the U.S. Patent and Trademark Office's ("USPTO") decisions denying a

trademark registration based on a provision of the federal law that regulates trademarks, the Lanham Act (the "Act"). Lee has attracted attention for a number of reasons, but first and foremost is interest in the USPTO's justification for refusing to grant the trademark registration.

The facts in Lee are that in 2011 a band that promotes itself as "Chinatown Dance Rock," and goes by the name "The Slants," applied for federal registration of their band's name as a trademark. The USPTO refused to register the trademark, and the Appeal Board upheld the denial. The Slants, dissatisfied with the decisions of the USPTO and the Appeal Board, took their case to the appellate court, and it reversed the Appeal Board. The USPTO, unwilling to register the trademark despite the appellate decision, sought review at the Supreme Court. Now, after nearly five years of argument, the band has the opportunity to finally have the matter decided.

### Why wouldn't the USPTO register the trademark?

Federal registration of a trademark - a word or symbol used to distinguish and designate a company or product - has many benefits to its owner. Registration provides notice of ownership (through use of the ® symbol) to those that could develop a competing product or service. Thus, registration discourages others from using confusingly similar names or trademarks.

The USPTO's basis for refusing the registration of the name "The Slants" is a provision in Section 2(a) of the Act, which bars registration to trademarks that "disparage ... persons, institutions, beliefs or national symbols." Trademarks that disparage are listed among trademarks that are "immoral, deceptive, or scandalous" or "falsely suggest a connection with persons, institutions, beliefs, or national symbols."

The Slants are Asian-Americans. The USPTO determined that the disparagement provision in Section 2 of the Act barred federal recognition of the band's trademark because the word "slant" is used as a slang term to disparage a person of Asian birth or descent.

The Slants are not alone in being denied trademark protection based on this disparagement provision. In recent years, for

example, the NFL's Washington Redskins were also stripped of multiple federal registrations on the basis that the term "redskin" is used to disparage Native Americans. Interestingly, Pro-Football, Inc., who owns and operates the Washington Redskins, filed an amicus curiae brief in Lee urging the Court to hear the case.

### **Is it free speech?**

Although the USPTO has established tests for applying "disparage," there continues to be much debate over the provision's application. In its argument to the Appeal Board, The Slants focused upon the subjective nature of the term "disparage." The Slants asserted that their name is not disparaging and because each of the band members is of Asian descent, the name promotes a recapturing of the term to make a statement. As such, it is an exercise of free speech, and therefore the Act's disparagement provision is facially invalid under the Free Speech Clause of the First Amendment of the U. S. Constitution.

The Appeal Board, finding these arguments unpersuasive, held that because the refusal of federal registration does not affect the band's ability to use the name "The Slants," there is no prohibition of free speech. Further, the Appeal Board noted that the application file contained evidence, including quotes from a member of the band, supporting a finding that the term constitutes disparagement. The Appeal Board held that such evidence showed there was no dispute that the term "slant" is a racial slur, and therefore the USPTO properly applied the disparagement provision.

The Slants appealed the Appeal Board's decision. The appellate court disagreed with the Appeal Board's decision, finding that the disparagement provision in the Act is unconstitutional. After the appellate court's decision, the USPTO was unwilling to register the trademark and petitioned the Supreme Court for review.

### **What might happen?**

If the Court agrees with the argument made by The Slants, the Court may find that the language in Section 2(a) of the Act is unconstitutional. The Court could also address all of the Act's bars to registration, but it is more likely that the Court will focus narrowly on only the disparagement provision at issue in Lee.

If the Court does find that the disparagement provision is unconstitutional, such a holding may result in a flood of trademark applications to the USPTO from applicants who earlier believed the disparagement provision precluded registration. On the other hand, the Court could simply reverse the appellate court's decision and let stand the decisions of the USPTO and the Appeal Board, thereby leaving The Slants without federal registration of their name.

### **Why does it matter?**

Because federal trademark registration gives notice of the owner's rights to potential competitors, if someone does try to use the mark or a similar one, the owner can sue in federal court for statutory damages. The registration also provides a legal presumption of ownership in the event of trademark infringement cases. Moreover, a federal registration has international benefits because, as examples, it is a basis for foreign registrations or submission to U.S. Customs and Border Protection to block counterfeit goods.

An owner can invest years and great amounts of money establishing the use of the mark, or name, in commerce and seeking the valuable registration. However, like The Slants, even after such expenditures, if the owner's mark or name expresses a viewpoint that the USPTO considers disparaging, federal registration will be denied. While no one is advocating for disparagement that truly offends, the Court's review of Lee is important to bring clarity to the intersection of trademark law and First Amendment rights.

### **Conclusion**

The Slants intended the use of a term to address a cultural issue and make a statement, not to disparage. Depending upon the outcome in Lee, it will be interesting to see if the USPTO changes its focus when examining an application for registration of a term with more than one meaning. It is possible that the USPTO will shift its emphasis from the mere possibility that the

mark could disparage to a focus on how an applicant uses the mark. On the other hand, trademark law traditionally focuses upon protecting consumers rather than on the intent of trademark owners. So, only the Supreme Court and time will tell if The Slants and others' intended expressions of free speech may be registered.

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