

Supreme Court and Appellate Alert

June 21, 2017

Key Points

- In *Matal v. Tam*, the Supreme Court unanimously held that the “disparagement clause” of 15 U.S.C. § 1052(a), the Lanham Act provision that prohibits federal registration of trademarks disparaging persons, institutions, beliefs or national symbols, is unconstitutional under the First Amendment’s Free Speech Clause.
- The Court held that the disparagement clause involved impermissible viewpoint discrimination against protected private speech.
- The Court held that trademarks were private, not government speech, and did not lose First Amendment protection merely because the government was involved in registering the trademark.



Supreme Court Strikes Down Statute Banning Disparaging Trademarks

On June 19, 2017, the Supreme Court in *Matal v. Tam* unanimously held that a portion of 15 U.S.C. § 1052(a), the Lanham Act provision that prohibits the registration of trademarks that may “disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute” (the “disparagement clause”), is facially unconstitutional under the First Amendment’s Free Speech Clause.

Facts:

Simon Tam, the lead singer of the Asian-American rock band “The Slants,” sought to register the band’s name as a trademark on the Principal Register of trademarks maintained by the United States Patent and Trademark Office (PTO). The examining PTO attorney rejected the application on the ground that it was disparaging to Asian-Americans. Tam unsuccessfully challenged the denial before the PTO’s Trademark Trial and Appeal Board and then in federal court. The en banc Court of Appeals for the Federal Circuit found the disparagement clause facially unconstitutional under the First Amendment’s Free Speech Clause. The Supreme Court affirmed.

Ruling:

Before ruling on whether the disparagement clause violated the First Amendment, the Court rejected Tam’s threshold contention, first raised before the Supreme Court, that the Court need not reach the constitutional issue because the disparagement clause did not prohibit registration of trademarks that disparaged entire racial or ethnic groups, but only trademarks that disparaged individual or legal persons.

The Court held that the plain and broad terms of the disparagement clause showed that Congress intended the clause to apply to racial and ethnic groups, and that it was therefore necessary to analyze whether the clause passed First Amendment muster.

The PTO argued either that the First Amendment did not apply to the disparagement clause or that the clause should be subjected to highly permissive rational-basis review on three grounds: first, that trademarks are government speech, not private speech; second, that trademarks are a form of government subsidy, and the government need not subsidize speech that it does not wish to promote; and third, that the constitutionality of the disparagement clause should be tested under a new “government-program” doctrine.

As to the government’s first argument, all eight participating justices held that the trademarks were private, not government speech, and thus the disparagement clause constituted impermissible viewpoint discrimination in violation of the First Amendment’s Free Speech Clause. Justice Alito (joined by Chief Justice Roberts and Justices Thomas and Breyer) also rejected the government’s second and third arguments. As to the second argument, Justice Alito, noting that the trademark registrant, not the government, had to pay fees for filing and renewal of the trademark, concluded that the intangible non-cash benefit of the registration system did not constitute a government subsidy. As to the third argument, Justice Alito concluded that the case law applicable to special government programs did not apply.

Justice Alito (again joined by Chief Justice Roberts and Justices Thomas and Breyer) also concluded that, even if trademarks were considered commercial speech and thus subject to a more relaxed level of constitutional scrutiny, the disparagement clause was so broad that it did not meet the requirement of being “narrowly drawn.” Given this conclusion, Justice Alito and the three justices who joined this part of his opinion declined to consider whether the court should have applied heightened scrutiny or the lower standard for commercial speech.

Justice Kennedy, joined by three other justices, wrote a separate opinion concurring in part and concurring in the judgment that explained that the First Amendment’s protections against viewpoint discrimination applied to the trademark at issue, and further explained why that rationale rendered unnecessary any extended treatment of other questions raised by the parties. Justice Thomas also concurred separately. Justice Gorsuch took no part in the decision.

Bottom Line:

The Supreme Court’s decision in *Matal* invalidates a provision of the Lanham Act that has been on the statute books since 1946. *Matal* removes any doubt that, while the government remains free to bar confusing or misleading marks, the Lanham Act is subject to the First Amendment and the “government speech” exception to the Free Speech Clause is narrow. In the short term, Section 1052(a)’s additional bar on registration of “immoral” or “scandalous” marks, though not mentioned in the opinion and applied by the USPTO under an analysis different from a disparagement analysis, may be on shaky ground. In the longer term, parties will likely challenge whether other aspects of the Lanham Act, such as its prohibition on marks that tarnish a famous mark, 15 U.S.C. § 1125(c), can survive heightened First

Amendment scrutiny when used in a commercial context. Defendants in trademark suits should thus consider raising First Amendment defenses, particularly when they are using marks in a way that is unlikely to confuse or mislead consumers.

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