

TRADEMARK DISPARAGEMENT CLAUSE VIOLATES THE FIRST AMENDMENT

In a much anticipated decision that examines the intersection of trademark and constitutional law, the U.S. Supreme Court held this week that the disparagement clause of the Lanham Act is unconstitutional as it violates the First Amendment. *Matal v. Tam*, No. 15-1293, 582 U.S. ____ (June 19, 2017).

In this case, Simon Tam, lead singer of the music band “The Slants,” filed a federal trademark application to register the band’s name. “Slants” is a derogatory name used to describe persons of Asian descent, but members of the band, who are Asian-American, sought to “reclaim” the term and “drain its denigrating forces.” The disparagement clause of the Lanham Act, 15 U.S.C. §1052(a), prohibits registration of trademarks that “may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute[.]” Based on this provision, the U.S. Patent and Trademark Office denied the band’s application to register its mark. The band challenged the decision, and the case climbed its way to the Supreme Court.

Before reaching the constitutional issue of whether the disparagement clause violates the First Amendment, the Court first addressed the band’s argument that the clause does not apply to its mark. The band tried to argue that the disparagement clause prohibits registration of marks that disparage “persons” and that it does not reach marks that disparage ethnic or racial groups. The Court rejected this argument and held that the clause’s prohibition also covers “registration of terms that disparage persons who share a common race or ethnicity.”

The Court then turned to the issue of whether the disparagement clause is constitutional. The government argued that the clause is constitutional because (1) trademarks are government speech, (2) trademarks are a form of government subsidy, and (3) the constitutionality of the disparagement clause should be tested under a new ‘government-program’ doctrine.

The Court rejected the contention that trademarks are government speech and recognized the danger of recognizing them as such. The Court noted, “If private speech could be passed off as government speech by simply affixing a government seal of approval, government could silence or muffle the expression of disfavored viewpoints.”

As for the government's argument that trademarks are a form of government subsidy, the Court explained that "just about every government service requires the expenditure of government funds," even police and fire protection. The Court also held that the disparagement clause could not be sustained under the government's proposed "government-program" doctrine.

Finally, the Court addressed the issue of whether trademarks are commercial speech subject to a lesser level of scrutiny under *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n of N.Y.*, 447 U.S. 557 (1980). Under *Central Hudson*, a restriction on speech must serve "a substantial interest" and be "narrowly drawn." The Court held that it did not need to determine whether trademarks are commercial speech because the disparagement clause does not satisfy the requirement of *Central Hudson* that such restrictions be "narrowly drawn".

Citing language from the district court's opinion, the Court explained that the disparagement clause essentially serves to "prevent underrepresented groups' from being 'bombarded with demeaning messages in commercial advertising.'" The Court noted that the issue of preventing speech that expresses offensive ideas "strikes at the heart of the First Amendment." The Court elaborated, "[s]peech that demeans on the basis of race, ethnicity, gender, religion, age, disability, or any other similar ground is hateful; but the proudest boast of our free speech jurisprudence is that we protect the freedom to express 'the thought that we hate.'" (citation omitted)

The Court then addressed the second interest that the disparagement clause purportedly seeks to advance; the orderly flow of commerce. The argument here was that disparaging trademarks are similar to discriminatory conduct, which has adverse effect on commerce. The Court held that the disparagement clause is not "'narrowly drawn' to drive out trademarks that support invidious discrimination." Rather, the Court explained, the clause goes further than is necessary. "The clause reaches any trademark that disparages *any person, group, or institution*. It applies to trademarks like the following: 'Down with racists,' 'Down with sexists,' 'Down with homophobes.' It is not an anti-discrimination clause; it is a happy-talk clause." As such, the disparagement clause did not satisfy the *Central Hudson* requirement, and the Court held that the disparagement clause violates the First Amendment.

This case is important because it represents a significant change in U.S. trademark law, and it affects other well-known trademarks that have received media coverage. Most notably, it has the potential to affect the Washington Redskins' fight against cancellation of a number of its registrations. In fact, Native American organizations had filed an amici brief in support of the government in this case, arguing that the disparagement clause is constitutional.

Please contact us if you have any questions.

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