

MATAL V. TAM:

SUPREME COURT RULES DENYING REGISTRATION OF “DISPARAGING” TRADEMARKS VIOLATES FIRST AMENDMENT

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In a plurality opinion in *Matal v. Tam*, the U.S. Supreme Court affirmed the Federal Circuit and held that the disparagement clause [of 15 U. S. C. § 1052(a)] “violates the Free Speech Clause of the First Amendment.”^[1] Although the Justices did not agree on all aspects, the Court reached a unanimous judgment.^[2] The Court found that § 1052(a) of the Lanham Act constituted viewpoint discrimination and to allow such discrimination amounts to Government censorship.^[3]

Generally, individuals and entities create their own trademarks to allow consumers to identify and distinguish their goods or services from those of their competitors. The Lanham Act specifies the process for federal registration of trademarks, but it also provides certain prohibitions. One of these prohibitions—the disparagement clause—gave rise to the present case.

The case arose when Simon Tam, lead singer of the rock group “The Slants,” sought to register the group’s name as a trademark. Although, “slant” was known as a derogatory term, Tam and his group sought to “reclaim” its use for Asian persons. The United States Patent and Trademark Office (PTO) denied Tam’s application to register “THE SLANTS” under § 1052(a) of the Lanham Act, which prohibits the registration of trademarks that may “disparage . . . or bring . . . into contemp[t] or disrepute” any “persons, living or dead.”^[4] After the Trademark Trial and Appeal Board (TTAB) affirmed the denial of registration, Tam appealed to the United States Court of Appeals for the Federal Circuit. The Federal Circuit held the disparagement clause facially invalid under the Free Speech Clause of the First Amendment.^[5] The Federal Circuit held that § 1052(a) of the Lanham Act “engages in viewpoint-based discrimination,” that it “regulates the expressive component of trademarks and consequently cannot be treated as commercial speech,” and that it “is subject to and cannot satisfy strict scrutiny.”^[6] The PTO petitioned for and was granted certiorari to the Supreme Court.

At the Supreme Court, the PTO presented the following arguments in an effort to support the constitutionality of § 1052(a): (1) trademarks are government speech, not private speech, and (2) trademarks are a form of government subsidy, or (3) the constitutionality of the disparagement clause should be tested under a new ‘government-program’ doctrine.”^[7] After addressing each of the PTO’s arguments, the lead opinion also briefly addressed whether trademarks are commercial speech and thus subject to the relaxed scrutiny in *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm’n of N. Y.*, 447 U. S. 557 (1980).

Government Speech

As part of the unanimous opinion, the Court clarified that “[t]rademarks are private, not government, speech.”^[8] The PTO had asserted trademarks become governmental speech because they are registered by an arm of the Federal Government. By classifying trademarks as government speech, the PTO could more readily regulate content with less fear of encroaching on First Amendment rights. The Court rejected the PTO’s argument, reasoning that the PTO does not create or edit the marks submitted for federal registration. The Court also warned, “[i]f 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.”^[9] The Court further expressed concern that such an approach would permit the Government to lay claim to copyrighted works and thereby remove those from the protections of the First Amendment as well.^[10]

Whether Trademarks Are a Form of Government Subsidy

The lead opinion written by Justice Alito rejected the PTO's attempt to compare the federal registration of trademarks to government subsidies. The PTO relied on several cases where the government provided cash subsidies or an equivalent to various programs that the government supported. The PTO reasoned that registration provides valuable non-monetary benefits that "are directly traceable to the resources devoted by the [PTO]."^[1] This line of reasoning was completely rejected and Justice Alito stated that "[t]he federal registration of a trademark is nothing like the programs at issue in [those] cases. The PTO does not pay money to parties seeking registration of a mark. Quite the contrary is true: An applicant for registration must pay the PTO a filing fee"^[2] The PTO's analogy was not instructive in analyzing the constitutionality of restriction on speech imposed by such services as all government services require spending government funds.^[3]

Evaluation Under a New "Government-Program" Doctrine

Furthermore, the lead opinion was unpersuaded by the PTO's claim that the disparagement clause is constitutional under a new "government-program" doctrine, which effectively merges Supreme Court government-speech cases and subsidy cases. The PTO attempted to merge its government subsidies argument with a special area of First Amendment case law, which allows for some content- and speaker- based restrictions in certain limited public forums. This argument was rejected, because "even in those [special First Amendment] cases, viewpoint discrimination is forbidden."^[4] The PTO's subsidy arguments remained unpersuasive for the same reasons noted above.

Commercial Speech

Finally, the lead opinion also refused to decide whether trademarks are commercial speech and should, therefore, be subject to the relaxed scrutiny in *Central Hudson*.^[5] The disparagement clause could not withstand *Central Hudson* review even if trademarks were commercial speech because the clause is far too broad.^[6] Under *Central Hudson*, a permissible restriction on commercial speech must serve "a substantial interest," and must be "narrowly drawn."^[7] Although the disparagement clause may serve an interest in protecting the sensitivities of "underrepresented groups from being bombarded with demeaning messages in commercial advertising,"^[8] it nevertheless ran directly counter to the First Amendment's purpose—to allow the expression even of "the thought that we hate."^[9] The disparagement clause was also held to be not "narrowly drawn" to protect the specific sensitivities asserted as the justification for the clause, and instead "reaches any trademark that disparages any person, group, or institution"^[10]

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[1] *Matal v. Tam*, No. 15-1293, slip op. at 26 (U.S. June 19, 2017).

[2] Justice Kennedy and Justice Thomas wrote separate opinions, but each reached the same conclusion as Justice Alito.

[3] *Id.* at 6.

[4] *Id.* at 1 (citing 15 U. S. C. §1052(a)).

[5] Slip Op. at 7.

[6] *Id.*; see also *In re Tam*, 808 F.3d 1321, 1334–1339 (Fed. Cir. 2015).

[7] *Id.* at 12.

[8] *Id.* at 18.

[9] *Id.* at 14.

[10] *Id.* at 18.

[11] *Id.* at 19.

[12] *Id.*

[13] *Id.* at 20, 22.

[14] *Id.* at 22.

[15] *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n of N. Y.*, 447 U. S. 557.^[16] *Id.*

[17] *Id.* at 564–565 (internal quotation marks omitted).

[18] Slip Op. at 24.

[19] *United States v. Schwimmer*, 279 U. S. 644, 655 (1929) (Holmes, J., dissenting).

[20] Slip Op. at 25.