

Even Before Slants, Offensive TM Ban Always An Awkward Fit

By **Bill Donahue**

Law360, New York (June 20, 2017, 8:58 PM EDT) -- The U.S. Supreme Court's decision to strike down the federal government's ban on offensive trademark registrations in a case involving rock band The Slants highlights just how little the provision fit into the overall confusion-preventing goals of the Lanham Act — and probably doomed similar rules, experts say.

Siding with the band, a unanimous court **ruled Monday** that the ban — the so-called disparagement clause of the Lanham Act's Section 2a — violated the First Amendment by discriminating against applicants based on speech the government deems offensive. The band's name had previously been rejected as a trademark on the grounds it was disparaging to Asian people.

The decision was also a big victory for the Washington Redskins, which saw their registrations **revoked under the same rule.**

Whether allowing loathsome language onto the federal trademark register is a good thing **depends on whom you ask**; free speech advocates and many trademark attorneys quickly praised the ruling, while other experts lamented the idea of government endorsement of ugly speech.

Love it or hate it, the language and logic of Monday's ruling highlighted the fact that Section 2a has always been an odd fit inside the Lanham Act — a highly subjective rule rooted in far different policy concerns than the statute's core trademark goals of protecting consumers from confusion in the marketplace.

"This decision returns back to the first principles of what trademark law is about," said Eric Ball, a partner with Fenwick & West LLP. "If a person can generate goodwill around a mark by using it as a source identifier in the marketplace, [they have] protectable rights in that mark."

"Babbling Prodigiously and Incoherently"

Though Section 2a had been on the books for more than seven decades, Justice Samuel Alito, writing for the court, thrashed the government's defenses for the disparagement bar.

Much of his opinion focused on the U.S. Patent and Trademark Office's argument that trademark registrations were "government speech," which isn't subject to First Amendment scrutiny. Just like the justices ruled in 2015 that Texas could refuse to issue Confederate flag license plates because the plates were the government's own speech, the agency said it could refuse to register offensive trademarks.

In striking that down, Justice Alito said a ruling to the contrary would constitute "a huge and dangerous extension" of a doctrine that could be used "silence or muffle the expression of disfavored viewpoints."

The problem, he said, is that the USPTO exercises nowhere near enough control over which trademarks it accepts to make the mark government speech. Outside of Section 2a, the Lanham

Act's other reasons for an examiner to refuse to register a trademark are "viewpoint-neutral"; if a mark meets those requirements, "registration is mandatory."

In light of that, Justice Alito wrote, the argument that the government itself is speaking was "far-fetched."

"If the federal registration of a trademark makes the mark government speech, the federal government is babbling prodigiously and incoherently," the justice wrote. "It is saying many unseemly things. It is expressing contradictory views. It is unashamedly endorsing a vast array of commercial products and services. And it is providing Delphic advice to the consuming public."

Justice Alito similarly dispatched the USPTO's argument that it shouldn't be required to subsidize offensive speech with registrations, as well as the argument that it was a "government program" in which some content- and speaker-based restrictions are permitted.

Without those exceptions to the First Amendment, Justice Alito said the government's justifications for Section 2a could not survive free speech scrutiny — even if it were analyzed under the kind of "relaxed scrutiny" applied to commercial speech.

At the high court, the USPTO argued that it had an interest in preventing underrepresented groups from being "bombarded with demeaning messages" in commerce, but Justice Alito said that goal was irreconcilable with free speech.

"No matter how the point is phrased, its unmistakable thrust is this: The government has an interest in preventing speech expressing ideas that offend," the justice wrote. "And, as we have explained, that idea strikes at the heart of the First Amendment."

Sticking closer to the goals of the Lanham Act, the USPTO also argued that it was trying to prevent disparaging language that "disrupted" commerce, but Justice Alito said the rule was far too broad for attacking that target.

"The clause reaches any trademark that disparages any person, group, or institution," the justice wrote. "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."

"Refocusing"

From a trademark law perspective, the language of Monday's decision hammered home how unusual the ban on disparaging subject matter has always been within the context of the Lanham Act.

Outside of Section 2a, the other registration restrictions in the Lanham Act, the ones Justice Alito referred to as "viewpoint-neutral," serve purposes that parallel the purpose of trademark law. They prevent the registration of confusingly similar marks, those that fail to service a source-designating function or those that merely describe goods themselves.

The disparagement bar didn't serve a trademark function like that. There are great arguments to be made that refusing nasty words served certain policy goals, but helping consumers distinguish between different sources of goods and services in the market place isn't one of them.

"Refusing to register a mark that may disparage gets away from protecting consumers and is more along the lines of appeasing sensibilities," said Timothy J. Kelly, a partner with McCarter & English LLP. "I think the court here is helping to refocus on the consumer protecting aspects of the law and getting away from some of these ancillary considerations."

As noted by Justice Alito's line about "babbling prodigiously and incoherently," USPTO trademark examiners have struggled for consistency in answering the subjective, nuanced questions that go into deciding if a mark is disparaging to certain people — questions often layered in complicated considerations of context and history.

Case in point: In a now-famous brief filed in their separate case, the Redskins listed many

offensive registrations that had been allowed, including "Dago Swagg" clothing and "Dumb Blonde" beer, while the team's name had been refused.

Monday's ruling will take those questions away from trademark examiners — leaving them with issues more purely aimed at trademark law — and hand them to consumers, who trademark experts say are well-equipped to reject marks in their own way.

"We're talking about brand names for products and services that you're trying to sell to the public," said Susan Neuberger Weller, the head of the trademark practice at Mintz Levin Cohn Ferris Glovsky and Popeo PC. "If you are using an incredibly offensive and vile name, the market for whatever you're selling is going to be very limited and very brief."

"Immoral and Scandalous"

In the wake of Monday's ruling, the immediate question that came to mind for many trademark attorneys was whether the ruling had also struck down the Lanham Act's other black sheep provision: a ban on registration for "scandalous" and "immoral" subject matter.

The decision did not expressly mention those rules, but its logic and language — particularly that "giving offense" is the kind of viewpoint that the First Amendment is designed to protect — would seem to indicate that they, too, are unconstitutional.

"I think the writing is on the wall for those provisions," said Cynthia Walden, the chair of the trademark practice at Fish & Richardson PC. "They all have the same vague standard. Who decides what's immoral or scandalous? I don't see how they're any different."

The world will not have to wait long for a definitive answer.

The Federal Circuit is currently sitting on the case of Erik Brunetti, who appealed after he was refused a registration on "Fuct" on the grounds that it was scandalous subject matter. The case had been suspended pending the high court's decision, but the appeals court ordered new briefing on Tuesday.

"The briefing shall be limited to the impact of the Supreme Case Court's Tam decision on Mr. Brunetti's case, and in particular whether there is any basis for treating immoral and scandalous marks differently than disparaging marks in light of the Supreme Court's unanimous holding that 'offensive' trademarks cannot be banned," the court said.

Spoiler alert: Though it reserved the right to reverse course, the USPTO **filed a brief last year** saying the Federal Circuit's ruling in the Slants case meant the government had no "reasonable basis" to treat scandalous marks differently than disparaging marks.

"Although a court could draw constitutionally significant distinctions between these two parts of [the Lanham Act], we do not believe, given the breadth of the court's Tam decision and in view of the totality of the court's reasoning there, that there is any longer a reasonable basis in this court's law for treating them differently," the government wrote at the time.

"We do not believe that [the Lanham Act's] prohibition on registration of scandalous and immoral marks can withstand challenge under the current law of this circuit."

--Editing by Philip Shea and Catherine Sum.