

## INTELLECTUAL PROPERTY

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In *Matal v. Tam*, the United States Supreme Court ruled that a trademark is not government speech, even after being registered by the U.S. Patent Office. The disparagement provision of the federal trademark law was held to be an unconstitutional restriction of the Free Speech Clause of the First Amendment.

## Supreme Court Confirms First Amendment Protection of Trademarks

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A California rock band composed of musicians of Asian descent sought a federal trademark registration for its name “The Slants.” The U.S. Trademark Office, however, refused to register the trademark based on the disparagement provision of the federal trademark law, finding that the word “Slants” is offensive to a substantial number of persons of Asian descent.<sup>1</sup> The band appealed the refusal. In a recently issued opinion, the U.S. Supreme Court held that the disparagement provision is an unconstitutional restriction of the Free Speech Clause of the First Amendment.<sup>2</sup> The Court ruled that registration of a trademark sought by a private-sector entity does not constitute government speech and the government cannot refuse to register a trademark merely because some find it offensive.

## Trademarks

A trademark is a word or symbol that is used to identify the source of goods or services. Trademarks assist consumers in making purchasing decisions. For example, Procter & Gamble Company owns the Tide® trademark for laundry detergent.<sup>3</sup> If a consumer is pleased with the quality of Tide® laundry detergent, the consumer can expect the same quality of laundry detergent sold under the Tide® trademark in the future. Trademark rights are acquired through use. In other words, Procter & Gamble Company owned

certain common law trademark rights when it began selling Tide® detergent, even before obtaining a trademark registration.

The Lanham Act is the federal law governing the system for registering trademarks. Only certain trademarks qualify for registration. For example, the Lanham Act prohibits registration of a trademark that is confusingly similar to a previously used trademark owned by another when used in connection with the goods or services.<sup>4</sup>

The disparagement provision at issue for the rock band prohibits registration of any trademark that “may disparage ... persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute.”<sup>5</sup>

## Supreme Court Opinion

The Supreme Court was tasked with determining whether the disparagement provision is an unconstitutional restriction of free speech. The Free Speech Clause of the First Amendment forbids the government from regulating speech in ways that favor some viewpoints or ideas at the expense of others.<sup>6</sup> Government speech, however, is not regulated by the Free Speech Clause.<sup>7</sup>

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<sup>1</sup> *Matal v. Tam*, No. 15-1293, 582 U.S. \_\_\_\_ (June 19, 2017), Opinion of the Court, p. 7.

<sup>2</sup> *Id.*

<sup>3</sup> See, e.g., U.S. Trademark Reg. No. 424,339.

<sup>4</sup> 15 U.S.C. § 1052(d).

<sup>5</sup> 15 U.S.C. § 1052(a).

<sup>6</sup> *Matal*, Opinion of the Court, p. 13.

<sup>7</sup> *Id.*

All justices<sup>8</sup> agreed that trademarks are not government speech.<sup>9</sup> Further, trademarks are not converted to government speech through the federal registration process. “If the federal registration of a trademark makes the mark government speech, the Federal Government is babbling prodigiously and incoherently.”<sup>10</sup> “Was the Government warning about a coming disaster when it registered the mark “EndTime Ministries”?”<sup>11</sup> While the justices were divided as to the proper analysis, all justices agreed that the disparagement provision is viewpoint discrimination, which is prohibited by the Free Speech Clause unless the government speech restriction satisfies a strict scrutiny analysis. The opinion of Justice Alito explained that government subsidies and potentially a “government-program” doctrine may require a different analysis. However, the disparagement provision of the federal trademark law does not fall under either category. The disparagement provision is more analogous to cases in which the government provides a forum for private speech; there, viewpoint discrimination is prohibited.<sup>12</sup>

Justice Alito’s opinion entertains the argument that if trademarks are commercial speech, then the disparagement provision may be subject to a reduced scrutiny standard. But his opinion declined to determine whether trademarks are commercial speech because he found that the

disparagement provision failed to satisfy even the relaxed scrutiny standard. The government asserted two interests supported by the disparagement provision. The first government interest was encouraging racial tolerance. Justice Alito found this asserted interest to be invalid. “Speech 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.’”<sup>13</sup> The second asserted government interest was protecting the orderly flow of commerce. Justice Alito found that the disparagement provision is not narrowly drawn to this interest.

Justice Kennedy’s concurring opinion found that heightened scrutiny is required when government regulates speech because of disagreement with the message conveyed, and commercial speech is no exception. His opinion stated that the only exception in which viewpoint discrimination is permissible is government speech or speech on behalf of government. “The central purpose of trademark registration is to facilitate source identification. ... Whether a mark is disparaging bears no plausible relation to that goal.”<sup>14</sup>

In his separate concurring opinion, Justice Thomas simply stated that strict scrutiny is appropriate when the government restricts

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<sup>8</sup> Justice Gorsuch did not participate.

<sup>9</sup> *Matal*, Opinion of the Court, p. 18; *Matal*, Opinion of Kennedy, p. 1.

<sup>10</sup> *Matal*, Opinion of the Court, p. 14-15.

<sup>11</sup> *Matal*, Opinion of the Court, p. 15.

<sup>12</sup> *Matal*, Opinion of the Court, p. 22-23.

<sup>13</sup> *Matal*, Opinion of Alito, p. 25.

<sup>14</sup> *Matal*, Opinion of Kennedy, p. 7.

truthful speech to suppress ideas conveyed, whether or not the speech is “commercial speech.”<sup>15</sup>

### **What types of trademarks can the government refuse to register?**

The disparagement provision is included in Section 2(a) of the Lanham Act, which prohibits registration of any trademark that:

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.<sup>16</sup>

In *Matal v. Tam*, the Supreme Court addressed only the disparagement provision, but do any other provisions in this section violate the Free Speech Clause? The Court’s opinion provides insight on this question.

Justice Kennedy’s opinion recognized that the central purpose of trademark registration is to

facilitate source identification, and found that the disparagement provision bears no relationship to that goal.<sup>17</sup> Most of the other provisions of Section 2(a) are directly related to this purpose of trademark registration. Specifically, preventing registration of deceptive trademarks or trademarks that falsely suggest a connection with a person or entity is much more closely related to the source identification purpose of trademark registration than the disparagement provision.

By contrast, section 2(a)’s prohibition of registering immoral or scandalous trademarks is analogous to the unconstitutional disparagement provision. These provisions regulate speech based on the content of the speech and are unrelated to the federal trademark registration’s purpose of furthering the source identification function of trademarks.

In fact, the Federal Circuit’s opinion in this case contrasted the disparagement provision and the scandalous or immoral provision to the prohibitions of registering deceptive trademarks and trademarks likely to cause confusion:

Section 2(a) contains proscriptions against deceptive speech, for example, the prohibition on deceptive matter or the prohibition on falsely suggesting a connection with a person or institution. But other restrictions in § 2(a) differ in that they are based on the expressive

<sup>15</sup> *Matal*, Opinion of Thomas, p. 1.

<sup>16</sup> 15 U.S.C. § 1052(a).

<sup>17</sup> *Matal*, Opinion of Kennedy, p. 7.

nature of the content, such as the ban on marks that may disparage persons or are scandalous or immoral. These latter restrictions cannot be justified on the basis that they further the Lanham Act's purpose in preventing consumers from being deceived. These exclusions from registration do not rest on any judgment that the mark is deceptive or likely to cause consumer confusion, nor do they protect the markholder's investment in his mark. They deny the protections of registration for reasons quite separate from any ability of the mark to serve the consumer and investment interests underlying trademark protection.<sup>18</sup>

Patent Office allow the marketplace to judge the effect of the offensiveness on the trademark's value.

The immoral and scandalous provisions of Section 2(a) of the Lanham Act are most likely to be held unconstitutional under the Free Speech Clause in the same way as the disparagement provision.

Trademarks can benefit providers of products and services as well as consumers. Owners of trademarks for high quality products and services are able to attract business because customers have confidence in the quality of the goods and services they purchase. The value of a particular trademark is ultimately measured by the marketplace. The offensive nature of a trademark to a large segment of the population may affect the trademark's value, but the Supreme Court has determined that the Free Speech Clause requires the U.S.

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<sup>18</sup> *In re Tam*, 808 F.3d 1321, 1329 (Fed. Cir. 2015).

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