

Legal Sidebar

The Federal Circuit Rules on Trademarks Considered Offensive: May Affect Redskins Trademark Dispute

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Two separate cases involving the revocation of the Washington Redskins' federally registered trademarks (*Pro-Football, Inc. v. Blackhorse*) and the refusal to grant registration for a rock band's name (*In re Tam*) raise questions about the constitutionality of [Section 2\(a\) of the Trademark Act of 1946](#) (conventionally known as the Lanham Act), which denies trademark registration to certain offensive content. In relevant part, Section 2(a) prohibits registration if the trademark "consists of 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." [Section 14\(b\)](#) of the Lanham Act then permits the cancellation of federal registration if a mark is later found to have been registered contrary to Section 2(a). In one of these cases, *In re Tam*, the court found that Section 2(a) is an unconstitutional government regulation of speech. The opinion overturns seventy years of judicial precedent—that Section 2(a) does not implicate the First Amendment—and may pave the way for federal registration of marks that some individuals or communities may find offensive.

In re Tam began with the U.S. Patent and Trademark Office (USPTO)'s denial of registration of the mark, THE SLANTS, which is the name of Simon Tam's rock band, on the ground that it was likely disparaging to people of Asian descent. The [Trademark Trial and Appeal Board \(TTAB\)](#), an independent administrative tribunal within the USPTO, affirmed the examining attorney's refusal to register the mark. Tam appealed the TTAB's decision to the U.S. Court of Appeals for the Federal Circuit (Federal Circuit), arguing that Section 2(a) is unconstitutional under the First Amendment as an impermissible burden on speech. A three-judge [panel of that court](#) affirmed the TTAB's decision and rejected the First Amendment challenge. It held that federal registration of a trademark does not implicate the First Amendment because, while the benefits of federal trademark registration are denied, the trademark holder is not barred from using the mark. The panel based its decision on [In re McGinley](#), a 1981 Federal Circuit decision upholding Section 2(a) against a First Amendment freedom of speech challenge. The court sua sponte (on its own motion) ordered a rehearing en banc (i.e. before the full Federal Circuit).

On December 22, 2015, the [en banc court](#) overruled *In re McGinley* and held that federal trademark registration does implicate the First Amendment. While the denial of federal registration does not bar speech, the court held that denial of registration burdens speech by denying holders the financially valuable [benefits](#) of registration. The court noted that, while trademarks have aspects of both commercial and noncommercial speech, Section 2(a) regulates trademarks' expressive elements rather than their commercial speech aspects. In the court's opinion, Section 2(a) is neither content nor viewpoint neutral because it denies registration when a mark's content expresses a viewpoint others might find disparaging. Content and viewpoint-based restrictions on speech are subject to the most stringent level of judicial review a court can apply to government action, known as "strict scrutiny". In order to survive strict scrutiny, the government must show the government action serves a compelling state interest and is narrowly tailored to achieve that interest, including by being the least restrictive means of furthering that purpose.

The court held that Section 2(a) failed to survive strict scrutiny because, while denial of federal registration did not bar any speech, it served as a significant disincentive to the use of marks that may be considered disparaging. The court reasoned that the subjective nature of determinations under Section 2(a) worsens the chilling effect of the potential

denial of federal registration and its accompanying benefits. Furthermore, the court explained that Section 2(a) would be unconstitutional even if trademarks were considered to be entirely commercial speech and a lesser standard of review for commercial speech, known as the *[Central Hudson](#)* test, was applied.

On April 20, 2016, the government [appealed](#) the case to the Supreme Court. The government urged the Court to review the Federal Circuit's decision because it overturned longstanding precedent and a congressional act. The petition also argued that the Federal Circuit committed three errors in invalidating Section 2(a). First, federal trademark registration does not implicate the First Amendment because denial does not prevent holders from using their marks. Second, trademark registration is a government subsidy program subject to limitations set by Congress and the government has the right to choose which messages it wants to underwrite through registration. Third, trademarks are commercial speech and the government's interest in promoting efficient interstate commerce is substantial enough to satisfy the Central Hudson test.

A separate case involving the Washington Redskins raises similar constitutional concerns about Section 2(a). In 2014, the PTO cancelled the registration of six trademarks held by Pro-Football, Inc., which owns the Redskins, after a group of individuals challenged them as disparaging to Native Americans. In July 2015, the [U.S. District Court for the Eastern District of Virginia](#) upheld the cancellations and Section 2(a) against a First Amendment challenge almost identical to Mr. Tam's case. Pro-Football has appealed that decision to the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) but a decision has not yet been reached. Following the government's petition for Supreme Court review in Mr. Tam's case, Pro-Football filed a [petition for a writ of certiorari before judgment](#). Certiorari before judgment would allow Pro-Football to bypass the Fourth Circuit to have its case heard alongside *Tam* by the Supreme Court. Pro-Football argued that its case perfectly complements *Tam* because it concerns cancellation of a federally registered trademark under Section 14(b) of the Lanham Act, whereas *Tam* addresses the initial denial of a registration petition under Section 2(a). Furthermore, Pro-Football argued that its case is better suited to challenge Section 2(a) because it raises other constitutional issues, such as whether Section 2(a) is impermissibly vague under the Fifth Amendment.

Tam overturns a federal statute that, since its passage in 1946, has consistently been interpreted as consistent with the First Amendment. It removes a significant obstacle for entities using arguably disparaging marks to obtain the important federal benefits that accompany trademark registration. *Tam* also calls into question the constitutionality of other provisions of Section 2(a) that bar registration of "immoral" or "scandalous" trademarks. For example, in a case currently pending at the Federal Circuit, [In re Brunetti](#), both parties in the case have [acknowledged](#) that *Tam* effectively invalidates Section 2(a)'s provision denying registration to marks determined to be scandalous or immoral. The Supreme Court is expected to consider whether it will hear the appeal of the *Tam* case, as well as Pro-Football's request for its case to be heard alongside *Tam*, when its next term begins in October 2016.

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