Insights

The United States Court of Appeals for the Federal Circuit rules Section 2(a) of the Lanham Act unconstitutional

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The United States Court of Appeals for the Federal Circuit ruled unconstitutional Section 2(a) of the Lanham Act. In Re Simon Shiao Tam, (Case 2014-1203, Decided December 22, 2015). Section 2(a) of the Lanham Act barred the Trademark Office ("PTO") from registering scandalous, immoral, or disparaging marks. 15 U.S.C. § 1052(a). Because the government disapproves of the messages conveyed by disparaging marks, the government enacted this law.

Mr. Simon Shiao Tam named his band THE SLANTS to make a statement about racial and cultural issues. The band's name conveys more about society than many volumes of undisputedly protected speech. Another rejected mark, STOP THE ISLAMISATION OF AMERICA, proclaims that Islamisation is undesirable and should be stopped. Many other marks rejected as disparaging convey hurtful speech that harms members of oft-stigmatized communities. But, the First Amendment protects hurtful speech. The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed. It cannot refuse to register marks because it concludes such marks disparage. Therefore, the Court held the disparagement proscription of § 2(a) is unconstitutional.

Trademark registration is significant. The Lanham Act confers important legal rights and benefits on owners of registered trademarks. These benefits include substantive and procedural rights. The holder of a federal trademark has a right to exclusive nationwide use of that mark where there was no prior use by others. Holders of a federal trademark registration have an important substantive right they could not otherwise obtain. A registered mark is presumed valid and becomes incontestable (with certain exceptions) after five years of consecutive use. The owner may sue in federal court to enforce his trademark and may recover treble damages for willful infringement. The owner may also obtain the assistance of Customs and Border Protection in restricting importation of infringing or counterfeit goods, prevent "cybersquatters" from misappropriating a domain name, and qualify for a simplified process for obtaining recognition and protection of his mark overseas.

Section 2(a) contains a hodgepodge of restrictions, including the bar on registration of a mark that "[c]onsists 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." However, some restrictions in § 2(a) differ in that they are based on the expressive nature of the content, including the ban on marks that may disparage persons or are scandalous or immoral. These latter restrictions cannot be justified on the basis they further the Lanham Act's purpose in preventing consumers from being deceived. These exclusions from registration do not rest on any judgment the mark is deceptive or likely to cause consumer confusion, nor do they protect the owner's investment in his mark. Rather, they deny the protections of registration for reasons separate from any ability of the mark to serve the consumer and

investment interests underlying trademark protection.

The court uses strict scrutiny to review governmental regulations that burden private speech based on disapproval of the message conveyed. Section 2(a) is such a regulation and is subject to strict scrutiny. Content-based regulations are presumptively invalid. Content-based laws targeting speech based on its communicative content are presumptively unconstitutional and may be justified only if the government proves that they are narrowly tailored to serve compelling state interests. Section 2(a) discriminates on the basis of content in that it “applies to particular speech because of the topic discussed.” Section 2(a) prevents the registration of disparaging marks, which is a content-based restriction. And the test for disparagement (whether a substantial composite of the referenced group would find the mark disparaging) makes clear the nature of the message conveyed by the speech is being regulated. If the mark is found disparaging by the referenced group, it is denied registration. Section 2(a) also discriminates on the basis of the message conveyed, “the idea or message expressed,” and it targets “viewpoints [in] the marketplace.” Because § 2(a) discriminates on the basis of the content of the message conveyed by the speech, it follows that it is presumptively invalid, and must satisfy strict scrutiny to be found constitutional.

This decision upends nearly 70 years of practice barring registration for disparaging marks. The Court was split with multiple concurring and dissenting opinions. One can only assume this case will make its way to the Supreme Court. Time will tell how the Supreme Court will decide this question.