

## New Game Plan: Federal Circuit Decision May Revive “Redskins” Trademarks

***Federal Circuit finds that barring the registration of disparaging trademarks is unconstitutional, creating potential running room for the Washington Redskins.***

An appeal of the 2014 decision to cancel the REDSKINS trademark is currently pending before the Fourth Circuit in *Pro-Football Inc. v. Blackhorse*.<sup>1</sup> On December 22, 2015, the Federal Circuit ruled the longstanding ban on registering disparaging trademarks unconstitutional. The eight-judge *In re Tam* majority found Section 2(a) of the Lanham Act an impermissible restriction on speech in violation of the First Amendment.<sup>2</sup> As a result, the Washington Redskins’ trademark registrations — cancelled on Section 2(a) disparagement grounds in 2014 — could be revived. Thus, the Federal Circuit’s *In re Tam* decision may help persuade the Fourth Circuit to rule in favor of the Redskins; if not, then the Supreme Court will likely be asked to weigh in on the resulting circuit split.

### Background

Simon Shiao Tam, frontman of Portland-based dance-rock group *The Slants*, twice applied to register trademarks protecting the band’s name. According to Tam, he chose the moniker to “reclaim” and “take ownership of” a hurtful epithet, challenge racial stereotypes and inspire meaningful discussion. In 2010, a trademark examiner refused to register THE SLANTS, finding that the mark disparages Asian-Americans. In 2011, a second examiner acknowledged Tam’s intent to “reappropriate the disparaging term,” but nonetheless found the mark to be encompassed by Section 2(a)’s prohibition on registering marks “which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols.” 15 U.S.C. § 1052(a). Applying a well-established standard, the examiner denied registration because “a substantial composite” of persons of Asian descent “would find the mark offensive.”

The Trademark Trial and Appeal Board upheld the examiner’s determination first, and the Federal Circuit followed. In each appeal, Tam’s First Amendment claims were dismissed by binding precedent. In an unusual move, the Federal Circuit ordered a rehearing en banc to reconsider Section 2(a)’s constitutionality.

### The *In re Tam* Federal Circuit Decision

On rehearing, the Federal Circuit held the ban on disparaging trademarks to be unconstitutional, overturning decades of the court’s own precedent. Specifically, the court found that rejecting a trademark on disparagement grounds is a message-based denial of otherwise available legal rights. 808 F.3d at 1348-49. A restriction on speech that discriminates based on content is presumptively invalid and subject to the highest standard of judicial review. *Id.* at 1334; *see also Ashcroft v. ACLU*, 542 U.S. 656, 660 (2004), *R.A.V. v. City of St. Paul*, 505 U.S. 377, 382 (1992). Viewpoint-based restrictions like Section 2(a)

are even more suspect. To satisfy strict scrutiny, a compelling government interest must justify the ban on registering disparaging trademarks. 808 F.3d at 1334; see also *Reed v. Town of Gilbert*, 135 S. Ct. 2218, 2226 (2015), *Police Dep't of Chi. V. Mosely*, 408 U.S. 92, 95 (1972). The court found no such vindicating purpose and rejected Section 2(a) on First Amendment grounds. 808 F.3d at 1357. In so holding, the court rejected the following government arguments defending Section 2(a)'s constitutionality:

- **First**, the government unsuccessfully contended that Section 2(a), if indeed subject to First Amendment review, regulates commercial (rather than expressive) speech. Therefore, the government claimed the disparaging trademark ban need only satisfy intermediate scrutiny (*i.e.*, “a substantial government interest must justify the regulation”).<sup>3</sup> The *Tam* court opined that trademarks have a dual commercial and expressive character, and that the disparagement ban regulates trademarks’ expressive character. As a result, the Section 2(a) ban is subject to the higher “strict scrutiny” standard. The court ultimately found that seeking to suppress disfavored speech is not even a legitimate, let alone “substantial” or “compelling,” government interest. Accordingly, the Federal Circuit would have found Section 2(a) unconstitutional even under the more relaxed “intermediate scrutiny” standard applied to commercial speech.
- **Second**, the government further relied on supporting precedent to argue (unsuccessfully) that Section 2(a) does not implicate First Amendment rights at all. No conduct is banned, and no expression is suppressed. After all, an applicant whose “disparaging” mark is denied registration is still free to use that mark in commerce. Thus, by denying registration of disparaging marks, the government is not suppressing speech but simply declining to endorse speech the government finds “odious.” The *Tam* court rejected this argument on two grounds:
  - First, even if not an outright “ban” on speech, Section 2(a) nevertheless imposes an unconstitutional burden on private speech. The absence of a federal registration precludes a “disparaging” trademark’s owner from claiming exclusive nationwide use, reaching “incontestable” trademark status, excluding infringing imports and recovering treble damages for willful infringement. Denial of these benefits disincentivizes selection of potentially disparaging trademarks, thereby chilling free speech. Such a burden on speech — even if not an outright ban — still implicates the First Amendment and requires appropriate court scrutiny.
  - Second, the Federal Circuit found that trademark registration is not akin to government endorsement. Trademarks are not government speech, and trademark registration does not connote approval of a mark any more than copyright protection suggests endorsement of a book.
- **Finally**, the government also advanced an alternative theory that Section 2(a) is a subsidy that the Spending Clause exempts from First Amendment review. Common law jurisprudence has carved out a broad governmental right to disburse funds and benefits in a manner that conveys a message. After extensive discussion at oral argument, the Federal Circuit determined that recognition of legal rights is not the sort of “benefit” that can be withheld. Furthermore, the Lanham Act originates in the Commerce Clause, so a Spending Clause-based exemption from review would not apply to trademark registration restrictions.

## The Future of Disparaging Trademarks

Federal Circuit rulings are binding on the Patent and Trademark Office. After *Tam*, disparaging trademarks are eligible for full federal protection, so long as they meet other registration requirements. However, the Federal Circuit decision is subject to appeal.

The *Tam* opinion, while not binding on the Fourth Circuit, appears to have been written with *Blackhorse* firmly in mind. The Federal Circuit decision repeatedly references an amicus brief filed by Pro-Football, Inc. and cites instances where other circuits have applied logic mirroring the *Tam* analysis. Regardless of the Fourth Circuit outcome, the losing party in the Redskins' case is almost certain to seek certiorari. The chances of Supreme Court review are particularly high if the Fourth Circuit disagrees with the Federal Circuit's *In re Tam* analysis and upholds Section 2(a)'s ban on registering disparaging marks. Final briefings in the *Blackhorse* case are due for submission to the Fourth Circuit on March 18.

---

If you have questions about this *Client Alert*, please contact one of the authors listed below or the Latham lawyer with whom you normally consult:

**[Perry J. Viscounty](#)**

perry.viscounty@lw.com  
+1.714.540.1235 / +1.650.328.4600  
Orange County / Silicon Valley

**[Jennifer L. Barry](#)**

jennifer.barry@lw.com  
+1.858.523.5400  
San Diego

**[David D. Troutman](#)**

david.troutman@lw.com  
+1.714.540.1235  
Orange County

**[Kim Farbota](#)**

Kimberly.Farbota@lw.com  
+1.714.540.1235  
Orange County

**You Might Also Be Interested In**

[Fine Timing For The Washington Redskins' Trademark](#)

[What You Need to Know About the Cybersecurity Act of 2015](#)

[What To Do When You Are Served With a Search Warrant](#)

[How to Prepare for the New California Fair Pay Act](#)

---

*Client Alert* is published by Latham & Watkins as a news reporting service to clients and other friends. The information contained in this publication should not be construed as legal advice. Should further analysis or explanation of the subject matter be required, please contact the lawyer with whom you normally consult. The invitation to contact is not a solicitation for legal work under the laws of any jurisdiction in which Latham lawyers are not authorized to practice. A complete list of Latham's *Client Alerts* can be found at [www.lw.com](http://www.lw.com). If you wish to update your contact details or customize the information you receive from Latham & Watkins, visit <http://events.lw.com/reaction/subscriptionpage.html> to subscribe to the firm's global client mailings program.

---

<sup>1</sup> 112 F. Supp. 3d 429 (E.D. Va. 2015), *appeal docketed*, No. 15-1874 (4th Cir. Aug. 6, 2015).

<sup>2</sup> 808 F.3d 1321, 1328 (Fed. Cir. 2015).

<sup>3</sup> 808 F.3d at 1355; *see also Central Hudson Gas & Elec. Corp. v. Public Service Commissioner of New York*, 447 U.S. 557, 566 (1980).