

IN RE TAM, Appeal No. 2014-1203 (Fed. Cir. December 22, 2015). Before Prost, Newman, Lourie, Dyk, Moore, O'Malley, Reyna, Wallach, Taranto, Chen, Hughes, and Stoll.

Background:

Tam is the "front-man" for the Asian American-comprised band The Slants, so named to "reclaim" or "take ownership" of Asian stereotypes. Tam sought to register the mark "THE SLANTS." The Examiner refused to register the mark because a substantial composite of people of Asian descent would find the term disparaging. The TTAB affirmed the Examiner's refusal. Tam appealed and argued that the disparagement provision of the Lanham Act § 2(a) is unconstitutional. On appeal, the Federal Circuit affirmed the TTAB by relying on In re McGinley, which reasoned that the disparagement provision does not violate the First Amendment because a refusal to register a mark does not bar the applicant from using the mark. The Federal Circuit *sua sponte* ordered a rehearing en banc.

Issue/Holding:

Does the Lanham Act's bar on registration of disparaging marks violate the First Amendment? Yes, vacated and remanded.

Discussion:

The Federal Circuit concluded that strict scrutiny is the appropriate standard for review of the disparagement provisions of § 2(a). Under this standard, content-based laws are presumptively unconstitutional and may be justified only if the government proves that they are narrowly tailored to serve compelling state interests. The Federal Circuit held that prohibition of disparaging marks is a content-based restriction that discriminates on the basis of the message conveyed. Thus, the government cannot refuse to register disparaging marks because it disapproves of the message conveyed by the speech. The government argued that it has a compelling interest in fostering racial tolerance. However, the Federal Circuit opined that the disparagement provision does not directly advance this interest, nor is it narrowly tailored to achieve that objective because denial of registration has no effect on adoption or use of the mark in the marketplace.

Furthermore, the Federal Circuit reasoned that, although applicants who are denied registration under § 2(a) are not precluded from using their marks and relying on common law rights, a denial under § 2(a) precludes other valuable rights, such as the right to exclusive nationwide use of the mark. Without this, a competitor can "swoop in" and adopt the same mark for the same goods in a different location. Without federal registration, a trademark user also cannot stop importation of goods bearing the mark or recover treble damages for willful infringement. Thus, the Federal Circuit concluded that denial of these important legal rights would discourage use of disparaging marks and inhibit freedom of speech.

The Federal Circuit also rejected the government's argument that trademark registration is government speech, and thus immune from First Amendment challenge, because registration of a trademark is not an endorsement of the mark or the associated goods or services. When the government registers a trademark, the only message it conveys is that the mark is registered. The marks are not created, owned, or monopolized by the government, and thus, there is no basis for finding that consumers would associate registered trademarks with the government.