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A Substantial Interest: Why the Government is Legally Justified in Prohibiting Disparaging Trademarks

By Jessica Mikkelson[†] and Michael Van Muelken^{††}

Introduction

Imagine sitting down on a Sunday afternoon with friends and family to watch your local football team play in “the big game.” Now picture the team being cheered on by several thousand fans. It seems like an idyllic Sunday afternoon. The only problem is that this team is named after a popular slur used to identify your racial or ethnic group. This slur is broadcast over television, the Internet, and in homes all across the country. This hypothetical is a reality for Native Americans today.

It would seem logical to change the name because it is disparaging and part of a horrible era in American history. Surprisingly, it took a large public outcry before a district court concluded that the Washington Redskins’ trademark was disparaging, and not registrable as a trademark under the Lanham Act.¹ On the other hand, the United States Court of Appeals for the Federal Circuit, sitting en banc, recently upheld the registration of the mark, “The Slants,” for an Asian-American rock band.

The history of the First Amendment is too extensive to explain fully in this Article. However, the trend in U.S. Supreme Court cases has been to find content-based restrictions unconstitutional unless the legitimate government interest withstands strict scrutiny.² At first glance, the Lanham Act’s prohibition on disparaging trademarks appears to be inconsistent. However, the prohibition on disparaging trademarks is different because the government is not telling people or entities that they cannot use a name, writing, or mark; all that is rejected is the government’s public validation. This is well within the government’s power.

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1. 15 U.S.C. § 1051 (2012).

2. *See, e.g.,* R.A.V. v. City of St. Paul, 505 U.S. 377, 386 (1992) (holding that a city ordinance banning hate speech is unconstitutional based on the opinion of the message expressed); *Texas v. Johnson*, 491 U.S. 397, 414 (1989) (“[T]he government may not prohibit the expression of an idea simply because society finds the idea itself offensive or disagreeable.”).

Even though a trademark is not an absolute right, the government is not permitted to deny the application based upon a constitutionally protected right, in this instance free speech rights.³ Additionally, the Federal Circuit Court of Appeals found that issuing a trademark is not subjected to Congress's spending powers because the benefit is non-monetary.⁴ The Lanham Act is derived from the Commerce Clause and it is designed to regulate interstate commerce.⁵ Therefore, restrictions on disparaging marks do not bear directly on the objectives of protecting the owner's investment.⁶

In considering whether or not a trademark is actually commercial speech, the *Tam* court found that the restrictions of the Lanham Act failed to withstand the intermediate scrutiny challenge⁷: the government restrictions on the band's name were not narrowly tailored to meet a specific objective in which the government has a substantial interest.⁸ All the arguments proffered by the government in *Tam* were based on the government's desire to ban speech it finds offensive. This reasoning has never been a substantial interest in justifying any disparaging marks.⁹

This decision opens the door for a wide variety of offensive trademarks to be registered, and the *Tam* court recognized as much in its conclusion.¹⁰ Prior to this case, courts took the stance that the trademark registration was not an attempt to legislate morality.¹¹ Rather, a trademark used government funding, a form of speech, to hold out to the world that the trademark was neither scandalous nor offensive.¹² The *Tam* decision has the most bearing on the Washington Redskins litigation. This Article argues that, in light of the *Tam* decision, it is unlikely the Washington Redskins will lose their trademark.

I. Congress Has Historically Prohibited Scandalous or Immoral Trademarks

Congress prohibited scandalous or immoral content first in the 1905 Trademark Act. Decades passed before the administrative decisions interpreted what is scandalous by considering if it was "shocking to the sense of propriety or call out condemnation."¹³ Courts developed a two-part test to

3. *In re Tam*, 808 F.3d 1321, 1349 (Fed. Cir. 2015).

4. *Id.* at 1354.

5. U.S. CONST. art. 1, §8; *In re Tam*, 808 F.2d at 1354.

6. *In re Tam*, 808 F.3d at 1354.

7. *Id.* at 1355.

8. *Id.*

9. *Id.* at 1357.

10. *Id.* at 1357–58.

11. *In re McGinley*, 660 F.2d 481, 486 (Cust. & Pat. App. 1981).

12. *Id.*

13. Jasmine Abdel-khalik, *Disparaging Trademarks: Who Matters*, 20 MICH. J. RACE & L. 287, 294–95 (2015).

determine what is scandalous: (1) determine the likely meaning of the mark within the context of the associated goods or services in the application, any other elements in the mark, and the marketplace; and (2) evaluate whether a substantial composite of the general public would find the mark scandalous in light of the contemporary application.¹⁴

Throughout the years, the following categories have been prohibited from trademarks: political images, vulgar language, religious terms and icons, sexual content, and identity issues involving race, gender, or sexual orientation.¹⁵ Once an application is processed, there may still be public opposition. A statement of use and intent is required to be filed as part of the registration process.¹⁶ Registration is not a guaranteed use because any trademark may be challenged based on the test for scandalous content.¹⁷

In the 1930's, Representative Lanham began the process of rewriting the scandalous requirement. Various speakers opposed removing the scandalous requirement and leaving the limitation on disparaging because these individuals thought it would become too narrowly interpreted.¹⁸ By 1939, the House of Representatives passed a bill that prohibited trademarks that contained "matter which tends to disparage persons, living or dead, institutions, beliefs, or national symbols, or to bring them into contempt."¹⁹ It was later found that the determination of what is disparaging was too subjective.

In subsequent legislation, the term "disparage" was not removed or changed.²⁰ A second bill added the words "may disparage." This was defined as "to move, direct, or develop one's course in a particular direction; to exhibit an inclination or tendency."²¹ This is clearly broader than scandalous and leaves open the question of what is disparaging under the Lanham Act.²² Currently, the United States Trademark and Patent Office (PTO) has the burden of showing that the trademark is perceived as disparaging before it can deny a trademark. Once the government establishes a prima facie case, the applicant has the burden of rebutting it by showing the trademark is not disparaging speech.

14. *Id.*

15. *Id.* at 296.

16. *Id.* at 295.

17. *Id.* at 297.

18. *Id.* at 299.

19. *Id.*

20. *Id.* at 300.

21. *Id.* at 301.

22. *Id.* at 301.

II. The *Tam* Court's Determination That Trademarks Were An Expressive Speech Is Misguided

Filing for a trademark is indeed speech, and it is a powerful form of commercial speech. A trademark allows individuals to benefit economically, but it in no way determines the reliability of a product because the government is not communicating a message about the product.²³ The government can make viewpoint based restrictions on commercial speech.²⁴ By refusing to register offensive trademarks, the government chills speech because applicants will avoid submissions that are vulnerable to a Lanham Act challenge.²⁵ In fact, applicant uncertainty is inevitable because the Lanham Act extends even to speech that *may* be disparaging, and the government is not required to prove that it actually disparages a particular group of individuals.²⁶ However, the government is only placing restrictions on a trademark and the applicant is still capable of using the name or communicating a message through other forms of speech.

The United States Court of Appeals for the Federal Circuit, sitting en banc recently held in *In re Tam* that Section 2(a) of the Lanham Trademark Act's ("§ 2(a)") prohibition against the registration disparaging trademarks violated the First Amendment because it constituted viewpoint discrimination.²⁷ Simon Shiao Tam ("Mr. Tam") applied to the PTO for registration of "The Slants."²⁸

The PTO concluded that Mr. Tam's proposed trademark was disparaging to people of Asian heritage and rejected the application.²⁹ Mr. Tam claimed that the name of the band was essentially a symbol of pride meant to "take ownership" of Asian stereotypes.³⁰ On review, the court of appeals determined that Mr. Tam's proposed trademark was protected by the First Amendment and held that "§ 2(a) regulates expressive, not commercial speech."³¹ It found that strict scrutiny was the appropriate standard to apply to this type of speech restriction. Under that standard, the court stated that even if the government's prohibition of disparaging trademarks was a regulation of commercial speech, it lacked a substantial government interest in its action in prohibiting the band's name trademark because of its

23. *In re Tam*, 808 F.3d 1321, 1321–22 (Fed. Cir. 2015).

24. *Id.*

25. *Id.* at 1340.

26. *Id.* at 1341–42.

27. *Id.*

28. *Id.* at 1331.

29. *Id.* at 1332–33.

30. *Id.* at 1331.

31. *Id.* at 1355.

disparaging nature.³² However, the *Tam* court based its conclusions on the erroneous determination that strict scrutiny review applied.

A. Trademark Denial Based on Disparaging Nature Is a Regulation of Commercial and Not Expressive Speech.

The *Tam* court justified its decision by stating that although trademarks have a commercial role, § 2(a) regulated the expressive aspects of the mark.³³ The court argued that it could not sustain the PTO's decision on this basis.³⁴ Through this holding, it essentially ignored decades of binding precedent. The U.S. Supreme Court roughly defined commercial speech as "speech that does no more than propose a commercial transaction."³⁵ Mr. *Tam* unquestionably had intentions of proposing commercial transactions with his band and proposed trademark. Instead of separating the perceived commercial aspects of the proposed trademark with the expressive ones, the court of appeals should have conceded that an application for a trademark was commercial speech.

In *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council Inc.*, the Supreme Court maintained that for-profit motivation was irrelevant in terms of determining whether speech was commercial.³⁶ In a separate case it was also suggested that a link between products and economic drive could help determine whether speech was commercial in borderline cases.³⁷ In *Bolger v. Youngs Drug Products Corp.*, the Court determined that even though a company mailed mass advertisements and had an economic motivation for doing so, this did not end the inquiry on whether the mailing was considered commercial speech or not.³⁸ However, these combined factors tipped the scales in favor of the government, and the court determined that the advertisements were considered commercial speech.³⁹

32. *Id.* at 1368–71.

33. *Id.* at 1357.

34. *Id.*

35. *Id.* at 1339.

36. *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 773 (1975).

37. Leonardo Machado Pontes, *Trademark and Freedom of Speech: A New Comparison Between the U.S. and the EU System in the Awakening of Johan Deckmyn v. Helena Vandersteen*, 1, 6 (World Intellectual Prop. Org., Doc. Code WIPO.IPL/GE/15/T3, 2015), http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipl_ge_15/wipo_ipl_ge_15_t3.pdf.

38. *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 66 (1983).

39. *Id.* at 67(considering three factors in determining commercial speech: (1) whether it is meant to be an advertisement; (2) whether it references a particular product; and (3) whether there is an economic motivation for disseminating the material).

Despite the Court's holding in *Bolger*, the *Tam* court found that Mr. Tam's mark had predominantly expressive aspect, rather than a commercial aspect, because of the perceived goals of the proposed band's name.⁴⁰ Regardless of the message that Mr. Tam meant to send to the public through his band's name, it can hardly be argued that he had no intention of promoting his brand or had no economic motive for doing so. The *Bolger* Court, however, also recognized that the advertisements "contain[ed] discussions of important public issues."⁴¹ In spite of this finding, the *Bolger* Court found that the factors determinative of whether speech was commercial or expressive.⁴²

Without first addressing the factors provided in *Bolger*, the *Tam* court used the inextricably intertwined test, in which the court determines whether commercial and non-commercial speech are closely connected and essentially inseparable.⁴³ Using this test, the Supreme Court upheld a ban on private commercial enterprises (with exceptions) operating on university campuses.⁴⁴ Fox, a student, sued to allow her and her fellow students to host "Tupperware parties," at which a company through a hostess would sell Tupperware to a group of ten or more people and also provide lessons on home economics.⁴⁵ Fox argued that the mix of commercial activity and teaching of other subjects were inextricably intertwined.⁴⁶ The Court disagreed, finding that there was nothing inextricable about selling Tupperware and providing lessons on home economics.⁴⁷ Similarly, Mr. Tam's mark is not inextricable with promoting social change and cultural pride. The band has other means of expression at its disposal. Therefore, since there is nothing inextricable about Tam's cultural pride, the court should have found that "The Slants" was commercial speech subject to intermediate scrutiny.

40. See *In re Tam*, 808 F.3d at 1338 ("Mr. Tam explicitly selected his mark to create a dialogue on controversial political and social issues. With his band name, Mr. Tam makes a statement about racial and ethnic identity. He seeks to shift the meaning of, and thereby reclaim, an emotionally charged word. He advocates for social change and challenges perceptions of people of Asian descent. His band name pushes people. It offends. Despite this—indeed, because of it—Mr. Tam's band name is expressive speech.").

41. *Bolger*, 463 U.S. at 67–68.

42. *Id.*

43. *In re Tam*, 808 F.3d at 1339 (citing *Riley v. Nat'l Fed'n of the Blind of N.C., Inc.*, 487 U.S. 781, 796 (1988)).

44. *Bd. of Trs. of State Univ. of N.Y. v. Fox*, 492 U.S. 469, 471–72 (1989).

45. *Id.* at 472.

46. *Id.* at 474.

47. *Id.*

B. The Tam Court Incorrectly Applied the Central Hudson Test Because Trademarks Are Commercial Speech

The *Tam* court concluded that the government failed to prove that there was a substantial government interest in § 2(a)'s prohibition on disparaging marks.⁴⁸ Its conclusion rested on the test laid out by the Supreme Court in *Central Hudson Gas & Electric Corp. v. Public Service Commission*.⁴⁹ *Central Hudson* recognized that commercial speech first “must concern lawful activity and not be misleading.”⁵⁰ Once the court has found that there is a lawful activity then court must inquire “whether the government issue is substantial[,] and if the regulation materially advances the government’s interest and is narrowly tailored to achieve that objective.”⁵¹

The court correctly concluded that Mr. Tam’s proposed trademark was neither unlawful nor misleading.⁵² However, the court’s analysis of the second part of the *Central Hudson* test was flawed. The court reasoned that the interest of § 2(a) rested upon whether or not the government approved of the message behind the mark.⁵³ This was not correct. In the 1905 Trademark Act Congress established a two-part test to restrain the government from infringing upon speech rights or reacting to an unpopular message.⁵⁴ Under the first prong, “The Slants” mark is unfit for a trademark because the likely meaning in context with other markings and within the marketplace embodied a stereotype. “The Slants” also failed under the second prong because the general public would find the mark scandalous in light of the contemporary application. Mr. Tam’s intent was not evident in the mark, and the only message his commercial speech communicated was the band name “The Slants” itself. The public may not know that the band members are Asian and may never come to know Mr. Tam’s intent because of the off-putting name. Mr. Tam’s intent was not the norm when this word was spoken in reference to the Asian population, and history was not erased through the word’s reclamation.

Although the *Tam* court drew analogies between trademarks and copyright laws, the court was misguided. In a full copyrighted text, the public is able to discern the speaker’s intent through consumption of the entire work. Additionally, writings include historical events and serve to educate the general public about times when people behaved poorly so as not to repeat the mistakes in history. Finally, a written word promotes thought.

48. *See In re Tam*, 808 F.3d at 1358.

49. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n*, 447 U.S. 557 (1980).

50. *Id.* at 566.

51. *Id.*

52. *In re Tam*, 808 F.3d at 1355.

53. *Id.*

54. Act of Feb. 20, 1905, ch. 592, §§1–30, 33 Stat. 724 (repealed Lanham Act of 1946, ch. 540, 60 Stat. 427); *see Abdel-khalik, supra* note 13, at 294–95 (2015).

Our society values an exchange of ideas and thoughts. In an effort to continue with a free exchange of ideas, it is important that government does not regulate a message because it is unpopular or reflects poorly on itself. At the same time, the government is not the messenger via copyright because credit for the idea is given to the author.⁵⁵ In contrast, a trademark is given by the government with the purpose of commercial exchange and some minimal form of reliability. A trademark does not promote one product over another, and it does nothing to advance a speaker's thoughts. Rather the trademark confers benefits to its user without communicating anything about the producer or the reliability of the actual product. Therefore, a trademark is distinguishable from a copyright.

III. The Washington Redskins Court Correctly Determined That Trademarks Were Not Expressive Speech

The most recent string of trademark litigation prior to the *Tam* court was the Washington Redskins' trademark case, *Pro Football, Inc. v. Blackhorse* ("PFI").⁵⁶ This trademark, well-known to football and non-football fans alike, has been with the team since 1932 when George Preston first purchased the team.⁵⁷ Sixty years later, a group of Native Americans sought to prevent the team from further using this trademark by filing a petition with the Trademark Trial and Appeal Board (TTAB).⁵⁸ Among other things, TTAB argued that the trademark can potentially disparage Native Americans.⁵⁹ One of the most controversial developments took place when the PFI court issued a ruling in 2014 that the trademark was canceled because the team's name was disparaging to Native Americans.⁶⁰

Many individuals in the general public requested that the pro football team be required to change its name because it was offensive and was a racial slur that denigrates Native Americans. In reaction to that claim, the team stated that it did not wish to change the name because their intent behind the name was to celebrate the contributions made by Native Americans.⁶¹ In light of the most recent decision made by the *Tam* court, the pro football team will not be required to change its name. The *Tam* court ignored the prior ruling in this litigation that found § 2(a) does not receive

55. *Pro Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 442 (E.D. Va. 2015).

56. *Id.*

57. *Id.* at 448.

58. *Id.* at 439.

59. *Id.*

60. *Id.*

61. *Id.* at 487.

First Amendment protections and, as a form of government speech, is exempt from strict scrutiny.⁶²

In fact, the *PFI* court was correct in finding that denying a trademark registration does not infringe upon speech rights because denying trademarks does not proscribe an individual's conduct, only government endorsement.⁶³ Under this logic both Mr. Tam and the Washington football team could continue to exercise their free speech because the government did not say that they could not continue using the chosen name. Rather, the government will simply not register any disparaging or scandalous trademarks.⁶⁴ The key here is the registration, not the speech, and the commercial benefits registration confers. Mr. Tam and the Washington football team are still capable of enlightening the public of their pride in a particular heritage without a trademark. What seemed to escape the *Tam* court is the rationale as to why neither Mr. Tam nor the Washington football team would want to decline to do so without a trademark. That motive was purely economic in nature which suggests that a trademark was more commercial speech than expressive speech.

Conclusion

The *Tam* case represents important issues in trademark law in the United States today. In an era where Americans are becoming increasingly sensitive to hurtful stereotypes promoted by businesses, we ask ourselves how far we are willing to tolerate such symbols and whether we even have a choice in the matter. In the case of "The Slants," the court's decision sets a precedent that focuses on the subjective intention of those proposing the trademark. The issue in this case was not speech, but registration of the trademark itself. The government is not proposing that either entity cannot use a symbol, word, or other mark; rather that it will not register disparaging or scandalous trademarks. This is because the government has a substantial interest in preventing the perpetuation of slurs and stereotypes that are furthered every time there is an advertisement, a live event, or even a simple sale of merchandise.

62. *Id.* at 441 ("Federal law does not create trademarks.") (quoting *In re Trademark Cases*, 100 U.S. 82, 92 (1879)).

63. *Id.* at 439.

64. *Id.* at 455.