



ARE Trademark Law Alert: US Court of Appeals Finds Lanham Act Prohibition of Registration of Disparaging Trademarks to Be Unconstitutional

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(December 23, 2015). On Tuesday, December 22, 2015, the US Court of Appeals for the Federal Circuit issued its much awaited *en banc* decision in the *In re Tam* case, and found the Lanham Act's prohibition against the registration of "disparaging" trademarks to be a violation of the US Constitution's First Amendment.

This case arose when the US Patent and Trademark Office ("PTO") rejected the federal trademark application of the Asian-American rock band "The Slants" for its name, a racially derogatory term for Asians. The PTO and its Trademark Trial and Appeal Board both rejected the application on the basis of Section 2(a) of the Lanham Act, which prohibits the registration of trademarks that "may disparage . . . persons, living or dead." 15 U.S.C. § 1052.

On appeal to a three-judge panel of the U.S. Court of Appeals for the Federal Circuit, the band's front man Simon Shiao Tam argued that this prohibition was unconstitutional because it abridged his First Amendment freedom of speech. The panel's majority denied the appeal based on binding precedent, but recommended that the case be heard by the full court *en banc*.

In *In re Tam*, a 9-3 majority of the full court ruled that the Section 2(a) prohibition of the registration of disparaging trademarks does indeed violate the First Amendment to the US Constitution. Specifically, since the federal registration of trademarks offers special protections to trademark owners, the PTO's refusal to register disparaging trademarks amounts to an unconstitutional "message-discriminatory penalty" by the government.

The three dissenting judges noted that trademark rights are created by use and not by registration, and that people can own, use and enforce unregistered trademarks. Accordingly, they argued that the federal registration of trademarks amounts to a government subsidy that the government may deny based on content, and that the Section 2(a) prohibition is reasonable given the "significant social science evidence demonstrating the harmful psychological effects of holding a minority group up for ridicule" and the government's need to protect "the orderly flow of commerce."

This decision is not likely to be the final word on this issue. The US Court of Appeal for the Fourth Circuit (which is not bound by this decision) will next year hear an appeal involving the same issue in the Washington Redskins case, *Pro-Football, Inc.*



v. Blackhorse. If the Fourth Circuit disagrees with the Federal Circuit, the US Supreme Court will surely have to step in to resolve the resulting circuit split. See David P. Goldberg, Chester Rothstein & Charles R. Macedo, *Lanham Act Constitutionality Affirmed as Six Federal REDSKINS-Based Trade Marks Are Cancelled*, J. Intell. Prop. L. & Prac. (2015), available at www.arelaw.com/publications/view/jiplp112715/.

We will continue to monitor this and other lawsuits regarding the constitutionality of the Lanham Act's prohibition of the registration of disparaging trademarks. In the meantime, please contact us to learn how to this decision may affect your trademark rights.

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