# Trademark Law Alert:
# SUPREME COURT HOLDS THAT THE DISPARAGEMENT CLAUSE OF THE LANHAM ACT IS UNCONSTITUTIONAL

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The U.S. Supreme Court issued a decision in *Matal v. Tam,* 582 U.S. __ ("*Tam*") addressing the "disparagement" clause of the Lanham Act, 15 U.S.C. § 1052(a). (Justice Gorsuch took no part in the consideration of the case. Slip op. at 26.)

The disparagement clause of the Lanham Act provides that:

"No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) Consists of or comprises . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute . . . ."

In its decision, the Court held that the disparagement clause "violates the Free Speech Clause of the First Amendment. It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend." Slip op. at 1–2. The Court affirmed the *en banc* decision of the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit"), which held that the disparagement clause was facially unconstitutional under the First Amendment's Free Speech Clause. *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).

As a threshold issue, the Court's decision addresses whether the disparagement clause applies to marks that disparage the members of a racial or ethnic group. Slip op. at 8-12. Based on the "plain terms" of the disparagement clause, which applies to marks that disparage "persons," the Court held that the disparagement clause applied to the members of a racial or ethnic group because such members were "persons." Slip op. at 10. "Thus, the clause is not limited to marks that disparage a particular natural person." *Id.*

Significantly, the Court also based its decision on its conclusion that "[t]rademarks are private, not government, speech." Slip op. at 18. As such, the Free Speech Clause of the First Amendment, which applies only to private speech, applies to the disparagement clause. Slip op. at 12–18. The Court noted that a contrary conclusion—that trademarks are government speech—would have a "most worrisome implication" for the U. S. copyright system. Slip op. at

18.

The Court also rejected arguments that the disparagement clause could be saved by analyzing it as a type of subsidized speech, or as a type of government program in which some restrictions on content and speech are permitted. Slip op. at 18–23. Finally, the Court concluded that it did not need to resolve the question of whether trademarks are commercial speech, and thus are entitled to more relaxed constitutional scrutiny, as set forth in *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n of N.Y.*, 447 U. S. 557 (1980). According to the Court, the disparagement clause "strikes at the heart of the First Amendment," and is too broadly drawn to withstand even the relaxed scrutiny for restrictions of commercial speech. Slip op. at 24–26.

In separate opinions, Justice Kennedy (joined by Justices Ginsburg, Sotomayor, and Kagan) and Justice Thomas concurred in the Court's judgment and concurred in the majority opinion in part. Justices Kennedy and Thomas both expressed the view that the viewpoint discrimination at issue with the disparagement clause of the Lanham Act requires strict scrutiny, regardless of whether trademarks qualify as commercial speech. Kennedy, J. op. at 5–6; Thomas, J. op. at 1. Justice Thomas also presented his opinion that the Court should not have considered the issue of whether the disparagement clause applies to marks that disparage the members of a racial or ethnic group, since the Court declined to grant certiorari on this question. Thomas, J. op. at 1.

We will continue to monitor developments in the law on trademarks. In the meantime, please feel free to contact one our attorneys regarding issues raised by this case.

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