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CLE SUPPLEMENT

**THE POLICY AND CONSTITUTIONAL
CHALLENGES TO CONTEMPORARY
APPLICATION OF
SECTION 2(a) OF THE
LANHAM ACT**

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The Policy and Constitutional Challenges to Contemporary Application of Section 2(a) of the Lanham Act¹

By Ronald Coleman

Much of the excitement in intellectual property law jurisprudence these days involves policy-making by judges and the PTO. These include:

- How and what is secondary liability for trademark infringement, and what isn't?²
- Are defendants entitled to attorneys' fees³ when they win a copyright infringement case?
- How much ethnic identity is too much⁴ for the PTO to determine that trademark is being used in an ethnically offensive manner?
- How much, really, should the PTO's determinations in a trademark registration proceeding preclude its substantive rights⁵ in other contexts?

As it happens, the author of this paper was recently quoted in [an article](#) in the *World Intellectual Property Review* on the topic of the Redskins trademark case, and made a similar point concerning how far the issues in play in trademark law have strayed from what can reasonably be limned from the words of Lanham Act.⁶ As the article put it:

Few intellectual property lawyers in the US (and elsewhere) will need reminding that professional American football team the Washington Redskins was stripped of six trademarks last year after a decision by the US Patent and Trademark Office's Trademark Trial and Appeal Board.

¹ This is an adaptation of a three-part series of posts on the Likelihood of Confusion blog entitled "Indian Givers" that began on February 16, 2015 (<http://www.likelihoodofconfusion.com/indian-givers-part-1/>).

² "Fallout from 9th Circuit's "nuclear option" on cybersquatting secondary ," Likelihood of Confusion blog, December 12, 2013 (<http://www.likelihoodofconfusion.com/fallout-from-9th-circuits-nuclear-option-on-cybersquatting-secondary-liability/>).

³ "Statutory Damages in Copyright Cases," Likelihood of Confusion blog (undated), (<http://www.likelihoodofconfusion.com/legal-publications-ron-coleman/statutory-damages-copyright-cases/>).

⁴ "Consensus in Cleveland," Likelihood of Confusion blog, March 12, 2014 (<http://www.likelihoodofconfusion.com/best-of-2014-consensus-in-cleveland/>).

⁵ "The TTAB, the trademark bloggers and the likelihood of preclusion," Likelihood of Confusion blog, December 9, 2014 (<http://www.likelihoodofconfusion.com/the-ttab-trademark-bloggers-and-likelihood-of-preclusion/>).

⁶ "Top Ten Developments for 2015: Spider-Man, SEPs and shoes," *World Intellectual Property Review*, February 2, 2015 (<http://www.worldipreview.com/article/spider-man-seps-and-shoes>).

The term “Redskin”—a slang word for a Native American and variations of which were used in all six trademarks—was deemed offensive.

In response to the ruling, the team filed a lawsuit against the Native Americans who initiated the challenge, in an attempt to keep its trademarks. The Native Americans, unable to dismiss the suit, will face off with the club at the US District Court for the Eastern District of Virginia this year.

Ron Coleman, partner at US law firm Goetz Fitzpatrick, says: “The drafters of the Lanham Act [the US’s federal trademark statute] never considered whether a registration could be revoked retroactively upon a finding that, when applied for, the trademark was not eligible for registration because late-coming petitioners succeeded in proving that it was derogatory of an ethnic group.”

The quote, unsurprisingly, is less than entirely representative of the point I tried to make concerning the Redskins decision, which I made more explicitly in a blog post I wrote around the same time⁷ I was contacted by that reporter – though I would be remiss without first making the point repeatedly noted by the esteemed John Welch,⁸ that the writer's statement to the effect that “the Washington Redskins was stripped of six trademarks last year” is, of course, inaccurate: The Redskins were stripped of **registrations**, not trademarks.

To my point, however: Yes. It can hardly be seriously suggested that Congress ever contemplated, in passing Section 2(a), the action taken by the Federal Circuit in retroactively cancelling the REDSKINS marks. As I said in that blog post:

While the goal of avoiding offense by government actions such as trademark registration is laudable, achieving that goal seems more than ever to embroil agencies and judges in deciding highly-politicized and sensitive issues that are arguably not appropriately determined by either. Adding “time travel” to their task only makes it more onerous. . . .

[T]he policy question of whether a registration should be revoked retroactively, after decades of use by the registrant following allowance and evidently with no time limit — as long as the evidence is found to support a contemporaneous

⁷ “Redskins decision: The present judges the past,” Likelihood of Confusion blog, June 18, 2014 (<http://www.likelihoodofconfusion.com/best-of-2014-redskins-decision-the-present-judges-the-past/>).

⁸ Twitter status from @TTABBlog, June 19, 2014 (<https://twitter.com/TTABBlog/status/479553471150948352>) (“Tip from the TTABlog: Marks are not cancelled. Registrations are cancelled.TTAB doesn't cancel, it orders cancellation by the PTO.”)

finding of disparaging meaning — is probably one that Congress should address. Its application in this case, regardless of the merits under the standards applied by the TTAB, is certainly troubling.

Considering that view, then, what is one who holds it to make of what can only be seen as a far more revolting development – the proposed bill by Representative. Mike Honda (D-Calif.) described in press reports as intending to “force the Washington Redskins football team to change its name”⁹:

Honda's bill would prohibit the U.S. Patent and Trademark Office from issuing new trademarks using the term “redskins” as a reference to Native Americans, as well as retroactively eliminate existing trademarks.

Honda said his measure would prevent implicit government acceptance of a term that many Native Americans find offensive.

Of course, the article's own description of the proposed law as “prohibit[ing] the U.S. Patent and Trademark Office from issuing new trademarks” is, again, significantly inaccurate, because, again, the USPTO does not issue trademarks; it registers them. (And this is why, again, it matters when people who should know better – including active trademark law practitioners – refer to “trademarking” in public and professional discourse when they mean **registering** a trademark.¹⁰)

In fact, over the last few years there have been a number of bills introduced in Congress attempting to address the REDSKINS issue. But the Honda bill, titled the Non-Disparagement of Native American Persons or Peoples in Trademark Registration Act of 2015 (H.R. 684), would provide solely for the cancellation of REDSKINS marks and the prohibition of future registration of them. It would not in any way affect trademark **rights** – other, that is to say, than trademark rights which are themselves affected by registration. It would not force the Washington Redskins football team to change its name.

⁹ Cristina Marcos, “Dem bill would strip Redskins of trademark,” The Hill Blog, February 4, 2015 (<http://thehill.com/blogs/floor-action/house/231705-dem-bill-would-strip-redskins-of-trademark>).

¹⁰“Trayvon, we hardly knew ye,” Likelihood of Confusion blog, March 27, 2012 (<http://www.likelihoodofconfusion.com/trayvon-hardly-knew/>).

This raises a challenge to the “strict constructionist” trademark lawyer quoted above. Here, now, is Congress taking a stand (actually, mostly not taking a stand; Govtrack.com gives this bill a 2% chance of being enacted¹¹) on one these very policy issues, exactly as it is supposed to do. And indeed, it cannot be argued but that, if Congress were to pass that bill, it would, by doing so, certainly throw many important policy issues into stark relief.

One of them is this persistent confusion – or is it? – between trademark registrations and trademark rights. It is one thing for a reporter to misunderstand the distinction, but why doesn’t Rep. Honda actually propose to outlaw the REDSKINS trademarks? There would be many ways to do this without actually impinging directly on free speech in its most literal sense, it might be argued. A bill could be proposed to deprive the federal courts of jurisdiction over trademark or unfair competition related claims based on purported REDSKINS trademarks. There are even more subtle procedural tricks that could be legislated to at least hamstring the NFL’s ability to enforce even common law rights in this accursed name in a federal court. Why stop at half-measures such as prohibiting past and future registrations?

One may speculate as to a number of possible reasons. One may be that perhaps no one on the Congressman’s staff does, in fact, understand the difference between trademark registration and trademark rights. Considering how few lawyers know the difference, this would hardly be a particularly shameful failure for a congressional staff not charged with this area of expertise.

Another possibility is that a bill along the lines suggested above would presumably require the approval of the Judiciary Committee, of which Congressman Honda is not a member. And that leads to the third possibility, for while it is unlikely that the specialized staff members

¹¹ “H.R. 684: Non-Disparagement of Native American Persons or Peoples in Trademark Registration Act of 2015,” Govtrack.US (<https://www.govtrack.us/congress/bills/114/hr684>).

of the Judiciary Committee would make the categorical rights / registration error, separate and apart from committee assignments they would have no problem recognizing that such an idea, no matter how it were dressed it up, would be obviously beyond the pale. Facing the possibility of such an assault on the Constitution is not a politically appealing prospect.

This, in turn, brings us to the obvious question: Is it, really, such a trifling thing to shut the door on a party seeking to **register** a trademark – much less to deprive it of a mark it has already been granted – just because it would be that much more unthinkable to denude such a mark of any federal legal protection whatsoever?

This point was addressed, to some degree, in our firm’s appeal of the PTO's rejection of THE SLANTS in the Federal Circuit.¹² As we argued in our submissions,¹³ the Lanham Act cannot, as amended, be said merely to give a procedural or ministerial benefit to trademark registrants. Registration of trademarks does, in fact, have constitutional dimensions not present when the Federal Circuit's precedent on this question, *In re McGinley*,¹⁴ was decided:

While many of the benefits conferred by a registration existed at the time of the *McGinley* decision, the Trademark Law Revision Act of 1988 significantly expanded the substantive rights afforded to owners of federal trademark registrations. See 1 *McCarthy on Trademarks and Unfair Competition* § 5:9 (4th ed.) One of the more notable amendments in 1988, was the introduction of the new concept of “constructive use” which provides that “[c]ontingent on the registration of the mark on the Principle Register, the filing of an application to register constitutes ‘constructive use’ of the mark. This confers a right of priority, nationwide in effect” *Id.*; see also 15 U.S.C. § 1057(c).

¹² “This is the last SLANTS song I’ll ever sing for you,” Likelihood of Confusion blog, January 12, 2015 (<http://www.likelihoodofconfusion.com/this-is-the-last-slants-song-ill-ever-sing-for-you/>).

¹³ *In re Simon Shiao Tam*; Reply Brief on Behalf of The Slants of the TTAB's Affirmance of the PTO's Refusal to Register THE SLANTS as a Trademark(<http://www.jdsupra.com/legalnews/reply-brief-on-behalf-of-the-slants-of-t-50418/>)

¹⁴ 660 F.2d 481 (C.C.P.A. 1981)

In fact, it is not so much more a dubious proposition to limit the PTO's ability to register REDSKINS trademarks than to make them unenforceable as a matter of federal law. Both are incursions on free speech.

Nor should it be overlooked that the present policy requires sensitive policy decisions concerning ethnic offense – rife with constitutional implications – be entrusted to an administrative agency whose expertise and Congressional writ extend only to the very mundane, which is not to say estimable, subject of registering trademarks. Yet it must be acknowledged, as the Slants' initial brief argues,¹⁵ that little regard was paid even to the form of administrative legal norms in the PTO once the application was identified as a Section 2(a) “loser.”

Returning to the main question, then: Is it not the case that, by letting Congress take the helm on these sensitive issues, we at least solve that problem? Should not Congress decide which terms are scandalous and offensive, and not deserving of the moral sanction of that most moral of institutions, the United States government? Is it not the legislature where policy should be made?

If the question is Congress as opposed to an agency, the answer, it seems, must be yes. But, of course, we have loaded the question. Now, it would be irresponsible not to recognize the categorical political (and moral) problem facing the PTO regarding applications to register certain ethnically disparaging trademarks. The dreaded theoretically-valid-but-for-section-2(a) NIGGER trademark¹⁶ is a good-government nightmare no matter how we§ approach it. But that very real problem cannot suffice to deprive every other applicant with a valid trademark to his

¹⁵ In re: Simon Shiao Tam; Brief on Behalf of Appellant - Appeal from the TTAB Refusal to Register the Trademark THE SLANTS (<http://www.jdsupra.com/legalnews/brief-on-behalf-of-appellant-appeal-fr-92884/>).

¹⁶ “Jiggering it out at the PTO,” Likelihood of Confusion blog, January 26, 2015 (<http://www.likelihoodofconfusion.com/best-of-2009-jiggering-it-out-at-the-pto/>).

place on the Register. Hard cases make bad law, but where the Constitution is at stake our obligation is not to punt but to strive to make good law all the same.

The constitutional issues are not only free speech ones. For example, is retroactive revocation of a legal privilege (substantive or otherwise) granted by lawful process, and absent any showing of fraud or illegality, really defensible, especially after many years and the investment of great sums in reliance on that determination, merely because our sensibilities have changed? The Redskins seem to have a takings argument. When the PTO's decision revoking the REDSKINS registrations was affirmed by the TTAB, I wrote a post asking,¹⁷ as others – including the NFL, notably in its recent summary judgment brief – whether such sociological (not to say historicist) time travel concerning the REDSKINS mark comports with constitutional due process. It is a serious question.

Unfortunately, the record of serious challenges to Section 2(a) refusals suggests that when it comes Section 2(a), the PTO's tolerance for irregularity and inconsistency is quite high as long as the outcome is "no." There's one category of exceptions, as The Slants documented in their appeal submissions, and it is an exception that seems to prove the rule: Derogatory terms referring to what were once called lifestyle choices have, in recent years, consistently been allowed registration while those referring to ethnicity are not.

Could one answer by saying that the statute doesn't prohibit disparagement of behavior or, even, perhaps, sexual identity, but it does prohibit disparagement of ethnic groups? It is hard to find support for this view in the statute (emphasis added):

¹⁷"Redskins decision: The present judges the past," Likelihood of Confusion blog, June 18, 2014 (<http://www.likelihoodofconfusion.com/best-of-2014-redskins-decision-the-present-judges-the-past/>).

1052. Trademarks registrable on the principal register; concurrent registration

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 immoral, deceptive, or scandalous matter; or matter which may **disparage** or falsely suggest a connection with **persons**, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute . . .

The relevant language seems to be "disparage . . . persons." Are ethnic groups "persons"? Are any groups of persons, persons? Not according to TMEP 1203.03(a), which explains, based on the cases, that "Section 45 of the Act, 15 U.S.C. §1127, defines "person" and "juristic person" as follows:

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

This definition of "person" does not seem to include races, colors, "peoples," or "nations" in the ethnic sense. So how does "derogatory" come to apply to ethnic groups at all?

The answer seems to be all the way down in TMEP 1203.03(d), which defines "disparagement." Citing cases such as *Boswell v. Mavety Media Group Ltd.*,¹⁸ the rule says that under Section 2(a), "whether a mark is found to be disparaging depends on the context and the persons or groups of persons the mark is directed toward." This definition detaches the verb "disparaged" from the (relevant) object "persons" in the statute and inserts a concept, "group." But unless such a group is a "juristic person," a prohibition on registrations that disparage groups is not found in the Lanham Act. It surely would not have been intended by its drafters. (The

¹⁸ 52 USPQ2d 1600 (TTAB 1999)

brief for The Slants did address, briefly, this aspect of the vagueness problem.) And it would not, of course, directly affect new legislation such as the proposed Honda bill.

This statutory mystery, incidentally, is one respect in which the “scandalous and offensive” (i.e., pornographic, sexual or scatological) terms differ from the “disparaging” (i.e., ethnic slur) terms with respect to the Section 2(a) prohibition. The former category, even if it suffers from its own forms of vagueness problems (and it surely does), at least proceeds from a relatively obvious statutory mandate. The vagueness it does suffer from just puts it into the problematic “I know it when I see it” department of government-regulation-of-the-unclean, which is beyond the scope of this paper. The point, however, is that not all Section 2(a) refusals are equal, and “disparaging” trademark registrants may not wish to – or have to – share the company of the “scandalous and offensive” ones for purposes of judicial review. That distinction may be a topic for another day, but the legal issues are not identical.

Still and all, it is hard not to acknowledge that Section 2(a) is a slow-motion administrative train wreck, and one that does the PTO no favors in being tasked with its administration. The only question, it seems, is when, not if, the problems with its administration and its doctrinal flaws are finally acknowledged by the courts. But while until now there only seemed to be growing correlation between the PTO's working of 2(a) rejections and popular and political sentiment, what can only be described as political power plays such as the Honda bill – unmistakable political “messages” whether passed or not – exert unmistakable pressure on the professionals at the PTO.

So too has the White House's application of raw political force by use of the battering-ram entry of the Justice Department into the REDSKINS controversy.¹⁹ Coming from an

¹⁹ Lucy McCalmont, “DOJ steps into Redskins trademark name night,” Politic blog, January 19, 2015 (<http://www.politico.com/story/2015/01/doj-redskins-trademark-fight-114133.html>).

Administration that has used the very conspicuous refusal to defend statutes from legal challenge as a potent tool of policy, this level of involvement in the appeal of a trademark refusal is a very big deal.

And this is, none of it, what the PTO was built for. From the point of view of good government, Section 2(a) is bomb. From the point of view of the rule of law, it does not make the grade. From the point of view of justice, neither the policy nor the way it is being executed make the grade. Notwithstanding the hurt and the posited harm it has been interpreted as being meant to prevent, legal regulation of “good” and “bad” trademarks can no longer be justified in an era where government has essentially absented itself from the field of moral arbitration.

To that end, then, there is something to be said for a debate and a vote on the proposal by Rep. Honda, and even, in theory, its enactment. At least the sausage currently being made by the PTO would, in the event, be made out in the open, with an explicit, political expression of what is going on. By virtue of such a process, the issue might, perhaps, get the judicial review it deserves in the unlikely event, given what is percolating before the courts now (unlike the frivolous challenges that have recently been floated²⁰) it has not yet gotten it by then.

Journalists and even Members of Congress can be forgiven for failing to appreciate what seem like fine distinctions in trademark law but which, to regular practitioners, are fundamental. But we who are enmeshed in the jurisprudence of the Lanham Act on a regular basis may, for our own part, fail to see the forest for the trees. The cases now reaching into the public realm present us – lawyers and judiciary alike – with the opportunity and the responsibility to step back and return to first principles, and to ask: What are the purposes of the Lanham Act? And how

²⁰ See., e.g., *In re Pamela Geller and Robert B. Spencer*, Serial No. 77940879 (February 7, 2013) (refusal to register the mark STOP THE ISLAMISATION OF AMERICA). As I argued at the time, the PTO should not even have risen to the Section 2(a) bait concerning this application, which did not seem to even implicate a bona fide trademark use of the proposed mark. See, “Trademarks, free speech and politics,” Likelihood of Confusion blog, May 14, 2014 (<http://www.likelihoodofconfusion.com/trademarks-free-speech-and-politics/>).

much weight, as a matter of law, policy and justice, can we rightly ask trademark law, and the agencies charged with administering principal aspects of it, to bear in order in order to achieve policy goals whose relationship to those purposes is – at best – questionable?