

BALANCING FREE SPEECH AND TRADEMARK RIGHTS



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The First Amendment to the United States Constitution secures one of the most well-known rights in the world: freedom of speech. A federal trademark registration, on the other hand, grants its owner the *exclusive* right to use the registered mark in connection with the goods and services that are the subject of the registration, thereby depriving others of the rights granted to the trademark owner. Compounding the issue, many federal trademark registrations include generic words (for unrelated goods and services), descriptive text, or suggestive names or slogans that have applicability in contexts unrelated to the registered goods and services, which an unrelated third party might want to use to identify the trademarked product or service, or to use in a purely descriptive or expressive sense. These third-party uses typically arise in comparative advertising, creative works (e.g., Andy Warhol's famous Campbell's Soup painting), functional use, or detailed depictions involving real-life goods (e.g., movies, television, and software simulations involving real-life scenarios), each of which may or may not be viewed favorably by the mark's owner. Over the last several years, the First Amendment has further clashed with federal trademark law as a result of the U.S. Patent and Trademark Office (USPTO) rigidly enforcing its policy of prohibiting registration of disparaging marks. As a result, it is becoming increasingly difficult to harmonize exclusive trademark

rights under U.S. law with freedom of speech as guaranteed by the First Amendment.

In order to resolve this inherent tension between the First Amendment and federal trademark rights, courts adopted the doctrine of nominative fair use, which allows a third party to use or refer to another's mark when necessary and not misleading to consumers. Specifically, nominative fair use is not trademark infringement because there is no likelihood of confusion as to the source of the goods or services. The U.S. Court of Appeals for the Ninth Circuit developed a three-part test to determine whether there is a nominative fair use.¹ First, the good or service must not be readily identified without the mark. Second, the third party must only use so much of the owner's mark as is reasonably necessary to identify the good or service. For example, use of a word mark instead of a distinctive design or logo may weigh in favor of nominative fair use, whereas copying the design or logo in addition to the text may weigh in favor of infringement. Third, the third party must accurately portray the relationship between itself and the owner of the mark, and not mislead consumers as to the source of the third party's goods or services. If these three criteria are met, then a use of the mark is not infringement.

Use of a registered mark is also not infringement if the mark is used in a functional manner and not as a trademark, i.e., not as an indicator of the source of goods or services. If a third party is using another trademark owner's mark in a way that is not a source identifier for the trademark owner's good or service, then the use may be functional and

non-infringing. In *Pagliero v. Wallace China Co.*, Wallace created several china patterns, which it sold both directly and through its authorized dealers.² Pagliero Brothers, one of Wallace's competitors, used several of the same designs on its china. The court found Pagliero Brothers' use of Wallace's designs was not infringement because the features of the china patterns were aesthetically functional. The court stated "where the features are 'functional' there is normally no right to relief. 'Functional' in this sense might be said to connote other than a trade-mark purpose."³

In another well-known example, Christian Louboutin sued Yves Saint Laurent (YSL) when YSL started selling a competing shoe with a red sole. Despite Christian Louboutin shoe's being well known for having red soles, the court held that YSL's use of a red sole was functional because YSL was selling a monochrome red shoe, and preventing YSL from being able to use a red sole on such a shoe would detract from the aesthetic functionality of a completely red shoe. The court held that Louboutin's trademark was limited to a red sole that *contrasts in appearance* to the rest of the shoe, and was not infringed by YSL's monochrome red shoe.⁴

Another issue that arises in the balance of trademarks and free speech concerns product placement in the entertainment industry, such as in movies, television, and video games. However, the Supreme Court stated that entertainment speech should be afforded a high degree of First Amendment protection.⁵ As such, use of an otherwise protectable mark in an expressive context is often protected free speech or otherwise considered fair use.⁶ Many articles and books have addressed product placement and related issues, so we do not address them further here.

Turning to more recent developments regarding allegedly disparaging marks, the Supreme Court ruled in 1976 that commercial speech is protected by the First Amendment. The Supreme Court stated that the First Amendment protects "[e]ntertainment, as well as political and ideological speech, ... [including] motion pictures, programs broadcast by radio and television, and live entertainment, such as musical and dramatic works."⁷



The Slants logo

More recently, a Portland, Oregon-based rock band named "The Slants" requested federal trademark registration of its name in 2011 for "Entertainment in the nature of live performances by a musical band." Despite the name's reputation as a racial slur, the name was adopted as a nod to the band members' Asian-American heritage. The USPTO refused registration of the mark under Section 2(a) of the Lanham Act, finding that the mark is disparaging.

Section 2(a) of the Lanham Act bars federal trademark registration of a mark that "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."⁸

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In its refusal, the USPTO cited to dictionary definitions of “slant” and stated that the term will be viewed as disparaging. The USPTO found that the mark is unregistrable because the likely meaning of the mark is an inherently offensive and derogatory term directed towards the physical features of persons of Asian descent. The USPTO considers the following two factors when determining whether a matter may be disparaging under Trademark Act Section 2(a):

1. What is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods and/or services, and the manner in which the mark is used in the marketplace in connection with the goods and/or services; and
2. If that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.⁹

The Slants argued, however, that they specifically chose the name to turn the negative connotation of the term into a positive one. The Slants appealed the USPTO’s refusal to register its mark to the U.S. Court of Appeals for the Federal Circuit. In 2015, the Federal Circuit found Section 2(a) to be unconstitutional and thus stated that the mark THE SLANTS should be registrable.¹⁰ The U.S. government petitioned the Supreme Court in 2016 for *writ of certiorari*, which the Court granted.

In another similar case, the USPTO in 2014 canceled several trademark registrations owned by Pro-Football, Inc., the National Football League’s franchise known as the *Washington Redskins*.¹¹ In that case plaintiff Pro-Football, Inc. (PFI) sought reversal of a USPTO Trademark Trial and Appeal Board (TTAB) order cancelling six of its federal trademark registrations for the REDSKINS mark. The court stated “cancelling the registrations of the Redskins Marks under Section 2(a) of the Lanham Act does not implicate the First Amendment as the cancellations do not burden, restrict, or prohibit PFI’s ability to use the marks.”¹² PFI asserts that First Amendment rights are implicated because cancelling its trademark registration will “drive ideas from the marketplace.”¹³ In April 2016, PFI petitioned the Supreme Court for a *writ of certiorari* after the district court upheld the TTAB’s cancellations. The Supreme Court declined to hear PFI’s appeal, however the decision regarding THE SLANTS mark (discussed in more detail below) will impact whether the REDSKINS registrations will continue to be viewed as disparaging and unregistrable by the USPTO.



Redskins logo

Federal registration has its advantages, and The Slants and PFI argue they are being deprived of those federal rights. However, advocates for maintaining the anti-disparagement clause argue that the alleged disparaging marks are still protected by common law rights. While the Redskins may continue using its name without federal protection, The Slants require federal trademark protection to sign a record deal. The Slants argue they are not seeking registration of this name to use it in a disrespectful way. On the contrary, The Slants seek to turn the negative connotation into a positive one for Asian-Americans. As noted above, the USPTO has not been swayed by a trademark applicant's intent or purpose to counter a rejection on the ground of disparagement, whereas the Federal Circuit sided with The Slants in 2015, finding that "[t]he First Amendment allows even hurtful speech."¹⁴ In their respective briefs before the Supreme Court, the government argues that while the First Amendment protects free speech, it is not required to promote hurtful speech such as racial slurs, whereas The Slants argue that the government does not endorse or promote all federal trademark registrations.

Meanwhile, other marks that would seem disparaging have been granted federal registrations. The USPTO denied registrations for two groups called "Democrats Shouldn't Breed" and "Abort the Republicans." Yet registration of the band name N.W.A., which stands for "Niggaz Wit Attitudes" was allowed, so the USPTO has not been entirely consistent regarding where it draws the line.

However, in a somewhat convoluted decision, the Supreme Court on June 19, 2017, affirmed the Federal Circuit's finding that section 2(a) is unconstitutional, thereby drawing the line for the USPTO and paving the way for The Slants

to get its mark registered. A by-product of the decision is that the Washington Redskins will likely be allowed to keep its federal trademark registrations for various REDSKINS marks.

Will there be a rush to the trademark office to register new disparaging marks? Unlikely, in view of the fact that disparaging marks just don't sell as well as more marketable names. However, The Slants case increases the strength of trademark rights and provides businesses one more option to pursue fringe customers. Coupling trademark rights with nominative fair use and aesthetic functionality, both brand owners and third parties have a number of resources to both defend and attack in brand battles yet to come. ■

1. *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992) (newspaper's use of *New Kids on the Block* as the subject matter of a reader poll where readers were required to dial a 1-900 number for a fee in order to vote for their favorite *New Kid* was a nominative fair use of the mark). AIA §§ 3(n)(1) and 6(f)(2)(A). AIA § 3(n)(1)(B), 125 Stat. at 293.
2. *Pagliero v. Wallace China Co.*, 198 F.2d 339, 339 (9th Cir. 1952).
3. *Id.* at 343. See also *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 863 (1982) (Functionality is a complete defense to contributory infringement as it is "an important ingredient in the commercial success of the product.")
4. *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings Inc. et al.*, 2012 WL 3832285 (2nd Cir. 2012).
5. *Schad v. Borough of Mount Ephraim*, 452 U.S. 61, 65 (1981) (stating "[e]ntertainment, as well as political and ideological speech, is protected; motion pictures, programs broadcast by radio and television, and live entertainment, such as musical and dramatic works fall within the First Amendment guarantee.")
6. See, e.g., *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989) (Defendant's title of its movie *Ginger and Fred* not an infringement of plaintiff Ginger Rogers' rights because the title is at least minimally relevant to the movie's content, and because the title does not explicitly denote authorship, sponsorship, or endorsement by Ms. Rogers or explicitly mislead as to content.). See also, *The Sporting Times, LLC v. Orion Pictures Inc. et al.*, No. 1:17-cv-00033 (W.D. Ky., filed February 2017) (in a *Motion to Dismiss* filed May 1, 2017, MGM argues that because there is no confusion as to the source of the film the trademark infringement claims are barred, and that "the Lanham Act does not grant trademark owners [] veto power over the content of expressive works.").
7. *Schad* at 65.
8. 15 U.S.C. § 1052(a).
9. *In re Squaw Valley Dev.*, 80 USPQ2d at 1267 (citing *Harjo*, 50 USPQ2d at 1740-41); TMEP § 1203.03(c).
10. *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).
11. *Pro-Football, Inc. v. Blackhorse*, 112 F.Supp.3d 439 (E.D. Va. 2015)
12. *Id.* at 455.
13. *Id.* at 456.
14. 808 F.3d 1321, 1328.