

## Section 2(a) of the Lanham Act: Trademark’s Law of Unintended Consequences<sup>1</sup>

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In *In re Tam*,<sup>3</sup> the United States Court of Appeals for the Federal Circuit ruled that the “disparagement clause” of Section 2(a) of the Lanham Act is “unconstitutional under the intermediate scrutiny traditionally applied to regulation of the commercial aspects of speech.”<sup>4</sup> The “Slants case,” as it is colloquially known, has been running in a rough parallel through the appellate courts with the challenge by the National Football League to the Patent and Trademark Office’s retroactive cancellation of the NFL’s REDSKINS trademarks, which was most recently upheld by the Eastern District of Virginia in *Pro-Football, Inc. v. Blackhorse*.<sup>5</sup>

Putting the question of constitutionality aside, however, it is worth considering whether Congress ever contemplated, in passing Section 2(a), its application to these questions at all, much less the sort of radical retroactive relief granted by the PTO to the opposers in *Blackhorse*. This paper addresses that question, and turns to a related one: Whether the goal of avoiding offense by government actions such as trademark registration, while arguably laudable, has embroiled agencies and the courts in highly-politicized and sensitive issues that are arguably not appropriate for determination by either, assuming the Constitution permits the exercise at all.

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<sup>1</sup> This paper includes material adapted from a previous article by the same author entitled, “The Policy and Constitutional Challenges to Contemporary Application of Section 2(a) of the Lanham Act,” available at (<http://www.jdsupra.com/legalnews/the-policy-and-constitutional-challenges-12146/>) which was published as a CLE supplement materials distributed to attendees at the Intellectual Property Owners Education Foundation 25th Annual PTO Day in Washington, DC on March 10, 2015 in connection with a panel in which the author participated entitled, “Federal Registration of Disparaging, Immoral and Scandalous Marks.” Some of that material, as indicated in the article as well, was based on 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/>).

The views expressed here are solely the author’s own.

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<sup>3</sup> *Supra*.

<sup>4</sup> *Id.* at 1327.

<sup>5</sup> 112 F. Supp. 3d 439 (E.D. Va. 2015).

**The Murky Genesis of the “Ethnic Slur”**  
**Application of Section 2(a)’s “Disparagement” Bar**

It is hard to find support for the commonly-accepted legal premise that Section 2(a) of the Lanham Act prohibits registration of trademarks that disparage ethnic or other minority or even majority groups. The language of the statute is as follows (emphasis added):

**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 is, obviously, the prohibition of marks that "may 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. Non-juristic collective entities incapable of suing and being sued, such as racial and ethnic groups, are thus not “persons” under this definition. So how does “derogatory” come to apply to “ethnic slurs” at all?

The PTO's answer is found in TMEP 1203.03(d), which defines "disparagement."<sup>6</sup> Citing cases such as *Boswell v. Mavety Media Group Ltd.*,<sup>7</sup> 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. There is no basis for the inference that statute prohibited trademarks that disparaged "groups" defined by ethnic or racial identity. In fact, the legislative history of Section 2(a) uncovered in the course of research for The Slants' response to the USPTO's petition for a writ of certiorari suggests an entirely different explanation that is not only more culturally and historically sensible but which also does not require the wrenching of the statutory language.<sup>8</sup>

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<sup>6</sup> 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" category of government censorship, which is beyond the scope of this paper. The point, however, is that not all Section 2(a) refusals are equal. This paper only addresses the disparagement bar to registration.

<sup>7</sup> 52 U.S.P.Q.2d 1600 (T.T.A.B. 1999).

<sup>8</sup> This legislative history analysis, which is beyond the scope of this paper, is the fruit of efforts led by Stuart Banner, Norman Abrams Professor of Law at the University of California – Los Angeles School of Law and director of UCLA's Supreme Court Clinic, who joined the Tam team to support the Supreme Court stage of the litigation. Set forth at length in the Brief for Respondent filed in *Lee v. Tam* (15-1293), Professor Banner demonstrates that Section 2's purpose was almost certainly to bring U.S. trademark law into conformity with the language of the Inter-American Convention for Trade Mark and Commercial Protection, 46 Stat. 2907, which was ratified by Congress of 1931. Article 3.4 of the Convention provided for the denial of registration to trademarks "[w]hich tend to expose persons, institutions, beliefs, national symbols or those of associations of public interest, to ridicule or contempt." And one of the primary purposes of the Lanham Act was, as the House and Senate reports both explained, to "carry out by statute our international commitments."

In contrast, nothing in the legislative history of the Lanham Act, whose drafting and passage preceded even the earliest civil rights legislation by at least a decade, evinces any concern whatsoever with the registration of trademarks disparaging ethnic or racial groups.

The genesis of the radical change in meaning assigned to the disparagement clause has a cloudy history which is shrouded, in ironic fact, by serial litigation failure. The two earliest TTAB cases applying Section 2(a) date to the very end of the 20<sup>th</sup> Century: *Boswell*, and *Order of Sons of Italy in America v. Memphis Mafia Inc.*<sup>9</sup> Both cases, notably, actually **rejected** oppositions to registration under the disparagement clause brought by parties claiming to represent the interests of offended ethnic groups – in *Boswell*, African-American women reacting to the mark BLACK TAIL for an “adult entertainment” magazine featuring African-American women; and in *Memphis Mafia*, Italian-Americans objecting to registration of the mark MEMPHIS MAFIA for musical entertainment.

The “ethnic slur” interpretation of Section 2(a) in these early cases, however, were themselves premised on a standard accepted by the TTAB in *Harjo v. Pro Football* in 1994,<sup>10</sup> and reinforced in its companion 1999 decision, “*Harjo II.*”<sup>11</sup> Ultimately the what was initially a successful challenge to the NFL’s “racial slur” REDSKINS trademark was not resolved until the lower-court ruling dismissing the *inter partes* cancellation proceeding, originally filed in the PTO, was held to be barred on the essentially non-substantive ground of laches – in 2009.<sup>12</sup> Despite that outcome, however, in the interim the TTAB and the courts had accepted the critical, novel premise of the first *Harjo* – that Section 2(a) was intended to apply to groups of persons – at face value.<sup>13</sup>

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<sup>9</sup> 52 U.S.P.Q.2d 1364 (T.T.A.B. 1999).

<sup>10</sup> 30 U.S.P.Q.2d 1828 (T.T.A.B. 1994)

<sup>11</sup> *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d 1705 (T.T.A.B. 1999).

<sup>12</sup> *Pro Football, Inc. v. Harjo*, 565 F.3d 880 (D.C. Cir. 2009).

<sup>13</sup> One reason for this may be that while Pro Football, Inc., the trademark holder, did not pursue an appeal of the original T.T.A.B. ruling on the ground that both Harjo, the objector, and the T.T.A.B. had erred in interpreting the statute. Explaining the nature of the de novo challenge brought by the NFL to the T.T.A.B. ruling, the court summarized it as follows:

While some commentators consider the entire Section 2(a) enterprise an exercise in nothing less than hard censorship,<sup>14</sup> it is hard not to see the development as well-meaning sort of judicial activism. Holding separate and apart the controversy concerning the REDSKINS trademarks, the “backing in” of the “race and ethnicity” interpretation of the disparagement clause came in the nick of time. Notwithstanding the failure of Harjo, Boswell and the Sons of Italy in their litigation efforts, the courts had, *sub silentio*, adopted an apparently unchallenged reworking of an old law. And now the TTAB, and the PTO internally had, by the race- and sensibility-conscious turn of the 20<sup>th</sup> century, an apparently judicially-approved solution to the problem of applications to register trademarks expressing obvious racial slurs and other unkind messages directed at groups of people now seen deserving of official protection.

### **The Unanticipated Consequences of the Judicial Gloss on the Disparagement Clause of Section 2(a)**

Whether or not Congress did, in fact, intend Section 2(a) to be read the way every court – including the Federal Circuit in *In re Tam*<sup>15</sup> – has read it, legal and administrative developments of recent years have shown Section 2(a) to have caused a number of unanticipated problems apart, again, from the constitutional objections raised to the approach. Their implications are

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In its complaint, Pro-Football presents five causes of action supporting its request that the Court overturn the T.T.A.B.'s cancellation order. It argues first that the trademarks do not disparage Native Americans and second that they do not bring Native Americans into contempt or disrepute. In the third cause of action, Pro-Football contends that section 2(a) of the Lanham Act violates the First Amendment because it is a vague, overbroad, and content-based restriction on speech. Fourth, it asserts that section 2(a) is unduly vague in violation of the Fifth Amendment. Finally, it argues that the Defendants' cancellation petition was barred by the doctrine of laches.

*Pro Football v. Harjo*, 284 F. Supp. 2d 96 (D.D.C. 2003) (citations to record omitted).

<sup>14</sup> See, e.g., Marc J. Randazza, “Freedom of Expression and Morality-Based Impediments to the Enforcement of Intellectual Property Rights,” 16 Nev. L.J. 107 (2015).

<sup>15</sup> 808 F.3d 1321 at 1331 (applying standard).

entitled to substantial treatment beyond the scope of these materials, but are set out here in abbreviated form simply to make the point concerning good intentions gone awry.

One problem noted by the court in *In re Tam* is that the jurisprudence of “disparagement,” which is built around the word itself in a complete vacuum of statutory guidance or legislative history, has unsurprisingly resulted in intolerable inconsistencies:

One need only examine the disparate ways in which § 2(a) has been applied to see the confusion. While it is true that a “fertile legal imagination can conjure up hypothetical cases in which the meaning of [disputed] terms will be in nice question,” *Grayned v. City of Rockford*, 408 U.S. 104, 112 n.15, 92 S. Ct. 2294, 33 L. Ed. 2d 222 (1972) (alteration in original) (quoting *American Communications Ass’n v. Douds*, 339 U.S. 382, 412, 70 S. Ct. 674, 94 L. Ed. 925 (1950)), the arbitrary application of § 2(a) is easily demonstrated. The majority discusses numerous examples of inconsistent registration decisions. Maj. Op. 31 n.7. These include examples where there is no conceivable difference between the applied-for marks, yet one is approved and the other rejected. Compare HAVE YOU HEARD SATAN IS A REPUBLICAN (Trademark Application Serial No. 85,077,647) (rejected because it disparaged the Republican Party), with THE DEVIL IS A DEMOCRAT, Registration No. 85,525,066 (accepted and later abandoned for other reasons). [T]here appears to be “no rationale for the PTO’s seemingly arbitrary registration decisions, let alone one that would give applicants much guidance.”<sup>16</sup>

At the same time, these inconsistencies have not always been of the silly and apparently arbitrary nature suggested by the disparate treatment of marks assigning demonic properties to different political parties. The court in *In re Tam* noted that while it generally rejects the “reappropriation” argument when made by ethnic group members, the PTO has accepted the same argument when made on behalf of other groups, such as when it allowed publication of the mark DYKES ON BIKES – presumably offensive to lesbians – “after the applicant showed the term was often enough used with pride among the relevant population.”<sup>17</sup>

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<sup>16</sup> 808 F.3d 1321, 1328 (O’Malley, J., concurring).

<sup>17</sup> *Id.* at 1336.

In short, because the disparagement bar of Section 2(a) was not meant to be used the way courts and the PTO have used it since *Harjo*, it was not drafted the way such a statute would be drafted, i.e., by including a set of precisely defined terms. “When a court defines the purpose of a statute in vague or general terms as part of its analysis, the court may seek to impose its own policy preferences under the cover of statutory interpretation. This can occur when a court determines a general purpose of a statute and justifies its construction of the statute based upon that purpose and nothing else. For instance, the Supreme Court has justified the incorporation of equitable exceptions that were not generally-recognized at common law based merely upon a statute's "remedial purposes" or "humane legislative plan.”<sup>18</sup>

Seen in this light the issues of agency authority and competence are necessarily implicated as well. “Where Congress has established a clear line, the agency cannot go beyond it; and where Congress has established an ambiguous line, the agency can go no further than the ambiguity will fairly allow.”<sup>19</sup> If Congress did indeed create the line that is the *Harjo* disparagement bar to registration, it surely did not create a clear one. As the foregoing examples illustrate, under *Harjo*, an agency empowered under the Lanham Act with nothing more or less than registration of trademarks is now regularly being asked to decide the matters before it concerning some of the most controversial and heated topics of our time and which draw upon a breadth of knowledge, disciplines and judgment that are enough even to make an Article III judge’s head spin, much less that of a PTO trademark examining attorney. And in connection with the REDSKINS mark, the PTO, and then the court, was bidden, under this interpretation, to “travel” backward in time by years or decades to apply a judicially-crafted “test” for marks that

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<sup>18</sup> Adam Bain and Ugo Colella, “The United States Supreme Court and Federal Law: Interpreting Federal Statutes Of Limitations,” 37 Creighton L. Rev. 493, 570 (April 2004).

<sup>19</sup> *City of Arlington v. FCC*, 569 U.S. \_\_\_, 133 S. Ct. 1863, 1872, 185 L. Ed. 941 (2013).

“may disparage” to very different times – sometimes more than one. Thus the “relevant time period” for consideration of “may disparage” for the REDSKINS marks in *Blackhorse* was described as “1967, 1974, 1978 and 1990,” i.e., the dates of the applications to register the marks.<sup>20</sup>

Indeed, in *Blackhorse*, the District Court cited to record evidence placed before the TTAB that including eleven dictionaries;<sup>21</sup> two linguists;<sup>22</sup> 27 “scholarly, literary and media references” ranging from the *Encyclopedia Britannica* to academic journals to editorials in *USA Today*;<sup>23</sup> and the personal testimony, ranging from historical narrative to subject expressions of offendedness *vel non*, of eight Native American individuals or leaders of Native American groups<sup>24</sup> to uphold the TTAB’s ruling that the REDSKINS Marks ran afoul of Section 2(a) because they “consisted of matter that ‘may disparage’ a substantial composite of Native Americans during the relevant time period.”<sup>25</sup> *Blackhorse*, of course, represents the high-water mark of Section 2(a) disparagement litigation. This, however, only means that the markholder had more at stake, and more resources to protect it, than a typical litigant anticipating a challenge to a PTO ruling that a mark is unregistrable as disparaging. But while arguments about whether Congress considered affordability in PTO proceedings to be a desideratum may have been rendered irrelevant by the Supreme Court’s decision in *B&B Hardware, Inc. v. Hargis Indus.*,<sup>26</sup>

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<sup>20</sup> *Id.* at 467.

<sup>21</sup> 112 F. Supp. at 473.

<sup>22</sup> *Id.* at 476.

<sup>23</sup> *Id.* at 475-479.

<sup>24</sup> *Id.* at 480-481.

<sup>25</sup> *Id.* at 490.

<sup>26</sup> 135 S. Ct. 1293, 1309-1310 (U.S. 2015). The Supreme Court rejected the suggestion that preclusion should not apply to T.T.A.B. decisions because “the stakes for registration are so much lower than for infringement that issue preclusion should never apply to T.T.A.B. decisions . . . After all, ‘[f]ew . . . litigants would spend \$50,000 to defend a \$5,000 claim.’” *Id.* at 1309. The court responded:



the academic – perhaps – question of whether an endeavor such as the *Blackhorse* litigation was ever anticipated by Congress by virtue of its inclusion of the words “may disparage” in Section 2(a).

Obviously another arguably unanticipated consequence that has followed in the wake of such developments is the politicization of the trademark registration process, which reached new heights when the Justice Department took the unusual step of intervening in the REDSKINS controversy at the trial court level.<sup>27</sup> The government has continued its vigorous defense of the supposed disparagement bar of Section 2(a) through its application for certiorari in *In re Tam*, including by refusing to abide by the Federal Circuit’s order remanding Tam’s application to the PTO for “further proceedings” consistent with the ruling – i.e., refusing to publish THE SLANTS trademark, which had only been denied registration on Section 2(a) grounds, for registration – on the ground that decision itself was still subject to Supreme Court review.<sup>28</sup>

“Politicization,” of course, is just a label, and the one using it may be as guilty of the charge as the object of his criticism. If, in fact, the question here concerns administrative overreach to any extent, of course, it would seem like a welcome development Congress itself

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To the contrary: When registration is opposed, there is good reason to think that both sides will take the matter seriously.

The benefits of registration are substantial. . .

The importance of registration is undoubtedly why Congress provided for *de novo* review of T.T.A.B. decisions in district court. It is incredible to think that a district court’s adjudication of particular usages would not have preclusive effect in another district court. Why would unchallenged T.T.A.B. decisions be different? Congress’ creation of this elaborate registration scheme, with so many important rights attached and backed up by plenary review, confirms that registration decisions can be weighty enough to ground issue preclusion.

*Id.* at 1309-1310.

<sup>27</sup> 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>).

<sup>28</sup> Trevor Little, “USPTO challenged over compliance with court mandate in The Slants case,” *World Trademark Review*, March 16, 2016 (found at <http://www.worldtrademarkreview.com/blog/detail.aspx?g=20904a50-ac83-424c-9206-1f24a5e21064>).

take up the policy question of, for example, whether a registration such as REDSKINS should be revoked after decades of use by the registrant following registration. And indeed, in 2015 news reports described a bill proposed by Representative. Mike Honda (D-Calif.) meant to “force the Washington Redskins football team to change its name”:

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.<sup>29</sup>

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 have provided solely for the cancellation of REDSKINS marks and the prohibition of future registration of them.

These bills have gone nowhere; it is easier for Congress to let judges decide controversial questions than to vote on them. But what should be noted is that all such proposals are premised on a post-*Harjo* understanding of the disparagement bar. That reading charges the PTO, in turn, broad sociological, historical and political power over applicants. As it stands, however, under the rule of *In re Tam*, such an assignment – whether Congress made it or not – is unconstitutional.

## **Conclusion**

The conception of Section 2(a)'s disparagement bar to registration set forth in *Harjo* and its progeny does not appear defensible based on either the language of the statute, the legislative

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<sup>29</sup> 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>).

history or the historical and cultural circumstances under which the measure was passed. Moreover, the judicial and administrative adoption of that understanding of the provision must be understood as the result of a series of decisions that were either overturned, as *Harjo* was, on other grounds, and where the statutory basis for the attack on the Redskins' trademark was not challenged; or where the *Harjo*-based reading of the statute was no more than dictum because challenges themselves were unsuccessful. Nonetheless, the conception of the disparagement bar as a remedial measure applying civil rights values to the trademark registration process stuck – so much so that the decision that invalidated the disparagement clause accepted the *Harjo* formulation as a given and on that basis found the disparagement bar unconstitutional. As of now, however, the PTO continues to enforce it.

On a more prosaic level, however, in the decades since *Harjo*, the trademark registration process has become unpredictable and seemingly arbitrary once the specter of Section 2(a) is raised, regardless of the merits, as the Federal Circuit recognized in *In re Tam*.<sup>30</sup> Applicants such as Simon Shiao Tam, who clearly have no intention to disparage or harm ethnic groups of which they are members, have been deprived of their ability fully to protect otherwise lawful trademarks based on the *Harjo* reading of the statute. These problems, separate from the constitutional issues addressed by *In re Tam*, would exist regardless of whether Congress intended the “received” understanding of Section 2(a)’s disparagement bar. But if, in fact, Congress did not intend it – as seems, in fact, to be the case – this small survey of just some of the unintended consequences of an instance of “well-meaning” judicial activism may stand as yet another historical affirmation of the Law of Unintended Consequences.

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<sup>30</sup> “In many cases, as soon as a trademark examiner issues a rejection based upon disparagement, the applicant immediately abandons the trademark application.” *In re Tam*, 808 F.3d at 1343.