

# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



## THE SLANTS DECISION UNDERSTATES THE VALUE OF TRADEMARK REGISTRATION IN PROMOTING SPEECH - CORRECTLY DECIDED WITH A CONCLUSORY ANALYSIS

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### ABSTRACT

The highly anticipated case of *Matal v. Tam* resulted in the band, The Slants, eventually being able to register their band name as a trademark, with a goal in mind to reclaim Asian stereotypes. Despite this decision, it is not immediately clear how having a registration enhances the registrant's right to use the mark as a part of free speech, when the Court observes that Tam could call his band The Slants even without registration. This article touches on the *Tam* case, by analyzing both the positive and negative rights that federal trademark registration yields. By expanding on a variety of examples, this article will explore the focus for a First Amendment evaluation on rights of speech, rather than focus primarily on the *prima facie* case that comes with having a trademark registration, concluding that the advantages to free speech resulting from registration are substantial.

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## THE SLANTS DECISION UNDERSTATES THE VALUE OF TRADEMARK REGISTRATION IN PROMOTING SPEECH - CORRECTLY DECIDED WITH A CONCLUSORY ANALYSIS

DAVID C. BREZINA\*

### I. INTRODUCTION

The United States Supreme Court found the prohibition of the registration of disparaging trademarks unconstitutional in *Matal v. Tam*<sup>1</sup> because the prohibition was content-based and resulted in viewpoint restraint of free speech.

Simon Tam is the “front man” for the Asian-American dance-rock band The Slants who named the band to “reclaim” and “take ownership” of Asian stereotypes. The band “feel[s] strongly that Asians should be proud of their cultural heri[ta]ge, and not be offended by stereotypical descriptions.”<sup>2</sup> In the Trademark Office, the Trademark Examining Attorney refused registration because the mark was likely to be disparaging to “persons of Asian descent” and rejected registration under § 2(a) of the Lanham Act.<sup>3</sup> The Trademark Trial and Appeal Board (“TTAB”) affirmed the refusal. However, the Court of Appeals for the Federal Circuit reversed,<sup>4</sup> finding Section 2 (a)’s permission to refuse registration for disparagement to be an unconstitutional restraint of free speech.<sup>5</sup> *Certiorari* was sought and granted.<sup>6</sup>

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<sup>1</sup> *Matal v. Tam*, 137 S. Ct. 1744 (2017).

<sup>2</sup> *In re Tam*, 785 F.3d 567 (Fed. Cir. 2015).

<sup>3</sup> 15 U.S.C. § 1052 (2018).

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; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.

<sup>4</sup> *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).

<sup>5</sup> See also, *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. 2017) for unconstitutionality of “scandalous” clause of Section 2 (a) based on content (rather than viewpoint) discrimination.

<sup>6</sup> *Lee v. Tam* 137 S.Ct. 30 (2016).

II. REFUSAL OF REGISTRATION TO DISPARAGING MARKS<sup>7</sup>

The Lanham Act's "prohibition" on registration of disparaging marks requires a judgment about the content or meaning of a particular term. Refusing to register because of the meaning of the mark is "viewpoint discrimination" the Court stated, albeit in the context of whether or not issuance of a trademark registration was "government speech" not subject to the First Amendment:

Our cases use the term "viewpoint" discrimination in a broad sense, see *id.*, and in that sense, the disparagement clause discriminates on the bases of "viewpoint." To be sure, the clause evenhandedly prohibits disparagement of all groups. It applies equally to marks that damn Democrats and Republicans, capitalists and socialists, and those arrayed on both sides of every possible issue. . . . Giving offense is a viewpoint.<sup>8</sup>

Co-pending in the Fourth Circuit was the appeal of *Pro-Football Inc. v. Blackhorse* first appealed from the Trademark Trial and Appeal Board to the Eastern District of Virginia, finding the disparagement clause Constitutional.<sup>9</sup> Tam was a member of the ethnic group that THE SLANTS was found to disparage.<sup>10</sup> His band chose the name, essentially, to change the derogatory meaning. Blackhorse was a member of the ethnic group<sup>11</sup> identified by the term REDSKINS that was originally a racially discriminatory, indeed a genocidal, epithet referring to murdering Native Americans and taking scalps.<sup>12</sup> Pro Football's position can essentially be viewed as either the general public did not know the original meaning, or that secondary meaning had developed so that REDSKINS was now identified with its football team. The two cases illustrate the First Amendment conundrum – how does one decide what is disparaging, and to whom, particularly when considering the speaker's own relationship to the group identified? It is easy to imagine that, while culturally, things like ethnic jokes told by a member of the group identified may be acceptable, jokes by outsiders may be insulting, providing the government with the power to restrain the content is problematic. One would not want the government to judge a joke by Henny Youngman differently than the same

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<sup>7</sup> While refusal of registration under Section 2 of the Lanham Act is written as permissive – "[n]o trademark . . . shall be refused registration . . . unless" - *Andrew J. McPartland, Inc., v. Montgomery Ward & Co., Inc.*, 164 F.2d 603 (C.C.P.A. 1947), is typical of cases recognizing that it was Congress's intent to prohibit registration of disqualified categories. "The Congress certainly did not intend to permit the registration of a trade-mark, which was merely descriptive of the quality or character of the goods upon which it was used." *Id.*

<sup>8</sup> *Matal*, 137 S. Ct. at 1763.

<sup>9</sup> *Pro-Football Inc. v. Blackhorse*, No. 15-1874, (2015) appeal from *Pro-Football Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va 2015). Compare *Harjo v. Pro-Football Inc.*, 565 F.3d 880 (D.C. Cir. 2009) affirming laches finding.

<sup>10</sup> *Matal*, 137 S.Ct. at 1746.

<sup>11</sup> *Blackhorse v. Pro-Football, Inc.*, 2014 WL 2757516, 14 (T.T.A.B. 2014).

<sup>12</sup> *Id.* at 54. "The term 'redskins' is out of a period when there was a bounty on the heads of Indians and they were scalped."

joke told by David Duke.<sup>13</sup> Restraining speech conveying viewpoint is a First Amendment problem.

### III. ARE FEDERAL TRADEMARK REGISTRATIONS PRIVATE SPEECH SUBJECT TO FIRST AMENDMENT PROTECTIONS?

A fundamental question was addressed by the Court in very conclusory fashion. This question forms the basis for the observations made here. If Tam is free to use THE SLANTS as his band name to “reclaim” and “take ownership” of Asian stereotypes whether or not he has a Federal Service Mark registration, how does refusal to register affect his “speech”? From the perspective of trademark enforcement, virtually every lawsuit filed that involves a plaintiff’s Federally registered mark relies on the registration to strengthen a plaintiff’s case against the defendant. The registration is used to limit what the defendant can say or do with respect to the mark and goods of the defendant. Typically, a federal trademark registration is a ticket to Federal Court, and not a tool used by a trademark owner to support its right to keep saying what it has been saying as against an attack by another party.<sup>14</sup> Thus, the initial reaction to a free speech claim may well be to question how speech is restrained by refusal to register if the right to use the mark is not affected. The issuance of a registration is only “speech” to the extent words and symbols appear on the registration certificate – a principle that lead to the misdirection of the arguments about whether issuance of the registration by the government was government speech. The issue should not be whether the registration certificate is speech, but whether having a registration, or not having a registration, affects Tam’s speech.

### IV. TAM’S SPEECH AND TAM’S HAVING A FEDERAL REGISTRATION

The right to register has always been distinctly different than the right to use a mark. The *Matal* Court noted:

Without federal registration, a valid trademark may still be used in commerce. See 3 McCarthy § 19:8. And an unregistered trademark can be enforced against would-be infringers in several ways. Most

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<sup>13</sup> *Matal*, 137 S. Ct. at 1763. “[T]he public expression of ideas may not be prohibited merely because the ideas are themselves offensive to some of their hearers.” *See also id.* at 1770.

[T]he disparagement clause is not ‘narrowly drawn’ to drive out trademarks that support invidious discrimination. The clause reaches any trademark that disparages any person, group, or institution. It applies to trademarks like the following: ‘Down with racists,’ ‘Down with sexists,’ ‘Down with homophobes.’ It is not an anti-discrimination clause; it is a happy-talk clause. In this way, it goes much further than is necessary to serve the interest asserted.

<sup>14</sup> The “ticket to court” point of view implicates the discussion in *Brunetti*, about a limited public forum. *Brunetti*, 877 F.3d at 1345 – 1351. If one needs to go to Federal court to have adjudicated a right to use a trademark, but is precluded by not having a registration, the limited public forum logic would seem to apply. The statement in *Brunetti* that “[t]he speech that flows from trademark registration is not tethered to a public school, federal workplace, or any other government property” appears erroneous if access to Federal Court is limited. *Id.* at 1347.

important, even if a trademark is not federally registered, it may still be enforceable under § 43(a) of the Lanham Act, which creates a federal cause of action for trademark infringement.<sup>15</sup>

Tam's political and social commentary speech appears unrestrained. Tam can say what he likes, absent registration. Tam is free to halt others' confusing speech under common law<sup>16</sup>. He can even go to Federal court to stop the speech of others, if he meets the requirements of §43(a) that his mark is distinctive, there is a likelihood of confusion and this occurs in Commerce.<sup>17</sup> Other Federal statutes permitting enforcement of unregistered marks include the Anticybersquatting Consumer Protection Act<sup>18</sup>. However, of these four points, only the first is affirmative speech by Tam. Common law, §43(a) and Cybersquatting enforcement by Tam against others are negative rights and are essentially the opposite of free speech. These provide means for Tam to limit confusing speech of others.

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<sup>15</sup> *Matal*, 137 S.Ct. at 1752.

<sup>16</sup> *Madison Reprographics Inc. v. Cook's Reprographics, Inc.*, 552 N.W.2d 440, 444 – 45 (Wis. Ct. App. 1996) (The "designation meets the definition of trademark or trade name and that [defendant's] use of a similar designation is likely to cause confusion.").

<sup>17</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 – 770 (1992)

The general rule regarding distinctiveness is clear: an identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning. Restatement (Third) of Unfair Competition, § 13, pp. 37 – 38, and Comment *a* (Tent. Draft No. 2, Mar. 23, 1990). Cf. [*Park'n Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985)]. It is also clear that eligibility for protection under § 43(a) depends on nonfunctionality. See, e.g., [*Inwood Laboratories v. Ives Labs.*, 456 U.S. 844, 863] (White, J., concurring in result); see also, e.g., *Brunswick Corp v. Spinit Reel Co.*, 832 F.2d 513, 517 (CA10 1987); *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1381 (CA9 1987); *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 974 (CA2 1987); *Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (CA11 1986); *American Greetings Corp. v. Dan Dee Imports, Inc.*, 807 F.2d 1136, 1141 (CA3 1986). It is, of course, also undisputed that liability under § 43(a) requires proof of the likelihood of confusion. See, e.g., *Brunswick Corp.*, [832 F.2d at 516 – 517]; *AmBrit*, [812 F.2d at 1535]; *First Brands*, [809 F.2d at 1381]; *Stormy Clime*, [809 F.2d at 974]; *American Greetings*, [807 F.2d at 1141].

See also *Death Tobacco, Inc. v. Black Death USA*, CV 92-6437-WMB, 1993 WL 761982 (C.D. Cal. June 30, 1993); The essential elements of federal, state and common law trademark infringement claims are identical and also establish a claim for unfair competition under federal and state unfair competition laws. *Century 21 Real Estate Corp. v. Magee*, No. CV 90-6001-WMB, 1991 U.S. Dist. LEXIS 14611, 7 – 8 (C.D. Cal. Feb. 27, 1991), citing *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1201 (9th Cir. 1979). The elements of these claims are:

(1) that the claimant establish a valid and protectable interest in its mark in connection with the advertisement and of its services; (2) that defendant subsequently and without authorization used a similar mark in connection with similar or related products and (3) that defendant's use is likely to cause consumer confusion.

*Id.*

<sup>18</sup> 15 U.S.C. § 1125(d) (2018).

## V. ADVANTAGES OF FEDERAL REGISTRATION AFFECT POST-REGISTRATION SPEECH

The Court continued, identifying four other aspects of Federal Registration:

Federal registration, however, “confers important legal rights and benefits on trademark owners who register their marks.” *B&B Hardware*, 575 U.S., at \_\_\_, 135 S. Ct. 1293, [] (internal quotation marks omitted). Registration on the principal register (1) “serves as ‘constructive notice of the registrant’s claim of ownership’ of the mark,” *id.* (quoting 15 U.S.C. § 1072); (2) “is ‘prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s ownership of the mark, and of the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate,’” *B & B Hardware*, 575 U.S. \_\_\_, [] (quoting § 1057(b)); and (3) can make a mark “‘incontestable’” once a mark has been registered for five years,” *id.* (quoting §§ 1065, 1115(b)); see *Park ‘N Fly*, 469 U.S., at 193. Registration also enables the trademark holder “to stop the importation into the United States of articles bearing an infringing mark.” 3 McCarthy § 19:9, at 19 – 38; see 15 U.S.C. § 1124.<sup>19</sup>

The Federal Circuit opinion in *Tam*<sup>20</sup> identified six advantages of having a Federal registration, three of which (presumed validity, incontestability, and stopping importation) are mentioned by the Supreme Court above.<sup>21</sup> Not mentioned in either *Tam* decision are additional advantages of registration:

- (1) Registration shifts the burden of proof on functionality of trade dress;<sup>22</sup>

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<sup>19</sup> *Matal*, 137 S.Ct. at 1753.

<sup>20</sup> *Tam*, 808 F.3d at 1321.

<sup>21</sup> *Id.* at 1328.

These benefits—unavailable in the absence of federal registration—are numerous and include both substantive and procedural rights. First, the holder of a federal trademark has a right to exclusive nationwide use of that mark where there was no prior use by a party other than the markholder.” See 15 U.S.C. §§ 1072, 1115. Because the common law grants a markholder only the right to exclusive use where he has used his mark before, see 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:32 (4th ed.), holders of a federal trademark have an important substantive right they could not otherwise obtain. Also, a registered mark is presumed to be valid, 15 U.S.C. § 1057(b), and the mark becomes incontestable (with certain exceptions) after five years of consecutive post-registration use. *Id.* at § 1065. See also *B&B Hardware, Inc. v. Hagrais, Indus.*, 135 S. Ct. 1293, 1310 (2015) (“Incontestability is a powerful protection”). A markholder may sue in federal courts to enforce his trademark, 15 U.S.C. § 1121, and he may recover treble damages if he can show infringement was willful. *Id.* at § 1117. He may also obtain the assistance of U.S. Customs and Border Protection in restricting importation of infringing or counterfeit goods. *Id.* at § 1124; 19 U.S.C. § 1526; or prevent “cybersquatters’cybersquatters” from misappropriating his domain name, 15 U.S.C. § 1125(d).

<sup>22</sup> 15 U.S.C. § 1025(a)(3) (2018).

- (2) Under Federal trademark dilution, registration is one factor in determining “fame”;<sup>23</sup>
- (3) The burden of proof of dilution is different with registration “on the principal register”;<sup>24</sup>
- (4) Under Federal cybersquatting, having a registration could be “believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful”;<sup>25</sup>
- (5) Federal registration entitles the registrant to use the registration symbol “®”;<sup>26</sup>
- (6) International rights can be projected under the Paris Convention and Madrid Protocol;<sup>27</sup>
- (7) Federal registration can provide a defense to state or common law claims of trademark dilution;<sup>28</sup>
- (8) Perhaps the most obscure, one statute mandates having a Federal Trademark Registration. The Gold and Silver Stamping Act requires there to be a registered trademark if a purveyor of precious metal goods marks the goods with a designation of the purity of the metal.<sup>29</sup>

Thus, a more complete list – combining the *Tam* lists and that provided above, includes:

- (1) Constructive notice;<sup>30</sup>
- (2) Prima facie evidence including three presumptions:
  - a. Validity,
  - b. Ownership,
  - c. Exclusive right to use;<sup>31</sup>
- (3) Nationwide rights;<sup>32</sup>
- (4) Incontestability;<sup>33</sup>
- (5) Customs and Border Protection in restricting importation;<sup>34</sup>
- (6) Expand to international rights under Paris Convention and Madrid Protocol;<sup>35</sup>
- (7) Federal court jurisdiction;<sup>36</sup>

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<sup>23</sup> 15 U.S.C. § 1025(e)(2)(A)(iv).

<sup>24</sup> 15 U.S.C. § 1025(c).

<sup>25</sup> 15 U.S.C. § 1025(d)(1).

<sup>26</sup> 15 U.S.C. § 1111.

<sup>27</sup> See 15 U.S.C. § 1141(b) (2018) (Madrid Protocol); Paris Convention for the Protection of Industrial Property, Art. 6 *quinquies*, [http://www.wipo.int/treaties/en/text.jsp?file\\_id=288514#P174\\_27991](http://www.wipo.int/treaties/en/text.jsp?file_id=288514#P174_27991) (last visited April 3, 2018).

<sup>28</sup> 15 U.S.C. § 1125(c)(6).

<sup>29</sup> 15 U.S.C. § 297(b).

<sup>30</sup> 15 U.S.C. § 1072.

<sup>31</sup> 15 U.S.C. §§ 1065, 1115(b).

<sup>32</sup> 15 U.S.C. §§ 1072, 1115 (2018).

<sup>33</sup> 15 U.S.C. § 1065.

<sup>34</sup> 15 U.S.C. § 1124; 19 U.S.C. § 1526.

<sup>35</sup> 15 U.S.C. § 1141(b).

<sup>36</sup> 15 U.S.C. § 1121 (2018).



- (8) Enhanced Damage Remedies including treble damages (as well as infringer's profits, attorney's fees and counterfeiting statutory damages).<sup>37</sup>
- (9) Under Dilution:<sup>38</sup>
  - a. Defense to state or common law claims of trademark dilution,<sup>39</sup>
  - b. Registration is a factor in determining "fame" for dilution,<sup>40</sup>
  - c. The burden of proof in a trade dress dilution case is different with registration "on the principal register";<sup>41</sup>
- (10) Registration shifts the burden of proof of on functionality of trade dress;<sup>42</sup>
- (11) Under Federal cybersquatting, having a registration could be "believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful;"<sup>43</sup>
- (12) Federal registration entitles the registrant to use the trademark registration symbol, "®";<sup>44</sup>
- (13) The Gold and Silver Stamping Act requires there to be registered trademark if a purveyor of precious metal goods marks the goods with a designation of the purity of the metal.<sup>45</sup>

The first four were fundamental changes in Federal trademark rights, that were main changes in the Lanham Act over the 1905 Act.

#### VI. THE ADVANTAGES OF REGISTRATION ANALYZED FROM A FREE SPEECH PERSPECTIVE – DOES REGISTRATION PROMOTE OR PROTECT AN AFFIRMATIVE RIGHT TO SPEAK?

The premise of this article is that while the conclusion may be correct, if only because we do not want the government passing on the acceptability of a viewpoint, the rationale that all registration advantages have free speech aspects is flawed. Free speech should be protected when it is affirmative speech. Registration advantages include both affirmative speech advantages – minimally, or not at all, as discussed in Tam – and negative rights to stop others' speech which are usually what the public views as a main advantage of registration. Enforcing a registration against someone else does not advance the enforcer's right to free speech, although there are many public interest reasons to avoid consumer confusion, protect property and punish misappropriation.

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<sup>37</sup> 15 U.S.C. § 1117.

<sup>38</sup> 15 U.S.C. § 1125(c).

<sup>39</sup> 15 U.S.C. § 1125(c)(6).

<sup>40</sup> 15 U.S.C. § 1125(c)(2)(A)(iv).

<sup>41</sup> 15 U.S.C. § 1125(c)(4) (2018).

<sup>42</sup> 15 U.S.C. § 1025(a)(3).

<sup>43</sup> 15 U.S.C. § 1025(d)(1).

<sup>44</sup> 15 U.S.C. § 1111.

<sup>45</sup> 15 U.S.C. § 297(b).

*A. Lanham Act Rights: Advantages of Nationwide, Federal Rights, Presumed to be Valid, Owned and Used, which May Become Incontestable*

The Lanham Act's provisions for nationwide rights, constructive notice, presumptions flowing from the registrations and incontestability were dramatic changes in 1947 when compared to the common law and fairly weak nature of rights from 1905 Act registrations.<sup>46</sup>

Incontestability is mentioned in *Matal* as an advantage and historic analysis of rights that flow from incontestability illustrating the affirmative and negative aspects.<sup>47</sup> At one-time, analysis of incontestability was suggested from a dichotomy sometimes called “sword” versus “shield.” In an adversary context, like a typical lawsuit, the same dichotomy can more be less colorfully described as “offensive” (sword) and “defensive” (shield). *Park'n Fly, Inc. v. Dollar Park and Fly, Inc.*<sup>48</sup> addressed these offensive and defensive aspects, reversing the Ninth Circuit's rule that incontestability could cut off cancellation based on descriptiveness (a defensive “shield”), but that incontestability could not be used to support injunctive relief (an offensive “sword”) by cutting off the defense of descriptiveness. The Ninth Circuit decision was “in direct conflict with the decision of the Court of Appeals for the Seventh Circuit in *Union Carbide Corp. v. Ever-Ready Inc.*”<sup>49</sup> The Supreme Court ruled in *Park N' Fly*:

The statute nowhere distinguishes between a registrant's offensive and defensive use of an incontestable mark. On the contrary, § 33(b)'s declaration that the registrant has an “exclusive right” to use the mark indicates that incontestable status may be used to enjoin infringement by others. A conclusion that such infringement cannot be enjoined renders meaningless the “exclusive right” recognized by the statute.<sup>50</sup>

An analogous dichotomy can be used when looking at the rights or advantages that flow from having a registration as affecting someone's downstream speech. This dichotomy could better be understood as positive rights (helping the registrant's own speech) and negative rights (helping the registrant limit someone else's speech). Consider two aspects that flow from having a registration: (1) the registrant may use the mark and (2) the right to use is exclusive. The right to use is an affirmative right; it promotes the registrant's right to its own speech. Exclusivity is negative, the assertion of which – limiting others' speech – is used to limit an accused infringer's speech. These aspects flow from the *Matal* decision's notation of three *prima facie* rights: (a) validity, (b) ownership, and (c) exclusive right to use.<sup>51</sup> The negative right to stop another's confusing or diluting use of that other's mark is important and pro-

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<sup>46</sup> See e.g., *McLean v. Fleming*, 96 U.S. 245, 255 (1878); *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510 (7th Cir. 1912).

<sup>47</sup> *Matal*, 137 S.Ct. at 1753.

<sup>48</sup> *Park'n Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985).

<sup>49</sup> *Id.* at 193.

<sup>50</sup> *Id.* at 196.

<sup>51</sup> *Matal*, 137 S.Ct. at 1753.

competitive,<sup>52</sup> but from a speech perspective is used to limit the speech of others.<sup>53</sup> That would not seem to be something the restriction of which would offend the First Amendment. However, having a registration to enforce against others is not the only advantage. There are affirmative free speech rights of the registrant to exercise their own speech. The latter is what is implicated by the First Amendment.

The affirmative right to use has many positive speech aspects. A contending party should be able to stop the trademark owner from using their mark, as registered.<sup>54</sup> But territorial expansion has both negative/affirmative aspects because there may be prior common law rights in only a limited geographic market.<sup>55</sup> The nationwide rights discussed in the Federal Circuit's *Tam* decision<sup>56</sup> have those aspects. In *Dawn Donut*, the trademark owner, if ready to expand, could enjoin the junior user (a negative right) and also had the right to expand (an affirmative right). This is also an advantage flowing from constructive notice (the Supreme Court's *Matal* decision, registration advantage No. 1) which provides both a negative right and positive rights. Registrant has a negative right in that it can cut off a claim of innocent infringement. The registrant has an affirmative right to use the mark in the entire country to the extent that it is not unfair to force the junior user to be subject to registrant having rights to this geographic market because the junior user was perfectly able to know of the prior nationwide rights, and is charged with that knowledge. Complex fact situations, particularly between conflicting registrations, can result in complex decisions about which party can do what because it has its registration(s).<sup>57</sup>

### *B. Import and Export Rights*

Customs and Border Protection is not such a positive right. Whether recordal with Customs blocks infringing imports, or court intervention to provide a remedy for unauthorized importation, this right would appear to be primarily negative. Nevertheless, there could be positive aspects, such as permitting the registrant's own goods to enter.<sup>58</sup>

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<sup>52</sup> Phoenix Entm't Partners v. Rumsey, 829 F.3d 817, 825 (7th Cir 2016).

By protecting source-identifying marks, and proscribing the deceptive and misleading use of such marks, trademark law fosters fair competition in two ways: (1) it simplifies consumer choice, by enabling consumers to rely on a mark that readily identifies a particular brand and producer, and (2) it assures the producer of a particular good that it, and not an imitating competitor, will reap the financial rewards of the good's, or the brand's, reputation. Lanham Trade-Mark Act § 45, 15 U.S.C.A. § 1127.

<sup>53</sup> Rogers v. Grimaldi, 875 F.2d 994 (9th Cir. 1989); Fashion Boutique of Short Hills v. Fendi USA, Inc., 314 F.3d 48 (2d Cir. 2003); Smith v. Wal-Mart Stores Inc., 537 F. Supp. 2d 1302 (N.D.Ga. 2008); see also Tobinick v. Novella, 848 F.3d 935 (11th Cir 2017); KP Permanent Make-Up, Inc. v. Lasting Impression Inc., 543 U.S. 111 (2004).

<sup>54</sup> Dawn Donut, Inc. v. Hart Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959).

<sup>55</sup> See Burger King of Florida, Inc. v. Hoots, 403 F.2d 904 (7th Cir. 1968).

<sup>56</sup> *Tam*, 808 F.3d at 1321.

<sup>57</sup> SunAmerica Corp. v. Sun Life Assurance Co. of Canada, 890 F. Supp. 1559 (N.D. Ga. 1994).

<sup>58</sup> See e.g., K Mart Corp. v. Cartier, Inc., 486 U.S. 281 (1988) ("The Customs Service regulation further provides an 'authorized-use' exception, which permits importation of gray-market goods where '(3) [t]he articles of foreign manufacture bear a recorded trademark or trade name applied under authorization of the U.S. owner' 19 CFR § 133.21(c) (1987).").

International rights under the Paris Convention and Madrid Protocol,<sup>59</sup> similarly, initially appear to be an enhancement of negative rights – to sue or otherwise enforce rights against others. Foreign priority could be important, for example, in a situation where a US application is filed and a foreign application by an infringer or “trademark pirate” and the US applicant files its own foreign application.<sup>60</sup> Complex scenarios and countries that grant rights based on registration, not use, could provide situations where the affirmative right (using one’s own mark to sell one’s own product) could be enhanced by having US rights.

### *C. Federal Court Jurisdiction, Presumptions and Remedies*

Federal court jurisdiction,<sup>61</sup> appears to be a negative right – to sue in courts having nationwide jurisdiction. However, consider the case of conflicts: a state Court enjoining use based on local common law rights could be in error, different state courts could adjudicate opposite results, and a Federal court could be in a better position to enforce the nationwide, Federal rights.<sup>62</sup>

Remedies in lawsuits are difficult to see as anything other than a negative right. The risk of an award of damages provides a disincentive to an infringer to exercise its own speech. Some remedies provide for fee reversal or damages to a defendant, such as in the case of wrongful seizure, or exceptional cases of plaintiff’s misconduct.<sup>63</sup>

Trade dress cases are a unique class of cases. In addition to the general presumption of validity, ownership and exclusive use, in trade dress cases there is a specific statutory provision that shifts the burden of proof on functionality. Trade dress enforcement has a complex history that required a specific statutory call out on the issue of functionality.<sup>64</sup>

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<sup>59</sup> 15 U.S.C. § 1141 (b) (2018).

<sup>60</sup> Consider the remarks in *Person’s Co., Ltd. v. Christman*, 900 F.2d 1565, 1571 – 1572 (Fed. Cir. 1990) and essentially the reverse facts, if it had been a U.S. company with first use and priority who had expanded overseas. There would have been advantages to prompt registration.

<sup>61</sup> 15 U.S.C. § 1121.

<sup>62</sup> Like THE SLANTS, the PLATTERS was a name for a musical group. Absence of consistent rights regarding ownership claims to the service mark led to decades of litigation between the band members. See *Herb Reed Enters., LLC v. Florida Entm’t Mgmt., Inc.*, 736 F.3d 1239 (9th Cir. 2013); *The Five Platters, Inc. v. Herbert Reed, et al.*, No. 69–13781 (Fl. Cir. Ct., Dade Co., Aug. 18, 1969); *Williams v. Five Platters, Inc.*, 181 U.S.P.Q. 409, 409–10 (TTAB, 1974), *aff’d*, 510 F.2d 963 (C.C.P.A. 1975); *The Five Platters, Inc. v. Williams*, 4 U.S.P.Q. 2d 1296, 1297 (N.Y. 1987); *Martha Robi v. Herb Reed, et al.*, No. CV–S–95–1029–LDG (D. Nev., Sept. 25, 1997), *aff’d*, 173 F.3d 736 (9th Cir.), *cert. denied*, 528 U.S. 952 (1999); *Marshak v. Reed*, 2001 WL 92225, (E.D. N.Y. 2001).

<sup>63</sup> See *Zazu, Inc. v. L’Oreal, S.A.*, 979 F.2d 499 (7th Cir. 1992).

<sup>64</sup> See *e.g.*, *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); 15 U.S.C. § 1025 (a)(3).

#### *D. Dilution Questions Present Important Free Speech Issues*

Enactment of the Federal Dilution statute<sup>65</sup> was a project that was decades in the making. The ROLLS ROYCE radio tubes case<sup>66</sup> stood for essentially a legal fiction that consumers were likely to be confused as to source when plaintiff and defendant were totally unrelated and in completely different businesses.<sup>67</sup> Commerce and the law have evolved to recognize the wrong of free-riding on someone else's reputation.<sup>68</sup> However, in order to pass a Federal statute that permitted enforcement of trademark rights even against non-confusing uses, Congress required that free speech protections be included in the statute. Registration is a defense to state or common law claims of trademark dilution.<sup>69</sup> Registration can also strengthen the offensive assertion of a mark. For example, whether or not there is a registration is a factor in determining "fame" for dilution.<sup>70</sup> Additionally, the burden of proof of dilution of trade dress is different with registration "on the principal register".<sup>71</sup>

#### *E. Cybersquatting and Trademark Registration*

Cybersquatting is a relatively recent phenomenon with respect to the 1947 Lanham Act. As the World Wide Web ("WWW") developed, new "registrations," namely registration of domain names, was permitted through governmental, quasi-governmental, and private agencies. Domain names are simply character strings, unconnected to any particular product. As the WWW grew commercially, conflicts began to find their way to the courts. False designations of origin were remediable under the Lanham Act,<sup>72</sup> but "designations of origin" and the consideration of domain names as "addresses" are examples of the new technology tending to confound courts.<sup>73</sup>

While the Anticybersquatting Consumer Protection Act, ("ACPA")<sup>74</sup> was overwhelmingly designed to provide a remedy to trademark owners – a negative right to stop others from registering improper domain names – factors for determining

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<sup>65</sup> TRADEMARK AMENDMENTS ACT OF 1999, Pub. L. 106–43, § 2(a) (Aug. 5, 1999); 15 U.S.C. § 1125(c).

<sup>66</sup> *Wall v. Rolls-Royce of Am.*, 4 F.2d 333 (3d Cir 1925).

<sup>67</sup> See F.I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927).

<sup>68</sup> See e.g., *Thane Intern., Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 904 (9th Cir 2002)

Trademark infringement principles protect both trademark holders and consumers from the consequences of confusion about the source of a product. In contrast, the animating concern of the dilution protection is that the user of the diluting mark appropriates or free rides on the investment made by the trademark holder. *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 805 (9th Cir. 2002). Consistent with this distinction, likelihood of confusion is not an element of a trademark dilution cause of action under either federal law, as the above-quoted language makes explicit, or California law. See Cal. Bus. & Prof. Code § 14330(a).

David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L. J. 117, n 68 (2005).

<sup>69</sup> 15 U.S.C. § 1125(c)(6).

<sup>70</sup> 15 U.S.C. § 1125(c)(2)(A)(iv) (2018).

<sup>71</sup> 15 U.S.C. § 1125(e).

<sup>72</sup> 15 U.S.C. § 1125(a).

<sup>73</sup> *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1324 (9th Cir. 1998).

<sup>74</sup> Pub. L. 106–113, div. B, § 1000(a)(9) [title IV, § 4732(b)(1)(B)], Nov. 29, 1999.

whether there was a violation and affirmative defenses are provided. Remembering that the ACPA deals with domain “registrations”, an affirmative defense to the required bad faith is that the defendant “believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”<sup>75</sup> While a trademark registration is not mentioned, it is submitted that a defendant having a Federal trademark registration would have evidence to show lack of bad faith if the trademark registration agreed with the domain name registration.

#### *F. National Registration Symbol*

Consistent with international treaties, owners of national trademark registrations are entitled to use the trademark registration symbol “®”. While a main reason to use the symbol is consistent with the constructive notice provisions discussed above, there is a remedy penalty for failure to use the symbol. The notice of registration section<sup>76</sup> limits recovery of defendant’s profits to only cases where either the symbol was used, or the defendant had actual knowledge of plaintiff’s registration. While these are enhancing negative rights assertable against a defendant, there are aspects of the use of the symbol that impact a trademark owner’s affirmative speech. One example implicating what the registrant can say is that the persuasiveness of having a registration in communicating a cease and desist demand may be enhanced. Use of the symbol is not permitted absent a registration, and incorrect use can be penalized.<sup>77</sup>

#### *G. Mandatory Federal Trademark Registration*

Perhaps the most obscure advantage in having Federal registration is that one statute mandates having a Federal Trademark Registration. The Gold and Silver Stamping Act requires there to be a registered trademark if a purveyor of precious metal goods marks the goods with a designation of the purity of the metal. 15 U.S.C. § 297(b). Assume THE SLANTS wanted to market jewelry to its fans, the jewelry being made of gold or silver, and THE SLANTS wanted to satisfy its fans that the jewelry were 14 carat gold by marking the jewelry as such. Absent a Federal trademark registration, that marking would be illegal.

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<sup>75</sup> 15 U.S.C. § 1025(d)(1).

<sup>76</sup> 15 U.S.C. § 1111.

<sup>77</sup> *Urecal Corp. v. Masters*, 412 F. Supp. 873, 875 (N.D. Ill. 1976) (falsely using Federal trademark Registration Symbol unclean hands, injunction denied (Hoffman, J.)); *Aromatique Inc. v. Gold Seal Inc.*, 28 F.3d 863, 877 (8th Cir. 1994)

An applicant’s false claim that a mark is a federally registered trademark may improperly discourage competitors from using a mark that they in fact have a right to use and may thereby enable an applicant to assert that its use of the mark is substantially exclusive. It is, therefore, the rule that “[t]he improper use of a registration notice in connection with an unregistered mark, if done with intent to deceive the purchasing public or others in the trade into believing that the mark is registered, is a ground for denying the registration of an otherwise valid mark.” *Copelands’ Enter. v. CNV, Inc.*, 945 F.2d 1563, 1566 (Fed.Cir. 1991).

## VII. GOVERNMENT ARGUMENTS SUPPORTING THE DISPARAGEMENT CLAUSE

With the foregoing analysis in mind, the *Matal* decision devotes only a paragraph to the importance of a Federal trademark registration, listing the three advantages of (1) constructive notice, (2) prima facie evidence and (3) incontestability.<sup>78</sup> This paragraph follows several paragraphs describing how a registration is not necessary to “use” a mark. The free speech aspects are far from clear. There is no discussion of how, if a registration is not required to “use” a mark, free speech is restrained.

The government arguments addressed by the court appear to focus on the fact of registration – the speech at issue is reflected in the words on the registration certificate. The discussion simply ignores what the registrant may “say.” Focusing on the certificate itself, not how registration affects the registrant’s subsequent speech looks in the wrong direction, although looking in the correct direction leads to the same conclusion.

Government speech is not subject to First Amendment limitation. If the registration were government speech, then the disparagement clause would not need to comply with First Amendment standards. However, trademark registrations are not like the state issued license plates in the *Walker*<sup>79</sup> opinion: Trademark registrations are not used to convey government messages, trademark registrations are not closely identified with government by consumers and trademark registrations are not a form of speech directly controlled by government.

The arguments that Trademark Office operations reflected a government subsidy were not credible, especially considering that applicant and registrant paid filing fees supported operations. Similarly, the government program doctrine did not justify passing on disparagement. Trademark registration is not, effectively, an expanded “Subsidy” like collecting union dues for public employees.

## VIII. COMMERCIAL SPEECH

Rendering it unnecessary to analyze whether the Lanham Act’s disparagement clause would meet strict scrutiny,<sup>80</sup> the Court determined they did not even meet the less rigid<sup>81</sup> *Central Hudson*<sup>82</sup> standard for commercial speech. For a state to regulate non-deceptive commercial speech, it must have (1) a substantial interest; (2) the regulation must materially and directly advance that state interest; and (3) the regulation must be narrowly drawn to meet the substantial interest.<sup>83</sup> The asserted

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<sup>78</sup> *Matal*, 137 S. Ct. at 1753.

<sup>79</sup> *Walker v. Texas Div., Sons of Confederate Veterans, Inc.*, 576 U.135 S. \_\_\_ Ct. 2239 (2015).

<sup>80</sup> *Williams-Yulee v. Fla. Bar*, 135 S. Ct. 1656 (2015).

<sup>81</sup> *See Perry Educ. Ass’n v. Perry Local Educators Ass’n*, 460 U.S. 37, 66 (1983). (Viewpoint discrimination implicates core First Amendment values and is permissible only if the government can show that a regulation is “a precisely drawn means of serving a compelling state interest.”)

<sup>82</sup> *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n of N. Y.*, 447 U. S. 557 (1980).

<sup>83</sup> *Brunetti*, 877 F.3d at 1350, identifies four elements under *Central Hudson*:

Commercial speech is subject to a four-part test which asks whether (1) the speech concerns lawful activity and is not misleading; (2) the asserted government interest is substantial; (3) the regulation directly advances that government interest; and (4) whether the regulation is “not more extensive than necessary to serve that interest.

“[g]overnment . . . interest in preventing ‘underrepresented groups’ from being ‘bombarded with demeaning messages in commercial advertising’ asserted in *Tam* was insufficient justification.<sup>84</sup> The [g]overnment ‘interest asserted is protecting the orderly flow of commerce’ was equally insufficient.”<sup>85</sup>

The Court concluded:

There is also a deeper problem with the argument that commercial speech may be cleansed of any expression likely to cause offense. The commercial market is well stocked with merchandise that disparages prominent figures and groups, and the line between commercial and non-commercial speech is not always clear, as this case illustrates. If affixing the commercial label permits the suppression of any speech that may lead to political or social “volatility,” free speech would be endangered.<sup>86</sup>

## IX. CONCLUSION

Federal trademark registration yields important and valuable rights. It is the effect of these rights on speech which is the correct focus for a First Amendment evaluation, not the registration certificate itself. While the greatest practical importance of having a registration is to strengthen the position of a trademark owner against an infringer, this would not appear to be impacted by the First Amendment. If anything, a trademark owner enforcing its registration against an infringer limits (permissibly) the infringer’s free speech. This is a negative right – the right to stop someone else. However, hidden in, and in addition to, the Court’s conclusory summary of rights flowing from registration, there are important affirmative rights flowing from a registrant that enhance the registrant’s affirmative free speech rights. These do not arise from acts in or by the Trademark Office, but from application of specific Lanham Act provisions to specific facts in the world of commerce. It is not the relationship between a trademark applicant and the government, acting through the Commissioner that is the appropriate inquiry, it is the impact of having a registration on the registrant’s relationship with third parties, such as infringers, or claimants asserting their own trademark rights that is the real speech impacted. Ownership and a right to use, as against third party claims; defensive advantages of incontestability as against third parties; potential rights to import, as against third parties; nationwide rights in the face of claims by others that could have been asserted at common law; Federal court remedies, particularly as against state court conflicts; potential international rights to use as against third parties; express and implied defenses in dilution and cybersquatting cases are all valuable affirmative rights worthy of free speech consideration. Plus, there may be only one statute that mandates a Federal registration, but there is one. The *Tam* result was correct, although the opinion does not solidly explain how having a registration enhances the registrant’s right to use the mark in speeches.

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<sup>84</sup> *Matal*, 137 S. Ct. at 1764.

<sup>85</sup> *Id.* at 1765.

<sup>86</sup> *Id.*