

**In re Simon Shiao Tam**  
**2015 WL 9287035 (Fed. Cir. Dec. 22, 2015) (en banc)**

MOORE, Circuit Judge.

[1] Section 2(a) of the Lanham Act bars the Patent and Trademark Office (“PTO”) from registering scandalous, immoral, or disparaging marks. 15 U.S.C. § 1052(a). The government enacted this law — and defends it today — because it disapproves of the messages conveyed by disparaging marks. It is a bedrock principle underlying the First Amendment that the government may not penalize private speech merely because it disapproves of the message it conveys. That principle governs even when the government’s message-discriminatory penalty is less than a prohibition.

[2] Courts have been slow to appreciate the expressive power of trademarks. Words — even a single word — can be powerful. Mr. Simon Shiao Tam named his band THE SLANTS to make a statement about racial and cultural issues in this country. With his band name, Mr. Tam conveys more about our society than many volumes of undisputedly protected speech. Another rejected mark, STOP THE ISLAMISATION OF AMERICA, proclaims that Islamisation is undesirable and should be stopped. Many of the marks rejected as disparaging convey hurtful speech that harms members of oft-stigmatized communities. But the First Amendment protects even hurtful speech.

[3] The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. It cannot refuse to register marks because it concludes that such marks will be disparaging to others. The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of § 2(a) is unconstitutional. Because the government has offered no legitimate interests justifying § 2(a), we conclude that it would also be unconstitutional under the intermediate scrutiny traditionally applied to regulation of the commercial aspects of speech. We therefore vacate the Trademark Trial and Appeal Board’s (“Board”) holding that Mr. Tam’s mark is unregistrable, and remand this case to the Board for further proceedings.

## **BACKGROUND**

### **I. The Lanham Act**

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[4] Under the Lanham Act, the PTO must register source-identifying trademarks unless the mark falls into one of several categories of marks precluded from registration. *Id.* § 1052 (“*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. . . .” (emphasis added)). Many of these categories bar the registration of deceptive or misleading speech, because such

speech actually undermines the interests served by trademark protection and, thus, the Lanham Act's purposes in providing for registration. For example, a mark may not be registered if it resembles a registered mark such that its use is likely to "cause confusion, or to cause mistake, or to deceive," § 2(d), or if it is "deceptively misdescriptive," § 2(e). These restrictions on registration of deceptive speech do not run afoul of the First Amendment. *See Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 563, 100 S. Ct. 2343, 65 L.Ed.2d 341 (1980) ("The government may ban forms of communication more likely to deceive the public than to inform it.").

[5] Section 2(a), however, is a hodgepodge of restrictions. Among them is the bar on registration of a mark that "[c]onsists 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." Section 2(a) contains proscriptions against deceptive speech, for example, the prohibition on deceptive matter or the prohibition on falsely suggesting a connection with a person or institution. But other restrictions in § 2(a) differ in that they are based on the expressive nature of the content, such as the ban on marks that may disparage persons or are scandalous or immoral. These latter restrictions cannot be justified on the basis that they further the Lanham Act's purpose in preventing consumers from being deceived. These exclusions from registration do not rest on any judgment that the mark is deceptive or likely to cause consumer confusion, nor do they protect the markholder's investment in his mark. They deny the protections of registration for reasons quite separate from any ability of the mark to serve the consumer and investment interests underlying trademark protection. In fact, § 2(a)'s exclusions can undermine those interests because they can even be employed in cancellation proceedings challenging a mark many years after its issuance and after the markholder has invested millions of dollars protecting its brand identity and consumers have come to rely on the mark as a brand identifier.

[6] This case involves the disparagement provision of § 2(a).<sup>1</sup> Section 2(a)'s ban on the federal registration of "immoral" or "scandalous" marks originated in the trademark legislation of 1905. The provision barring registration based on disparagement first appeared in the Lanham Act in 1946. It had no roots in the earlier trademark statute or the common law. There were few marks rejected under the disparagement provision following enactment of the Lanham Act. Only in the last several decades has the disparagement provision become a more frequent ground of rejection or cancellation of trademarks. Marks that the PTO has found to be

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<sup>1</sup> We limit our holding in this case to the constitutionality of the § 2(a) disparagement provision. Recognizing, however, that other portions of § 2 may likewise constitute government regulation of expression based on message, such as the exclusions of immoral or scandalous marks, we leave to future panels the consideration of the § 2 provisions other than the disparagement provision at issue here. To be clear, we overrule *In re McGinley*, 660 F.2d 481 (C.C.P.A.1981), and other precedent insofar as they could be argued to prevent a future panel from considering the constitutionality of other portions of § 2 in light of the present decision.

disparaging include: REDSKINS, *Pro-Football, Inc. v. Blackhorse*, No. 1-14-CV-01043-GBL, 2015 WL 4096277 (E.D. Va. July 8, 2015) (2014 PTO cancellation determination currently on appeal in Fourth Circuit); STOP THE ISLAMISATION OF AMERICA, *In re Geller*, 751 F.3d 1355 (Fed.Cir.2014); THE CHRISTIAN PROSTITUTE (2013); AMISHHOMO (2013); MORMON WHISKEY (2012); KHORAN for wine, *In re Lebanese Arak Corp.*, 94 U.S.P.Q.2d 1215 (T.T.A.B. Mar. 4, 2010); HAVE YOU HEARD THAT SATAN IS A REPUBLICAN? (2010); RIDE HARD RETARD (2009); ABORT THE REPUBLICANS (2009); HEEB, *In re Heeb Media, LLC*, 89 U.S.P.Q.2d 1071 (T.T.A.B. Nov. 26, 2008); SEX ROD, *Bos. Red Sox Baseball Club L.P. v. Sherman*, 88 U.S.P.Q.2d 1581 (T.T.A.B. Sept. 9, 2008) (sustaining an opposition on multiple grounds, including disparagement); MARRIAGE IS FOR FAGS (2008); DEMOCRATS SHOULDN'T BREED (2007); REPUBLICANS SHOULDN'T BREED (2007); 2 DYKE MINIMUM (2007); WET BAC/WET B.A.C. (2007); URBAN INJUN (2007); SQUAW VALLEY, *In re Squaw Valley Dev. Co.*, 80 U.S.P.Q.2d 1264 (T.T.A.B. June 2, 2006); DON'T BE A WET BACK (2006); FAGDOG (2003); N.I.G.G.A. NATURALLY INTELLIGENT GOD GIFTED AFRICANS (1996); a mark depicting a defecating dog, *Greyhound Corp. v. Both Worlds, Inc.*, 6 U.S.P.Q.2d 1635 (T.T.A.B. Mar. 30, 1988) (found to disparage Greyhound's trademarked running dog logo); an image consisting of the national symbol of the Soviet Union with an "X" over it, *In re Anti-Communist World Freedom Cong., Inc.*, 161 U.S.P.Q. 304 (T.T.A.B. Feb. 24, 1969); DOUGH-BOY for "a prophylactic preparation for the prevention of venereal diseases," *Doughboy Indus., Inc. v. Reese Chem. Co.*, 88 U.S.P.Q. 227 (T.T.A.B. Jan. 25, 1951).

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## II. Facts of This Case

[7] Mr. Tam is the "front man" for the Asian-American dance-rock band The Slants. Mr. Tam named his band The Slants to "reclaim" and "take ownership" of Asian stereotypes. The band draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes, and its albums include "The Yellow Album" and "Slanted Eyes, Slanted Hearts." The band "feel[s] strongly that Asians should be proud of their cultural heri[ta]ge, and not be offended by stereotypical descriptions." With their lyrics, performances, and band name, Mr. Tam and his band weigh in on cultural and political discussions about race and society that are within the heartland of speech protected by the First Amendment.

[8] On November 14, 2011, Mr. Tam filed the instant application (App. No. 85/472,044) seeking to register the mark THE SLANTS for "Entertainment in the nature of live performances by a musical band," based on his use of the mark since 2006. The examiner refused to register Mr. Tam's mark, finding it likely disparaging to "persons of Asian descent" under § 2(a). The examiner found that the mark likely referred to people of Asian descent in a disparaging way, explaining that the term "slants" had "a long history of being used to deride and mock a physical feature" of people of Asian descent. And even though Mr. Tam may have chosen the mark to "reappropriate the disparaging term," the examiner found that a substantial composite of persons of Asian descent would find the term offensive.

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*[The TTAB affirmed the examiner's refusal to register the mark, and a panel of*

*the Federal Circuit affirmed. The court then directed that the case be reheard en banc and asked the parties to brief the question of whether section 2(a) violated the First Amendment.]*

## DISCUSSION

### **I. Section 2(a)'s Denial of Important Legal Rights to Private Speech Based on Disapproval of the Message Conveyed Is Subject to, and Cannot Survive, Strict Scrutiny**

[9] Strict scrutiny is used to review any governmental regulation that burdens private speech based on disapproval of the message conveyed. Section 2(a), which denies important legal rights to private speech on that basis, is such a regulation. It is therefore subject to strict scrutiny. It is undisputed that it cannot survive strict scrutiny.

#### **A. The Disparagement Provision, Which Discriminates Based on Disapproval of the Message, Is Not Content or Viewpoint Neutral**

[10] “Content-based regulations are presumptively invalid.” *R.A.V. v. City of St. Paul*, 505 U.S. 377, 382, 112 S. Ct. 2538, 120 L.Ed.2d 305 (1992); *see also Ashcroft v. ACLU*, 542 U.S. 656, 660, 124 S. Ct. 2783, 159 L.Ed.2d 690 (2004). “Content-based laws — those that target speech based on its communicative content—are presumptively unconstitutional and may be justified only if the government proves that they are narrowly tailored to serve compelling state interests.” *Reed v. Town of Gilbert*, 135 S. Ct. 2218, 2226, 192 L.Ed.2d 236 (2015); *see also Police Dep’t of Chi. v. Mosley*, 408 U.S. 92, 95, 92 S. Ct. 2286, 33 L.Ed.2d 212 (1972) (“[A]bove all else, the First Amendment means that the government has no power to restrict expression because of its message, its ideas, its subject matter, or its content.”). A regulation is content based even when its reach is defined simply by the topic (subject matter) of the covered speech. *See Reed*, 135 S. Ct. at 2230.

[11] Viewpoint-based regulations, targeting the substance of the viewpoint expressed, are even more suspect. They are recognized as a particularly “egregious form of content discrimination,” *id.*, though they have sometimes been discussed without being cleanly separated from topic discrimination, *see, e.g., Mosley*, 408 U.S. at 95. Such measures “raise[ ] the specter that the government may effectively drive certain ideas or viewpoints from the marketplace.” *Simon & Schuster, Inc. v. Members of N.Y. State Crime Victims Bd.*, 502 U.S. 105, 116, 112 S. Ct. 501, 116 L.Ed.2d 476 (1991). “The First Amendment requires heightened scrutiny whenever the government creates ‘a regulation of speech because of disagreement with the message it conveys.’” *Sorrell*, 131 S. Ct. at 2664 (quoting *Ward v. Rock Against Racism*, 491 U.S. 781, 791, 109 S. Ct. 2746, 105 L.Ed.2d 661 (1989)). This is true whether the regulation bans or merely burdens speech. “[H]eightedened judicial scrutiny is warranted” when an act “is designed to impose a specific, content-based burden on protected expression.” *Id.*; *see also Rosenberger*, 515 U.S. at 828 (“[T]he government offends the First Amendment when it imposes financial burdens on certain speakers based on the content of their expression.”). “The distinction between laws burdening and laws banning speech is but a matter of degree. The Government’s content-based

burdens must satisfy the same rigorous scrutiny as its content-based bans.” *United States v. Playboy Entm’t Grp., Inc.*, 529 U.S. 803, 812, 120 S. Ct. 1878, 146 L.Ed.2d 865 (2000). “Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content.” *Sorrell*, 131 S. Ct. at 2664; *see also infra* at 27–38.

[12] It is beyond dispute that § 2(a) discriminates on the basis of content in the sense that it “applies to particular speech because of the topic discussed.” *Reed*, 135 S. Ct. at 2227. Section 2(a) prevents the registration of disparaging marks — it cannot reasonably be argued that this is not a content-based restriction or that it is a content-neutral regulation of speech. And the test for disparagement — whether a substantial composite of the referenced group would find the mark disparaging — makes clear that it is the nature of the message conveyed by the speech which is being regulated. If the mark is found disparaging by the referenced group, it is denied registration. “Listeners’ reaction to speech is not a content-neutral basis for regulation.” *Forsyth Cty. v. Nationalist Movement*, 505 U.S. 123, 134, 112 S. Ct. 2395, 120 L.Ed.2d 101 (1992).

[13] And § 2(a) does more than discriminate on the basis of topic. It also discriminates on the basis of message conveyed, “the idea or message expressed,” *Reed*, 135 S. Ct. at 2227; it targets “viewpoints [in] the marketplace,” *Simon & Schuster*, 502 U.S. at 116. It does so as a matter of avowed and undeniable purpose, and it does so on its face.<sup>5</sup>

[14] First, the government enacted and continues to defend § 2(a) “because of disagreement with the message [disparaging marks] convey[ ].” *Sorrell*, 131 S. Ct. at 2664. When the government refuses to register a mark under § 2(a), it does so because it disapproves of “the message a speaker conveys” by the mark. *Reed*, 135 S. Ct. at 2227. Underscoring its hostility to these messages, the government repeatedly asserts in its briefing before this court that it ought to be able to prevent the registration of “the most vile racial epithets and images,” Appellee’s En Banc Br. 1, and “to dissociate itself from speech it finds odious,” *id.* 41. The legislative history of § 2(a) reinforces this conclusion. *See* Hearings on H.R. 4744 Before the Sub-comm. on Trademarks of the House Comm. on Patents, 76th Cong., 1st Sess. 18–21 (1939) (statement of Rep. Thomas E. Robertson) (Rep. Maroney) (“[W]e would not want to have Abraham Lincoln gin.”); *id.* (Rep. Rogers) (stating that a mark like “Abraham Lincoln gin ought not to be used,” and that § 2(a) “would take care of [such] abuses”). From its enactment in 1946 through its defense of the statute today, the government has argued that the prohibited marks ought not to be registered because of the messages the marks convey. When the government discriminates against speech because it disapproves of the message conveyed by the speech, it discriminates on the basis of viewpoint.

[15] The legal significance of viewpoint discrimination is the same whether the government disapproves of the message or claims that some part of the populace will disapprove of the message. This point is recognized in the Supreme Court’s long-standing condemnation of government impositions on speech based on adverse reactions among the public.

[16] Second, the disparagement provision at issue is viewpoint

discriminatory on its face. The PTO rejects marks under § 2(a) when it finds the marks refer to a group in a negative way, but it permits the registration of marks that refer to a group in a positive, non-disparaging manner. In this case the PTO refused to register Mr. Tam’s mark because it found the mark “disparaging” and “objectionable” to people of Asian descent. But the PTO has registered marks that refer positively to people of Asian descent. *See, e.g.*, CELEBRASIANS, ASIAN EFFICIENCY. Similarly, the PTO has prohibited the registration of marks that it found disparaged other groups. *See, e.g., Pro-Football*, 2015 WL 4096277 (affirming cancellation of REDSKINS); *Geller*, 751 F.3d 1355 (affirming rejection of STOP THE ISLAMISATION OF AMERICA); *Lebanese Arak Corp.*, 94 U.S.P.Q.2d 1215 (refusing to register KHORAN for wine); *Heeb Media*, 89 U.S.P.Q.2d 1071 (refusing to register HEEB); *Squaw Valley Dev. Co.*, 80 U.S.P.Q.2d 1264 (refusing to register SQUAW VALLEY for one class of goods, but registering it for another). Yet the government registers marks that refer to particular ethnic groups or religions in positive or neutral ways—for example, NAACP, THINK ISLAM, NEW MUSLIM COOL, MORMON SAVINGS, JEWISHSTAR, and PROUD 2 B CATHOLIC.

[17] The government argues that § 2(a) is viewpoint neutral because it does not eliminate any particular viewpoint — only particular words. It argues that under § 2(a), two marks with diametrically opposed viewpoints will both be refused, so long as those marks use the same disparaging term. It points to Mr. Tam — who does not seek to express an anti-Asian viewpoint — as proof. It cites a statement in *R.A.V.* that a hypothetical statute that prohibited “odious racial epithets . . . to proponents of all views” would not be viewpoint discriminatory. *Id.* 40 (quoting 505 U.S. at 391); *see also Ridley v. Mass. Bay Transp. Auth.*, 390 F.3d 65, 90–91 (1st Cir.2004) (holding that “guidelines prohibiting demeaning or disparaging ads are themselves viewpoint neutral”).

[18] The *R.A.V.* statement does not apply here. The government’s starting point — that it rejects marks conveying diametrically opposed viewpoints, if they contain the same offensive word — is incorrect. The PTO looks at what message the referenced group takes from the applicant’s mark in the context of the applicant’s use, and it denies registration only if the message received is a negative one. Thus, an applicant can register a mark if he shows it is perceived by the referenced group in a positive way, even if the mark contains language that would be offensive in another context. For example, the PTO registered the mark DYKES ON BIKES, U.S. Reg. No. 3,323,803, after the applicant showed the term was often enough used with pride among the relevant population. In *Squaw Valley*, the Board allowed the registration of the mark SQUAW VALLEY in connection with one of the applied-for classes of goods (namely, skiing-related products), but not in connection with a different class of goods. Section 2(a) does not treat identical marks the same. A mark that is viewed by a substantial composite of the referenced group as disparaging is rejected. It is thus the viewpoint of the message conveyed which causes the government to burden the speech. This form of regulation cannot reasonably be argued to be content neutral or viewpoint neutral.

[19] The government’s argument also fails because denial of registration under § 2(a) turns on the referenced group’s perception of a mark. Speech that is offensive or hostile to a particular group conveys a distinct viewpoint from speech

that carries a positive message about the group. STOP THE ISLAMISATION OF AMERICA and THINK ISLAM express two different viewpoints. Under § 2(a), one of these viewpoints garners the benefits of registration, and one does not. The government enacted § 2(a), and defends it today, because it is hostile to the messages conveyed by the refused marks. Section 2(a) is a viewpoint-discriminatory regulation of speech, created and applied in order to stifle the use of certain disfavored messages. Strict scrutiny therefore governs its First Amendment assessment — and no argument has been made that the measure survives such scrutiny.

### **B. The Disparagement Provision Regulates the Expressive Aspects of the Mark, Not Its Function As Commercial Speech**

[20] The government cannot escape strict scrutiny by arguing that § 2(a) regulates commercial speech. True, trademarks identify the source of a product or service, and therefore play a role in the “dissemination of information as to who is producing and selling what product, for what reason, and at what price.” *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 765, 96 S. Ct. 1817, 48 L.Ed.2d 346 (1976). But they very commonly do much more than that. And, critically, it is always a mark’s expressive character, not its ability to serve as a source identifier, that is the basis for the disparagement exclusion from registration. The disparagement provision must be assessed under First Amendment standards applicable to what it targets, which is not the commercial-speech function of the mark.

[21] This case exemplifies how marks often have an expressive aspect over and above their commercial-speech aspect. Mr. Tam explicitly selected his mark to create a dialogue on controversial political and social issues. With his band name, Mr. Tam makes a statement about racial and ethnic identity. He seeks to shift the meaning of, and thereby reclaim, an emotionally charged word. He advocates for social change and challenges perceptions of people of Asian descent. His band name pushes people. It offends. Despite this — indeed, because of it — Mr. Tam’s band name is expressive speech.

[22] Importantly, *every time* the PTO refuses to register a mark under § 2(a), it does so because it believes the mark conveys an expressive message — a message that is disparaging to certain groups. STOP THE ISLAMISATION OF AMERICA is expressive. In refusing to register the mark, the Board explained that the “mark’s admonition to ‘STOP’ Islamisation in America ‘sets a negative tone and signals that Islamization is undesirable and is something that must be brought to an end in America.’” *Geller*, 751 F.3d at 1361. And by finding HEEB and SQUAW VALLEY disparaging, the PTO necessarily did so based on its finding that the marks convey an expressive message over and above their function as source identifiers — namely, an expressive message disparaging Jewish and Native American people. It was these expressive messages that the government found objectionable, and that led the government to refuse to register or to cancel the marks. In doing so, the government made moral judgments based solely and indisputably on the marks’ expressive content. Every single time registration is refused or cancelled pursuant to the disparagement provision, it is based upon a determination by the government that the expressive content of the message is unsuitable because it would be viewed by the referenced group as disparaging them.

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[The court went on to reject the government's arguments that section 2(a) doesn't implicate the First Amendment because it leaves applicants free to use their proposed mark in commerce; because trademark registrations are government speech; or because trademark registration is a government subsidy. Only the discussion of the first argument is excerpted below.]

## **II. Section 2(a) Is Not Saved From Strict Scrutiny Because It Bans No Speech or By Government-Speech or Government-Subsidy Doctrines**

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### **A. Strict Scrutiny Applies to § 2(a), Which Significantly Chills Private Speech on Discriminatory Grounds, Though It Does Not Ban Speech**

[23] The government argues that § 2(a) does not implicate the First Amendment because it does not prohibit any speech. The government's argument is essentially the same as that of our predecessor court in *McGinley*: "it is clear that the PTO's refusal to register appellant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed." 660 F.2d at 484 (citations omitted). But the First Amendment's standards, including those broadly invalidating message discrimination, are not limited to such prohibitions. See *Pitt News v. Pappert*, 379 F.3d 96, 111-12 (3d Cir.2004) (Alito, J.) ("The threat to the First Amendment arises from the imposition of financial burdens that may have the effect of influencing or suppressing speech, and whether those burdens take the form of taxes or some other form is unimportant.").

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[24] The general principle is clear: "Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content." *Sorrell*, 131 S. Ct. at 2664. "[T]he government's ability to impose content-based burdens on speech raises the specter that the government may effectively drive certain ideas or viewpoints from the marketplace." *Simon & Schuster*, 502 U.S. at 116. A law may burden speech even when it does so indirectly. In *Sorrell*, the challenged statute did not directly ban speech, but rather forbade certain pharmaceutical marketing executives from obtaining and using information that could help them market their products more effectively. 131 S. Ct. at 2659-60. The Court found that the state "ha[d] burdened a form of protected expression," while leaving "unburdened those speakers whose messages are in accord with its own views." *Id.* at 2672.

[25] Here, too, § 2(a) burdens some speakers and benefits others. And while it is true that a trademark owner may use its mark in commerce even without federal registration, it has been widely recognized that federal trademark registration bestows *truly* significant and financially valuable benefits upon markholders.

[26] Denial of these benefits creates a serious disincentive to adopt a mark which the government may deem offensive or disparaging. Br. of Amici Curiae ACLU 12 ("If a group fears that its chosen name will be denied federal trademark protection by the government's invocation of Section 2(a), it will be less likely to adopt the name, at least in part because the associative value of the trademark itself is lessened when



it is unlikely that a group will be the exclusive holder of that mark.”) . . . .

[27] For those reasons, the § 2(a) bar on registration creates a strong disincentive to choose a “disparaging” mark. And that disincentive is not cabined to a clearly understandable range of expressions. The statute extends the uncertainty to marks that “may disparage.” 15 U.S.C. § 1052(a). The uncertainty as to what *might be deemed* disparaging is not only evident on its face, given the subjective-reaction element and shifting usages in different parts of society. It is confirmed by the record of PTO grants and denials over the years, from which the public would have a hard time drawing much reliable guidance.

[28] Such uncertainty of speech-affecting standards has long been recognized as a First Amendment problem, *e.g.*, in the overbreadth doctrine. It has also been recognized as a problem under Fifth Amendment vagueness standards as they have been specially applied in the First Amendment setting. All we need say about the uncertainty here, however, is that it contributes significantly to the chilling effect on speech.

[29] The disincentive to choose a particular mark extends to any mark that could require the expenditure of substantial resources in litigating to obtain registration in the first place. And the disincentive does not stop there, because the disparagement determination is not a onetime matter. Even if an applicant obtains a registration initially, the mark may be challenged in a cancellation proceeding years later. Thus, after years of investment in promoting a registered mark and coming to be known by it, a mark’s owner may have to (re)litigate its character under § 2(a) and might lose the registration. This effectively forces the mark’s owner to find a new mark and make substantial new investments in educating the public that the products known by the old mark are now known by the new mark and, more generally, in establishing recognition of the new mark. The “disparagement” standard steers applicants away from choosing a mark that might result in these problems any time in the future.

[30] Not surprisingly, “those who are denied registration under Section 2(a) often abandon the denied application and file a new one, indicating that they have changed their name rather than bear the costs of using a ‘disparaging’ mark or challenge the PTO’s determination.” *Br. of Amicus Curiae Pro-Football, Inc.* 15. In many cases, as soon as a trademark examiner issues a rejection based upon disparagement, the applicant immediately abandons the trademark application. *See, e.g.*, AMISHHOMO (abandoned 2013); MORMON WHISKEY (abandoned 2012); HAVE YOU HEARD THAT SATAN IS A REPUBLICAN? (abandoned 2010); DEMOCRATS SHOULDN’T BREED (abandoned 2008); REPUBLICANS SHOULDN’T BREED (abandoned 2008); 2 DYKE MINIMUM (abandoned 2007); WET BAC/WET B.A.C. (abandoned 2007); DON’T BE A WET BACK (abandoned 2006); FAGDOG (abandoned 2003).

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[31] Whether Mr. Tam has enforceable common-law rights to his mark or could bring suit under § 43(a) does not change our conclusion. Federal trademark registration brings with it valuable substantive and procedural rights unavailable in the absence of registration. These benefits are denied to anyone whose trademark

expresses a message that the government finds disparages any group, Mr. Tam included. The loss of these rights, standing alone, is enough for us to conclude that § 2(a) has a chilling effect on speech. Denial of federal trademark registration on the basis of the government's disapproval of the message conveyed by certain trademarks violates the guarantees of the First Amendment.

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### **III. Section 2(a) Is Unconstitutional Even Under the *Central Hudson* Test for Commercial Speech**

[32] As discussed above, § 2(a) regulates expressive speech, not commercial speech, and therefore strict scrutiny is appropriate. Trademarks have at times been referred to as commercial speech. They are, after all, commercial identifiers, the symbols and words by which companies distinguish and identify their brands. It does not follow, however, that all government regulation of trademarks is properly reviewed under the *Central Hudson* intermediate scrutiny standard. Section 2(a) bars registration of disparaging marks. This regulation is squarely based on the expressive aspect of the speech, not its commercial-speech aspects. It should therefore be evaluated under the First Amendment standards applicable to the regulation of expressive speech. Discrimination against a mark by virtue of its offensive, disparaging nature discriminates against the mark's political or social message. Section 2(a) should be subject to strict scrutiny, and be invalidated for its undisputed inability to survive such scrutiny.

[33] Even if we were to treat § 2(a) as a regulation of commercial speech, it would fail to survive. In *Central Hudson*, the Supreme Court laid out the intermediate-scrutiny framework for determining the constitutionality of restrictions on commercial speech. 447 U.S. at 566, 100 S. Ct. 2343. First, commercial speech "must concern lawful activity and not be misleading." *Id.* If this is the case, we ask whether "the asserted governmental interest is substantial," *id.*, and whether the regulation "directly and materially advanc[es]" the government's asserted interest and is narrowly tailored to achieve that objective. "Under a commercial speech inquiry, it is the State's burden to justify its content-based law as consistent with the First Amendment." *Sorrell*, 131 S. Ct. at 2667.

[34] First, we ask whether the regulated activity is lawful and not misleading. Unlike many other provisions of § 2, the disparagement provision does not address misleading, deceptive, or unlawful marks. There is nothing illegal or misleading about a disparaging trademark like Mr. Tam's mark.

[35] Next, for speech that is lawful and not misleading, a substantial government interest must justify the regulation. *Id.* at 566. But § 2(a) immediately fails at this step. The entire interest of the government in § 2(a) depends on disapproval of the message. That is an insufficient interest to pass the test of intermediate scrutiny, as the Supreme Court made clear in *Sorrell*. 131 S. Ct. at 2668 (law must not "seek to suppress a disfavored message"); *id.* at 2670 (rejecting message-based interest as "contrary to basic First Amendment principles"); *see id.* at 2667–68 (finding it unnecessary to rely on strict scrutiny; rejecting justification

under Central Hudson).

[36] The government proffers several interests to justify its bar on disparaging trademarks. It argues principally that the United States is “entitled to dissociate itself from speech it finds odious.” Appellee’s En Banc Br. 41. This core argument rests on intense disapproval of the disparaging marks. *See, e.g.*, Appellee’s En Banc Br. 1 (“the most vile racial epithets and images”); *id.* at 2–3 (“racial slurs ... or religious insults, ethnic caricatures, misogynistic images, or any other disparaging terms or logos”); *id.* at 14 (“racial epithets”); *id.* at 21 (“racial slurs and similar disparagements”); *id.* at 22 (“including the most vile racial epithets”); *id.* at 41 (“speech [the government] finds odious”); *id.* at 44 (“racial slurs”). And that disapproval is not a legitimate government interest where, as here, for the reasons we have already discussed, there is no plausible basis for treating the speech as government speech or as reasonably attributed to the government by the public.

[37] The government also argues that it has a legitimate interest in “declining to expend its resources to facilitate the use of racial slurs as source identifiers in interstate commerce.” Appellee’s En Banc Br. 43. The government’s interest in directing its resources does not warrant regulation of these marks. As discussed, trademark registration is user-funded, not taxpayer-funded. The government expends few resources registering these marks. Its costs are the same costs that would be incidental to any governmental registration: articles of incorporation, copyrights, patents, property deeds, etc. In fact, the government spends far more significant funds defending its refusal decisions under the statute. *See McGinley*, 660 F.2d at 487 (Rich, J., dissenting) (“More ‘public funds’ are being expended in the prosecution of this appeal than would ever result from the registration of the mark.”). Finally, labeling this sort of interest as substantial creates an end-run around the unconstitutional conditions doctrine, as virtually all government benefits involve the resources of the federal government in a similar sense. Nearly every government act could be justified under this ground, no matter how minimal. For example, the government could also claim an interest in declining to spend resources to issue permits to racist, sexist, or homophobic protests. The government cannot target speech on this basis, even if it must expend resources to grant parade permits or close down streets to facilitate such speech.

[38] This holds true even though the government claims to have a “compelling interest in fostering racial tolerance.” Appellee’s En Banc Br. 43 (citing *Bob Jones Univ. v. United States*, 461 U.S. 574, 604, 103 S. Ct. 2017, 76 L.Ed.2d 157 (1983)). *Bob Jones University* does not stand for the broad proposition the government claims. *Bob Jones University* is a case about racially discriminatory conduct, not speech. The Court held that the government has an interest in combating “racial discrimination in education,” not a more general interest in fostering racial tolerance that would justify preventing disparaging speech. *Id.* at 595.

[39] The invocation of the general racial-tolerance interest to support *speech* regulation is a sharply different matter, as the Supreme Court explained in *R.A.V.*:

One must wholeheartedly agree with the Minnesota Supreme Court that “[i]t is the responsibility, even the obligation, of diverse communities to confront [virulent notions of racial supremacy] in

whatever form they appear,” but the manner of that confrontation cannot consist of selective limitations upon speech. St. Paul’s brief asserts that a general “fighting words” law would not meet the city’s needs because only a content-specific measure can communicate to minority groups that the “group hatred” aspect of such speech “is not condoned by the majority.” The point of the First Amendment is that majority preferences must be expressed in some fashion other than silencing speech on the basis of its content.

505 U.S. at 392 (first alteration in original; citations omitted). What is true of direct “silencing” is also true of the denial of important legal rights. “[I]n public debate we must tolerate insulting, and even outrageous, speech in order to provide adequate breathing space to the freedoms protected by the First Amendment.” *Snyder*, 562 U.S. at 458 (quoting *Boos v. Barry*, 485 U.S. 312, 322, 108 S. Ct. 1157, 99 L.Ed.2d 333 (1988)) (alterations omitted). The case law does not recognize a substantial interest in discriminatorily regulating private speech to try to reduce racial intolerance.

[40] Moreover, at the level of generality at which the government invokes “racial tolerance,” it is hard to see how one could find that § 2(a) “directly and materially advanc[es]” this interest and is narrowly tailored to achieve that objective. *Lorillard Tobacco Co.*, 533 U.S. at 555–56. Disparaging speech abounds on the Internet and in books and songs bearing government registered copyrights. And the PTO has granted trademark registrations of many marks with a racially charged character. Further, the connection to a broad goal of racial tolerance would be even weaker to the extent that the government suggests, contrary to our conclusion in II.A *supra*, that denial of registration has no meaningful effect on the actual adoption and use of particular marks in the marketplace.

...

[41] We conclude that the government has not presented us with a substantial government interest justifying the § 2(a) bar on disparaging marks. All of the government’s proffered interests boil down to permitting the government to burden speech it finds offensive. This is not a legitimate interest. With no substantial government interests, the disparagement provision of § 2(a) cannot satisfy the *Central Hudson* test. We hold the disparagement provision of § 2(a) unconstitutional under the First Amendment.

## CONCLUSION

[42] Although we find the disparagement provision of § 2(a) unconstitutional, nothing we say should be viewed as an endorsement of the mark at issue. We recognize that invalidating this provision may lead to the wider registration of marks that offend vulnerable communities. Even Mr. Tam, who seeks to reappropriate the term “slants,” may offend members of his community with his use of the mark. But much the same can be (and has been) said of many decisions upholding First Amendment protection of speech that is hurtful or worse. Whatever our personal feelings about the mark at issue here, or other disparaging marks, the First Amendment forbids government regulators to deny registration because they find

the speech likely to offend others. Even when speech “inflict[s] great pain,” our Constitution protects it “to ensure that we do not stifle public debate.” *Snyder*, 562 U.S. at 461. The First Amendment protects Mr. Tam’s speech, and the speech of other trademark applicants.

[43] We hold that the disparagement provision of § 2(a) is unconstitutional because it violates the First Amendment. We vacate the Board’s holding that Mr. Tam’s mark is unregistrable, and remand this case to the Board for further proceedings.

[The concurring opinion of Judge O’Malley, with which Judge Wallach joined, has been omitted.]

[The opinion of Judge Dyk, concurring in part and dissenting in part, with which Judges Lourie and Reyna joined with respects to Parts I, II, III, and IV, has been omitted.]