

WINTER 2017 WINNER

Nicholas Branigan

INSTRUCTOR'S FOREWORD

"I hope we haven't gotten to the point where the Supreme Court's opinions are so abstruse that the educated lay person can't pick them up and read them and understand them. You shouldn't have to be a lawyer to understand what the Supreme Court opinions mean. One of the reasons I've given previously for admiring Justice Jackson is he was one of the best writers the Court has ever had, and I think you didn't have to be a lawyer to pick up one of his opinions and understand exactly what his reasoning is and why he is saying that, and if he is citing and relying on precedents, he cites them and explains them. They are not written in jargon or legalese, but an educated person whose life, after all, is being affected by these decisions can pick them up and read them, and you don't have to hire a lawyer to tell you what it means."—Chief Justice John Roberts in his Confirmation Hearings before the U.S. Senate, September 12–15, 2005.

I'm sure you'll agree, after reading Nicholas Branigan's pellucid argument, that you have the curious reader's satisfaction of knowing what it means. Nicholas' paper is written as a "student justice decision" in response to the actual case of *Lee v. Tam*, which appears on the U.S. Supreme Court's 2016–17 docket. Writing within the format of this real-world judicial genre, Nicholas drives home his claims with coherent reasoning, relevant contemporary analogies, historical attachés, and a restrained yet seemingly foreordained conclusion: "We do not redefine corporate speech as commensurate with private speech in a public forum. The latter remains, by far, the most important for public debate and the most carefully guarded against government regulation. We do, however, reaffirm our holding that corporate expression contributes meaningfully to public debate and deserves proportionate protection."

As John Roberts observed also during his confirmation hearings, "The discipline of writing helps lead you to the right result."

—Paul Bator

MICHELLE K. LEE v. SIMON SHIAO TAM

Nicholas Branigan

SUPREME COURT OF THE UNITED STATES

No. 15–1293

MICHELLE K. LEE, DIRECTOR, UNITED
STATES PATENT AND TRADEMARK OFFICE,
PETITIONER

v.

SIMON SHIAO TAM

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FEDERAL CIRCUIT

[March 17, 2017]

ASSOCIATE JUSTICE BRANIGAN¹ delivered the
opinion of the Court.

¹ "Associate Justice Branigan" is the student author.

The United States Patent and Trademark Office denied Simon Shiao Tam's request for a trademark on the name of his band, "The Slants." It found that the band's name did not comply with the disparagement clause of 15 U.S.C. §1052(a) ("disparagement clause"). The question presented is whether this "disparagement clause" facially violates the First Amendment.

I A

Tam named his band deliberately. By calling his group "The Slants," he hoped to reappropriate a term that had a history of being used as a racial epithet. His attempt followed in a long tradition of Americans reclaiming derogatory terms and transforming them into potent symbols of identity. Words such as "Yankee" and "suffragette" were born as pejoratives. The terms "Jesuit," "Methodist," "Mormon," and "Quaker" were all, at one time, used to arouse contempt. The Democratic Party acquired its symbol when a political opponent of Andrew Jackson described him as a "jackass" and Jackson responded by placing a donkey on his campaign posters. And when the most recent standard-bearer of the Democratic party described her opponent's supporters as belonging to "a basket of deplorables," her opposition embraced and rallied around this phrase.²

But when Tam filed to have his band's name registered as a trademark in 2011, the PTO denied his request. The office found that the phrase was disparaging to "persons of Asian descent" and thus does not comport with the Lanham Act's "disparagement clause."

B

The Lanham Act creates a comprehensive, federal framework for regulating trademarks. Its "disparagement clause" provides that a trademark may be refused registration if it:

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.³

When Tam was denied registration by a PTO officer, he appealed to the PTO's Trademark Trial and Appeal Board. The Board found that the officer who had reviewed Tam's case had acted in a fashion consistent with the Lanham Act's

"disparagement clause" and denied Tam's request for registration. A panel of the U.S. Court of Appeals for the Federal Circuit affirmed, relying on *In re McGinley* in which the court examined § 2(a) as it applied to "scandalous matter" and determined that it did not violate the First Amendment:

With respect to appellant's First Amendment rights, 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. Consequently, appellant's First Amendment rights would not be abridged by the refusal to register his mark.⁴

The Federal Circuit *en banc* reversed. It overturned *In re McGinley* by finding the "disparagement clause" to be an unconstitutional violation of the First Amendment. It vacated the TTAB's decision and remanded it to that board for further proceedings.

The Federal Circuit determined that because "the government regulation at issue amounts to viewpoint discrimination," it was subject to "strict scrutiny." Under this standard, it held that § 2(a)'s bar on disparaging speech was facially unconstitutional. The court, however, went further, finding that the bar was unconstitutional also under intermediate scrutiny, the standard most often applied to commercial speech. It used the two-pronged *Central Hudson* test which finds that commercial speech may be regulated if it fails to "concern lawful activity," is "misleading," or if "the asserted governmental interest is substantial." A disparaging mark is neither illegal nor misleading, the Federal Circuit held, and since the government's interest is "disapproval of the [mark's] message," it has "an insufficient interest to pass the test of intermediate scrutiny."⁵

We granted certiorari. 588 U. S. ____ (2017).

II A

Early American trademark law drew significantly from the British common law system, under which trademark rights were developed by use rather than by registration. Enforcement of these laws occurred at the state level. But as commerce across state lines expanded during the second half of the nineteenth century, a need for federal mark regulation became apparent. The Federal Trade Mark Act, enacted in 1870, marked the first such attempt. This Court, however, struck that law down, holding that Congress was not vested the power to regulate trademarks under Art. 1, §8, cl. 8 of the Constitution.⁶

⁴ *In re Simon Shiao Tam* (2015) U.S. Court of Appeals for the Federal Circuit panel.

⁵ *In re Simon Shiao Tam* (2015) U.S. Court of Appeals for the Federal Circuit *en banc*.

⁶ 100 U.S. 82 (1879).

² Brief for the Cato Institute as *Amicus Curiae*.

³ 15 U.S.C. §1052(a)

Congress responded in 1881 by moving to regulate trademarks used in interstate commerce under its commerce clause powers.⁷ Over the course of the next half century, this law underwent multiple revisions. Its limitations were numerous and significant, and the dramatic expansion of economic activity during and following the Second World War brought renewed attention to a need for comprehensive federal mark regulation. Congress answered this need by enacting the Lanham Act in 1946.⁸

B

The Lanham Act complements rather than supplants existing common law trademark protections. It provides for a federal mark registry and accords enhanced rights and protections to mark holders. Whereas common law protections only apply to geographic areas where the mark is used, federal protections apply throughout the country. Federal registration under the Lanham Act also allows mark holders to sue in federal court and recover attorneys fees and costs of infringement.⁹

§ 2 of the Lanham Act enumerates the conditions under which the government may refuse to register a mark. At issue in this case is the “disparagement clause” of § 2(a).

C

The Court has historically looked upon regulations of speech with wariness. Subject to the most rigorous review have been government regulations that have restricted disfavored messages. Oliver Wendell Holmes, Jr., famously aligned himself against government attempts to limit disagreeable speech:

When men have realized that time has upset many fighting faiths, they may come to believe even more than they believe the very foundations of their own conduct that the ultimate good desired is better reached by free trade in ideas -- that the best test of truth is the power of the thought to get itself accepted in the competition of the market.¹⁰

Though Holmes was in dissent in *Abrams*, protecting the free exchange of thoughts in a “market place of ideas” has since become a primary concern of this Court.¹¹ In *Texas v. Johnson* (1989), we found that the “[g]overnment may not prohibit the expression of an idea simply because society finds the idea itself offensive

⁷ Art. 1, §8, cl. 3.

⁸ https://www.iip.or.jp/e/e_publication/ono/ch2.pdf.

⁹ <http://www.bitlaw.com/trademark/federal.html>.

¹⁰ *Abrams v. United States* (1919).

¹¹ *United States v. Rumely* (1953)

or disagreeable.” And in *R.A.V. v. St. Paul* (1992) we held that the government could not devise regulations that discriminate based on the viewpoint speech express (“St. Paul has no such authority to license one side of a debate to fight freestyle, while requiring the other to follow Marquis of Queensberry rules.”).

This brings us to today’s case, in which the government asks to limit membership in its trademark program based explicitly on a speaker’s viewpoint and indirectly on whether the speech is socially palatable.

III

A

We begin by examining the nature and scope of the regulation and establishing the relevant level of scrutiny. Petitioner argues that the “disparagement clause” of § 2(a) does not represent viewpoint-based discrimination. The government argues that by applying the provisions of the “disparagement clause” across all cases, by sweeping with a broad brush, it does not discriminate based on viewpoint. The “disparagement clause,” the government argues, discriminates so much that it does not discriminate at all. This is nonsensical. § 2(a)’s bar is a clear case of viewpoint discrimination. It proscribes unfavorable, or disparaging, speech and thereby encourages favorable speech.

Historically, this Court has looked unfavorably upon viewpoint discrimination:

If there is any fixed star in our Constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion¹²

We have examined government regulations that cast a “pall of orthodoxy” with great suspicion.¹³ Traditionally, we have applied strict scrutiny. Under select circumstances, however, we have not. The application of strict scrutiny demands not only that the regulation be viewpoint-based but also that it have significant enough scope.

In *Perry Education Association v. Perry Local Educators’ Association* (1982), the Court determined that a government regulation of speech that discriminated based on viewpoint in a nonpublic forum “need not be tested” under strict scrutiny. The Court, instead, applied rational basis review and upheld the regulation. The scope of the regulation in *Perry* was limited enough to excuse it from strict scrutiny.

We now turn our attention to the scope of the regulation before us in this case. Trademarks do not concern speech in a traditional public forum, in which speech

¹² *West Virginia State Board of Education v. Barnette* (1943).

¹³ *Keyishian v. Board of Regents* (1967).

regulations have the broadest scope and are most difficult to justify. Registration of a trademark is entry into a specific government program. The scope and reach of this program, however, are not trivial. As a result, comparisons to *Perry* are not useful. “Registration,” we have found, “is significant.”¹⁴ Denial of registration into the trademark program has real costs for all corporate entities operating in all parts of the United States. The government attempts to narrow the regulation’s scope by imagining that it confers benefits without imposing costs. This analysis, however, is fantastical; it comports neither with precedent nor with commercial reality.

We have repeatedly held that “the discriminatory allocation of government support” violates speech rights by creating indirect costs.¹⁵ Moreover, since the competitive marketplace often transforms one firm’s gain into another’s loss, it amplifies the magnitude of those costs. In this light, the government can be seen as effectively imposing steep costs on firms voicing views that fall into its expansive dragnet. Firms that fail to compete are driven out of the marketplace. Those that enter take notice and tailor their names. And brand names are of outsized importance. They are much more than source identifiers. They describe and inspire a corporate identity. As a result, § 2(a) suppresses not just corporate names but vast categories of corporate expression as well. It operates with significant scope.

We conclude that § 2(a)’s “disparagement clause” constitutes viewpoint-based discrimination of a scope significant enough to trigger strict scrutiny.

B

The Federal Circuit chose also to apply strict scrutiny. The court, however, erred in its reasoning for this application. It held that strict scrutiny was applicable in part because the regulation was based on the “expressive nature of the content.” The expressive and commercial components of trademarks, however, do not represent distinct categories. Rather they are carefully entangled and often overlapping types. While we have traditionally applied intermediate scrutiny to regulations of commercial speech, we have done so because it traditionally has diminished expressive importance, not because it is bereft of any expressive importance. Because speech in the form of a trademark is both commercial and expressive, it is not possible to single out regulations on the speech’s expressive content.

In this case, we choose to apply strict scrutiny because a viewpoint-based discrimination is imposed on commercial speech in the context of a program with significant scope. We do not, however, strike down all viewpoint-based regulations

of the Lanham Act. Regulations of the deceptive qualities of speech, for example, do not deserve strict scrutiny. As we have previously recognized low-value speech in the public setting, we recognize low-value speech in the corporate setting as well. Regulating deceptive marks might be said to discriminate based on viewpoint, insofar as truthfulness and deceptiveness constitute positions. However, like obscenity or fighting words, deceptive marks fall into one of the lowest rungs of speech. They may consequently be subject to the most rigorous regulation.

C

We now apply strict scrutiny. In order to pass this test, the statute must “serve a compelling government interest” and be “narrowly tailored” to serve that interest.¹⁶ Petitioner justifies the “disparagement clause” by arguing that the government has an interest in “declining to create incentives for the use of [disparaging] marks in commerce” and “a substantial interest in avoiding the incorporation of objectionable marks into official government communications, and the consequent association of the marks with the government itself.”¹⁷

The government may wish to create disincentives to the use of hurtful language in commerce. It may wish to protect vulnerable minorities from disparaging messages. However, this interest is not nearly compelling enough. Speech can “inflict great pain.” Of this, there can be no doubt. But as we have held repeatedly, “we cannot react to that pain by punishing the speaker. As a Nation we have chosen a different course—to protect even hurtful speech on public issues to ensure that we do not stifle public debate.”¹⁸ Shielding Americans from messages that may be hurtful is not a “compelling government interest.”

The government may also wish to disassociate itself from disagreeable speech. It is clear from the nature of the trademark program, however, that the government is not endorsing any trademarked message. When the government publishes registered trademarks, it is apparent that it is not engaging in government speech. In *Walker v. Texas Division, Sons of Confederate Veterans, Inc.* (2015), we allowed the state of Texas to refuse to create license plates for a number of reasons, including “if the design might be offensive to any member of the public.” However, the public associates license plates with the government. When a member of the public sees a license plate with a government message, she may reasonably believe that the government is endorsing that message. Since the state of Texas has every right not to be seen as

¹⁶ *Austin v. Michigan Chamber of Commerce* (1990).

¹⁷ Brief for petitioner Michelle K. Lee, Director, United States Patent and Trademark Office.

¹⁸ *Snyder v. Phelps* (2011).

¹⁴ *B&B Hardware Inc. v. Hargis Industries Inc.* (2014).

¹⁵ Brief for the American Civil Liberties Union as *Amicus Curiae*.

endorsing certain messages, it may refuse certain license plate designs. No reasonable person, however, sees the government's issuance of a trademark as an endorsement of an individual brand or message. The government is no more endorsing "The Slants" than it is endorsing Coca-Cola or Nike. Because the trademark program does not constitute government speech, the government does not have a compelling interest to bar disparaging marks.

No justification of the "disparagement clause" offered by the government, serves "a compelling government interest." As a result, we need not even examine whether it is "narrowly tailored" to serve that interest; no such interest has been shown to exist. The "disparagement clause" fails to pass strict scrutiny.

D

We have shown that the "disparagement clause" deserves to be examined under strict scrutiny and also that it fails to stand up to this standard of review. We now ask whether it would even survive intermediate scrutiny.

Intermediate scrutiny is the standard most often applied to restrictions on commercial speech.¹⁹ In the commercial context, intermediate scrutiny takes the form of the *Central Hudson* test. In order for a regulation of speech to pass the test, at least one of three conditions must apply. The speech must be (1) "misleading," (2) "related to unlawful activity," or (3) such that the government would have a "substantial interest" in regulating it.

The fact that a mark is disparaging has no relation to whether it is misleading or whether it relates to unlawful activity. We have previously shown that the government lacks a "compelling interest" to regulate this manner of speech. We find also that it lacks a "substantial interest." The government's stated interests ("declining to create incentives for the use of [disparaging] marks in commerce" and "avoiding the incorporation of objectionable marks into official government communications, and the consequent association of the marks with the government itself") are not substantial.

The second of these interests is easily the weakest. We have already demonstrated that granting registration to "objectionable marks" does not associate those marks with "the government itself." The PTO registers nearly 100,000 trademarks per quarter.²⁰ No reasonable observer, whether American citizen or foreign national, would construe each registration as a government endorsement. Endorsement communicates only that the mark holder operates within the United States. That

Apple is headquartered in the U.S. associates it with the federal government as much as, if not more than, the fact that Apple's brand is protected by U.S. trade and service marks.

The first interest is more significant but not "substantial." We have shown already that protecting consumers from hurtful speech is not a "compelling" interest. That same analysis demonstrates that the interest is not "substantial" either. We now address the government's other argument that disparaging marks in commerce challenge the very purpose of a trademark.

Petitioner contends that trademarks are simply "source identifiers." Their explicit and exclusive purpose is to indicate the source of a product to a consumer. The government argues that disparaging marks distract consumers from source-identification. As a result, the government reasons that barring disparaging marks is a "substantial" interest of theirs. This argument struggles in two ways. First, trademarks, in practice, clearly serve a broader purpose than source identification. If this were their only utility, firms would be unconcerned by their brand names. They would be indifferent between their chosen names and randomly chosen sequences of letters and numbers. The latter would do as good a job of identifying a product's source as the former. Second, disparaging marks are hardly the only marks that distract from source-identification. In fact, brand names often exist for that very purpose. Even if we accept that the sole function of a trademark is source identification, the government has no effective explanation for why it should be allowed to bar only particular categories of distracting marks.

No attempt by the government succeeds in demonstrating a single "substantial" interest for barring disparaging speech. The "disparagement clause" accordingly fails the *Central Hudson* test. Even under intermediate scrutiny, it is facially invalidated by the First Amendment.

IV

The dissent argues that the "disparagement clause" is subject to review under intermediate scrutiny suggesting that regulations of commercial speech may not be reviewed under strict scrutiny. Under this theory, however, regulations of commercial speech are immunized from the most severe analysis. While it is true that we grant greater deference to the government's power to regulate commercial speech, certain special circumstances, such as those present in this case, must trigger the most rigorous review.

The dissent suggests that our use of viewpoint-based discrimination to trigger strict scrutiny would have broad consequences and would force us to strike down

¹⁹ Brief for Law Professors as *Amicus Curiae*.

²⁰ <https://www.uspto.gov/dashboards/trademarks/main.dashxml>

basic and essential trademark protections. This, however, is untrue. We examine not only the nature of the government regulation but also its scope. Moreover, we grant special lenience for regulations on low-value speech. The “disparagement clause” is exceptional. It discriminates based on viewpoint, has broad scope, and does not further any compelling or substantial government interest. Our holding in this case is limited by these special facts.

The dissent emphasizes that “the government’s interest in the orderly flow of commerce is substantial.”²¹ We do not disagree. The use of disparaging speech in commerce, however, does not meaningfully impair the orderly flow of commerce. For nearly five decades, the Washington Redskins football team held trademarks protecting its products. In 2014, the PTO determined that the term “redskins” was disparaging and revoked the team’s trademarks. The dissent would argue that this decision was in the service of maintaining “the orderly of flow of commerce.” But did commerce genuinely become more orderly following the PTO’s decision? For a half-century, was the PTO’s decision to register the Redskins’ trademarks “[undermining] commercial activity and the stability of the marketplace”?²²

The dissent suggests that our holding forces Congress to encourage the use of racial slurs. This cannot be true. Congress would no more be encouraging the use of racial slurs than it is encouraging hateful and hurtful protests outside of military funerals. Congress is simply not empowered to regulate either manner of speech.

The dissent relies on *Regan v. Taxation With Representation of Washington* (1983) where this Court found that “a legislature’s decision not to subsidize the exercise of a fundamental right does not infringe that right, and thus is not subject to strict scrutiny.” Our case, however, differs in at least one significant respect. Whereas *Regan* dealt with firms that were denied a subsidy because of their participation in lobbying, our case concerns a band that was denied a subsidy because of the viewpoints expressed by its brand-name. This Court has repeatedly determined that viewpoint-based discrimination represents an especially suspect category of government speech regulation.

The dissent relies heavily on the concept of a government program. It suggests that the fact that the PTO operates a government program is what allows it to engage in viewpoint-based discrimination. Could the government then deny entry into any government program based on a similar test? Could it deny police and fire services to groups known for disparaging statements?

²¹ *In re Simon Shiao Tam* (2015) U.S. Court of Appeals for the Federal Circuit *en banc* (Reyna dissent).

²² *Ibid.*

V

We were asked to consider whether the Lanham Act’s “disparagement clause” was consistent with the First Amendment’s protection of free speech. We have found that it is not.

The bar represents strict viewpoint-based discrimination. The government bars entry into its trademark program to negative or disparaging views about “persons, living or dead, institutions, beliefs, or national symbols.” And this bar operates with broad scope. By denying significant benefits, the government is imposing a significant cost on entities wishing to exercise corporate speech of a particular character. The regulation is subject to strict scrutiny as a consequence, and because the government’s interests in this case fall well short of being “compelling,” the bar fails to pass strict scrutiny. We find that the “disparagement clause” is facially unconstitutional under the First Amendment.

Our ruling today is limited. Our application of the highest level of Due Process analysis results from the exceptional facts before us. We do not redefine corporate speech as commensurate with private speech in a public forum. The latter remains, by far, the most important for public debate and the most carefully guarded against government regulation. We do, however, reaffirm our holding that corporate expression contributes meaningfully to public debate and deserves proportionate protection.

Simon Shiao Tam believes that he can transform a pejorative into a proud symbol of identity. Some may choose to disagree with Tam and his choice to name his band “The Slants.” Many may choose to object to “disparaging” speech being used by other commercial groups with less inclusive intent. “Those choices and assessments, however, are not for the Government to make.”²³

The judgment of the United States Court of Appeals for the Federal Circuit is affirmed.

It is so ordered.

²³ *Citizens United v. Federal Election Commission* (2010).

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