

The Act of Registering a Trademark: Commercial Speech, Non-Commercial Speech, or a Combination of Both?

by ALEXANDRA MARTINEZ

Introduction

On December 22, 2015, the United States Court of Appeals for the Federal Circuit issued an en banc decision in *In re Tam* that called into question seventy plus years of settled case law.¹ For the first time, the Federal Circuit held that the disparagement provision² of the Lanham Act was unconstitutional because it violated the First Amendment.³ This decision arose from Simon Tam’s attempt to register the trademark “The Slants” as the name of his Asian-American dance-rock band.⁴ The United States Patent and Trademark Office (USPTO) refused to register the mark pursuant to the disparagement provision because it was “disparaging to a substantial composite of people of Asian descent” and had “a long history of being used to deride and mock a physical feature of people of Asian descent.”⁵ Tam appealed the USPTO’s denial, ultimately to the Federal Circuit, claiming his First Amendment rights had been violated.⁶ The Federal Circuit agreed with Tam, declaring the USPTO could no longer deny federal trademark registration “because they find the speech likely to offend others.”⁷ Therefore registration may not be denied to marks that “may disparage . . . persons, living or dead . . . or bring them into contempt, or disrepute.”⁸ This decision raises many concerns in both the trademark and First Amendment worlds, putting a spotlight on the government’s ability to control national

¹ See generally *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).

² See 15 U.S.C. § 1052(a) (stating “[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration . . . unless it” consists of “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 *In re Tam*, 808 F.3d at 1328.

⁴ *Id.* at 1331.

⁵ *Id.* at 1331-32

⁶ *Id.* at 1332.

⁷ *Id.* at 1358.

⁸ 15 U.S.C. § 1052(a).

trademarks—a power stemming from the Commerce Clause—and the growing trend of increased First Amendment protection for commercial speech.

On September 29, 2016, the Supreme Court granted the USPTO’s petition for writ of certiorari to determine whether the disparagement provision violates free speech under the First Amendment.⁹ In its brief, the USPTO argued the disparagement provision was constitutional and did not restrict Tam’s freedom of speech because refusal of registration did not stop Tam from using “The Slants” as a trademark, it only denied him and his band the benefits of registration.¹⁰ It further argued that “[b]ecause the essential function of trademarks is to identify goods and services emanating from a particular commercial source, trademarks are commercial speech and receive a limited form of First Amendment protection.”¹¹ Tam’s brief stated that he agreed that the USPTO’s petition for certiorari should be granted because, among other reasons, “Tam’s trademark undisputedly has an expressive component along with a commercial component” and therefore will allow the Court to “evaluate the First Amendment’s applicability to the full range of conceivable types of trademarks.”¹²

Although the key question before the Supreme Court revolves around the constitutionality of the disparagement provision, in order for the Court to reach a conclusion they must comment on whether trademarks are considered commercial or non-commercial speech, and what degree of First Amendment protection they should be afforded. Uncertainty in this area of trademark law leads to a similar, but different question: whether *the act of registering a trademark* should be considered commercial speech, afforded intermediate scrutiny, or non-commercial speech afforded strict scrutiny, or a combination of both?

⁹ In re Tam, 808 F.3d 1321 (Fed. Cir. 2015), *cert. granted*, 137 S. Ct. 30 (2016).

¹⁰ Brief for Petitioner at 20-28, Lee v. Tam, 137 S. Ct. 30 (filed Nov. 9, 2016) (No. 15-1293).

¹¹ *Id.* at 48 (citations and internal quotation marks omitted).

¹² Brief for Respondent at 10-11, Lee v. Tam, 137 S. Ct. 30 (filed June 20, 2016) (No. 15-1293).

Part I of this Note describes the origin and background of trademark law and its constitutional underpinnings through the Commerce Clause. This Part will also provide a general overview of the federal registration process, its requirements, and its benefits once registration has been granted. Part II analyzes the difference between commercial and non-commercial speech. Finally, Part III extends that analysis to the act of registering a trademark. This Note ultimately concludes that the act of registering a trademark is commercial speech, and therefore should be reviewed under intermediate scrutiny.

I. Background

A. The Origin of Trademark Law

For thousands of years, trademarks have been used to indicate the source or origin of products.¹³ Trademarks are words, names, symbols, devices, or any combination thereof that are used by a person to identify and distinguish his/her goods or services from those sold by others.¹⁴ The function of a trademark is to “identify the origin or ownership of the article to which it is affixed.”¹⁵ The United States Supreme Court has explained that the two main goals of trademark law are to protect consumers from deception and confusion, and to protect trademark owners’ property from infringement.¹⁶ Trademark law prevents competitors from “copying a source-identifying mark,” thereby reducing “the customer’s costs of shopping and making purchasing decisions and helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.”¹⁷ Without trademarks,

¹³ See 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 5:1 (4th ed. 2016).

¹⁴ 15 U.S.C. § 1127.

¹⁵ *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916).

¹⁶ See *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.”). See also *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854, n.14 (1982) (noting trademark infringement “subverts both goals of the Lanham Act” and “the infringer deprives the owner of the goodwill which he spent energy, time, and money to obtain.”).

¹⁷ *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 34 (2003).

consumers would have difficulty identifying the source of a product or service, and a company could not capitalize on its good reputation.¹⁸

Unlike patents and copyrights, there is no specific provision in the United States Constitution for trademarks, however Congress has the power to regulate trademarks under the Commerce Clause.¹⁹ Accordingly, Congress enacted the Lanham Act to govern trademarks, encompassing national registration of distinctive marks used in commerce and the enforcement of rights in such marks regardless of registration.²⁰ Congress explicitly intended the Lanham Act “to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce” and “to protect persons engaged in such commerce against unfair competition.”²¹ The Lanham Act accomplishes this—in large part—by providing trademark protection to marks that are used in the actual sale of goods or services in interstate commerce.²² Further, the purpose of the Lanham Act is to foster competition in the market by “ensuring that the public is knowledgeable about the origin of a product, thereby allowing companies to take advantage of goodwill and reputation.”²³ Thus, a mark must be used, in interstate commerce, in a public way that creates an association among consumers between the

¹⁸ John V. Tait, Note, *Trademark Regulations and the Commercial Speech Doctrine: Focusing on the Regulatory Objective to Classify Speech for First Amendment Analysis*, 67 Fordham L. REV. 897, 901 (1998).

¹⁹ See 15 U.S.C. § 1127; see also U.S. CONST. art. I, § 8, cl. 3 (Congress has the power to “regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.”).

²⁰ 15 U.S.C. §§ 1051 et seq. The Lanham Act was signed into law by President Truman on July 5, 1946 and took effect one year later on July 5, 1947. See McCarthy, *supra* note 13, at § 5:4.

²¹ 15 U.S.C. § 1127. See also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767-68 (1992).

²² *Brookfield Commc’ns, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1051 (9th Cir. 1999). The Lanham Act provides additional ways to obtain federal trademark registration such as through international treaties. See 15 U.S.C. § 1126(e); see also *In Re Societe Dexploitation de la Marque Le Fouquets*, 67 U.S.P.Q.2d 1784, 1787 (T.T.A.B. Aug. 21, 2003) (“[T]he purpose of Section 44(e) is to give effect to this country’s treaty obligations and to allow foreign applicants to obtain U.S. registrations based on registrations obtained in their countries of origin. This procedure is an exception to the normal registration process whereby a party is required to use the mark in commerce prior to the application filing date.”).

²³ See Tait, *supra* note 18, at 902. Without the consent of the registrant, persons are prohibited to “use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114(1)(a).

mark and the mark's owner.²⁴ This requirement of public use in interstate commerce is so crucial to trademark law that in 1988 Congress amended the Lanham Act to strengthen this prerequisite.²⁵

B. The Federal Registration Process

Trademark owners may acquire protection for their marks through three avenues: federal registration,²⁶ state registration,²⁷ or the common law.²⁸ This note focuses solely on federal trademark registration—a process the USPTO oversees.²⁹ In order to register a mark, the mark owner must complete a five-stage PTO application consisting of: (1) application³⁰; (2) examination; (3) publication in the PTO's Official Gazette; (4) opposition period; and (5) registration.³¹

Foremost, the applicant must be the owner of the mark or else the application is void.³² If a registration is wrongfully issued to a non-owner, the true owner of the mark can petition to

²⁴ *Brookfield Commc'ns, Inc.*, 174 F.3d at 1051.

²⁵ *Id.*

²⁶ *See* 15 U.S.C. §§ 1051-1127.

²⁷ For a brief overview of state trademark registration in the United States and its comparison to federal trademark registration, see the International Trademark Association's website (July 2014), <http://www.inta.org/TrademarkBasics/FactSheets/Pages/StateTrademarkRegistrationsUSFactSheet.aspx> (Unlike federal registration, which gives a registrant rights throughout the United States, state registration gives a registrant trademark rights only within the territory of the state.).

²⁸ *See* Trade-Mark Cases, 100 U.S. 82, 94 (1879) (“The trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it. At common law, the exclusive right to it grows out of its use, and not its mere adoption.”). Once a trademark is adopted and used in commerce, common law creates an enforceable right of exclusivity for the mark's owner in the geographic area it is used in. Thus, the first to use a trademark is the mark's owner. *See* *Blue Bell Inc. v. Farah Mfg. Co.*, 508 F.2d 1260 (5th Cir. 1975).

²⁹ Trademark Manual of Examining Procedure (TMPE) § 102.

³⁰ A complete application must include: (1) the name and citizenship (or corporate jurisdiction) of the applicant; (2) a name and address for correspondence with the USPTO; (3) a clear drawing of the mark sought to be registered; (4) an identification of the goods and/or services in connection with the mark; (5) a basis for filing; (6) a verification or declaration signed by the applicant or a person authorized to sign on behalf of the applicant; and (7) the required filing fee for each class of goods and/or services. 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 19:46 (4th ed. 2016). For more details on requirements for complete trademark applications, see 37 C.F.R. § 2.32.

³¹ Emily M. Kustina, Comment, *Discriminatory Discretion: PTO Procedures and Viewpoint Discrimination Under Section 2(a) of the Lanham Act*, 164 U. Pa. L. REV. 513, 517 (2016) (citing Barton Beebe et al., *Trademarks, Unfair Competition, and Business Torts* 125 (2011)).

³² 15 U.S.C. § 1051. *See also* *Holiday Inn v. Holiday Inns, Inc.*, 534 F.2d 312, 319, n.6 (C.C.P.A. 1976) (“One must be the owner of the mark before it can be registered.”); *Chien Ming Huang v. Tzu Wei Chen Food Co. Ltd.*, 849

cancel the registration.³³ Further, the required drawing is an important aspect of the application because it informs the world exactly what the registered mark looks like.³⁴ A “standard character” drawing is used if the mark consists of standard letters or numbers, without a claim to a particular font, size or color.³⁵ However, a “special form” drawing is used if the mark consists of a two or three-dimensional design, color, and/or words, letters, or numbers in a particular font style or size.³⁶ Additionally, the application must specify—name in an explicit manner—the particular goods and/or services on or in connection with which the applicant uses the mark in commerce.³⁷ The identification should set forth common names and use terminology that is generally understood.³⁸ An applicant must also provide a filing basis, which is the statutory basis for filing a PTO application for trademark registration.³⁹ There are five filing bases:

- (1) use of a mark in commerce under §1(a) of the Trademark Act;
- (2) bona fide intention to use a mark in commerce under §1(b) of the Act;
- (3) a claim of priority, based on an earlier-filed foreign application under §44(d) of the Act;
- (4) ownership of a registration of the mark in the applicant’s country of origin under §44(e) of the Act;⁴⁰ and
- (5) extension of protection of an international registration to the United States, under §66(a) of the Act.⁴¹

F.2d 1458, 1460 (Fed. Cir. 1988) (Application was void because the applicant was not the owner of the mark at the time of filing or at any other time during pendency of the application).

³³ See *Wonderbread 5 v. Gilles*, 115 U.S.P.Q.2d 1296, 1307 (T.T.A.B. 2015) (granting petition to cancel registration less than five years old for mark of a musical band issued to one member of the band when the band as a partnership was the owner).

³⁴ McCarthy, *supra* note 30, at § 19:58.

³⁵ *Id.*

³⁶ *Id.* See also TMEP § 807.03 for information about “standard character” drawings, and TMEP § 807.04 for information about “special form” drawings.

³⁷ TMEP § 1402.

³⁸ *Id.* If the product or services does not have a common name, clear and succinct language should be used to describe the item. *Id.*

³⁹ TMEP § 806.

⁴⁰ See *supra* text accompanying note 22.

⁴¹ TMEP § 806. For information on requirements for establishing a basis for trademark applications, see TMEP 806.01(a)–806.01(e).

The “in commerce” requirement exists because the federal government’s power to register trademarks comes from the Commerce Clause.⁴² Thus, the government can only regulate trademarks if such trademarks are used in commerce. “Use in commerce” means “the bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark.”⁴³ A mark is used in commerce:

(1) on goods when—(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce, and (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.⁴⁴

The Lanham Act defines “commerce” as “all commerce which may lawfully be regulated by Congress.”⁴⁵ Congress may regulate interstate commerce, territorial commerce, and commerce between the United States and a foreign country.⁴⁶ Purely intrastate commerce is not “use in commerce” unless it directly affects a type of commerce that Congress may regulate.⁴⁷ Past Lanham Act “use in commerce” cases have found that intrastate uses qualify as “use in

⁴² U.S. CONST. art. I, § 8, cl. 3.

⁴³ 15 U.S.C. § 1127.

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ See TMEP § 901.03 (Territorial commerce means “commerce within a territory of the United States (e.g., Guam, Puerto Rico, American Samoa, or the U.S. Virgin Islands) or between the United States and a territory of the United States.”).

⁴⁷ *Id.*

commerce” if sales are made or services are rendered to interstate travelers,⁴⁸ the sale involves purchasing materials or products from out of state,⁴⁹ or services are advertised out of state.⁵⁰ Offering goods or services on the Internet also constitutes “use in commerce” because the services are available to a national audience who must use interstate telephone lines to access websites.⁵¹

The Supreme Court’s historical Commerce Clause decisions further illustrate Congress’s broad power under the Commerce Clause. In *Wickard v. Filburn*, the Supreme Court held that the activity or commerce in question must be viewed in the aggregate, not in isolation.⁵² The Court reaffirmed this notion in *Gonzales v. Raich* holding that when “a general regulatory statute bears a substantial relation to commerce, the *de minimis* character of individual instances arising under that statute is of no consequence” and thus Congress has the power to regulate it under the Commerce Clause.⁵³ In *Taylor v. United States*, the Court reiterated that under the aggregation approach in *Wickard*, “proof that a defendant’s conduct in and of itself affected or threatened commerce is not needed. All that is needed is proof that the defendant’s conduct fell within a

⁴⁸ See *Larry Harmon Pictures Corp. v. Williams Rest. Corp.*, 929 F.2d 662, 666 (Fed. Cir. 1991) (maintaining a mark used to identify restaurant services at a single location serving interstate travelers was deemed “use in commerce”); see also *Application of Gastown, Inc.*, 326 F.2d 780, 784 (C.C.P.A. 1964) (holding an automotive service station located in one state rendering services to customers travelling interstate on federal highways was considered “use in commerce”).

⁴⁹ See *In re Silenus Wines, Inc.*, 557 F.2d 806, 812 (C.C.P.A. 1977) (maintaining the intrastate sale of imported wines bearing labels shipped to the United States from a foreign country constituted “use in commerce”).

⁵⁰ See generally *In re G.J. Sherrard Co.*, 150 U.S.P.Q. 311 (T.T.A.B. 1966) (holding a hotel located in one state rendering hotel services to out of state guests, with offices in many states, and advertising in national magazines constituted “use in commerce”); *In re Federated Dep’t Stores, Inc.*, 137 U.S.P.Q. 670 (T.T.A.B. 1963) (finding a retail department store located in one state satisfied the “use in commerce” requirement because it used its mark on credit cards issued to out of state residents, and on advertisements and catalogs shipped to out of state customers); *United States Shoe Corp. v. J. Riggs West Inc.*, 221 U.S.P.Q. 1020 (T.T.A.B. 1984) (finding a billiard parlor’s services advertised out of state constituted “use in commerce”).

⁵¹ See *Planned Parenthood Fed’n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 143 (S.D.N.Y. 1997), *aff’d*, 152 F.3d 920 (2d Cir. 1998).

⁵² See *Wickard v. Filburn*, 317 U.S. 111, 127-28 (1942) (holding that the farmer’s “own contribution to the demand for wheat may be trivial by itself is not enough to remove him from the scope of federal regulation where, as here, his contribution, taken together with that of many others similarly situated, is far from trivial”).

⁵³ *Gonzales v. Raich*, 545 U.S. 1, 17 (2005) (quoting *United States v. Lopez*, 514, 558 (1995)).

category of conduct that, in the aggregate, had the requisite effect [on commerce].”⁵⁴ Most recently, the Federal Circuit once again rejected the “de minimis” test for “use in commerce” holding that the sale of two hats, bearing the registrant’s mark, to an out of state resident was regulable by Congress under the Commerce Clause, thereby constituting “use in commerce” under the Lanham Act.⁵⁵ The Federal Circuit found the TTAB’s rationale—the sale was de minimis and thus insufficient to show use that affected interstate commerce—to be “squarely at odds with the *Wickard* progeny of Commerce Clause cases,” most notably contravening *Raich* and *Taylor*.⁵⁶ Taking into account the Lanham Act “use in commerce” cases, and the Supreme Court’s Commerce Clause decisions, it is the applicant’s responsibility “to determine whether an assertion of use in commerce is supported by the relevant facts.”⁵⁷ The examining attorney normally accepts the applicant’s assertion of use in commerce without investigating whether the use asserted actually constitutes “use in commerce.”⁵⁸

Finally, the applicant must pay the filing fee for each class of goods and/or services.⁵⁹ “[T]he International Classification of goods and services is the standard for determining fees and classification.”⁶⁰ There are a total of 45 classes where goods fall under classes 1-34 and services under classes 35-45.⁶¹

⁵⁴ *Taylor v. United States*, 136 S. Ct. 2074, 2081 (2016) (“[T]he Government need not show that the drugs that a defendant stole or attempted to steal either traveled or were destined for transport across state lines. Rather, to satisfy the Act’s commerce element, it is enough that a defendant knowingly stole or attempted to steal drugs or drug proceeds, for, as a matter of law, the market for illegal drugs is ‘commerce over which the United States has jurisdiction.’ And it makes no difference under our cases that any actual or threatened effect on commerce in a particular case is minimal.” (citing *Perez v. United States*, 402 U.S. 146, 154 (1971)).

⁵⁵ *Christian Faith Fellowship Church v. Adidas AG*, 841 F.3d 986, 1000 (Fed. Cir. 2016).

⁵⁶ *Id.* at 1001-03

⁵⁷ TMEP § 901.04.

⁵⁸ *Id.*

⁵⁹ TMEP § 810.

⁶⁰ *McCarthy*, *supra* note 30, at § 19:56.

⁶¹ *See* TMEP § 1401 (Lists all 45 class headings goods and services may fall under).

After a complete application is filed, an examining attorney of the USPTO reviews the application *ex parte* to determine if any of the statutory bars⁶² to registration apply to the applicant's mark.⁶³ "The initial examination of an application by the examining attorney must be a *complete* examination."⁶⁴ A complete examination includes:

[A] search for conflicting marks and an examination of the written application, any voluntary amendment(s) or other documents filed by applicant before an initial Office action is issued, the drawing, and any specimen(s) or foreign registration(s), to determine whether the mark is eligible for the type of registration requested, whether amendment is necessary, and whether all required fees have been paid.⁶⁵

Sometimes the examining attorney may ask the applicant a question or request further information, but failure to fully comply with a request for information may be grounds for refusal of a registration.⁶⁶ If the examining attorney finds the applicant is not entitled to registration, he/she will issue an "Office Action" rejecting the application and explaining why.⁶⁷ An examining attorney may reject an application and refuse registration if a mark consist of immoral, deceptive, or scandalous matter, disparages or falsely suggests a connection with persons, living or dead, institutions, beliefs, or national symbols, consists of the United States flag, a living person's name, portrait, or signature without their consent, resembles another registered trademark, is merely descriptive or deceptively misdescriptive, primarily

⁶² See 15 U.S.C. § 1052. Substantive bases for rejecting a trademark application under Section 1052 also serve as bases for opposition and cancellation of a trademark registration. See *infra* p. 11-12.

⁶³ 15 U.S.C. § 1062(a). See also McCarthy, *supra* note 30, at § 19:124.50 (The term "ex parte" is used because the back and forth communication during the registration process is between the applicant and the government, not another private party).

⁶⁴ TMEP § 704.01.

⁶⁵ *Id.*

⁶⁶ McCarthy, *supra* note 30, at § 19:125.

⁶⁷ 15 U.S.C. § 1062(b).

geographically deceptively misdescriptive, functional, non-distinctive, likely to cause dilution by blurring, or dilution by tarnishment.⁶⁸ The applicant has six months to reply or amend the application, which the examining attorney will re-examine, taking into consideration any evidence or arguments provided by the applicant.⁶⁹ This procedure may be repeated until either the examiner finally refuses registration of the mark⁷⁰, or the application is abandoned due to the applicant's failure to reply, amend, or appeal within six months.⁷¹

If the examining attorney finds the applicant is entitled to registration, the mark will be published in the Official Gazette of the PTO.⁷² “Any person who believes that he would be damaged by the registration of a mark upon the principal register” may file an opposition with the PTO “within thirty days after the publication.”⁷³ The opposer may rely on *any* statutory basis in the Lanham Act that negates the applicant's right to registration.⁷⁴ In other words, grounds for rejecting a mark's registration by the examining attorney—including the disparagement clause—are also grounds for opposition of a mark's registration by the opposer.⁷⁵ When an opposition is filed the TTAB determines whether the opposition has merit during an inter partes proceeding.⁷⁶ If the TTAB grants the opposition, the application does not mature into a registration. However, if the registration is not successfully opposed, the mark is entitled to registration⁷⁷ on the

⁶⁸ *Id.* at § 1052(a)-(f).

⁶⁹ *Id.* at § 1062(b).

⁷⁰ The applicant may appeal the examining attorney's final decision to the Trademark Trial and Appeal Board (TTAB), an administrative body within the PTO, and finally to the United States Court of Appeals for the Federal Circuit. *See* 15 U.S.C. §§ 1070, 1071.

⁷¹ 15 U.S.C. § 1062(b). The six-month time period may be extended if the applicant can show that the delay in responding was unintentional. *Id.*

⁷² *Id.* at § 1062(a).

⁷³ *Id.* at § 1063(a).

⁷⁴ McCarthy, *supra* note 30, at § 20:13. *See also* Estate of Biro v. Bic Corp., 18 U.S.P.Q.2d 1382, 1386 (T.T.A.B. 1991) (“[T]he opposer may rely on any ground that negates applicant's right to the registration sought.”).

⁷⁵ *See supra* p. 10-11.

⁷⁶ TMEP § 1504.02.

⁷⁷ The duration of a trademark registration is ten years, and may be renewed for a period of ten years at the end of each ten-year period. *See* 15 U.S.C. §§ 1058(a), 1059(a).

principal register and receives all the statutory protections that come along with it, including the presumption that the trademark is valid.⁷⁸

Although registration on the principal register constitutes prima facie evidence that a trademark is valid, anyone “who believes that he is or will be damaged . . . by the registration of a mark on the principal register” may file a petition to cancel the registration.⁷⁹ If a mark has been on the principal register for less than five years, a person may file a petition for cancellation for any of the reasons an examining attorney could have refused registration under the Lanham Act, including the disparagement clause.⁸⁰ After five years, a petition to cancel can only be filed if the registered mark becomes generic, is functional, has been abandoned, was obtained fraudulently or contrary to the provisions of Section 1054 or Section 1052(a), (b), or (c) of the Lanham Act.⁸¹ Consequently, cancellation on the grounds that the mark is disparaging is unavailable when the mark has been on the principal register for more than five years. Similar to oppositions, cancellation proceedings are adjudicated by the TTAB and “progresses as in any inter partes proceeding before the [Board].”⁸²

C. The Benefits of Federal Trademark Registration

“Registration is significant. The Lanham Act confers ‘important legal rights and benefits’ on trademark owners who register their marks.”⁸³ Such rights acquired by registration on the principal register include: (1) prima facie evidence of the validity of the registered mark, of the constructive notice of the registrant’s ownership of the mark, and the registrant’s

⁷⁸ See *id.* at §§ 1063(b)(1), 1057(b).

⁷⁹ *Id.* at § 1064.

⁸⁰ See *supra*, p. 10-11; see also *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 946 (Fed. Cir. 2000) (For a mark on the principal register for less than five years, “any ground that would have prevented registration in the first place qualifies as a valid ground for cancellation”); 15 U.S.C. § 1064.

⁸¹ 15 U.S.C. § 1064(3).

⁸² *McCarthy*, *supra* note 30, at § 20:43. See also TMEP § 1607; 15 U.S.C. § 1071 (A “party to a cancellation proceeding . . . may appeal to the United States Court of Appeals for the Federal Circuit.”).

⁸³ *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1300 (2015) (citing *McCarthy*, *supra* note 30, at § 19:9).

constructive nationwide exclusive right to use the registered mark;⁸⁴ (2) the ability to display the mark with the words “Registered in U.S. Patent and Trademark Office” or the symbol ® to give notice that the mark is registered;⁸⁵ (3) incontestable status after five consecutive years of continuous use, thus constituting conclusive evidence of the owner’s right to use the mark;⁸⁶ (4) protection by the USPTO from subsequent registrants from registering an identical or confusingly similar mark;⁸⁷ (5) entitlement by a trademark owner to prevent importation of confusingly similar goods;⁸⁸ (6) automatic federal jurisdiction for infringement actions regardless of diversity of citizenship or the amount in controversy;⁸⁹ and (7) the ability to recover profits, statutory and treble damages, and costs in infringement actions.⁹⁰ These benefits serve to aid a trademark owner in preventing others from using its mark, whether it is through an infringement action or a threatening demand letter with the power and authority of the United States Federal Government behind it.⁹¹

Refusal to register a trademark on the principal register does not prohibit the trademark owner from continuing to use the mark and receiving common law protections afforded to unregistered marks.⁹² However, failure to obtain federal registration makes the trademark owner’s use of the mark more difficult because it shifts the burden on the owner to prove

⁸⁴ 15 U.S.C. §§ 1057(b)-(c), 1115(a), 1072. Nationwide constructive notice of a trademark’s ownership “abrogates any geographic limits on the ownership rights that exist in common law. Thus, the owner of a federally registered mark can stop infringements anywhere in the United States.” Kimberly A. Pace, *The Washington Redskins Case and the Doctrine of Disparagement: How Politically Correct Must a Trademark Be?*, 22 Pepp. L. REV. 7, 19 (1994).

⁸⁵ 15 U.S.C. § 1111.

⁸⁶ *Id.* at §§ 1065, 1115(b).

⁸⁷ *Id.* at § 1114(1)(a).

⁸⁸ *Id.* at § 1124.

⁸⁹ 28 U.S.C. § 1338.

⁹⁰ 15 U.S.C. § 1117.

⁹¹ Drew Jurgensen, *When All You Have is a Hammer, Everything Looks Like a Nail In re Tam and the Federal Circuit’s Conflation of Federal Trademark Registration and the First Amendment*, 98 J. Pat. & Trademark Off. Soc’y 512, 523 (2016).

⁹² See *In re Mavety Media Grp. Ltd.*, 33 F.3d 1367, 1374 (Fed. Cir. 1994); *In re Fox*, 702 F.3d 633, 635 (Fed. Cir. 2012).

ownership and validity of the mark,⁹³ resulting in increased costs to enforce its mark. Further, the mark owner does not have the ability to prevent the importation of confusingly similar goods from abroad.⁹⁴ These disadvantages place a heavy financial burden on trademark owners whose marks have been refused federal registration, thereby making the symbol ® more commercially valuable and beneficial to a mark owner.

II. Commercial v. Non-Commercial Speech

A. Non-Commercial Speech

The First Amendment prohibits the government from “abridging the freedom of speech.”⁹⁵ However, “[n]ot all speech is of equal First Amendment importance,” therefore certain categories of speech receive a lesser degree of constitutional protection.⁹⁶ Non-commercial speech receives the highest degree of First Amendment protection and thus may only be banned if it falls under a specific exception, or regulated if it survives either strict or intermediate scrutiny, depending on the type of regulation.

Regulations based on the content of non-commercial speech must survive strict scrutiny review by courts.⁹⁷ Regulations that restrict the time, place, and manner in which non-commercial speech can be delivered, independent of the content of the speech, must pass intermediate scrutiny review.⁹⁸ Moreover, non-commercial speech does not receive protection under the First Amendment if it is “obscene”⁹⁹ or nothing more than “fighting words.”¹⁰⁰ The

⁹³ See 15 U.S.C. §§ 1057(b).

⁹⁴ See *id.* at § 1124.

⁹⁵ U.S. CONST. amend. I.

⁹⁶ *Snyder v. Phelps*, 131 S. Ct. 1207, 1215 (2011) (quoting *Hustler Magazine, Inc. v. Falwell*, 485 U.S. 46, 56 (1988)).

⁹⁷ *R.A.V. v. City of St. Paul*, 505 U.S. 377, 395 (1992).

⁹⁸ See *Clark v. Community for Creative Non-Violence*, 468 U.S. 288, 298, n.8 (1984).

⁹⁹ See *Miller v. California*, 413 U.S. 15 (1973). Whether speech is obscene is determined by a three-part test: (1) whether the average person, applying contemporary community standards would find that the work, taken as a whole, appeals to the prurient interest; (b) whether the work depicts or describes, in a patently offensive way, sexual

government may be able to ban obscene speech and fighting words, but it cannot ban certain words as a pretext for banning objectionable ideas,¹⁰¹ nor can it ban speech merely because its message is profane.¹⁰² “At least where obscenity is not involved, [the Supreme Court has] consistently held that the fact that protected speech may be offensive to some does not justify its suppression.”¹⁰³

B. Commercial Speech Doctrine

Initially, commercial speech was viewed as being outside of the scope of the First Amendment with no constitutional protection at all.¹⁰⁴ Over the years constitutional protection for commercial speech has increased.¹⁰⁵ Although commercial speech is constitutionally protected today, such protection is limited and less extensive than the protection afforded to non-commercial speech.¹⁰⁶ Specifically, commercial speech that is false or misleading, or related to unlawful activities, receives no First Amendment protection.¹⁰⁷ The rationale for treating commercial speech differently is based on the notion that it is “more easily verifiable by its disseminator” and “more durable,” and thus less likely to be chilled by regulations than fully protected non-commercial speech.¹⁰⁸ Further, a more deferential degree of judicial scrutiny is

conduct specifically defined by the applicable state law; and (c) whether the work, taken as a whole, lacks serious literary, artistic, political, or scientific value. *Id.* at 24.

¹⁰⁰ See *Chaplinsky v. New Hampshire*, 315 U.S. 568, 571-73 (1942) (The Supreme Court has defined “fighting words” as words “which by their very utterance inflict injury or tend to incite an immediate breach of the peace”).

¹⁰¹ See *Kingsley v. Regents of the Univ. of N.Y.*, 360 U.S. 684, 689 (1959).

¹⁰² *Cohen v. California*, 403 U.S. 15, 23-26 (1971).

¹⁰³ *Carey v. Population Servs. Int’l*, 431 U.S. 678, 701 (1977).

¹⁰⁴ See *Valentine v. Chrestensen*, 316 U.S. 52, 54 (1942).

¹⁰⁵ In 1942 the Supreme Court gave no constitutional protection to commercial speech, but after nearly four decades the Court provided some constitutional protection for commercial speech. See *Valentine v. Chrestensen*, 316 U.S. 52 (1942); *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.* (Va. Pharmacy Bd.), 425 U.S. 748 (1976); *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n of N.Y.* (Cent. Hudson), 447 U.S. 557 (1980).

¹⁰⁶ See *Bd. of Trs. of State Univ. of N.Y. v. Fox* (Bd. of Trs.), 492 U.S. 469, 477 (1989); *Zauderer v. Office of Disciplinary Counsel of the Sup. Ct. of Ohio*, 471 U.S. 626, 637 (1985).

¹⁰⁷ *Cent. Hudson*, 447 U.S. at 566.

¹⁰⁸ *Jordan v. Jewel Food Stores, Inc.*, 743 F.3d 509, 515 (7th Cir. 2014) (quoting *Va. Pharmacy Bd.*, 425 U.S. at 771, n.24).

justified because commercial speech “occurs in an area traditionally subject to government regulation.”¹⁰⁹

Commercial speech may be regulated if it survives intermediate scrutiny¹¹⁰ under the *Central Hudson* four-prong test: (1) the commercial speech must concern lawful activity and be non-misleading in order to fall within the scope of the First Amendment’s protection; (2) the government interest served by restricting the commercial speech must be substantial; (3) the regulation must directly advance the asserted government interest; and (4) the restriction must not be more extensive than necessary to serve that interest.¹¹¹ If the first two prongs are answered in the affirmative, then the third and fourth prongs are applied, and if those answers are also positive, the regulation will be upheld.¹¹² However, “regulations that entirely suppress commercial speech in order to pursue a nonspeech-related policy”—not related to consumer protection—must be reviewed with “special care.”¹¹³ Such blanket bans on commercial speech should not be approved unless the speech itself “was flawed in some way, either because it was deceptive or related to unlawful activity.”¹¹⁴ The Supreme Court is mindful that blanket prohibitions against truthful, non-misleading speech “rarely survive constitutional review.”¹¹⁵ This four-prong test has become stricter by making the government bear the burden of showing under the third prong that the regulation’s effectiveness must not only advance the government’s

¹⁰⁹ *Id.* (citing *Lorillard Tobacco Co. v. Reilly* (Lorillard), 533 U.S. 525, 554 (2001) (quoting *Cent. Hudson*, 447 U.S. at 562)).

¹¹⁰ *Cent. Hudson*, 447 U.S. at 573 (Blackmun, J., concurring).

¹¹¹ *Id.* at 566.

¹¹² *Id.*

¹¹³ *Id.* at 566, n.9.

¹¹⁴ *Id.* “Permissible restraints on commercial speech have been limited to measures designed to protect consumers from fraudulent, misleading, or coercive sales techniques. Those designed to deprive consumers of information about products or services that are legally offered for sale consistently have been invalidated.” *Id.* at 574 (Blackmun, J., concurring).

¹¹⁵ 44 *Liquormart v. R.I.*, 517 U.S. 484, 504 (1996).

interest, but also that it will do so “to a material degree.”¹¹⁶ “This burden is not satisfied by mere speculation or conjecture; rather, a governmental body seeking to sustain a restriction on commercial speech must demonstrate that the harms it recites are real and that its restriction will in fact alleviate them to a material degree.”¹¹⁷ The fourth prong complements the third prong in the sense that the regulation must be “narrowly tailored to achieve” the asserted government interests.¹¹⁸ The regulation must show that the government “‘carefully calculated’ the costs and benefits associated with the burden on speech imposed by its prohibition.”¹¹⁹

Moreover, the Supreme Court has hinted that it may soon find regulation of commercial speech to be reviewed under strict scrutiny.¹²⁰ So far the Court has not seen a “need to break new ground” and finds that the *Central Hudson* test “provides an adequate basis for decision,” but that may change when the Court decides *Lee v. Tam* in 2017.¹²¹

So what constitutes commercial speech? The “core” definition of commercial speech is speech “which does no more than propose a commercial transaction.”¹²² However, other communications may also “constitute commercial speech notwithstanding the fact that they contain discussions of important public issues.”¹²³ This has been made clear by the Supreme Court finding that “advertising which links a product to a current public debate is not thereby

¹¹⁶ *Id.* at 505 (quoting *Edenfield v. Fane*, 507 U.S. 761, 771 (1993)).

¹¹⁷ *Edenfield*, 507 U.S. at 770-71.

¹¹⁸ *Bd. of Trs.*, 492 U.S. at 480.

¹¹⁹ *Cincinnati v. Discovery Network*, 507 U.S. 410, 417 (1993) (“The fact that the city failed to address its recently developed concern about newsracks by regulating their size, shape, appearance, or number indicates that it has not ‘carefully calculated’ the costs and benefits associated with the burden on speech imposed by its prohibition.”).

¹²⁰ *See Lorillard*, 533 U.S. at 554-55 (Writing for the Court, Justice O’Connor admitted “several Members of the Court have expressed doubts about the *Central Hudson* analysis and whether it should apply in particular cases”).

¹²¹ *Id.*

¹²² *Va. Pharmacy Bd.*, 425 U.S. at 762.

¹²³ *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 67-68 (1983). *See also Conn. Bar Ass’n v. United States*, 620 F.3d 81, 93-94 (2d Cir. 2010) (stating the commercial speech doctrine encompasses more than the core definition of commercial speech, i.e., speech which does no more than propose a commercial transaction); *Semco, Inc. v. Amcast, Inc.*, 52 F.3d 108, 112 (6th Cir. 1995) (noting commercial speech is not limited to speech that does no more than propose a commercial transaction).

entitled to the constitutional protection afforded noncommercial speech.”¹²⁴ In such cases where the speech at issue contains both commercial and non-commercial elements courts apply the *Bolger* test, which considers three factors: (1) whether the speech is advertising; (2) whether the speech refers to a specific product; and (3) whether the speaker has an economic motivation for the speech.¹²⁵ No one factor is sufficient, and not all three factors are required, to conclude the speech is commercial.¹²⁶

Trademarks that provide information about a product have been considered a form of commercial speech entitled to First Amendment protection.¹²⁷ Logos and slogans that convey only a product’s *source* have also been extended commercial speech protection.¹²⁸ If the marks themselves may be classified as commercial speech afforded First Amendment protection, does it follow that the act of registering a trademark is also classified as commercial speech afforded the same intermediate scrutiny—or is it classified as non-commercial speech, or a combination of both?

III. Analysis

A. The Act of Registering a Trademark is Commercial Speech

There is a strong argument to be made that trademarks are commercial speech because they “propose a commercial transaction.”¹²⁹ Trademarks are used to identify the source of a good or service, which helps consumers distinguish between competing goods and services in the

¹²⁴ *Bolger*, 463 U.S. at 68.

¹²⁵ *Id.* at 66-68.

¹²⁶ *Id.* at 67, n.14 (“Nor do we mean to suggest that each of the characteristics present in this case must necessarily be present in order for speech to be commercial.”).

¹²⁷ *Friedman v. Rogers*, 440 U.S. 1, 11 (1979) (holding the use of the trade name “Texas State Optical” was a form of commercial speech).

¹²⁸ *See Bad Frog Brewery, Inc. v. N.Y. State Liquour Auth.*, 134 F.3d 87, 91 (2d Cir. 1998) (A beer label with a frog “giving the finger” with the slogan “The beer so good . . . it’s bad” was classified as commercial speech); *Sambo’s Rest., Inc. v. City of Ann Arbor*, 663 F.2d 686, 694 (6th Cir. 1981) (The restaurant’s service mark was classified as commercial speech because it provided consumers with valuable information about the restaurant’s quality).

¹²⁹ *Va. Pharmacy Bd.*, 425 U.S. 748, 762 (1976).

marketplace when making purchasing decisions.¹³⁰ Trademarks also provide assurance to trademark owners that they will reap the financial and reputation-related benefits associated with their goods or services.¹³¹ Under this rationale, the purpose of using a trademark is to sell goods and services to consumers, thereby proposing a commercial transaction. The International Trademark Association (INTA), a highly respected organization in the global trademark community, also supports the argument that trademarks are commercial speech.¹³² On December 16, 2016 INTA submitted an amicus brief to the Supreme Court in the case of *Lee v. Tam* expressing their belief that “trademarks are inherently commercial in nature” and “their principal purpose is to identify to consumers the source or sponsorship of goods and services used in commerce. Accordingly, trademarks should be viewed as commercial speech, and laws affecting or restricting the use of trademarks should be subject to intermediate scrutiny.”¹³³

Furthermore, obtaining federal registration provides several advantages to a trademark owner, most of which are commercial in nature, to help prevent competitors from using an owner’s mark, resulting in confusing and deceiving consumers and stealing a trademark owner’s financial and reputational rewards.¹³⁴ Since trademarks themselves are considered commercial speech, and the advantages associated with registration take place mostly in commercial activities, it supports the argument that the act of registering a trademark to obtain specific commercial benefits is an act of commercial speech.

However, the commercial elements of a trademark represent only one side of the coin.

Trademarks have an expressive aspect to them that goes beyond simply proposing a commercial

¹³⁰ See *supra* Section I.A.

¹³¹ See *supra* Section I.A.

¹³² See Brief for the International Trademark Association as Amicus Curiae Supporting Respondent, *Lee v. Tam*, 137 S. Ct. 30 (filed Dec. 16, 2016) (No. 15-1293). INTA is a 7,000 member global organization dedicated to the support and advancement of trademarks and related intellectual property with the goal of promoting an understanding of the role trademarks play in commerce, fair competition, and decision making by consumers. *Id.*

¹³³ *Id.*

¹³⁴ See *supra* Section I.C.

transaction. A trademark's design is similar to pieces of artwork because they are both designed to convey messages, emotions, and reach people visually.¹³⁵ This is an important part of the PTO application process because it informs the world what the registered mark looks like.¹³⁶ Further, trademarks can be used to express political or social messages and statements.¹³⁷ For instance, the PETA (People for the Ethical Treatment of Animals) mark does not sell a product or service, but merely conveys a message about the organization's beliefs about the treatment of animals.¹³⁸ Consequently, government restriction on trademark registration, such as the disparagement clause in *In re Tam*, could be viewed as unconstitutional, impermissible restraint on non-commercial speech protected by the First Amendment. But, communications may still be considered commercial speech despite the fact that they contain discussions of public issues—a Supreme Court holding the majority in *In re Tam* ignored.¹³⁹

A mark can convey a political message, but that does not mean it is non-commercial speech, nor does it translate to the act of registering a trademark as conveying a similar expressive message. “Even if the act of trademark registration is not expression itself, it derives from what is unquestionably an expressive choice—the choice of what to name the underlying product” and what type of message to convey if any.¹⁴⁰ The act of registration may derive from an expressive choice, but that does not negate the fact that it is not expression itself; having an expressive *choice* is not a type of expressive *speech*.

¹³⁵ See generally Hugh M. Hefner, *Golden Dreams*, Playboy, Jan. 1994, at 14, 265 (explaining the reasons for choosing a rabbit as a trademark, specifically that the rabbit “would be both playful and sophisticated”).

¹³⁶ See *supra* Section I.B., p. 6.

¹³⁷ See *In re Old Glory Condom Corp.*, 26 U.S.P.Q.2d 1216, 1217 (1993) (explaining it intended its mark, a condom decorated with an American flag, to express its belief that use of condoms to prevent AIDS was patriotic); *Bad Frog Brewery, Inc.*, 134 F.3d at 91 (The company's mark, a frog “giving the finger” was intended to convey peace, solidarity, and good will).

¹³⁸ See Christine Gorman, *What's It Worth to Find A Cure?*, Time, July 8, 1996, at 53, 53.

¹³⁹ See *supra* Section II.B., p. 17. See also *Bolger*, 463 U.S. at 67-68; *In re Tam*, 808 F.3d at 1376-78 (Reyna, J., dissenting).

¹⁴⁰ Jeffrey Lefstin, Note, *Does the First Amendment Bar Cancellation of Redskins?*, 52 Stan. L. REV. 665, 698 (2000).

Additionally, trademarks must be used in commerce in order to obtain federal registration, but there is no “for-profit” requirement. Thus, no goods or services need be sold and non-profit organizations may qualify for trademark registration, as evidenced by the PETA mark.¹⁴¹ So it would seem to follow that attempting to obtain federal registration, or actually receiving registration, does not automatically “propose a commercial transaction” because the mark can be associated with goods and/or services not for profit. However, just because the act of registration does not automatically propose a commercial transaction does not mean it is automatically non-commercial speech. Things that do not propose a commercial transaction, such as commodities for personal use that are not for sale, are still considered “use in commerce.”¹⁴² Accordingly, a mark associated with goods and/or services not for sale are still considered “commercial” in the sense that the Commerce Clause uses the term. Therefore, the act of registering a trademark is still regarded as commercial speech, despite the absence of a “for profit” requirement to obtain federal registration.

While trademarks can be both commercial and non-commercial speech, the act of registering a trademark is purely commercial, and affords purely commercial benefits.¹⁴³ Furthermore, it is important to note that failure to obtain federal registration and its commercial benefits is not the same as chilling speech altogether. A mark that has not been afforded registration can still be used,¹⁴⁴ and the public can still see the mark’s expressive message that the mark owner wanted to convey.¹⁴⁵ Therefore, the Court in *Lee v. Tam* needs to focus its

¹⁴¹ Countless trademarks have been registered for non-profit organizations. *See* *Radiance Found., Inc. v. NAACP*, 25 F. Supp. 3d 865, 890 (E.D. Va. 2014).

¹⁴² *See* *Wickard*, 317 U.S. at 127-128 (Congress may regulate wheat harvested for commercial sale and personal use); *Gonzales*, 545 U.S. at 17 (Congress may regulate marijuana grown for personal, medicinal use).

¹⁴³ *See supra* Section I.C.

¹⁴⁴ *See supra* Section I.C., p. 13.

¹⁴⁵ *See supra* Section III.A., p. 19-20.

analysis on what is actually under attack—the *registration* of a mark, and whether it is more or less commercial in nature, not the mere use of the mark.

B. The Act of Registering a Trademark is Subject to Intermediate Scrutiny Under the *Central Hudson* Test

Since the act of registering a trademark is treated as commercial speech, regulation under the Lanham Act is constitutional if it survives intermediate scrutiny under the *Central Hudson* test.¹⁴⁶ The first prong is satisfied because it is legal to register a trademark with the USPTO, so long as the trademark owner does not mislead the USPTO or knowingly provide incorrect information. The second prong is also satisfied because the government has a substantial interest in protecting the ability of consumers to identify and distinguish among competing goods and services. Government regulation of commercial speech through Lanham Act restrictions, such as preventing other registrants from registering identical or confusingly similar marks,¹⁴⁷ satisfies the third prong because preventing other registrants from registering identical or confusingly similar marks directly advances the government’s interest in protecting consumers from confusion and deception when making purchasing decisions and assuring registrants will reap the financial and reputation-related rewards associated with their goods and services. Finally, the fourth prong is satisfied because such regulation is not more extensive than necessary to serve the government’s interest since preventing consumer confusion could not be accomplished without rejecting identical or similar marks in the marketplace. Therefore, preventing other registrants from registering identical or similar marks is a constitutional regulation of the act of registering a trademark.

¹⁴⁶ The *Central Hudson* four-prong test: (1) the commercial speech must concern lawful activity and be non-misleading in order to fall within the scope of the First Amendment’s protection; (2) the government interest served by restricting the commercial speech must be substantial; (3) the regulation must directly advance the asserted government interest; and (4) the restriction must not be more extensive than necessary to serve that interest. *See* *Cent. Hudson*, 447 U.S. at 566.

¹⁴⁷ 15 U.S.C. § 1114(1)(a).

Similarly, the disparagement clause passes intermediate scrutiny under the *Central Hudson* test. In the words of the Federal Circuit, the first prong is satisfied because “there is nothing illegal or misleading about a disparaging trademark.”¹⁴⁸ Furthermore, dissenting Judge Reyna correctly identified that the purpose of the disparagement clause is the same as the purpose of the Lanham Act as a whole: to promote the orderly flow of commerce.¹⁴⁹ The government has a substantial interest in “insuring that the stream of commercial information flow cleanly as well as freely,” thereby meeting the second prong under the *Central Hudson* test.¹⁵⁰ The Supreme Court has held that discriminatory *conduct* disrupts interstate commerce.¹⁵¹ Similarly, commercial speech that insults—or disparages—groups of people based on race, gender, sexual orientation, or religion has a discriminatory impact that disrupts the flow of commerce and the marketplace.¹⁵² If the government can regulate discriminatory conduct that disrupts commerce, then it can also regulate discriminatory marks that disrupt commerce. “The mere use of the demeaning mark in commerce communicates a discriminatory intent as harmful as the fruit produced by the discriminatory conduct.”¹⁵³ Therefore, government regulation through the disparagement clause satisfies the third prong because prohibiting registration of disparaging marks directly advances the government’s substantial interest in preventing the disruption of the flow of commerce. Finally, the fourth prong is met because the disparagement clause is not more extensive than necessary to serve the government’s interest in avoiding a disruption in the flow of commerce because it is a minimal imposition on a “narrow subset of

¹⁴⁸ In re Tam, 808 F.3d at 1355.

¹⁴⁹ *Id.* at 1378.

¹⁵⁰ Va. Pharmacy Bd., 425 U.S. at 771.

¹⁵¹ See *Katzenbach v. McClung*, 379 U.S. 294, 299-300 (1964) (stating “discrimination in restaurants had a direct and highly restrictive effect upon interstate travel,” and therefore discrimination “obstructs interstate commerce”).

¹⁵² In re Tam, 808 F.3d at 1379 (Reyna, J., dissenting).

¹⁵³ *Id.* at 1380.

speech that offends, and it is a particularly low-level subset at that.”¹⁵⁴ For example, the Supreme Court has found that a student’s interest in *high-value* political speech outweighed his school’s interest in avoiding a substantial disruption,¹⁵⁵ but a student’s interest in *low-value* “insulting” speech did not.¹⁵⁶ Furthermore, the disparagement clause does not stifle a registrant’s speech since he can still use the speech/mark in commerce; it only denies the registrant of the exclusive right to use the speech/mark in commerce in connection with the sale of particular goods and/or services. Consequently, the disparagement clause is a constitutional regulation of the act of registering a trademark.

Conclusion

Although the Federal Circuit in *In re Tam* incorrectly held that the disparagement clause regulated non-commercial speech, it found that had it regulated commercial speech, it would still have failed to survive intermediate scrutiny under the *Central Hudson* test.¹⁵⁷ The Federal Circuit reasoned that the disparagement clause failed to satisfy the second prong because the government’s interest was insufficient since it depended on the disapproval of the message.¹⁵⁸ However, the government never stated that its interest, and purpose of the disparagement clause, was to suppress speech. The majority pushed that rationale in order to reach the conclusion that the disparagement clause was unconstitutional under the First Amendment.¹⁵⁹ Nonetheless, there was a simple, more logical and precedential government interest in play— to promote the orderly flow of commerce.

¹⁵⁴ *Id.* at 1381 (citing *Am. Freedom Def. Initiative v. Mass. Bay Transp. Auth.*, 989 F.Supp.2d 182, 192 (D. Mass. 2013) *aff’d*, 781 F.3d 571 (1st Cir. 2015)).

¹⁵⁵ *See Tinker v. Des Moines Indep. Cmty. Sch. Dist.*, 393 U.S. 503, 510-11 (1969).

¹⁵⁶ *See Bethel Sch. Dist. No. 403 v. Fraser*, 478 U.S. 675, 683 (1986).

¹⁵⁷ *In re Tam*, 808 F.3d at 1355.

¹⁵⁸ *Id.* *See also Sorrell v. IMS Health Inc.*, 564 U.S. 552, 572 (government regulation must not “seek to suppress a disfavored message”).

¹⁵⁹ *See In re Tam*, 808 F.3d at 1357.

Despite the fact that trademarks have both commercial and non-commercial aspects, trademarks “propose a commercial transaction,” and therefore are commercial speech subject to intermediate scrutiny under the *Central Hudson* test. Accordingly, the act of registering a trademark is an act of a commercial nature because of the commercial advantages that attach with federal registration. It is crucial that the Supreme Court recognizes the distinction between obtaining federal registration and its commercial advantages and chilling speech entirely. A refusal to grant registration does not stifle speech because the owner can continue to use the mark and convey its expressive message. Ergo, in determining whether the disparagement clause is constitutional under the First Amendment, the Supreme Court needs to focus on the registration of the mark, not its use. Hopefully this uncertainty in trademark law will be resolved correctly by the Supreme Court’s reversal of the Federal Circuit’s decision, creating binding law that trademarks are commercial speech and the disparagement clause is constitutional under the First Amendment.