Vidal v. Elster: The Supreme Court Affirms the Constitutionality of Section 2(a) of the Lanham Act

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In Vidal v. Elster, the Supreme Court addressed the constitutionality of Section 2(c) of the Lanham Act, which provides that "no trademark by which the owner of the goods may be identified, shall be refused registration" because it "consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent." It did so in the context of the U.S. Patent and Trademark Office's refusal to register a mark containing a satirical reference to former President Donald Trump, which a fractured Court held did not violate the applicant's right to free speech.

Although the Court's decision in *Vidal v. Elster* is significant because it provides the Court's construction of the "consent" provision (but not whether it impacts discriminatory restrictions on speech, namely, that found in *Central Hudson Gas & Electric Corp. v. Public Service Commission*) Instead, it applied a historical analysis potentially signaling the end of *Central Hudson* inside and outside the trademark registration context. With respect to trademarks, the majority opinion, authored by Justice Alito, rejected the petitioner's attempt to articulate a framework for evaluating the constitutionality of other grounds for unregistrability. Nevertheless, its methodology arguably can support challenges to grounds falsely suggesting that the goods/services are endorsed by Section 2(c) by the Court. Those similar grounds added to the Act in the relatively recent past, as well as extraordinary ones—such as those which have been found to function as a non-recognized even more recently in the case law.

A. Pre-Elster Paradigm for Evaluating Restrictions on Registrability

1. *McGinley*

As enacted, Section 2(a) of the Lanham Act prohibits the registration of, inter alia, "immoral, . . . or scandalous matter, or matter which may disparage . . . persons or bring them into contempt or disrepute." In applying those prohibitions, the USPTO long relied on *In re McGinley*, 660 F.2d 481 (C.C.P.A. 1981), a decision in which the Court *McGinley* panel then an applying Section 2(a) to register the trademark—described the court as "appearing to expose the male genitalia"—for a "newsletter devoted to social and interpersonal relationship topics" and "social club services".

In addition to affirming the USPTO's determination that the mark was immoral and scandalous within the meaning of Section 2(a), the court rejected the applicant's claim of a First amendment violation with the following observation:

> With respect to applicant's First Amendment rights, it is clear that the PTO refused to register applicant's mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. *Cohen v. California*, supra. The First Amendment would not be abridged by the refusal to register the mark.

Over the next 36 years, the USPTO and its reviewing courts routinely invoked that holding of *McGinley* to dispose of free speech-based challenges to applicants appealing refusals of their applications.

2. A Different Paradigm: *Tam and Brunetti*

With increasing frequency prior to its opinion in *Elster*, the Supreme Court applied a different paradigm than *McGinley*'s *per se* approach to evaluating the constitutionality of restrictions on the scope of the trademark registration process. That approach divides those actions into two categories: ones with content-discriminatory effects and those with viewpoint-discriminatory effects.

Content-based discrimination occurs when the government attempts to regulate all speech about a particular subject matter or regulate what that speech says about the topic. Viewpoint-based discrimination is a subset of content-based discrimination and occurs when the government attempts to regulate certain opinions about the topic.

Government restrictions on commercial speech bearing on lawful activity and having a content-based discriminatory effect are addressed, theoretically, as a historical matter, they are justified under the intermediate scrutiny test of *Central Hudson Gas & Electric Corp. v. Public Service Commission* 7

- the asserted government interest is substantial;
- the regulation directly advances that government interest; and
- the regulation is no more extensive than necessary.[1]

In contrast, viewpoint-based discrimination is highly disfavored because it "is an egregious form of content discrimination"[2] and can only be justified if the restriction at issue constitutes government speech.

The Supreme Court first applied this framework to the trademark registration process in *Matal v. Tam*[3] in the case where the USPTO's refusal to register an applicant's mark THE SLANTS for entertainment services because the mark potentially disparaged persons identified with the band's ethnicity of the applicant. Simon Tam, in his petition on appeal from that action, the full Federal Circuit invalidated Section 2(a)'s "may disparage" provision as facially violative of the First Amendment. The Supreme Court, in its official split, the Supreme Court agreed with the Federal Circuit's determination "that the disparagement provision in 15 U.S.C. [§] 1052(a) is facially invalid under the Free Speech Clause of the First Amendment."[4]

In answering that question in the affirmative, the Court, in an opinion authored by Justice Alito, addressed the question of whether the USPTO's decision to register disparaging mark constitutes government speech immune from government scrutiny. The Court unanimously held that it does not. Writing for the majority, Justice Alito, in *Tam*, the Court distinguished its earlier opinion in *Walker v. Texas Division, Sons of Confederate Veterans*, 576 U.S. 200 (2015) and concluded that trademarks are not government speech because "the Court doesn't view the elements present in Walker—the state-law "long-standing" practice of using license plates to convey messages, the public's identification of license plates with states, and the state-law direct control over the messages conveyed on specialty plates—was present in *Tam*." Just as all Justices agreed on these points and that the "government-speech doctrine is important—**and dangerous*—*precisely because it allows the state unlimited to express the point of view that it chooses," *Id.* Nevertheless, even if the overwhelmingly prohibited the potential disparagement of all groups.[5]

In a portion of his opinion not constituting that of the Court, Justice Alito also concluded that the disparagement provision violated the First Amendment as it "categorically bars a mark based on a viewpoint that offends some of the groups" that the Lanham Act prohibits. Nevertheless, Alito's opinion did not decide whether trademarks qualified for that treatment, or whether the Lanham Act's potential disparagement clause could not satisfy *Central Hudson* review, which requires that a restriction on commercial speech serve "a substantial interest" and be "narrowly drawn." In a footer, the majority noted that "[a]ssuming that *Central Hudson* applies, the government's interest in the disparagement clause—the "long-standing" practice of using license plates to convey messages, the public's identification of license plates with states, and the states' direct control over the messages conveyed on specialty plates—was present in *Tam*." Just as all Justices agreed on these points and that the "government-speech doctrine is important—*and dangerous*—*precisely because it allows the state unlimited to express the point of view that it chooses*," *Id.* Nevertheless, even if the overwhelmingly prohibited the potential disparagement of all groups.[6]

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B. *Elster*

1. The Proceedings Below

In the wake of *Tam* and *Brunetti*, the Supreme Court in *Elster* took up a challenge to a successful First Amendment challenge to Section 2(c) of the Act, which provides that the refusal of any application to register a mark that "[c]onsists of or comprises a name . . . identifying a particular living individual" without the individual's written consent.[8] The challenger applied to register TRUMP TOO SMALL as a mark for various types of shirts:

As the Federal Circuit explained, "the phrase he sought to trademark [sic] invokes a well-known statement by former President Donald Trump, a prominent figure in presidential campaign news and stories in [various] other some features of President Trump and his policies are diminutive."[9] Unlike the applicants in *Tam* and *Brunetti*, however, he did not assert that Section 2(c) had a viewpoint discriminatory effect on his free speech rights, but impermissibly discriminated on the basis of content.

In denying Elster's claim, the Federal Circuit's First Amendment based appeal of the USPTO's refusal of his application, the USPTO unconvincingly grasped at straws found in opinions other than the Court itself in *Tam* and Brunetti, concluding that the Lanham Act's prohibition of trademarks constitutes a legitimate subsidy under Congress's plenary power over the federal trademark registration process. The court found that there existing, holding instead that:

> [Elster's] trademark [registration] was a government subsidy, this is not a situation in which First Amendment requirements are inapplicable. Section 2(c) of the Lanham Act, as applied to Elster's mark, is a commercial subsidy, a part-and-parcel of the traditional federal function, as the Supreme Court decisions in *Tam* and *Brunetti* attest. Under such circumstances, the effect of the restrictions imposed on the applicant must be tested by the First Amendment."[10]

The court noted that the USPTO argument that Section 2(c)'s prohibition against registration was comparable to speech restrictions in a limited public forum. As it saw things, "this is not a case in which the government has opened up a forum for speech by certain groups or subjects, a fact distinguishing it from nearly all the Supreme Court's cases on point." *Id.* (citing *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819 (1995) and *Perry Education Ass'n v. Perry Local Educators' Assn.*, 460 U.S. 37 (1983)). The Supreme Court has also approved speech restrictions in metapolitical forums, such restrictions were always "tethered to government programs" aimed to effectuate such ends.[11] But, the court held, "[n]o similar tether exists for the trademark registration program because "refusals chill speech anywhere from the marketplace to the courtroom."[12] This means that Elster's speech here is subject to the First Amendment protection beyond protection against viewpoint discrimination" such as that at issue in *Tam* and *Brunetti*.

Having thus agreed with the applicant that Section 2(c) was at least content discriminatory, the Federal Circuit then considered whether the provision's protection of viewpoint-neutral speech restrictions in the trademark area, whether statutory or intermediate scrutiny, there must be at least a substantial government interest in the restriction." According to the USPTO, there were two such substantial interests, which were the protection of the former president's state-law rights of privacy and publicity. Although it agreed that "[p]rotecting the privacy of a living person is undoubtedly a substantial government interest," the court found that "[e]ven from criticism in the absence of actual malice—the publication of false information 'with knowledge of its falsity or in reckless disregard of the truth'—the USPTO's inability to identify supporting caselaw (or even scholarship) recognizing such an interest, and in the absence of a claim of actual malice in this case, we find that the privacy interest asserted by the government is not a substantial one." Although it agreed that "[a]n asserted interest in protecting the former president's right of publicity required a "more complex" analysis, but it also fell short of the mark: "Although the government has shown the ability under state law to bring a "commercial *or Sam Francisco Arts & Athletics*," to regulate conduct potentially lessening the distinctiveness of a famous mark, it has not shown that the commercial speech at issue here falls within that category. Elster's use of his name is being transported in a manner that arguably his commercial interests or dilutes the commercial value of his name, an existing trademark, or some other form of intellectual property."[13] Moreover, even if the USPTO's claim that its publicity does not support a government restriction on the use of a mark because the owner is criticized, the former president's attitude his or his name."[14] Section 2(c) therefore was unconstitutional on at least as applied basis "under any concievable standard of review."[15]

2. The Supreme Court's Opinion

Appealing to review the Federal Circuit's invalidation of Section 2(c), the Supreme Court granted the petition and took up Elster for a writ of certiorari, which presented the following question: "Whether the refusal to register a mark . . . violates the Free Speech Clause of the First Amendment even if the mark consists of matter that disparages a public figure."[16] The Court answered that question in an opinion authored by Justice Thomas, which was joined by Justices Alito, Kagan, Gorsuch, Kavanaugh and Barrett. Thomas's opinion rejected the petitioner's claim that "names cannot be a content-discriminatory effect, but not a viewpoint discriminatory one. Citing the USPTO's practice of refusing registration to applicant for marks containing expressions of opinion, the petitioner's brief, Thomas explained that "the names clause does not facially discriminate against any viewpoint. Nor does it discriminate based on speaker's content to convey. Names clause prohibits using another person's name without consent. It does not matter" whether the use of [the] name is flattering, critical or neutral."

At that point, the Court might have been expected to invoke the *Central Hudson*, test, which Justice Thomas noted in his opinion for the Court, "this Court has applied to *some*" cases involving speech restrictions tied to the same or even mention Central Hudson at all. Instead, the Court undertook a historical analysis of both trademark law generally and its treatment of consent based provisions in particular, which led Thomas to conclude that "[s]everal features of trademark law[ ] counsel against a per se rule of applying heightened scrutiny to content-based regulations of trademarks. Trademarks . . . . . .

One such feature, the Court held, was "the inherently content-based nature of trademark law," which "has been a cause for constitutional concern." Another, evidence of that nature, the Court cited to the Lanham Act's discouragement of claims of rights to immoral or scandalous matter, which "Congress has long made clear that the Lanham Act's prohibitions on registration of scandalous marks deemed to be profane, vulgar, or sometimes without supporting showings of secondary meaning." The court also found support for its conclusion in the Lanham Act's bar on the registration of marks disparaged by both English courts and their early United States counterparts, which, it noted, extended "to matters that were not necessarily related to the "immoral" or "scandalous" category, such as marks that were "calculated to wound" a competitor." Thomas looking to the Act's text, Thomas, "[T]he common law doll . . . allow a person to obtain a trademark containing his own name—with a proviso that it will not use a mark confusingly similar to that enjoyed by a person with the same name."[17] So too did the Court take a different view from the Federal Circuit of the Act's provision at issue in *Brunetti*, which the Court had stated "[T]he proposed bar "is partly but not fully a content-based restriction." Thomas,