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## INTRODUCTION

The statutory provision at issue in this case does not restrict any speech or prohibit the dissemination of any message in any form. The effort by Pro-Football, Inc. (“PFI”) to attack Section 2(a) of the Lanham Act in isolation ignores its context as part of the federal trademark registration scheme, structured to provide protections to trademark owners and the public without disrupting a parallel system of state law. First Amendment principles lifted piecemeal from other contexts cannot easily be applied to trademark law, where trademark owners have the power to use the courts to exclude others from using a mark, and where the Supreme Court has recognized that the names of businesses constitute “a form of commercial speech [with] no intrinsic meaning” that are not intended to “editorialize on any subject, cultural, philosophical, or political.” *Friedman v. Rogers*, 440 U.S. 1, 11-12 (1979). The Lanham Act’s limitations on trademark registration are far more modest than those upheld in *Friedman* -- they do not bar the use of any name or impose any direct cost or burden on such use, and are therefore presumptively permissible. This Court should therefore recognize, as other courts have, that the statutory exclusions from trademark registration do not implicate the First Amendment, and thereby avoid becoming the first court to disrupt the careful balancing of interests developed over decades of trademark law.

Even assuming, incorrectly, that the exclusion of material from the reach of the trademark registration system affects First Amendment interests, the exclusion would survive constitutional scrutiny. Not only do trademarks function only minimally as a vehicle for expression, but trademark registration also involves the necessary participation of the government in approving that registration, which confers relaxed First Amendment review even when combined with the speech of a private party. The statute is best interpreted as viewpoint-

neutral, and any limited burden on expression that results from a denial of registration is warranted given the government's substantial interests in, *inter alia*, maintaining a working trademark system at the state and federal levels and preventing a mistaken perception of official endorsement of insult and calumny.

PFI's remaining claims – objections to the trademark registration cancellation process raised under the Just Compensation Clause and Due Process Clause of the Fifth Amendment – suffer from common flaws. PFI lacks a cognizable property right under the Fifth Amendment to support either claim. Moreover, PFI has chosen the wrong parties and the wrong Court for a takings claim, and PFI has been accorded any constitutionally-required level of process. For these reasons, PFI's constitutional claims should be rejected.

### **RESPONSE TO STATEMENT OF UNDISPUTED FACTS**

On September 12, 2014, PFI provided to the Attorney General, in accordance with Fed. R. Civ. P. 5.1(a), a notice of constitutional challenge to the Lanham Act under the First Amendment. *See* ECF No. 1; ECF No. 17. On January 9, 2015, the United States intervened as a matter of right for the limited purpose of defending the question identified by PFI in its notice, *see* ECF No. 46, a purely-legal question to which none of PFI's stated "facts" – introduced through discovery that did not include the United States – are material.<sup>1</sup>

### **BACKGROUND**

The Lanham Act is the latest in a series of statutes dating to 1870 providing a program of federal registration for trademarks to encourage consumer protection via source identification. *New Kids on the Block v. New Am. Publ'g*, 971 F.2d 302, 305 (9th Cir. 1992) ("Throughout the

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<sup>1</sup> The United States also objects that several of PFI's purported "facts" constitute legal conclusions. *See, e.g.*, Statement of Undisputed Facts at ¶¶ 2,7.

development of trademark law, the purpose of trademarks remained constant and limited: [i]dentification of the manufacturer[,], sponsor[,], or [] provider”); *see Harrods, LTD. v. Sixty Internet Domain Names*, 302 F.3d 214, 229 (4th Cir. 2002). Rather than creating new benefits, participation in this voluntary program primarily confers procedural advantages that mitigate the challenges of trademark enforcement under state law. *See Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209 (2000); *Park N Fly, Inc. v. Dollar Park and Fly*, 469 U.S. 189, 194 (1985). For example, registration provides *prima facie* evidence of validity and ownership of a trademark in connection with the goods and services specified at registration, 15 U.S.C. § 1057(b); creates the opportunity for the right to use a mark to become incontestable as to certain defenses after a sufficient period of use, 15 U.S.C. §§ 1065, 1115; and provides a basis for a trademark owner to sue an infringer in federal court, 15 U.S.C. § 1114.

Through several iterations of the federal trademark registration program, Congress has sought to create a functioning trademark system that harmonizes trademark protections at the state and federal levels, in part by ensuring that federal trademark definitions are not incompatible with those of state and common law. Thus, in 1870, Congress excluded registration of “any proposed trade-mark which is not and cannot become a lawful trade-mark,” and limited the rights available to “any trade-mark which is used or claimed in any unlawful business, or upon any article which is injurious in itself.” *See* Act of July 8, 1870, ch.230, §§ 77, 84, 16 Stat. 198, 210-12 (1870) (“1870 Act”); *compare* Act of Mar. 3, 1881, ch. 138, §§ 3, 9, 21 Stat. 502 (“1881 Act”) (empowering Patent Office to “decide the presumptive lawfulness” of a trademark and barring enforcement for marks used on “any article . . . injurious in itself”). As judicially interpreted, these limitations proscribed registration of any matter “which cannot be lawfully converted into a trade-mark [for protection] at common law.” *Seymour v. U.S. ex. Rel.*

*State of S.C.*, 2 App. D.C. 240, 249 (Ct. App. D.C. 1894); *see also U.S. ex rel. Bronson Co. v. Duell*, 17 App. D.C. 471, 477 (Ct. App. D.C. 1901) (Congress did not “throw open the door of registration to every name and symbol that caprice might adopt”).

In 1905, Congress enumerated more extensively the limits on marks to be registered:

no mark . . . shall be refused registration as a trade-mark on account of the nature of such mark unless such mark-

- (a) Consists of or comprises immoral or scandalous matter;
- (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or any simulation thereof, or of any State or municipality, or of any foreign nation . . . [and] no portrait of a living individual may be registered as a trade-mark, except by [] consent . . .

Act of Feb. 20, 1905, ch. 592, § 5, 33 Stat. 724 (1905) (“1905 Act”). As one of the Act’s drafters explained, these elements of the 1905 Act were meant to allow “registration of all marks which under the common law as expounded by the courts, could be considered trademarks” protectable under the common law. *See* A.P. Greeley, *Registration of Trademarks Under the New Trademark Act of the United States* at 8, 11 (1905).

The 1946 Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946), is no different. Its purpose is “to codify and unify the common law of unfair competition and trademark protection.” *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 861 n.2 (1982). Similar to the 1905 Act, Section 2 of the Lanham Act bars the registration of any mark that:

- (a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons . . . , institutions, beliefs, or national symbols, or bring them into contempt, or disrepute . . . ;
- (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof;
- (c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States . . . ;

(d) Consists of . . . a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely. . . to cause confusion . . . ;

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive . . . (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

15 U.S.C. § 1052. Participants submit a verified application specifying the mark and the goods and services for which registration is sought, which provides the basis of an evidentiary record used to determine whether a mark is registrable. *See* 15 U.S.C § 1051. If the PTO errs in registering a prohibited mark, a cancellation petition may be brought to the Trademark Trial and Appeal Board (“TTAB”), with a right to review in federal court. *Id.* §§ 1064, 1071.

To ensure that the federal trademark registry functions smoothly in a system in which state law also governs trademarks, there is much that the Act does not do.<sup>2</sup> There is no requirement that any trademark user register its trademark under the Lanham Act, and “rights to a mark do not arise out of registration.” *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 819 (1st Cir. 1987). Rather, “it is the use of a mark, not [] registration, that confers trademark protection.” *Harrods*, 302 F.3d at 229; *see generally* 1 J. McCarthy, Trademarks and Unfair Competition, §§ 2:5(D); *id.* 2:12(A) (contrasting trademark law with patent and copyright law). Section 43(a) of the Act further harmonizes the scope of state and federal protection by affording some benefits to trademarks even if unregistered. *See* 15 U.S.C. § 1125(a).

### **LEGAL STANDARD**

A motion for summary judgment shall be granted if the pleadings and exhibits “show[]

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<sup>2</sup> As PFI acknowledges, state common law and statutory protections also apply to trademarks that do not participate in the federal registration program. *See* Pl. Br. at n.21; *id.* at n.22; McCarthy §§ 5:2- 5:4.

that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). The Court is to “view the facts and draw all reasonable inferences in the light most favorable to the non-moving party.” *Glynn v. EDO Corp.*, 710 F.3d 209, 213 (4th Cir. 2013). Plaintiff’s facial constitutional challenge to § 2(a) “confront[s] a heavy burden” to succeed. *NEA v. Finley*, 524 U.S. 569, 580 (1998) (quoting *Rust v. Sullivan*, 500 U.S. 173, 183(1991)). “Facial challenges to legislation are generally disfavored,” and facial invalidation of a statute is “manifestly, strong medicine” that should be granted “sparingly and only as a last resort.” *Finley* at 579. Because the federal registration program does not limit speech, if the Court reaches the constitutional issues in this case, PFI must show “that no set of circumstances exists under which [§ 2(a)] would be valid,” or that § 2(a) lacks any “plainly legitimate sweep.” *Wash. St. Grange v. Wash St. Rep. Pty.*, 552 U.S. 442, 449 (2008).

## **ARGUMENT**

### **I. The Lanham Act’s Limits Do Not Implicate the First Amendment.**

As the Federal Circuit – the court that is most familiar with Section 2 of the Lanham Act – has repeatedly held, the “refusal to register [an applicant’s] mark does not affect [its] right to use it.”<sup>3</sup> *In re McGinley*, 660 F.2d 481, 484 (CCPA 1981).<sup>4</sup> Coupled with the minimal “intrinsic meaning” and expressive content of trademarks, *Friedman*, 440 U.S. at 12, the registrability provisions of the Lanham Act do not require review under traditional free-speech doctrines. *See McGinley*, 660 F.2d at 484 (“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

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<sup>3</sup> The Federal Circuit’s view is derived from the holdings of its predecessors. *See South Corp v. U.S.*, 690 F.2d 1368, 1369 (Fed. Cir. 1982) (adopting as binding precedent the “holdings of our predecessor courts”).

<sup>4</sup> *See also In re Fox*, 702 F.3d 633, 640 (Fed. Cir. 2012); *In re Boulevard Entm’t.*, 334 F.3d 1336, 1343 (Fed. Cir. 2003); *In re Mavety Media Grp.*, 33 F.3d 1367, 1374 (Fed. Cir. 1994); *Ritchie v. Simpson*, 170 F.3d 1092, 1099 (Fed. Cir. 1999) (“denial of federal registration of a mark does not prohibit the use of that mark”).



proscribed, and no tangible form of expression is suppressed”). Following the lead of the Federal Circuit, other federal courts have embraced this principle. *See Test Masters Educ. Servs. v. Singh*, 428 F.3d 559, 578 n. 9 (5th Cir. 2005) (rejecting claim “that prohibiting [a person] from registering a mark with the PTO violates [ ] first amendment”).<sup>5</sup> Although these cases have reviewed the limit on registration of “immoral, deceptive, or scandalous” trademarks, nothing distinguishes the analysis applicable to the parallel anti-disparagement provision. *Pro-Football Inc. v. Harjo*, 2000 WL 1923326 at \*1 n.1; *Ritchie*, 170 F.3d at 1099 (Fed. Cir. 1999).

As discussed in more detail below, the conclusion of these cases that limitations imposed by the Lanham Act do not require First Amendment scrutiny correctly reflects three principles. First, as the Federal Circuit observed in *McGinley*, denial of trademark registration does not directly restrict or burden any speech or expression. *See* 660 F.2d at 484. This conclusion reflects recognition of the applicant’s ability to continue to use the mark and the fact that many aspects of trademark law function on the assumption that trademarks are *not* expressive, at least in a First Amendment sense. Second, the purpose of the statutory exclusion of disparaging matter is merely to mark the boundaries of a complex federal regulatory system to harmonize with state law and codify common law definitions. Third, because Congress is not obligated to subsidize private speech, there is no constitutional violation where Congress sets the parameters of a program in a manner that operates consistent with existing law. *See Rust*, 500 U.S. at 201.

**A. Denial of trademark registration does not restrict speech or otherwise create a burden cognizable under the First Amendment.**

The Federal Circuit’s analysis in *McGinley* is correct: the Lanham Act’s limits on

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<sup>5</sup> *See also Nat’l A-1 Adver. v. Network Sol’ns.*, 121 F. Supp. 2d 156, 178 (D.N.H. 2000) (where “[n]o tangible form of expression has been suppressed,” plaintiff’s “free speech rights have not been infringed in any constitutionally significant way”) (*citing McGinley* with approval); *accord Wheeler*, 814 F.2d at 819 (“refusal by the PTO to register a mark does not preclude the owner of the mark from his right to use it”).

trademark registration do not implicate the First Amendment. *See* 660 F.2d at 484. Far from being vehicles for expression, trademarks are “source-identif[iers]” which “reduce the customer’s cost of shopping and making purchasing decisions.” *Dastar Corp. v. 20th Century Fox Film Corp.*, 539 U.S. 23, 34 (2003). As the Supreme Court has recognized, source identifiers are “categorically different” from expression that “editorialize[s] on . . . cultural, philosophical, [] political . . . [or] even about commercial matters.” *Friedman*, 440 U.S. at 11. Consistent with this distinction, the Supreme Court has also rejected the idea that trademark law may “accord[] special treatment to communicative products.”<sup>6</sup> *Dastar*, 539 U.S. at 33.

Indeed, the commercial function that a trademark serves can be impaired, and its ability to be registered rendered suspect, when it is used as a means of expression rather than as a means of identifying goods. “Marks which are merely descriptive of a product”—and thus convey useful information about the product—“are not inherently distinctive . . . , do not inherently identify a particular source, and hence cannot be protected.” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992).<sup>7</sup> By contrast, a “fanciful” mark—“a word that is coined for the express purpose of functioning as a trademark”—conveys no information other than the source of the product or service and thus is afforded the strongest trademark protection. 2 McCarthy § 11:4; *see also Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429 n.10 (2003) (“The rule that arbitrary, coined or fanciful marks,” such as “Kodak” or “Mazda,” “should be given a much broader degree of protection . . . would appear to be entirely sound.”).

The conclusion in *McGinley* also reflects that *registration* is independent from *use* of a

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<sup>6</sup> PFI’s challenge to trademark registration thereby presents a far different circumstance than the regulations of the contents of films described in *Bullfrog Films v. Wick*, 847 F.2d 502 (9th Cir. 1988), *see* Pl. Br. at 11-12.

<sup>7</sup> Thus, Coca-Cola cannot assert trademark rights in the term “soda,” *see* 15 U.S.C. § 1052(e), even though this is a true fact about its product that the company is entitled under the First Amendment to advertise to the public, *see Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 773 (1976).

trademark. For this reason, PFI cannot identify any use of its trademarks that is prohibited or made more difficult by the denial of registration. Rather, “refusal by the PTO to register a mark does not preclude the owner of the mark from his right to use it,” or, for that matter, “extinguish common law rights [in its protection].” *Wheeler*, 814 F.2d at 819; *see Harrods*, 302 F.3d at 229 (“it is the use of [the] mark, not its registration, that confers trademark protection”). As PFI correctly acknowledges, exclusion from the federal registration program does not deprive a trademark of legal protection.<sup>8</sup> *See* Pl. Br. at n.22; 15 U.S.C. § 1125; *MicroStrategy, Inc. v. Motorola*, 245 F.3d 335, 341 (4th Cir. 2001). And it certainly does not limit the trademark holder from saying whatever it wishes in public debate about its trademarks and their meaning or engaging in other expressive activities associated with its trademark. A trademark holder engages in expression through these types of activities, not through its use of a trademark as a source-identifier or its registration of a trademark with the government.

Instead, all of the alleged “burdens” identified by PFI, such as the “cost of enforcement,” relate to PFI’s activities to enforce its trademarks against infringers. *See* Pl. Br. at 8-9. These enforcement activities and their associated costs are unrelated to expression and cannot give rise to a First Amendment claim.<sup>9</sup> *See Int’l Food & Bvg. Sys. v. City of Ft. Lauderdale*, 794 F.2d 1520, 1526 (11th Cir. 1986) (explaining that “the first amendment does not guarantee anyone a profit,” only the right to express a message); *New Kids*, 971 F.2d at 309 (“limited” rights

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<sup>8</sup> Plaintiff notes that many states have legislatively adopted an anti-disparagement provision similar to Section 2(a). Yet application of state law to Plaintiff’s mark is independent of federal law, and in any event, the presence of this provision is not uniform as Plaintiff concedes – although Plaintiff’s suggestion that this provision is consistent in all states except Wisconsin appears to be in error, *see* 10 Maine Rev. Stat. Ann. Tit. 10, § 1522 (2005).

<sup>9</sup> PFI’s convoluted effort to explain that the government has burdened it by “distort[ing] public debate,” Pl. Br. at 5, underscores the absence of a burden to the “entertainment services,” *e.g.*, “football exhibitions,” for which its trademarks are registered. *See Stone Lion Capital Partners, L.P. v. Lion Capital, LLP*, 746 F.3d 1317, 1324 (Fed. Cir. 2014) (trademark rights are limited “commensurate with the scope of the services” identified in the application).

conferred by trademark do not protect every profit interest of mark holder).<sup>10</sup> As one court recently observed, “[i]n the First Amendment context, it is the burden on speech, not pocketbook, that matters.” *American Meat Inst. v. USDA*, 968 F. Supp. 2d 38, 52 (D.D.C. 2013), *aff’d* 746 F.3d 1065 (D.C. Cir. 2014), *aff’d en banc after vacating*, 760 F.3d 18 (D.C. Cir. 2014).

Amici separately hypothesize that some people may be deterred by the unregistrability of a disparaging term from adopting the term as part of the name of a group identifying themselves. Brief of Amici Curiae ACLU et al. (“ACLU Br.”) at 6-7; 18-19. ECF No. 76-2. This argument, however, wrongly presupposes a right to repurpose a federal program designed to encourage source-identification of commercial goods and services as a forum for personal expression. The cases cited by amici do not support this proposition, as they involve direct monetary fines on speech itself, such as the publication of journals or heightened charges for security at speeches. *See* ACLU Br. at 9-10.<sup>11</sup> In contrast to circumstances involving such penalties, PFI remains free to use its trademarks without any costs imposed by the government on such use, and even retains legal protections available under other sources of law.<sup>12</sup>

In the closest parallel context to federal trademark registration, it is well-established that where the common-law right to call one’s self by a name of one’s own choosing is left untrammelled, the government may regulate access to official registration of name changes

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<sup>10</sup> *See also Dun & Bradstreet v. Greenmoss Builders*, 472 U.S. 749, 762 (1985) (First Amendment concerns are limited where only specific business interests of a single party are affected); *City of Renton v. Playtime Theatres, Inc.*, 475 U.S. 41, 54 (1986) (“The inquiry for First Amendment purposes is not concerned with economic impact”); *id.* (“we have never suggested that the First Amendment compels the Government to ensure that . . . speech-related businesses . . . will be able to obtain sites at bargain prices”).

<sup>11</sup> *See, e.g., Simon & Schuster v. N.Y. Crime Victims Bd.*, 502 U.S. 105 (1991) (direct financial penalty imposed on the profits from speech (*i.e.* authorship of books)).

<sup>12</sup> Amici’s brief also wrongly assumes that Section 2(a) may deter speakers because of the threat that language will evolve over time. *See* ACLU Br. at 15-16. But Congress has not empowered PTO to sit as a continuing board of censors; rather, by providing cancellation *only if* the registration should not have been granted at the time of issuance, Congress has cabined PTO’s review role to a specific moment in time. *See Consorzio Del Prosciutto Di Parma v. Parma Sausage Prods.*, 23 U.S.P.Q.2d 1894 at \*5 - \*7 (1992) (analyzing 15 U.S.C. § 1064(3)).

without implicating the First Amendment. *See, e.g., Petition of Variable for Change of Name v. Nash*, 144 N.M. 633, 635 (N.M. Ct. App. 2008) (denial of name change request does not “infringe[] on Petitioner’s right to free speech” because, without official application, he may “use any name at all”).<sup>13</sup> Applying this principle, courts have confirmed that the First Amendment right to choose one’s own name does not extend to requiring official “approval of a surname that will shock, disparage, or emotionally harm members of a racial group.” *Lee v. Superior Court*, 9 Cal. App. 4th 510 (Cal. 1992).<sup>14</sup> As the California Supreme Court explained, because the requestor’s “common law right to use the surname ha[d] not been abrogated, none of his First Amendment rights ha[d] been prejudiced.” *Id.* Section 2(a) is no different: Plaintiff and others denied federal registration for marks that “disparage, or emotionally harm members of a racial group” have no First Amendment claim because they remain free to use the trademark at will. *Id.*<sup>15</sup> The federal government is not constitutionally required to participate in that effort.

**B. The Trademark Registration Statute Appropriately Excludes Flags, Names, Merely Descriptive and Immoral Terms, and Other Matter That the Common Law Generally Did Not Recognize As Subjects For Trademark Protection.**

Section 2’s registration prohibitions do not take away any protectable trademark rights

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<sup>13</sup> *See also In re Verrill*, 40 Mass. App. Ct. 34, 35-36 (1996) (“The statute does not abrogate the common law right to use a name of one’s choosing. It simply aids a petitioner in securing an official record.”); *In re Ritchie*, 159 Cal. App.3d 1070 (1984) (“The common law recognizes the right of a person to change his name without the necessity of legal proceedings; the purpose of the statutory procedure is simply to have . . . the change recorded.”).

<sup>14</sup> *See also In re Bacharach*, 344 N.J. Super. 126, 132 (“A hearing judge is not required to rubber stamp by judicial order a change of name to one that is obscene, ridiculous or racist.”); *In re Name Change Petition of Bethea*, 18 Pa. D. & C. 4th 645, 647 (Pa. Com. Pl. 1991) (rejecting recognition of “World Saviour” because most religious persons would find the name “to be highly offensive if bestowed upon anyone other than the One in whom they believe”); *Petition of Dengler*, 246 N.W. 2d 758, 764 (1976) (“[T]he Legislature in giving authority to the courts to change a name had in mind a name as understood and defined by common law.”).

<sup>15</sup> Courts have similarly concluded that Internet domain names that serve only as “source identifiers” are not entitled to the protections of the First Amendment (although the United States does not agree with any suggestion that government action is inherently involved in administering domain names). *See, e.g., PGMedia, Inc. v. Network Solutions*, 51 F. Supp. 2d 389, 407-08 (S.D.N.Y. 1999) (“Internet alphanumeric addresses are not speech but are rather like a telephone number”); *cf. Planned Parenthood Fed’n of Am. v. Bucci*, 1997 WL 133313 at \*10 (S.D.N.Y. Mar. 24, 1997), *aff’d*, 152 F.3d 920 (2d Cir. 1998) (unpublished decision); *Morrison & Foerster v. Wick*, 94 F. Supp. 2d 1125, 1134 (D. Colo. 2000); *but see Name.Space v. Network Solutions, Inc.*, 202 F.3d 573, 585-86 (2d Cir. 2000); *Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003).

that otherwise would have existed under state and common law. As explained *supra*, each iteration of the federal trademark registration system has ensured that the overall system of federal and state trademark protection functions smoothly by allowing registration only of material consistently recognized as the subject of state and common law trademark protection. *See, e.g.*, 1870 Act § 79; 1905 Act at § 5. Prior to the Lanham Act, these certain exclusions helped Congress maintain a well-functioning trademark system by avoiding inconsistencies between federal law and trademark common law. *See* 1870 Act § 84 (preserving common law trademark rights and remedies); 1881 Act § 10 (same); 1905 Act § 23 (same).<sup>16</sup> Under the Lanham Act, which attempted to “codify” much of the existing substantive common law, these exclusions ensured that the Lanham Act did not impose trademark protections that could not be reconciled with longstanding state interpretations. *Inwood Labs*, 456 U.S. at 861 n.2; *see* Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 Colum. J.L. & Arts 187, 198-99 (2004) (“What may look on its face like a legislative creation . . . [is] nothing more than a cursory legislative recognition of a long pre-existing body of . . . common law”).<sup>17</sup> The Lanham Act’s exclusion of “disparaging” matter, including misleading racial stereotypes, reflects these common-law roots. *See, e.g., McVey v. Brendel*, 144 Pa. 235, 248-49 (Pa. 1891) (placing beyond the “purpose of an injunction” protecting trademarks “the use of vulgar epithets and personal denunciation” on cigar labels to “stigmatize[]” others and “cover[] them with opprobrious

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<sup>16</sup> *See also* Cong. Globe, 41st Cong., 2nd Sess., 2683 (1869) (statement of Rep. Thomas B. Jenckes) (explaining that 1870 Act does not extend beyond common-law protections); Trade-Marks, 29 Am. Law Register 304, 310 (1880) available at <http://www.jstor.org/stable/3304183> (“The registration of a trademark . . . gives [] no better right to its exclusive property than [] possessed before registration” and discussing 1870 Act); *Edison v. Thomas A. Edison*, 128 F. 1013, 1014 (C.C. Del. 1904) (discussing 1881 Act); *Dwinell-Wright Co. v. Nat’l Fruit Product Co., Inc.*, 129 F.2d 848, 851 (1st Cir. 1942) (“Registration of a trade-mark under the Trade-mark Act of 1905 neither enlarges nor abridges the registrant’s substantive common-law rights in the mark”).

<sup>17</sup> *Compare Renna v. County of Union, N.J.*, 2014 WL 2435775 at \*6 (D.N.J. 2014) (noting Act’s “determination[s] that [certain matters] are not appropriate subjects of trademark law at all”) (citing 5 McCarthy § 19:78) with *Spartan Food Sys., Inc., v. HFS Corp.*, 813 F.2d 1279 (4th Cir. 1987) (recognizing conflict preemption in Lanham Act).

epithets”); *Smiling Irishman, Inc. v. Juliano*, 45 N.Y.S. 2d 361, 364-66 (N.Y. Sup. 1943) (discussing whether mark constituted “caricature of the Irish,” and ultimately rejecting the possibility that “the use of the name ‘Smiling Irishman’ . . . [would] be a matter of grave concern to the many numbers of persons throughout the country of Irish blood.”).<sup>18</sup> In short, in adopting the Lanham Act, Congress did not single out disfavored categories of speech, but rather sought to ensure that the Act did not create significant incompatibilities between federal and state trademark law. *See, e.g.*, Trade-Mark Conv., U.S.-Fr., Apr. 16, 1869 (ratification reported 17 Sen. Exec. J. 219 (1869)); Consular Conv., U.S.-German Empire, Dec. 11, 1871, 17 Stat. 921.<sup>19</sup>

Importantly, the Lanham Act’s statutory framework also incorporates the recognition by courts that excessively-broad trademark protections could potentially place free speech at risk.

Judge Learned Hand noted the tension between the interests of trademark owners and the principle that “all are entitled prima facie to use” words and language to express themselves.

*Adolph Kastor & Bros. v. FTC*, 138 F.2d 824, 825 (2d Cir. 1943); *Flint v. Hutchinson Smoke-Burner Co.*, 110 Mo. 492 (1892); *Lustgarten v. Felt & Tarrant Mfg. Co.*, 92 F.2d 277, 281 (3d

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<sup>18</sup> As one influential 1885 treatise explained, “[t]he tale told by the symbol must be sincere,” and therefore cannot be a “representation[] calculated to mislead the public.” W.H. Browne, *A Treatise on the Law of Trade-Marks and Analogous Subjects (Firm-Names, Business-Signs, Good-Will, Labels, & c)*, 2nd ed. § 71, at 78-79 (1885). In addition, to be protected as “a ‘lawful trademark,’ the emblem must avoid transgressing the rules of morality or public policy.” *Id.* § 602 at 608. These equitable principles extended broadly, from the “qualities and properties” of merchandise to marketers engaged in false, misrepresentative, or *disingenuous* statements. *See id.* § 71, 78-79; *Fowle v. Spear*, 9 F. Cas. 611 (C.C. Pa. 1847); *Hennessy v. Wheeler*, 51 How. Pr. 457 (C.C.P.N.Y. 1876) (trademark enforcement “denied when the trade mark claimed was in any respect of a false or deceptive character . . . [or] attended by disingenuous or deceptive concomitants”). The decisions by the Commissioner of Patents likewise reflect recognition that disingenuous trademarks or those directly reflecting strong moral pre-associations would “defeat the fundamental object of the trade-mark law.” *In re John F. Tolle*, 2 Off. Gaz. Pat. Office 415 (Oct. 8, 1872) (Masonic emblem, although otherwise qualifying as trademark, held such strong “general significance” to “the public mind,” and “moral significance” to Masons as to require rejection).

<sup>19</sup> Congress’ delineation of the scope of federal registration also reflected the need to avoid discord with international law, which incorporated similar exclusions. *See, e.g.*, Denmark Law of July 2, 1880 For the Protection of Marks of Trade and Commerce (“Registration of the declaration shall be refused . . . [i]f it contains objects calculated to provoke public scandal”); Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as last revised a July 14, 1967, 21 U.S.T. 1583 (encouraging national-level trademark registration systems and authorizing the exclusion of marks that were “contrary to morality or public order”); *cf. In re City of Houston*, 731 F.3d 1326, 1334 (Fed. Cir. 2013) (discussing Paris Convention’s exclusion from protection of other marks).

Cir. 1937) (Dickinson, J., dissenting) (discussing “the right to teach any art or science which will aid men and women in their daily avocations”). By incorporating the balance between these interests established by the common law, the Lanham Act avoids “serious First Amendment concerns” associated with the “right[] to control language” and “allow[s] breathing space for free expression.” *Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005); *Rogers v. Grimaldi*, 875 F.2d 994, 998 n.3 (2d Cir. 1989). Application of First Amendment doctrines extracted from other contexts to Section 2 of the Lanham Act risks requiring the government to register as a trademark “every name and symbol” sought, *Duell*, 17 App. D.C. 477, no matter how hateful the disparaging racial epithet, thereby upending this long and carefully-established balance.<sup>20</sup>

**C. Setting the Terms on Participation in Voluntary Programs Does Not Offend the First Amendment or Create an Unconstitutional Condition on Speech.**

The First Amendment “protects the right to be free from government abridgment of speech,” but although “in some contexts the government must accommodate expression, it is not required to assist others in funding the expression of particular ideas.” *Ysursa v. Pocatello Educ. Ass’n*, 555 U.S. 353, 358 (2009). For this reason, Congress’s “decision not to subsidize the exercise of a fundamental right does not infringe the right, and thus is not subject to strict scrutiny.” *Regan v. Taxation with Representation of Wash.*, 461 U.S. 540, 549 (1983); see *S.C. Ed. Ass’n v. Campbell*, 883 F.2d 1251, 1256 (4th Cir. 1989). In the Lanham Act, because operation of the federal trademark registration program entails the expenditure of public funds in evaluating and approving marks and the exercise of legal authority in conferring procedural

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<sup>20</sup> Indeed, acceptance of the First Amendment interpretation urged here – that the government must permit registration of disparaging marks, thereby providing owners with tools to exclude others from using those marks – risks chilling those who would respond to a disparaging mark with a critical or mocking use of the mark. See *Spence v. State of Wash.*, 418 U.S. 405, 415 (1974) (recognizing value of using a symbol in protest “in a way closely analogous to the manner” in which it is commonly used); cf. *Whitney v. Calif.*, 274 U.S. 357, 377 (1927) (Brandeis, J., concurring) (identifying principle of “more speech” as the First Amendment remedy to offensive speech).



advantages, Congress is under no obligation to subsidize “a more convenient method” of trademark enforcement for applicants. *Campbell*, 883 F.2d 1256.<sup>21</sup> Here, PFI remains “free to engage in such speech as [it] see[s] fit,” including using pre-existing state law remedies to enforce its trademark. PFI is “simply . . . barred from enlisting the [PTO] in support” of its speech. Therefore, there is no abridgment of First Amendment rights. *Ysursa*, 555 U.S. 359.

In addition, Congress can “selectively fund” programs or otherwise assert its authority to “encourage certain activities it believes to be in the public interest,” *Rust*, 500 U.S. at 193, and it does not violate the First Amendment for such programs to convey a message of “decency” and “respect” for others. *NEA v. Finley*, 524 U.S. 569, 588 (1998). Here, federal recognition of trademarks is not constitutionally mandated, and Congress was not required, in providing for registration, to include previously non-existent protections for the categories enumerated in Section 2, including disparaging marks. Congress has thus appropriately set the parameters of the registration system to serve the public interests in consistency with common law as well as to convey a message that disparaging others should not be profitable. Significantly, in doing so, Congress has structured the program to leave intact state law protection for marks not included, thereby “simply leav[ing] undisturbed a pre-existing barrier” to trademark enforcement. *FEC v. Intl’ Funding Instit.*, 969 F.2d 1110, 1114 (D.C. Cir. 1992) (holding that such action “cannot be said in any sensible way to infringe upon the [ ] first amendment”).

PFI and amici err when they portray the Lanham Act’s direct regulation of the registration of trademarks as a “statute that conditions benefits on the curtailment of speech.” Pl. Br. at 11. This analysis distorts both the nature of the Lanham Act and the precedent concerning

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<sup>21</sup> See also *Regan*, 461 U.S. 549-50 (government “may not place obstacles in the path of a [person's] exercise of ... freedom of [speech], [but] it need not remove those not of its own creation”).

unconstitutional conditions. *See USAID v. Alliance for Open Soc’y Int’l*, 133 S. Ct. 2321, 2327 (2013) (distinguishing between regulation within the program itself and “condition[s]” on expression elsewhere). Contrary to PFI’s argument, the exclusions in Section 2 do not condition registration on any expression, let alone “speech *outside* the contours of the [trademark registration] program.” *Id.* at 2328; Pl. Br. at 11 (emphasis by Plaintiff).<sup>22</sup> It matters not what PFI or other trademark applicants *say* about, or *do* with, their trademarks in other contexts. Thus, the TTAB correctly concluded that PFI’s efforts to show that its marks are “being used in a respectful manner” were irrelevant. Pl. Br. at 5; *see* TTAB Op. at 23-24. Indeed, Congress has explicitly framed the question at issue in a cancellation proceeding involving subsection 2(a) as whether registration of a mark “was obtained” contrary to the statute’s requirements *at the time of registration* and not based on its subsequent use. *See* 15 U.S.C. § 1064(3). Rather, Section 2 is appropriately upheld as an aspect of the registration itself: a government decision that does not implicate the First Amendment even though it may deny commercial benefits to an applicant.

## **II. Even Assuming that the Program of Federal Trademark Registration Implicates Speech or Expression, Section 2(a) Is Constitutional.**

### **A. The Court Cannot Disregard the Government’s Role in Any Such Expressive Aspects of Trademark Registration.**

Even assuming that private expression is involved in a trademark registration, the Fourth Circuit has explained that there is “additional weight in favor of upholding” regulations affecting private speech where the expression is imbued with the government’s authority. *WV Ass’n of Club Owners and Fraternal Servs. v. Musgrave*, 553 F.3d 292, 301 (4th Cir. 2009). Here,

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<sup>22</sup> *See also Rust*, 500 U.S. at 197 (no unconstitutional condition where government is not “effectively prohibiting the recipient from engaging in the protected conduct outside the scope of the federally funded program”). Plaintiff’s effort to rely on *Legal Servs. Corp v. Velazquez*, 531 U.S. 533 (2001), Pl. Br. at 11, to show a conditioning of benefits is unavailing. As the Ninth Circuit has concluded, under *Velazquez*, as part of a government program, Congress may “limit specific procedural tools and strategies” for carrying out “legal advocacy” as long as it does not prohibit expression altogether. *Legal Aid of Oregon v. Legal Svcs. Corp.*, 608 F.3d 1084, 1095 (9th Cir. 2010).

although the availability of trademark registration may have an indirect effect on the desirability of choosing a particular mark to promote a product, the direct consequence of registration comprises certain presumptions in litigation and the government's publication in its own register. The program therefore includes an element of government expression and requires special solicitude to the government's ability "to promote particular messages[,] . . . limit the scope of the message it sends[,] . . . [and] select from among various viewpoints those that the government will express as its own."<sup>23</sup> *Sons of Confederate Veterans, Inc. ("SCV") v. Comm'n of Va. Dep't of Motor Vehicles*, 288 F.3d 610, 616-17 (4th Cir. 2002); *Planned Parenthood of S.C. v. Rose*, 361 F.3d 786, 795-96 (4th Cir. 2004) (Op. of Michael, J.) (relaxed scrutiny where government "creat[es] and manag[es] its own programs," even where a private component to speech exists, such as "when a public museum decides to display one work of art as opposed to another"). Thus, to the extent trademark registration implicates speech, the Lanham Act is entitled to added deference, regardless of the First Amendment doctrinal standard applied.

**B. If Analyzed Under the Fourth Circuit's Treatment of Hybrid Speech as Occurring in a Limited Public Forum, Section 2(a) is Constitutional.**

In *SCV*, the Fourth Circuit examined a government program to approve privately-designed license plates and adopted "forum analysis as the means of analyzing restrictions placed on private speech that occurs on government property or with government participation [] where the government is not expressing its own message." *SCV*, 288 F.3d at 622. To the extent that trademark registration involves speech in any forum,<sup>24</sup> Congress *at most* created a limited

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<sup>23</sup> As discussed below, the trademark standards do not, in any event, discriminate on the basis of viewpoint and so the Court need not reach the issue of whether trademark registration constitutes government speech.

<sup>24</sup> As explained above, the better view is that registration is not a forum at all, given that registration is separate from trademark use and is merely the legal vehicle for "secur[ing] to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." *Nemet Chevrolet, Ltd. v. Consumeraffairs.com*. 564 F. Supp. 2d 544, 552-53 (E.D. Va. 2008) (quoting legislative history).

public forum, in which the government may regulate the content of speech. *See, e.g., Rose*, 361 F.3d at 797-99 (“certain restrictions on speech within [such a] forum are reasonable and permissible . . . the government may consider content. . . [and] prohibit patently offensive speech”); *see also Rosenberger v. Rector & Visitors of UVA*, 515 U.S. 819, 830 (1995). Indeed, as the lead opinion in *Rose* explained, the government may even “favor certain speech on the basis of viewpoint” in the programs it manages, 361 F.3d at 795, but the Court need not reach that issue here because the Lanham Act’s exclusion of marks that may “disparage” does not discriminate on the basis of viewpoint.

As an initial matter, characterizing Section 2’s limits on trademark content as a form of viewpoint discrimination ignores that trademark law is generally structured to protect words or symbols that identify the source of goods, rather than those that contain expressive content. *See supra* Part I.A. Also erroneous is the suggestion, ACLU Br. at 8, that Section 2 limits registration only for “negative[.]” and not “positive[.]” trademarks: Section 2 likewise excludes from registration as merely descriptive much positive and laudatory language that traditionally cannot be the subject of trademark protection under the common law. *See Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 1360 (Fed. Cir. 2001) (“generally laudatory phrase” unregistrable as merely descriptive and remains “free for use by all”); *Hercules Powder Co. v. Newton*, 266 F. 169, 172 (2d Cir. 1920) (“laudatory epithets” descriptive and unregistrable). Furthermore, the availability of trademark registration does not turn on the views held by a trademark applicant. Rather, as the TTAB explained, it is not the “alleged honorable intent and manner of use of the term” at issue, but the objective question of “whether a substantial composite” of Native Americans found “Redskins” to be “a disparaging term in the context of

[PFI's] services.”<sup>25</sup> TTAB Op. at \*10; *id.* at \*12-\*14.<sup>26</sup> Indeed, the limitation on disparaging content applies regardless of the view that is intended to be expressed by such disparaging speech. *See In re Tam*, 108 U.S.P.Q.2d 1305 (TTAB 2013) (refusing registration to applicant seeking to “embrace” stereotype embodied in the racial slur “Slants”).<sup>27</sup> PFI’s tortured effort to claim as-applied “viewpoint” discrimination by alleging that cancellation of registration restricts “[w]hat PFI says in [] debate,” Pl. Br. at 7, over PFI’s brands is equally baseless: PFI may continue to say whatever it likes about its brands or Native Americans without any limit at all.<sup>28</sup>

**C. Even Assuming PFI Is Correct that Its Challenge Should Be Analyzed as a Restriction on Commercial Speech, the Trademark Statute Is Constitutional.**

In the alternative, even if the Court rejects the United States’ other arguments and concludes that PFI is correct that the trademark registration program should be analyzed as a limit on commercial speech, Section 2(a) of the Lanham Act is constitutional under the applicable standard of review.<sup>29</sup> In *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n. of*

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<sup>25</sup> *See also U.S. v. Martinez*, 736 F.3d 981, 987 (11th Cir. 2013) (discussing relationship between “objective standards” and analysis of how speech “‘might have been understood’ by listeners”). Section 2(a) thus contrasts starkly with the circumstance presented by *R.A.V. v. City of St. Paul*, in which certain words could be used by “those arguing in favor of racial, color, etc., tolerance and equality, but could not be used by those speakers’ opponents.” 505 U.S. 377, 391 (1992).

<sup>26</sup> In contrast to *Clatterbuck v. Charlottesville*, 708 F.3d 549, 556 (4th Cir. 2013), relied on by PFI, the decision on PFI’s registration thus “reasonably comports with the content distinction on the face of the regulation” without reference to viewpoint. *Id.* Nor is *Rosenberger* to the contrary: PFI’s quotation of isolated phrases obscures *Rosenberger*’s unremarkable holding that it is impermissible viewpoint discrimination to withhold direct funding from an organization based on its “avowed religious perspective,” *i.e.* its expressed viewpoint. 515 U.S. at 832. The other cases cited by PFI likewise found viewpoint discrimination based on the regulated party’s actual “beliefs or advocacy.” *Wishnatsky v. Rovner*, 433 F.3d 608, 613 (8th Cir. 2006); *see* Pl. Br. at n.4 and cases cited therein.

<sup>27</sup> *See also In re Heeb Media, LLC*, 89 USPQ2d 1071, 1076-77 (TTAB 2008) (refusing registration of the slur HEEB despite publisher’s “good intentions” to use the mark as a “source of pride”); *cf. Velazquez*, 531 U.S. 533 (striking down restriction on speech that is critical of government, not just speech that is critical).

<sup>28</sup> If it violated the First Amendment for the government to make a statement or take an action that might indirectly “affect[] PFI’s message in [an] ongoing public debate,” Pl. Br. at 7, the First Amendment would operate as a universal shield against commercial regulation of every kind. For this reason other courts have rejected heightened scrutiny for limits on the public use of trademarks because it “would create disaster” to “[g]ive trademarks, trade names, or logos the level of protection afforded to non-commercial speech.” *Transportation Alternatives*, 218 F. Supp. 2d at 438; *cf. U.S. v. Philip Morris*, 566 F.3d 1095, 1144 (D.C. Cir. 2009) (fact that tobacco advertising may be “link[ed] to an issue of public debate[] does not change the commercial nature of the speech”).

<sup>29</sup> Significantly, the cases on which PFI relies hold only that *use*, not *registration*, of a trademark is commercial

*NY*, 447 U.S. 557 (1980), the Supreme Court set out the standard for review of government prohibitions on non-misleading commercial speech about lawful activity, which will be upheld if: (1) the government “assert[s] a substantial interest” in support that is (2) “directly advance[d]” by the regulation; and if (3) “the regulation is not more extensive than is necessary to serve that interest.” *Educ. Media Co. at Va. Tech, Inc. v. Swecker*, 602 F.3d 583, 588 (4th Cir. 2010).

Section 2(a) is supported by several government interests, each of which is substantial in its own right. As an initial matter, in developing the commercial speech doctrine, the Supreme Court recognized a government interest in preventing “harmful” commercial speech, identifying “untruthful” and “deceptive” speech, along with speech in furtherance of illegal activities, as examples of harmful speech. *See Va. State Bd. of Pharmacy*, 425 U.S. at 770-71.<sup>30</sup> Disparaging commercial speech is also likely to be harmful, particularly when focused on the dignity and reputation of those associated with disadvantaged and minority groups. *See Sambo’s Restaurants v. Ann Arbor*, 663 F.2d 686, 695 (6th Cir. 1981) (finding “racial harmony and equality [to be] a substantial state interest,” but rejecting ban on offensive business name); Def’s MSJ Mem, ECF No. 71, at 12-13 & exhibits cited therein (describing disparagement). However, because Section 2 does not restrict any speech, this interest applies only indirectly; rather, the government’s substantial interest exists in preventing federal registration from magnifying the impact of disparaging trademarks or in encouraging the use of such marks.

First, the structure of the Lanham Act creates direct incentives for use of a registered mark, such as according the presumption of incontestability only after “continuous use for five consecutive years subsequent to the date of [] registration.” 15 U.S.C. § 1065. The Constitution

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speech. *See* Pl. Br. at 7-8 and cases cited therein.

<sup>30</sup> The Supreme Court made clear, however, that its list of exceptions describes only “a few” of the “forms of commercial speech regulation [that] are surely permissible.” *Id.*

does not require the federal government to provide direct incentives to use language that disparages individuals or groups. Second, although “issuance of a trademark registration” does not “amount[] to the awarding of the U.S. Government’s ‘imprimatur,’” *In re Old Glory Condom Corp.*, 26 U.S.P.Q.2d 1216, 1219 n.3 (T.T.A.B. 1993), federal registration may nevertheless create the perception of government endorsement even where no such endorsement actually exists. *See, e.g.*, Stephen R. Baird, *Moral Intervention in the Trademark Arena: Banning the Registration of Scandalous and Immoral Trademarks*, 83 Trademark Rep. 661, 663 n.6 (1993); *cf. Cnty. of Allegheny v. ACLU*, 492 U.S. 573, 593–94 (1989) (warning of the perception of endorsement in the Establishment Clause context). The perception that the government itself is endorsing a trademark containing a disparaging term is likely to magnify the harm of the disparagement, particularly where the group subject to such denigration has been the subject of a long and painful history of *de jure* discrimination. Even in very different contexts where the government imposes direct regulations on protected expression, such “secondary effects” in avoiding harms are recognized to present a substantial government interest. *See, e.g., Legend Night Club v. Miller*, 637 F.3d 291, 298-99 (4th Cir. 2011); *cf. Passions Video, Inc. v. Nixon*, 375 F. Supp. 2d 866, 872 (W.D. Mo. 2005) (“dehumanizing influence” of adult businesses on children); *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469, 492 (1989) (“compelling interest” in government avoiding “passive participa[tion] in a system of racial exclusion”).<sup>31</sup>

In addition, the government’s interest in ensuring the smooth functioning of the complex

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<sup>31</sup> This interest is particularly acute in considering Plaintiff’s as-applied challenge, because the federal government’s interests are near their zenith where the interests being protected are part of the “government’s unique and continuing relationship with and responsibility to the Indian people.” *California v. Cabazon Band of Mission Indians*, 480 U.S. 202, 216-17 n.19 (1987); *see* Indian Self-Determination and Education Assistance Act of 1975 § 2 (*codified at* 25 U.S.C. §§ 450-450e-3(2006)) (findings recognizing “the Federal Government’s unique and continuing relationship with, and responsibility to, individual Indian tribes and to the Indian people” in light of the “Federal Government’s historical and special legal relationship” that has “served to retard rather than enhance the progress of Indian people and their communities”); 25 U.S.C. § 305e (trademarks of Indian goods).

state and federal system of trademark regulation embodies multiple substantial government interests. As discussed above, in enacting the Lanham Act, Congress sought to avoid creating conflicts between federal and state law protections for trademarks that would disrupt this equilibrium, potentially “displac[ing] the primacy of the States” and of common law. *In re Conklin*, 946 F.2d 306, 308 (4th Cir. 1991); *cf.* 15 U.S.C. § 1011 (declaring federal interest in state leadership in insurance regulation under McCarran-Ferguson Act).<sup>32</sup> Likewise, Congress incorporated protections into the Lanham Act that preserve the balance between the interests of trademark owners and the expressive interests of others. *See, e.g.*, 15 U.S.C. § 1115(b); 15 U.S.C. § 1125(c)(3); *compare OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334, 339-40 (4th Cir. 2009) (explaining, in context of merely descriptive and generic marks, that excluding terms from registrability is necessary to “protect[] the linguistic commons”) (internal quotation omitted).<sup>33</sup>

There is little doubt that Section 2 “directly advances” the interests described above, in accordance with the second step in the *Central Hudson* analysis. *Swecker*, 602 F.3d at 588. The direct incentives for use of a mark and the mistaken perception of official endorsement are avoided outright by Congress’s exclusion of registration of disparaging marks in Section 2. The exclusion likewise ensures the complementary relationship of state and federal trademark law by preserving common law conclusions about the scope of trademark protection. And denial of registration preserves the balance struck between the interests of trademark owners and those engaged in counter-speech. Exclusion from the federal registration system quite naturally

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<sup>32</sup> *See also Carlson v. Green*, 446 U.S. 14, 48 (1980) (“The importance of federalism in our constitutional system has been recognized both by this Court and by Congress”) (internal citations omitted).

<sup>33</sup> The existence of defenses to trademark enforcement does not render irrelevant the incorporation of common-law exclusions in Section 2 as an important part of the balancing of interests, however. *See Wal-Mart*, 529 U.S. at 214 (Use of a mark “is deterred, however, not merely by successful suit but by the plausible threat of successful suit”); *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402-03 (8th Cir. 1987) (rejecting First Amendment defense in “Mutant of Omaha” phrase); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (rejecting parody defense).



advances the government interests in avoiding the harms of registration, and so the third prong of the *Central Hudson* analysis is readily satisfied.

Nor is Section 2(a)'s exclusion "more extensive than is necessary to serve" these substantial government interests – the final step under *Central Hudson*. 447 U.S. at 566. Congress chose to enact a focused limit on registration of disparaging trademarks, not an outright ban (or broader restriction) on such marks or other expression to the extent that they may otherwise have enjoyed existing protection at the state level. Compare H.R. Rep. No. 52-1860, at 3 (1892). Moreover, by creating the statutory cancellation procedure, Congress empowered the PTO to resolve decisions about registrability "in favor of [the] applicant and pass the mark for publication with the knowledge . . . that any person believed damaged by the registration would have the opportunity" to bring a challenge, thereby often avoiding any limitation on registration unless a challenger's interests are actually harmed by registration. *Mavety*, 33 F.3d at 1374. Because regulation of commercial speech – particularly where such regulations do not effect an outright prohibition – does not "require a fit between the restriction and the government interest that is . . . perfect, [only] reasonable," *U.S. v. Edge Broadcasting*, 509 U.S. 418, 429-30 (1993), Section 2(a) satisfies this final step of the *Central Hudson* analysis and is constitutional.

The conclusion that Section 2(a) is constitutional regulation is even clearer if the Court employs a relaxed application of the *Central Hudson* analysis, as it should. As the Fourth Circuit recognized in *Musgrave* with respect to the hybrid of government and private speech at issue there, the *Central Hudson* standard is not fixed, but instead serves as a more flexible "guide" to increased deference to government interests when commercial speech regulations present circumstances "not present in other commercial speech cases." 553 F.3d at 301; *see id.* at 307 (existence of "a comprehensive and 'carefully calculated effort'" by the government to regulate

supports a less “searching” application of *Central Hudson*). The limited expressive content of trademarks likewise warrants a deferential application of *Central Hudson*, analogous to the Supreme Court’s conclusion in compelled commercial disclosure cases that deferential review is warranted where – as is clearly the case here – there are “material differences” between the regulation and “outright prohibitions on speech.” *Zauderer v. Office of Discip. Counsel*, 471 U.S. 626, 651 (1985); *cf. American Meat Instit. v. USDA*, 760 F.3d at 21-23 (*en banc*) (holding that the test set forth in *Zauderer* applies to government interests beyond preventing consumer deception). These principles further confirm that Section 2(a) is a valid regulation of commercial speech.

### **III. Section 2(a)’s Exclusion of Disparaging Trademarks is Not Impermissibly Vague.**

Plaintiff’s challenge to Section 2(a) as impermissibly vague must be rejected because in providing legal advantages to registered trademarks, “the Government is acting as patron” by exercising its funds and authority to confer business advantages, so “the consequences of imprecision are not constitutionally severe.” *Finley*, 524 U.S. at 589; *see Hanky v. City of Richmond*, 532 F. Supp. 1298, 1309-11 (E.D. Va. 1982) (identifying criminal statutes and deportations as “archetypal” circumstances for vagueness challenge). In contrast to the principal cases on which PFI relies, cancellation of a registration involves no criminal liability, no civil penalty, no restriction on use, and therefore no limit on expression, and so it matters not whether Section 2(a) would raise “substantial vagueness concerns” if enacted in a penal context. *Finley*, 524 U.S. at 588; *compare* Pl. Br. at 18-22 (citing, *e.g.*, *Grayned v. Rockford*, 408 U.S. 104 (1972) (criminal penalty); *U.S. v. Lanning*, 723 F.3d 476 (4th Cir. 2013) (same); *City of Lakewood v. Plain Dealer Publ’g. Co.*, 486 U.S. 750 (1988) (ban on newspaper distribution); *Smith v. Goguen*, 415 U.S. 566, 572 n.8 (1974) (“No one may be required . . . to speculate as to

the meaning of penal statutes’’)). The vagueness doctrine simply has no application to a civil registration system for trademarks,<sup>34</sup> and because any expression is “commercial speech,” Pl. Br. at 7, “the overbreadth doctrine does not apply.” *Hoffman Estates*, 455 U.S. 496-97.

In any event, Section 2(a) neither “fails to provide people of ordinary intelligence a reasonable opportunity to understand what conduct it prohibits [n]or . . . authorizes . . . arbitrary and discriminatory enforcement.” *Giovani Carandola Ltd. v. Fox*, 470 F.3d 1074, 1079 (4th Cir. 2006). As the TTAB has explained, a disparaging trademark is one that may “dishonor by comparison with what is inferior, slight, deprecate, degrade, or affect or injure by unjust comparison.” *Harjo v. Pro Football, Inc.*, 50 USPQ2d 1705 \*35 (TTAB 1999). This definition, based on dictionaries published at the time of passage of the Lanham Act, constitutes a “comprehensible normative standard” in which a “standard of conduct is specified.” *Coates v. City of Cin.*, 402 U.S. 611, 614 (1971). If “disparage” is a word that “lack[s] the clarity [PFI] would insist on, it is because . . . ‘we can never expect mathematical certainty from our language.’” *Brown v. Town of Cary*, 706 F.3d 294, 306 (4th Cir. 2013) (quoting *Hill*, 530 U.S. at 732). Under PFI’s reasoning, the Act’s other prohibitions, such as those on registering marks that are “merely descriptive,” “likely to cause confusion,” or “functional,” would also fail.

The arguments by PFI and amici that an enumeration of purportedly contradictory

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<sup>34</sup> Even if the Court decides that some vagueness review is warranted, such review need not be searching, “given the subordinate position of commercial speech under the First Amendment,” *Harrell v. Florida Bar*, 915 F. Supp. 2d 1285, 1295 (M.D. Fla. 2011), the presumption that “businesses . . . consult relevant legislation in advance of action,” *U.S. v. Sun*, 278 F.3d 302, 309 (4th Cir. 2002), and the opportunity for trademark registrants “to clarify the meaning of the regulation by [their] own inquiry, or by resort to an administrative process.” *Village of Hoffman Estates v. Flipside Hoffman Estates*, 455 U.S. 489, 498 (1992). Importantly, registration decisions are conducted in writing, explained on-the-record (on evidence supplied by, *inter alia*, the applicant itself), with the opportunity to appeal to the TTAB and then to federal court, thereby protecting against “unreviewable” decisions and the “abuse of censorial power” that authorizes facial vagueness challenges. *Lakewood*, 486 U.S. 758-59. When the TTAB acts in a trial capacity, such as in a cancellation proceeding, the parties also have the opportunity to take discovery and present testimony. For this reason, there is simply no basis to assume that the TTAB acts on “political opinions,” or the “political climate.” Pl. Br. at 19, 21-23 (citing, e.g., *Dambrot v. Cent. Mich. U.*, 55 F.3d 1177 (6th Cir. 1995)).

registration decisions demonstrates vagueness through “arbitrary and inconsistent” application of Section 2(a) has no greater merit, and, if broadly applied, would undercut both the registration system and trademark law as a whole. As the Supreme Court has recognized in the context of merely descriptive marks under § 1052(e), registration decisions are done on the basis of a fact-specific, individualized “inquiry into the merits of an application.” *Park n Fly*, 469 U.S. at 202. Courts must make similar determinations when evaluating trademark challenges.<sup>35</sup> To hold that statutory terms like “confusion,” “descriptive,” or “disparage” are inconsistent with the First Amendment precludes any possibility of a trademark registration system that protects the free speech interests in “prevent[ing] commercial monopolization of language.” *San Fran. Arts & Athletics v. U.S. Olympic Comm.*, 483 U.S. 522, 573 (1987).

Ultimately, “the vagueness doctrine does not prevent governments from regulating vague concepts – it only requires that they provide some guidance for citizens to understand the reach of a law’s application.” *Brown*, 706 F.3d at 306.<sup>36</sup> Given the specific language in the statute, the PTO’s detailed interpretation of the statute and adoption of the “substantial composite” threshold, and that “core First Amendment speech is [not] at issue,” PFI has not met its burden to “demonstrate a greater level of vagueness.” *Harrell*, 915 F. Supp. 2d at 1295; *see U.S. v. Glenn*, 562 F.2d 324 (4th Cir. 1977) (even in criminal context, “indecent act” not unlawfully vague).

#### **IV. The Lanham Act’s Cancellation Procedure Does Not Violate the Fifth Amendment.**

PFI’s challenge to the trademark registration system is no more persuasive when

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<sup>35</sup> Notably, PFI’s examples do not demonstrate that administrative review by the TTAB, as opposed to individual examiners, have reached results that are even superficially contradictory. *See, e.g., In re Squaw Valley Dev. Co.*, 80 U.S.P.Q.2d 1264 (T.T.A.B. 2006) (cited by PFI) (providing the reasons distinguishing No. 3,322,061).

<sup>36</sup> The TTAB has explained why 30% of the population constitutes a “substantial composite,” TTAB Op. at \*28-\*29, and that the determination is to be made “in the context of [each] case,” *PFI v. Harjo*, 284 F. Supp. 2d 96, 133 n. 32 (D.D.C. 2003), so there is no vagueness problem with this standard.

repackaged in the guise of the Fifth Amendment.<sup>37</sup> This Court lacks jurisdiction over takings claims under the Just Compensation Clause (also known as the Takings Clause) of the Fifth Amendment, which must be brought in an action against the United States in the Court of Federal Claims. Such an action would be futile, however, because cancellation of PFI's federal registration for a trademark does not deprive PFI of the recognized property interest that is a predicate for both of its Fifth Amendment claims. For these reasons, Plaintiff's takings and due process claims must be rejected.

This action is between private parties and PFI did not plead claims against the United States. Yet the Just Compensation Clause of the Fifth Amendment "does not apply to private parties who are not state or governmental actors," *Bajwa v. Sunoco*, 320 F. Supp. 2d 454, 459 (E.D. Va. 2004), and therefore "does not provide for a cause of action against a private party." *Id.*; see *Gantt v. Security, USA*, 356 F.3d 547, 552 (4th Cir. 2004); *Lion Raisins, Inc. v. U.S.*, 416 F.3d 1356, 1362-63 (even where a private party or government agent effects a taking, "the suit must be brought against the United States"). PFI does not challenge the validity of the statutory cancellation procedure, nor assert that a taking occurred without a "public purpose," see Pl. Br. at 25-27, arguing only that the TTAB's order did not provide it with compensation, which must be obtained from the government, not a private party. See *Wisc. Truck Center v. Volvo White Truck Corp.*, 692 F.Supp. 1010, 1015-16 (W.D. Wis.1988), *rev'd in part* 894 F.2d 1338 ("If a 'taking' is found, the remedy is compensation from the government not relief from the judgment entered against another private party").<sup>38</sup> Moreover, for cases in which compensation of over

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<sup>37</sup> PFI's Notice of Constitutional Question, ECF No. 17, and the United States' intervention as a matter of right, ECF No. 46, extend only to PFI's First Amendment challenge. In light of its familiarity with the legal issues presented by PFI's Fifth Amendment challenge, the United States offers this discussion for the convenience of the Court.

<sup>38</sup> See also *First English Evangelical Lutheran Church v. Los Angeles Cnty.*, 482 U.S. 304, 314 (1987) (Fifth Amendment designed not to prohibit taking by government but to secure proper compensation from government).

\$10,000 is sought from the government and no other statute waives immunity from suit, the Tucker Act, 28 U.S.C. § 1491(a), provides for exclusive jurisdiction in the United States Court of Federal Claims. *See Ry. Labor Execs. Ass'n v. United States*, 987 F.2d 806, 815-16 (D.C. Cir. 1993); *United States v. Causby*, 328 U.S. 256, 267 (1946) (“[I]f there is a taking, the claim is ‘founded upon the Constitution’ and within the jurisdiction of the Court of Claims to hear and determine”). Finally, it is well-settled that the Constitution is not violated — and a takings claim is not ripe — until a claimant seeks and is denied compensation. *See Williamson Cty. Reg'l Plan. Comm'n v. Hamilton Bank*, 473 U.S. 172, 194 & n.13 (1985) (“[B]ecause the Fifth Amendment proscribes takings without just compensation, no constitutional violation occurs until just compensation has been denied”). This Court thus lacks jurisdiction over PFI’s takings claim.<sup>39</sup>

PFI’s Due Process and Just Compensation claims both are also defective because trademark registrants have no Fifth Amendment protected property interest in an erroneously-issued trademark registration, and absent “deprivation of a protected . . . property interest . . . the constitutional right to due process [and against takings] is simply not implicated.” *Iota Xi Chapter, Sigma Chi Fraternity v. Patterson*, 566 F.3d 138, 146 (4th Cir. 2009) (internal quotations and alterations omitted); *Roth v. King*, 449 F.3d 1272, 1286 (D.C. Cir. 2006) (“invalidity of a takings claim follows *a fortiori* from . . . failure to establish any entitlement that would qualify as property under the Due Process Clause”).

“Property interests . . . are not created by the Constitution,” *Bd. of Regents v. Roth*, 408 U.S. 564, 577 (1972), and “[t]here is no constitutionally protected right to federal registration of

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<sup>39</sup> *See also Empresa Cubana Exportadora v. Dep’t of Treasury*, 606 F. Supp. 2d 59, 81-82 (D.D.C. 2009) (no taking unless government action “appropriate[s] to the public use” or “vest[s] assets in the United States”). Moreover, even under the “economic impact” analysis proffered by PFI, it has failed to put forward any record evidence regarding any *change* in value to its trademarks, only evidence about the team’s actual value. Pl. Br. at 25-26.

any mark.” *In re Int’l Flavors & Fragrances*, 183 F.3d 1361, 1368 (Fed. Cir. 1999). Under the cancellation procedure applicable to Section 2(a), a registration may be cancelled as disparaging *only if it should not have issued* in the first instance, *i.e.*, if the Act did not properly entitle the mark to registration. *See Roth*, 408 U.S. at 577. For that reason, and because “[a] trademark, even a registered one, is not a property right, like a copyright or a patent, but merely an identifier of source,” trademarks are not “property” within the meaning of the Fifth Amendment. *Door Sys., Inc. v. Pro-Line Door Sys.*, 83 F.3d 169, 173 (7th Cir. 1996); *see Int’l Flavors*, 183 F.3d 1368; *cf. Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 605 (Fed. Cir. 1985) (property interest absent in legal presumption of patent validity).<sup>40</sup>

Plaintiffs’ argument is “based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.” *United Drug v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918); *see Visa, U.S.A. v. Birmingham Trust Nat’l Bank*, 696 F.2d 1371, 1375 (Fed. Cir. 1982). Rather, federal registration of a mark involves an applicant’s “voluntar[y] ent[rance] into an area which from the start is subject to pervasive Government control,” where a property interest is therefore lacking. *Hearts Bluff Game Ranch, Inc. v. U.S.*, 669 F.3d 1326, 1330 (Fed. Cir. 2012).<sup>41</sup> Indeed, PFI should have known that “even an incontestable mark is always subject to certain enumerated

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<sup>40</sup> Contrary to PFI’s selective quotation of *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673 (1999), the Court therein held there was *no* constitutionally-protected property right in the portion of the Lanham Act at issue, and declined, even in dicta, to recognize cognizable property interests in the rest; *see also Park ‘n Fly*, 469 U.S. at 208 (Stevens, J., dissenting) (no “public purpose would be served by granting incontestable status to a mark that should never have been accepted for registration in the first place”).

<sup>41</sup> *See also Dennis Melancon, Inc. v. City of New Orleans*, 703 F.3d 262, 272 (5th Cir. 2012) (similar); *Mobin v. U.S.*, 22 Cl. Ct. 331, 335 (Cl. Ct. 1991) (no taking where government action “merely involved an implementation of the very statutes and procedures that defined the scope of plaintiff’s property interest in the first place”).

grounds for cancellation of the registration.” *Holiday Inn v. Holiday Inns*, 534 F.2d 312, 320 (CCPA 1976). And the Lanham Act prohibits the transfer of a trademark except in connection with a transfer of the underlying goodwill of the business. 15 U.S.C. § 1060; *see U.S. v. Hedaithy*, 392 F.3d 580, 600 (3d Cir. 2004) (no protected property interest where hallmarks of “the concept of property” such as the right to transfer or sell it alone are absent).<sup>42</sup> For all of these reasons, PFI cannot establish that it has a property interest recognized by the Fifth Amendment for either of its claims.

Even if a property interest existed, however, PFI’s assertion that the Lanham Act provides insufficient process is meritless. Prior to any cancellation, a trademark registration holder is entitled to the benefit of extensive administrative proceedings and a hearing before a panel of independent administrative law judges. *See* 15 U.S.C. § 1067; 37 CFR §§ 2.111-2.136. This pre-deprivation process, moreover, is supplemented by the procedural rights to review in a new proceeding on the merits in federal district court. *Id.* § 1071(b). The panoply of procedural protections, including the capstone judicial review, would satisfy any hypothetically-required level of process. *See Hightower v. City of Boston*, 693 F.3d 61, 87 (1st Cir. 2012); *Mathews v. Eldridge*, 424 U.S. 319 (1976).

## CONCLUSION

For the foregoing reasons, should this Court reach the constitutional issues presented by PFI, judgment should be entered against PFI on those claims.

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<sup>42</sup> Indeed, property rights are limited even in a trademark itself, which cannot be sold “divorced from a product, because a trademark is significant only to the extent it helps consumers associate a product with a producer.” *Bodum USA v. La Cafetiere*, 621 F.3d 624, 631 (7th Cir. 2010); *Prem. Dental Prods. v. Darby Dental Supply Co.*, 794 F.2d 850, 853 (3d Cir. 1986) (“a trademark is not the subject of property except in connection with an existing business”).



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Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 23rd day of March, 2015, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

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