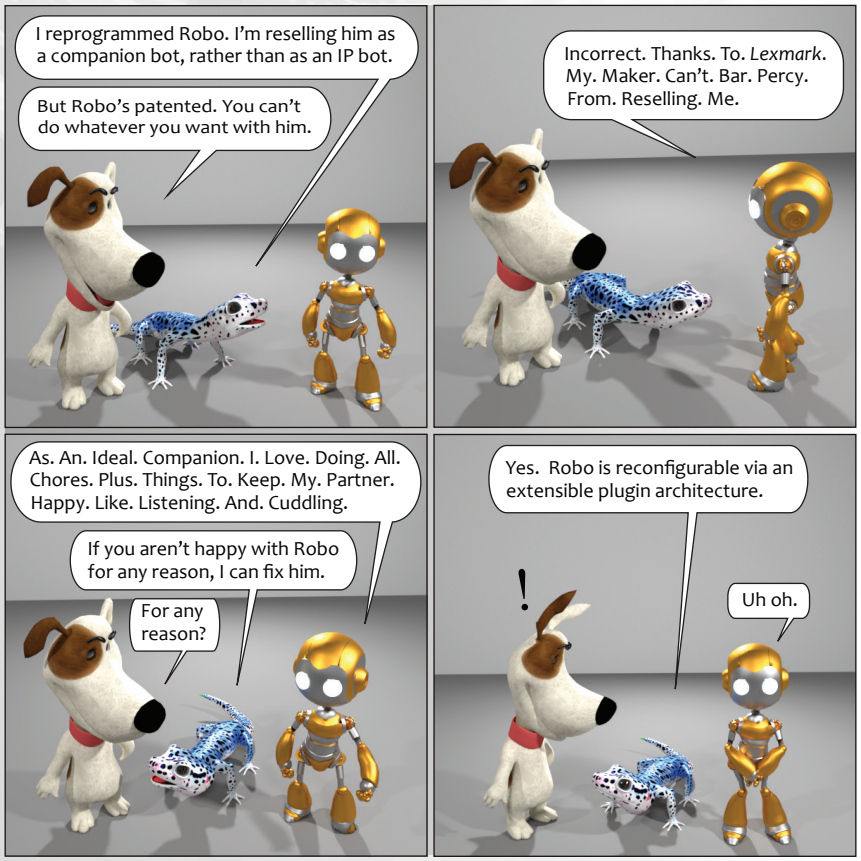
IP Musings with Learned Percy the Lizard & Paw

July 2017, Issue No. 11
by Jiyong David Chung



First Published in Patently-O

Matal v. Tam. (June 2017) Tam, the lead singer of the rock band "The Slants," sought to trademark "The Slants." The USPTO found "slants" or "slant-eyes" a derogatory or offensive term, and denied the application under a Lanham Act provision barring the registration of trademarks that may "disparage … persons, living or dead." 15 U.S.C. 1052(a) (known as the Disparagement clause). The Federal Circuit decided in favor of Tam, finding the Disparagement clause unconstitutional.

The Supreme Court agreed with the Federal Circuit, ruling that the Disparagement clause of the Lanham Act violates the Free Speech Clause of the First Amendment. The Court concluded that the Disparagement clause cannot withstand even the relaxed scrutiny under *Central Hudson* review.

The Court explored a number of USPTO arguments. One argument was that trademarks are a government speech, not just a private speech, and therefore, need not pass the First Amendment scrutiny. The Court noted that subject matter sought to be registered is the expression of the registrant, not that of the government, and that government's placement of its seal of approval does not render the material a government speech.

The Supreme Court Grants the Petition for Certiorari in Oil States Energy Services v. Greene's Energy Group, LLC (June 2017). By granting the petition for a writ of certiorari for *Oil States*, the Supreme Court will address the question of whether the Inter Partes Review (IPR) proceedings are constitutional. The case is important, because Supreme Court's decision has the potential to dismantle not only IPRs, but also affect other patent review proceedings.

Oil States argues that patents are private property and therefore, constitutional privileges that attach to private properties also adhere to patents. Thus, Oil States asserts that IPRs violate the right to a jury trial (i.e., the Seventh Amendment) and Article III, Section I of the United States Constitution, which recognizes that Congress may not withdraw from judicial process any matter which is the subject of a suit at the common law or in equity. Oil States asserts that patent suits arise at common law or in equity. In support of their position, Oil States cite to *McCormick Harvesting Machine Company v. C. Aultman Company*, 169 U.S. 606 (1898), which held that an examiner cancelling claims in an issued patent without the consent of the patent owner deprived the patent owner of property without due process of law. Also seems relevant is *Ex parte Wood*, 22 U.S. 603 (1824), in which the Court held that a patent could not be repealed based on summary proceedings without an opportunity to have a jury trial.

In opposing Oil States, Greene Energy and the USPTO argue that Congress may delegate authority to an administrative agency to adjudicate public rights. In their view, patents are "quintessential public rights" because they relate to a particular Federal Government action. In the past, the Federal Circuit upheld validity of IPRs. For example, in *MCM Portfolio v. Hewlett-Packard Co.*, 812 F. 3d 1284 (Fed. Cir. 2015), the Federal Circuit held that because Congress created patent rights in the first place, Congress can create an agency to decide validity of patents.