

United States Court of Appeals
for the
Federal Circuit

IN RE: SIMON SHIAO TAM

APPEAL FROM THE UNITED STATES PATENT AND TRADEMARK OFFICE,
TRADEMARK TRIAL AND APPEAL BOARD, SERIAL NO. 85/472,044

REPLY BRIEF ON BEHALF OF APPELLANT

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INTRODUCTION AND OVERVIEW

Appellant Simon Shiao Tam (“Applicant” or “Mr. Tam”) submits this Reply Brief in further support of his appeal and in response to the Brief for Appellee Director of the United States Patent and Trademark Office (the “Director”). The Director’s brief brooks no concession whatsoever regarding the Board’s affirmance of the obviously flawed procedure by which the U.S. Patent and Trademark Office (the “PTO”) refused a federal trademark registration for THE SLANTS in connection with the services described as “entertainment in the nature of live performances by a musical band” (the “Mark”). (A.¹ 24, 26.)

As detailed below, the Director’s response merely echoes the outcome-driven manner in which the PTO, and the Board in turn, committed and stubbornly stood by a series of egregious and, it is respectfully submitted, offensive procedural and legal errors in connection with the denial of Mr. Tam’s ‘044 application.² This includes, a stubborn insistence on a predetermined conclusion regardless of the obvious paucity of record proof to support the Director’s position as well as a resolute insistence on the position that it is appropriate to do what the PTO did in refusing Mr. Tam an application for THE SLANTS: To refuse a registration on grounds that explicitly include consideration of the ethnic or racial

¹ All references to “A. ___” are to the Joint Appendix.

² As set forth in Applicant’s opening brief, the instant appeal concerns the application for the Mark in connection with Serial No. 85/472044 (the “‘044 Application”).

identity of the applicant. Notwithstanding the “harmless error” attitude adopted by the Director, Mr. Tam demonstrated in his initial brief, and reinforces that showing here, that these arguments by the Director do not adequately support the conclusions affirmed by the Board under the law. Nor can they even be defended as good, sensible or fair policy, separate and apart from the troubling questions inevitably raised by §2(a) of the Lanham Act as currently understood.

First, contrary to the Director’s assertions, Mr. Tam’s submissions to the PTO during the examination process included reliable, credible evidence of the neutral, non-disparaging meaning of the word “slants” and hence, the Mark. It was in every respect superior, under the standards promulgated by the PTO itself, to the quality of purported proof the Examining Attorney relied on in coming to and defending his contrary conclusion. Indeed, when challenged on the point, the Examining Attorney refused, or was unable, to articulate a coherent rationale for rejecting the evidence submitted by Mr. Tam or to justify his evidentiary preferences on objective grounds. In its own circle-the-wagons mode, the Board likewise refused to explain why Mr. Tam’s proof was not sufficient “competent evidence” to overcome a *prima facie* finding of disparagement. Nor did it justify the fact that, rather than seeking contemporaneous proof of how the Mark was being used at the time of the application – either by the PTO’s own investigation, i.e., visiting Applicant’s website, or requesting additional proof from Applicant –

the Examining Attorney insisted on his conclusory determination of how the Mark was being used with respect to the '044 Application by the Office Action refusing Applicant's earlier – and different – application Serial No. 77/952263 (“‘263 Application”), which Mr. Tam abandoned **precisely** because of the problems it raised under §2(a). Nothing in the Director's brief comes close to justifying this mockery of administrative regularity and fairness.

Second, while Mr. Tam did, as briefly addressed above, submit more than adequate proof to rebut the Examining Attorney's disparagement finding, the Board failed to take the stand it should have in addressing the fact that, regardless of the outcome in a given case and its policy interests regarding a §2(a) application, the PTO here failed in every respect to establish a *prima facie* case for disparagement under its own standards. The Examining Attorney's cavalier approach to meeting the PTO's burden of proof in a §2(a) refusal failure blew past the PTO's examining guidelines, past Board and Federal Circuit precedent, and past any recognizable standard of administrative legal procedural fairness. This is true not only with respect to the Examining Attorney's cherry-picking of evidence and unjustified ignoring of contrary proof, but the highly troubling policy and wholesale refusal of any application by an applicant who has been refused in the past for a similar or even identical mark regardless of the content of the application. The Director's suggestion that this improper procedural approach is

defensible based on an quoted comment by Applicant only proves the bankruptcy of this position as a matter of administrative due process considering that the comment itself comes from the very material copied and pasted from the '263 Application's Office Action into the one that is the subject of this appeal.

The foregoing errors are more than mere procedural irregularities that should be excused as harmless because the outcome fit some notion of propriety or comports with supposed facts neither properly authenticated nor even found in the record. These errors taint the Board's substantive conclusions in a way the Director's brief fails to excuse or rectify. Far more importantly, and with respect to concerns that mean far more than this Applicant and this Mark, affirmance here would amount to a green light to the PTO to ignore procedural regularity, and to the Board to abandon its responsibilities to provide meaningful oversight and guidance, as long as the outcome comports with popular or political notions of correctness.

For these reasons, as well as those further examined below, the Board's decision should be reversed with directions to order registration of Applicant's Mark.

ARGUMENT

This Court explained in *In re Gartside*, 203 F.3d 1305, 1312 (Fed. Cir. 2000) that substantial evidence review "involves examination of the record as a

whole, taking into account evidence that both justifies and detracts from an agency's decision." *Recot, Inc. v. M.C. Becton*, 214 F.3d 1322 (Fed. Cir. 2000) clarified a question left open by *Gartside*, holding that the Board's factual findings will be upheld "unless they are unsupported by substantial evidence." *Id.* at 1327. Accordingly, this Court reviews the Board's findings of fact for substantial evidence.

Here, the evidence that detracts from the Board's decision, which is examined in Mr. Tam's principal brief and elaborated upon below, overwhelms any evidence that can possibly be said to support the Board's conclusion. (A. 46-206.)

I. THE BOARD ERRED IN REJECTING APPLICANT'S COMPETENT EVIDENCE

Unlike the most cases involving §2(a), the Mark here consists of two standard English words (THE SLANTS) that in and of themselves have a neutral, non-disparaging meaning. Applicant submitted credible evidence supporting the non-disparaging inherent meaning of the word "slant," which included in his May 29, 2012 response to the First Office Action a reproduction of the full entry from the *American Heritage Dictionary* which itself had been relied on by the Examining Attorney and which showed both the full range of definitions for the word "slant" and the relatively low placement of the definition on which the Examining Attorney relied. (A. 219, 282.) Mr. Tam also analyzed the specimens

submitted with his '044 Application closely (A. 221-224, 282) and included as an exhibit five exemplary registrations of the word SLANT allowed since 2008 – not as precedent, but as a evidence of the neutral, non-disparaging meaning of the word. (A. 228-233, 282.) Mr. Tam also submitted a reproduction of the online Oxford English Dictionary entry for the word “slant.” (A. 234-237, 282.)

Applicant’s evidence was sufficient to overcome a *prima facie* finding that the Mark was inherently disparaging. *See In re Pacer Tech.*, 338 F.3d 1348, 1352 (Fed. Cir. 2003) (concerning lack of inherent distinctiveness under §2(e)(1)). If, therefore, the PTO had set forth a “reasonable predicate” sufficient to establish a *prima facie* case of disparagement (inherent or otherwise), Mr. Tam’s evidence should have satisfied the “competent evidence” standard required to rebut such a showing. *See id.* (The PTO has the burden to establish a *prima facie* case, which the applicant may rebut with “competent evidence.”) We do not know, however, if, or on what basis, the Examining Attorney found otherwise: Neither the Examining Attorney nor the Board acknowledged the existence of this evidence, much less rebutted it; and both would later assert that Mr. Tam submitted no proof at all to support a non-disparaging meaning of “slant.” The Director takes the same approach, refusing even to attempt showing that the Board’s finding was based on “such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.” *Consol. Edison Co. v. NLRB*, 305 U.S. 197, 229 (1938).

Under *Gartside*, “substantial evidence” review requires an examination of the whole record to examine the evidence both affirming and refuting the Board’s determination. *See* 203 F.3d at 1312. “Mere uncorroborated hearsay or rumor does not constitute substantial evidence.” *Consol. Edison*, 305 U.S. at 229. The record here shows that the Board failed completely in its obligation to review, weigh and explain its grounds for accepting or rejecting evidence – not only that of the PTO, but that of the Applicant – or to justify the PTO’s reliance on recycled material from Mr. Tam’s prior ‘263 Application. (A. 277-296.) The Director unhesitatingly endorses these errors and invites this Court to do the same. Its invitation should be rejected, as this Court has rejected similar ones in the past. *See Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1267 (Fed. Cir. 2002) (Board’s conclusion not supported by substantial evidence where it “did not consider the important evidence already before it”).

Ultimately, the Board ignored Mr. Tam’s evidence, merely adopting the PTO’s mantra that “once a disparaging application, always a disparaging application.” This was error. Applicant’s evidence was competent to overcome any reasonable predicate asserted by the Examining Attorney; it was merely disregarded. The Director does not deny this. Because the Board refused to consider all the evidence, its conclusion is not supported by substantial evidence as a matter of law and reversal is appropriate.

II. THE EXAMINING ATTORNEY FAILED TO SET FORTH A REASONABLE PREDICATE SUFFICIENT TO ESTABLISH A PRIMA FACIE FINDING OF DISPARAGEMENT

The Director concedes, as she must, that it is the Examining Attorney’s burden to establish a *prima facie* predicate for finding the Mark ineligible for registration under §2(a). (Dir. Br.³ at 21.) *See In re Pacer Tech.*, 338 F.3d at 1351. The Examining Attorney failed to satisfy that burden. Though the Examining Attorney argued to the Board that the “refusal is based on the evidence of record, including applicant’s own statements as to the meaning of the mark, and the application of Trademark Act Section 2(a)” (R. 308 n. 2), there is no “evidence of record” specific to the ‘044 Application that could support that finding – merely evidence of some other record, i.e., a previous, abandoned application. (App. Br.⁴ at 3-4, 16-20.)

There is no legal basis, however, for defining the “record” of a trademark application in such a vague – and party-specific, i.e., personal – manner. Such a capricious “mark of Cain” practice allows the PTO to refuse registration to **anyone** who ever filed an application for a similar mark which was initially refused –

³ Citations to the Brief for Appellee—Director of the United States Patent and Trademark Office dated August 4, 2014 are referred to herein as “Dir. Br. at ____.”

⁴ All references to the Brief on Behalf of Appellant dated April 21, 2014 appear herein as “App. Br. at ____.”

regardless of the differences between the applications or the operative facts at the time of the new one. Yet the Director demands just such power over individuals seeking a trademark registration.

Such a practice raises serious due process questions. *See, e.g., Vill. of Willowbrook v. Olech*, 528 U.S. 562, 564 (2000) (equal protection clause protects “class of one” where plaintiff alleges intentional treatment from others similarly situated and there is no rational basis for difference in treatment). But it is also inconsistent with §704.01 of the Trademark Manual of Examining Procedure (8th ed., October 2011) (the “TMEP”) itself, which mandates⁵ that an Examining Attorney perform a “complete examination” of every application. As argued in Applicant’s initial brief, merely importing a response from another application by the same applicant – because he is the same applicant – does not meet that requirement.

Faced with the fact that there was no *bona fide* examination of the ‘044 Application, the Director maintains that “Mr. Tam never offered, in response to any action by the Examining Attorney, any rebuttal to show, for example, that the use of the mark in the marketplace has changed” or “that the public perception of the mark has changed since the Examining Attorney did his research” during the

⁵ § 704.01 of the TMEP then in effect at the time of the Examining Attorney’s “examination” of the ‘044 Application contains the same language as the current TMEP (April 2014, ed.).

period of more than one year before Mr. Tam filed his '044 Application – confusing public perception of the Mark, a criterion that concerns Applicant's **use**, with the Mark's **meaning**. (Dir. Br. at 22, 23.) The Director then asserts that “the Board correctly reviewed the evidence of possible meanings of the word ‘slants’ and correctly picked the one that was implied by the band’s use of the mark and the public’s perception of that use, and because Mr. Tam presented no contrary evidence, the Board’s determination of the mark’s likely meaning is supported by substantial evidence.” (Dir. Br. at 24.)

But the Director errs with respect to the assignment of burdens under the law. The evidentiary burden on a §2(a) refusal lies with the Examining Attorney, not with the Applicant. *See Pacer Tech.*, 338 F.3d at 1350. That burden shifts to the applicant **only** after the Examining Attorney establishes a reasonable predicate for refusal. And a reasonable predicate is, axiomatically, something the PTO establishes respecting an **application** – **not an applicant**. Contrary to the Director’s view, the law does not permit the PTO to treat Mr. Tam, or anyone, as someone who comes to the PTO encumbered with his own “reasonable predicate,” thus relieving the Examining Attorney of the legal burden of justifying §2(a) refusals of any application he files.

The Director seeks refuge from this troubling position in a single thirty-year old case, *Specialty Brands, Inc. v. Coffee Bean Distributors, Inc.*, 748 F.2d 669,

673 (Fed. Cir. 1984), which in turn relied on *Interstate Brands Corporation v. Celestial Seasonings, Inc.*, 576 F.2d 926, 198 USPQ 151, 154 (CCPA 1978). The Director cites *Specialty Brands* for the proposition that “a party’s statement in ‘a similar proceeding involving similar marks and goods is a fact’ that ‘may be considered relevant and competent.’” (Dir. Br. at 19-20; *see also* Dir. Br. at 24.) But the facts and procedural situation here render the holdings of these cases entirely inapposite.

First, procedurally, this is an appeal from an *ex parte* proceeding, whereas *Specialty Brands* and *Interstate Brands* were *inter partes* cases where the party being charged with his earlier statements was also a party to the proceeding appealed from. *Interstate Brands*, 576 F.2d at 929. *Specialty Brands* was concerned entirely with the question of confusing similarity between competing marks, and in such a competitive context it is indeed reasonable to hold a party accountable for his statements concerning confusion as they relate to the marks at issue. For that matter, even when admitted such statements are afforded only a limited effect. *See id.* It is worth excerpting the entire relevant passage from *Interstate Brands* to demonstrate both its limited applicability generally and its patent irrelevance to this appeal:

The opinion of an interested party respecting the ultimate conclusion involved in a proceeding would normally appear of no moment in that proceeding. Moreover, it is known at the outset. One may assume, for example, that an opposer believes confusion likely and that a

defending applicant does not. That a party earlier indicated a contrary opinion respecting the conclusion in a similar proceeding involving similar marks and goods is a fact, and that fact may be received in evidence as **merely illuminative of shade and tone in the total picture confronting the decision maker. To that limited extent**, a party's earlier contrary opinion may be considered relevant and competent. **Under no circumstances, may a party's opinion, earlier or current, relieve the decision maker of the burden of reaching his own ultimate conclusion on the entire record.**

Id. (emphasis added). While the Examining Attorney seems to have treated Mr. Tam as an adversary during the application process, there is little justification for borrowing this evidentiary ruling. And nothing in *Interstate Brands* supports the “personal dossier” approach to trademark examination defended by the Director here. None of this should even matter, however, because on the merits the Examining Attorney's “evidence” of the Mark's **meaning** (again, not to be confused with its **use** by Applicant) was, per the First Office Action, his hand-picked collection of so-called “dictionary” definitions. And Applicant's initial brief demonstrated, as it did before the Board, that the Examining Attorney gave undue and unjustified weight to secondary and tertiary definitions of the word “slants” in derogation of TMEP §710.01. That rule provides that “[i]n appropriate cases, the examining attorney may also present evidence that may appear contrary to the USPTO's position, with an appropriate explanation as to why this evidence was not considered controlling.”

TMEP §710.01 was simply disregarded, however, despite Mr. Tam's submission of evidence casting serious doubt on the definitions and materials relied on by the Examining Attorney. (A. 234-35; *see also* A. 219 (citing the PTO's own definitions from the *American Heritage Dictionary* appearing at A. 140-41).) Applicant's definitions are, objectively far more appropriate than the obscure, conflicting fourth and ninth-level dictionary definitions relied upon by the Examining Attorney and the Board. (A. 136, 140-41.) Neither the Examining Attorney nor the Board, however, ever deigned to address Mr. Tam's evidence or arguments, though the Director does concede now that the PTO's reliance on the Examining Attorney's dubious trove of obscure publications was probative merely of "a **possible** meaning, not to prove that it had chosen the correct **likely** meaning." (Dir. Br. at 18; emphasis in original.) As explained in Applicant's principal brief, however, the question to be determined by the Board is not the "possible meaning" of the Mark but, indeed, its "correct" "likely meaning." *See e.g., In re Squaw Valley Development Co.*, 80 USPQ2d 1264, 2006 WL 1546500, at *10 (TTAB 2006) (dictionary definitions go to "likely meaning" of mark). In sum, the Examining Attorney never made out a reasonable predicate for finding the Mark disparaging, failed to proffer substantial competent evidence to support his conclusions, ignored contrary evidence even within his own proofs and disregarded, without explanation, evidentiary submissions as to meaning by

Applicant of at least equivalent quality to those on which he relied. Thus, the Examining Attorney's refusal to register the Mark cannot be justified as a matter of law. Despite its own ruling *In re Leo Quan Inc.*, 200 USPQ 370, 1978 WL 21550 (TTAB 1978), in which the Board disapproved of assigning sordid motives to an applicant seeking registration of a facially inoffensive mark, the Board approved the Examining Attorney's "prosecution" of the '044 Application in a manner that did just that. He made no request for additional information to ascertain those motives, performed no contemporaneous research and was determined to box Applicant into a position he once took concerning a different application.

Certain of what the outcome would be regardless of the operative, current facts, the Examining Attorney could not allow himself to be distracted by them. And the Board, in affirming, gave its blessing to this distortion of the examining process. Reversal of the Board's decision affirming the refusal is therefore appropriate.

III. THE PTO AND BOARD'S EVIDENTIARY RULINGS CONSTITUTE REVERSIBLE ERROR

A. The PTO and the Board's Consideration of the Content of Applicant's '263 Application was Improper

As set forth in the previous section, the Director argues that it was "entirely proper for the Board to rely on evidence that Mr. Tam submitted earlier in connection with his ['263 A]pplication ... and evidence that the Examining

Attorney adduced in that application.” (Dir. Br. at 19.) The Applicant has demonstrated, it is respectfully submitted, that there is no legal basis for doing so and that, indeed, there are significant legal and constitutional objections. Additionally, there are, as a matter of trademark law and examining procedure, other important reasons for restricting investigation concerning a mark’s use to specimens submitted with an application and independent research, arising from the pending application only, that concerns the use of the mark.

Allowing consideration of specimens from abandoned or refused applications into examination of a pending one has the potential for endless mischief. As the Examining Attorney wrote in refusing registration, “Notably, this is not applicant’s first time before the United States Patent and Trademark office seeking registration of the mark THE SLANTS for live musical performances. . . .”, which was followed by incorporation by reference of the entire previous application into the record of this one. (A. 247 n.1.) There are two implications to be made from this formulation. One is that if Applicant had submitted suitably “non-Asian” specimens in support of the ‘263 Application, he could have “pulled off” the harmful registration allowance the PTO has since worked so hard to prevent. The other is that if the later ‘044 Application had not been filed by “this Applicant,” but by another band member – perhaps one with a non-Asian name – the outcome would have been different.

No one charges the PTO with continuously monitoring and cataloguing the content of past applications to ascertain whether they may be found to somehow affect the examination of new applications. Not only would such a system be unworkable, it would also inherently place the examination process at the continued mercy of infinite subjective assessments on an infinite number of possible axes. With respect to §2(a) issues alone, and allowing the Director's interpretation prohibiting registration of any trademark for which a disparaging meaning can "possibly" be inferred from that applicant's prior applications, the inquiries, complications and degrees of inappropriate personal dossier-building and ethnic categorization at the PTO would amount to a nightmare of administrative, legal and constitutional dimensions.

Through a dense fog of obfuscation, the Director ultimately acknowledges the PTO's reliance on Applicant's "old image," i.e., the image that has no basis in the '044 Application or any contemporaneous evidence developed as part of the examination for it. (Dir. Br. at 21.) The Director justifies this, however, on the ground that Applicant failed to submit "evidence that the public has jettisoned the old image in favor of a new image." (*See id.*) The obvious problem with this response is that, again, it assigns to Applicant, personally, an "image" that the PTO improperly deems a relevant consideration in connection with any application for a trademark registration for the rest of his life.

And what is the basis of this presumptive “image”? The PTO’s only “evidence” of Mr. Tam’s “old image” can only be either the specimens from the ‘263 Application or the Internet quotes and blog comments unearthed by the Examining Attorney to support the refusal of that first application. Neither of these, however, meets the relevant evidentiary standards, assuming there is one for an “applicant’s image.”

Regarding the ‘263 Application’s specimens, the Director insists that these are perfectly good proof that, notwithstanding their absence from the ‘044 Application, Applicant “Mr. Tam deliberately uses [present tense] the mark to refer generally to people of Asian descent”⁶ (Dir. Br. at 39.) Acknowledging that

⁶ Having no response to Applicant’s criticism that the record contains no evidence about the attitude of Asian Americans in general toward the term “slants”, the Director, citing to *In re Watts*, 354 F.3d 1362, 1367-68 (Fed. Cir. 2004), responds that Mr. Tam never before argued this point to the Board and that his argument has therefore been waived. (Dir. Br. at 25-26.) The Director’s waiver claim here is incorrect.

First, *Watts* was decided in the context of an appeal from the decision of United States Board of Patent Appeals and Interferences (“Patent Board”) affirming the rejection of applicant’s patent claims. *See id.* at 1364-1365. In fact, the case has never been endorsed by any court, let alone this one, for the proposition that it applies to any aspect of a trademark proceeding.

Second, the preclusive effect discussed in *Watts* arose from the applicant’s failure to previously argue his interpretation of prior art that was never before presented to the Patent Board. *See id.* at 1367-68. By contrast, nothing approaching this sort of “absence of argument” can be said to exist here. On appeal, Mr. Tam argued vociferously that the PTO’s unsupported conclusion surrounding his alleged ethically-oriented use of the Mark was improper. (A. 291-295.) His prior arguments, therefore, necessarily subsume all of the arguments made on this appeal concerning the alleged “Asian-relatedness” of his Mark.

under the Federal Rules of Evidence its evidence on this score would be of dubious value, the Director objects that these standards do not apply to *ex parte* proceedings. (Dir. Br. at 23.) The Director, however, suggests no alternative standard. Considering that the Federal Rules of Evidence are utilized in *inter partes* trademark proceedings, it is hard to see why they should not at least guide the evidentiary analysis on this appeal.

B. The Examining Attorney’s “Dictionary” Evidence Failed to Constitute Substantial Evidence

Looking for daylight on what is perhaps the weakest aspect of the Board’s decision, the Director argues that the dictionary definitions relied by the PTO and accepted by the Board constitute “substantial evidence” because “[w]here two different conclusions may be warranted based on the evidence of record, the Board’s decision to favor one conclusion over the other is the type of decision that must be sustained.” (Dir. Br. at 25). The Director quotes *In re Viterra Inc.*, 671 F.3d 1358 (Fed. Cir. 2012), but badly misuses it.

Viterra was an appeal from the Board’s affirmance of the Examining Attorney’s refusal to register the trademark XCEED for “agricultural seed.” The Court found that substantial evidence supported the Board’s determination that the proposed mark was likely to cause confusion with a previously-registered mark and affirmed. *See id.* at 1368. But nowhere in the *Viterra* decision does the Court address the weight to be given competing dictionary definitions or the significance

of the ordering of alternative definitions given in a word's entry. As Applicant has shown, the dictionaries at issue here explain that definitions are "arranged for the convenience of the reader **with the central and often the most commonly sought meaning [appearing] first.** (A. 287; emphasis in original.) It is no surprise that the Director is at pains to make this fact go away, but *Viterra* is not the magic wand by which that trick will be performed. *Viterra's* sole reference to dictionary evidence is confined to a discussion of the differences in pronunciation between the two marks, i.e., "ikSEED" versus "EKS-seed," not their meanings. *See id.* at 1367.

The Director's attempt to cut off this Court's expected analysis of the competing arguments arising from the dictionary evidence is understandable. The Examining Attorney's heavy-handed misuse of dictionary guidance was inexcusable; the Board's complete failure to address it incomprehensible. By relying on it, however, the Examining Attorney failed to meet his burden of showing that the word "slant" is derogatory.

IV. §2(a) OF THE TRADEMARK ACT IS AN UNCONSTITUTIONAL RESTRICTION OF APPLICANT'S COMMERCIAL SPEECH

As Applicant's initial brief addresses, the reasoning in *In re McGinley*, 660 F. 2d 481, 486 (CCPA 1981) should not stand as "binding precedent" for rejecting his First Amendment arguments. The *McGinley* court's cursory conclusion that an applicant's First Amendment rights are not abridged by the refusal to register a

mark because no conduct is proscribed, and no tangible form of expression is suppressed, is not consistent with changes to modern trademark principles as embodied in the Lanham Act as amended by the Trademark Law Revision Act of 1988. These contemporary considerations militate in favor of revisiting *McGinley* and harmonizing the law concerning trademark registration with Supreme Court precedent acknowledging that the First Amendment can be abridged by inhibitions and indirect discouragements of speech. *See Lamont v. Postmaster Gen. of U.S.*, 381 U.S. 301, 309 (1965) (Brennan, J., concurring); *Am. Commc'ns Ass'n, C.I.O., v. Douds*, 339 U.S. 382, 402 (1950). Indeed, the conclusion that §2(a) governs registration merely, and not true trademark rights, seems at odds with the mandate that “one is not to have the exercise of his liberty of expression in appropriate places abridged on the plea that it may be exercised in some other place.” *Schneider v. State of New Jersey, Town of Irvington*, 308 U.S. 147, 163 (1939).

The Director concedes that trademarks are commercial speech which are entitled to some form of First Amendment protection, but objects to Applicant’s characterization of §2(a) as overbroad. (Dir. Br. at 32 n. 3, 34 n. 5.) While the Supreme Court has held that obscenity is not protected speech, §2(a) of the Lanham Act restricts the right to use and register marks that, while not obscene, are deemed to be “disparaging.” The Supreme Court has held that where obscenity is not involved, the fact that protected speech may be offensive to some does not

justify its suppression. *See Carey v. Population Servs., Int'l.*, 431 U.S. 678, 701 (1977). Because there is much constitutionally protected speech which falls within the ambit of §2(a), in this sense the statute is overbroad and constitutionally infirm.

For this reason, this Court's rejection of First Amendment arguments in *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1343 (Fed. Cir. 2003) is of questionable applicability here. *Boulevard* arose in the context of the question left open in *In re Mavety Media Group, Ltd.*, 33 F.3d 1367 (Fed. Cir. 1994) as to whether dictionary evidence alone can be sufficient to satisfy the PTO's burden in the face of evidence showing that a mark has only one pertinent – and obscene – meaning. *Boulevard*, 334 F.3d at 1341-42. But the Mark here is neither vulgar nor obscene. Recognizing the special treatment the law permits concerning official adoption of obscene speech, Applicant's position is that the statute's restrictions on **non-obscene** commercial speech is unconstitutional, and that *Boulevard* does not control.

While many of the benefits conferred by a registration existed at the time of the *McGinley* decision, the Trademark Law Revision Act of 1988 significantly expanded the substantive rights afforded to owners of federal trademark registrations. *See* 1 McCarthy on Trademarks and Unfair Competition § 5:9 (4th ed.) One of the more notable amendments in 1988, was the introduction of the new concept of “constructive use” which provides that “[c]ontingent on the registration

of the mark on the Principle Register, the filing of an application to register constitutes ‘constructive use’ of the mark. This confers a right of priority, nationwide in effect” *Id.*; *see also* 15 U.S.C. § 1057(c).

Here, Mr. Tam chose to avail himself of the constructive use provisions of the Lanham Act by filing a §1(a) use-based application. (A. 24, 26.) Had he been granted a registration his constructive use date would have been November 15, 2006, the date of first use claimed in his ‘044 Application. (*See id.*) Thus, while the Director claims that Applicant’s constitutional arguments are unjustified, such an argument is hollow.

Mr. Tam’s date of first use is obviously of significance. Even a single day of prior use could be sufficient to allow a third-party to come forward and preclude him from using the Mark. Each of the cases the Director relies on in concluding that Applicant’s impairment here is *de minimis* overlooks the fact that even a minor intrusion on his First Amendment rights cannot be sustained as a matter of law. *See Lamont*, 381 U.S. at 309 (Brennan, J. concurring) (“In any event, we cannot sustain an intrusion on First Amendment rights on the ground that the intrusion is only a minor one.”) As stated by the Supreme Court in *Boyd v. United States*, 116 U.S. 616, 635 (1886) more than 125 years ago:

It may be that it is the obnoxious thing in its mildest and least repulsive form; but illegitimate and unconstitutional practices get their first footing in that way, namely, by silent approaches and slight deviations from legal modes of procedure.

Lamont, 381 U.S. at 309, quoting *Boyd*, 116 U.S. at 635. Although Mr. Tam submits that his loss of the benefits under the Lanham Act are indeed significant, he need not show the significance of this benefit. “[T]he injury incurred through the deprivation of commercial speech rights cannot be quantified solely in terms of transaction costs and lost profits to a single market participant.” *Pac. Frontier v. Pleasant Grove City*, 414 F.3d 1221, 1236 (10th Cir. 2005).

The standard to be applied in reviewing commercial speech regulations is the three-part test set forth in *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557, 564, (1980), which provides that (1) the government must assert a substantial interest to be achieved by the regulation; (2) the regulation must directly advance that governmental interest, meaning that it must do more than provide “only ineffective or remote support for the government’s purpose”; and (3) although the regulation need not be the least restrictive measure available, it must be narrowly tailored not to restrict more speech than necessary. *Id.*

Nevertheless, in the face of this standard, the Director argues that “Mr. Tam’s First Amendment rights are not implicated” because Congress clearly was protecting a significant governmental interest when it enacted §2(a). (Dir. Br. at 32, 33 n. 4., 35 quoting *McGinley*, 660 F.2d at 486.) Although the Director does not dispute the paucity of legislative history surrounding §2(a) as discussed in Mr.

Tam's principal brief, it nevertheless contends that "the policy of the disparagement provision", and therefore the governments interests at issue, are nevertheless "clear [from] its face." (Dir. Br. at 33 n. 4.) To the contrary. Mr. Tam submits that the policy surrounding disparagement under §2(a) is far from clear, and certainly not clear from its face.

The only governmental interests the Director offers to justify the "disparagement" clause of §2(a) is that it ensures that certain marks do not occupy the "time, services, and use of funds" of the federal government. (Dir. Br. at 35, citing *McGinley*, 660 F.2d at 486.) But these "interests" cannot be said to rise to the level of substantial, and are, in any event, arguably pretextual. This pretext permits – or requires – the PTO to act as a moral assessor, for which it has no mandate from Congress nor the resources to execute, if such resources could even be identified.

The Supreme Court has stated that shielding the public from offense is not a justification validating the suppression of expression protected by the First Amendment. *See Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 71-72 (1983) (government's interest in shielding recipients from materials they are likely to find offensive not "substantial"), citing *Carey*, 431 U.S. at 701. Where obscenity is not involved, the fact that protected speech may be offensive to some does not

justify its suppression. *See id.* Thus, from this perspective, there is no distinction between commercial and non-commercial speech. *See id.*

Nor can Mr. Tam agree with the Board's unsupported suggestion that people, as opposed to businesses, are deserving of different treatment under §2(a), such that the PTO should deny registrations to marks which might offend a particular group. (*Compare* A. 17 with App. Br. at 28 n.8.) Indeed, society as a whole is advanced not endangered by the free flow of ideas and the registrations of marks engendering different viewpoints. *See generally*, William M. Landes and Richard A. Posner "The Economics of Trademark Law" 78 *The Trademark Reporter* 267, 273 (1988) (trademarks enrich language and culture). Thus, Mr. Tam's Mark should be permitted to find acceptance or rejection in the commercial marketplace as well as the marketplace of ideas.

The Director's argument that denying registration to an alleged disparaging mark serves a legitimate governmental interest not to divert the time, services and funds of the federal government – even assuming that such objectives rise to the level of a substantial interest (which they do not) – ignores the fact that such time, services and financial resources are equally expended by the PTO in refusing registrations of such marks and defending such refusals on appeal. As the dissent in *McGinley* aptly noted more than 30 years ago, "[m]ore 'public funds' are being

expended in the prosecution of this appeal than would ever result from the registration of the mark.” *McGinley*, 660 F.2d at 487 (Rich, J., dissenting).

V. THE REFUSAL TO REGISTER APPLICANT’S MARK VIOLATED THE FIFTH AMENDMENT

The Director finds it significant that Mr. Tam may continue to use the Mark and may continue to rely of his common law rights in doing so. (Dir. Br. at 32-34.) But this argument trivializes the value of a federal registration in contravention of the intent of the Lanham Act. *See, e.g., Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 199-200 (1985).

As explained in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 782, n.15, (1992), the Lanham Act sought to achieve two goals:

The purpose underlying [the Lanham Act] is twofold. One is to protect the public so it may be confident that, in purchasing a product ... , it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.

(Stevens, J., concurring), quoting S. Res. No. 1333, 79th Cong. 2d Sess., at 3 (1946). Here, under the guise of §2(a), the Examining Attorney has been permitted to deny Applicant all of the benefits afforded by the Lanham Act without so much as conducting an examination of Mr. Tam’s ’044 Application. (App. Br. at 18, 44 n.15.) Unequivocally, a federal registration is a valuable property right, the denial of which in this instance constitutes an unlawful taking under the Fifth

Amendment. Thus, Mr. Tam's right to a registration may not be denied without due process.

In further defense of Mr. Tams' due process challenge, the Director argues that §2(a) is "sufficiently precise." (Dir. Br. at 35, citing *McGinley*, 660 F.2d at 484.) But this case demonstrates the opposite. Considering the impact of the statute on constitutionally protected speech, the general test of vagueness must be applied with particular scrutiny. *See, e.g., Hynes v. Mayor & Council of Borough of Oradell*, 425 U.S. 610, 621 (1976) (stricter standards of permissible statutory vagueness may be applied to a statute having a potentially inhibiting effect on speech.) And, while the Director cites to a raft of cases employing the Board's now well-established two-part test established in *Squaw Valley* to demonstrate the existence of the Board's purported "precision" in adjudicating §2(a) disparagement cases (Dir. Br. at 36), the Director has not shown that §2(a) actually meets a lesser precise due process test; instead, it has merely shown that the Board utilizes such a test. Based on the record here, it does a very poor job of it.

The decision in *McGinley* was rendered at a time when the benefits of registration were deemed to be "more procedural than substantive." *McGinley*, 660 F.2d at 484. The folding of constructive use into the registration process, however, fundamentally altered our trademark jurisprudence and justifies greater attention to due process. The meaning of "disparage" – and, indeed, of "person" – is so

imprecise that §2(a) fails to meet the constitutional requirement that a statute be sufficiently clearly defined so as to not cause persons “of common intelligence necessarily to guess as its meaning and to differ as to its application.” *Connally v. Gen. Const. Co.*, 269 U.S. 385, 391 (1926).

CONCLUSION

Based on the foregoing, and for all the reasons set forth in Applicant’s principal brief, no substantial evidence of record supports the Board’s conclusion that Applicant’s Mark is disparaging. Moreover, §2(a) of the Lanham Act, 15 U.S.C. § 1052(a) is as applied an affront to the U.S. Constitution. Consequently, this Court is urged to reverse the Board’s decision and allow registration of Applicant’s Mark.

Respectfully submitted,



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Dated: September 23, 2014

**United States Court of Appeals
for the Federal Circuit**

CERTIFICATE OF SERVICE

In Re: Simon Shiao Tam

I, Robyn Cocho, being duly sworn according to law and being over the age of 18, upon my oath depose and say that:

Counsel Press was retained by GOETZ FITZPATRICK LLP, Attorneys for Appellant to print this document. I am an employee of Counsel Press.

On **September 23, 2014**, Counsel for Appellant has authorized me to electronically file the foregoing **Reply Brief on Behalf of Appellant** with the Clerk of Court using the CM/ECF System, which will send notice of such filing to the following registered CM/ECF users:

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