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Clear and Convincing Disparagement: An Argument for a Higher Evidentiary Standard for When the T.T.A.B. Considers Cancelling a Well-Known, Tenured Trademark

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CLEAR AND CONVINCING DISPARAGEMENT: AN ARGUMENT FOR A HIGHER EVIDENTIARY STANDARD FOR WHEN THE T.T.A.B. CONSIDERS CANCELLING A WELL-KNOWN, TENURED TRADEMARK

*John C. Thomas III**

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I. INTRODUCTION

Consider a corporation that has a longstanding and profitable business line with millions of customers who recognize the corporation's national brand by its federally registered trademarks. Then, after decades of use and multiple federal trademark renewals, the corporation suddenly loses its federal trademark protection because the trademark is determined to be scandalous, offensive, or disparaging to a small portion of the U.S. population by the Trademark Trial and Appeal Board. For Pro-Football's Washington Redskins franchise, this scenario is their reality, as the team's federal trademark protection has been in jeopardy for over two decades now,¹ accompanied by a dark cloud of negative economic consequences. Although there is a common misperception about what the loss of federal trademark protection really means for Pro-Football,² the economic effects are more indirect. Nevertheless, the sudden loss of a trademark is still problematic to a corporation who has built customer loyalty, identification, and goodwill through its national brand.

As American culture has changed over the last century, racial stereotypes in advertising have diminished, and once-acceptable but now offensive trademarks have been cancelled, simply not renewed, or adapted to become more "politically correct" over time.³ Offensive or disparaging marks are generally bad for business, since people who are offended will not support the offensive product or service.⁴ Native Americans, however, do not have the same population size, political influence, and economic consumer power that many other ethnic groups have, and so their protests against disparaging trademarks have largely been ignored.⁵

Racially charged brand names and advertising imagery are therefore less common in U.S. culture, except in regards to sports teams. Ethnically related team names include the New York Knickerbockers, the Boston Celtics, and the Notre Dame Fighting Irish, but no team name and trademark has received

¹ See *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d 1705 (T.T.A.B. 1999) (deciding to cancel the Redskins trademarks based on disparagement to Native Americans).

² See Anne Gilson LaLonde, *The Redskins Trademarks: What's the Real Impact of the Board's Cancellation Decision in Blackhorse?*, 2014 EMERGING ISSUES, June 23, 2014, at 7209 (discussing the cancellation of the Redskins trademarks causing reports declaring that anyone can sell Redskins merchandise without punishment, or that the owner has no choice but to change the team's name. However, both of these statements are incorrect).

³ See Kimberly A. Pace, *The Washington Redskins Case and The Doctrine of Disparagement: How Politically Correct Must a Trademark Be?*, 22 PEPP. L. REV. 7, 8–11 (1994) (discussing the "Aunt Jemima" trademark owned by Quaker Oats Company, which was adapted over time to better conform with social mores).

⁴ *Id.* at 9.

⁵ *Id.* at 16.

more direct scrutiny than the Washington Redskins. Although multiple team names reference Native Americans—the Atlanta Braves, Chicago Blackhawks, Cleveland Indians, Florida State Seminoles, and Kansas City Chiefs, to name a few—“[t]he Washington Redskins are the only . . . sports team whose name is an unequivocal racial slur . . . [T]he name of Washington’s team—unlike the [other teams listed above]—is more than a mere racial reference. It is an actual racial epithet.”⁶

While the Redskins owner, Daniel Snyder, continues to argue that his team’s name represents “honor,” “pride,” and respect for Native Americans, others feel that the Redskins name is distasteful and offensive.⁷ University of Georgia Professor Claudio Saunt wrote, “[i]n light of the manifold struggles that America’s first inhabitants have faced, attaching any Indian name to a multimillion-dollar sports franchise seems the most incongruous of honors.”⁸ A recent poll of over a thousand Americans showed that over seventy percent voted for the Washington Redskins to keep their nickname, but the percentage of people who believe the name should be changed has tripled in the last twenty years.⁹

While many high school and college teams have changed their names as a result of societal pressure against the use of these Native American references, professional sports teams have been much less willing.¹⁰ The economic scale of professional sports teams like the Redskins may provide a strong reason for this resistance. Forbes recently financially valued the Washington Redskins at \$2.4 billion (third highest of all NFL teams), with \$214 million of that valuation attributable to its national “brand.”¹¹ Changing their national brand would be very costly, considering the large investment the team has made in using its federal trademarks in advertising, the cost of designing and advertising a new name and logo, and the potential loss of brand equity and fan loyalty.¹² The time and money to clear out old inventory and change hundreds of references

⁶ *Id.* at 13 (quoting Clarence Page, *Block that Trademarked Racial Epithet*, ORLANDO SENTINEL, Sept. 23, 1992, at A9, available at http://articles.orlandosentinel.com/1992-09-23/news/9209230703_1_washington-redskins-chicago-blackhawks-american-indian).

⁷ See Steve Wulf, *Why Use of Native American Nicknames is an Obvious Affront*, ESPN (Sept. 3, 2014), http://espn.go.com/espn/otl/story/_/id/11426021/why-native-american-nicknames-stir-controversy-sports.

⁸ *Id.*

⁹ Poll: 71 Percent Say Keep Redskins (Sept. 2, 2014), ESPN, http://espn.go.com/espn/otl/story/_/id/11451964/redskins-poll-most-favor-keeping-name-dissent-growing.

¹⁰ Wulf, *supra* note 7.

¹¹ Washington Redskins Team Valuation, FORBES.COM (Aug. 2014), <http://www.forbes.com/teams/washington-redskins/>.

¹² Tim Devaney, *What’s in a Name? Dumping ‘Redskins’ Could Have a Major Financial Impact*, WASH. TIMES (Oct. 17, 2013), available at <http://www.washingtontimes.com/news/2013/oct/17/renaming-the-redskins-could-have-a-major-financial/?page=all>.

to the Redskins name in their stadium and with their sponsors raises additional concerns.¹³ On the other hand, if the Redskins ultimately decided not to change their team name and logo, losing its federal trademark protection could alternatively inflict indirect economic harm.

This Note will not take a position on whether the “Redskins” trademarks are disparaging to Native Americans. Instead, because of the economic harm that may result from suddenly losing federal protection, this Note will argue that there should be a higher evidentiary standard necessary to prove disparagement when the Trademark Trial and Appeal Board considers cancelling a well-known and tenured trademark, in comparison to when a trademark is initially reviewed for registration.

Part II begins by discussing the fundamental principles of trademark protection, followed by a detailed overview of the Lanham Act and the benefits of federal registration.¹⁴ Of particular focus is Section 2(a), which deals with content-based prohibitions to registration, such as scandalous matter and disparagement.¹⁵ This part additionally summarizes the requirements and procedure for registration and subsequent petitions for cancellation and relevant precedent demonstrating the key differences in two specific federal evidentiary standards of proof. Finally, this part provides a background of the Redskins’ trademark battle, including each side’s arguments, the previous court decisions, and where the case of *Pro-Football v. Blackhorse*¹⁶ currently stands.

Part III will then provide legal analysis and economic reasoning for why a higher evidentiary standard should be required when the Trademark Trial and Appeal Board considers cancelling a well-known, tenured trademark based on disparagement. Part IV concludes.

II. BACKGROUND

A. THE PRINCIPLES OF TRADEMARK LAW

The Commerce Clause of the United States Constitution, which provides Congress the power to regulate commerce with foreign nations and among the several states, establishes the foundation for the federal regulation of trademarks.¹⁷ A trademark is “any word, name, symbol, or device, or any combination thereof” used in commerce “to identify and distinguish [a trademark owner’s] goods, including a unique product, from those

¹³ *Id.*

¹⁴ The Trademark Act of 1946, 15 U.S.C. §§ 1051–1141 (2012).

¹⁵ *Id.* § 1052(a).

¹⁶ See *infra* note 172.

¹⁷ U.S. CONST. art. I, § 8, cl. 3.

manufactured or sold by others and to indicate the source of the goods.”¹⁸ Justice Frankfurter described trademark protection as “the law’s recognition of the psychological function of symbols.”¹⁹

Trademark law evolved from unfair competition laws developed in the 1700s in both the Courts of Chancery (Equity) and Courts of Law.²⁰ The Courts of Law treated trademarks as a way to protect the public from fraud and deceit, while the Courts of Chancery viewed trademark rights as a form of property.²¹ This dual view of trademark law provides the fundamental policy reasons for trademark protection: (1) to protect consumers from confusion and deception as to the source of the product, and (2) to protect the trademark owner’s property rights.²²

Modern courts still recognize these two statutory goals. As a Senate Report accompanying the Lanham Act’s introduction in 1946 states:

The purpose underlying any trademark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trademark 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. This is the well-established rule of law protecting both the public and the trademark owner.²³

A trademark serves various economic functions for both the consumer and the owner.²⁴ Trademarks allow consumers to recognize and identify products over time, making it easier for consumers to choose products that they like and avoid products that they do not.²⁵ In turn, since consumers are able to identify and recognize products over time, the trademark owners have an incentive to

¹⁸ 15 U.S.C. § 1127 (providing federal definition, the most recognized and accepted definition of the term “trademark”).

¹⁹ *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

²⁰ 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:1 (4th ed. 2014).

²¹ *Id.*

²² *Id.*

²³ S. REP. NO. 1333, 79th Cong., 2d Sess. 3 (1946).

²⁴ MCCARTHY, *supra* note 20, § 2:3.

²⁵ *Id.*

produce higher quality products, and maintain that defined quality level.²⁶ Without trademarks to help identify products, a manufacturer would lack the incentive to improve the product's quality, and sales would likely distribute more evenly among market's producers, or be based completely on price.²⁷ To attract customers, manufacturers would likely reduce quality in order to reduce price, overall lowering the economy and the satisfaction of consumers.²⁸

Since trademarks allow consumers to avoid unsatisfactory products from their past experiences and easily find products they enjoy, trademarks also reduce a consumer's "search costs" of shopping and making choices that would involve much more independent research without trademark identification.²⁹ Trademarks indicate to consumers the source of the product, which in addition to promoting higher quality, also allows consumers to make choices on which companies to support, even for various reasons unrelated to the product itself.³⁰ Most commonly, trademarks are used for marketing and advertising the owner's brand to the public.³¹ Trademark rights afford the owner protection over his or her investment in the design and promotion of the trademark, and the investment in the quality and goodwill built into the product and reputation.³² In order to generate goodwill, the mark must be distinguishable from other marks so that consumers are able to identify the source. In trademark law, marks are considered in categories along a range of distinctive.³³ If a mark is not inherently distinctive, then to gain trademark protection, the designation must acquire a distinctiveness in consumers' minds that can be proven by market research.³⁴ That acquired distinctiveness is called a "secondary meaning."³⁵

In protecting the owner's investment and preventing indirect economic damage caused by consumer confusion, trademark rights encompass the right to exclude others from using that mark—essentially a property interest.³⁶ But, this property is almost worthless without the goodwill that the product and its

²⁶ *Id.* § 2:4; see also Ariel Katz, *Beyond Search Costs: The Linguistic and Trust Functions of Trademarks*, 2010 BYU L. REV. 1555 (arguing that the incentive to enhance and maintain quality standards is a function of trademarks distinct from lowering consumer search costs).

²⁷ *Id.*

²⁸ *Id.*; see also MCCARTHY, *supra* note 20, § 2:3 (citing Landes & Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267 (1988) ("[T]rademark law . . . is trying to promote economic efficiency.")).

²⁹ MCCARTHY, *supra* note 20, § 2:5.

³⁰ *Id.*

³¹ See *id.*; see also Katz, *supra* note 26, at 1555.

³² MCCARTHY, *supra* note 20, § 2:14.

³³ *Id.* § 15:1.

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

producer have cultivated over time.³⁷ As Justice Frankfurter stated, “[t]he aim is . . . to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value.”³⁸ This value of goodwill has been described as the “favorable consideration shown by the purchasing public to goods known to emanate from a particular source,”³⁹ and “the advantage obtained by use of a trademark,”⁴⁰ which is generally calculated as the business value of the brand above its tangible assets’ book value.⁴¹

B. THE LANHAM ACT

Businesses can protect their trademarks via the common law, state registration, or federal registration.⁴² Common law trademark protection arises generally from the use of the trademark in commerce, and provides the exclusive right to use that trademark in that geographic region.⁴³ State registration similarly provides protection in the state registered, and for purposes of this Note will be grouped with common law protection. The Trademark Act of 1946 (Lanham Act) provides federal protection and allows trademark owners to register their mark on the Principal Register established by the U.S. Patent and Trademark Office (PTO).⁴⁴ The federal application must include, among other things, the type of goods connected with the trademark and an illustration of the trademark.⁴⁵ Once federal registration is complete, the owner can exclude others nationwide from using the mark, or any similar mark that would cause a likelihood of confusion by consumers as to the source of the product or the sponsorship or endorsement of another product.⁴⁶

When a trademark owner applies for federal registration, the PTO examiner reviews the trademark to determine if the trademark is sufficiently distinguishable from the goods of others⁴⁷ so that it will not “cause confusion,

³⁷ See *id.* § 2:15.

³⁸ *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

³⁹ *White Tower System, Inc. v. White Castle System, Etc.*, 90 F.2d 67, 69 (6th Cir. 1937).

⁴⁰ McCARTHY, *supra* note 20, § 2:17.

⁴¹ *Id.* § 2:19.

⁴² *Id.* § 2:7.

⁴³ *Trade-Mark Cases*, 100 U.S. 82 (1879); see also Pace, *supra* note 3, at 17 (discussing how trademark owners can acquire trademark protection from federal registration, state registration, and the common law. “Common law rights arise from adoption and use as a trade identifier; and nothing else need to be done to acquire common law rights.”).

⁴⁴ 15 U.S.C. § 1051(a)(1) (2012).

⁴⁵ *Id.* § 1051(a)(2).

⁴⁶ *Id.* § 1114.

⁴⁷ Pace, *supra* note 3, at 20.

or to cause mistake, or to deceive” consumers.⁴⁸ Additionally, the examiner ensures that the mark does not fall within any of the exclusions detailed in Section 2 of the Lanham Act.⁴⁹ Ultimately, if the mark is approved for registration, the trademark is then published in the *Official Gazette* of the PTO in order to afford any person at least thirty days to file an opposition based on the belief that he or she would be damaged by the registration.⁵⁰ If all opposition proves unsuccessful or no opposition is filed, the examiner will grant the federal registration,⁵¹ providing federal protection for ten years with an option to renew the registration for additional consecutive ten-year periods.⁵²

If the mark is refused federal registration for any reason, the applicant can appeal the decision to the Trademark Trial and Appeal Board (TTAB).⁵³ If the applicant is dissatisfied with the ruling of the TTAB, the applicant can subsequently appeal to the United States Court of Appeals for the Federal Circuit, or file a civil suit in the United States District Court against the party who challenged the trademark’s validity.⁵⁴ A trademark owner may prefer filing in the United States District Court because the court’s standard of review is *de novo*.⁵⁵ The TTAB also handles petitions to cancel registrations, and a petitioner or respondent can similarly appeal to the Federal Circuit or file in a district court.⁵⁶

C. THE ADVANTAGES OF FEDERAL TRADEMARK REGISTRATION

While many common law trademark rights arise from the actual use of the mark in commerce,⁵⁷ several additional statutory rights arise under the Lanham Act when the mark is registered on the PTO’s Principle Register.⁵⁸ These benefits provide an incentive for the trademark owner to federally register the mark, which in turn allows the USPTO to maintain accurate records of marks

⁴⁸ 15 U.S.C. § 1051(a)(3)(D).

⁴⁹ *Id.* § 1052 (these exclusions include marks consisting of immoral, deceptive, or scandalous matter, as well as “matter that may disparage or falsely suggest a connection with persons, living or dead . . .”).

⁵⁰ 15 U.S.C. § 1063; *see also* Pace, *supra* note 3, at 45 (explaining that there actually is no requirement to prove damage or other direct economic or commercial interest harmed, and merely the assertion that the petitioner is offended by a trademark and he or she believes the trademark to be scandalous or disparaging as applied to them is sufficient to establish standing).

⁵¹ 15 U.S.C. § 1063.

⁵² *Id.* §§ 1058–1059.

⁵³ *Id.* § 1071.

⁵⁴ *Id.* § 1071.

⁵⁵ Pace, *supra* note 3, at 21 n.94.

⁵⁶ 15 U.S.C. § 1071.

⁵⁷ *See supra* note 43 and accompanying text.

⁵⁸ *See* MICHAEL D. SCOTT, SCOTT ON INFORMATION TECHNOLOGY § 4.09 (2014).

being used in commerce nationwide. These statutory benefits include providing *prima facie* evidence of validity and exclusive ownership nationwide, the ability to use the ® symbol to provide constructive notice of federal registration, federal court jurisdiction, and incontestability after five years, among other benefits discussed in detail below.⁵⁹

First, Section 7(b) of the Lanham Act provides several rebuttable presumptions that immediately vest upon federal trademark registration.⁶⁰ Section 7(b) states that a certificate of registration is

prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate.⁶¹

After federal registration, any person who believes he or she is damaged personally by a trademark may file a petition to cancel the trademark registration within five years; however, the petitioner bears the burden of proving that the mark is not entitled to federal protection in some way, both in a TTAB proceeding and in federal court.⁶² Additionally, the owner's exclusive right to use the mark applies nationwide unless geographic limitations are included in the registration certificate.⁶³

After a trademark has been registered for over five years, the trademark owner can file for incontestable status.⁶⁴ This status provides "conclusive evidence of the mark's validity, its registration, the registrant's ownership of the mark, and the registrant's exclusive right to use the mark in commerce."⁶⁵ However, even after a trademark gains incontestable status,⁶⁶ a person may still challenge the trademark registration if the mark becomes generic, is merely functional, has been abandoned, was fraudulently obtained, is being used to misrepresent the source of goods, or should not have been initially registered because of content-based prohibitions in Section 2.⁶⁷

⁵⁹ *Id.*

⁶⁰ *See* 15 U.S.C. § 1057(b).

⁶¹ *Id.*

⁶² LOUIS ALTMAN & RUDOLF CALLMANN, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 26:101 (4th ed. 2014).

⁶³ *Id.*

⁶⁴ 15 U.S.C. § 1065.

⁶⁵ SCOTT, *supra* note 58; 15 U.S.C. § 1115(b).

⁶⁶ 15 U.S.C. § 1065 (a valid trademark in continuous use for five consecutive years attains incontestability of right to use mark under certain conditions).

⁶⁷ *Id.* § 1064(3).

Federal trademark registration also permits the owner to use the symbol ® in connection with the mark to provide nationwide constructive notice of federal registration and protection.⁶⁸ When the trademark owner consistently uses the ® symbol, this constructive notice provides nationwide protection of the owner's exclusive rights, even in locations where the owner is not, and has no plans to be, engaged in commerce in that geographic area.⁶⁹ This constructive notice also eliminates the possibility of "innocent" new users, who may otherwise plead ignorance to their infringing use or invoke a good faith defense.⁷⁰ However, arguably the most important benefit of this nationwide constructive notice is that the federally registered trademark owner can prevent later applicants from registering marks that would be confusingly similar to the registered mark.⁷¹ Federal trademark registrations are recorded with the United States Bureau of Customs and Border Protection, which entitle the registrant to stop goods bearing an infringing mark from being imported into the United States.⁷²

Federal registration also provides registrants with federal jurisdiction to file trademark claims.⁷³ Besides typical injunctive relief, federal protection permits statutory remedies for successful infringement claims, including recovery of defendant's profits, damages suffered by the plaintiff, and the cost of the civil action.⁷⁴ When the court considers the plaintiff's damages, the court may, at its discretion, enter judgment for the actual amount of damages and "for any sum above the amount found as actual damages, not exceeding three times such amount . . . [and] in exceptional cases may award reasonable attorney fees."⁷⁵

Additionally, only federal trademark registrants are entitled to treble damages for trademark counterfeiting.⁷⁶ For counterfeit marks, Section 35(b) of the Lanham Act directs the court to enter judgment for three times the profits or damages, whichever amount is greater, and award reasonable attorney fees.⁷⁷ When the counterfeit mark is used in connection with the sale or distribution of goods or services, the registrant can instead elect to recover statutory damages.⁷⁸ These statutory damages start at no less than \$1,000 and

⁶⁸ See SCOTT, *supra* note 58.

⁶⁹ Todd Anten, Note, *Self-Disparaging Trademarks and Social Change: Factoring the Reappropriation of Slurs into Section 2(a) of the Lanham Act*, 106 COLUM. L. REV. 388, 397 (2006).

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² 15 U.S.C. § 1125(b).

⁷³ *Id.*

⁷⁴ *Id.* § 1117(a).

⁷⁵ *Id.*

⁷⁶ See LeLonde, *supra* note 2; 15 U.S.C. § 1116(d).

⁷⁷ 15 U.S.C. § 1117(b).

⁷⁸ *Id.* § 1117(c).

can be as high as \$200,000 per counterfeit mark for each type of goods or service.⁷⁹ However, if the court determines that the defendant *willfully* used the counterfeit mark, the statutory damages can be as high as \$2 million per counterfeit mark for each type of goods or services sold or distributed.⁸⁰ Consequently, these additional statutory benefits provide economic and psychological incentives to register the mark with the PTO, and provide additional protection for trademark owners against infringement, confusingly similar marks, and counterfeiting use.

D. SECTION 2(A) CASE LAW

As mentioned previously, some marks are excluded from registration because of the content-based prohibitions of Section 2 of the Lanham Act.⁸¹ One such bar to registration, detailed in Section 2(a), is the prohibition against the registration of a mark that “[c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, . . . or bring them into contempt, or disrepute.”⁸² For many years, courts grouped the terms “immoral,” “scandalous,” and “disparaging” all under a similar framework,⁸³ with the distinction only recently made between “scandalous” and “disparaging.”⁸⁴ A petition for cancellation based on this content-based prohibition is built on the argument that registration should not have been granted in the first place.⁸⁵ Based on the argument, tribunals look to whether the mark was scandalous or disparaging at the time of registration.⁸⁶ The TTAB uses the same evidentiary standard of proof to cancel a trademark based on disparagement as it would when reviewing the trademark during the initial registration process—a preponderance of the evidence.⁸⁷

The distinction between the terms “scandalous” and “disparaging” demonstrates how the TTAB or a court analyzes a trademark challenge. The

⁷⁹ *Id.* § 1117(c)(1).

⁸⁰ *Id.* § 1117(c)(2).

⁸¹ 15 U.S.C. § 1052 (marks consisting of immoral, scandalous, or disparaging matter, among other exclusions); *see also* text accompanying *supra* note 49.

⁸² 15 U.S.C. § 1052(a).

⁸³ Rachel Clark Hughey, *The Impact of Pro-Football, Inc. v. Harjo on Trademark Protection of Other Marks*, 14 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 327, 337 (2004).

⁸⁴ *See infra* notes 90–91 and accompanying text (explaining that “scandalous” is more related to offensive or shocking to the moral conscience of society, whereas disparagement relates to disrespecting, diminishing, or discrediting a specific group of people).

⁸⁵ 15 U.S.C. § 1064(3); *see supra* note 56 and accompanying text.

⁸⁶ 15 U.S.C. § 1064(3); *see supra* note 56 and accompanying text.

⁸⁷ *See infra* Part II.D; *see also infra* note 113 and accompanying text.

seminal case in 1939, *In re Riverbank Canning Co.*, adopted the dictionary definition of scandalous: “shocking to the sense of truth, decency, or propriety; disgraceful; offensive; disreputable . . . giving offense to the conscience or moral feelings.”⁸⁸ Before 1994, disparagement case law, in comparison, consisted only of cases where disparagement was “obvious” to the examiner or TTAB, but never held a distinct meaning or separate framework for analysis.⁸⁹ Finally, the TTAB in the case of *In re Hines* similarly adopted the dictionary’s plain meaning of disparagement: “to lower in esteem or reputation; diminish the respect for; to speak slightingly of; . . . depreciate; belittle; to bring reproach or discredit upon.”⁹⁰ This clarification led the TTAB thereafter to treat disparaging marks under a separate framework from scandalous marks.⁹¹

In order to deny a mark federal registration based on its scandalous nature, courts have held that the mark must offend a “substantial composite of the general population,”⁹² viewed “in the context of contemporary attitudes.”⁹³ The TTAB determined that for disparaging marks, on the other hand, the perceptions of the general population are “irrelevant,” and instead consider only the opinions of “those referred to, identified or implicated in some recognizable manner by the involved mark.”⁹⁴

The first trademark case involving a refusal to federally register a trademark on grounds of disparagement was *Doughboy Industries v. Reese Chemical Co.*, decided in 1951. The examiner in this case concluded that the mark “Dough-Boy” for “a prophylactic preparation for the prevention of venereal disease” was “obviously” disparaging to American World War I soldiers—commonly referred to as doughboys—especially since the package depicted an American soldier.⁹⁵ Additional cases where an examiner determined marks were *obviously* disparaging followed, such as the case of “Senussi” cigarettes held to be disparaging to the Senussi religious sect, which forbids smoking,⁹⁶ and a case

⁸⁸ *In re Riverbank Canning Co.*, 95 F.2d 327, 328 (C.C.P.A. 1938).

⁸⁹ Jessica M. Kiser, *How Dykes on Bikes Got It Right: Procedural Inequities Inherent in the Trademark Office’s Review of Disparaging Trademarks*, 46 U.S.F. L. REV. 1, 8 (2011).

⁹⁰ *In re Hines*, 31 U.S.P.Q.2d 1685, 1688 (T.T.A.B. 1994).

⁹¹ See *infra* note 94.

⁹² *In re Mavety Media Group Ltd.*, 33 F.3d 1367, 1371 (Fed. Cir. 1994) (citing *In re McGinley*, 660 F.2d 481, 485 (C.C.P.A. 1981)).

⁹³ *Id.* (citing *In re Old Glory Condom Corp.*, 26 U.S.P.Q.2d (BNA) 1216, 1219 (T.T.A.B. 1993)).

⁹⁴ *In re Hines*, 31 U.S.P.Q.2d at 1688.

⁹⁵ Pace, *supra* note 3, at 27 (citing *Doughboy Indus., Inc. v. Reese Chem. Co.*, 88 U.S.P.Q. (BNA) 227 (P.T.O. 1951)).

⁹⁶ See *In re Reemtsma Cigarettenfabriken*, 122 U.S.P.Q. (BNA) 339 (T.T.A.B. 1959).

involving a mark depicting a large X over a hammer and sickle, determined to be disparaging to the Communist party.⁹⁷

Finally, in *Greyhound Corp. v. Both Worlds Inc.*, the TTAB created an objective test for disparaging marks.⁹⁸ In order to find a mark disparaging under *Greyhound's* test, the TTAB requires “(1) that the communication reasonably would be understood as referring to the plaintiff; and (2) that the communication is disparaging, that it would be considered offensive or objectionable by a reasonable person of ordinary sensibilities.”⁹⁹ In this case, the TTAB adopted the definition of disparagement from the Second Restatement of Torts,¹⁰⁰ which was more applicable to *Greyhound's* situation in which one trademark was considered disparaging to another trademark by comparison.¹⁰¹

In the pivotal racial disparagement case of *Harjo v. Pro-Football, Inc.*¹⁰² (*Harjo I*), the TTAB cancelled Pro-Football's six federal trademark registrations relating to the Washington Redskins, finding the marks racially disparaging to Native Americans.¹⁰³ The TTAB created a two-part test, derived partly from *In re Hines*¹⁰⁴ and distinguished from the test used in *Greyhound*.¹⁰⁵ First, the *Harjo* test examines the likely “meaning of the matter in question, as it appears in the marks and as those marks are used in connection with the services identified in the registrations.”¹⁰⁶ This examination includes looking at dictionary definitions, the elements comprising the mark as a whole, the product or service connected to the mark, and the mark's use in commerce.¹⁰⁷ Second, the test requires the examiner to assess whether that meaning, in consideration of the factors listed above, may disparage a substantial composite of the complaining party's group.¹⁰⁸

The TTAB in *Harjo I* followed *In re Hines* by reiterating that the perceptions of the general public are irrelevant; only the opinions of the supposedly referenced group are relevant in the examination.¹⁰⁹ Additionally, the TTAB

⁹⁷ See *In re Anti-Communist World Freedom Cong., Inc.*, 161 U.S.P.Q. (BNA) 304 (T.T.A.B. 1969).

⁹⁸ *Greyhound Corp. v. Both Worlds Inc.*, 6 U.S.P.Q.2d (BNA) 1635 (T.T.A.B. 1988).

⁹⁹ *Id.* at 1639.

¹⁰⁰ RESTATEMENT (SECOND) OF TORTS § 629 (1977) (“A statement is disparaging if it is understood to cast doubt upon the quality of another's land, chattels or intangible things. . .”).

¹⁰¹ See Pace, *supra* note 3, at 30.

¹⁰² 50 U.S.P.Q.2d 1705 (T.T.A.B. 1999).

¹⁰³ *Id.* at 1738.

¹⁰⁴ See *supra* note 94.

¹⁰⁵ *Harjo I*, 50 U.S.P.Q.2d at 1740; see *supra* note 99.

¹⁰⁶ 50 U.S.P.Q.2d at 1740–41.

¹⁰⁷ Kiser, *supra* note 89, at 9.

¹⁰⁸ 50 U.S.P.Q.2d at 1741.

¹⁰⁹ *Id.* at 1738–39; see *supra* note 94.

clarified that for a cancellation proceeding, “the dates of the registration of the marks herein” should be used for both parts of the test, pursuant to Section 14 of the Lanham Act.¹¹⁰ After balancing the factors in the first part of its test, the TTAB concluded that the “Redskins” mark both referred to the professional football team and alluded to Native Americans, at the time of registration.¹¹¹ As for the second part of its test, the TTAB found that the use of Native American references by non-Native Americans was not per se disparaging.¹¹² However, the TTAB concluded that the petitioners had established, by at least a preponderance of the evidence, that the use of the “Redskins” marks may disparage Native Americans in the view of a substantial composite of Native Americans and therefore cancelled their federal trademark protection.¹¹³

Recently, the TTAB recognized three scenarios in which a mark is disparaging.¹¹⁴ These three scenarios include:

- (1) an innocuous term that in the context of the goods or services is disparaging . . . , (2) a disparaging term that may have a non-disparaging meaning in a specific context . . . , or (3) a disparaging term that has no non-disparaging meanings in any context, and remains disparaging despite the applicant’s goods or services, actual use or intent.¹¹⁵

The third scenario was extensively examined in *In re Heeb Media LLC*, a case in which the TTAB determined that “Heeb” was disparaging to Jewish people in any context.¹¹⁶ The TTAB concluded that despite the trademark applicant’s good intentions and the associated product’s non-offensive nature, the trademark itself was disparaging.¹¹⁷ This case was decided almost ten years after *Harjo v. Pro-Football, Inc.*, but may be relied upon during the renewed Redskins trademark litigation of *Pro-Football, Inc. v. Blackhorse*.¹¹⁸

¹¹⁰ 15 U.S.C. § 1064 (2012); see *supra* notes 85–86 and accompanying text.

¹¹¹ 50 U.S.P.Q.2d at 1742.

¹¹² *Id.* at 1743.

¹¹³ *Id.*

¹¹⁴ See LaLonde, *supra* note 2.

¹¹⁵ *In re Shiao Tam*, 108 U.S.P.Q.2d 1305, 1309–10 (T.T.A.B. 2013).

¹¹⁶ *In re Heeb Media LLC*, 89 U.S.P.Q.2d 1071 (T.T.A.B. 2008).

¹¹⁷ *Id.*

¹¹⁸ *Blackhorse v. Pro-Football, Inc.*, 11 U.S.P.Q.2d (BNA) 1080 (T.T.A.B. 2014); see *infra* notes 172–75 and accompanying text.

E. PREPONDERANCE OF THE EVIDENCE VS. CLEAR AND CONVINCING EVIDENCE

There are three generally accepted evidentiary standards of proof: (1) a preponderance of the evidence, (2) clear and convincing evidence, and (3) evidence beyond a reasonable doubt.¹¹⁹ These different standards stem from the Due Process Clause and emerged over time, in order to “instruct the factfinder concerning the degree of confidence our society thinks he should have in the correctness of factual conclusions for a particular type of adjudication.”¹²⁰ A preponderance evidentiary standard is generally stated as “more likely than not.”¹²¹ A clear and convincing evidentiary standard requires an intermediate degree of confidence, generally viewed as “much more likely than not.” Third, the beyond a reasonable doubt standard requires the highest degree of confidence from the fact finder, and is the standard required in criminal cases.¹²² These different standards are also used as a way to “allocate the risk of error between the litigants and to indicate the relative importance attached to the ultimate decision.”¹²³

In holding that a judicial outcome should not swing from no recovery to full recovery based on a small difference in the weight of evidence and the standard of proof, courts have typically applied the preponderance standard in civil cases, especially to civil cases which have little to no societal impact.¹²⁴ This evidentiary standard indicates the court’s opinion that an erroneous verdict for the plaintiff would be no more or less serious than an erroneous verdict for the defendant.¹²⁵ On the other hand, a clear and convincing evidentiary standard is often applied in civil cases in which the interests at stake, particularly those of the defendant, are greater than mere damage awards. This higher standard reduces the risk of error to the defendant by raising the plaintiff’s burden of proof.¹²⁶ Use of this higher standard similarly indicates the court’s opinion that an erroneous verdict for the plaintiff would cause more harm than an erroneous verdict for the defendant.

¹¹⁹ See, e.g., Kevin M. Clermont & Emily Sherwin, *A Comparative View of Standards of Proof*, 50 AM. J. COMP. L. 243, 251 (2002) (discussing how the establishment of truth in adjudications is often a matter of probabilities, so the law sets differing standards of required probability at levels that match the judicial system’s goals).

¹²⁰ *In re Winship*, 397 U.S. 358, 370 (1970) (Harlan, J., concurring).

¹²¹ Clermont & Sherwin, *supra* note 119, at 251.

¹²² *Id.*

¹²³ *Addington v. Texas*, 441 U.S. 418, 423 (1979).

¹²⁴ Clermont & Sherwin, *supra* note 119, at 252.

¹²⁵ *Winship*, 397 U.S. at 371 (Harlan, J., concurring).

¹²⁶ *Addington*, 441 U.S. at 424. See, e.g., *Woodby v. INS*, 385 U.S. 276 (1966) (discussing deportation); *Chaunt v. United States*, 364 U.S. 350 (1960) (discussing denaturalization).

Although the Lanham Act is silent on the appropriate evidentiary standard to use when deciding whether to cancel a federal trademark registration, the court in *Material Supply International, Inc. v. Sunmatch Industrial Company*¹²⁷ concluded that the preponderance of the evidence standard was appropriate. Both parties in that case contested rightful ownership of a trademark which the PTO granted to Material Supply, with Sunmatch arguing it already owned the trademark rights in Taiwan and had used the mark in commerce within the United States. Citing precedent for its decision, the court used the preponderance of the evidence standard for the cancellation petition, comparing the situation to a petition based on the abandonment of a trademark¹²⁸ and another on the likelihood of confusion between two marks.¹²⁹

In the second case cited as precedent—*Massey Junior College, Inc. v. Fashion Institute of Technology*¹³⁰—the Court entertained the argument suggesting that since federal registration is *prima facie* evidence of exclusive ownership, there is a presumption that there should be no likelihood of confusion with previously registered marks; therefore, the petitioner has a “heavier” burden to overcome that presumption in a cancellation proceeding versus an opposition hearing during a mark’s registration process.¹³¹ The Court, however, found no statutory support for this argument, and concluded that “without some statutory direction, a preponderance of the evidence will usually be ‘sufficient’ in both cases.”¹³² In *Harjo I*, the TTAB relied on *Material Supply*’s reasoning and applied the preponderance of the evidence standard of proof during the cancellation proceeding.

F. THE REDSKINS’ CONTINUING LEGAL BATTLE

The professional football team currently based in Washington, D.C., has been called the “Redskins” since 1933.¹³³ In 1967, Pro-Football applied for federal registration for its Redskins trademarks, and registered subsequent alterations throughout the years, with its last registration in 1990.¹³⁴ In *Harjo I*, the Native American petitioners asserted that the term “redskin . . . was and is a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous,

¹²⁷ 146 F.3d 983 (D.C. Cir. 1998).

¹²⁸ *Cerveceria Centroamerica, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021 (Fed. Cir. 1989).

¹²⁹ *Massey Junior College, Inc. v. Fashion Inst. of Tech.*, 492 F.2d 1399 (C.C.P.A. 1974).

¹³⁰ *Id.*

¹³¹ *Id.* at 1403.

¹³² *Id.*

¹³³ Erik Brady & Megan Finnerty, *Washington Redskins Appeal Decision to Cancel Trademark*, USA TODAY, Aug. 14, 2014, available at <http://www.usatoday.com/story/sports/nfl/redskins/2014/08/14/washington-redskins-appeal-federal-trademark-registrations/14066527/>.

¹³⁴ *Id.*

disreputable, disparaging and racist designation for a Native American person.”¹³⁵ Therefore, the Petitioners argued that the federal registrations should be *void ab initio* under Section 14 of the Lanham Act¹³⁶ because the registrations fell under to the content-based prohibitions of Section 2(a).¹³⁷

In response, Pro-Football, Inc. contended that the trademark had acquired a strong secondary meaning from its long and widespread use in advertising and promotion to identify the entertainment services of the Washington D.C. football team, and therefore the trademarks “cannot reasonably be understood to refer to [Native Americans].”¹³⁸ Pro-Football also argued that Section 2(a) of the Lanham Act is an unconstitutional regulation of commercial speech under the First Amendment, with too broad of an interpretation given to the terms “scandalous” and “disparaging.”¹³⁹ Although the TTAB responded that it did not have the authoritative power to strike Section 2(a) as unconstitutional, Pro-Football nevertheless argued that the TTAB was “obliged to *apply* the statute’s terms in a constitutional manner.”¹⁴⁰ The TTAB, however, found Pro-Football’s brief “unpersuasive” and granted the petitioner’s motion to strike those affirmative defenses.¹⁴¹

To prove disparagement, the Native American petitioners provided a linguistics expert, who testified that the primary use of the word “redskin” is to refer to Native Americans.¹⁴² They also provided evidence that the word “redskin” is “used with connotations of violence, savagery, and oppression . . . suggest[ing] a power relationship, with the whites in control, and the Indians in a position of servitude or capture,” and is considered worse than other slang words referencing Native Americans.¹⁴³ The linguistics expert concluded that even when the word “redskins” appears in the team name “Washington Redskins,” the term “has not acquired ‘a meaning that somehow is divorced from or independent of its use in referring to Native Americans.’”¹⁴⁴

Petitioners also used a telephone survey as central evidence for disparagement, which polled the general population and Native Americans

¹³⁵ *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d 1705, 1708 (T.T.A.B. 1999).

¹³⁶ 15 U.S.C. § 1064(3) (if the federal trademark registration was obtained contrary to the provisions of Section 2(a), for example, its legal status would be considered to have never been valid or enforceable).

¹³⁷ *Harjo I*, 50 U.S.P.Q.2d at 1719.

¹³⁸ *Id.* at 1708.

¹³⁹ *Id.* at 1710.

¹⁴⁰ *Id.* (citing the respondent’s brief, p. 29, emphasis in original).

¹⁴¹ *Id.*

¹⁴² *Id.* at 1720.

¹⁴³ *Id.*

¹⁴⁴ *Id.*

about their perceptions of the term “redskin” to reference Native Americans.¹⁴⁵ The survey provided eight terms which could be used to reference Native Americans and asked if each term was “offensive” to the survey taker directly, and whether the survey taker believed that others might be offended.¹⁴⁶ According to the survey findings, approximately forty-six percent of the general population considered “redskin” offensive, compared to only thirty-seven percent of Native Americans.¹⁴⁷

For evidence of its contradictory argument, Pro-Football provided its own linguistics experts who testified that the term “redskin,” alone without context, is purely a denotative term, used as a neutral reference to Native Americans.¹⁴⁸ Additionally, Pro-Football argued that its long and widespread use of the term in connection with their professional football services has granted the term “Redskins” a strong secondary meaning, “separate and distinct from the core, ethnic meaning.”¹⁴⁹ Consequently, its use relating to football entertainment services “has absolutely no negative effect on the word’s neutrality — and, indeed, serves to enhance the word’s already positive associations.”¹⁵⁰ Next, Pro-Football argued for the requirement of intent to disparage by the speaker, and that its trademarks “do not rise to the level of crudeness and vulgarity that the Board has required [in the past],” and therefore fail to disparage any group of Native Americans.¹⁵¹

Pro-Football also argued that the petitioners’ telephone survey was flawed because it considered the wrong time period and population segment, and that the term “redskin” should have been contextualized by its connection with football entertainment services.¹⁵² Pro-Football’s survey expert further contended that the survey posed leading questions, that the parameters of the survey could not deduce the perceptions of people in 1967 (the time of the mark’s registration), and that statistical analysis demonstrated the survey’s weak statistical significance.¹⁵³ The TTAB recognized many of these flaws, but overall concluded that the survey was a valuable collection of current perceptions regarding the term “redskin,” and still relevant in its final decision.¹⁵⁴

¹⁴⁵ *Id.* at 1732.

¹⁴⁶ *Id.* at 1732–33 (the survey expert chose to use “offensive” as the closest synonym that would embody the terms “scandalous” or “disparaging” for someone unfamiliar with trademark law).

¹⁴⁷ *Id.*

¹⁴⁸ *Id.* at 1720.

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ *Id.* at 1721.

¹⁵² *Id.* at 1720.

¹⁵³ *Id.* at 1733.

¹⁵⁴ *Id.* at 1734.

Ultimately, the TTAB determined that the meaning of the term “redskin” does refer to Native Americans: “it would be both factually incomplete and disingenuous to ignore the substantial evidence of Native American imagery used by respondent.”¹⁵⁵ Thus, the TTAB disagreed with Pro-Football’s contention that the trademark “Redskins” purely denoted the Washington football team, and by usage had lost any connection to Native Americans.¹⁵⁶ As for the second part of the test, it found that the petitioners had “established, by at least a preponderance of the evidence,” that Pro-Football’s “Redskins” trademarks may disparage Native Americans.¹⁵⁷ The TTAB admitted that no one piece of evidence was convincing alone, but based its conclusion “on the cumulative effect of the entire record.”¹⁵⁸

After the TTAB handed down its decision, Pro-Football filed a civil suit in the U.S. District Court for the District of Columbia, requesting a *de novo* review pursuant to Section 21(b) of the Lanham Act.¹⁵⁹ After both parties moved for various summary judgments, the district court reviewed the TTAB’s findings of fact under the substantial evidence test,¹⁶⁰ which originates from the Administrative Procedure Act.¹⁶¹ This “substantial evidence” standard of review would reverse the TTAB’s findings of fact only if those findings were “unsupported by substantial evidence.”¹⁶² This standard guided the court in reviewing whether a “‘reasonable mind might accept’ a particular evidentiary record as ‘adequate to support a conclusion.’”¹⁶³

The district court determined that the TTAB’s findings of fact were not supported by substantial evidence, “[were] logically flawed, and fail[ed] to apply the correct legal standard to its own findings of fact.”¹⁶⁴ The court concluded that there was no direct evidence that the trademarks disparaged Native Americans at the time of registration, and in the context of the product and services connected to the marks.¹⁶⁵ The court also concurrently overturned the

¹⁵⁵ *Id.* at 1742.

¹⁵⁶ *Id.*

¹⁵⁷ *Id.* at 1743.

¹⁵⁸ *Id.*

¹⁵⁹ *Pro-Football, Inc. v. Harjo*, 284 F. Supp. 2d 96 (D.D.C. 2003).

¹⁶⁰ *Id.* at 102.

¹⁶¹ 5 U.S.C. § 706.

¹⁶² *Pro-Football*, 284 F. Supp. 2d at 114 (citing 5 U.S.C. § 706).

¹⁶³ *Id.* at 115–16 (citing *Consolidated Edison Co. v. NLRB*, 305 U.S. 197, 229 (1938)).

¹⁶⁴ *Id.* at 126.

¹⁶⁵ *Id.* at 127.

TTAB's decision based on the doctrine of laches.¹⁶⁶ The TTAB considered the constitutional claims moot, and therefore did not rule upon them.¹⁶⁷

The Native American petitioners appealed the decision to determine the legitimacy of Pro-Football's laches defense, which needed to be overturned to proceed on the merits of disparagement. The court of appeals determined that the district court incorrectly judged laches from the time of trademark registration instead of from the time at which the complaining party reached majority, and remanded.¹⁶⁸ On remand, the district court again confirmed Pro-Football's laches defense based on both trial prejudice and economic prejudice to Pro-Football, but reiterated that this determination "should not be read as . . . making any statement on the appropriateness of Native American imagery for team names."¹⁶⁹

Finally, in 2009, the D.C. Court of Appeals affirmed the district court's decision, concluding that the district court did not abuse its discretion when it found the laches defense appropriate.¹⁷⁰ The court of appeals found that the Washington Redskins had invested considerable capital in promoting its trademarks as part of its advertising strategy during the eight years after all petitioners reached the age of majority and unreasonably chose to delay pursuing their claim.¹⁷¹

This issue for the Washington Redskins has now resurfaced after the TTAB has yet again cancelled six federal trademark registrations owned by Pro-Football in the case of *Blackhorse v. Pro-Football, Inc.*, decided June 2014.¹⁷² A different group of Native Americans initiated a cancellation proceeding in 2006, which the TTAB intentionally postponed until after the *Harjo* decision.¹⁷³ The U.S. District Court for the Eastern District of Virginia will now decide the disparagement issue on the merits since the new set of petitioners have all recently reached the age of majority, negating the viability of a laches defense.¹⁷⁴ Pro-Football and the Native American petitioners have both agreed, with

¹⁶⁶ *Id.* at 136 (noting that the defense of laches is an affirmative defense in which a legal claim will not be enforced or allowed when a long delay in asserting the right or claim has prejudiced the adverse party).

¹⁶⁷ *Id.*

¹⁶⁸ *Pro-Football, Inc. v. Harjo*, 415 F.3d 44 (D.C. Cir. 2005).

¹⁶⁹ *Pro-Football, Inc. v. Harjo*, 567 F. Supp. 2d 46, 62 (D.D.C. 2008) (quoting 284 F. Supp. 2d at 144), *aff'd*, 565 F.3d 880 (D.C. Cir. 2009).

¹⁷⁰ *Pro-Football, Inc. v. Harjo*, 565 F.3d 880 (D.C. Cir. 2009).

¹⁷¹ *Id.*

¹⁷² *Blackhorse v. Pro-Football, Inc.*, 11 U.S.P.Q.2d (BNA) 1080 (T.T.A.B. 2014).

¹⁷³ *Id.*

¹⁷⁴ See Alicia Jessop, *Inside The Legal Fight To Change The Washington Redskins' Name*, FORBES.COM, Oct. 15, 2003, <http://www.forbes.com/sites/aliciajessop/2013/09/30/why-the-raiders-may-hold-the-key-to-the-as-leaving-oakland/>.

minimal exceptions, to allow *Harjo*'s evidentiary record to be considered as evidence in this proceeding as well.¹⁷⁵ Ultimately, the potential loss of Pro-Football's federal trademark protection would extremely impair the Washington Redskins franchise, but reward a major victory for Native Americans who have fought for the Redskins to change its team's name.

III. THE ARGUMENT FOR A HIGHER EVIDENTIARY STANDARD IN TRADEMARK CANCELLATION PROCEEDINGS BASED ON DISPARAGEMENT

Section 14 of the Lanham Act explicitly states that a federal trademark registration can be cancelled at any time if the registration was contrary to content-based prohibitions, such as disparagement.¹⁷⁶ However, Section 14 does not state which evidentiary standard the TTAB or a court should use when determining whether a mark may disparage. This Note argues that for legal, economic, and public policy reasons, tribunals should implement a higher evidentiary standard when they consider cancelling an incontestable federal trademark registration based on disparagement, compared to when the mark is reviewed during the initial registration process. Nationally well-known, incontestable trademarks should hold the benefit of the doubt and the PTO should instead use a clear and convincing evidentiary standard for cancellation proceedings based on disparagement, as opposed to the preponderance of the evidence standard used when it initially considers a mark for registration.

A. LEGAL ARGUMENT

Although the district court in *Pro-Football v. Harjo* determined that a preponderance of the evidence standard was appropriate,¹⁷⁷ this Note argues that this conclusion was erroneous. Cancellation proceedings based on disparagement are distinguishable from other petitions for cancellation, and should require a clear and convincing evidentiary standard. As the district court stated, "the TTAB failed to remark that in the context of cancellation proceedings where a lengthy period of time ensues between registration and the cancellation request, the Board is required to pay even closer attention to the proof adduced to buttress the cancellation request."¹⁷⁸

The district court in *Pro-Football* cited McCarthy's treatise on trademarks, which states:

¹⁷⁵ *Blackhorse*, 11 U.S.P.Q.2d (BNA) 1080.

¹⁷⁶ *Id.* § 1064(3).

¹⁷⁷ *Pro-Football*, 284 F. Supp. 2d at 96.

¹⁷⁸ *Id.* at 123.

Cancellation of a valuable registration around which a valuable business [goodwill] has been built, should be granted only with “due caution and after a most careful study of all the facts” . . . The cancellation of one’s trademark may prove destructive to the business built about it. Surely, no registration should be cancelled hastily and without a most careful study of all the facts.¹⁷⁹

Even though the district court concluded that the preponderance of the evidence standard was sufficient for cancellation proceedings, it agreed that an examiner should apply a more stringent study of the facts when reviewing petitions for cancellation after a substantial delay in time. When a trademark has attained incontestability, as the Redskins trademarks have, there should not merely be a more stringent study of the facts, which can be highly subjective, but a higher evidentiary standard of proof compared to when the PTO initially reviewed the mark for registration.

As support for concluding that a preponderance of the evidence was appropriate, the district court in *Pro-Football v. Harjo* cited *Material Supply*, a case where ownership was contested between only two litigants, which in turn cited a case regarding abandonment and another case regarding the likelihood of confusion between two marks.¹⁸⁰ In cases where two private litigants are involved, fighting over the same trademark, a preponderance of the evidence standard seems appropriate since the risk of error would not be more or less detrimental to one litigant or the other. However, in another case of trademark abandonment, the court in *Eurostar, Inc. v. “Euro-Star” Reitmoden GMBH & Company* (cited by *Pro-Football*) used a clear and convincing evidentiary standard for the cancellation proceeding.¹⁸¹ This difference in evidentiary standards is irreconcilable with the abandonment case cited by *Material Supply*. When considering cancelling a well-known, incontestable federal trademark registration based on disparagement, the tribunal should realize that this is not just a case between two litigants fighting over the exclusive use of a property right, but a case with a substantial societal impact where the risk of error may be far more detrimental to the registrant than to the petitioners.

Before courts made the distinction between “scandalous” and “disparaging” marks, trademarks were typically barred from registration or cancelled based on

¹⁷⁹ *Id.* (citing 3 MCCARTHY, *supra* note 20, § 20:64) (cited with approval in *Material Supply*, 146 F.3d at 989–90)).

¹⁸⁰ See *supra* Part II.D.

¹⁸¹ *Eurostar, Inc. v. “Euro-Star” Reitmoden GMBH & Co.*, 34 U.S.P.Q.2d 1266 (T.T.A.B. 1994) (explaining that “abandonment is generally regarded as a forfeiture of rights and the courts and the Board have required strict or clear and convincing proof before finding abandonment”).

disparagement only in “obvious” circumstances, as exemplified in *Doughboy Industries* and *In re Reemtsma*.¹⁸² During a cancellation proceeding, a tribunal should also consider that the PTO had an opportunity to bar the registration by finding disparagement on its own, but more importantly, a potentially disparaged group already had an opportunity to oppose the registration, and had an additional five years to petition for its cancellation before it reached incontestable status.¹⁸³ After reaching incontestable status, a registration may still be cancelled at any time if it was registered contrary to the content-based prohibitions of Section 2(a), (b), or (c), but a more stringent evidentiary standard should be necessary. Otherwise, a laches defense should apply, as it did in *Pro-Football v. Harjo*.¹⁸⁴ Although laches is properly judged from the petitioner’s age of majority, if the adult leaders of the supposedly referenced group had time to oppose or petition against this mark, that past opportunity should be taken into consideration. Additionally, without a clear definition for “a substantial composite” of the referenced group that is potentially disparaged, the TTAB and federal courts should require clear and convincing evidence that the trademark, at the time of registration and in the complete context of the goods or services it relates to, disparages that “substantial composite.”¹⁸⁵

B. ECONOMIC ARGUMENT

Second, the economic harm resulting from the loss of federal trademark protection includes losing goodwill, a possible decrease in overall quality of the owner’s goods or services, and increasing consumer search costs. Additionally, the loss of nationwide federal protection also means the loss of consistent governing law, statutory and treble damages for infringement, and statutory remedies for counterfeit use.¹⁸⁶ In turn, the loss of nationwide constructive notice means that infringers may claim good faith or ignorance when using the mark or any similarly confusing mark,¹⁸⁷ making the combat against infringement or misappropriation much more difficult and costly for the trademark owner.

The loss of consistent governing law creates economic and psychological problems for trademark owners, who likely lack the resources to monitor infringing use and prosecute it in fifty different states. After cancellation, fewer negative consequences for infringers and counterfeit importers could lead to the

¹⁸² See *supra* notes 95–96 and accompanying text.

¹⁸³ See *supra* Part II.B.

¹⁸⁴ See *supra* note 159 and accompanying text.

¹⁸⁵ See *supra* Part II.C.

¹⁸⁶ See *supra* Part IV.

¹⁸⁷ See *supra* Part II.A.

deterioration of consumer trust, brand loyalty, and product quality.¹⁸⁸ Trademark owners that still effectively operate nationwide without federal protection would seemingly not have the time, energy, or resources to prosecute in numerous state courts with inconsistent governing laws.

The corresponding loss of statutory and treble damages makes prosecuting infringement far less appealing. Lost profits and actual damages are typically much harder to prove, so the losses of statutory and treble damages make lawsuits much more time-consuming and expensive, and less financially rewarding. Additionally, when a registrant loses the rebuttable presumption of ownership and validity that comes with registration, the trademark owner's burden of proof escalates without any prima facie evidence on their side.¹⁸⁹ The loss of nationwide constructive notice allows for "innocent" infringers to claim good faith or ignorance, who are typically only then enjoined without a judgment ordering them to pay monetary damages. Finally, without federal protection, the trademark owner cannot collect attorney fees and other costs incurred under the Lanham Act.¹⁹⁰

Suddenly losing federal trademark protection also leads to other indirect economic consequences for the producer and everyone he does business with—suppliers, distributors, and licensees for example. The suppliers and distributors connected with the producer may lose business when the trademark owner's business shrinks, which therefore affects all of the producer's, supplier's, and distributor's employees and shareholders. Through no fault of their own, employees and shareholders feel the shock of economic loss of property rights throughout the supply chain. After cancellation, licensees of the trademark would likely value the mark lower than when it had federal protection, depriving trademark owners of the economic advantages of legally licensing the mark because cheaper infringing and counterfeit marks may also be available.

For example, if the Washington Redskins were to lose their federal trademark protection, Pro-Football may not have the financial incentive to bring suit very often, allowing infringing and counterfeit marks to creep into the market without much deterrent. Pro-Football would lose nationwide constructive notice and border protection against the importation of products with infringing or counterfeit marks. Additionally, the loss of federal protection means Pro-Football will have to sue in state courts and find personal jurisdiction for each defendant, while prosecuting under inconsistent state laws. Pro-Football will likely have an economic incentive to curtail the infringement

¹⁸⁸ See *supra* Part V.A.

¹⁸⁹ See *supra* Part IV, para. 2.

¹⁹⁰ 15 U.S.C. § 1117; see *supra* Part IV, paras. 5–6.

only when an infringing source is large enough in scale to affect the market price of Redskins merchandise. All of this ultimately diminishes the brand of the Washington Redskins, currently valued at \$214 million.¹⁹¹ Numerous companies in business with the Redskins and thousands of related employees will likely feel the trickle-down effect of this economic harm. The loss of goodwill and cannibalization of the Redskins' merchandise revenue may ultimately lead the team to change its name. Changing the team's name comes with additional costs, including losing the previous investments made in the Redskins name and logo, and the additional investments of creating and marketing a new name and logo, while possibly losing customers in the process.¹⁹² Because of these potential economic harms identified for a trademark owner facing cancellation, as well as the harm caused to others doing business with the trademark owner, the registrant's interests at stake outweigh any potential harm to petitioners caused by the alleged disparagement. Therefore, in order to properly allocate the risk of error between the trademark owner and the potentially disparaged group in a cancellation proceeding, the TTAB and courts should require clear and convincing evidence, as it does in comparable contexts. This higher evidentiary standard for cancellation proceedings would more equitably balance the risk of error, safeguarding the trademark owner from a constant threat of cancellation that can occur even after the mark becomes incontestable.

C. POLICY ARGUMENT

Third, there are several public policy reasons why a clear and convincing evidentiary standard should be used in cancellation proceedings of an allegedly disparaging trademark. The dual nature of trademark law—both to protect the producer's property rights and also protect consumers from fraud and confusion¹⁹³—creates various fundamental reasons why well-known, incontestable trademarks deserve relief from the constant threat of cancellation for disparagement. From the producer's perspective, federal trademark registration protects additional investment, not only in further development of the trademark, but also in marketing and advertising the goods or services connected with that trademark. Federal registration allows for nationwide constructive notice, even to areas not yet commercially served,¹⁹⁴ protecting producers' investments from dilution, tarnishment, or infringement in geographic areas that otherwise would not provide protection. Additionally,

¹⁹¹ See *supra* note 11 and accompanying text.

¹⁹² See *supra* notes 12–13 and accompanying text.

¹⁹³ See *supra* Part II.A.

¹⁹⁴ See *supra* Part IV, para. 4.

these property rights extend further than the mark itself, rewarding the goodwill that the company has garnered throughout the life cycle of the brand, as the Washington Redskins have, for example, since 1933.¹⁹⁵ Most trademark registrants refrain from making significant investments to increase their national goodwill until after the trademark is federally registered. However, because a petitioner may initiate a cancellation proceeding based on disparagement at any time,¹⁹⁶ trademark registrants constantly face the threat of losing federal protection, making any investment more risky.

From a consumer's perspective, trademarks protect them against fraud and confusion as to source, allowing consumers to identify goods and services they desire.¹⁹⁷ This efficiency reduces consumers' search costs, in turn promoting higher overall quality in the market.¹⁹⁸ When a well-known trademark suddenly loses its federal protection, disincentives to free ride or counterfeit a mark decrease.¹⁹⁹ Consumers could routinely be confused as to the source and quality of the goods or services they are receiving. Consumers would then no longer be able to trust retailers, increasing consumers search costs and likely lowering the price they are willing to pay.²⁰⁰ Without federal protection to promote and maintain standards of high quality, the market deteriorates and becomes less efficient.²⁰¹ Although the cancellation of federal protection does not require a producer to stop using that mark, the economic and psychological effects would likely influence producers to adopt a different trademark.²⁰² If this occurred, consumers could lose the connection to the brand.²⁰³ Additionally, the producer would lose some, if not all, of its national goodwill developed in the brand.²⁰⁴ For the Redskins, a new team name may mean a loss of fan loyalty without the personal attachment and camaraderie associated with the new team.

On the other hand, some commentators argue that the Equal Protection Clause²⁰⁵ should provide protection against disparagement, no matter how small the economic and political influence of the group potentially disparaged.²⁰⁶

¹⁹⁵ See *supra* Part II.A.

¹⁹⁶ See *supra* Part II.B.

¹⁹⁷ See *supra* Part II.A.

¹⁹⁸ See *supra* Part II.A.

¹⁹⁹ See *supra* Part IV, paras. 5–6.

²⁰⁰ See *supra* Part II.A.

²⁰¹ See *supra* Part II.A.

²⁰² See Pace, *supra* note 3.

²⁰³ See *supra* Part II.A.

²⁰⁴ See *supra* Part II.A.

²⁰⁵ U.S. CONST. amend. XIV, § 1.

²⁰⁶ See, e.g., Jack Achiezer Guggenheim, *The Indians' Chief Problem: Chief Waboo as State Sponsored Discrimination and a Disparaging Mark*, 46 CLEV. ST. L. REV. 211 (1998) (discussing how the

However, the law should balance the purposes of trademark law and the psychological harm to the potentially disparaged group in a way that promotes societal progress, economic efficiency, and freedom of expression. This Note will not delve into the constitutional arguments made by Pro-Football²⁰⁷ regarding freedom of commercial speech relating to the Lanham Act's content-based prohibitions. Regardless, the best way to balance these equitable consequences would be for the TTAB to require clear and convincing evidence of disparagement when considering cancelling a well-known, incontestable trademark.

IV. CONCLUSION

Ultimately, a petition for cancellation of a well-known, incontestable trademark based on disparagement should require more than just a preponderance of the evidence because this type of proceeding is distinguishable from other petitions between two private litigants fighting over a property right. Clear and convincing evidence from the petitioner should be required to prove that a "substantial composite" of the referenced group was disparaged at the time of registration in the context of the goods or services the trademark was connected with. Legal reasoning, economic theory, and public policy each support this higher evidentiary standard.

This Note argues that tribunals should apply a clear and convincing evidentiary standard when considering cancelling a well-known, incontestable trademark based on disparagement, such as when a district court again reviews the Washington Redskins trademarks in the near future in *Blackhorse v. Pro-Football*. This argument is based on legal reasoning demonstrating that a clear and convincing evidentiary standard is more appropriate to balance the risk of error between the registrant and petitioners, the economic harm resulting from suddenly losing federal trademark protection, and public policy relating to the fundamental purposes of trademark rights.

The Redskins trademarks, for example, connect millions of consumers with the professional football entertainment services provided by Pro-Football relating to the team based in Washington, D.C. Although the trademark owner would still have common law trademark rights, the loss of federal trademark protection would severely harm that team's national brand by limiting the effectiveness and profitability of prosecuting infringement and disabling them from stopping counterfeit marks from being imported into the United States.

Cleveland Indians' mascot could be sufficiently regarded as state sponsored with sufficient discriminatory intent such that it could be challenged as a violation of equal protection).

²⁰⁷ See *supra* Part III, para. 2.

The team may ultimately decide to use a different name and trademark, which may lead to a loss of customer loyalty, goodwill, and sunken investment costs, while increasing investment costs to develop a new team name and mark.

Evidentiary standards are used to balance the risk of erroneous verdicts for each side, indicate the relative importance of the decision in society, and help instruct the factfinder on what degree of confidence our society believes he should have in the correctness of his decision. While a preponderance of the evidence standard essentially indicates that an erroneous verdict for the plaintiff is no more or less serious than an erroneous verdict for the defendant, a clear and convincing evidentiary standard places a higher burden on the plaintiff either because the interests at stake between the two litigants are unbalanced in favor of protecting the defendant's interests or because the equitable or societal impact of the decision is more important than to leave to a preponderance. In the case of a well-known, incontestable trademark owner against a supposedly referenced group that feels disparaged, such as Pro-Football's legal battle against a small group of Native Americans, the risk of error should tilt in favor of the trademark owner and lead the court to require clear and convincing evidence to cancel an incontestable trademark based on disparagement.