Cooley

Supreme Court Rejects Ban on ‘Immoral’ and ‘Scandalous’ Trademarks

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On June 24, 2019, the US Supreme Court issued its long-awaited ruling in *Iancu v. Brunetti,* holding that a federal law barring registration of "immoral" and "scandalous" trademarks is an unconstitutional violation of the free speech clause of the First Amendment. This follows its 2017 striking of a companion provision prohibiting registration of marks that "may disparage" in *Matal v. Tam,* 137 S.Ct. 1744 (2017).

Background

For decades, the US Patent and Trademark Office (USPTO) refused to register trademarks deemed "immoral" or "scandalous" under Section 2(a) of the Lanham Trademark Act, and courts repeatedly rejected free speech challenges to the law. Sellers could still use their marks even if they were denied registration, courts said, and thus the law did not inhibit speech.

That changed in 2015 when the US Court of Appeals for the Federal Circuit considered musician Simon Tam's appeal of the USPTO's refusal to register his mark THE SLANTS as disparaging to Asian-Americans. Noting the evolution of First Amendment jurisprudence since its 1981 decision upholding the law, the Federal Circuit overruled that case and deemed the bar an unconstitutional infringement on speech. The US Supreme Court agreed in a unanimous opinion.

When California clothing seller Erik Brunetti sought to register his trademark FUCT in 2011, the USPTO refused his application, and the office's Trademark Trial and Appeal Board rejected his appeal. He took the case to the Federal Circuit, which in 2017 ruled that although the mark was "scandalous" due to its similarity to the well-known vulgarity, to deny registration was unconstitutional, in light of the Supreme Court's decision in Tam's case.

Ruling for Brunetti, the Supreme Court agreed that Section 2(a)'s bar on registering immoral or scandalous marks violates the First Amendment. But the justices differed in their reasoning why, issuing five separate opinions.

Writing for the majority, Justice Kagan focused on the law's unconstitutional "viewpoint bias," noting that the USPTO rejected as scandalous marks approving of drug use (YOU CAN'T SPELL HEALTHCARE WITHOUT THC for pain-relief medication and MARIJUANA COLA, and KO KANE for beverages) while it registered marks with anti-drug messages (D.A.R.E. TO RESIST DRUGS AND VIOLENCE; SAY NO TO DRUGS – REALITY IS THE BEST TRIP IN LIFE).

She noted, "The rejected marks express opinions that are, at the least, offensive to many Americans. But as the Court made clear in *Tam*, a law disfavoring "ideas that offend" discriminates based on viewpoint, in violation of the First Amendment."

In his concurring opinion, Justice Alito opined that while the existing statute is unconstitutional, "Our decision does not prevent Congress from adopting a more carefully focused statute that precludes the registration of marks containing vulgar terms that play no real part in the expression of ideas." He said Brunetti's mark "could be denied registration under such a statute."

Justice Sotomayor, concurring in part and dissenting in part, drew a distinction between the "immoral" part of the provision and the "scandalous" portion. She agreed with the majority that "there is no tenable way to read" the ban on "immoral" marks to avoid unconstitutional viewpoint discrimination, because the word "clearly connotes a preference for 'rectitude and morality' over its opposite." But "scandalous," she said is different – people can be offended by a scandalous word not because the *ideas* expressed are offensive, but because *the manner of*

expressing them offends.

Chief Justice Roberts and Justice Breyer each wrote concurring and dissenting opinions agreeing that a ban on registering "scandalous" marks could pass Constitutional muster if targeted to the mode of expression and not the message.

Key takeaways

The ruling will free businesses that use arguably "immoral" or "scandalous" marks to seek registration with the USPTO, and may encourage businesses to roll out new brands that capitalize on shock value.

It might also open the door to First Amendment challenges to other arguably "speech-based" parts of the trademark law, like the ban on marks that are likely to dilute the distinctiveness of famous marks by "tarnishment."

But although many thought that the Court's decision in *Brunetti* would finally settle whether offensive marks can be registered, the saga may not be over, if Congress enacts a revised law targeting only obscene, vulgar, and profane marks.

The decision is *Iancu v. Brunetti,* No. 18-302 (U.S., June 24, 2019).