Cooley

US Appeals Court Strikes Ban on Registering ‘Immoral’ or ‘Scandalous’ Trademarks

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In a much-anticipated and yet unsurprising outcome, the US Court of Appeals for the Federal Circuit on December 15 struck the law barring registration of "immoral" or "scandalous" trademarks as unconstitutional in violation of the First Amendment's free speech guarantee. The outcome was pretty much preordained by the US Supreme Court's ruling earlier in the year striking a similar prohibition against registering marks that "may disparage."

The case, ***In re Erik Brunetti***, No. 15-1109 (Fed Cir., Dec. 15, 2017), arose from Los Angeles artist and clothing marketer Erik Brunetti's attempt to register his lifestyle and clothing brand FUCT as a trademark with the US Patent and Trademark Office (PTO). The PTO refused to register the mark under Section 2(a) of the Lanham Trademark, which prohibits registration of marks that consist of or comprise "immoral" or "scandalous" matter. Brunetti appealed the refusal, arguing that his mark was neither immoral nor scandalous, and that, if it was, the statute is unconstitutional under the First Amendment.

The provision had also been criticized because of what the court called the PTO's "inconsistent application" of it. For example, the PTO allowed registration of the mark FUGLY for clothing but not for alcoholic beverages. It even registered FCUK, while refusing other marks evoking the notorious four-letter word.

A predecessor court of the Federal Circuit had considered and rejected a First Amendment challenge to the provision 36 years earlier, in *In re McGinley*, 660 F.2d. 481 (C.C.P.A. 1981), holding that the refusal to register a mark consisting of an explicit photograph of a nude couple kissing did not inhibit speech, because the applicant could still use the mark without registration. But in 2015 the Federal Circuit revisited the issue in a case involving the PTO's refusal of Asian-American musician Simon Tam's application to register the name of his rock band, THE SLANTS, as disparaging.

In Tam's case, the Federal Circuit held that Section 2(a)'s "may disparage" provision was unconstitutional because it chilled free speech by discriminating on the basis of a trademark applicant's message and that the government lacked a justification for doing so. The US Supreme Court affirmed that ruling in *Matal v. Tam*, 137 S.Ct. 1744 (2017).

While Brunetti's appeal was pending, the PTO continued to examine applications to determine whether marks were "immoral" or "scandalous" and suspended those meeting its criteria for refusal in anticipation of the Federal Circuit's decision. According to the PTOs' Examination Guide 1-17, it will now "reevaluate the need for further suspension."

The PTO can ask the US Supreme Court to review the Federal Circuit's decision, but given that the high court's reasons for striking the "may disparage" provision equally apply to the "immoral" or "scandalous" provision, it is unlikely that the latter prohibition will survive.

The ruling doesn't necessarily mean that sellers will now flood the marketplace with immoral and scandalous marks. A seller can't register a mark without proving he or she is actually selling products in US commerce under the mark, and the broader marketplace may turn up its nose at marks of this type.

But those seeking to use provocative and "edgy" brands will find it easier to get the protections of federal registration for them. And PTO examiners will have one fewer thing to take into account when examining trademark applications.