Cantor Colburn LLP **CLIENT ALERT**

# U.S. Supreme Court Allows Registration of Immoral or Scandalous Trademarks

In a 6-3 decision issued June 24, 2019, the U.S. Supreme Court in *Iancu v. Brunetti*[1] held that the Lanham Act's prohibition on the registration of immoral or scandalous trademarks violates the First Amendment. This decision follows the *Matal v. Tam*[2] decision in which the Court struck down the Lanham Act's bar on registering "disparaging trademarks." The decision by the Court now permits marks to receive federal trademark registration virtually without regard to their offensive nature or connotations. However, trademark applicants should still expect intense scrutiny from the United States Patent and Trademark Office when they try to register marks that may be considered defamatory or hate speech.

**Brunetti couldn't get a federal trademark because of the Lanham Act's bar against registering immoral or scandalous trademarks.**

The *Brunetti* case involved a federal trademark application filed by Erik Brunetti, an artist and entrepreneur who founded a clothing company under the brand FUCT. Mr. Brunetti alleged he had used the mark for many years, and then attempted to register the mark with the USPTO[3]. In rejecting his application, the USPTO stated that the mark was directed towards immoral or scandalous matter and therefore it was not entitled to registration under the Lanham Act's bar to registering a mark that "consists of or comprises immoral . . . or scandalous matter". 15 U.S.C. §1052(a). A trademark application rejection does not mean that an owner cannot use the trademark, only that the owner is deprived of the benefits that accompany federal trademark registration. The available "benefits" include (i) the registration constituting "prima facie evidence" of the mark's validity; (ii) constructive notice to third parties of the registrant's claim of ownership; and (iii) the ability to record the registration with U.S. Customs & Border Protection as an aid to intercepting and seizing products bearing a counterfeit or other infringement of the recorded mark. These benefits also foreclose some defenses in infringement actions[4].

**CAFC ruled in favor of Brunetti and struck down the Lanham Act's limitation on immoral/scandalous matter.**

Mr. Brunetti challenged the USPTO's refusal to register by appealing that decision, first to the USPTO's Trademark Trial & Appeal Board ("TTAB"), second to the TTAB's primary reviewing federal court, the Court of Appeals for the Federal Circuit ("CAFC"). Brunetti lost at the TTAB, but the CAFC ruled in favor of Brunetti and struck down the Lanham Act's limitation on immoral or scandalous matter, relying in part on the 2017 U.S. Supreme Court decision in *Matal v. Tam*. In the *Tam* case an Asian-American band called "The Slants" sought to register their name. The USPTO denied the band's application under a provision of Section 2(a) of the Lanham Act barring

[1] *Iancu v. Brunetti*, No. 18-302, 2019 U.S. LEXIS 4201 (June 24, 2019).
[2] *Matal v. Tam*, 137 S. Ct. 1744 (2017).
[3] *Iancu v. Brunetti*, at 4.
[4] Id.

registration for marks containing matter that "may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute . . . ."[5]", in this case people of Asian descent. The Court found the Lanham Act's Disparagement Clause unconstitutional under the Free Speech Clause of the First Amendment. In his opinion, Alito points out the bedrock principle of the Free Speech Clause, that "speech cannot be banned on the ground that it expresses ideas that offend.[6]" The USPTO argued that trademarks were the subject of governmental speech and therefore it may restrict viewpoints in its own policy[7]. The Court, however, strongly disagreed, finding a trademark to be private speech[8]. Having found that a trademark is considered private speech, the Court quickly found that the government's attempt to use the Disparagement Clause to prevent speech expressing ideas that offend violated the First Amendment. The Court affirmed the CAFC's judgment.

**The Court found that the "immoral or scandalous" clause in the Lanham Act was viewpoint-dependent, and thus violated the First Amendment.**

Reciting the findings in *Tam*, the *Brunetti* Court began its discussion by stating that if a bar to a trademark registration is viewpoint-based, then it is unconstitutional. The Court said the *Tam* decision had found the disparagement bar to be viewpoint-based[9]. The Court reasoned that if the "immoral or scandalous" bar similarly discriminated on the basis of viewpoint, it would also raise a First Amendment issue and therefore should be deemed unconstitutional. The Court found that the "Lanham Act allows registration of marks when their messages accord with, but not when their messages defy, society's sense of decency or propriety . . . . Using those as guideposts, the PTO has refused to register marks communicating "immoral" or "scandalous" views about (among other things) drug use, religion, and terrorism.[10]" As with the decision in *Tam*, the Court was clearly uncomfortable with any type of law that would discriminate based on views that would offend the morals or perceptions of society. The USPTO attempted to argue that the "immoral or scandalous" phrase should actually be interpreted as covering only marks that were "vulgar, lewd, or profane.[11]", and therefore was not a viewpoint-based statute. However, the Court found no ambiguity in the meaning of the challenged phrase. Because this part of the statute was so broad as to constitute a suppression of views, the Court found that the "immoral or scandalous" clause in the Lanham Act was viewpoint-dependent, if not viewpoint based, and therefore violated the First Amendment[12].

**The USPTO may still refuse applications for marks that are either defamatory or constitute hate speech, and Congress may attempt to pass legislation to bar registrations of obscene, vulgar, or profane marks in the near future.**

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[5] *Matal v. Tam*, at 1755; 15 U.S.C. §1052(a)
[6] Id. at 1751
[7] Id. at 1757.
[8] Id. at 1768.
[9] *Iancu v. Brunetti*, at 8.
[10] Id. at 11-12
[11] Id. at 20.
[12] Id. at 21

While this decision will undoubtedly open the door to more applications for marks tending to offend, applicants should be mindful that the USPTO may still refuse applications for marks that are defamatory or constitute hate speech. Marks containing such language are not protected under the First Amendment umbrella established by the *Tam-Brunetti* decisions. In addition, and as suggested by the three dissenting-in-part justices, Congress may pick up the mantel to pass legislation aimed at barring registrations of obscene, vulgar, or profane marks, a narrower proscription that could survive First Amendment scrutiny (and would then bar registration of Mr. Brunetti's mark). Please continue to follow Cantor Colburn Client Alerts for reports on other key IP legal developments.

**For Further Information and Assistance**
Please do not hesitate to contact your Cantor Colburn attorney with any questions you may have regarding your trademark rights. These attorneys may be contacted for this matter in particular.

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