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The U.S. Supreme Court Places Its Brand on Trademark Law (Disparaging, Immoral or Scandalous Marks)

By Kevin R. Casey

Recent developments in the U.S. Patent and Trademark Office (PTO), the courts and the popular press have highlighted the important issue of how we treat trademarks that either disparage a segment of our population or are determined to be “immoral” or “scandalous.” In order of increasing adverse consequences, the law might:

1. refuse to grant a trademark owner the benefits of a federal registration;
2. decline to enforce the owner’s rights against other parties; or
3. preclude the owner from itself using the trademark.

With respect to the first consequence, the Trademark (or Lanham) Act refuses registration of a disparaging, immoral or scandalous mark under 15 U.S.C. § 1052(a) (Section 2(a) of the Lanham Act).

Two recent cases separately addressed the “disparaging” prong of that provision. One case involved the Redskins football team; the other involved an Asian American rock band called “The Slants.” The PTO denied both the team’s and the band’s applications to register their respective marks, finding the marks disparaging, and both parties appealed. Each party made the same argument: Section 2(a) is an unconstitutional restriction against free, even if unpopular, speech.

In *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015), a split en banc U.S. Court of Appeals for the Federal Circuit ruled in favor of the band and held that the federal government’s ban on disparaging trademark registrations violates the First Amendment. Stated the Federal Circuit: “Many of the marks rejected as disparaging convey hurtful speech that harms members of oft-stigmatized communities. . . . But the First Amendment protects even hurtful speech.” The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. Long-standing Federal Circuit precedent held that Section 2(a) passed constitutional muster because it did not actually stop trademark owners from using an offensive mark, merely from registering it with the government. The court noted, however, that the First Amendment’s protections have never been limited to situations where the government outright bars speech: “That principle governs even when the government’s message-discriminatory penalty is less than a prohibition.” On April 20, 2016, the PTO filed a writ of certiorari asking the U.S. Supreme Court to consider the case.

Concurrently, *Pro-Football Inc. v. Blackhorse*, No. 15-1874, was pending before the U.S. Court of Appeals for the Fourth Circuit. That appellate court was reviewing the decision of

the U.S. District Court for the Eastern District of Virginia, 112 F. Supp. 3d 439 (E.D. Va. 2015). The district court affirmed the PTO's decision to cancel the football team's registrations, rejecting the constitutional challenge on the ground that trademarks constitute "government speech" and, therefore, are not subject to First Amendment scrutiny.

On Sept. 29, 2016, the U.S. Supreme Court granted the PTO's petition for a writ of certiorari in the *Tam* case. *Lee v. Tam*, No. 15-1293. The question presented was: "Whether the disparagement provision of the Lanham Act, 15 U.S.C. 1052(a), which provides that no trademark shall be refused registration on account of its nature unless, inter alia, it '[c]onsists of . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute' is facially invalid under the Free Speech Clause of the First Amendment." The First Amendment to the U.S. Constitution states: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances." The U.S. Supreme Court heard oral argument on Jan. 18, 2017, and decided the case, captioned *Matal v. Tam*, 137 S. Ct. 1744 (2017), in June 2017.

The U.S. Supreme Court's decision declared that the Lanham Act's ban on disparaging trademark registrations was unconstitutional. The decision overturned the refusal to register the rock band's mark, "The Slants," on the ground that the mark was "disparaging" to people of Asian descent. The decision also ended the decades-long, tortured and highly publicized effort to cancel registration of several Washington Redskins marks.

The 39-page opinion was written by Justice Samuel Alito and accompanied by several concurrences. All eight participating justices agreed on the key holding: The Lanham Act's disparagement clause unconstitutionally discriminated against unpopular speech. "We now hold that this provision violates the Free Speech Clause of the First Amendment," Justice Alito wrote. "It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend." More specifically, the Court found the disparagement clause unconstitutional because it constituted "viewpoint discrimination" and the government failed to meet the exceedingly difficult corresponding level of judicial review known as "strict scrutiny."

In its entirety, Section 2(a) of the Lanham Act directed the PTO to refuse to register any trademark 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, institutions, beliefs, or national symbols, or bring them into contempt or disrepute." (Emphasis added.) The U.S. Supreme Court expressly limited its decision in *Tam* to the unconstitutionality of the disparagement clause and did not address the "immoral" or "scandalous" clauses of Section 2(a). Many opined, however, that the Court might ultimately find those clauses of Section 2(a) unconstitutional for the same reasons.

The Federal Circuit dropped the proverbial "other shoe" in *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. Dec. 15, 2017), unanimously finding the Lanham Act's immoral and scandalous clauses unconstitutional for largely the same reasons recited by the U.S. Supreme Court in *Tam*. At issue in *Brunetti* was a trademark application to register the mark FUCT as used on apparel, a mark which the applicant, Erik Brunetti, has continuously used since 1990. The PTO refused to register the mark in July 2013, finding it phonetically equivalent to the "F" word. Therefore, ruled the PTO, the mark was both "vulgar" and within the Lanham Act's ban on scandalous and immoral trademarks. Brunetti appealed to the Federal Circuit in 2014, which put the case on hold after the U.S. Supreme Court agreed to hear *Tam* in 2016, given the possibility that the *Tam* decision would resolve *Brunetti*.

After *Tam* was decided without expressly finding Section 2(a) unconstitutional in its entirety, the Federal Circuit reversed the PTO on the (now unsurprising) ground that the ban against registration of immoral or scandalous marks in Section 2(a) of the Lanham Act is unconstitutional under the First Amendment. The Federal Circuit reasoned that the ban targets "the expressive content of speech," and thus must receive strict scrutiny, under which test it is undisputedly unconstitutional. Even under the more permissive test of intermediate scrutiny, however, which would apply if the ban were treated as a regulation of mere commercial speech, the ban was unconstitutional because:

1. the government failed to identify a substantial government interest served by the clause; and
2. the record indicated that the ban was not carefully tailored in either its design or application.

Finally, the Federal Circuit concluded that there is no "reasonable definition" of the statutory terms "scandalous" or "immoral" that would preserve constitutionality. The vagueness of the immoral and scandalous clauses was demonstrated by the remarkable number of inconsistent results over the years, and because determinations of what is and is not vulgar are inherently subjective and vary over

time. Among other examples, the Federal Circuit discussed 40 trademark applications containing the term MILF, only 20 of which were refused under the ban.

The U.S. Supreme Court granted a petition for writ of certiorari on Jan. 4, 2019, and decided the case, which is now captioned *Iancu v. Brunetti* (https://www.supremecourt.gov/opinions/18pdf/18-302_e29g.pdf), Case No. 18-302, on June 24, 2019. Writing for six justices, and as expected, Justice Elena Kagan applied the reasoning of the Court's decision in *Tam*, affirmed the Federal Circuit's decision, and held that the Lanham Act provision which bars the registration of immoral or scandalous trademarks violates the First Amendment. "The rejected marks express opinions that are, at the least, offensive to many Americans," wrote Justice Kagan. "But as the Court made clear in *Tam*, a law disfavoring 'ideas that offend' discriminates based on viewpoint, in violation of the First Amendment." The government argued that the immoral or scandalous bar is viewpoint-neutral because the statute can be read narrowly to only bar registration of "marks that are offensive [or] shocking to a substantial segment of the public because of their *mode* of expression, independent of any view that they may express." Justice Kagan stated that the Court could not adopt this narrow reading because it was not evidenced in the statutory language: "To cut the statute off where the government urges is not to interpret the statute Congress enacted, but to fashion a new one."

The government's position found a more receptive audience with Chief Justice John Roberts and Justices Stephen Breyer and Sonia Sotomayor – each of whom stated that they would have split the statutory provision in half and upheld a portion of it. Chief Justice Roberts filed a concurring and dissenting opinion arguing that, although the immoral portion of the statute could not be read narrowly in a way that would eliminate its viewpoint bias, the scandalous portion could be read in that manner. Justice Breyer filed a concurring and dissenting opinion, agreeing with Justice Sotomayor that the word "scandalous" should be interpreted to refer to only certain obscene modes of expression. Justice Sotomayor, joined by Justice Breyer, filed a concurring and dissenting opinion, arguing that the Court should have applied the proposed narrow construction to the term "scandalous." Finally, Justice Alito filed a concurring opinion, contending that "[v]iewpoint discrimination is poison to a free society," and that the responsibility falls on Congress to fashion a more focused statute. Predicting what Congress will do is always difficult, but legislation amending the Lanham Act to prevent registration of offensive trademarks is something that might gain bipartisan traction.

Other than a possible congressional response, what are the ramifications of these important judicial decisions under



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Section 2(a)? First, although the PTO may no longer refuse registration of marks on the grounds that the marks are disparaging, immoral or scandalous, the Court's recent decisions do not mean that any and all marks can now become federally registered. The PTO still has many other bases on which to refuse trademark registrations. Marks cannot be registered, for example, if they are used in connection with goods and services that are considered illegal under federal law (e.g., marijuana). Another criterion for federal registration is that the mark not create a likelihood of confusion with other registered or pending trademarks. And trademark owners must actually use marks in commerce before the marks can be registered. Nevertheless, in light of *Tam* and *Brunetti*, more applications will likely be filed and registrations granted for arguably offensive and controversial marks. Query whether the use of such marks to distinguish one's goods and services is desirable, however, given the risk of losing at least some would-be customers who might be offended in some circumstances.

A few trademark practitioners also question whether another ramification of the decisions might be a future constitutional challenge to federal trademark dilution laws. Trademark infringement laws restrict free speech, but they do so to protect consumers from confusion. Dilution laws do not have that justification; they prohibit the use and registration of famous trademarks even when consumer confusion is not likely (think a prohibition against "Apple" brand shoes). Thus, some practitioners have wondered whether the speech restrictions imposed by dilution, lacking the purpose that infringement laws serve, will still pass muster under the First Amendment. This question matters because larger companies with famous marks often assert dilution to stop use and preclude registration of marks when there is no likelihood of confusion and no competition.

Takeaway: More applications will likely be filed and registrations granted for arguably offensive and controversial marks, but the removal of certain bars against trademark registration will not likely force consumers suddenly to embrace violent, hateful or offensive brands.