



IP NEWS QUARTERLY



IP Attorneys Group, LLC

Summer 2019

THE LIMITS OF TRADEMARKS

Introduction

On June 24, 2019, the United States Supreme Court held in a 6-3 majority that barring a trademark due to the fact that it was immoral or scandalous was in violation of the free speech protected by the First Amendment to the United States Constitution. This issue of IP News Quarterly will look at the background behind the ruling, the *Iancu v. Brunetti* decision, and implications for future trademark registration.

Background

On July 5, 1946, Congress passed the Trademark Act of 1946, otherwise known as the Lanham Act. This act was the most recent major update regarding statutes and guidelines for trademarks in the United States, including the process of obtaining a trademark, and what constitutes trademark infringement and false advertising. Within this act, in 15 U.S.C. § 1052(a), the law stated that a trademark could be registered unless it contains “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.” With this limitation, various trademark applications have been issued a “2(a)” rejection for falling under one of these categories. Some examples of rejected trademarks include “KO KANE,” as it was deemed that the “use of the phonetic equivalent of the word ‘cocaine’ would be seen as inappropriately glamorizing drug abuse” (August 28, 2010 Office Action for U.S. Trademark Application No. 85038867), and “REDSKINS” for being disparaging to Native Americans.

However, in the 2017 case *Matal v. Tam*, the United States Supreme Court held in a 8-0 majority that barring a trademark due to the fact that it disparaged any persons, living or dead, was in violation of the free speech protected by the First Amendment to the United States Constitution. In this case, an Asian American rock group called “The Slants” attempted to trademark their band name, but were issued a “2(a)” rejection. This group purposefully called their band a name that has traditionally been a derogatory term for Asian persons as a means of reclaiming the name and removing the stigma from the term. Thus, the band name is intended to demonstrate their idea of having a new “slant” or viewpoint on life.

The Supreme Court decision in *Matal v. Tam* opened up the possibility of challenging other portions of the Lanham Act as being in violation of the First Amendment. Key to these challenges was the question of what “immoral” and “scandalous” matters are, and who determines these definitions. The United States Trademark Office has typically combined the meanings of “immoral” and “scandalous,” despite having potentially different meanings in different contexts, as well as their separation by the term “deceptive.” The Trademark Manual of Examining Procedure (TMEP) states that while “the words ‘immoral’ and ‘scandalous’ may have somewhat different connotations, case law has included immoral matter in the same category as scandalous matter.” (TMEP 1203.01). When determining whether a mark is “scandalous,” examiners are instructed to use the ordinary meaning of the word, which is “shocking to the sense of propriety.” This determination should be made “in the context of the current attitudes of the day . . . in the context of the relevant marketplace for the goods or services identified in the application, and must be ascertained from the standpoint of not necessarily a majority, but a substantial composite of the general public.” (TMEP 1203.01).

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Did You Know?

While trademarks were protected by common law in the United States nearly since its inception, it was not until 1870 that Congress passed the Trademark Act of 1870, which was the first attempt to set up a federal register of trademarks. The 1870 register was based on the “Copyright Clause” of the Constitution, which gives Congress the ability to promote science and useful arts by giving inventors exclusive rights to their inventions for a set time. However, in 1879, the Supreme Court said a register based on the Copyright Clause was unconstitutional as trademarks do not fall under the category of science or useful art, but that trademarks could be regulated under the Commerce Clause which gives Congress the power to regulate commerce between nations and states. Thus the Trademark Act of 1881, and all subsequent acts, have been clearly worded to fall under the Commerce and not the Copyright Clause.

Due to these guidelines, it is not surprising that when Erik Brunetti attempted to register a trademark for his brand name FUCT, an acronym for “Friends U Can’t Trust,” he was issued a “2(a)” rejection due to its similarity to a “scandalous” term or action. Brunetti appealed this decision which eventually made its way to the Supreme Court on April 15, 2019.

The *lanca v. Brunetti* Decision

As they did in *Matal v. Tam*, the Court points out that a trademark registration is not necessary to “use [the trademark] in commerce and enforce it against infringers. . . . But registration gives trademark owners valuable benefits.” These benefits include “prima facie evidence” of the mark’s validity and notice of ownership which can aid in infringement action. The Court also points out valid limitations on Trademarks, such as marks which resemble another mark and would cause consumer confusion, marks which simply describe the goods being trademarked, and marks which contain the flag of any nation or state. However, all 9 justices agreed that having a ban on “immoral” trademarks is biased and leads to viewpoint-discrimination, which is unconstitutional. Since the Trademark Office has traditionally combined “immoral” and “scandalous,” as discussed above, the 6-3 decision stated that the way the Trademark Office was implementing these “2(a)” rejections was in conflict with the rights protected by the First Amendment. The Government tried to argue that rejections of “scandalous” marks could be limited to their mode of expression rather than the ideas they convey. This would limit vulgar, sexually explicit, or profane marks (which Brunetti’s mark would fall under), but not marks which are considered immoral or offensive because of the ideas they promote. The Court rejected this proposal as the statute and its implementation has been defined for some time, but did not appear to strike down the idea that limiting trademarks in this way would fall within the rights protected by the First Amendment. Some dissenting in part opinions not only leave open this possibility, stating that the “First Amendment protects the freedom of speech; it does not require the Government to give aid and comfort to those using obscene, vulgar, and profane modes of expression,” and some actively advocate for the law to be written or interpreted this way.

Moving Forward

Justice Sotomayor states in her dissenting in part opinion that the *lanca v. Brunetti* decision “will beget unfortunate results” as “the Government will have no statutory basis to refuse (and thus no choice but to begin) registering marks containing the most vulgar, profane, or obscene words and images imaginable.” Indeed, on July 3, 2019, the Trademark Office issued an updated Examination Guide in view of this decision stating “that a mark may consist of or comprise ‘immoral’ or ‘scandalous’ matter is no longer a valid ground on which to refuse registration or cancel a registration. The portions of Trademark Manual of Examining Procedure (TMEP) §1203 that relate specifically to examination of immoral or scandalous matter no longer apply.” (Examination Guide 2-19). Thus, whether good or bad, the range of potential trademarks in the United States has been expanded drastically with this ruling. Unless a new law is passed by Congress which puts a limit on trademarks whose modes of expression are considered scandalous, as discussed above, this decision appears to be a definitive and final say on this matter. After the court case is delivered to the Trademark Office, they will begin removing suspensions on trademark cases which normally would have been given “2(a)” rejections, but were suspended due to this pending case. Applicants whose trademark applications have gone abandoned due to an insurmountable “2(a)” rejections are encouraged to submit new applications. The likely result will be a period of trademark oppositions and sorting out who first used a mark, and thus who should properly be awarded the trademark registration, a job best done by trained trademark attorneys. Proponents of this Supreme Court decision celebrate the fact that society as a whole, and the government as an agent of that society, can no longer regulate what can be trademarked, as this hinders the government’s ability to limit speech in opposition to its action. But others, like Justice Sotomayor, worry that lifting these restrictions will lead to an increase in scandalous speech and marketing, and will degrade society’s views of what constitutes “scandalous.” Only time will tell if society in general, and the marketplace in particular, is willing or able to tolerate such “immoral” or “scandalous” marks, or whether this decision will have a further numbing effect on societal views.



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