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SUPREME COURT CONFIRMS THAT IT IS A VIOLATION OF THE FIRST AMENDMENT RIGHT TO FREE SPEECH FOR THE US TRADEMARK OFFICE TO REFUSE REGISTRATION TO IMMORAL OR SCANDALOUS MARKS

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(June 24, 2019) In its June 24, 2019 decision in *Iancu v. Brunetti*, the Supreme Court held that the Lanham Act's Section 2(a) prohibition against the registration of "immoral" or "scandalous" trademarks violates the First Amendment. This ruling has been widely expected since the Court's 2017 decision in *Matal v. Tam*, which held that the Lanham Act's similar bar to the registration of "disparaging trademarks" violated the First Amendment. Unsurprisingly, the Court drew heavily from the *Tam* decision for its opinion in this matter.

In 2011, Erik Brunetti filed a U.S. trademark application for FUCT, the name of his clothing line. Brunetti's application was rejected by the US Patent & Trademark Office ("PTO") as being "highly offensive" and "vulgar," and therefore unregistrable under Section 2(a) of the Lanham Act. The Examining Attorney's rejection was affirmed by the PTO's Trademark Trial and Appeal Board ("TTAB"). Even though the brand name is "the equivalent of [the] past participle form of a well-known word of profanity" (*see Brunetti*,588 U.S. __ (2019), Tr. of Oral Arg. 5) the Court of Appeals for the Federal Circuit overturned the TTAB's decision, because it found that the Lanham Act's restriction violated the First Amendment. The Supreme Court granted certiorari to review the Federal Circuit's decision, which it affirmed.

The Supreme Court's majority opinion, written by Justice Kagan and joined by Justices Thomas, Ginsburg, Alito, Gorsuch and Kavanaugh,noted "this Court first considered a First Amendment challenge to a trademark registration restriction in *Tam*, just two Terms ago." *Brunetti*,588 U.S. __ (2019) (slip op., at 4). While acknowledging that in *Tam,* the Court split between two non-majority opinions, all the *Tam* Justices agreed on two points. First, that trademark registration bars are unconstitutional if they are "viewpoint-based," and second, that the bar on "disparaging trademarks" was viewpoint-based. *Id*. "The Justices thus found common ground in a core postulate of free speech law: The government may not discriminate on speech based on the ideas or opinions it contains." *Id.*

Having established that the "viewpoint-based" test is settled law for restrictions on trademark applications, "the key question becomes: Is the 'immoral or scandalous' criterion in the Lanham Act viewpoint-neutral or viewpoint-based?" *Id*. at 5. The Court overwhelmingly found that the bar on "immoral or scandalous" trademarks is "viewpoint-based," given the dictionary definition of the terms as well as their use in practice. The Court noted that "immoral and scandalous" terms are those that defy "society's sense of decency or propriety" and that "the statute on its face, distinguishes between … those [trademarks] aligned with conventional moral standards and those hostile to them; those including societal nods of approval and those provoking offense and condemnation." *Id.* at 6. The Court also found that, in practice, the PTO's refusal to register trademarks under the "immoral or scandalous" standard was based on their *message* and not their *content*.

As an example of the kind of improper message-based discrimination under the "immoral or scandalous," standard, the Supreme Court found it improper that the PTO denied registrations for the trademarks YOU CAN'T SPELL HEALTHCARE WITHOUT THC (for pain relief medicine) and KO KANE (for a beverage), but granted registrations for D.A.R.E. TO RESIST DRUGS AND VIOLENCE or SAY NO TO DRUGS – REALITY IS THE BEST TRIP IN LIFE. It would be one thing if *all* trademarks making references to drugs were barred, but the Court thought it improper that, depending on content, only certain drug references were barred.

In addition to the majority opinion of the Court, four Justices filed separate opinions. Justice Alito filed a concurring opinion in which he agreed with the reasoning of the majority but encouraged Congress to draft "a more carefully focused statute that precludes the registration of marks containing vulgar terms." *Brunetti*,588 U.S. __ (2019) (Alito, J., concurring slip op., at 1).

Three other Justices, Chief Justice Roberts and Justices Breyer and Sotomayor, filed separate opinions concurring-in-part and dissenting-in-part to express their separate reasons for thinking that, while the bar to registering "immoral" marks is unconstitutional, the bar to registering "scandalous" marks can be construed narrowly so as not to violate First Amendment free speech rights. For instance, in Justice Sotomayor's view, scandalous "can be read broadly (to cover both offensive ideas and offensive manners of expressing ideas), or it can be read narrowly (to cover only offensive modes of expression)." *Iancu v. Brunetti*, 588 U.S. __ (2019) (Sotomayor, J., concurring/dissenting slip op., at 3). Because "scandalous" can have both a narrow and a broad meaning, the

doctrine of constitutional avoidance dictates that the Court should construe it narrowly. Additionally, Justice Sotomayor cited several other canons of construction to argue that "scandalous" only covers "offensive modes of expression," and took the majority to task for collapsing "immoral and scandalous" into one phrase, rather than two distinct terms. *Id*. at 6. In Justice Sotomayor's view, the Court should have held the bar on "scandalous" trademarks to be constitutional under the First Amendment. *Id.* at 19.

The Supreme Court's holding in this case is expected to have a large impact on trademark law. Indeed, in her separate opinion, Justice Sotomayor predicted a "rush" to register offensive trademarks following this decision. *Id*. at 1. However, the Court explicitly left open the possibility that Congress may in the future consider passing a more narrowly tailored law to bar trademarking obscenities and other offensive content that would pass constitutional muster.

We will continue to monitor the law in this area and publish further alerts as developments occur. In the meantime, please feel free to contact our attorneys if you have any questions regarding this alert.

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