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Intellectual Property ADVISORY ■

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The First Amendment Wins Again: Supreme Court Holds "Immoral" and "Scandalous" Trademarks Are Registrable

The U.S. Supreme Court has confirmed that trademarks will no longer be refused registration when they constitute "immoral or scandalous" matter. On June 24, 2019, in a 6–3 majority opinion written by Justice Kagan, the Court held that the bar against such federal registrations is unconstitutional because it violates the First Amendment.

The case originated with a trademark application filed in 2011 for the mark FUCT, covering various clothing goods. In 2012, the U.S. Patent and Trademark Office (USPTO) refused to register the trademark based on Section 2(a) of the Lanham Act, which since its enactment in 1946 has prohibited the federal registration of a trademark that "[c]onsists of or comprises immoral … or scandalous matter."

Following this refusal, Erik Brunetti, who had at that time acquired ownership of the mark and the application, appealed to the Trademark Trial and Appeal Board (TTAB), which affirmed the refusal in August 2014.

Brunetti appealed the TTAB decision in September 2014 to the Federal Circuit. The case was stayed pending the Supreme Court's June 2017 decision in *Matal v. Tam*, which reviewed the disparagement provision of Section 2(a) and found that provision unconstitutional. Following that decision and relying on the Supreme Court's reasoning in *Tam*, the Federal Circuit on December 15, 2017, held that refusing registration to Brunetti would unfairly deprive him of his right to free speech.

Decision

In its June 24, 2019 decision *Iancu v. Brunetti*, the majority affirmed the Federal Circuit's ruling, siding with Brunetti. The decision was consistent with *Tam* but further dismantled Section 2(a)—a provision of the Lanham Act that has been in place for over 70 years. All nine Justices agreed that the "immoral" portion of Section 2(a) should be struck down on the same First Amendment ground that the disparagement provision had been struck down: because "[i]t too disfavors certain ideas." However, three Justices disagreed with the majority regarding the "scandalous" portion of the provision.

The government argued that the decision in *Tam* should not apply because the scandalousness provision is viewpoint neutral, and *Tam* was based on the finding that the disparagement provision was *not* viewpoint neutral. While the disparagement provision looked at whether a mark was disparaging to a particular group, the scandalousness provision, the government argued, looks not to the message itself, but the *means* of conveying the message. The majority disagreed, finding no reason for the Court to treat the scandalousness provision differently from the disparagement provision. Because the government allows registration of marks "aligned with conventional moral standards" and refuses registration of those "hostile to [those standards]," the Court held that the scandalousness provision was also viewpoint based. Looking to the dictionary definitions of "immoral" and "scandalous," the majority concluded that "the Lanham Act permits registration of marks that champion society's sense of rectitude and morality, but not marks that denigrate those concepts." Noting that the USPTO treats "immoral or scandalous" as a unity term, the majority did not distinguish between the two words.

The government asked the Court to take a narrower view and allow Section 2(a) to stand only for obscene, vulgar, or profane marks, but the majority declined to rewrite the law in that way, saying that the statute's current language does not support such an interpretation. Finding that the scandalousness provision was viewpoint based, the majority in short order affirmed the Federal Circuit's decision based on the reasoning in *Tam*.

Concurring and Dissenting Opinions

Justice Alito wrote a concurring opinion stressing the importance of free speech, noting that "[v]iewpoint discrimination is poison to a free society," yet suggesting that Congress could adopt its own more carefully focused statute to preclude registration of vulgar terms "that play no real part in the expression of ideas." He further suggested that "[t]he particular mark in question in this case could be denied registration under such a statute."

Chief Justice Roberts and Justice Breyer filed opinions concurring in part and dissenting in part, arguing that while the "immoral" portion of the statute could not be saved, the "scandalous" wording could be read more narrowly to avoid the First Amendment issue, focusing simply on marks that are "obscene, vulgar, or profane."

Justice Sotomayor also filed an opinion concurring in part and dissenting in part, in which Justice Breyer joined. Justices Sotomayor and Breyer argued that given the unique and highly regulated area of trademark law, the "scandalous" portion of the statute did not offend First Amendment rights. Those Justices reasoned that that portion could be read to simply prohibit the registration of marks using a scandalous mode of expression without making a viewpoint judgment. Justice Breyer stated in his own opinion that "the trademark statute does not clearly fit within any of the existing outcome-determinative categories." Nevertheless, he opined that the interests of the First Amendment would not be harmed by upholding the "scandalous" portion of the statute, noting that the limited public forum or government program categories might apply. Justice Sotomayor wrote more affirmatively that trademark registration should be treated as either a limited public forum or a government program, both of which allow restrictions on free speech when the government has a reasonable interest in restricting such speech.

Implications

This decision may result in a rise in applications for marks that may previously have been refused based on the scandalous bar. Congress may also heed the concurring Justices' call to amend Section 2(a) of the Lanham Act to include a narrower basis for refusal of obscene, vulgar, or profane marks. In the meantime, mark owners should carefully monitor trademark publications in the coming months for potentially vulgar applications that may be likely to dilute and/or cause confusion with their trademarks.

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