

Memorandum

Supreme Court Strikes Down Ban on Scandalous Trademarks; Decision May Threaten Future Trademark Dilution Claims

July 11, 2019

On June 24, 2019, the U.S. Supreme Court issued its decision striking down the U.S. Lanham Act's ban on federal registration of "immoral or scandalous" trademarks.¹ The case arose when the U.S. Patent and Trademark Office (PTO) refused to register the term "FUCTION," which the applicant used as a clothing brand. The opinion follows a 2017 decision of the Court striking down the Lanham Act's ban on "disparaging" trademarks and upholding registration of "The Slants" for an Asian-American rock band.²

Why the Case Matters

Both decisions demonstrate the Court's view that allowing the PTO to engage in "viewpoint-based" rejections of trademark registrations violates the First Amendment. The Court held that whether a mark is deemed immoral, scandalous or disparaging necessarily implicates the Government's view of its content and message, and such viewpoint discrimination is unconstitutional.

The case is an initial victory for "shock value" brand names, which can now enjoy the benefits of federal registration, such as a *prima facie* presumption of exclusive rights in all 50 states. But the Court's majority and other opinions opened the door to allowing a ban on registration of lewd, sexually explicit, profane, obscene or vulgar marks—narrower categories that do not merit First Amendment protection. A revised Lanham Act may be able to deny registration to marks that fall within those categories.

However, registration is optional for U.S. trademarks, and unregistered trademark rights arise through simply using a mark in U.S. commerce. For nationally marketed brands, unregistered marks enjoy nearly equivalent protection to registered ones. For that reason, even under a revised Lanham Act that bans registration of obscene or vulgar brands, companies may choose to sell products bearing such brands under

¹ *Iancu v. Brunetti*, 139 S. Ct. 2294 (June 24, 2019).

² *Matal v. Tam*, 137 S. Ct. 1744 (2017).

unregistered trademarks. The primary check on such use will not be the PTO, but the court of public opinion.

Further, the Court's ruling has potentially wider implications. Some trademark lawyers argue that the holding may kill off trademark dilution claims under the "tarnishment" theory. Tarnishment occurs when a third party uses a famous mark in an unflattering way—for example, in association with sexual or offensive content—even when consumers are not confused that it is an unrelated third party using the mark. A future defendant may argue that a court cannot opine on what "tarnishes" a trademark (*e.g.*, a slogan with a political view opposed to the trademark owner's) without engaging in viewpoint discrimination.

Case History and Analysis

Artist Erik Brunetti founded his clothing brand "FUCT" (Friends U Can't Trust) in 1990. In 2011, the PTO rejected Brunetti's application to register the mark, noting its equivalence to a well-known profane word. The PTO concluded that the mark was prohibited from registration as "scandalous or immoral" under Section 2(a) of the Lanham Act, 15 U.S.C. §1052(a). Brunetti appealed, and the Trademark Trial and Appeal Board affirmed, concluding that the mark was "extremely offensive." Brunetti appealed to the Federal Circuit, which reversed in his favor in [2017](#).

Following the logic of the "Slants" case with respect to "disparaging" marks, the Supreme Court held that the Lanham Act's ban on "immoral or scandalous" marks—which allows registration of marks that align with social norms but rejects marks contravening them—resulted in unconstitutional viewpoint discrimination. In support of this conclusion, the Court cited instances where the PTO rejected trademarks endorsing drug use such as YOU CAN'T SPELL HEALTHCARE WITHOUT THC but registered marks disapproving of drug use such as SAY NO TO DRUGS—REALITY IS THE BEST TRIP IN LIFE.

The majority opinion left open the possibility that a narrower ban on registering trademarks that are "lewd, sexually explicit, or profane" might be constitutionally permissible. Meanwhile, the concurrences/dissents also expressed support for a ban on "obscene, vulgar and/or profane" marks, noting that they did not deserve protection and that trademark owners could use such marks on an unregistered basis.

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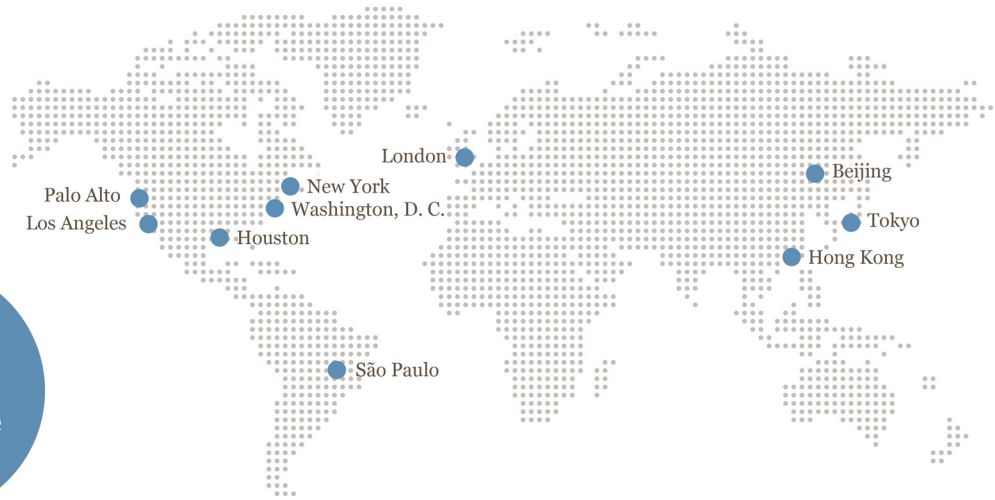
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