Simpson Thacher

Memorandum

Federal Circuit Rules That Lanham Act's Ban on Registering Scandalous Or Immoral Trademarks Is Unconstitutional

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On December 15, 2017, the U.S. Court of Appeals for the Federal Circuit ruled that the Lanham Act's ban on registration of "scandalous" or "immoral" trademarks is an unconstitutional restraint on free speech. Artist Erik Brunetti brought suit after the U.S. Patent and Trademark Office ("PTO") refused to register "Fuct" as the name of his clothing brand. The *Brunetti* case was decided in the wake of *Matal v. Tam*, in which the Supreme Court struck down as unconstitutional the Lanham Act's prohibition on registering "disparaging" trademarks, and reversed the PTO's refusal to register "The Slants" as the name of Simon Tam's Asian-American rock band.[1]

Why The Case Matters

Taken together, *Tam* and *Brunetti* allow the U.S. registration of trademarks that many people view as offensive. As both cases note, even if the PTO had prevailed, companies could still *use* offensive trademarks to brand their goods, because trademark registration is optional in the United States. However, a trademark registration confers certain procedural advantages and presumptions in litigation. These advantages will now be available to offensive marks, a fact that will likely encourage those who wish to market goods and services branded with such marks.[2]

The holdings in *Tam* and *Brunetti* suggest that certain other portions of Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), are also unconstitutional. Section 2(a) also bans registration of trademarks that are

[1] *Matal v. Tam*, 137 S.Ct. 1744 (2017); *In re Brunetti*, No. 2015-1109, 2017 WL 6391161 (Fed. Cir. Dec. 15, 2017).

[2] When the *Tam* ruling was issued, 147 pending PTO applications included one of comedian George Carlin's famous seven words that cannot be said on television. In six months, that number has increased to 212, and is expected to grow after the *Brunetti* ruling.

deceptive or "falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." Applying *Tam* and *Brunetti*, the ban on registering trademarks creating "contempt or disrepute" would likely be struck down, but the prohibition on registering "deceptive" or "falsely suggestive" marks would probably survive as a permissible viewpoint-neutral speech regulation that is well-tailored to advance the Lanham Act's primary purpose of preventing consumer confusion in the marketplace.

Case History and Analysis

Artist Erik Brunetti founded the clothing brand FUCT in 1990. In 2011, a PTO examining attorney rejected Brunetti's application for registration, finding that the brand was the past tense of a curse word and therefore banned from registration as scandalous or immoral under 15 U.S.C. § 1052(a). The Trademark Trial and Appeal Board affirmed the examiner's rejection in 2014, and Brunetti appealed to the Federal Circuit.

In its opinion, the Federal Circuit followed the logic of *Tam* and invalidated the Lanham Act's ban on registering immoral or scandalous marks, holding it to be a content-based speech restriction in violation of the First Amendment. The PTO conceded that Section 2(a) was a content-based *regulation*, but argued that the regulation was permissible because (i) federal registration of trademarks was either a government subsidy for speech, and/or (ii) registration itself was a "limited public forum" (i.e., speech tied to government property or a means of communication controlled by the government). In either case, the PTO argued, the government enjoyed wide latitude to enact content-based (albeit not viewpoint-based) restrictions.

The Federal Circuit rejected these arguments. It noted that the Supreme Court's government subsidy cases had directly implicated Congress' power to spend funds or control government property. Here, applicants' PTO filing fees finance the direct costs of U.S. registration, and the benefits of U.S. registration are not analogous to Congress' grant of federal funds. The Court also noted that treating U.S. trademark registration like a public subsidy would "provide the government with similar censorship authority" for every government registration, including registration for copyrighted works, many of which are vulgar or scandalous. *Brunetti*, 2017 WL 6391161, at *8.

The Federal Circuit also rejected the idea that trademark registration is a limited public forum, noting that these cases concerned speech occurring on government property, such as a public university or a federal workplace. In contrast, speech relating to a trademark registration "is not tethered" to any government property. For example, the Nike swoosh trademark is used in a Nike store, not on government property.

Further, the Court noted that even immoral or scandalous trademarks could have expressive content, such as by using the "f" word to denounce drugs, cancer or racism. *Id.* at *11. Therefore, Section 2(a) targeted the

expressive nature of a trademark, and as a consequence, was subject to First Amendment strict scrutiny, a standard that Section 2(a) could not survive. *Id*. at *11–12.

Finally, the Court held that even if Section 2(a) was viewed as regulating only "commercial speech," it would be unconstitutional under that lower standard of scrutiny. First, there is no "substantial government interest" in barring registration of scandalous marks—protecting the public from "off-putting" registrations does not meet the standard. Second, given that companies can still use scandalous trademarks on an unregistered basis, refusal to register a trademark does not remove it from public view. Third, the PTO registration process was not narrowly tailored to solve the problem, given the inconsistent decisions issued by different PTO examining attorneys for arguably offensive marks.[3]

[3] One judge concurred in the ruling, noting that he would have restricted Section 2(a)'s ban on "scandalous or immoral" marks to "obscene" marks, which do not merit constitutional protection. But as he did not view "fuct" to be obscene, he agreed to reverse the PTO's refusal to register.

For further information about this decision, please contact one of the following members of the Firm's Litigation Department.

NEW YORK CITY

Lori E. Lesser
+1-212-455-3393
llesser@stblaw.com

Noah M. Leibowitz
+1-212-455-3098
nleibowitz@stblaw.com

Christopher Jon Sprigman
+1-212-455-7844
christopher.sprigman@stblaw.com

PALO ALTO

Harrison J. (Buzz) Frahn
+1-650-251-5065
hfrahn@stblaw.com

Jeffrey Eric Ostrow
+1-650-251-5030
jostrow@stblaw.com

Marcela Robledo
+1-650-251-5027
mrobledo@stblaw.com

Simpson Thacher Worldwide

UNITED STATES

New York
425 Lexington Avenue
New York, NY 10017
+1-212-455-2000

Houston
600 Travis Street, Suite 5400
Houston, TX 77002
+1-713-821-5650

Los Angeles
1999 Avenue of the Stars
Los Angeles, CA 90067
+1-310-407-7500

Palo Alto
2475 Hanover Street
Palo Alto, CA 94304
+1-650-251-5000

Washington, D.C.
900 G Street, NW
Washington, D.C. 20001
+1-202-636-5500

EUROPE

London
CityPoint
One Ropemaker Street
London EC2Y 9HU
England
+44-(0)20-7275-6500

ASIA

Beijing
3901 China World Tower
1 Jian Guo Men Wai Avenue
Beijing 100004
China
+86-10-5965-2999

Hong Kong
ICBC Tower
3 Garden Road, Central
Hong Kong
+852-2514-7600

Seoul
25th Floor, West Tower
Mirae Asset Center 1
26 Eulji-ro 5-Gil, Jung-Gu
Seoul 100-210
Korea
+82-2-6030-3800

Tokyo
Ark Hills Sengokuyama Mori Tower
9-10, Roppongi 1-Chome
Minato-Ku, Tokyo 106-0032
Japan
+81-3-5562-6200

SOUTH AMERICA

São Paulo
Av. Presidente Juscelino
Kubitschek, 1455
São Paulo, SP 04543-011
Brazil
+55-11-3546-1000