TRADEMARK LAW UPDATE: FEDERAL CIRCUIT STRIKES DOWN LANHAM ACT'S BAN ON "IMMORAL" OR "SCANDALOUS" MARKS

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In June 2017, the U.S. Supreme Court in *Matal v. Tam* struck down as unconstitutional a provision of section 2(a) of the Lanham Act,[1] which had permitted the U.S. Patent and Trademark Office (USPTO) to refuse to register "disparag[ing]" trademarks.[2] Though the U.S. Supreme Court unanimously held that this provision violated the First Amendment's Free Speech Clause, the justices split on their reasoning and did not rule on the constitutionality of other provisions of the Lanham Act.[3] Among these other provisions was a part of section 2(a) permitting the USPTO to refuse to register "immoral . . . or scandalous matter" as trademarks.[4]

Last month, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit held in *In re Brunetti* that the "immoral" or "scandalous" marks provision also is facially invalid under the First Amendment.[5] Here's what you need to know about this important decision.

BACKGROUND OF THIS CASE

Erik Brunetti is the founder and owner of the clothing brand "FUCT." In 2011, Brunetti applied to register "FUCT," alleging use for various items of apparel. The USPTO examiner, however, refused to register the mark, citing the "immoral" or "scandalous" provision of section 2(a).[6]

On appeal, the Trademark Trial and Appeal Board (TTAB) affirmed the examiner's decision, citing both the Urban Dictionary's definition of "FUCT" and Google Images searches showing that Brunetti used the mark in the context of "strong, and often explicit, sexual imagery that objectifies women and offers degrading examples of extreme misogyny . . . ."[7] The TTAB concluded that the mark is vulgar and therefore unregistrable under section 2(a).

Brunetti then appealed the TTAB decision to the Federal Circuit, arguing both that the name, in context, was not scandalous, and that section 2(a) was unconstitutional.

THE FEDERAL CIRCUIT'S DECISION

On review, the Federal Circuit panel concluded that "substantial evidence" supported the TTAB's finding that "FUCT" is the "phonetic twin" of an "undisputed[ly] . . . vulgar" word and that "a 'substantial composite' of the

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American public would find the mark vulgar."[8] Under binding Federal Circuit precedent, a showing of vulgarity is sufficient to establish that a mark is "immoral" or "scandalous" within the meaning of section 2(a).[9] Even without this precedent, the panel concluded that the "FUCT" mark, in light of the USPTO's fact findings, constitutes scandalous matter.[10]

With respect to the constitutional question, the government conceded that the "immoral" or "scandalous" marks provision is a content-based restriction on speech. Such restrictions are ordinarily subject to the high standard of strict-scrutiny review, which the government conceded that the provision could not survive.[11] Nonetheless, the government argued that the provision "does not implicate the First Amendment because trademark registration is either a government subsidy program or limited public forum."[12] In the alternative, the government argued that trademarks are commercial speech, which is subject to an intermediate level of scrutiny under *Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*.[13]

The Federal Circuit panel rejected each of the government's arguments in turn, reaching the same conclusions as the plurality opinion in *Tam*.[14] Trademark registration is not a government subsidy, as the applicant does not receive funds from the government. Indeed, it is the applicant who pays the government a fee to process the application.[15]

Trademark registration is also not a limited public forum, as "trademarks are by definition used in commerce," and "[t]he speech that flows from trademark registration is not tethered to a public school, federal workplace, or any other government property."[16] The Federal Circuit panel likewise rejected the government's attempt to characterize the principal register as a limited public forum, as the register is merely a "database identifying" approved marks, not a forum open to the "exchange of ideas[.]"[17]

The Federal Circuit panel also concluded that strict scrutiny—rather than the intermediate scrutiny under *Central Hudson*—should apply to section 2(a), as the section "regulates the expressive components of speech, not the commercial components of speech[.]"[18] The Court further concluded that the "immoral" or "scandalous" marks provision fails even this lower standard because it does not promote any substantial government interest: "the government's interest in protecting the public from off-putting marks is an inadequate government interest for First Amendment purposes."[19]

Finally, the Federal Circuit panel rejected a narrower construction of the provision that would preserve its constitutionality.[20] Judge Dyk would have construed the terms "immoral" and "scandalous" to reach only "obscene" marks—a category of speech not protected by the First Amendment.[21] The majority concluded, however, that this would amount to rewriting the statute.[22]

LOOKING FORWARD

The government must now decide its next steps in the case: to seek *en banc* review before the full Federal Circuit, petition the Supreme Court for *certioriari*, or stop defending the constitutionality of the "immoral" or

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"scandalous" marks provision entirely.

Even if the government concludes that this particular provision cannot be saved, it may still have good reason to want the *Brunetti* precedent overturned. Under *Brunetti*, provisions of the Lanham Act that target a mark's "expressive message"—rather than the mark's "source-identifying information"—are subject to strict scrutiny review.[23] The Lanham Act allows numerous categories of trademarks to be denied registration.[24] Future courts would have to determine which of these categories target a mark's expressive message, which target a mark's source-identifying information, and which do some combination of both.

We will continue to follow developments in the *Brunetti* case. Stay tuned for future updates.

Notes
1. 137 S. Ct. 1744 (2017).
2. 15 U.S.C. § 1052(a).
3. *See Tam*, 137 S. Ct. at 1768 (Kennedy, J., concurring in part and concurring in the judgment).
4. 15 U.S.C. § 1052(a).
5. No. 2015-1109, 2017 WL 6391161 (Fed. Cir. Dec. 15, 2017).
6. *Id.* at *2.
7. *Id.*
8. *Id.* at *3–4.
9. *Id.* at *4 (*citing In re Fox*, 702 F.3d 633, 635 (Fed. Cir. 2012); *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1340 (Fed. Cir. 2003)).
10. *Id.*
11. *Id.* at *6.
12. *Id.*
13. 2017 WL 6391161, at *6 (*citing Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557 (1980)).
14. *Id.* (*citing Tam*, 137 S. Ct. at 1764–65 (plurality opinion of Alito, J.)). Justice Kennedy's concurring opinion in Tam, joined by three other justices, would have found that the disparagement provision of section 2(a) constituted impermissible viewpoint discrimination. 137 S. Ct. at 1767–68 (Kennedy, J., concurring in part and concurring in the judgment). The Federal Circuit in *In re Brunetti* similarly questioned the viewpoint neutrality of the "immoral" or "scandalous" provision, but opted to reach its decision on other grounds. 2017 WL 6391161, at *6.
15. 2017 WL 6391161, at *8.
16. *Id.* at *11.
17. *Id.*
18. *Id.* at *12.
19. *Id.* at *13 (*citing Tam*, 137 S. Ct. at 1764).
20. *Id.* at *17.
21. *Id.* at *18 (Dyk, J., concurring in the judgment).
22. *Id.* at *17.
23. *Id.* at *12.
24. These include, among others, marks that are "deceptive" or "false[,]" 15 U.S.C. § 1052(a); marks that consist

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of state or national flags, *id.* § 1052(b); marks that identify living individuals without their consent, *id.* § 1052(c); marks that closely resemble already registered trademarks, *id.* § 1052(d); and marks that are "merely descriptive or deceptively misdescriptive[,]" *id.* § 1052(e).

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