



Caution Explicit Content Ahead: End of the Road for the Scandalous Provision?

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In 2017, both the disparagement and scandalous clause of the Lanham Act were successfully challenged in *Matal v. Tam* and *In re Brunetti*. The Supreme Court in *Matal*, and the Federal Circuit in *Brunetti*, concluded that these clauses violated the Free Speech Clause under the First Amendment on the grounds of viewpoint discrimination and content-based restriction, respectively. These recent decisions have significant implications for those seeking to register marks with offensive terms that would traditionally be rejected, and following these decisions, there are no apparent restrictions on entities or individuals that can take advantage of these decisions. However, with respect to *Brunetti*, the United States Patent and Trademark Office (“USPTO”) filed a petition for certiorari on September 7, 2018, challenging the Federal Circuit’s holding that the scandalous clause was unconstitutional on First Amendment grounds. If the Supreme Court does grant cert, the decision may provide more clarity on what restrictions, if any, still exist on the registration of offensive marks. The response to the petition for certiorari is due on November 8, 2018 and will be a case to watch.

Background

Although trademark protection has long existed under both the common law and state statutes, the enactment of the Lanham Act, 15 U.S.C. § 1051 *et seq.*, provided additional protections to individuals and businesses who applied for federal trademark registration. See Petition for Writ of Certiorari at 3, *Iancu v. Brunetti* (No. 18-302) (Sept. 7, 2018). The benefits conferred through federal registration of a mark include (i) constructive notice of the holder’s ownership claim to the mark; (ii) prima facie evidence of the owner’s exclusive right to use the mark in connection with the claimed goods and services; (iii) the right to use the “®” symbol with the mark; and (iv) the ability for the mark to become “incontestable” after being registered for five years, which means that the mark may only be

challenged on limited grounds after five years have elapsed since registration. *Id.* at 4.

Excluded from these added federal protections were certain types of marks which the Lanham Act did not consider registrable. Among these restrictions, the USPTO was required to “refuse registration” of marks that “[c]onsist[] of or comprise[] immoral, deceptive, or scandalous matter.” 15 U.S.C. § 1052(a). This clause, commonly known as the scandalous clause, limits the registration of marks under the Lanham Act and was challenged by Mr. Brunetti as unconstitutional under the First Amendment’s Free Speech Clause.

Generally, when determining if a proposed trademark should be barred as immoral or scandalous, the USPTO would ask whether a “substantial composite of the general public” would find the mark scandalous.” Petition for Writ of Certiorari at 5, *Iancu v. Brunetti* (No. 18-302) (Sept. 7, 2018) (internal citation omitted). Under this analysis, the USPTO defined “scandalous” as “shocking to the sense of truth, decency, or propriety; disgraceful; offensive; disreputable; . . . giving offense to the conscience or moral feelings; . . . or calling out for condemnation.” *Id.* (internal quotation marks and citation omitted). Additionally, the USPTO could deny registration if the mark was found to be “vulgar,” i.e. “lacking in taste, indelicate, [or] morally crude.” *Id.* (internal quotation marks and citation omitted). In either analysis the USPTO based its determination on the contemporary beliefs of society meaning that the outcome can vary over time as the public’s attitude on what is considered scandalous or immoral evolves. *In re Brunetti*, Serial No. 85310960, 2014 WL 3976439 at *2 (T.T.A.B. Aug. 1, 2014) (hereinafter “TTAB Opinion”) (internal citations omitted).

While the USPTO has been implementing this rule since 1905, the recent Supreme Court decision in *Matal* invalidating § 1052(a)’s ban on disparaging marks has called into question the constitutionality of § 1052(a)’s ban on immoral and scandalous marks (the “scandalous

provision”). See *Matal v. Tam*, 137 S. Ct. 1744 (2017). Similar to the issue in *Matal*, the question in the present *Iancu v. Brunetti* case is whether the scandalous provision violates the Free Speech Clause of the First Amendment. See *Matal v. Tam*, 137 S. Ct. 1744 (2017); Petition for Writ of Certiorari at I, *Iancu v. Brunetti* (No. 18-302) (Sept. 7, 2018).

Procedural History

The instant *Iancu v. Brunetti* case initially stems from the USPTO’s refusal of Mr. Brunetti’s application for federal registration of the mark “FUCT” in connection with apparel. Petition for Writ of Certiorari at 5, *Iancu v. Brunetti* (No. 18-302) (Sept. 7, 2018). As background, Mr. Brunetti had been using the term “fuct” with his clothing brand since 1990, and in 2011, he applied for federal registration of the mark. *Id.* Mr. Brunetti’s application was denied registration under § 1052(a) because the examining attorney found that the mark consisted of scandalous matter. *Id.*; TTAB Opinion at *1. As evidence of the mark’s scandalous nature, the examining attorney determined that the term “fuct” was a homonym for the past tense of the word “fuck.” TTAB Opinion at *1. As such, the examiner refused registration of the mark for containing a term which is commonly regarded as “vulgar, profane, and scandalous slang.” *Id.* (internal quotation marks omitted).

Mr. Brunetti requested reconsideration, claiming that the mark was a coined term that has no meaning outside of his brand name. *Id.* The examining attorney denied his request, and following the denial, Mr. Brunetti filed an appeal to the USPTO’s Trademark Trial and Appeal Board (“TTAB”) and alternatively argued that the scandalous provision violates the First Amendment. *Id.* The TTAB rejected Mr. Brunetti’s assertion that the mark is a coined term with no alternate meaning as incredulous and affirmed the refusal, concluding that consumers would identify the term “fuct” with the vulgar word with which it is a phonetic equivalent. *Id.* at *4-*6. With respect to Mr. Brunetti’s constitutionality claim, the TTAB acknowledged that it did not have the statutory authority to rule on that particular issue and noted that it was a question better suited for an Article III court. *Id.* at *5.

Undeterred by the TTAB’s ruling, Mr. Brunetti then appealed the TTAB’s decision to the Court of

Appeals for the Federal Circuit. At the Federal Circuit, Mr. Brunetti argued (i) that the finding that his mark was vulgar was unsubstantiated and should be reversed; and (ii) in the alternative that § 1052(a)’s ban on scandalous marks was unconstitutional under the First Amendment’s Free Speech Clause. *In re Brunetti*, 877 F.3d 1330, 1337 (Fed. Cir. 2017). In reviewing the TTAB’s decision, the Federal Circuit agreed that the evidence did support a finding that “‘fuct is a ‘phonetic twin’ of ‘fucked,’” and was a vulgar term. *Id.* at 1337-38. As such, the Federal Circuit found that the TTAB did not err in concluding the mark was not registrable under § 1052(a)’s scandalous provision. *Id.* at 1339-40. Nevertheless, in addressing Mr. Brunetti’s constitutional challenge, the Federal Circuit held that the scandalous provision of the Lanham Act was unconstitutional under the First Amendment. *Id.* at 1357.

In finding the scandalous provision unconstitutional, the Federal Circuit relied on the Supreme Court’s decision in *Matal*, which held § 1052(a)’s ban on disparaging marks was a viewpoint restriction that violated the Free Speech Clause of the First Amendment. See e.g. *Matal*, 137 S. Ct. 1744, 1751 (2017). Although the Federal Circuit acknowledged that the scandalous provision involved a content-based restriction rather than a viewpoint restriction, it concluded that “the provision impermissibly discriminates based on content in violation of the First Amendment.” *Brunetti*, 877 F.3d at 1341.

Under First Amendment precedent “content-based statutes are presumptively invalid” and must pass strict-scrutiny review in order to be found constitutional. *Id.* at 1342 (internal citation omitted). The USPTO provided two main arguments for why First Amendment strict scrutiny should not be applied: first, trademark registration does not implicate the First Amendment because it is either a government subsidy program or a limited public forum; or in the alternative, trademarks are commercial speech, which only require intermediate scrutiny under the test articulated in *Central Hudson Gas & Electric Corp. v. Public Service Commission*, 447 U.S. 557, 566 (1980). The Federal Circuit ultimately found the USPTO’s arguments unpersuasive under both the strict scrutiny and intermediate scrutiny analyses.

With respect to the USPTO’s strict scrutiny arguments, the Court held that trademark

registration does not constitute a government subsidy program nor a limited public forum. *See Brunetti*, 877 F.3d at 1342-43 (noting that trademark registration is not a government subsidy program); *id.* at 1346-48 (finding that trademark registration is not a limited public forum). In ruling that strict scrutiny applies, the Court stated that while trademarks convey a commercial message, they “often have an expressive content.” *Id.* at 1349 (quoting *Matal*, 137 S. Ct. at 1760). Noting that “[s]peech may not be barred on the grounds that it expresses ideas that offend,” the Federal Circuit concluded that the scandalous provision failed strict scrutiny because “whether marks comprise immoral or scandalous subject matter hinges on the expressive, not source-identifying, nature of trademarks.” *Id.* at 1341, 1349; *see also Matal*, 137 S. Ct. at 1751.

With respect to the USPTO’s alternative argument that trademarks are commercial speech, which only require intermediate scrutiny, the Federal Circuit also found this position unconvincing. Under *Central Hudson*’s intermediate scrutiny test for commercial speech, the court must evaluate “whether (i) the speech concerns lawful activity and is not misleading; (ii) the asserted government interest is substantial; (iii) the regulation directly advances that government interest; and (iv) whether the regulation is ‘not more extensive than necessary to serve that interest.’” 447 U.S. 557, 566 (1980). In applying this analysis, the Federal Circuit found that while the first prong was clearly met, the USPTO failed to prove the other three prongs. *Brunetti*, 877 F.3d at 1350-55. Thus, the Federal Circuit concluded that the scandalous provision also failed to under intermediate scrutiny. *Id.* at 1355.

Having failed under both strict scrutiny and intermediate scrutiny analyses, the Federal Circuit held that the scandalous provision was facially invalid for violating the Free Speech Clause of the First Amendment. *Id.* at 1357. The USPTO petitioned the Federal Circuit for a rehearing en banc but was denied. *In re Brunetti*, No. 2015-1109 (Fed. Cir. Apr. 12, 2018) (denying petition for rehearing en banc). Following the Federal Circuit’s denial of an en banc hearing, the USPTO filed the instant Petition for Writ of Certiorari on September 7, 2018.

Question Presented to the Supreme Court

As stated in the USPTO’s Petition for Writ of Certiorari, the question presented is:

Whether Section 1052(a)’s prohibition on the federal registration of “immoral” or “scandalous” marks is facially invalid under the Free Speech Clause of the First Amendment.

See Petition for Writ of Certiorari at I, *Iancu v. Brunetti* (No. 18-302) (Sept. 7, 2018).

USPTO’s Petition for Certiorari - Arguments Presented

The USPTO filed its Petition for Writ of Certiorari requesting that the Supreme Court review the Federal Circuit’s decision. The USPTO asserted three main arguments for why the Federal Circuit’s decision warrants review. First, the USPTO argued that *Matal* should not be viewed as controlling law because the disparagement clause at issue in *Matal* constituted viewpoint discrimination, which is distinguishable from the viewpoint neutral restrictions of the scandalous provision. Petition for Writ of Certiorari at 12-14, *Iancu v. Brunetti* (No. 18-302) (Sept. 7, 2018). In support of its position, the USPTO cited to Justice Kennedy’s concurring opinion in *Matal*, which noted that this decision does not present “the question of how other . . . provisions of the Lanham Act should be analyzed under the First Amendment.” *Id.* at 14 (quoting *Matal*, 137 S. Ct. at 1768). Because the USPTO prohibited the registration of scandalous terms to all applicants, the USPTO claims that its content based restriction did not affect the expressive nature of trademarks, and as such should not be examined under the same analysis as *Matal*. *Id.* at 14-15.

Second, the USPTO asserted that the scandalous provision “does not prohibit any speech, proscribe any conduct, or restrict the use of any trademark.” *Id.* at 10. In support of this claim, the USPTO argued that federal registration is voluntary and that even without federal registration, Mr. Brunetti can use his mark to identify his goods, which he has been doing since at least 1990. *Id.* at 16-17. Furthermore, the USPTO noted that even without federal registration, both federal and common law remedies are still available to Mr. Brunetti to enforce his rights over the mark. *Id.* Accordingly, the USPTO reasoned that although the First Amendment prohibits the government from

denying free speech, Mr. Brunetti cannot require the USPTO to assist him in expressing his speech through federal trademark registration. *Id.* at 18-19.

Third, the USPTO claimed that the Federal Circuit erred when it held that trademark registration is not a government subsidy program, a limited public forum, or commercial speech. *Id.* at 20-24. In reiterating its positions on these issues, the USPTO asserted that “[u]nder the proper analysis, the First Amendment does not prohibit Congress from making vulgar terms and graphic sexual images ineligible for federal trademark registration.” *Id.* at 10.

The USPTO concluded with a warning that if the Federal Circuit decision is not reversed, there will be no legal remedy with which the USPTO can prevent an influx of applications for highly offensive, vulgar, and/or obscene marks from being registered. *See id.* at 23-25.

Looking Forward: The Potential Implications

Given the similar, albeit not exact analyses used in *Matal v. Tam* and in *In re Brunetti*, it seems unlikely that the Supreme Court will grant the USPTO’s Petition for Writ of Certiorari. The elimination of restrictions with respect to scandalous marks may mean that the USPTO could see an uptick in the number of applications filed containing scandalous material and that moving forward there will not be a procedure in which these marks can be barred from federal registration. This calls into question whether all scandalous marks will be registrable, or if there are yet-to-be-determined limitations that can pass constitutional muster. One possible limitation was raised by Judge Dyk’s in his concurrence to the Federal Circuit’s *Brunetti* decision and would include barring registration of marks considered obscene. In his concurrence Judge Dyk specifically noted that obscene marks are not protected by the First Amendment. *Brunetti*, 877 F.3d at 1358-59. Therefore, this kind of analysis for obscenity rejections may become a more prominent tool for examiners looking to limit applications for federal registration of “scandalous” marks. These denials, as well as denials based on other provisions of the Lanham Act, could lead to additional challenges to those provisions. However, until courts weigh in on these potential implications of the unconstitutionality of the disparagement and scandalous clauses, the USPTO will likely be

issuing updated guidance stating that federal registration is available for all scandalous marks.