

# CLIENT ALERT

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## INTELLECTUAL PROPERTY

### Why the U.S. Supreme Court's Decision to Allow Federal Registration of FUCT Impacts Every Day Businesses

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On June 24, 2019, the U.S. Supreme Court ruled in [Iancu v Brunetti](#) that prohibiting federal registration of "immoral or scandalous" marks violates the free speech provisions of the First Amendment. To recap, Brunetti is a fashion designer, who was denied registration of his mark FUCT, based on Section 2(a) of the Lanham Act, which bans the registration of immoral and scandalous marks. On Monday, the Supreme Court affirmed the Federal Circuit Court of Appeals' decision that the "immoral or scandalous" prohibition in the statute is unconstitutional. To allow such a bar to registration would allow the government, specifically, the USPTO, to discriminate on the basis of viewpoint, thus infringing on our right to free speech. The Supreme Court earlier held in [Matal v. Tam](#) that denying registration of "disparaging" marks also violates the First Amendment.

#### What Happens Now?

In the USPTO's last line of defense, it asked the Court to define immoral or scandalous more strictly, to mean vulgar, lewd, sexually explicit or profane, rather than strike the provision of the statute down altogether. It argued that the provision is ambiguous and that the Court should be permitted to clarify. Justice Kagan and the other Justices who joined the majority opinion disagreed, holding that to cut off the statute is to fashion a new one. The Supreme Court observed that, while perhaps accurately interpreting Section 2(a), USPTO examiners have broadly interpreted what is immoral or scandalous, for example, even denying registration of marks such as YOU CAN'T SPELL HEALTHCARE WITHOUT THC for pain relief medication. Accordingly, the Supreme Court believed it was necessary to strike down the provision altogether. However, the majority holding clearly invites Congress to draft new legislation to replace the old with the new, and put into place a ban on registering marks that are lewd and sexually profane, which should, if carefully worded, fare better under scrutiny.

But the dissenting opinions did not see a need for new legislation. Chief Justice Roberts asserted that while the First Amendment protects freedom of speech, it does not require the government to give aid and comfort to those using obscene, vulgar, and profane modes of expression. He, Justices Breyer and Sotomayor further reasoned that the statute should not read "immoral or scandalous" as a unitary concept. Rather, "immoral" is clear, and connotes a preference for "rectitude and morality." On the other hand, the word "scandalous" is open to interpretation, and that portion of the statute could reasonably be narrowed by judicial construction. The word can be read broadly (to cover both offensive ideas and offensive manners of expressing ideas), or it can be read narrowly (to cover only offensive modes of expression). Properly narrowed, reasoned the dissenters, the prohibition on registering "scandalous" matter would be a viewpoint-neutral form of content discrimination that would be permissible under

the First Amendment. It would not prohibit trademark registration because of the ideas conveyed, but rather the mode by which they were conveyed. This was the minority opinion, however, and Justice Sotomayor may have seen the future best, when she opined that the government will now have no statutory basis to refuse (and thus no choice but to begin) registering marks containing the most vulgar, profane, or obscene words and images imaginable. That is – unless the statute is amended.

#### Practical Implications

- Curse words may not be part of mainstream marketing, but these days, many businesses walk the line by using provocative and tongue-in-cheek slogans. The Supreme Court's decision now allows you to register such slogans with much less resistance.
- While federal registration of marks for cannabis products is still restricted, Justice Kagan's examples of how the USPTO went too far in its interpretation of immoral or scandalous marks may signal a change in the tide for cannabis-related marks.
- There may be a "land rush" of applications – especially intent-to-use applications – to register as trademarks previously forbidden obscene, vulgar, or profane words and slogans, which then may cause an increase in refusals on different bases, such as failure to function as a mark, and oppositions asserting a claim for likelihood of confusion.

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