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# Sex, Drugs & Rock 'n' Roll Get a Second Chance: The Changing Landscape of USPTO Registrability of Immoral, Scandalous, Disparaging, and Cannabis-Related Marks

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### Introduction

Changes in the law since 2017 have caused the USPTO to modify its practices significantly in connection with registration of certain categories of trademarks.

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Registration is no longer prohibited for marks comprising immoral or scandalous matter, disparaging matter, or marks used for some cannabis-related goods and services. In the case of immoral, scandalous, and disparaging matter, the changes were the result of two Supreme Court cases<sup>1</sup> finding that portions of section 2(a) of the Lanham Act<sup>2</sup> violated the First Amendment. These two cases comprise the “sex” and “rock ’n’ roll” part of the title: *Tam* involved the refusal to register the name of a rock band, The Slants, on disparagement grounds; *Brunetti* related to a clothing line named FUCTION. On the “drugs” front, the 2018 Farm Bill legalized the production and sale of certain types of hemp and, as a result, cracked open a door for obtaining protection for a limited subclass of cannabis-related goods previously deemed illegal substances.

The first part of this article examines the impact of the two Supreme Court cases *Matal v. Tam* and *Iancu v. Brunetti* on the USPTO’s registration policies with respect to the disparagement and immoral/scandalous clauses of section 2(a) of the Lanham Act. The second part of the article examines the USPTO’s registration policies with respect to cannabis-related goods.

## **The USPTO, the Lanham Act, and the First Amendment— New Guidance from the Supreme Court**

Section 2(a) of the Lanham Act prohibits the grant of a federal registration for certain types of marks. The portions deemed unconstitutional by the Supreme Court in the *Tam* and *Brunetti* cases are highlighted in the text below:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

- (a) *Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute...*<sup>3</sup>

Historically, the USPTO enforced the section 2(a) prohibitions by refusing registration of certain marks that it deemed to be immoral or scandalous, or disparaging to certain categories of persons. In 1981, the U.S. Court of Customs and Patent Appeals ruled that the clause of section 2(a) prohibiting registration

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of immoral or scandalous matter did not violate the First Amendment because the USPTO's refusal to register the mark did not preclude the applicant from using the mark.<sup>4</sup>

For more than thirty years, the USPTO followed the *McGinley* precedent in construing both the immoral/scandalous provision and the disparagement clause of section 2(a), although it did not always apply the rules consistently. In *Brunetti*, the Court provided numerous examples of the USPTO's uneven application of section 2(a) to illustrate its point on viewpoint discrimination. For example,

[T]he PTO disapproved registration for the mark BONG HITS 4 JESUS because it “suggests that people should engage in an illegal activity [in connection with] worship” because “Christians would be morally outraged by a statement that connects Jesus Christ with illegal drug use.” Office Action of Mar. 15, 2008, Serial No. 77305946.”<sup>5</sup>

However, it allowed registration of PRAISE THE LORD (Registration No. 5,265,121) for a game and JESUS DIED FOR YOU for clothing (Registration No. 3,187,985).<sup>6</sup> In both the *Tam* and *Brunetti* cases, the Supreme Court concluded that the statute resulted in viewpoint discrimination, which is prohibited by the First Amendment.

The *Tam* case reached the Supreme Court first. It involved the disparagement clause of section 2(a). Simon Tam, the lead singer in a band whose members were all of Asian descent, sought to register the mark THE SLANTS for a musical band. Tam alleged that he chose the moniker in order to “reclaim” the term and drain its denigrating force as a derogatory term for Asian persons. The USPTO refused registration under section 2(a) on the ground that the term “slants” would be viewed as disparaging persons of Asian descent, and the TTAB upheld the refusal.<sup>7</sup>

Tam filed an appeal in the Federal Circuit. Initially, a three-judge panel of the Federal Circuit affirmed the TTAB's refusal to register the mark due to the longstanding precedent set by *McGinley*.<sup>8</sup> However, in that decision, Chief Judge Moore appended a “Statement of Additional Views,” wherein she stated that it was time for the court to reconsider *McGinley* with respect to the issue of the constitutionality of section 2(a). Shortly thereafter, the court sua sponte issued an order for rehearing en banc. After the en banc rehearing, the Federal Circuit issued a decision finding the disparagement clause facially unconstitutional under the First Amendment's Free Speech Clause.<sup>9</sup>

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The USPTO appealed the Federal Circuit’s en banc decision, and subsequently, the U.S. Supreme Court ruled that the disparagement clause of section 2(a) constituted viewpoint discrimination, finding it facially unconstitutional under the First Amendment’s Free Speech Clause.<sup>10</sup> In *Matal v. Tam*, there were multiple concurring opinions. The opinion of the Court, written by Justice Alito, concluded that the statute constituted viewpoint discrimination, but also addressed the issue of whether a trademark registration constituted “government speech”—he concluded it was not government speech. The concurring opinion by Justice Kennedy, joined by Justices Kagan, Ginsburg, and Sotomayor, focused in more detail on why the statute constituted viewpoint discrimination forbidden by the Constitution.

As a result of the Supreme Court’s *Tam* decision, the USPTO issued Examination Guide No. 1-17, on June 26, 2017,<sup>11</sup> in which it declared that the portions of section 1203 of the *Trademark Manual of Examining Procedure* (TMEP) that related specifically to examination under the disparagement provision of section 2(a) no longer applied.

Meanwhile, as the *Tam* case was pending before the Supreme Court, *In re Brunetti* was on appeal to the Federal Circuit. *Brunetti* involved the issue of whether the term “fuct” for clothing was properly refused by the USPTO pursuant to the immoral/scandalous provision of section 2(a). After the *Tam* decision issued, the Federal Circuit ordered the parties in *Brunetti* to submit supplemental briefing explaining how the constitutionality of the scandalous provision could be resolved in light of the Supreme Court’s decision in *Tam*. Ultimately, the Federal Circuit applied the reasoning of the *Tam* case to the *Brunetti* case and overturned the refusal to register the mark.<sup>12</sup>

As with the *Tam* case, the USPTO appealed the *Brunetti* decision to the Supreme Court and presented arguments as to why the immoral/scandalous provision of section 2(a) of the statute did not violate the First Amendment of the Constitution. Not surprisingly, given its decision in *Tam*, the Supreme Court in *Iancu v. Brunetti* ruled that the immoral/scandalous provision of section 2(a) also violated the Free Speech Clause of the First Amendment on the grounds that it constituted viewpoint discrimination.<sup>13</sup> Justice Kagan wrote the majority opinion. Justices Roberts, Breyer, and Sotomayor issued partial dissents, asserting that the Court should have narrowed the portion of the law banning “scandalous” marks so that it avoided viewpoint discrimination. In her dissent, Justice Soto-

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mayor expressed concern that the USPTO “will have no statutory basis to refuse . . . registering marks containing the most vulgar, profane, or obscene words and images imaginable.”<sup>14</sup> However, the majority opinion made clear that the need to prohibit viewpoint discrimination was paramount.

Shortly after the Supreme Court’s decision in *Brunetti*, on July 3, 2019, the USPTO issued Examination Guide No. 2-19, advising that it will no longer enforce the provisions of section 1203 of the TMEP relating to the immoral/scandalous clause.

The impact of both the *Tam* and *Brunetti* decisions on determining what marks actually are granted registration remains to be seen. Obviously, the USPTO now no longer issues refusals pursuant to those particular grounds of the Lanham Act relating to immoral, scandalous, or disparaging marks. However, this change in policy does not necessarily mean that the *Trademark Register* automatically will be flooded with registrations for marks that constitute terms that many may deem

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disparaging or immoral or scandalous. Alternative grounds for refusing marks, including ornamentation and “failure to function” as a trademark, remain viable and are often applicable to the types of marks that might also be deemed immoral, scandalous, or disparaging.

Section 2(e) of the Lanham Act<sup>15</sup> prohibits registration of terms that are used as “mere ornamentation.”<sup>16</sup> Likewise, the USPTO has long refused registration for matter that is “merely informational”—*i.e.*, that does not function as a mark.<sup>17</sup>

Common phrases and other indicia, particularly when used on goods such as T-shirts and hats, may well receive refusals on the ground that they do not function as trademarks and that they are mere ornamentation. Thus, many of the terms that might once have been refused registration under section 2(a) on the ground that they are immoral, scandalous, or disparaging may still receive refusals on grounds of ornamentation or failure to function as a mark. While the *Brunetti* and *Tam* decisions opened the door for more categories of marks to be registered, because of the existence of alternative grounds to refuse registration that do not violate the First Amendment, it remains to be seen whether the decisions will have a significant impact on what marks actually end up on the *Trademark Register*.

## Registration of Cannabis-Related Marks

Prior to the passage of the 2018 Farm Bill,<sup>18</sup> the USPTO's position with respect to cannabis-related marks was fairly straightforward. For a mark to be registered in the USPTO, it must be used in commerce that is lawful under federal law.<sup>19</sup> Cannabis was an illegal substance under federal law, and the USPTO routinely refused registration of marks for cannabis and cannabis-related goods, even in cases where the mark might be for goods or services that were legal under state or other law.

The federal prohibitions with respect to cannabis involve several different federal laws, including the Controlled Substances Act (CSA),<sup>20</sup> the federal Food, Drug and Cosmetic Act (FDCA),<sup>21</sup> and the Agricultural Marketing Act of 1946 (AMA). The 2018 Farm Bill amends the AMA. It is this amendment—which allowed the production and marketing of hemp, a cannabis-based product—that has made it more complicated to determine what is and is not registrable in the USPTO with respect to cannabis-related goods. As a result of the 2018 Farm Bill, the USPTO issued Examination Guide No. 1-19 on May 2, 2019. This guidance provides a detailed explanation of what is and is not allowed with respect to registration of cannabis-related goods.

The narrow window that has been opened for registering cannabis-related goods turns on a very specific definition of what is permitted. The CSA defines “marihuana” (a/k/a marijuana) as “all parts of the plant cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin” (subject to certain exceptions).<sup>22</sup> Cannabi-

diol (CBD) is a chemical constituent of the cannabis plant that is encompassed within the CSA's definition of marijuana. Because the CSA prohibits manufacturing, distributing, dispensing, or possessing certain controlled substances, includ-

## **The legalization of the production and marketing of hemp has made it more complicated to determine what is and is not registrable in the USPTO with respect to cannabis-related goods.**

ing marijuana, the USPTO typically refuses registration when an application identifies goods encompassing CBD or other extracts of marijuana. This has been true for many years, as the USPTO has taken the position that there could be neither a lawful use in commerce nor a bona fide intention to use a mark in commerce because of the prohibition under federal law of cannabis-related goods.<sup>23</sup>

Hemp, the substance that can now legally be produced thanks to the 2018 Farm Bill, is defined as “the plant *cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3% on a dry weight basis.”<sup>24</sup> With this definition, hemp is removed from the CSA's definition of marijuana, so cannabis plants and derivatives such as CBD that contain no more than 0.3% THC on a dry-weight basis are no longer controlled substances under the CSA. As a result, applications for goods or services relating to or falling within this definition of hemp potentially are registrable in the USPTO. On May 2, 2019, the USPTO issued Examination Guide 1-19, laying out the procedures to be followed for marks used for cannabis-related goods permitted under the 2018 Farm Bill.

As explained in the USPTO's Examination Guide 1-19, having a product that falls within the allowed definition for hemp that may support a registration is only the first step; timing also is important. Any applications filed before the date of the

Farm Bill (December 20, 2018) that identify goods encompassing CBD or a cannabis product, even though permitted by the 2018 Farm Bill, will still be refused, because there could not have been a lawful intent or lawful use in commerce of the mark at the time of the filing date of the application. To overcome this hurdle, applicants are permitted to amend their application to change the filing date to after December 20, 2018. However, if the application was originally based on use of the mark in commerce under section 1(a) and was filed prior to December 20, 2018, the applicant will be required to amend the basis to intent-to-use the mark in commerce under section 1(b). Likewise, the applicant will also have to amend the identification of the goods to specify that the CBD or cannabis products contain less than 0.3% THC.

Note that even if goods are legal under the CSA, they still may be unlawful under the Food, Drug and Cosmetic Act. Foods and dietary supplements potentially fall under this category. The 2018 Farm Bill explicitly preserves the FDA's authority to regulate products containing cannabis or cannabis-derived compounds under the FDCA. Thus, registration of marks for foods, beverages, dietary supplements, or pet treats containing CBD will still be refused as unlawful under the FDCA, even if derived from hemp, because such goods cannot be lawfully used in interstate commerce.

Finally, the USPTO will be examining applications for compliance with the CSA and the 2018 Farm Bill to confirm that they do not violate either of these statutes. Additional evidence in statements for the record may be required, including providing proof of the license to sell required by law. While there is a path for registering marks for certain cannabis-related goods, in the short term at least, it appears that there may be many hurdles to overcome before a registration issues.

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## NOTES

1. *Matal v. Tam*, 137 S. Ct. 1744 (2017); *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019).
2. 15 U.S.C. § 1052(a).
3. *Id.* (emphasis added).
4. *See In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981).
5. *Brunetti*, 139 S. Ct. at 2300.
6. *Id.*
7. *In re Simon Shao Tam*, 108 U.S.P.Q.2d 1305 (T.T.A.B. 2013).
8. *In re Tam*, 114 U.S.P.Q.2d 1469 (Fed. Cir. 2015).
9. *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015).
10. *Tam*, 137 S. Ct. at 1765.
11. *See Trademark Examination Guides*, U.S. PATENT & TRADEMARK OFFICE, [www.uspto.gov/trademark/guides-and-manuals/trademark-examination-guides](http://www.uspto.gov/trademark/guides-and-manuals/trademark-examination-guides) (last visited Aug. 20, 2019).
12. *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. 2017).
13. *Brunetti*, 139 S. Ct. at 2299–2302.
14. *Id.* at 2308.
15. 15 U.S.C. § 1052(e).
16. *See also* U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1202.03 (Oct. 2018) [hereinafter TMEP].
17. *Id.* § 1202.04.
18. Agriculture Improvement Act of 2018, Pub. L. 115-334 [H.R. 2] (Dec. 20, 2018) [hereinafter 2018 Farm Bill].
19. *See* TMEP § 907.
20. 21 U.S.C. § 801 *et seq.*
21. *Id.* § 301 *et seq.*
22. *Id.* § 802(16).
23. *See, e.g., In re JJ206, LLC*, 120 U.S.P.Q.2d 1568 (T.T.A.B. 2016) (affirming the USPTO's refusal to register JUJU ROYAL for smokeless marijuana vaporizers).
24. *See* 2018 Farm Bill, *supra* note 18, § 29(a).