

SCANDALOUS TRADEMARKS IN AUSTRALIA AND THE UNITED STATES: CONSTITUTIONAL VALIDITY, UNCERTAINTY AND INCONSISTENCY

SOPHIA O’SULLIVAN*

The federal trademark regimes of Australia and the United States forbid the registration of trademarks which fail to meet moral standards. In both jurisdictions, this aspect of trademark legislation is marked by uncertainty and inconsistency in interpreting statutory language, the moral standards to be used, and the application of those standards to trademarks. These issues are now academic in the US, as the restriction has been struck down as unconstitutional. As the Australian provision is unlikely to meet the same fate, the question of improvement is relevant. Taking a comparative approach, it is recommended that the context of the trademark be disregarded, and separate approaches be taken to trademarks which target and demean a group and trademarks which are generally scandalous.

I INTRODUCTION

In the United States and Australia, most grounds for refusing registration of a trademark are clearly directed to the purposes of trademark legislation – protection for existing trademark owners, protection of consumers, and the promotion of the orderly flow of commerce. However, both legislative regimes feature an arguably anomalous provision relating to what might be termed ‘public morality’ – the registration of marks which are scandalous, immoral or disparaging can be denied or challenged. In both jurisdictions, courts and the Trade Marks Offices¹ have struggled with basic questions – how should these words be defined? To whom must the mark be scandalous or disparaging? How can the moral views of a group be determined? In what contexts should these assessments be made? Coupled with a lack of legislative guidance, the inherent ambiguity of these provisions has led to inconsistencies and uncertainty. In the US, these questions are now academic, as in two recent decisions the Supreme Court ruled that these restrictions contravened the Constitutional right to freedom of speech and were thus invalid. In this essay, the pre-2015 positions of the US and Australia will be compared according to consistency with the wider regimes of trademark legislation, the perspectives used when assessing marks, the meaning of terms such as ‘scandalous’, methods of assessing trademarks, and constitutional compliance. Although the Australian

* Sophia O’Sullivan completed a Bachelor of Science and a Juris Doctor at UWA. She now works as a corporate finance consultant.

¹ Both US and Australian.

provision is unlikely to be unconstitutional, it is rife with ambiguity and oversights – some of which may be corrected by adopting lessons from the US. However, the provision restricting registration of scandalous marks should be retained as it complies with international law and may in fact serve the wider goals of the trademark regime.

II COMPARING CONTEXTUAL FRAMEWORKS: THE PURPOSE AND PROCESSES OF TRADE MARK LEGISLATION

Provisions prohibiting registration of scandalous trademarks are part of the *Trade Marks Act 1995* (Ct) and were part of Title 15 of the US Code (which also included restrictions on immoral and disparaging marks).² Broadly speaking, the purpose of both Acts is to protect consumers, mark owners, and promote fair competition.³ However, the rationale for prohibiting scandalous marks is not part of the legislative history of either Act,⁴ and other aspects of trademark law, such as infringement and false advertising, do not require moral assessments.⁵ Prohibiting the registration of scandalous or disparaging trademarks therefore prima facie sits outside the broader goals of trademark legislation.⁶ Registration procedures are similar – applications are assessed by the Trade Marks Offices and refusals may be appealed to the courts.⁷ Third parties may oppose the mark before and after registration.⁸ There is a presumption of registrability in both jurisdictions – the Trade Marks Offices must demonstrate that a mark is unregistrable.⁹ The contextual framework differs in that individual US States have legislation which prohibits these trademarks in much the same language as the federal statute.¹⁰ As this is a comparative study, only federal legislation will be considered. At a later point, it will be necessary to compare the Constitutional framework of Australia and the US. It is sufficient for now to note that the framework, aims and operation of trademark legislation in the US and Australia are broadly similar, and that the provisions against

² 15 USC § 1127 (1946).

³ Ibid; *Trade Marks Act 1995* (Cth).

⁴ Anne Gilson and Jerome Gilson, 'Trademarks Laid Bare: Marks That May Be Scandalous or Immoral' (2011) 104 *Trademark Reporter* 1476, 1482; Commonwealth, *Parliamentary Debates*, House of Representatives, 28 September 1995, 2030-3, Moore.

⁵ Gilson and Gilson, above n 5, 1533.

⁶ Mark Conrad, '*Matal v Tam*- A Victory for the Slants, a Touchdown for the Redskins, but an Ambiguous Journey for the First Amendment and Trademark Law' (2018) 36 *Cardozo Arts and Entertainment Law Journal* 83, 114.

⁷ Ethan Zlotchew, 'Scandalous or Disparaging: It Should Make a Difference in Opposition and Cancellations Actions: View on the Lanham Act's Section 2(a) Prohibitions Using the Example of Native American Symbolism in Athletics' (1998) 22 *Columbia Journal of Law and the Arts* 217, 222.

⁸ 15 USCS § 1063; *Trade Marks Act 1995* (Cth) s57; *Trade Marks Act 1995* (Cth) s88A(2)(a).

⁹ *In re Mavety Media* 33 F.3d 1367, 1371; *Trade Marks Act 1995* (Cth) s33.

¹⁰ Gilson and Gilson, above n 5, 1477.

scandalous and disparaging marks are both at odds with these structures.

III PERSPECTIVES USED IN ASSESSING MARKS

In Australia, s 42(a) of the Trade Marks Act provides that a mark must not be registered if it 'contains or consists of scandalous matter'.¹¹ Title 15 appeared to be more comprehensive, as it required that registration not be refused unless the mark contained 'immoral...or scandalous' matter, or matter which may disparage 'persons, living or dead, institutions, beliefs, or national symbols'.¹² The legislation provides no guidance as to who must be scandalised by the mark. In the US, the standard was a 'substantial composite of the general public',¹³ not necessarily a majority. In Australia, the threshold test is a 'proportion' of the general population,¹⁴ a 'not insubstantial number' of people, although again not necessarily a majority.¹⁵ However, disparaging marks were assessed in the context of the disparaged group,¹⁶ to whom the 'substantial composite' test was applied.¹⁷ The tests differ because the disparaged group may have been too small to satisfy the general public test.¹⁸ It would therefore appear that the US offered greater protection to members of minority groups, especially as religious and racial differences in mark perception are not accounted for in the Australian context,¹⁹ although marks which are abusive to minorities will not be registered.²⁰ It is therefore recommended that this distinction between scandalous and disparaging marks be implemented in Australia, to further the protective function of s 42(a).²¹

IV DEFINING TERMS SUCH AS 'SCANDALOUS' AND 'IMMORAL'

For the relevant segment of the population, the Trade Marks Office must then determine the meaning of 'scandalous' and 'disparaging'; the Office is to give effect to moral standards, rather than setting them.²² Neither Act defines 'scandalous' (or 'immoral' or 'disparaging'), which are not considered to be words of art with technical

¹¹ 1995 (Cth).

¹² 15 USC § 1052(a) (1946).

¹³ *Ibid*; *In Re McGinley* 600 3.Fd 481, 485.

¹⁴ IP Australia, *Trade Marks Office Manual of Practice and Procedure* 2018, 2.3.

¹⁵ *Kuntstreetwear Pty Ltd's Trade Mark Application* (2007) 73 IPR 438 (2007) 73 IPR 438, [28].

¹⁶ *In Re Lebanese Arak Co* 94 USPQ.2d 1215.

¹⁷ *Blackhorse v Pro-Football Inc* 111 USPQ 2d 1080, 1090.

¹⁸ *In Re Lebanese Arak Co* 94 USPQ.2d 1215, 1216.

¹⁹ *In the Matter of Ellis & Co.'s Trade Marks* (1904) 21 ROC 617.

²⁰ IP Australia, above n 18, 2.11.

²¹ Trade Marks Act 1995 (Cth).

²² Rosalyn Gladwin, 'Bullshit, I Can't Believe that was Registered', (2006) 38 *Intellectual Property Forum* 38, 42; *Hallelujah Trade Mark* [1976] RPC 605, 607.

meanings.²³ In the US, dictionaries which are contemporaneous with the passage of the Act were used to define ‘scandalous’.²⁴ A scandalous mark was therefore one which is ‘shocking to the sense of truth, decency, or propriety; disgraceful; offensive; disreputable...calling out [for] condemnation’.²⁵ Vulgar marks – lacking taste, indelicate or crude – were refused registration.²⁶ There does not seem to have been a distinction between ‘scandalous’ and ‘immoral’.²⁷ Disparagement was established if the mark might ‘dishonor by comparison with what is inferior....degrade...or injure by unjust comparison’.²⁸ However, courts often conflated ‘scandalous’ and ‘disparaging’;²⁹ likely due to the fact that precedent added little to these definitions.³⁰ In Australia, there is no judicial definition of ‘scandalous’;³¹ IP Australia also uses dictionary definitions of ‘scandalous’ – ‘shameful or shocking’ or ‘causing scandal, offensive to a sense of decency or ... the moral feelings of the community; disgraceful’.³² Given that both Offices seek to give effect to contemporary standards, the Australian approach is preferable as it uses modern definitions. However, arguably, dictionaries offer little assistance, as although they possess a degree of objectivity they present a new problem of defining terms like ‘shocking’. In Australia, case law has established that the threshold for ‘scandalous’ is considerable – marks which are merely tasteless or offensive will not be barred from registration.³³ However, ‘obscene’ or ‘highly offensive’ marks are likely scandalous.³⁴ It may be tentatively suggested that there is a higher threshold for scandal in Australia, given that (for example) tasteless marks will be registered in Australia but would not have been registered in the US. This is not a legal critique but likely reflects a more relaxed attitude to offensive language in Australia.³⁵ In both jurisdictions, what is meant by scandalous, immoral and disparaging is highly subjective, indistinct and frequently defined in a circular fashion. Arguably, however, to define ‘scandalous’ in a more

²³ Zlotchew, above n 8, 224.

²⁴ *In re McGinley* 660 F.2d 486.

²⁵ *In re Riverbank Canning Co* 95 Fd 327, 327.

²⁶ *In re Brunetti* 877 F.3d 1330.

²⁷ Gilson and Gilson, above n 5, 1489.

²⁸ *Harjo v Pro-Football Inc* 50 USPQ.2d 1737.

²⁹ Zlotchew, above n 8, 230.

³⁰ Michelle B. Lee, ‘Section 2(a) of the Lanham Act as a Restriction of Sports Team Names: Has Political Correctness Gone Too Far’, (1997) 4 *Sports Law Journal* 65.

³¹ Andrew Stewart et al, *Intellectual Property in Australia* (LexisNexis Butterworths, 6th ed, 2018) 724.

³² IP Australia, above n 18, 2.1; *Cosmetic, Toiletry and Fragrance Association Foundation v Fanni Barns Pty Ltd* (2003) 57 IPR 594, 598.

³³ Gladwin, above n 26, 40; *Cosmetic, Toiletry and Fragrance Association Foundation v Fanni Barns Pty Ltd* (2003) 57 IPR 594, 595.

³⁴ *Kuntstreetwear Pty Ltd's Trade Mark Application* (2007) 73 IPR 438, [39].

³⁵ Gladwin, above n 26, 39.

concrete way, without referring to other terms which invoke social standards, such as ‘offensive’, would be unduly restrictive and would prevent the legislation from evolving with social perceptions. Therefore, it is likely that any provision which refers to moral standards will always have some level of uncertainty.

V ASSESSMENTS IN CONTEXT

In both jurisdictions, assessments are made in the context of the marketplace of the goods bearing the mark.³⁶ However, an examination of cases reveals inconsistencies in weighting context in the US and Australia.³⁷ Arguably, context should not be considered, as the Trade Marks Office must make yet another subjective assessment (of ‘normal, expected usage’ of the marked good),³⁸ and it is difficult to predict whether the actual viewers of a mark will correspond to the target market of the goods. In the *Kuntstreetwear* case, for example, the Hearing Officer drew an analogy between trademarks and speech – a word might be scandalous if it was yelled out in the street, but not if used in a private conversation.³⁹ This is a flawed analogy; a spoken word is restricted to its context, but there is no way to predict how goods bearing a potentially offensive mark might be disseminated through society. Furthermore, in both Acts, some sections explicitly mandate contextual considerations, but the provisions on scandalous marks do not, suggesting that the legislative intention was to have this assessment independent of context.⁴⁰

VI ASSESSING MARKS

Having considered the parameters and perspectives to be used, processes and standards for assessing marks in this framework are considered. In the US, dictionaries were often the primary source in determining whether a mark is scandalous;⁴¹ if multiple dictionaries indicated a mark is vulgar, the USPTO was likely to refuse registration.⁴² However, if dictionaries differ, the USPTO could not determine which definition best

³⁶ *Trade Mark Application No. 106321 by Eric Granville Mercy* (1955) 25 AOJP 938; *Kuntstreetwear Pty Ltd’s Trade Mark Application* (2007) 73 IPR 438 [38]; *Ritchie v Simpson* 170 F.3d 1092, 1098-99.

³⁷ Megan Carpenter and Kathryn Murphy, ‘Calling Bullshit on the Lanham Act: The 2(a) Bar for Immoral, Scandalous and Disparaging Marks’ (2001) 49 *University of Louisville Law Review* 465, 475; IP Australia, above n 18, 2.11.

³⁸ *Ibid* 2.5.

³⁹ *Kuntstreetwear Pty Ltd’s Trade Mark Application* (2007) 73 IPR 438 [31].

⁴⁰ Theodore Davis, ‘Registration of Scandalous, Immoral and Disparaging Matter under Section 2(a) of the Lanham Act: Can One Man’s Vulgarity Be Another’s Registered Trademark?’ (1993) 83 *Trademark Reporter* 801, 840.

⁴¹ Gilson and Gilson, above n 5, 1499.

⁴² *In Re Boulevard Entertainment* 334 F.3d 1340, 1341.

represents the public's view.⁴³ Another flaw is that the enquiry should be the public's perception of the mark, not its meaning- dictionaries do not indicate the degree of scandal or offence caused by a word, merely its meaning.⁴⁴ The USPTO could examine mainstream news media to determine whether a term is scandalous,⁴⁵ however, this was flawed as scandalous terms are unlikely to be published.⁴⁶ Expert opinions were admissible but not determinative.⁴⁷ The US Federal Circuit Court considered that the public ought to be included in proceedings.⁴⁸ However, the USPTO unequivocally stated that due to a lack of resources it could not conduct consumer surveys or even obtain individual consumer statements,⁴⁹ although in disparagement cases, the USPTO often received affidavits from individuals in the disparaged group.⁵⁰ In Australia, it is similarly impractical to survey the entire population, so mark assessments are largely the subjective impressions of IP Australia.⁵¹ A mark is to be assessed against the Australian 'universe of discourse', including other trademarks,⁵² surnames and foreign languages.⁵³ IP Australia may further consider case law, dictionaries, journal articles and broadcasting standards,⁵⁴ and criminal cases (such as public order offenses) in which people have been sanctioned for using offensive language.⁵⁵ Evidence of high sales of the product which bears the mark may also demonstrate that the mark is acceptable to the public and therefore not scandalous.⁵⁶ However, in cases in both jurisdictions, marks have been deemed disparaging or scandalous without any supporting evidence- and even if evidence is available, the Hearing Officer may lack the expertise to interpret it.⁵⁷ There is further inconsistency in that the intention or 'seriousness of purpose' of the applicant has sometimes been considered and,⁵⁸ at other times, has been disregarded entirely with no consistent pattern.⁵⁹ Intention should not be considered at all, as the provisions are geared to how the public perceives the mark. It is apparent that determining whether a

⁴³ Gilson and Gilson, above n 5, 1500.

⁴⁴ Carpenter, above n 40, 469.

⁴⁵ *In re Kirby* 2008 TTAB LEXIS 156.

⁴⁶ Gilson and Gilson, above n 5, 1503.

⁴⁷ *Harjo v Pro Football Inc* 30 USPQ.2d 1828.

⁴⁸ *In re Mavety Media* 33 F.3d 1367, 1374.

⁴⁹ Carpenter, above n 40, 480.

⁵⁰ *In re Condas SA* 188 USPQ 544.

⁵¹ *Cosmetic, Toiletry and Fragrance Association Foundation v Fanni Barns Pty Ltd* (2003) 57 IPR 594, 599.

⁵² *Kuntstreetwear Pty Ltd's Trade Mark Application* (2007) 73 IPR 438 [26].

⁵³ *Ibid.*

⁵⁴ Gladwin, above n 26, 39.

⁵⁵ *Kuntstreetwear Pty Ltd's Trade Mark Application* (2007) 73 IPR 438 [31].

⁵⁶ *Ibid* [6].

⁵⁷ Carpenter, above n 40, 470.

⁵⁸ *In re Old Glory Condom Corp* 1993 TTAB Lexis 3.

⁵⁹ *In re Tinseltown* 212 USPQ 883; Zlotchew, above n 7, 229.

mark meets the threshold of scandalous or disparaging to the relevant segment of the population is a subjective and uncertain exercise, fraught with inconsistency. Although both jurisdictions could be criticised for the use of dictionaries, which are arguably quite divorced from everyday perceptions of language, the Australian approach appears to take notice of a wider range of materials and is therefore preferable.

VII CONSTITUTIONAL ISSUES – THE INVALIDITY OF THE US PROVISION

In two recent US cases, the restrictions on disparaging and scandalous marks were struck down as unconstitutional on freedom of speech grounds. In the US, constitutional protection differs for commercial and private speech, in that commercial speech is less restricted than non-commercial speech.⁶⁰ Trademarks are commercial speech, which can be abridged if the government has a ‘substantial interest’ in doing so,⁶¹ although restrictions must ‘directly advance’ the relevant interest and must not be more extensive than is necessary.⁶² In *Re McGinley*, a challenge to the constitutionality of § 1052(a) failed, as a refusal to register did not prevent the mark owner from using the mark (and enforcing common law trade mark rights) and so did not restrict their speech.⁶³ However, in *Matal v Tam*, it was found that denying registration for disparaging marks was unconstitutional and therefore facially invalid,⁶⁴ largely because the government was engaging in ‘viewpoint discrimination’ – marks which made positive or neutral references to a group were permitted; only disparaging marks were prohibited.⁶⁵ The Supreme Court also emphasised that trademarks may constitute social commentary or opinions as well as commercial speech.⁶⁶ Section § 1052(a) was also ruled invalid under the more stringent test for non-commercial speech.⁶⁷ After *Matal v Tam*, the case of *In re Brunetti* rendered the first portion of § 1052(a) for immoral and scandalous marks, invalid on similar grounds. The Supreme Court emphasised that free speech prevented burdens (not just bans) on speech,⁶⁸ and that the Government could not restrict speech

⁶⁰ *Central Hudson Gas & Electric Corp v Public Service Commissioner of New York* 447 US 557 (1980).

⁶¹ *Ibid.*

⁶² *Ibid.*

⁶³ 660 F.3d 484.

⁶⁴ 137 S.Ct 1744, 1744.

⁶⁵ Gabriela Kirkland, ‘An Offensive Mark on Offensive Lines: The Question of Violating the First Amendment through the Cancellation of the Washington Redskins’ Trademark’ (2017) 44 *Hastings Constitutional Law Quarterly* 479, 501.

⁶⁶ *Matal v Tam* 137 S.Ct 1744, 1763.

⁶⁷ *Ibid* 1769.

⁶⁸ *In re Brunetti* 877 F.3d 1330, 1332.

as a condition of receiving benefits like registration.⁶⁹ *In re Brunetti* is notable in that the Court considered that a statute which merely prohibited obscene marks would be constitutional.⁷⁰ Section § 1052(a) prohibited obscene and non-obscene content and so went further than necessary.⁷¹ Following these cases, there are virtually no options for refusing registration to a scandalous or disparaging mark in the US.⁷² As these cases fundamentally addressed conflict between anti-discrimination and freedom of speech protections, rather than trademark issues,⁷³ a detailed critique is arguably of little value when assessing Australian trademark law.

It is necessary to examine the constitutional protections for freedom of speech in Australia to determine whether Australia should follow the US. The Australian Constitution contains only an implied right to freedom of speech on government and political issues, with limits on profane, indecent and obscene public speech.⁷⁴ The protection of speech is much narrower in Australia. Indeed, commercial speech in the US may have greater protection than political speech in Australia.⁷⁵ To take a comparable example, that plain packaging legislation for tobacco could be unconstitutional for restricting speech (the use of trademarks) was never considered a viable argument.⁷⁶ It is therefore apparent that the use of trademarks may be restricted for the purpose of achieving a wider public good (in this case public health), and it is therefore highly unlikely that s 42(a) is unconstitutional.⁷⁷ Arguably, it is unnecessary to import moral considerations (thereby engaging freedom of speech considerations) into the Act to justify restricting scandalous or disparaging marks.⁷⁸ Scandalous and disparaging terms function poorly as source identifiers. Ideally, trademarks should be ‘empty vessels’ which are ‘filled’ with the reputation of a brand, whereas scandalous or disparaging terms as loaded with meaning.⁷⁹ Trademarks which are scandalous or disparaging disrupt the

⁶⁹ *Ibid* 1332.

⁷⁰ *Ibid* 1335; *Miller v California* 413 US 15, 23.

⁷¹ *In re Brunetti* 877 F.3d 1330, 1335.

⁷² Conrad, above n 7, 36.

⁷³ Michael Grynbert, ‘A Trademark Defence of the Disparagement Bar’ (2017) 126 *Yale Law Journal* 178, 179.

⁷⁴ *Coleman v Power* (2004) 209 ALR 182, [190].

⁷⁵ David Bogen, ‘Telling the Truth and Paying For It: A Comparison of Two Cases- Restrictions on Political Speech in Australia and Commercial Speech in the United States’ (1996) 7 *Indiana International and Comparative Law Review* 111, 111.

⁷⁶ Jonathan Liberman, ‘Plainly Constitutional: The Upholding of Plain Tobacco Packaging by the High Court of Australia’ (2013) 39 *American Journal of Law and Medicine* 361, 368.

⁷⁷ Trade Marks Act 1995 (Cth).

⁷⁸ Grynbert, above n 79, 180.

⁷⁹ *Ibid* 182.

commercial sphere by causing offense to consumers, again subverting a fundamental goal of the trademark regime.⁸⁰ Furthermore, these restrictions are so prevalent in the international community that they are likely customary international law.⁸¹ The Paris Convention allows member states to refuse to register marks which are contrary to morality,⁸² and WTO members are empowered to restrict registration for marks which are scandalous or disparaging.⁸³ As an important concern in reforming the Trade Marks Act was to ensure compliance with international obligations and practices,⁸⁴ s42(a) is likely to remain.⁸⁵ Therefore, the constitutional question may be avoided entirely by recognising that s42(a) may serve the fundamental goals of the trademark regime as well as fulfilling a protective moral function.⁸⁶

VIII CONCLUSION

This essay has sought to give a broad overview of the operation of two provisions, and their interaction with trademark and constitutional law. Further analysis could compare the treatment of scandalous and disparaging content in other areas of intellectual property law, the standing requirements to bring an action against a scandalous or disparaging mark, and other constitutional issues such as taking of property. The value in a comparative analysis between the US and Australian provisions on scandalous and disparaging trademarks is in identifying ways in which the Australian regime could be improved, either by legislative amendment or by changing the practices of IP Australia. These improvements include having separate tests for scandalous and disparaging marks, moving away from using dictionaries at all stages, and removing contextual considerations from the assessment.

⁸⁰ Ibid 181.

⁸¹ Lisa Ramsey, 'A Free Speech Right to Trademark Protection' (2016) 106 *Trademark Reporter* 797, 812.

⁸² Gilson and Gilson, above n 5, 1477.

⁸³ Conrad, above n 7, 43.

⁸⁴ Commonwealth, *Parliamentary Debates*, House of Representatives, 28 September 1995, 2030-3, Moore.

⁸⁵ Trade Marks Act 1995 (Cth).

⁸⁶ Ibid.