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2018 Seasonal Meeting of the International Section**

**Program 13**

**Friday, October 26, 2018, 8:30 am – 9:45 am**

**Balancing “Free Speech” and “Good Taste” in Trademarks—  
International Approaches to Registration of Disparaging,  
Offensive or Scandalous Trademarks**

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**I. OVERVIEW.**

In the United States “free speech” trumps “good taste” in the registration of disparaging, offensive and scandalous trademarks due to the U.S.’s robust, constitutional protection of free speech under the U.S. Supreme Court’s June 19, 2017 decision in *Matal v. Tam*, 137 S. Ct. 1744 (2017) (refusal to register THE SLANTS as a trademark for a musical group composed of Asian-Americans violates U.S. Constitution’s First Amendment as a restriction on speech), and the Court of Appeals for the Federal Circuit’s December 15, 2017 decision in *In re Brunetti*, 877 F.3d 1330 (2017) (refusal to register FUCT as a trademark for apparel violates First Amendment). Other members of the international community, including countries that place a high value on free speech, may balance “free speech” and competing public policy issues differently in their trademark registration laws. Further, the U.S.’s position may not be consistent with its treaty obligations under NAFTA as it may be renegotiated. The panel will discuss “free speech” and the role it plays in the context of trademark registration laws and standards, international trademark treaties, local trademark laws, and in the specific context of recent U.S. decisions that have struck down trademark act provisions barring the registration of ethnic slurs and “dirty” words as trademarks. The panel will also consider how the primacy of free speech rights and the recognition that trademarks may function as expression of ideas may affect other trademark law provisions and other federal and state regulations and legislation.

## II. FREE SPEECH AND TRADEMARK REGISTRATION IN THE UNITED STATES.

*Matal v. Tam* erased the United States' seventy-year-old policy, codified in § 2(a) of the Lanham Act (the U.S.'s trademark law), barring the registration of any trademark that "[c]onsists of or comprises . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute" (the "Disparagement Clause"). In a case challenging the Patent & Trademark Office's refusal to register the mark THE SLANTS for a musical group composed of Asian-Americans, the Court held that the prohibition on registration of disparaging trademarks could no longer be enforced because it is in conflict with the right of free speech that the First Amendment to the United States Constitution guarantees. The decision also effectively settled a more prominent controversy in litigation for over 25 years over whether trademark registrations for the Washington Redskins football team should be cancelled as disparaging to Native Americans. Although *Tam* arose far more recently, it reached the Supreme Court ahead of the Redskins case as a result of the different procedural paths that the parties chose to follow.

### a. The *Matal v. Tam* Decision.

Simon Tam is the "front man" for a dance-rock band composed of Asian-Americans called "The Slants." He chose that name to "reclaim" and "take ownership" of the well-known ethnic slur referring to Asians. On November 14, 2011, he applied for a federal trademark registration for the band's name. Not surprisingly, the trademark examiner refused registration based on the Disparagement Clause, and the Trademark Trial and Appeal Board affirmed on appeal. The Board rejected Tam's argument that the mark, as he used it, was not disparaging but rather an attempt to "reclaim" the slur from those who intend disparagement. The relevant consideration, in the Board's view, is not the Applicant's intent, but whether a "substantial composite of the referenced group" might nevertheless find the mark disparaging. The Board also rejected Tam's argument that the Disparagement Clause violated the First Amendment by restricting his right to free speech, reasoning that the First Amendment is not implicated. The Board reasoned that refusal of registration does not prevent Tam from using the mark, it merely deprives him of the benefits of federal registration. *In re Tam*, 108 U.S.P.Q.2d 1305 (2013).

Tam appealed to the U.S. Court of Appeals for the Federal Circuit, the Board's primary reviewing court. That court initially affirmed the Board's decision, however, in a *sua sponte* en banc rehearing limited to the First Amendment issue, the full court reversed, finding the Disparagement Clause unconstitutional on its face. *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2016) (en banc). Two of the twelve judges dissented. The court held that although Tam could use the mark without registration, the denial of the benefits of federal registration significantly burdened Tam's expression. As the court put it, "The general principle is clear: 'Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content.'" 808 F.2d at 1340, quoting *Sorrell v. IMS Health, Inc.*, \_\_\_U.S.\_\_\_, 131 S. Ct. 2653, 2664 (2011).

The U.S. Patent & Trademark Office successfully sought review of the Federal Circuit's decision by the U.S. Supreme Court. The Court affirmed, agreeing that the Disparagement

Clause was unconstitutional. Most notably, the Court rejected the government’s primary contention that a trademark registration is “government speech,” to which the First Amendment does not apply, rather than private speech that the First Amendment protects. The Court decisively rejected the “government speech” argument because trademarks are chosen by the applicants, not the government, and often express a viewpoint—indeed merely by giving offence an offensive or disparaging trademark is expressing a viewpoint. 137 S. Ct. at 1763. The decision reinforced the First Amendment’s robust free speech guarantee of even unpopular, odious expression, noting that “the proudest boast of our free speech jurisprudence is that we protect the freedom to express ‘the thought that we hate.’” *Id.* at 1764, quoting *United States v. Schwimmer*, 279 U.S. 644, 655, (1929) (Holmes, J., dissenting).

**b. The “Scandalous Clause”—*In re Brunetti*.**

*Matal v Tam* also calls into question whether Lanham Act § 2(a)’s statutory provision barring registration of any mark that “Consists of or comprises immoral . . . or scandalous matter” (the “Scandalous Clause”) is also an unconstitutional restraint on free speech. This issue is front and center in a case that may come before the Supreme Court in 2019 challenging the Patent & Trademark Office’s refusal to register FUCT as a trademark for various items of apparel, including children’s apparel, on the ground that it is scandalous and immoral as the phonetic equivalent of the past tense of the familiar vulgar word. The trademark examiner and the Trademark Trial and Appeal Board both found the proposed mark scandalous and immoral and refused registration. Mr. Brunetti appealed to the Federal Circuit Court of Appeals. On December 15, 2017 that court affirmed the Board’s findings, but held that the Scandalous Clause, like the Disparagement Clause, violates the First Amendment. *In re Brunetti*, 877 F.2d 1330 (Fed. Cir. 2017). The government’s arguments that trademark registrations should not be subjected to strict First Amendment scrutiny because (a) they are equivalent to a government subsidy, (b) the trademark register is a limited public forum, and (c) trademarks are commercial speech fared no better than similar arguments in *Matal v. Tam*.

After long consideration, including two extensions of time to file a petition for Supreme Court review, the Patent & Trademark Office has asked the Supreme Court to review the Federal Circuit’s *In re Brunetti* decision. On September 7, 2018, the USPTO filed a petition for a writ of certiorari. *Iancu v. Brunetti*, No. 18-302 (Sept. 7, 2018). The government’s principal contention is that *Matal v. Tam* does not control the constitutionality of the Scandalous Clause because its bar is viewpoint neutral rather than viewpoint discriminatory. The argument draws support from a number of cited cases holding that restrictions on the use of profanity and sexual images are viewpoint neutral and the *Tam* court’s observation that its holding does not apply to viewpoint neutral restrictions on trademark registrations in the Lanham Act. The government has a chance of succeeding, although it may have trouble overcoming the Supreme Court’s broad construction of “viewpoint” in *Tam*, particularly its pronouncement that “[g]iving offense is a viewpoint.” 137 S. Ct. 1763 After all, the primary purpose of choosing a trademark that falls within the Scandalous Clause is to call attention to the brand by “give[ing] offence” to that segment of the population that will be offended by it. Certainly that is what Mr. Brunetti is trying to do. Review of *In re Brunetti* is discretionary. If the Supreme Court grants review, the case will likely be decided sometime during the first half of 2019.

**c. The Aftermath of *Tam* and *Brunetti*.**

*Tam* and *Brunetti* have unleashed a torrent of trademark applications for a variety of marks using offensive racial and ethnic slurs, or consisting of or including four-letter words generally considered vulgar. Within days of the *Tam* decision, a variety of parties began filing numerous applications for registration of “offensive” and “scandalous” trademarks and the parade continues to date. For example, since June 19, 2017 there have been at least 20 new applications for marks containing the F-word, at least 18 for marks containing the S-word or variations, at least 9 for marks containing or consisting of the N-word or variations, at least 1 for an ethnic slur for Puerto Ricans and a re-application for COCK SUCKER for “candies molded in the shape of a rooster” that was previously refused registration under the Scandalous Clause. The USPTO is currently processing applications that would formerly have been refused registration under the Disparagement Clause. Indeed, THE SLANTS is now registered as U.S. Trademark Registration No. 5,332,283. However, all applications that would otherwise be refused under the Scandalous clause are currently being suspended pending the final outcome of *In re Brunetti*.

**d. Possible Effects on Other Lanham Act Restrictions on Registration.**

The First Amendment may also affect other restrictions on registration in § 2 of the Lanham Act. For example Lanham Act § 2(c) bars registration of a mark that “Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent”. Recently, the USPTO has refused registration of the marks TRUMP BABY BLIMP BALLOONS AND SIGNS and TRUMP THE TRAITOR on the ground that the marks refer to President Donald J. Trump and his consent has not been filed. Could these refusals be challenged on First Amendment grounds? Arguably, a consent requirement is content neutral since it applies to any mark without regard to expressive content or identity of the person identified. However, the refusals of these registrations based on lack of consent burden the applicant’s political speech.

The same issue could arise under Lanham Act § 2(b), which forbids registration of a mark that “Consists of or comprises the flag or coat of arms or other insignia of the United States . . . or of any foreign nation”. Use of a flag in a trademark could easily be said to express a viewpoint concerning the country whose flag is depicted.

**e. Possible Effects on Other Federal or State Laws or Regulations.**

The reasoning of *Matal v. Tam* may have wide-ranging effects on state and federal governments’ efforts to restrict the use of ethnic slurs and other disparaging material far beyond the trademark registration context. For example, in *Wandering Dago, Inc. v. Destito*, 879 F.3d 20 (2d Cir. 2018), the Second Circuit Court of Appeals relied heavily on *Tam* in holding that New York’s actions in excluding a vendor from a government program because its name contained an ethnic slur violated the First Amendment. *Wandering Dago* operated a food truck in the Albany, New York area. Like Mr. Tam, its owners claimed to have adopted the ethnic slur “dago” to attempt to reclaim and defuse it by “giving a nod” to their Italian heritage. New York’s Office of General Services (“OGS”) operated a “Summer Outdoor Lunch Program” that

allowed approved food truck operators to provide service to state employees and visitors to Albany's Empire State Plaza during the summer months. OGS denied Wandering Dago a permit to participate solely because of its ethnic slur branding. Following *Tam*, the Second Circuit found this an unconstitutional burden on Wandering Dago's free speech rights.

### **III. FREE SPEECH VS. GOOD TASTE IN TRADEMARK REGULATION IN CANADA.**

[Keri to add]

### **IV. FREE SPEECH VS. GOOD TASTE IN TRADEMARK REGULATION IN LATIN AMERICA.**

Since the foundation of Mexico as an Independent Sovereign State, back in the summer of 1821, the principle of Constitutional Supremacy has been a constant in the legal theory. This principle equally applied to the original conception of the Nation as a Constitutional Monarchy, under the Iguala Plan and the Cordoba Treaty -the declaration of Independence documents-, as it has to the Constitutional Republic established shortly thereafter and reestablished a few times throughout history. It is certainly true under the current Constitution, which dates to 1917. However, an exception to this paradigm was introduced through a Constitutional reform on June of 2011, under the principle of *pro homine* or *pro personae* interpretation regarding Human Rights. The *pro homine* or *pro personae* principle for interpretation of human rights normativity requires securing the most ample and beneficial protection to the person/individual. This allows for an International Treaty to supersede the Constitutional rule, if in connection with human rights, the Treaty provides for more ample or beneficial protection of such right. The second paragraph of article 1 of the Constitution of Mexico, introduced on June 6, 2011, states that “... *regulations in connection with human rights shall be interpreted in accordance with this Constitution and with international treaties on such subject matter, favoring the amplest protection to the person at all times*”. Thus, such hierarchy of law in Mexico demands a multilevel study of supranational and national legal dispositions, as well as the Judicial interpretation of such normativity, in order to harmonize a coherent posture that would allow us to reach a plausible legal conclusion. We shall, hence, separate the study into a) supranational legal framework on free speech; b) Constitutional legal framework on free speech; c) International and national legal framework on distasteful trademarks; d) supranational and national legal framework in connection with distasteful trademarks; e) conclusions.

#### **a) Supranational legal framework on free speech**

Mexico, as many other Latin American countries, is a signatory party to several International Treaties in connection with human rights. To name a few, the Universal Declaration of Human Rights; the American Convention on Human Rights “Pact of San José Costa Rica”; and the International Covenant on Civil and Political Rights. We will devote our study solely to Article 13 of the American Convention on Human Rights “Pact of San José Costa Rica”, as out

of the three aforementioned treaties, this one provides de most ample or unrestricted protection to freedom of speech. Said article reads as follows:

**American Convention on Human Rights**  
**“Pact of San José Costa Rica”**

**Article 13. Freedom of Thought and Expression**

1. Everyone has the right to freedom of thought and expression. This right includes freedom to seek, receive, and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing, in print, in the form of art, or through any other medium of one's choice.

2. The exercise of the right provided for in the foregoing paragraph shall not be subject to prior censorship but shall be subject to subsequent imposition of liability, which shall be expressly established by law to the extent necessary to ensure:

a. respect for the rights or reputations of others; or

b. the protection of national security, public order, or public health or morals.

The American Convention on Human Rights establishes a duality within the freedom of expression. Every person has the right to express him/her self, but also the society, as a whole, has the right to receive the information expressed by any person. The correlation of free speech and the right to information conform not only an individual right, but also a social or collective one. The individual side of the coins assures the right to express one's own thoughts, ideas and opinions; while the collective side of the coin obliges the State to ensure that all members of the society are allowed to receive information on other's thoughts, ideas and opinions. This liberty, in the dual form thereof, may not be restricted *a priori* by the State. Prior censorship is prohibited. However, people must own the message, thought, idea or opinion and, therefore, be subject to liability, *a posteriori*. The liability or torts that may arise from the expression of thoughts, ideas or opinions are to be restricted, however, to actual damage in connection with rights or reputations of third parties or the protection of national security, public order, public health or public morals.

The Inter-American Commission for Human Rights, in Support of the Special Rapporteur for Freedom of Expression, has adopted a “Declaration of Principles on Freedom of Expression”, setting forth a series of thirteen principles relating to Article 13 of the American Convention of Human Rights. The international organization has also issued the “Background and Interpretation of the Declaration of Principles”, based on doctrine and jurisprudence on the subject matter, which result particularly enlightening in understanding the stretch and the limits to free speech. We will come back to said principles and interpretation

guidelines further on, as same will be key in understanding the current legal framework applicable to “distasteful” trademarks.

## **b) Constitutional legal framework on free speech**

Mexico was founded as a Religious State. The Catholic Monarchy Constitution adopted in 1821 and the Republic established shortly thereafter, in 1824, both stated that the Roman Catholic religion was to be the only tolerated religion in the land. Thus, the values and principles of the Catholicism have had a great influence in Mexico, since its transition through history -not without bloodshed- to becoming, a Lay State, an up to date. In the recognition of “freedom of belief” and “freedom of cult”, the Roman Catholic values and moral standards have been present not only as a social convention of behavior but inserted within our laws. An example of said influence are articles 6 and 7 of the Constitution, relative to free speech, and article 4 of the Industrial Property Law, relative to our subject matter of related to “bad taste” trademark registrations.

Article 6 of the Mexican Constitution clearly states that “free speech” is not an unrestricted right, as it indicates that the manifestation of ideas will not be subject to judicial or administrative inquisition/examination, UNLESS it is deemed an attack on morality, and invasion of private life or rights of third parties, instigates a crime or disrupts public order. Article 7 thereafter reaffirms the inviolability of the right to transmit and disseminate opinions, information and ideas by any means or media, with no other restrictions than those indicated in article 6 herein above.

The use of the phrasing “...will not be subject to judicial or administrative inquisition, unless ...” within the Constitutional text had been consistently interpreted as permissive of prior censorship. However, after the above-mentioned reform to article 1 of the Constitution, introducing the *pro homine* principle, the interpretation has changed -or should change- to conform to the standards of article 13 of the American Convention of Human Rights, which should supersede the more restrictive Constitutional text. The aforementioned change is clear in connection with journalism, periodic publications, radio/TV broadcasting, etc., not only on the legal precedents and changes in the legal framework, but also noticeable in everyday life. Very few years ago it would be unthinkable to hear the use of foul language in television, news casts or read them in the newspaper. Currently, it is an increasing trend. I believe that we are starting to live the euphoria of a new-found freedom and abuse thereof will be unavoidable, but in time it should autoregulate and return to acceptable social conventionality.

## **c) International and national legal framework on distasteful trademarks**

In line with the more restrictive text of articles 6 and 7 of the Constitution -and complying with current NAFTA obligations as stated under article 1708,

section 14-, the Industrial Property Law states (article 4) that no patent, registration or authorization will be granted, nor will any figure or legal institution regulated in said law be published in the Gazette, when the content thereof or the form in which it is presented contravene public order, morality and good custom, or are contrary to any law. The phrasing used by the national legislator in article 4 of the Industrial Property Law, as to the refusal of trademarks or other IP rights if the content thereof contravenes morality, is far too broad and vague, giving leeway to all sorts of subjective “opinions” and “value judgments”. In practice, this value judgments are closely linked or identified with “traditional Catholic morality.”

In the only published precedent, regarding trademark refusal, that we are aware of, the Ninth Collegiate Tribunal for Administrative Matters for the First Circuit, in Mexico City, issued a Judicial Thesis in 2015, identified under the alphanumeric clue I.9º.A.74 A (10ª), substantially stating that any trademark comprised of or containing “... *an allusive synonym to products that are prohibited as to their preparation, agriculture, acquisition, commercialization, use or consumption within the national territory ...*” must be denied in terms of article 4 of the Industrial Property Law, since otherwise considered “... *such a circumstance would constitute a dispense to the consumption of such products, which would contravene the public order, morality and good custom, because the publicity of a trademark with terms that are synonyms to prohibited substances that cause physical and mental alterations, constitutes an incitement to its consumption ...*”. It should be noted that even when the precedent was published in 2015, after the 2011 Constitutional reform, because of the time frame in the Mexican applications, it is likely that the judgement refers to an application filed prior to 2011.

Under NAFTA, while the text does contain more specificity, it also references to “immorality”, which again provides for a personal subjective opinion on what is good and what is bad behavior. It is not a Government function to determine what is morally plausible behavior and what it is not; at least not in a Liberal State. The obligation under article 1708, section 14 of NAFTA proves for the refusal of registration of trademarks “... *that consist of or comprise immoral, deceptive or scandalous matter, or matter that may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs or any Party’s national symbols, or bring them into contempt or disrepute*”.

NAFTA is soon to be replaced by the new USMCA Treaty. We do not have knowledge of what the IP Section of the Treaty stipulates or if it is different to the text today. In any case, I do have doubts on the enforceability of the obligation in Mexico and Canada, if the US has decided -in view of the *Matal v. Tam* resolution- not to comply with such obligation and not to enforce such a cause for refusal. This is a question I do not intend to answer at present but do desire to raise and leave on the table, just for argument sake.



#### **d) Applicable rule and procedure for the legal solution**

The applicable legal framework in Mexico, article 1708, section 14, of NAFTA and article 4 of the Industrial Property Law, while concurrent with articles 6 and 7 of the Mexican Constitution, is more restrictive of the right of free speech and dissonant with article 13 of the American Convention of Human Rights, principles and interpretation thereof. Therefore, should be unapplied. However, the waiver of the local law is not automatic, as long as a general declaration of unconstitutionality has not been issued. It is an individual privilege that needs to be granted by the Judiciary, through litigation -Constitutional proceedings-. We will therefore explore the theory and the practical aspects of pursuing an application to register a distasteful trademark.

##### **(i) Legal Argument**

In the Constitutional and Human Rights theory, if articles 4 of the Industrial Property Law and/or article 1708, section 14, of NAFTA contravene or limit the scope of the right of freedom of speech, same shall be deemed inapplicable, favoring the most beneficial rule. While these articles are in line with articles 6 and 7 of the Mexican Constitution, article 13 of the Pact of San José Costa Rica does provide a more ample and beneficial protection to the individual. Thus, the international treaty on human rights should take preference over all the aforementioned normativity. The First Chamber of the Supreme Court in Mexico, on the Jurisprudence Thesis identified as 1<sup>a</sup> L/2014 (10<sup>a</sup>), issued on February 2014, has aligned the interpretation of the Constitutional text to that of the “Declaration of Principles on Freedom of Expression” and “Background and Interpretation of the Declaration of Principles” issued by the Inter-American Commission for Human Rights. On this thesis, the Supreme Court indicates that restrictions to the freedom of speech are an exception, not a general rule, thus no restrictions may be analogy by analogy. Also, the Supreme Court indicate that the terms “morals” and “good custom”, contained in the constitutional text “... *may not be identified with the cultural conventions prevailing in society at a certain time, but should be limited to “public morality”, as the nucleolus of basic and fundamental conventions about what is good and bad in society ...*”. That “... *restrictions should not be applied in a form that would promote prejudice and intolerance, but by protecting minority opinions, including those that make us uncomfortable. Therefore, it is important to make the distinction between incentivizing an immoral conduct, which could constitute legitimate basis for limitations, and the expression of dissident opinions or the rupture of taboos.*” The Supreme Court has further determined that any and all limitations to the freedom of speech (a) most pursuit constitutionally valid ends/goals; (b) be necessary to achieve such an end/goal; and (c) must be proportional -measured response to achieve the end-.

Attaining to the “Declaration of Principles on Freedom of Expression” and “Background and Interpretation of the Declaration of Principles” issued by the Inter-American Commission for Human Rights, as well as the Supreme Court interpretation of the valid limitations, by reason of “morality” or “good costume”, we consider that on the specific subject matter of distasteful trademarks, it appears clear that article 13 of the American Convention of Human Rights should prohibit the refusal of registration on the grounds of such a personal value judgment on acceptable or unacceptable behavior. Principles 1, 2 and 5, and the interpretation guidelines thereof are of particular value to our analysis.

***Principle 1***

Freedom of expression in all its forms and manifestations is a fundamental and inalienable right of all individuals. Additionally, it is an indispensable requirement for the very existence of a democratic society.

Paragraph 8 of the “Background and Interpretation of the Declaration of Principles” issued by the Inter-American Commission of Human Rights, points out that it should be emphasized or noted that the principle refers to freedom of expression “*in all its forms and manifestations*”. It is not limited to the media or people exercising their right through the media. Free speech or “... *the right to freedom of expression includes artistic, cultural, social, religious and political expressions, as well as any other type of expression*”. The wording used in the interpretation guidelines (paragraph 8) clearly includes economic talk, commercial speech, commercial imaging and distinctive signs. A trademark, as a distinctive sign, serves the functions of indication of origin and quality guaranty, both strong messages destined to the consumer, for an informed choice.

***Principle 2***

Every person has the right to seek, receive and impart information and opinions freely under terms set forth in Article 13 of the American Convention on Human Rights. All people should be afforded equal opportunities to receive, seek and impart information by any means of communication without any discrimination for reasons of race, color, sex, language, religion, political or other opinions, national or social origin, economic status, birth or any other social condition.

The second principle relays to the duality of the right of freedom of expression, that would be applicable to trademark owners as the people originating the message, and the consumer public as the collectivity who is entitled to receive the information, to make an informed choice on what to spend their money. Said right, in its duality, may not be restricted on a matter of opinion of any kind. Moral standards or viewpoints regarding morality may not be used as grounds for denying the right to emit the message, nor to restrict the right of the recipients of said message to be duly informed. Paragraph 9 of the “Background and Interpretation of the Declaration of Principles”, points out the imperativeness to eliminate any and all measures that prevent the full participation of individual, among others, on the economic life of their country. That would include unreasonable prior censorship of what is acceptable commercial speech, that is implicit on trademarks.

Principle 5 is particularly relevant as to the granting or the refusal of registration of a trademark, particularly in countries where the right to the exclusive use is only acquired by registration and not by use, like is the case with almost all of Latin American countries.

***Principle 5***

Prior censorship, direct or indirect interference in or pressure exerted upon any expression, opinion or information transmitted through any means of oral, written, artistic, visual or electronic communication must be prohibited by law. Restrictions to the free circulation of ideas and opinions, as well as the arbitrary imposition of information and the imposition of obstacles to the free flow of information violate the right to freedom of expression.

Paragraph 21 of the interpretation guidelines indicates that “prior censorship implies control and veto power over information before it has been disseminated ...” and that the duty to refrain from interfering “... extends to the free circulation of information and ideas and the exhibition of artistic works that may not have the approval of the government”. The Inter-American Commission for Human Rights expressly includes Intellectual Property, while there is no denying that logos or graphic work may constitute a trademark.

Further, paragraph 22 is reiterative to indicate that “*restrictions on freedom of expression are only permissible through subsequent imposition of liability ...*”. That is, governments of the signatory parties may not impose an a priori restriction on expression or speech, as would be to include morality as grounds for refusal of a trademark registration. Finally, on paragraph 26 it is stated that, the Inter-American Court on Human Rights, citing the European Court in the case of *Castells v. Spain*, judgment of April 23, 1992, has declared that the protection of freedom of expression “... *must encompass not only favorable information or ideas, but also those that “offend, shock or disturb” because “such are the demands of pluralism, tolerance and broadmindedness ...*”

Paragraph 26 of the interpretation guidelines and the *Castells v. Spain* precedent, cited and adopted as own by Inter-American Court, constitute the cornerstone or jewel of the crown in connection with the refusal or registration of untasteful trademarks, as it is clear that it is not admissible to impose restrictions on any type of expression, even if offensive, shocking or disturbing. Thus, an attack on public morals may not validly constitute grounds for refusal.

Therefore, it should be concluded that article 4 of the Intellectual Property Law in Mexico, stating that that no registration will be granted when the content thereof or the form in which it is presented contravene morality and good custom, is violative of the obligation to respect freedom of expression, as protected by article 13 of the American Convention on Human Rights. Therefore, said law results inapplicable.

(ii) Legal Procedure (Amparo)

The waiver of the law, under the argument that it is violative of human rights is not automatic and it is not for everybody, in most cases. Exceptionally the legal theory allows it if

there is a Declaration of Unconstitutionality by the Supreme Court of Justice. To the date, we are not aware of a single declaration of the sort. Therefore, each individual who considers the law to be violative of human rights and has the pretention that it not be applied to his/her case, must undertake Amparo Proceedings, which is a Constitutional procedure, in order for the Judiciary to order that in the specific case the contested law nor be applicated.

In any case that the examiner at the Mexican Institute of Industrial Property is faced with a scandalous, inappropriate, disturbing or offensive trademark being applied for, said examiner is obligated to refuse registration under article 4 of the Industrial property Law. Thereafter, the applicant may opt to challenge said resolution, raising the human rights argument, claiming its way to the Judiciary, in Amparo proceedings, until the Constitutional argument may be heard and resolved. If found to be correct of the merits, the judiciary will order the annulment of the refusal and unapplication of article 4 of the Industrial Property Law, on the grounds of it being violative of the right of freedom of speech, therefore resulting in the granting of the sought registration.

#### **e) Conclusions**

1) We find that the protection of freedom of expression under article 13 of the American Convention of Human Rights extends to trademark rights, as expressions from source to consumer.

2) The guidelines to the interpretation of article 13 of the American Convention of Human Rights, as well as the precedents dictated by the Inter-American Court for Human Rights, prohibit any and all *a priori* censorship, as would be the refusal of registration of a trademark, on the grounds that it be immoral, scandalous, offensive, shocking or disturbing.

3) Articles 6 and 7 of the Mexican Constitution are more restrictive on freedom of expression than article 13 of the American Convention of Human Rights, therefore the last takes precedent over the former.

4) Article 1708, section 14, of NAFTA contravenes or is violative of article 13 of the American Convention of Human Rights, thus should be rendered inapplicable by the Judiciary in Amparo proceedings, should a trademark applicant opt for adopting and registering an immoral, scandalous, offensive, shocking or disturbing trademark.

5) Article 4 of the Industrial Property Law is also violative of article 13 of the American Convention of Human Rights, thus is also possible to request the Judiciary to order the waiver thereof in connection with an immoral, scandalous, offensive, shocking or disturbing trademark application.

6) At a personal level, I believe that it is not a governmental duty or function to regulate morality. In the case of trademarks, the market and the consumers will determine just how offensive a distinctive sign may be, if at all.

## **V. FREE SPEECH VS. GOOD TASTE IN TRADEMARK REGULATION IN THE EU.**

In the European Union trade mark legislation, public policy and morality still prevail over the principle of freedom of expression.

EU trade marks are actually governed by a broader and more general principle of truth according to which trade mark holders must register and use distinctive signs in such a manner that it does not conflict with laws, moral principles and does not deceive consumers.

In other words, the public interest that lays beyond the scope of trade mark laws - that requires trade marks to perform specific functions of public interest on the market, such as indicating the origin of goods and services thus guaranteeing the quality of goods, and promoting truthful advertising information - still prevails on the private interests of trademark holders and on the principles of freedom to operate on the market.

### **1.- Law provisions.**

There are two main legal texts that govern trade mark registration and use in the EU: the European Union trade mark regulation 2017/1001 that governs the EU trade mark registration (EUTMR); the Directive 2015/2436 that approximates the laws of the Member States relating to trade marks.

Article 7.1.f. EUTMR and Art. 4.1.f of the Directive exclude from registration trade marks that are contrary to public policy or to accepted principles of morality thus being consistent with whereas n° 9 of the Regulation that clearly states that a trade mark registration should be refused in particular if the trade mark is not distinctive, if it is unlawful or if it conflicts with earlier rights.

These provisions clearly mirror Article 6quinquies.B.3 of the Paris Convention which provides for the refusal of trade mark applications and for the invalidation of registrations stating that trade marks may be denied registration when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public.

For what concerns freedom of expression principles, two main documents must be considered: the European Convention on Human Rights (ECHR) and the Charter of Fundamental Rights of the European Union.

The former is an international treaty signed in 1950 that aims to protect human rights and fundamental freedoms in Europe. Its Article 10 establishes the freedom of expression right as follows: *“1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises. 2. The exercise of these freedoms,*

*since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary”.*

Similarly, but broader in scope, the Charter consolidates all the fundamental rights applicable at the European Union level. It establishes ethical principles and rights for EU citizens and residents that relate to dignity, liberty, equality, solidarity, citizenship and justice. In addition to protecting civil and political rights, it covers workers' social rights, data protection, bioethics and the right to good administration. The Charter is legally binding and, in accordance with Article 6 of the Treaty on European Union, it has the same legal value as the EU treaties. It applies only when EU institutions and EU countries are implementing EU law and does not extend the competences of the EU beyond those already granted in the treaties. Article 11 - on Freedom of expression and information - provides that *“everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers”* and that *“the freedom and pluralism of the media shall be respected”*.

It is worth mentioning that these provisions have been recently examined by the EU case law mostly in copyright cases in order to balance the interests of the holders of IP rights (right to property granted by Art. 17 of the Chart) with the interests of the users and their right to express and be informed freely, particularly on the web (Art. 11 of the Chart).

## **2.- Public policy and morality vs. free speech in trade mark case law.**

It is clear that Article 7.1.f. EUTMR and Art. 4.1.f of the Directive restrict the right of freedom of expression prohibiting the registration of trade marks that are contrary to the ethical and moral principle recognized in a Member State in a certain time. None the less, such a restriction is legally justified to the extent that it is necessary for the protection of public order and good habits, considering that these types of restrictions are approved by Article 10(2) ‘ECHR’, as stated by the EUIPO Grand Board of Appeals in Case R 495/2005-G, and in Case R 175/2010-2 and by the Board of Appeal in Case R 1509/2008-2 following the judgment of the European Court of Human Rights in the Case Casado Coca/España [1994],18 EHRR -1, at paragraphs 33-37.

According to the aforementioned Decision R 495/2005-G – ‘SCREW YOU’ (at paragraph 14 et seq.), *‘The wording of Article 7(1)(f) EUTMR is very broad and allows a great deal of room for interpretation. A judicious application of this provision necessarily entails balancing the right of traders to freely employ words and images in the signs they wish to register as trade marks against the right of the public not to be confronted with disturbing, abusive, insulting and even threatening trade marks’*. The restriction of the freedom of commercial expression is only justified to the extent that it may be strictly necessary for protecting public order and morals or good habits.

Therefore, it appears that the principle to be applied is that the application of Article 7.1.f. EUTMR and of Article 4.1.f of the Directive is not limited by the principle of freedom of expression since the refusal to register a trade mark only means that the sign is not granted protection under trade mark law and does not stop the sign from being used - even in business (see judgment of the General Court (First Chamber) of 9 March 2012 in Case T-417/10).

It seems to me that the above conclusions reflect a more general principle of trade mark law sometimes referred to as the truth principle. According to this principle, a trade mark must be a tool that contributes to deliver correct and truthful information on the market. This principle is generally embodied in the provisions that prevent trade marks to be registered and/or used if they are of such a nature as to deceive the public, for instance, as to the nature, quality or geographical origin of the goods or services.

In other words, trade marks and distinctive signs have a specific function of public utility that goes beyond the private interest, or interests, of trade mark holders. Therefore, the public function of trade marks must be safeguarded even if this means sacrificing the freedom of the holder of a trade mark to employ words and images in the signs they wish to use or register as a trademark freely and without limitations. In this view, it is clear why deceptive, illegal or immoral trade marks can not be registered or used in the EU.

### **3.- General remarks on trade marks contrary to public policy or acceptable principles of morality in the EU.**

In the light of the above considerations it is worth examining some of the most recent EU decisions concerning the registration of “illicit” trade marks.

It is clear that the wording of Article 7.1.f. EUTMR and Art. 4.1.f of the Directive is very broad and allows a great deal of room for interpretation that needs judicious application and a careful balancing of different factors.

It must be first said that the rationale of these provisions is not to identify and filter out signs whose use in commerce must at all costs be prevented, but to preclude trade marks from registration where granting a monopoly would contravene the state of law or would be perceived by the relevant public as going directly against the basic moral norms of society.

It must be also said that the question whether the goods or services for which protection is sought can or cannot be legally offered in a particular EU Member State’s market is irrelevant for the question as to whether the sign itself falls foul of the above mentioned provisions. Whether or not a trade mark is contrary to public policy or accepted principles of morality must be determined by the intrinsic qualities of the mark applied for, and not by the circumstances relating to the conduct of the person applying for the trade mark.

The concepts of ‘public policy’ and ‘acceptable principles of morality’ must be interpreted not only with reference to the circumstances common to all EU Member States but by

taking into account the particular circumstances of individual EU Member States which are likely to influence the perception of the relevant public within those States.

The standards of a reasonable person with normal levels of sensitivity and tolerance should guide any office or court assessing the validity of a trade mark registration in the EU.

Public Policy refers to the body of Union law applicable in a certain area, as well as to the legal order and the state of law as defined by the Treaties and secondary EU legislation, which reflect a common understanding of certain basic principles and values, such as human rights. This objection derives from an assessment based on objective criteria.

The Accepted Principles of Morality, on the other hand, concerns subjective values and excludes registration of blasphemous, racist, discriminatory or insulting words or phrases, but only if that meaning is clearly conveyed by the mark applied for in an unambiguous manner.

The concept of morality is not concerned with bad taste or the protection of individuals' feelings or if the trade mark is only likely to offend a small minority of exceptionally puritanical citizens.

A few examples of refused trade mark applications may give a clearer picture of the actual situation in the EU.

A "Bin Laden" trade mark application was rejected considering that for the general consumer the mark applied for will be understood as the name of the leader of the notorious terrorist organization Al Qaeda and that terrorist crimes are in breach of public order and moral principles of the EU.

"Fucking Freezing!", "Ficken" and "Hijoputa", were rejected being offensive and vulgar words, respectively, in English, German and Spanish.

"Mechanical apartheid" was refused because the message conveyed by the sign is contrary to the European Union's public policy, since it contradicts the indivisible, universal values on which the Union is founded, i.e. human dignity, freedom, physical integrity, equality and solidarity, and the principles of democracy and the rule of law.

Interestingly, "MH17" and "MH370" - the code of two Malaysian airlines flights that recently were involved in fatal accidents - were rejected under morality objection being the intent to seek financial gain from what is universally accepted to be a tragic event that has resulted in the loss of many hundreds of lives, is unacceptable and contrary to accepted principles of morality.

"La Mafia" and "ETA" were refused as they identified a crime organization and a terrorist group.



And interesting case was “Screw you”. The trade mark application was refused for products others than sex products being an offensive and objectionable expression. The application was granted for sex products considering that a person entering a sex shop is unlikely to be offended by a trade mark containing crude, sexually charged language.

On the other hand, among the accepted trademark applications, it is worth mentioning “De Puta Madre”. In this case the EUIPO pointed out that Although ‘puta’ means ‘whore’ in Spanish, the expression ‘DE PUTA MADRE’ means ‘very good’ in Spanish (slang).

Also the word “Illicit” was considered acceptable as ‘illicit’ is different from something like ‘counterfeit’. The mark would be seen as fanciful on the goods (cosmetics, and perfumes) and it could be accepted.

Before concluding it is worth mentioning that the same principles must be applied to non-verbal trade marks such as figurative or three-dimensional trade marks. And also it will be interesting to see how the the same principles will be applied to new types of trade marks such as smells and sounds as they also may raise the same problems.

## **VI. SCANDALOUS TRADEMARKS IN AUSTRALIA**

Section 42(a) of the Trade Marks Act 1995 provides that an application for registration of the trademark must be rejected if the mark ‘contains or consists of scandalous matter’, and an application can also be opposed on this ground. Although Section 42(a) does not explicitly refer to use of a mark which contains or consists of scandalous matter, the concept of notional fair use is nevertheless imparted by section 17 of the Act in the view of the Delegate. On that basis, it is necessary to consider the applicability of section 42(a) by reference to the goods or services covered by the trade mark application. It is to be noted that there is also a presumption of registrability in the 1995 legislation that an application must be accepted unless satisfied that there is a ground for rejecting it.

An application for the registration of a trade mark must be rejected if it contains or consists of scandalous matter ([section 42\(a\)](#)). The preferred dictionary of the Australian Trade Marks Office is the *Macquarie Dictionary*, which defines scandalous as being ‘disgraceful to reputation; shameful or shocking’ and/or “defamatory or libellous, as a speech or writing”. *Webster’s New World, Fourth Edition* defines the term as ‘causing scandal; offensive to a sense of decency or shocking to the moral feelings of the community; shameful’. The obligation is on the Registrar is to decide, on behalf of the ordinary person, whether a trade mark should be regarded as shameful, offensive or shocking, and therefore be rejected. The manual of Practice and Procedure however notes that:

*‘The words and images fitting this description have changed over time, and it is quite likely in the 21st century, that words which would have caused major offence in earlier times are now acceptable as trade marks in certain markets. Similarly, words which were once innocuous*

*may have developed quite different connotations and now be regarded as scandalous in certain circumstances'*

The scandalous element has to be something that is obvious and up front in the trade mark. A mere suggestion within the trade mark or a vague possibility that someone might find it offensive is not sufficient. There is no clear precedent as to what the Registrar should or should not regard as scandalous. However relevant considerations include the words or images applied for in the context of the use and intended market for the goods/services involved and the level of acceptance of the terms within the general population.

Trade marks incorporating words and images which appear to condone and/or promote violence, racism or sociopathic behaviours fall within the ambit of scandalous marks. Again the reference needs to be obvious within the trade mark before a ground for rejection can be raised. The Examiner is cautioned in the Manual of Practice and Procedure to decide whether a trade mark which incorporates elements of obscenity, violence or profanity is scandalous or only in bad taste. This requires a consideration of the ultimate market for the goods.

There are however some trade marks which will always be regarded as scandalous irrespective of market and therefore unacceptable to the Registrar. These trade marks are often those likely to be seen as promoting racial vilification, religious intolerance and personal abuse of an individual. The Manual of Practice and Procedure provides the following

- trade marks with elements of personal abuse (eg ROOT YOU, <politician's name>);
- trade marks incorporating racial or ethnic abuse (eg F\*\*K <country or ethnic group name>);
- trade marks incorporating abuse of a national flag (eg F\*\*K with the Australian flag forming the stars); and
- trade marks incorporating elements of religious intolerance/abuse (eg ALL <name of religion>S ARE EVIL).

The Act also anticipates trade marks containing images of persons that would clearly be viewed as scandalous. Such images can include photographs, portraits, cartoon caricatures and other stylised representations. The Manual of Practice and Procedure notes however rejection would *typically* only be raised at examination where:

- the trade mark itself could be considered scandalising (e.g. a grossly distorted caricature of a major political leader); or
- the trade mark contains or consists of an image of a well-known person accompanied by a profane suggestion; or
- the relationship between the goods and services and a person's image in the trade mark would clearly scandalise (e.g. an image of the Pope in relation to "contraceptives").

Cases featuring alleged 'scandalous' trade marks:

- *Cosmetic, Toiletry & Fragrance Assn Foundation v Fanni Barns Pty Ltd (2003) 57 IPR 594*
  - Trademark application for the phrase ‘**Look Good = Feel Good + Root Good**’ in respect of cosmetics and sexual hygiene products
  - Registered
  
- *Kunststreet Wear Pty Ltd’s Trade Mark Application (2007) 73 IPR 438*
  - Application for the word ‘**KUNT**’
  - Not registered
  
- *Home Box Office Inc v Florenca (2010) ATMO 99*
  - Application for the word ‘**absofuckinglylutely**’
  - Objection was raised
  - The applicant amended its trade mark to ‘absofcukingluetly’
  - Not registered
  
- *PommieBasher (2011) ATMO 45*
  - Application for the word ‘**PommieBasher**’
  - Registered
  
- “*Nuckin Futs*” (2012)
  - Application for ‘**nuckin futs**’
  - Registered subject to condition "the trade mark will not be marketed to children"
  
- *MH370 (2014)*
  - Application to register ‘**MH370**’ five days after the Malaysian Airlines flight MH370 disappeared
  - Not registered

## VII. OFFENSIVE TRADE MARKS IN NEW ZEALAND

Section 17(1)(c) of the Trade Marks Act 2002 states that the Commissioner must not register as a trade mark or part of a trade mark any matter...the use or registration of which would, in the opinion of the Commissioner, be likely to offend a significant section of the community, including Māori. It is to be noted that section 17(1)(c) only prohibits the registration of marks that are likely to offend a significant section of the community. It does not prohibit the registration of marks that are in poor taste.

The IPONZ Guidelines directs that Examiners that :

- The question must be considered as at the date of application.
- The question must be considered objectively, from the point of view of “right-thinking members of the public”.

- The application should not be rejected merely because the mark is considered to be in poor taste.
- A mark should be considered “likely to offend a significant section of the community” where:
  - The mark is likely to cause a significant section of the community to be outraged; and/or
  - A significant section of the community is likely to feel that the use or registration of the mark should be the subject of censure.

Where a mark is likely to undermine current religious, family or social values. Then it is presumed that ‘ a significant section of the community’ is likely to feel that the mark should be the subject of censure. While the expression "a significant section of the community" is not defined within the Act, IPONZ Guidelines recognize that a ‘significant section of the community’ can exist in a minority group where there is a substantial number within that group. Thus recognition is given to the possibility of relative proportions of outrage based on community size when considering what constitutes a “significant section”.

The specific reference to Maori in the Act reflects the previous IPONZ approach. In order to assist in determining whether or not a trade mark is indeed "likely to offend", section 177 of the Act provides for the establishment of a Maori Advisory Committee, whose sole task is to advise on whether trade mark and/or applications can be considered as offensive to Maori. Where an application is filed to register a trade mark that is, or that appears to be, derivative of a Māori sign, the application will be referred to the advisory committee. Where the committee advises the Commissioner that the application contains matter that is likely to be offensive to Māori, IPONZ will likely raise concerns that the mark is not registrable under section 17(1)(c) of the Act. Any such objection is open to rebuttal.