

The Biggest Open Questions In Trademark Law, Part 1

By **Bill Donahue**

Law360, New York (August 30, 2017, 6:12 PM EDT) -- Trademark attorneys would love to give their clients hard answers, but many legal issues are unresolved — open questions that courts and lawmakers have yet to definitively answer. In part one of a three-part series, here are some of the biggest questions that experts want answered.

What Else Will *Matal v. Tam* Touch?

After the Supreme Court's June ruling in *Matal v. Tam*, the Lanham Act's ban on "disparaging" trademark registrations is firmly unconstitutional, and the registration for "The Slants" — the one Simon Tam fought all the way to the high court to win — was finally published this week.

But beyond those immediate effects, what other repercussions will come from *Tam*?

For most trademark attorneys, the first question is whether a related provision of the Lanham Act's Section 2a, the ban on registration for "scandalous" and "immoral" subject matter, is also unconstitutional.

"The decision only addressed the disparagement clause of section 2(a), raising questions as to whether other types of marks that can be refused under this section, such as those deemed immoral or scandalous, may similarly conflict with the First Amendment," said Monica Riva Talley, the head of the trademark practice at Sterne Kessler Goldstein & Fox PLLC.

The high court's decision did not expressly mention those rules, but its breadth and logic would seem to indicate that they, too, are unconstitutional. The justices said that "giving offense" is the kind of viewpoint that the First Amendment is designed to protect; that would seem to cover "scandalous" words.

The question may not be open for long. On Tuesday, the Federal Circuit heard oral arguments on the impact of the high court's ruling on the case of Erik Brunetti, who appealed after he was refused a registration on "Fuct" on the grounds that it was scandalous subject matter.

Other trademark experts, meanwhile, have questions about whether *Tam* goes even further — whether the ruling means that federal trademark dilution laws are also vulnerable to a constitutional challenge.

Trademark infringement laws restrict free speech, but they do so to protect consumers from confusion. Dilution laws don't have that justification, since they prohibit the use of famous trademarks even when consumer confusion is not likely.

After Tam, some experts have wondered whether the speech restrictions imposed by dilution, lacking the vital purpose that infringement laws serve, will still pass muster under the First Amendment.

"This matters because larger companies are relying on dilution as a doctrine to impede use and registration of marks where there is no likelihood of confusion and no competition," said Roberta Jacobs-Meadway, a partner with Eckert Seamans Cherin & Mellott LLC.

How Do You Protect Marijuana Marks?

2016 was a watershed year for the decadeslong effort to end the prohibition on cannabis, with major election victories in California and other states pushing the total number of jurisdictions where the substance is either medically or fully legal to 29.

But those victories did little to answer an already-huge question for companies that want to enter the fast-growing industry: How do you protect your trademarks?

The federal Lanham Act bars the registration of trademarks for "unlawful" uses. That means marks for marijuana, which remains illegal at the federal level under the Controlled Substances Act, can't be registered.

Whether the U.S. Patent and Trademark Office will find a way to get around that prohibition, and grant much-needed protection to law-abiding cannabis brands, is a huge open question.

"Now that many states have legalized marijuana, will the PTO adapt its rules to allow for federal registrations?" asked Charles R. Macedo, a partner at Amster Rothstein & Ebenstein LLP.

If anything, though, USPTO has seemingly gotten even stricter on pot-related marks in recent years.

Last June, the Trademark Trial and Appeal Board refused to register a Washington dispensary's mark, despite the fact that the owner never mentioned pot in his application. In October, TTAB shot down a novel argument: that lax enforcement rules by federal prosecutors meant cannabis marks could be registered.

The lack of federal registrations leaves brand owners and trademark attorneys facing other complicated questions.

"Are the uses of the TM or SM symbols, commonly used for unregistered marks, acceptable for goods and services that [are] regulated by individual states but illegal under federal law?" asked Mark H. Jaffe, a trademark attorney and a partner at Tor Ekeland PC.

Even without changes at the federal level, some state-level trademark answers could be on the way.

California has long allowed for medical cannabis, but the state's trademark system has not allowed companies selling it to register trademarks. A bill pending before state lawmakers, designed to implement the state's November vote in favor of full legalization, would expressly change that.

“State trademark registrations will provide some degree of protections for those in the business,” Jaffe said. “Not only is this good for those engaged in this business, but it also protects consumers from frauds and possibly dangerous imitations.”

Check back tomorrow for the second part of Law360's look at the biggest questions in trademark law.

--Editing by Kelly Duncan.

All Content © 2003-2017, Portfolio Media, Inc.