

Where Never is Heard a Disparaging Word ... Until Now?

By: Brian D. Kaider, Esq.



With apologies to Dr. Brewster Higley for changing the words to what would become the iconic folk song “Home on the Range,” a recent U.S. Supreme Court decision has opened the door to registration of a category of trademarks that would previously have been refused as “disparaging.” While the wine industry has typically not pushed the boundaries of disparaging marks, this case has implications for marks that are considered “scandalous” or “immoral,” as well. Further, this decision could dramatically affect the way that the Alcohol and Tobacco Tax and Trade Bureau (TTB) reviews Certificate of Label Approval (COLA) applications.

In March 2010, Simon Sciao Tam, frontman of the Asian-American rock band, “The Slants,” filed a trademark application for the band’s name. The band’s purpose behind the name was to empower people of Asian heritage by reclaiming what was considered a racial slur and transforming it into a point of pride. The U.S. Patent and Trademark Office (PTO) did not see it that way. They refused Tam’s application on the basis of section 2(a) of the Lanham Act, which says:

“No trademark...shall be refused...on account of its nature unless it, 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.**”

The PTO asserted that the phrase “The Slants” referred to those of Asian descent “in a disparaging



Photo Courtesy of In Music We Trust PR

manner because it is typically associated with a use that derides and mocks a physical feature of persons of Asian descent. Mr. Tam appealed the PTO’s refusal and after several years of litigation, the U.S. Supreme Court recently affirmed the U.S. Court of Appeals for the Federal Circuit’s finding that the disparagement clause of the Lanham Act was an unconstitutional violation of free speech under the First Amendment. In particular, the Supreme Court noted, “Speech that demeans on the basis of race, ethnicity, gender, religion, age, disability, or any other similar ground is hateful; but the proudest boast of our free speech jurisprudence is that we protect the freedom to express ‘the thought that we hate.’”

So, this decision now allows registration of trademarks that are disparaging. The wine industry generally has not pushed the boundaries of its trade-

marks in this direction to the extent that the fashion, music, and entertainment industries have, for example. Whether this decision will lead wineries in this direction remains to be seen. More common, though, are attempts to register wine names that the PTO refuses as “immoral” or “scandalous,” citing the same section of the Lanham Act, as quoted above. While the PTO has allowed some marks that stretch the limits, such as Sisterhood Winery’s “Happy Bitch,” or Thierry and Guy’s famous “Fat Bastard,” the PTO has consistently refused marks using more vulgar language, such as the “f-word” or marks that are sexual in nature.



The *Tam* decision did not address the “immoral” or “scandalous” clauses of the Lanham Act, so officially the PTO has no guidance as to whether its refusals under these clauses will pass Constitutional muster. Currently, the PTO is suspending applications it would otherwise reject under these clauses pending the outcome of another case, *In re Brunetti*, that is working its way through the appeal process. Presumably, the Federal Circuit will pick up on the language of the Supreme Court in *Tam* to find that the “immoral” and “scandalous” clauses of Section 2(a) are also “viewpoint discrimination” that violates the First Amendment. If and when that happens, the PTO will allow registration of marks that some may consider vulgar or offensive.

Yet, for the wine industry, that is not the final word. A trademark must be used in intrastate commerce to be federally registered. But, the manufacturer must first obtain a COLA from the TTB to put wine into interstate commerce. Like the Lanham Act, the regulations under which the TTB operates has provisions that prevent approval of questionable subject matter. Specifically, the Code of Federal Regulations, Title 27, section 4.39(a)(3) provides that:

“Containers of wine, or any label on such containers, or any individual covering, carton, or other wrapper of such container, or any written, printed,

graphic or other matter accompanying such container to the consumer shall not contain: ...Any statement, design, device, or representation which is obscene or indecent.”

Section 4.38(f) also provides that:

“In addition, information which is truthful, accurate, and specific, and which is neither disparaging nor misleading may appear on wine labels.”

So, whereas the Lanham Act prohibits registration of trademarks that are “disparaging,” “immoral,” or “scandalous,” TTB regulations prohibit labels containing language that is “disparaging,” “obscene,” or “indecent.” In other words, the prohibitions are nearly identical. So, will the *Tam* decision not only affect trademark registrations, but TTB label approvals as well? While not addressing TTB regulations specifically, the *Tam* court hinted that its ruling might have broader implications. To understand this point, it is necessary to be aware of one of the key arguments advanced by the PTO.

The PTO argued that registration of a trademark constituted “government speech,” and that is why it was permitted to refuse registrations under the disparagement clause. The Court disagreed, noting that : “[t]he Federal Government does not dream up these marks, and it does not edit marks submitted for registration. Except as required by the statute involved here, 15 U.S.C. §1052(a), an examiner may not reject a mark based on the viewpoint that it appears to express.” So, because the government exercises no control over the content of the message contained in a trademark, such registration could not constitute government speech.

The Court could have left it at that, but it continued: “Holding that the registration of a trademark converts the mark into government speech would constitute a huge and dangerous extension of the government-speech doctrine. For if the registration of trademarks constituted government speech, **other systems of government registration could easily be characterized in the same way.**” Thus, the Court was clearly concerned that a contrary ruling would have repercussions in other areas of government regulation.

In The Winery

The comparison of trademark registrations to COLA approvals in the context of this case is an easy one. As with trademarks, the TTB exercises no control over the content of the message contained in the label submitted for approval. Rather, like a trademark, if the label satisfies the requirements of the regulations, the examiner has no discretion...approval is required. Thus, under *Tam*, a COLA approval does not convert the content of the label into government speech and any refusal based upon an assessment that the content is “disparaging” (and possibly “obscene” or “indecent”) is likely to be viewed by the Supreme Court as viewpoint discrimination in violation of the free speech protections afforded by the First Amendment.

To date, the TTB has not issued any guidance to the public or its employees based upon the *Tam* case. According to Tom Hogue, Director for Congressional and Public Affairs at the TTB, they are currently reviewing the *Tam* decision to determine what impact it may have on their procedures. So, unless the TTB decides on its own to stop enforcing the “disparaging,” “obscene,” and/or “indecent” clauses of TTB regulations, it appears to be business as usual with COLA approvals until someone challenges the regulations by appealing the denial of a COLA in court. Assuming that this happens and the COLA regulations fall under the *Tam* analysis, the TTB would have to approve wine labels with disparaging and perhaps vulgar or offensive language. The question then becomes, “now that wineries CAN use such language, SHOULD they?”

In the related beer community, the Brewers Association, which promotes and supports craft brewers, doesn’t think so. In April 2017, perhaps in anticipation of the *Tam* decision, the Brewers Association updated its Marketing and Advertising Code to read:

“Beer advertising and marketing materials should not: ...contain sexually explicit, lewd, or demeaning brand names, language, text, graphics, photos, video, or other images that reasonable adult consumers would find inappropriate for consumer products offered to the public” or “contain derogatory or demeaning text or images.”

While the Brewers Association does not have the authority to prevent breweries from using such language or images, it will not allow winners of Brewers Association-sanctioned competitions to use its logos or trademarks to promote the winning beers, for example. Whether the wine industry will self-impose such restrictions on its own members remains to be seen. In the meantime, it seems, that how far to push the limits will be up to the discretion of the individual supplier.

Brian Kaider is a principal of KaiderLaw, an intellectual property law firm with extensive experience in the craft beverage industry. He has represented clients from the smallest of start-up breweries to Fortune 500 corporations in the navigation of regulatory requirements, drafting and negotiating contracts, prosecuting trademark and patent applications, and complex commercial litigation.

bkaider@kaiderlaw.com
(240) 308-8032

