

# I. Challenges of regulating immoral trademarks

## *Introduction*

This chapter considers the tensions with applying moral bars to exclude certain trademarks from the register. Part A introduces the idea of ‘harm’ as an alternative conceptualisation of trademark regulation issues. As such, it offers a framework for exploring the case for intervention. Part B considers the extent to which (intervention on the basis of) moral exclusions constitute appropriation of intellectual property rights or curtail civil liberties, namely freedom of expression. Depending on the constitutional guarantees within a jurisdiction, trademark owners may challenge ‘*intrinsic*’<sup>8</sup> limits to trademark protection using appropriation of property arguments or freedom of expression arguments. Part C argues that legal certainty in the trademark registration process is compromised, as evidenced by inconsistent decisions.

### *A. A concept of harm*

*Harm as a more constructive characterisation.* This thesis explores the concept of ‘harm’ as a more constructive characterisation of the public interest issue for moral exclusions to trademark protection. ‘Harm’ has been raised or alluded to, in judicial discussion of offensive trademarks<sup>9</sup> but it is not dissected and it is often conflated with intangible descriptors like ‘vulgar’ or ‘obscene’. To say that a trademark is objectionable because it is vulgar is an incomplete claim. Framing the problem from the perspective of ‘harm’ goes further in seeking to explain the root of the objection; i.e. what type of harm might flow from the mark or the accumulation of marks. A conceptualisation focused on the nature and substantiality of the harm, may also better serve traders because moral norms diverge between cultures and

---

8 Alison Firth, Gary Lea, and Peter Cornford, *Trade Marks - Law and Practice* (3<sup>rd</sup> edn, LexisNexis Butterworths, 2012) 78.

9 Case O-021-05 *Basic Trademark SA’s Trade Mark Application* [2005] RPC 25; Case R 111/2002-4 *Dick Lexic Ltd’s Application* [2005] ETMR 99 (see n 206).

over time.<sup>10</sup> One culture can be disturbed by the morals and practices of another. It is theorised that conservative Islamic countries are motivated to erect moral bars and set a low threshold for restriction of (brand) rights in order to *prevent* harm to society and preserve a status quo.<sup>11</sup> This goal, driven by Shari'a, dwarfs other countervailing interests. Indeed, there is no desire to let the market decide if use is prohibited.<sup>12</sup> Conversely, Anglo-American jurisdictions seek to *mitigate* harm because a balance is struck with speech rights, autonomy and other longstanding, founding principles. "THE SLANTS" case is an illustration.<sup>13</sup>

In criminal law, the 'harm principle' is used to determine what behaviour should be criminalised. The classic formulation of the harm principle is by John Stuart Mill: "The only purpose for which power can rightfully be exercised over any member of a civilised community against his will is to prevent harm to others... As soon as any part of a person's conduct affects prejudicially the interests of others, society has jurisdiction over it, and the question whether the general welfare will or will not be promoted by interfering with it, becomes open to discussion."<sup>14</sup>

In keeping with Mill's formulation, Simester and von Hirsch articulate: "the state is justified in intervening coercively to regulate conduct only when that conduct causes or risks harm to others."<sup>15</sup> Just as a harm principle is used as a guide to criminalisation, one may ask whether it can also be used as a guide to regulation of offensive trademarks that may cause or risk 'harm.' The important question for trademark regulation is not just what types of harm offensive trademarks can cause to society, if any, but what types of harm justify lawful intervention.

*The traditional approach to harm in trademark law.* A concept of harm has been applied in the context of expanding trademark protection beyond directly competing goods i.e. to non-competing uses. Historically, the harm was conceived as improper diversion of trade, caused by 'source of origin confusion' stemming from third party use of a mark. This concept of harm

---

10 See Chapter II(C)(III) for discussion on the terminology. Regarding changing norms, see Chapter I(C) discussion of temporal and spatial inconsistency.

11 The discussion of thresholds is woven throughout this paper, see Chapter II(C)(2), Chapter IV(A)(1), Chapter V.

12 Peter W. Hansen, *Intellectual Property Law and Practice of the United Arab Emirates* (Oxford University Press 2009) 89. (See also *infra* n 43).

13 *Infra* n74.

14 John Stuart Mill, *On Liberty* (J. W. Parker and Son 1859).

15 A P Simester and Andreas von Hirsch, *Crimes, Harms, and Wrongs: On the Principles of Criminalisation* (Hart Publishing 2011) Ch 3, 35.

expanded from source of origin confusion to confusion over whether the owner was affiliated with or endorsed the infringer's use.<sup>16</sup>

The idea that intellectual property, including trademarks, can be harmful to society is not new. In the UK appeal of the rejection of "JESUS" as a trademark, Appointed Person Geoffrey Hobbs Q.C. defined antisocial trademarks as having an "ability to undermine an accepted social and religious value to a significant extent".<sup>17</sup> Scassa's discussion of antisocial trademarks alludes to a concept of harm; the catch-all term "antisocial marks" takes the Oxford English Dictionary definition of antisocial: "against the basic principles of society; harmful to the welfare of the people generally."<sup>18</sup> Patent law has long recognised the negative externality of antisocial behaviour. The morality and public order exclusion is found in patent law, notably the Biotechnology Directive Article 6(2), with its provisions recognised in the European Patent Convention (EPC) Article 53(a)/Rule 28.<sup>19</sup> The UK Patents Act 1977 used to refer to the power of an invention to "encourage" certain undesirable behaviour, including antisocial.<sup>20</sup>

*Defining harm.* Harm, in a strict sense, relates to the tangible 'loss' that flows from the trademark. In this sense, it is more than injury or affront to feelings or sensitivities. A trademark that incites the public to terrorist behaviour or hooliganism can be conceived as directly harmful. Direct harm should threaten to create a more tangible injury, a 'consequential' harm. Trademarks that create shock or disgust but don't have this persuasive element or link to behaviour, can be said to cause injury to feelings. This is a subtler, more indirect manifestation. Nevertheless, to the extent that it is an assault on the mind and sense of personal dignity, a harm argument could be made. This raises the question of whether 'tangibility' is the proper measure of harm.

*Harm to collective society (negative externalities).* It is suggested that there is a 'collective' or 'aggregate' aspect to harm. Having a few occasional drinks may be harmless, but when there emerges a binge-drinking culture and public health consequences ensue, the "collective marketplace" is harmed and restrictive measures may be applied by the state. The tobacco

16 Mark P. McKenna, 'Testing Modern Trademark Law's Theory of Harm' (2009) 95 Iowa Law Review 76-78.

17 *Basic Trademark* (n 9).

18 Teresa Scassa, 'Antisocial Trademarks,' (2013) 103(5) The Trademark Reporter 1172-1213.

19 Article 53(a) EPC uses the term "ordre public".

20 Patents Act 1977 Section 1(3)(a). The Singaporean Patent Act Article 13(3) was identically worded.

plain packaging legislation undoubtedly ascribes to this view. Pornography is legal in some societies and illegal in others. It is hard to dispute that pornography has crept into the larger social construct of womanhood,<sup>21</sup> promoting the objectification of women and normalising a sexualised and subordinate view of them. A connection could be made between the growing prevalence of pornography and rape culture. All symbols, imagery, and narratives have a role to play.<sup>22</sup> There is harm to the collective society. In economic terms, there are 'negative externalities'.<sup>23</sup> Societies regulate against these external costs in different ways. Fershtman et al., in their discussion of taboos, describe three types of incentives that govern behaviour: private rewards, social incentives, and legal incentives.<sup>24</sup>

Snow argues that the purpose of protecting goodwill is to promote the "collective marketplace".<sup>25</sup> If protecting a producer's goodwill damages the collective marketplace, protection should be denied. Wasserman may be considering the 'collective marketplace' in relation to marks that promote prostitution.<sup>26</sup> The US represents a particular challenge here since free speech and 'viewpoint neutrality' are cemented in U.S. trademark law.<sup>27</sup>

'Remote' harms. In considering harm to society, 'remote harm' is relevant.<sup>28</sup> According to Simester and von Hirsch, some harms can be "remote in the sense that they involve certain kinds of contingencies" (on the conduct of others): abstract endangerment, accumulative harms and intervening choices.<sup>29</sup> 'Intervening choices' and 'accumulative harms' are relevant to 'antisocial' trademarks.

---

21 Twentieth Century French Philosopher and existential feminist Simone de Beauvoir believed that our understanding of womanhood was a social construct.

22 See David Israel Wasserman, 'Trading Sex, Marking Bodies: Pornographic Trademarks and the Lanham Act' (2010) 23(121) National Black Law Journal, 6.

23 By-products of activities that damage the well-being of people or the environment.

24 Chaim Fershtman, Uri Gneezy, and Moshe Hoffman, 'Taboos and Identity: Considering the Unthinkable' (2011) 3(2) American Economic Journal: Microeconomics, 139, 142.

25 Ned Snow, 'Free Speech & Disparaging Trademarks' (2016) 57 Boston College Law Review, 1675.

26 Wasserman (n 22).

27 Snow (n25) at footnote 205, See also discussion of viewpoint neutrality in relation to the SLANTS case in Chapter IV of this paper.

28 It should be noted that the concept of 'remote harm' is founded on criminalisation of behaviour.

29 Simester and von Hirsch (n15) 57.

'Intervening choices' asks what role a person plays in the conduct of others. In trademark terms, one can ask what role an antisocial brand message has in inciting criminal or other highly offensive behaviour. Duff and Marshall analyse the consequences of recognising a "civic responsibility to attend not merely to the harms that our conduct might directly cause to others, but to at least some of the ways in which it might facilitate the commission of harm by others."<sup>30</sup> Applying this type of remote harm to trademarks, regulation of antisocial trademarks is justified on the basis of a causal link between the trademark and behaviour. Equally, however, it could be opposed on the ground that it is difficult to establish causality in the case of intangible property. This leaves harms arising from "inciting trademarks"<sup>31</sup> as merely an assumed harm.

'Accumulative harm' considers the threshold at which intervention is warranted; in other words, at what point is the harm deemed significant. This is relevant to the proliferation of inappropriate trademarks argument. It follows that the issue of remote harm and trademark regulation merits further exploration, which is not possible within the bounds of this paper.

*The power of trademarks.* Commentators agree that trademarks have gradually expanded from their primary quality and source identifying functions, as enumerated and protected in trademark legislation and case-law, and transformed into something more symbolic and socially powerful. Modern trademarks are carriers of speech. They are "constituent building blocks of social identity and convey political, social or emotive speech."<sup>32</sup> Indeed, Wasserman discusses trademarks that perpetuate sexual and racial subordination.<sup>33</sup> As such, today "the trademark is the message."<sup>34</sup>

Trademarks can also be politically powerful and jarring. Brands, images and symbols have the power to embrace political positions or express political messages. Highly subversive brand messages could raise public order objections. One might consider marks and slogans associated with campaigns to unseat sitting governments, or that are potentially extremely divi-

---

30 Robin A. Duff and S.E. Marshall, 'Abstract Endangerment; Two Harm Principles, and Two Routes to Criminalisation' (2015) 3(2) *Bergen Journal of Criminal Law and Criminal Justice* 131-161.

31 See harm classification scheme in Chapter V.

32 Llewellyn Joseph Gibbons, 'Trademarking the Immoral and the Scandalous: Section 2(a) of the Lanham Act' in Peter K. Yu (ed), *Intellectual Property and Information Wealth: Issues and Practices in the Digital Age* (Volume 3, Ch 4, Praeger Publishers 2007).

33 Wasserman (n 22).

34 Gibbons (n 32) 112, (citing - author unknown).

sive. An application to register JE SUIS CHARLIE following the terrorist attack on the offices of French newspaper Charlie Hebdo, was rejected by the EUIPO on public interest grounds.<sup>35</sup> Gerhardt argues strongly for brands as powerful tools of political expression.<sup>36</sup> She postulates that entrepreneurial brand owners, in times of public mistrust in the political system especially, can and should leverage the expressive value of trademarks. “Trademarks... can be effective entrepreneurial tools in disrupting political entrenchment.” But it does not have to be the brand owners; politics and symbols are also crossing over in the design world. “Bootlegging” sees fashion companies repurpose brands to deliver a subversive message. The Victoria & Albert Museum in the UK recently acquired a t-shirt design featuring the word “Corbyn” above a Nike swoosh.<sup>37</sup> Indeed, trademarks that are seen as conveyers of political messages are considered particularly harmful by states with lower tolerance for disunity and dissidence.

### B. Appropriation of trademarks

*Whether trademarks are positive or negative rights.* The authority of public bodies to interfere with trademark rights is connected to whether trademark law grants a positive or negative right. A “negative” or “static” right is a right to exclude third parties from exploiting the registered trademark. A “positive” right is a use right. A literal reading of the language of Article 16(1) of the TRIPS Agreement suggests a registered trademark offers the proprietor no more than a blocking right: “The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.”<sup>38</sup>

The conventional view is that trademark registration is solely a negative right to exclude. It has been so held in cases across jurisdictions: *BAT v Aus-*

---

35 “Je suis Charlie” Trade Mark Application 1668521.

36 Deborah M. Gerhardt, ‘Trademarks as entrepreneurial change agents for legal reform’ (2017) 95 North Carolina Law Review 1481, 1523.

37 Jeremy Corbyn, is current leader of the UK Labour party and the Opposition. He unexpectedly won huge gains in parliament to become leader.

38 See article 16(1) TRIPS. Additional protection for well-known marks is established in Article 16(2) and 16(3) of TRIPS and Article 6bis of the Paris Convention

tralia, *Anheuser-Busch Inc. v Balducci*, and the WTO Panel report in *EC-Trademarks and GIs*.<sup>39</sup> It is explained by academics including Bonadio, Nuno Pires de Carvalho, and Landes & Posner.<sup>40</sup> According to Landes & Posner, “[A] property right is a legally enforceable power to exclude others from using a resource, without the need to contract with them”. Cohen offers a succinct conceptualisation of the exclusionary element as: “To the world: Keep off X unless you have my permission, which I may grant or withhold. Signed: private citizen. Endorsed: The state”.<sup>41</sup> In Anglo-American jurisdictions, the state’s lack of ‘endorsement’ has no bearing on continued use of the unregistered trademark by the trader.<sup>42</sup> In the GCC, however, use of an unregistrable mark is a criminal offence.<sup>43</sup> Evans and Bosland note that TRIPS imposes minimum requirements and that domestic laws can grant a positive right.<sup>44</sup> Article 17(2) of the GCC Trademark law states: “The owner of a registered trademark shall have the exclusive

---

39 *British Am. Tobacco Australasia Ltd & Ors v. Commonwealth of Australia*, [2012] HCA 43, available at: [www.austlii.edu.au/au/cases/cth/HCA/2012/43.html](http://www.austlii.edu.au/au/cases/cth/HCA/2012/43.html), Justice Crennan considered that the positive right was relegated to “ancillary” status relative to the negative right [248], while Chief Justice French raised the spectre of lawful loss of rights by non-renewal and actions such as cancellation/revocation [31]; although note dissent by Justice Heydon who considered tobacco brand restrictions a suppression of intellectual property rights because trademarks represent a “legally endorsed concentration of power over things and resources” that rest with the owner [218]; *Anheuser-Busch Inc. v Balducci Publications* 28 F 3d 769 at 777 (8th Cir 1994); Panel Report, *European Communities - Protection of Trade-marks and Geographical Indications for Agricultural Products and Foodstuffs*, Complaint by Australia, WTO - DS290; U.S. case *Anheuser-Busch Inc. v. Balducci Publ'ns*, 28 F.3d 769, 777 (8th Cir. 1994).

40 Enrico Bonadio, ‘Bans and Restrictions on the Use of Trade Marks and Consumers’ Health’ (2014) 4 Intellectual Property Quarterly 326-345; Nuno Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs* (Kluwer, 2011, second edition, 343); Alberto Alemanno and Enrico Bonadio, assert that “...no positive right to use trademarks is offered by TRIPS to trade mark holders” (‘Do you Mind my Smoking? Plain Packaging of Cigarettes under the TRIPS Agreement’, *J.Marshall Rev. Intell. Prop. L.* 450, 462 (2011)).

41 Felix S. Cohen, ‘Dialogue on Private Property’ (1954), *IX Rutgers Law Review* 357.

42 Note, for example, the Supplemental Register and protection of common law trademarks subject to use, in the U.S.

43 Hansen (n 12).

44 Simon Evans and Jason Bosland, ‘Plain Packaging of Cigarettes and Constitutional Property Right’ in *Public Health and Plain Packaging of Cigarettes - Legal Issues*, Ch 4, 53.

right to use its mark and to prevent third parties from using its mark...”<sup>45</sup> <sup>46</sup>However, in practice only the negative right is recognised.<sup>47</sup>

### 1. Are trademarks property?

Trademarks are a form of property.<sup>48</sup> <sup>49</sup>They fall within the body of ‘property’ protected by the European Convention on Human Rights (ECHR) and the Charter of Fundamental Rights of the European Union (CFR).<sup>50</sup> The first recorded Federal infringement case in the U.S. was in 1844.<sup>51</sup> In the UK, a property right in trademarks was first recognised by the Chancery Court in 1863.<sup>52</sup> However, some decry the recent expansion of this property right, for example, where an infringement cause of action can be based on confusion for non-competing goods (e.g. dilution).<sup>53</sup> Furthermore, as has been discussed, the integrity and bounds of the trademark right has been tested by state legislation in Australia (and ensuing case law)<sup>54</sup> and the UK, restricting brands on tobacco packaging. In a similar vein, Cohen’s reference to ‘state endorsement’ and the majority position in *BAT v. Australia* look rather like deference to a margin of state discretion with regard to this property right. Setting aside the question of the legitimacy of State interference with trademark “use”, the acquirable right itself is certainly a

---

45 Trademarks Law of the Gulf Cooperation Council (GCC) (English translation. The Arabic version is the definitive legal text), issued by law no. 6 of 2014.

46 Right to use/exploit: Bahrain Article 15; Oman Article 39(1) Industrial Property Rights Law (promulgated by the Royal Decree No. 67/2008).

47 Jon Parker ‘The GCC Trade Mark Law’, Gowling WLG, (IIPLA Presentation 2017).

48 Michael Spence, ‘The Mark as Expression/The Mark as Property’ (2005), 58 Current Legal Problems, 493, citing the UK Trade Marks Act 1994 section 22.

49 Proponent of property in the subject matter: J Harris, ‘Property and Justice’ (1996); Proponent of property in the right to control use of the subject matter: Spence *ibid* 494-495.

50 *Anheuser-Busch Inc. v Portugal* espoused the right to own property under Article 17(1), (2), of the European Charter of Fundamental Rights and Freedoms.

51 See Chapter II (A) for more detail on the development of a property right in trademark.

52 *Leather Cloth Company v. American Leather Cloth Company* (1863), cited by Frank I. Schechter (See n 110).

53 Michael Spence, ‘The Mark as Expression/The Mark as Property’ (2005), 58 Current Legal Problems, 491, 493.

54 See n 39.



transient one<sup>55</sup> because it is a construction; it may be lost by non-renewal or non-use in most jurisdictions, including the US, EU, and GCC.<sup>56</sup>

Trademark legislation represents a delicate balance between private (traders) and public (consumers) interests.<sup>57</sup> Some judges have articulated that trademark rights are a particular species of property right that is subservient to the public interest.<sup>58</sup> But the right of a state, having granted a trademark right, to then restrict the owner's (not third parties') use of it in furtherance of the public interest, is controversial. The charge of unjustified expropriation of investment and IP has led to investor-state arbitration at the WTO. The issue has plagued the aforementioned tobacco control legislation ('plain packaging') that seeks to prescribe the appearance of tobacco packaging, including how trademarks appear on the packaging. Similar restrictions are being considered for the alcohol and junk food industries.

## 2. Are trademarks tools of expression?

The right to freedom of expression is guaranteed in many state constitutions and in human rights treaties.<sup>59</sup> In countries like Australia or the GCC states, trademark owners are less likely to base a challenge to moral bars or health-based restrictions, on freedom of expression grounds: Australia's Constitution does not protect the freedom of expression either expressly, or for non-political issues even impliedly.<sup>60</sup> In Europe and the US, strong protections are afforded to certain fundamental freedoms and rights. GCC

---

55 Mark D. Davison, Ian Horak, The Hon. Justice William M. C. Gummow, 'Shanahan's Australian Law of Trade Marks and Passing Off' 5th ed, (2012): "the property in a statutory trade mark is not permanent"; 78.

56 Chief Justice French (n 39). Note that the period of non-use in the GCC and EU is five years, cf. a three-year non-use period in the US.

57 See Gummow J in *BAT v. Australia* [68]; M.D. Pendleton, 'Exercising Consumer Protection - The Key to Reforming Trademark Law' (1992) 3 Australian Intellectual Property Journal 110, 111.

58 In *BAT v. Australia*, the Chief Justice stated that trademark rights were "instrumental in character"; (n 39) [30].

59 Article 10, European Convention on Human Rights (freedom of expression); Article 11 Charter of Fundamental Rights of the European Union (freedom of expression and information); Amendment 1 of the U.S. Constitution. Some countries have stronger protection for freedom of expression than others.

60 In 1992, the High Court of Australia held there was an implied right to freedom of expression for public and political discussion.

countries may do so on paper,<sup>61</sup> but the institutions and mechanisms that allow for rights to be robustly enforced are lacking to varying degrees. In other countries, the relevant issue for trademark applicants is whether there is a free speech right to trademark registration and if so, what are the contours of such a right?

The modern premise is that a trademark *is* a form of expression/speech.<sup>62</sup> It is settled law that trademarks have a communicative function.<sup>63</sup> The US Federal Circuit, affirmed by the Supreme Court, has recently stated that trademarks are commercial speech.<sup>64</sup> European case law shows freedom of expression principles have been considered for some time.<sup>65</sup> Article 10 ECHR recognises freedom of expression: “everyone has the right to freedom of expression ... without interference by public authority.” The right is to “receive and impart information and ideas without interference by public authority.” It includes commercial expression, as held by the European Court of Human Rights (ECtHR) in *Casado Coco v. Spain*: “Article 10 (art. 10) does not apply solely to certain types of information or ideas or forms of expression...., in particular those of a political nature; it also encompasses...information of a commercial nature...”.<sup>66</sup> Amendment 1 of the U.S. Constitution holds that “Congress shall make no law..... abridging the freedom of speech...”

Most EU states have incorporated the ECHR into their domestic law. States may derogate from ECHR provisions under the “margin of apprecia-

---

61 See Article 47 of Qatar’s Constitution, Article 30 of UAE Constitution, and Article 39 of Saudi Arabia’s constitution (Basic Law of Governance 1992). The texts are available at: <https://wipo.lex.wipo.int/en/legislation/results?subjectMatters=20>.

62 ‘Expression’ is favoured in European discourse; ‘Speech’ is used in the U.S.

63 The seminal and controversial case on this is *L’Oréal v Bellure*; “Trademarks may become communicative symbols standing for something besides the source of sponsorship of the product in whose service they originated.” For more on this see Chapter II(B)(2) (Trademark functions). See also Annette Kur, ‘Trademarks function, Don’t They? CJEU jurisprudence and Unfair Competition Principles’ international review of industrial property and copyright law 45(4):434-454 · June 2014; Malla Pollack, ‘Your Image Is My Image: When Advertising Dedicates Trademarks to the Public Domain-with an example from the Trademark Counterfeiting Act of 1984’ (1993) 14 Cardozo L. Rev. 1391, 1393.

64 Freedom of expression concerns prevailed in THE SLANTS case.

65 Although note dissent from Judge Lourie in the Federal Circuit Court of Appeals, that trademarks are commercial speech.

66 *Casado Coco v. Spain*, 26 January 1994, Application No. 15450/89 [35], Series A. No 285, § 35ff,

tion” doctrine if the derogation is justifiable.<sup>67</sup> The assumption is that countries have better knowledge of their own political, social and cultural traditions than does the ECtHR. However, discretion is subject to ECtHR supervision, as established in *Handyside v UK*.<sup>68</sup> The case concerned the state’s prima facie violation of Article 10 ECHR for the “protection of morals”. Article 10 is a qualified not an absolute right. As such, a public authority can lawfully interfere with it if there is a “legitimate aim”, if the interference is “necessary in a democratic society” (proportionate to the legitimate aim pursued), and if it is “prescribed by law”. This built-in test is set out in Article 10(2)<sup>69</sup> and applied by the ECtHR to determine if an interference is unlawful. The margin of appreciation may be wide or narrow, depending on how far the Court scrutinises the legitimacy of the aims. ECtHR jurisprudence on Article 10 reveals that the Court, in applying the principle of proportionality, seeks to strike a fair balance between the demands of the European Union and the protection of fundamental rights.<sup>70</sup>

In considering registrability of a mark, U.S. and EU/UK cases often articulate the need to uphold the right to freedom of expression.<sup>71</sup> However, in EU/UK trademark case-law in particular, it is not clear how determinative the right is in any given judgment. Analysis of the principle has been too superficial to understand its role in the hierarchy of interests.

Whilst Europe holds that the right of free expression is not abridged by denial of registration,<sup>72</sup> the U.S. has recently departed from this position<sup>73</sup> in the 2017 Supreme Court decision in *Matal v. Tam* (at least with regard

67 However according to Bonadio (n 40), restrictions on trademark rights are not amenable to this type of justification because they’re not positive rights.

68 *Handyside v The United Kingdom* ECHR (5493/72, (1976) 1 EHRR 737).

69 The right “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**...”

70 *Soering v United Kingdom* (1989) 11 EHRR 439, [89] “inherent in the whole of the Convention is a search for a fair balance between the demands of the general interest of the community and the requirements of the protection of the individual’s fundamental rights”

71 UKIPO cases: JESUS JUNKIE (0-133-10), JESUS (*Basic Trademark* (n 9), *Ghazilian’s Trademark Application* (n 4) [6]-[7]; EUIPO cases: MECHANICAL APARTHEID (n 310), JESUS; US cases: *Harjo v Pro-Football (REDSKINS)*, *In re Brunetti* (FUCT), *Matal v. Tam*, 582 U.S. \_\_\_\_ (2017) (THE SLANTS).

72 Case T-417/10 *Cortes del Valle Lopez v. OHIM* [26].

73 The precedent was set in *In Re McGinley*.

to disparaging marks).<sup>74</sup> Not everyone agrees; Ramsey argues that the speech right is superseded by the right of countries to exercise their discretion for morality and public order reasons and that, as with *Cortes del Valle Lopez v. OHIM*, as long as use of unregistered trademarks is permitted, there is no actionable harm to expression.<sup>75</sup> Baird warns, however, that there is a "defined public policy" to discourage the use of marks rejected under the US exclusion (s. 2(a) Lanham Act).<sup>76</sup> According to the logic that free speech is unharmed if use is allowed, trademark decisions in the Gulf would, in theory, accept more borderline marks since the trader could face criminal sanctions if he/she were to use it after it was rejected.<sup>77</sup> However, there is no indication that this is a consideration in examinations.<sup>78</sup>

### C. The uncertainty of legal certainty

Trademark laws banning registration of offensive marks have been criticised for reducing legal certainty. Legal certainty is a 'rule of law' principle to protect citizens from arbitrary government. It can be traced back to Aristotle (350BC), and Montesquieu who gave the idea modern expression.<sup>79</sup>

Rule of law is a modern constitutional preoccupation in democratic countries, and has particular significance in uncodified constitutions

---

74 An Asian-American band contested the USPTO's denial of registration of "The Slants" (an ostensibly racial slur) under the Lanham Act's Section 2 Disparagement clause. The USPTO based the rejection on "a substantial composite of persons" deeming the mark offensive. The TTAB upheld the decision and the case proceeded to the U.S. Court of Appeals for the Federal Circuit in *In Re Tam (In re Tam, 808 F.3d 1321 (Fed. Cir. 2015) (en banc))*. Sitting *en banc*, the Federal Circuit delivered a majority opinion that the Disparagement clause violated free speech and that registered trademarks constituted neither government speech nor government subsidy. Granting the USPTO's petition for certiorari, the Supreme Court ultimately affirmed the Federal Circuit's decision and struck down the disparagement clause (*Matal v. Tam* 582 U. S. \_\_\_\_ (2017)) as unconstitutional under the First Amendment. The "scandalous and immoral" provision escaped scrutiny, thus the bar remains in place.

75 Lisa P. Ramsey, 'A Free Speech Right To Trademark Protection?' (2016) 106(1) Trademark Reporter 797.

76 Stephen R. Baird, 'Moral Intervention in the Trademark Arena: Banning the Registration of Scandalous and Immoral Trademarks' (1993) 83(5) Trademark Reporter 661, at 795 citing the Restatement of Torts § 629 (\_\_\_\_ 1938).

77 Hansen (n 12). Trademarks denied on certain absolute grounds, cannot be used.

78 See Chapter IV.

79 Available at: <https://plato.stanford.edu/entries/rule-of-law/>

(common law) because there are no entrenched constitutional protections to individuals. In the rule of law context, the principle of legal certainty is often articulated as the need for the law to be ‘clear, certain and prospective’ so that citizens can regulate their conduct. Legal certainty is built into the ECHR under the “prescribed by law” condition for qualified and limited rights, since a law is, by definition, foreseeable and possesses sufficient legal certainty.<sup>80</sup> Allan links the rule of law to safeguarding individual liberties: “a crucial strand in the constitutional tapestry for the protection of liberty: it excludes arbitrary or discriminatory action by the powerful against the powerless by erecting the general law as a bulwark or barrier between the two.”<sup>81</sup> Predictability encourages individuality and autonomy<sup>82</sup> and rational choices. The same sentiment is present in the Due Process Clause of the U.S. Fifth Amendment: “vague laws offend several important values. First, because we assume that man is free to steer between lawful and unlawful conduct, we insist that laws give the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly.”<sup>83</sup>

Unfortunately, potential trademark applicants cannot easily predict whether a given mark will fall foul of the moral exclusion or not. This is because examiners and judges while applying legal provisions, statutes and applicable guidelines, do consider the merits of each case. Statutes are subject to judicial interpretation. Examiners have to make an objective assessment of the trademark, but subjective judgement of statutory language is unavoidable,<sup>84</sup> notwithstanding that statutory language must not be too imprecise.<sup>85</sup>

---

80 Bonadio, (n 40) at n 79.

81 Trevor RS Allan, *The Sovereignty of Law, Freedom, Constitution and Common Law* (OUP 2013).

82 Denis J. Galligan, *Discretionary powers: A Legal Study of Official Discretion* (Clarendon Press 1986) 156.

83 The Fifth Amendment of the U.S. Constitution.

84 Baird (n 76).

85 The “void for vagueness” doctrine: Section 2(a) of the Lanham Act has been constitutionally challenged for violating due process guarantees of the Fifth Amendment, for being too vague to allow producers to predict the likelihood of obtaining registration. Baird (n 76) 679, citing *McGinley* case which was subsequently held to have been wrongly decided.

“Whilst these cases provide guidance on the way in which I must approach the issue, they also make it clear that the outcome of a case will depend upon its own particular facts”<sup>86</sup>

“..while the examination procedure must be as objective as possible and the examiners must strive, individually and collectively, to achieve the greatest possible consistency, it must be borne in mind that in each case the examiner enjoys a certain margin of discretion”<sup>87</sup>

“..while it is true that the Office must strive for consistency, each case must nevertheless be decided on its merits.”<sup>88</sup>

This confirms there is a ‘no-fettering-of-discretion’ doctrine.<sup>89</sup> Discretion in the legal sphere is “autonomy in judgement and decision”.<sup>90</sup> If discretion is unfettered, then decisions should show variation. Since variation can be predicted, even if ex-post, variation that has no discernible pattern may be termed ‘inconsistency’. Inconsistency and legal certainty are inherently incompatible. In *THE SLANTS* case, the appellant accused the government of arbitrary and inconsistent decisions with respect to section 2(a). Farley has complained of “erratic and inconsistent” trademark decisions due to the subjectivity that comes with expression of ideas.<sup>91</sup> Carpenter and Murphy cite clearly conflicting results of the section 2(a) application.<sup>92</sup> Baird notes that the language of section 2(a), in fact, prescribes a subjective determination.<sup>93</sup> In Europe, the EUIPO has clarified when marks are to be rejected based on subjective values or objective criteria.<sup>94</sup>

---

86 *Case 0-330-05 FCUK* [31].

87 Second BOA in *EASYPLAN- Case R 109/1998-2* [18].

88 First Board of Appeal in *Case R 192/2000-1 HOMES & PROPERTY*.

89 Aldous J in *MASTERMAN* decision “discretion is unfettered, in the sense that it is not limited to any particular type of consideration but must be exercised on reasonable grounds.”

90 Galligan (n 82) 8.

91 Ramsey (n 75), 808 citing Farley.

92 Megan M. Carpenter & Kathryn T. Murphy, ‘Calling Bullshit on the Lanham Act: The 2 (a) Bar for Immoral, Scandalous, and Disparaging Marks’ (2010) 49 U. Louisville L. Rev. 465, 482. Canada’s clause 9(1)(j) has also been accused of being inconsistently applied. See commentary by Philip Lapin of Canadian firm Smart & Biggar, available at: [www.lexology.com/library/detail.aspx?g=6216e725-7ec9-4cfa-9dad-75d87c1651b8](http://www.lexology.com/library/detail.aspx?g=6216e725-7ec9-4cfa-9dad-75d87c1651b8).

93 Baird (n 76).

94 EUIPO ‘Guidelines for Examination in the Office, Part B Examination, Section 4: Absolute grounds for refusal and European Union collective marks. Ch 7 “Trade marks contrary to public policy or morality, (Article 7(1)(f) EUTMR)” 5. The ap-

*Temporal and spatial inconsistency.* Changes in social and moral norms over time and space, introduce inconsistency in a temporal and a territorial (spatial) sense. Bonadio cites cases that have been decided differently a number of years later<sup>95</sup> and in different jurisdictions.<sup>96</sup> Trademarks that are ‘merely distasteful’ are not registrable in the UK and Europe, where the threshold for justifiable censure is real “outrage” and undermining values.<sup>97</sup> This differs from the United States’ approach.<sup>98</sup> In the US., mere vulgarity is sufficient to bring the mark under the scope of Section 2(a) Lanham Act: BULLSHIT was held to be scandalous in 1981<sup>99</sup> and in 2006.<sup>100</sup> In the later office action, the examiner dismissed the idea that the word was any less profane simply because it was spoken more freely in contemporary American society. Fletcher and Kera’s review of U.S. trademark decisions over forty-four years shows increasing tolerance, due to the inevitable subjectivity involved in judgment.<sup>101</sup>

Diverging decisions are also a feature of trademark law regulation in the GCC. The word mark CRIMINAL fell foul of the UAE’s morality provision but was accepted in Bahrain, Kuwait, and Saudi Arabia.<sup>102</sup> Other types of objectionable marks also generate conflicting results in the GCC. Generic word marks QAHWATI (“my coffee”), ALLOOMAH (“a bit”), MAJNOON QAHWA (“crazy coffee”) were registered in Qatar but denied registration in Saudi Arabia. However, there is arguably more legal certainty in the region because the examiners share the same religion, language, and culture. This is different from the large diversity among examiners in

---

proach is a function of whether the mark offends against policy or morality. See also Chapter II(C)(2) for discussion of the terms.

95 Bonadio (n 40) 53. For instance, MECCA, HALLELUJAH.

96 *ibid.* For instance, JESUS was refused in the UK (*Basic Trademark* n 9), but accepted in Australia.

97 Ghazilian’s Trademark Application (n 4); Fook Trade Mark Application O-182-05.

98 It is not clear where the SLANTS decision leaves this.

99 *Tinseltown Inc.*, 212 USPQ 863 (TTAB 1981) - held scandalous for handbags and other personal accessories.

100 The energy drinks producer Red Bull attempted to register the mark BULLSHIT in the U.S. in 2006, but was rejected under Section 2(a) (*In re Red Bull GmbH*). This also illustrates spatial inconsistency as the company successfully registered the trademark at the EUIPO.

101 Baird (n 76) at footnote 10, citing Anthony L. Fletcher and David J. Kera, ‘The forty-Fourth Year of Administration of the Trademark Act of 1946’ (1991) 81 TMR 601, 615: “The guidelines for determining whether a mark is scandalous or disparaging are somewhat vague and the determination is highly subjective.”

102 It was ultimately accepted on appeal in the UAE.

Western jurisdictions.<sup>103</sup> Regarding changing norms in the Gulf countries, there have been no significant changes in standards and values, but those who do point to changing social attitudes concede that trademark decisions are not changing accordingly.<sup>104</sup> Around fifteen years ago, however, Saudi Arabia agreed to accept trademarks depicting individuals or animals, which was previously prohibited.<sup>105</sup>

However, arguments against moral bars in trademark registration that are grounded in the value of legal certainty are not immune from challenge. Galligan, in his study of official discretion in modern legal systems, argues that: “consistency in decisions, while clearly important, is not to be regarded as the overriding concern.”<sup>106</sup> Aldous J appeared to argue in the *Masterman* decision that guidelines should be treated as flexible rules. On guidelines, Galligan contributes that, while the generality of rules is necessary to ensure equality of a person’s treatment, they may not fit cases that require individual treatment. Flexibility is needed to achieve larger goals.<sup>107</sup> Finally, key constitutional rule of law cases have overridden legal certainty in favour of a moral obligation to achieve fairness and justice based on modern social values.<sup>108</sup>

## Conclusion

This chapter has explored some of the challenges of moral exclusion on trademark registration. It has shown that trademarks have been conceived as property and as vehicles of free speech. Therefore, applicants can raise freedom of expression or illegitimate appropriation of property arguments. However, the extent to which they can do so, depends partly on whether these rights are constitutionally recognised and enforced in a given juris-

---

103 Anne Gilson Lalonde & Jerome Gilson ‘Trademarks laid bare: Marks that may be scandalous or immoral’ (2011) *Trademark Reporter* 1476, 3. According to Lalonde and Gilson, decisions by the Trade Mark Office are “made by dozens of different individuals of varying political religious geographic and family backgrounds”. The issue is compounded because previous registrations of similar marks are not regarded as precedential.

104 Survey responses.

105 Survey responses.

106 Galligan (n 82).

107 Trevor RS Allan, *Constitutional Justice: A Liberal Theory of the Rule of Law* (OUP 2001) 129.

108 *R v R, Shaw v DPP*.



diction. Both are contested concepts. The chapter has also shown that moral exclusions compromise legal certainty. The problem is potentially magnified in jurisdictions where decisions are not explained. A concept of harm was introduced; later chapters show that the GCC exhibits a lower harm threshold. This ‘harm’ is in the form of perceived decline in religious/family/social values, ultimately affecting the collective marketplace. Although this definition of harm (declining values) was present in *Ghazilian’s Trademark Application*,<sup>109</sup> it is not a common argument in European case law.

---

109 In *Ghazilian’s Trademark Application* (n 4), the Appointed Person Thorley Q.C. held that the sign TINY PENIS met the threshold for being denied registration because it went beyond mere distaste. To meet the threshold of ‘justifiable censure’ a mark should “provoke outrage” or “undermine current religious, family, or social values”.