

Intellectual Property & Technology Law Journal

Edited by the Technology and Proprietary Rights Group of Weil, Gotshal & Manges LLP

VOLUME 36 • NUMBER 1 • JANUARY 2024

Cannabis Brand Protection in the United States: An Evolving Landscape

By Kristina S. Dahmann and Jacqueline M. Lesser

Federal trademark law provides national trademark rights based on use in interstate commerce. This broad protection is challenging to cannabis brand owners, since a federal trademark registration in the United States Patent and Trademark Office (USPTO) may only be acquired for goods and services that are legal under federal law.¹ The Controlled Substances Act² restricts the interstate sale of controlled substances, such as cannabis products, except for products made from hemp limited to a percentage of no greater than delta-9 THC products, as consistent with the 2018 Agricultural Improvement Act (the 2018 Farm Bill). The Food and Drug Administration (FDA) also regulates the sale of cannabis products. To date, the FDA has only approved one cannabis-derived and three cannabis-related prescription drugs.³

WHAT DOES THIS MEAN FOR A CURRENT OWNER TO OBTAIN TRADEMARK PROTECTION?

Currently, cannabis brand owners seeking protection of their trademark rights have four routes to enforce and protect their brands:

- Register for products compliant with the 2018 Farm Bill;
- Register for cannabis-adjacent products, such as apparel, or other branded merchandise items that clearly do not contain cannabis;
- Obtain and rely on state trademark registrations in states where cannabis is legal, for goods otherwise compliant (i.e., not for pharmaceuticals, and otherwise compliant with FDA regulations); and
- Rely on state law grounds of trademark infringement (on state registration or common law trademark rights) and unfair competition and passing off (whether statutory, or under the common law), where applicable.

WHAT HAS THE USPTO ALLOWED?

Since the 2018 Farm Bill was signed into law on December 28, 2018, the USPTO has permitted registration of marks on cannabis products made from hemp limited to a percentage of no greater than 0.3 delta-8 and delta-9 THC products. On this basis, trademarks covering the following types of products and services have been registered to cannabis brand owners:

- Pharmaceutical and medicinal preparations (otherwise permitted by the FDA);

Kristina S. Dahmann, a partner in the Columbus, Ohio, office of Ice Miller LLP and a member of the firm's Litigation Practice Group, may be contacted at kristina.dahmann@icemiller.com.
Jacqueline M. Lesser, a partner in the firm's Philadelphia office and a member of the firm's Intellectual Property Practice Group, may be contacted at jacqueline.lesser@icemiller.com.

-
- Topical preparations;
 - Dietary supplements and nutritional powders;
 - Supplements for pets;
 - Medicinal herbal extracts, aromatherapy packs;
 - Genetically modified seeds;
 - Medical research;
 - Agricultural services; and
 - Biomedical research services.

While examining a cannabis brand owner's trademark application to determine whether it may be registered, the examining attorney at the USPTO may require, depending on the goods and services sought to be registered, a written representation that the brand owner's products do not include or contain, or are directed to services that feature or involve cannabis with more than .3% THC on a dry weight basis. To the extent such statement is untrue, it could be deemed a material misstatement relied on by the examiner for approval of the application, making the ensuing registration vulnerable to cancellation on the ground of fraud on the USPTO.

In addition, an examining attorney at the USPTO will require that the brand owner amend the application to contain such the restriction that the specified goods and services covered by the application and resulting registration do not include cannabis with more than .3% THC on a dry weight basis. The Trademark Office is empowered to look beyond the specification of goods and services filed with the USPTO, and has rejected applications which appear to cover products with a non-cannabis use on the theory that the products in question as used by the trademark applicant constituted drug paraphernalia.⁴

HOW DOES THIS WORK IN PRACTICE?

The 2018 Farm Bill has been construed by courts in a number of contexts including trademarks. In *AK Futures v. Boyd Street Distro*,⁵ the U.S. Court of

Appeals for the Ninth Circuit upheld the district court's preliminary injunction award prohibiting Boy Street Distro from selling counterfeit versions of AK Futures' "Cake"-branded e-cigarette and vaping products containing Delta-8 tetrahydrocannabinol (delta-8 THC). The court determined the plain meaning of the Farm Act's definition of hemp encompasses its delta-8 THC products so long as they contain no more than 0.3 percent delta-9 THC. The court reasoned, "A straightforward reading of § 1639o yields a definition of hemp applicable to all products that are sourced from the cannabis plant, contain no more than 0.3 percent delta-9 THC, and can be called a derivative, extract, cannabinoid, or one of the other enumerated terms." The court's interpretation is both broad and narrow because it broadly interpreted the "hemp" exception to CSA's "marihuana" definition to mean any cannabis plant with less than 0.3% delta-9 THC but then narrowly interpreted the application of the 0.3% delta-9 threshold to only delta-9.

States have wisened up to this so-called "loophole" taking steps to amend the applicable state definitions of words like THC, cannabis, marijuana, marihuana, and hemp to account for delta-8 and other THC isomers and analogs.

WHAT DOES THE FUTURE HOLD REGARDING EXPANSION OF FEDERAL TRADEMARK PROTECTION FOR CANNABIS BRAND OWNERS?

That depends on other federal regulations. The 2018 Farm Bill was set to expire in December 2023 but has been extended for one year. On the table for discussion in the 2023 Farm Bill is an increase in the percentage of THC concentration from .3 percent to 1 percent – which could in theory modify the current restrictions imposed by the USPTO. It is unclear whether there would be wiggle-room to make such a change during the pendency of a trademark examination. The USPTO routinely has held that an application must contain goods and services that were lawful as of the date of filing. The USPTO previously rejected CBD applications filed before and pending during the enactment of the 2018 Farm Bill on this basis.⁶

Moreover, the USPTO will also look to FDA approval. Last January, the FDA issued a statement that it has convened a high-level working group

(without a timeline) to explore regulatory pathways for CBD products. There has been no further communication on this topic from the FDA. Consequently, it remains unclear whether a 2023 Farm Bill that adopts a different standard for permissible adoption of CBD could change the USPTO registration practice for cannabis products soon.

CONCLUSION

In the meantime, cannabis brand owners will continue to rely on a patchwork of limited federal rights and state trademark registrations in states where cannabis is legal.

Federal claims are available based on federal registrations, which are limited to products with no greater than .3% THC on a dry weight basis; and federal registrations and common law rights under Section 43(a) for cannabis-adjacent products and services that are otherwise compliant with or exempt from FDA standards.

State law claims may be available based on infringement of state trademark registrations or under state unfair competition laws. To date, cannabis is fully legalized in 24 states, making state law trademark registration available in: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Ohio, Oregon,

Nevada, New Jersey, New Mexico, New York, Rhode Island, Vermont, Virginia and Washington.

Notes

1. 37 C.F.R. § 2.69.
2. 21 U.S.C. §§ 801-971.
3. The four branded prescription pharmaceutical products are EPIDIOLEX, for treatment of epilepsy, convulsions, seizures; MARINOL, which is covered under several registrations for “antiemetic” and an “appetite stimulant” and is also registered for “pharmaceutical preparation for treatment of disturbed behavior in Alzheimer patients”; SYNDROS, which is registered for “pharmaceutical preparation for the treatment of anorexia associated with weight loss in patients with acquired immunodeficiency syndrome, and nausea and vomiting associated with cancer chemotherapy”; and CESAMET, for “pharmaceutical preparations, namely antiemetics.” Of the four, EPIDIOLEX is the only product that contains a purified form of the CBD, although the specification does not note this. The remaining products MARINOL and SYNDROS contain a synthetic delta-9 THC, and CESAMET contains nabilone, which is synthetically derived – it has a chemical structure similar to THC.
4. *In re National Concessions Group, Inc.*, 2023 U.S.P.Q.2d 527, 2023 BL 149358 (T.T.A.B. 2023).
5. <https://cdn.ca9.uscourts.gov/datastore/opinions/2022/05/19/21-56133.pdf>.
6. USPTO Trademark Examination Guide 1-19.

Copyright © 2024 CCH Incorporated. All Rights Reserved.
Reprinted from *Intellectual Property & Technology Law Journal*, January 2024, Volume 36,
Number 1, pages 9–11, with permission from Wolters Kluwer, New York, NY,
1-800-638-8437, www.WoltersKluwerLR.com

