Trademark Registrations and other IP protection for Cannabis-Related Products

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As most people associated with the cannabis business know, up until the Agricultural Act of 2018 (the Farm Bill), possession or sale of marijuana or cannabis has been illegal under federal law. There was an exception made under the Farm Bill for certain products coming under the new definition of "hemp", in short, THC concentration of not more than 0.3 percent. Thus a narrow window of opportunity opened to secure federal trademark registrations for certain CBD or other hemp-related products, coming under the exception. In addition to reviewing this window of opportunity, this Alert will first address adopting a mark that is available. At the end, this Alert addresses some other types of IP protection that can be obtained for cannabis products, whether legal under federal law or not.

After the Farm Bill, the United States Patent and Trademark Office (USPTO) issued its guidance on the examination of trademark applications for Cannabis and Cannabis related goods. A federal trademark application may be filed based on use of the mark in commerce in connection with specific goods or services. A federal trademark application may also be filed based on a good faith intent to use the mark on goods or services in the future.

First, a word of caution. When considering adopting a new trademark, and all the associated investment that goes with it, it is very important to pick a mark that will be easily pronounced and memorable. The mark should be distinctive and have a positive connotation, and not be merely descriptive of the product, since that will invite a "merely descriptive" Trademark Office refusal. Equally important, the mark must be "legally available" for federal registration. That means the mark must not be the same or confusingly similar to another mark already registered or used by another in the U.S. for the same or similar goods. In today's crowded marketplace, this is not an easy task,

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and not one to take lightly.

A state allowing use of a new company name does NOT mean the mark is legally available. Consulting your counsel to secure an availability search is a best practice. It can help prevent a big problem down the road, starting with a cease and desist letter from another company that has prior rights in what you assumed to be your mark.

Generally speaking, in addition to being available for use, the use of a trademark in commerce must be lawful in order to qualify for federal registration in the US, thus the issue with Cannabis related trademarks. While Cannabis products may be legal in Michigan (and in an increasing number of other states), they are still ***mostly*** illegal under Federal law.

There are several different federal laws that govern the way Cannabis and Cannabis-related products are classified in the United States. These include the Controlled Substances Act, The Federal Food Drug and Cosmetic Act (FDCA), and the Agricultural Act of 2018 (The Farm Bill). All of these laws must be consulted in order to determine whether the mark that "brands" Cannabis and Cannabis-related products qualifies for federal trademark protection.

Marijuana Products Generally

The Controlled Substances Act (CSA), prohibits the manufacturing, distributing, dispensing, or possessing marijuana. This includes Cannabidiol (CBD) as a chemical constituent of the cannabis plant that is encompassed within the CSA definition**. As a result, the USPTO will refuse registration when an application identifies goods encompassing CBD or other extracts of marijuana because such goods are unlawful under federal law.**

Exception for HEMP Products

The 2018 Farm Bill amended the CSA and the Agricultural Marketing Act of 1946 (AMA) to remove "hemp" from the definition of marijuana. "Hemp" is defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and the salts of isomers, whether growing or not, with a delta-9-tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis." **Therefore, if the products sold under the "brand" can be classified as hemp derivatives, it may be possible to pursue a federal trademark application for those products**. This includes CBD products that contain no more than 0.3% THC on a dry-weight basis. However, if the products derived from marijuana (contain more than 0.3% THC on a dry-weight basis) a trademark application for those goods will be refused registration.

The trademark application must contain a statement that the goods are derived from "hemp" and must specify that the goods contain less than 0.3% THC.

Products regulated by the FDA

Even with the passage of the Farm Bill, the FDA still retains regulatory control over foods, drugs, dietary supplements, and cosmetics when it comes to Cannabis and Cannabis-related products. Under the FDCA, it is unlawful to introduce food containing CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are hemp-derived. This is because CBD and THC are active ingredients in FDA-approved drugs, and are regulated as such. (This is a similar requirement to food products that contain substances that are active ingredients in any drug.)

Therefore, federal trademark applications for food items or nutritional supplements that contain THC or CBD will be refused as these items may not be introduced lawfully into interstate commerce.

The FDA has recognized certain products that do not contain CBD or THC as "Generally Recognized as Safe" (GRAS). This includes items such as hulled hemp seeds, hemp seed protein, and hemp seed oil. Products containing these ingredients (or other ingredients on the GRAS list) may be sold in interstate commerce.

Cannabis Services and Cannabis Production

Generally, the CSA prohibits manufacturing, distributing, dispensing, or possessing cannabis that meets the definition of marijuana. Therefore, if the services involve cannabis that meets this definition, the application will be refused, because the application would encompass activities prohibited under the CSA and violate federal law. However, if the services involve cannabis that is "hemp" (as defined), the application will proceed if in compliance with the Farm Bill. Under the Farm Bill, if the services involve cultivation or production of "hemp," the trademark examiner will require additional statements on the record to confirm that the cultivation and production activities meet the requirements of the Farm Bill, including obtaining a license or authorization in the location where the hemp will be produced. The Farm Bill has placed the responsibility for creating this licensing system with the USDA (US Department of Agriculture), but this licensing system has not yet been created. As such, the Farm Bill provides a stop-gap allowing those authorized under the 2014 Farm Bill to continue operating for a period of 12 months after the USDA eventually establishes a regulatory system for licensing.

Other Avenues to Explore

There may be other lines of business that may be eligible for trademark protection, including clothing such as t-shirts, educational websites and services, and other smoking accessories. Keep in mind that these items and services are subject to the same laws as outlined above and must be lawful. There may be other trademark considerations, such as ornamental refusals for clothing that must be taken into consideration with regard to seeking trademark protection for t-shirts and other related goods. And, of course, this assumes the mark involved has been cleared so that it is available and does not infringe third party prior rights.

State Trademark Registrations. In states such as Michigan, where marijuana has been legalized for medicinal and recreational use, state trademark registrations can be obtained for available marks that are already in use in connection with the sale of legal goods and services. Such registration will

show up in an availability search that looks for conflicting Federal or state registrations, and thus discourages the use of that mark by others.

Copyright Registration of Logos. An original work of art or design that is incorporated in a logo may be subject to copyright protection. Among the exclusive rights of the copyright owner is the right to publically display the logo, such as on packaging. In cases where a copyrightable logo is involved, copyright registration can be obtained and provides a means of protection that, unlike federal trademark law, does not require the cannabis product bearing the logo to be in lawful use in commerce.

Utility and Design patents. While a detailed discussion is beyond the scope of this Alert, it may also be possible that a US utility patent can be obtained for a patentable invention, such a novel method or process to produce a cannabis-related product. Also, a US design patent might be obtained for a novel non-functional ornamental design for a cannabis-related product or packaging. Again, both utility and design patents can be obtained to protect an invention or ornamental design related to a cannabis product, without a requirement of lawful use in commerce.

For further information please contact your Butzel Long attorney or the authors of this Alert.

Ashley Glime
734.213.3631
glime@butzel.com

John L. Beard
202.454.2824
beard@butzel.com