Federal Trademark Registration Program Still At Odds with Cannabis Industry

Introduction

While U.S. federal registration of cannabis-related marks has been easier since enactment of the 2018 Farm Bill, the cannabis industry will continue to face many hurdles with respect to federal registration until complete nationwide cannabis legalization is achieved.

Article

In order to federally register and maintain a trademark in the United States, the mark must be used in interstate commerce. Further, mark owners are required to periodically submit evidence of this use to the United States Patent and Trademark Office (USPTO) for approval. However, these requirements are far more amorphous when the goods and services associated with the trademark are illegal at the federal level.

Currently, cannabis is illegal at the federal level, but is legal in the following states: Alaska, Arizona, California, Colorado, Connecticut, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Mexico, New Jersey, New York, Oregon, Vermont, Virginia, Washington (state) and Wisconsin, as well as in the District of Columbia (Washington (city)). The rapidly expanding cannabis industry throughout the United States, coupled with the discrepancy between state and federal law regarding legality, has resulted in a "legal nightmare" situation for cannabis businesses seeking to take advantage of the benefits of the federal trademark registration program. The registrability problem arises because of the Trademark Manual of Examining Procedure's requirement that use of a trademark in United States commerce must be *lawful* under federal law to be the basis for federal registration under the U.S. Trademark Act.[1] Accordingly, trademarks associated with cannabis-related products and services have not been eligible for federal trademark registration because the U.S. federal government classifies cannabis as a controlled substance under the Controlled Substances Act (CSA).

In response to growing demand from U.S. citizens for more freedom to grow and produce cannabis products, the federal government slightly relaxed rules surrounding legality, and therefore registrability, via the 2018 Farm Bill. The 2018 Farm Bill amended the Controlled Substances Act (CSA) to remove certain cannabis products, defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids,

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isomers, acids, salts, and 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" from the CSA.[2] Accordingly, federal registration is now permitted for cannabis-related products so long as the goods/services recitation includes the following specific exclusive language, "…all of the foregoing containing CBD solely derived from hemp with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis."

The updated laws are somewhat straightforward for trademark applications filed after the 2018 Farm Bill was enacted. For applications with filing dates that predate the 2018 Farm Bill with goods and services encompassing cannabis products, registration will be refused due to unlawful use or lack of bona fide intent to use in lawful commerce under the CSA. This is because these pre-2018 applications lacked a valid basis to support registration in view of the unlawful nature of the goods/services at the time the applications were filed. However, Examining Attorneys should provide these applicants the option of amending the filing date, filing basis, and specific exclusive language to overcome a refusal for illegality in an Office Action.

As if the foregoing rules and requirements were not complicated enough, there is yet another wrinkle for cannabis companies seeking federal trademark registration. Even if the identified goods/services are now legal under the CSA, these products may also raise lawful-use issues under the Federal Food Drug and Cosmetic Act (FDCA). Namely, use in foods or dietary supplements of a drug or substance undergoing clinical investigations, without approval of the U.S. Food and Drug Administration (FDA), violates the FDCA.[3] The 2018 Farm Bill explicitly preserved FDA's authority to regulate products containing cannabis or cannabis-derived compounds under the FDCA. Therefore, registration of marks for foods, beverages, dietary supplements, or pet treats containing legal cannabis products will still be refused registration as unlawful under the FDCA.

Lastly, for applications reciting services involving the cultivation or production of cannabis that is legal within the terms of the 2018 Farm Bill, Examining Attorneys will also issue inquiries regarding the applicant's authorization to produce cannabis products. In response to these inquiries, Applicants will be required to provide additional statements and evidence to confirm that their activities meet the requirements of the 2018 Farm Bill with respect to the production of hemp. The 2018 Farm Bill requires hemp to be produced under license or authorization by a state, territory, or tribal government in accordance with a plan approved by the U.S. Department of Agriculture (USDA) for the commercial production of hemp.

Accordingly, Applicants that fall in this category should ensure their production businesses are approved by, or fall within the guidelines of, the USDA prior to filing.

In conclusion, the cannabis industry still faces many hurdles with respect to federal trademark registration. This is likely to be true until complete cannabis legalization is achieved at the federal government level. In the meantime, cannabis companies can take advantage of state registration programs, where available. Regardless, pathways to federal registration are available for determined cannabis applicants, and recent history shows that the federal government appears to be warming to the cannabis industry. Moreover, at least three comprehensive federal cannabis reform bills (and one aimed at eliminating banking and other financial restrictions relating to cannabis businesses) are pending in the current session of the U.S. Congress.

Endnotes

1 TMEP § 907.

2 2018 Farm Bill Section 297A.

3 21 U.S.C.A. § 331(ll) (West) indicates that a dietary supplement is deemed to be a food within the meaning of the FDCA.