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Patent and Trademark Office Clarifies Rules for Cannabis Trademarks

The Bottom Line

- *Now that the USPTO has issued this guidance, its examiners can be expected to issue decisions on pending cannabis-related trademark applications.*
- *Companies with applications pre-dating December 20, 2018, or considering filing new applications, should keep the essential elements of the guidance in mind and should consider seeking advice of counsel to help move their applications forward.*

The U.S. Patent and Trademark Office (USPTO) has traditionally refused registration of cannabis and cannabis-related offerings because "use in commerce" under the Trademark Act means "use in lawful commerce" and such offerings were prohibited under federal law. In light of legislative changes, the USPTO has now issued guidance clarifying what it considers when examining marks for cannabis and cannabis related, including cannabidiol (CBD) and hemp-derived, goods and services.

Three Federal Laws

There are three federal laws that the USPTO relies on to determine whether cannabis and cannabis-related goods and services are lawful:

- The Controlled Substances Act (CSA);
- The Federal Food Drug and Cosmetic Act (FDCA); and
- The Agriculture Improvement Act of 2018, also known as the 2018 Farm Bill, which was signed into law on December 20, 2018.

As relevant to the USPTO's new guidance, the CSA prohibits, among other things, manufacturing, distributing, dispensing or possessing marijuana. The CSA includes cannabidiol in its definition of marijuana. However, the 2018 Farm Bill removed "hemp" — defined to include cannabis sativa and other cannabis plants that contain no more than 0.3% delta-9 tetrahydrocannabinol (THC) and derivatives from those plants, including CBD — from the CSA's definition of marijuana. As a result, CBD that is derived from hemp that contains no more than 0.3% THC is no longer a controlled substance under the CSA.

The 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. CBD is a substance undergoing clinical investigations, and the 2018 Farm Bill preserved the FDA's authority to regulate products containing cannabis or cannabis-derived compounds under the FDCA.

Cannabis Goods

In its new guidance, the USPTO explained that for applications filed on or after December 20, 2018 that identify goods encompassing cannabis or CBD, the 2018 Farm Bill potentially removes the CSA as a ground for refusal of registration if the goods are derived from hemp.

The USPTO added that because cannabis and CBD derived from marijuana still violate federal law, it will refuse registration where applications encompass those goods regardless of the filing date. If an applicant's goods are derived from hemp as defined in the 2018 Farm Bill, the identification of goods must specify that they contain less than 0.3% THC.

The USPTO also explained that it will refuse registration for applications including goods encompassing CBD or other cannabis products filed before December 20, 2018. If such goods contain less than 0.3% THC, an applicant can abandon its filing and file a new application or amend its application by amending the filing date to December 20, 2018 and amending the filing basis of the application to overcome the CSA as a ground of refusal, among other things. It should be emphasized that if an applicant amends its application, the examining attorney will conduct a new search of the USPTO records for conflicting marks based on the later application filing date.

Finally, the USPTO pointed out that even goods legal under the CSA may raise lawful-use issues under the FDCA. Therefore, the USPTO said, it still will refuse to register marks for foods, beverages, dietary supplements, or pet treats containing CBD as unlawful under the FDCA, even if derived from hemp, as those goods may not now be introduced lawfully into interstate commerce.

Cannabis Services

The USPTO guidance contained similar rules for service marks involving cannabis and cannabis production. In particular, the USPTO explained that when applications recite services involving cannabis-related activities, they will be examined for compliance with the CSA and the 2018 Farm Bill. Applicants have the same opportunity to amend applications or to abandon and file new applications.

Moreover, the USPTO added, applications that recite services involving the cultivation or production of cannabis that is hemp within the meaning of the 2018 Farm Bill will have to explain their authorization to produce hemp 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. The USDA has not yet promulgated regulations, created its own hemp-production plan, or approved any state or tribal hemp-production plans, but the 2018 Farm Bill directs that states, tribes, and institutions of higher education may continue operating under the 2014 Farm Bill until 12 months after the USDA establishes the plan and regulations required under the 2018 Farm Bill.

Possessing, using, distributing, and/or selling marijuana or marijuana-based products is illegal under federal law, regardless of any state law that may legalize or decriminalize such activity under certain circumstances. Although federal enforcement policy may at times defer to states' laws and not enforce conflicting federal laws, interested businesses and individuals should be aware that compliance with state law in no way assures compliance with federal law, and there is a risk that conflicting federal laws may be enforced in the future. No legal advice we give is intended to provide any guidance or assistance in violating federal law.

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