CANNABIS PROTECT ITS MARK?: TRADEMARKING CHALLENGES IN THE BUDDING CANNABIS INDUSTRY

April M. Garbuz*

I. Introduction

Cannabis is an estimated three-hundred billion-dollar industry with the potential to have one trillion dollars of global market capitalization in the next decade, despite the industry’s extensive universal prohibition.\(^1\) The plant integrates an endless array of *

\(^*\) J.D. Candidate, Suffolk University Law School, 2022; B.S. in Physiology and Neurobiology, University of Connecticut, 2017. April can be reached at aprilgarbuz@yahoo.com.


As cannabis is steadily becoming better understood by the medical community, medical professionals require clinical proof across numerous indications before accepting cannabinoid wellness; however, the stock market is a forward-looking mechanism and will begin to price-in this new reality before the medicine is widely available. Harrison, supra.

The cannabis market will separate into several categories – consumer packaged goods, including beverages and nutraceuticals, industrial use-cases, such as plastic composites and hemcrete, and efficacy-driven solutions, or biotech–and that evolution will shift the collective perception from cannabis as a discretionary vice to one with a ubiquity of use-cases.

Id. See also Wayne Duggan, 13 Reasons to Love Marijuana Stocks, U.S. NEWS & WORLD REP. (Apr. 24, 2019), archived at https://perma.cc/FS3H-JYZJ (noting that “there are more than a dozen cannabis stock listings on major U.S. exchanges and the stigma associated with investing in cannabis is disappearing rapidly”).
commodities, including pharmaceuticals, beauty products, plastics, textiles, foods, and beverages. With this high potential for profitability, companies are ramping up their development of cannabis products and rushing to pursue intellectual property protection for their products. However, while businesses are cultivating cannabis-related brands, gaining intellectual property rights for these products is challenging. The current state of cannabis and intellectual property laws leaves emerging cannabis businesses at a distinct disadvantage compared to companies in other industries.

---

2 See Harrison, supra note 1 (expounding upon the market spaces that cannabis will enter and how this expansion will shift public perception of the industry); Cannabis For ... Everything? 23 Industries Seizing The $32B Market Opportunity, CBINSIGHTS (Oct. 13, 2020), archived at https://perma.cc/F8TJ-XQLQ (emphasizing that as legal cannabis becomes more mainstream, it is in “everything from CBD-oil infused beauty products to houses made of hemp, to banking for marijuana retailers.”).


4 See Brian Owens, The professionalization of cannabis growing, NATURE (Aug. 28, 2019), archived at https://perma.cc/85RE-S2KP (noting that the cannabis industry is becoming more professional as legal medical and recreational cannabis becomes more widespread); Feldmann et al., supra note 1, at 41 (discussing how the requirement for the bona fide intent to use the mark in interstate commerce hinders the cannabis industry). See also Lanham Act, 15 U.S.C. § 1127 (1946) (setting forth the governance of trademarks); BARTON BEEBE, TRADEMARK LAW: AN OPEN-SOURCE CASEBOOK 227 (7th Version, Digital ed. 2020) (explaining that the definition of “commerce” in the Lanham Act indicates that “[t]he word ‘commerce’ means all commerce which may lawfully be regulated by Congress.”). “[F]ederal trademark law will regulate only those uses that fall within Congress’s Commerce Clause power. Thus, if a trademark owner does not use its trademark in a manner that affects interstate commerce, federal trademark law will not protect that trademark.” BEEBE, supra.

Trademarks are a valuable form of intellectual property that businesses use to protect and build their brands. Companies aspire to own a federal trademark registration because it provides several significant advantages over state or common law rights alone. In a precedential decision in June 2020, the Trademark Trial and Appeal Board (“TTAB”) affirmed the refusal to register a trademark for a cannabidiol (“CBD”) product marketed as a dietary supplement, reasoning that hemp oil extract was per se unlawful under the Food, 

---

6 See *id.* at 214 (defining a trademark as a “word, phrase, symbol, and/or design that identifies and distinguishes the source of the goods . . . .”). “Trademarks do not have a finite protection period, as they remain in effect as long as the [trademark] owner uses the mark in association with goods and services.” *Id.* See also Abigail Rubinstein, [*7 Reasons Why Trademarks Are Important to Your Business*, ENTREPRENEUR (July 24, 2014), archived at https://perma.cc/9JET-KGTB (emphasizing the significance of trademarking for business development).  

7 See UNITED STATES PATENT AND TRADEMARK OFFICE, PROTECTING YOUR TRADEMARK: ENHANCING YOUR RIGHTS THROUGH FEDERAL REGISTRATION 11–12 (2020) [hereinafter PROTECTING YOUR TRADEMARK], archived at https://perma.cc/A6JQ-NZQT (explaining the benefits of owning a federal trademark registration). These benefits include:  

[a] legal presumption of your ownership of the mark and your exclusive right to use the mark nationwide on or in connection with the goods/services listed in the registration . . . ; [p]ublic notice of your claim of ownership of the mark; [l]isting in the USPTO’s online databases; [t]he ability to record the U.S. registration with U.S. Customs and Border Protection to prevent importation of infringing foreign goods; [t]he right to use the federal registration symbol “®”; [t]he ability to bring an action concerning the mark in federal court; and [t]he use of the U.S. registration as a basis to obtain registration in foreign countries.  

*Id.* See also Rebecca Tushnet, [*Registering Disagreement: Registration In Modern AmericanTrademark Law*, 130 HARV. L. REV. 867, 876 (2017)](https://perma.cc/L6JQ-NZQT (laying out the rights tied to federal trademark registration).  

Rather than having to establish in each individual legal proceeding that its mark is in fact valid, a registrant is accorded a presumption of validity, and under certain circumstances that presumption is irrebuttable. Other benefits to the trademark owner are nationwide priority over other users even without nationwide use, eligibility for assistance from the Customs Service in avoiding infringing imports, the ability to use the U.S. registration as the basis for extending protection in other countries, and preemption of certain state laws.  

*Id.*
Drug, and Cosmetics Act ("FDCA"). This decision is a roadblock for cannabis products seeking trademark registration because the TTAB is reluctant to grant registration covering cannabis derivatives in the absence of full national legalization of cannabis. Given the rapid increase in cannabis products and their impact on the global economy, there is a significant public policy need for national legislation that enables cannabis companies in the U.S. to secure federal trademark protection.

---

8 See In re Stanley Bros. Soc. Enter., LLC, 2020 U.S.P.Q.2d (BNA) 10658 (T.T.A.B. 2020) (departing from the Court’s usual reliance on the Controlled Substances Act, this case turned on whether hemp oil products were legal under the FDCA). The TTAB held the goods unlawful under the FDCA because of the intended use as a dietary supplement in combination with a biological product under substantial clinical investigation. Id. See also Food, Drug, and Cosmetic Act (FDCA), 21 U.S.C. § 331 (1938) (prohibiting the introduction or delivery for introduction into interstate commerce of a food to which has been added a drug or a biological product for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public). A dietary supplement is deemed to be a food within the meaning of the FDCA. Id.

9 See Stanley Bros. Soc. Enter., 2020 U.S.P.Q.2d (BNA) 10658 (affirming trademark refusal based on unlawful use under FDCA). See also Neal, Gerber & Eisenberg LLP, TTAB Decision Prevents Trademark Registration of CBD Dietary Supplements, JDSUPRA (July 9, 2020), archived at https://perma.cc/82ZD-9VP3 (summarizing how the Board in Stanley Brothers held that the supplements were still per se illegal under the FDCA and thus ineligible for trademark protection).

10 See Feldmann et al., supra note 1, at 38 (positing the global demand for cannabis products has shifted how cannabis functions in the global economy). See also Jeff Smith, Who’s Getting Trademarks?, MARIJUANA BUS. MAG. (July 2019) [hereinafter Who’s Getting Trademarks?], archived at https://perma.cc/9EHE-XZ3R (noting the surge of trademark applications for cannabis-related goods and services); Jeff Smith, Marijuana companies’ intellectual property is crucial – here’s how to protect it, MARIJUANA BUS. DAILY (July 5, 2019) [hereinafter Marijuana companies’ intellectual property is crucial], archived at https://perma.cc/VF6S-YGHB (explaining how trademarks enhance a cannabis company’s brand and increase the value). Trademarks ensure a company’s marketing dollars, which impacts valuation as the industry grows and consolidation occurs. Marijuana companies’ intellectual property is crucial, supra. See Lindsay Stern, Roses Are Red, Marijuana Is Green, Cannabis Trademarks Are Unlawful but What Exactly Does That Mean, 27 Fed. Cir. B.J. 241, 250 (2018) (positing trademarks require manufacturers and producers to invest in their products and maintain consistent quality over time to effectively reduce consumer search costs). “Minimizing duplication of a similar brand name helps ensure that it will be harder for lower-quality ‘copycat’ products to go on the market and confuse consumers.” Id.
II. History

A. The Evolving Legislative Landscape of the Cannabis Industry

1. The Illegality of Cannabis

Before 1937, cannabis sustained an expansive history as an unregulated therapeutic agent and valued resource. The illegality of cannabis in the U.S. came about after the Mexican Revolution, when Mexican immigrants brought their use of cannabis to southwest America. While Americans were highly familiar with cannabis, as it was present in almost all medicines available at the time, Mexican immigrants referred to the plant as “marihuana,” a foreign term in

11 See Dr. Malik Burnett & Amanda Reiman, PhD, MSW, How Did Marijuana Become Illegal in the First Place? DRUG POL’Y ALL. (Oct. 8, 2014), archived at https://perma.cc/F4YX-CULT (discussing the legal history of marijuana and how it ended up in the category of drugs deemed most dangerous by the federal government); Eric Schlosser, Reefer Madness, THE ATLANTIC (Aug. 1994), archived at https://perma.cc/M44S-BBBN (pointing out that the first American law pertaining to marijuana, passed by the Virginia Assembly in 1619, required every farmer to grow it). Hemp was a valuable commodity and necessity as its fibers were used to make sails and riggings, and its by-products were transformed into oakum for the caulking of wooden ships. Schlosser, supra. Virginia, Pennsylvania, and Maryland eventually allowed hemp to be exchanged as legal tender in order to stimulate its production and relieve Colonial money shortages. Id. A number of the Founding Fathers, including George Washington and Thomas Jefferson, later grew hemp on their estates. Id. The domestic production of hemp flourished until after the Civil War when it was replaced by imports and other domestic materials. Id. See also Did You Know... Marijuana Was Once a Legal Cross-Border Import?, U.S. CUSTOMS & BORDER PROT. (Dec. 20, 2019), archived at https://perma.cc/8PL8-LHDF (discussing the history of marijuana’s legality in the United States).

12 See Alyssa Pagano, How racism contributed to marijuana prohibition in the US, BUS. INSIDER (Mar. 2, 2018), archived at https://perma.cc/RNX8-RP7F (noting that sensational headlines about marijuana began to appear in the early 1900s after an influx of Mexican immigrants came to the United States smoking the substance). See also Schlosser, supra note 11 (explaining how the political upheaval in Mexico that culminated in the Revolution of 1910 led to a wave of Mexican immigration to America); Burnett & Reiman, supra note 11 (mentioning that Mexican immigrants brought with them their native language, culture, and customs, including cannabis use); Pagano, supra note 12 (noting that Mexican immigrants brought the practice of smoking cannabis recreationally with them to the United States).
America.\textsuperscript{13} The media played on the public’s prejudices and fears by spreading claims about the immigrants’ dangerous behaviors, including their marijuana use.\textsuperscript{14} As a result, Americans grew fearful of the plant and deemed it illegal.\textsuperscript{15}

In response, El Paso, Texas enacted the first U.S. ordinance banning the sale or possession of cannabis in 1914, and by 1931 twenty-nine states outlawed cannabis.\textsuperscript{16} The 1930s were flooded with hearings on developing a cannabis law.\textsuperscript{17} At these hearings, false claims were made about cannabis, such as that it caused men of color to become violent.\textsuperscript{18} This imagery became the driving force behind the Marihuana Tax Act of 1937 (“Marihuana Tax Act”).\textsuperscript{19} The

\begin{flushright}
\textsuperscript{13} See Burnett & Reiman, supra note 11 (indicating that the word “marihuana” was a foreign word in America at the time). See also Pagano, supra note 12 (noting that “marijuana” is the Spanish word for the plant and was spelled “marihuana” at the time). See, e.g., Schlosser, supra note 11 (clarifying that “marijuana” is the Mexican colloquial name for the plant Cannabis sativa).

\textsuperscript{14} See Pagano, supra note 12 (discussing the racist origins of cannabis illegality). See also Schlosser, supra note 11 (noting that the Mexican Revolution led to an increase in Mexican immigration to America); Burnett & Reiman, supra note 11 (acknowledging that Mexican immigrants brought their cannabis-use customs with them to America).

\textsuperscript{15} See Burnett & Reiman, supra note 11 (contending that the demonization of cannabis in the early 1900s was an extension of the demonization of Mexican immigrants). See also Schlosser, supra note 11 (detailing how police officers in Texas claimed that marijuana incited violent crimes, aroused a “lust for blood,” and gave its users “superhuman strength”). Rumors spread that Mexicans were distributing this “killer weed” to unsuspecting American schoolchildren. Id.

\textsuperscript{16} See id. (discussing the effect of the anti-immigrant sentiments on marijuana legislation in the United States in the 1930s). These efforts were aided by a propaganda campaign, including national headline such as “Murder Weed Found Up and Down Coast” and “Deadly Marijuana Dope Plant Ready For Harvest That Means Enslavement of California Children.” Id.

\textsuperscript{17} See Taxation of Marihuana: Hearings on H.R. 6906 Before the H. Comm. on Ways and Means, 75th Cong. 10 (1937) (statement of the Commissioner of the Federal Bureau of Narcotics, Harry J. Anslinger) (warning committee members about the dangers of marijuana).

\textsuperscript{18} See id. at 11 (presenting a letter from a prosecutor in New Jersey which detailed a murder case “of particularly brutal character in which one colored young man killed another . . . the defendant’s intellect was so prostrated from smoking marijuana cigarettes that he did not know what he was doing.”).

\textsuperscript{19} See Kathleen Ferraiolo, From Killer Weed to Popular Medicine: The Evolution of American Drug Control Policy, 1937–2000, 19 J. Pol.’Y Hist. 147, 154 (2007) (detailing the testimony of Anslinger during the Marihuana Tax Act hearings).\end{flushright}
Marihuana Tax Act was framed as a revenue measure; however, the language and implementation effectively brought about prohibition.\textsuperscript{20} Decades later, the Marihuana Tax Act was ruled unconstitutional and the Nixon administration encouraged Congress to pass the Comprehensive Drug Abuse Prevention and Control Act, bringing all preceding anti-drug legislation under one statute.\textsuperscript{21} This chapter included the Controlled Substances Act (“CSA”), which ranked substances according to danger and the likelihood of abuse, and it placed cannabis in the most restrictive category.\textsuperscript{22} With this classification, cannabis became illegal under federal law, until 2018, when the Agriculture Improvement Act (“2018 Farm Bill”) reclassified hemp and marijuana as two different substances under the

Anslinger related graphic horror stories about the effects of marijuana, including insanity, murder, and addiction, to a congressional audience that knew little about the drug itself or its effects. \textit{Id.} Notably, a commission appointed in 1938 by New York City Mayor Fiorello LaGuardia presented findings dispelling many of these myths, finding no link between marijuana and crime, aggressive or antisocial behavior, or personality change. \textit{Id.} at 155.

\textsuperscript{20} See Marihuana Tax Act, 75 P.L. 238 (1937) (imposing “an occupational excise tax upon certain dealers in marihuana,” a transfer tax upon certain dealings in marihuana, as well as registry and recording). The act outlawed the nonmedicinal, untaxed possession or sale of marijuana and required that all manufacturers, importers, dealers, and practitioners register their names and places of business and pay a special occupational tax. \textit{Id.} See also Ferraiolo, \textit{supra} note 19, at 154 (explaining, “[t]he rules for physician compliance were complex, and [the] extensive, broad requirements made registered persons subject to the administrative discretion of the Treasury Department.”). “Violators were subject to a steep fine or imprisonment, and the Treasury Department and the Federal Bureau of Narcotics had broad enforcement powers.” \textit{Id.}

\textsuperscript{21} See Leary \textit{v.} United States, 395 U.S. 6, 12 (1969) (reversing the petitioner’s conviction under the Marihuana Tax Act because requiring registration of possession of illegal marijuana would violate the privilege against self-incrimination). The Supreme Court held the act was in violation of citizens’ Fifth Amendment rights because requiring all marijuana users to identify themselves, the amount of marijuana they possessed, and where they purchased the marijuana amounted to self-incrimination. \textit{Id.} See also The Federal Comprehensive Drug Abuse Prevention and Control Act of 1970, 21 U.S.C. § 801 (1970) (maintaining strict security and record keeping for certain drugs).

\textsuperscript{22} See Schedules of controlled substances, 21 U.S.C. § 812 (2018) (classifying marijuana as a schedule I drug); Michael Gabay, PharmD, JD, BCPS, \textit{The Federal Controlled Substances Act: Schedules and Pharmacy Registration}, 48 \textit{HOSP. PHARM.} 473, 474 (2013) (explaining how under the CSA, medications are categorized into 5 schedules). Schedule I medications have the highest abuse potential, while medications in Schedule V have a low abuse potential. Gabay, \textit{supra}. 
CSA. As a result of this reclassification, CBD products can be legally sold throughout the U.S., even though cannabis remains illegal at the federal level.

2. The Differences Between Hemp and Marijuana

Cannabis is a genus of a plant with human use dating back thousands of years for its recognized therapeutic and medicinal benefits as well as social utilization. Cannabis, hemp, and marijuana

---

23 See 2018 Agriculture Improvement Act of 2018, Pub. L. 115-334 § 297A (2018) (removing “hemp” from the list of controlled substances under the CSA). See 21 U.S.C. § 802 (16) (2018) (redefining any cannabis plant derivative containing no more than 0.3% tetrahydrocannabinol (THC)). See also John Hudak, The Farm Bill, hemp legalization and the status of CBD: An explainer, BROOKINGS (Dec. 14, 2018), archived at https://perma.cc/EF47-LFK9 (providing background on the definition of hemp in the legislation). “For decades, federal law did not differentiate hemp from other cannabis plants, all of which were effectively made illegal in 1937 under the Marihuana Tax Act and formally made illegal in 1970 under the Controlled Substances Act . . . .” Id. The act broadly allows hemp cultivation and “explicitly allows the transfer of hemp-derived products across state lines for commercial or other purposes . . . [with] no restrictions on the sale, transport, or possession of hemp-derived products, so long as those items are produced in a manner consistent with the law.” Id.

24 See Memorandum from Stephen Alexander Vaden, General Counsel, Off. of the Gen. Counsel to Sonny Perdue, U.S. Sec’y Agric. (May 28, 2019) (on file with the USDA) (addressing questions regarding several of the hemp-related provisions of the new authorities). As of Dec. 20, 2018, hemp is no longer a controlled substance. Id. Hemp is defined to include any cannabis plant, or cannabis plant derivative that contains no more than 0.3% THC on a dry-weight basis. Id. See Hudak, supra note 23 (outlining the restrictions on growing hemp as established by the 2018 Farm Bill). The act ensures that any cannabinoid that is derived from hemp will be legal, if and only if that hemp is produced in a manner consistent with the act, associated federal and state regulations, and by a licensed grower. Id. See Cannabis/Marijuana Market Size, Share and Industry Analysis By Type (Flowers/Buds and Concentrates), By Application (Medical, Recreational (Edibles and Topicals), and Industrial Hemp), and Regional Forecast 2019-2026, FORTUNE BUS. INSIGHTS (Aug. 2019) [hereinafter Regional Forecast], archived at https://perma.cc/C5YJ-WYV4 (summarizing key recent industry developments, including the expansion of hemp under the 2018 Farm Bill).

25 See Jessica Assaf, The Difference Between Cannabis, Hemp and Marijuana Explained, PRIMA (Oct. 16, 2020), archived at https://perma.cc/MHE4-47LK (explaining hemp is a kind of cannabis known scientifically as Cannabis sativa L); Roger Bora, The Ultimate Guide to Intellectual Property Protection for Cannabis
are all terms for plants in the Cannabaceae family. Hemp is one of the fastest-growing agricultural crops, requiring little to no pesticides, less industrial processing post-harvest, and low overall environmental impact; and has extensive application in paper, textiles, biodegradable plastics, and fuel. Hemp plants contain low levels of the intoxicating component, THC, and high levels of the non-intoxicating component, CBD.

Businesses, CANNABIS INDUS. J. (Jan. 9, 2020), archived at https://perma.cc/CHP2-KWUA (defining marijuana, a term used in legislative language, as “the dried leaves of the cannabis plant . . . . derived from the cannabis sativa and cannabis indica species and is used primarily as a psychoactive drug.”); Becky Little, Why the US Made Marijuana Illegal, Hist. (Aug. 31, 2018), archived at https://perma.cc/SQ6B-N6GL (positing that “Anglo-Americans and Europeans have known about marijuana’s medicinal benefits since at least the 1830s . . . [When] an Irish doctor studying in India documented that cannabis extracts could ease cholera symptoms like stomach pain and vomiting.”). “By the late 19th century, Americans and Europeans could buy cannabis extracts in pharmacies and doctors’ offices to help with stomach aches, migraines, inflammation, insomnia, and other ailments.” Little, supra. See Regional Forecast, supra note 24 (noting that extensive cannabis research began in the 1940s when scientists extracted THC, CBD, and cannabinol). The initial research revealed that the human body naturally produces cannabinoids and uses them to maintain internal balance of biological systems. Id. Naturally created endocannabinoids regulate appetite, immune response, memory, mood, pain, sleep, and other functions in the human body. Id. See Assaf, supra note 25 (stating that cannabis refers to all products derived from the plant Cannabis sativa, though hemp and marijuana have different chemistry and characteristics).

For example, the stalk of a hemp plant can be used for the manufacture of textiles or the development of biofuels while seeds of hemp are eaten or used to make hemp seed oil, and the flowers can be used to extract CBD for use in products in the beauty, wellness, and food and beverage industries. Id. See Regional Forecast, supra note 24 (noting that hemp is farmable on most of the world’s agricultural land, with China, Canada, and France as some of the major exporters). See also Judith Soto, Amendments To The Canadian Trademarks Act – What You Need To Know, TRADEMARKNOW (June 26, 2019), archived at https://perma.cc/SA67-7EM9 (discussing legislative changes in Canada, including the removal of use as a trademark registration requirement, which enabled Canadian cannabis companies to protect their brands).

See Management of Substance Abuse: Cannabis, WORLD HEALTH ORG. (Nov. 11, 2016), archived at https://perma.cc/XT5M-KG4S (noting other therapeutic uses of cannabinoids are being demonstrated by controlled studies, including treatment of asthma and glaucoma, as an antidepressant, appetite stimulant, anticonvulsant, and anti-spasmodic). See also Cannabis (Marijuana) and Cannabinoids: What You Need
The level of THC is the legally defining line between hemp and marijuana. 29 Hemp is generally defined as cannabis that contains 0.3% THC or less, while cannabis exceeding 0.3% THC is categorized as non-hemp cannabis, or colloquially, marijuana. 30 This distinction is necessary because hemp products contain more CBD, which is not psychoactive, and marijuana products contain more THC, which is psychoactive; resulting in hemp gaining wider acceptance in society. 31

Historically, the word “marijuana” has been used to refer to all forms of cannabis as a drug. 32 There were no distinctions in the plant

To Know, NAT’L CTR. COMPLEMENTARY AND INTEGRATIVE HEALTH (Nov. 2019), archived at https://perma.cc/3HMM-W8FD (highlighting that the U.S. Food and Drug Administration (FDA) “has not approved the cannabis plant for any medical use. However the FDA has approved several drugs that contain individual cannabinoids.”). “Epidiolex, which contains a purified form of CBD derived from cannabis, was approved for the treatment of seizures . . . .” Id. Marinol, Syndros, and Cesamet, which contain synthetic THC, are approved by the FDA to treat nausea and vomiting caused by cancer chemotherapy as well as loss of appetite and weight loss in people with HIV/AIDS. Id. Evidence also suggests benefits of cannabis or cannabinoids for chronic pain and multiple sclerosis symptoms. Id. See also Peter Grinspoon, Cannabidiol (CBD) — what we know and what we don’t, HARV. HEALTH PUBL’G (Aug. 24, 2018), archived at https://perma.cc/MQ75-8RS2 (explaining CBD is derived directly from the cannabis plant but “by itself does not cause a ‘high’”). CBD has been touted for a wide variety of health issues. Id. The strongest medical evidence is in CBD’s efficacy in treating childhood epilepsy syndromes that typically do not respond to antiseizure medications. Id.

29 See 21 U.S.C. § 802 (16) (2018) (redefining hemp as any cannabis plant derivative containing no more than 0.3% THC). See also Hudak, supra note 23 (noting the definitions established by the 2018 Farm Bill – any cannabis plant that contains more than 0.3% THC is considered non-hemp cannabis).

30 See Assaf, supra note 25 (noting hemp is generally “defined as Cannabis sativa L. plants which contain 0.3% THC or less”). See Hudak, supra note 23 (outlining the definitions established by the 2018 Farm Bill). Any cannabis plant that contains more than 0.3% THC is considered non-hemp cannabis and has no legal protection under the 2018 Farm Bill. Id.


32 See Assaf, supra note 25 (explaining the differences between cannabis, hemp, and marijuana). See also Cannabis (Marijuana) and Cannabinoids: What You Need To Know, supra note 28 (acknowledging people use the words “cannabis” and “marijuana” synonymously).
types until the industry was more widely explored.\textsuperscript{33} Today, it is common to refer to “marijuana” and “cannabis” interchangeably, while hemp remains in its own category.\textsuperscript{34} This may seem confusing as the term “cannabis” technically refers to the entire genus of flowering plants that includes both hemp and marijuana, but the psychoactive and non-psychoactive elements connect to the social definitions.\textsuperscript{35}

3. The Friction Between State and Federal Cannabis Legislation

While cannabis is illegal under federal law, in recent years the majority of states have legalized cannabis for medical use, recreational use, or both.\textsuperscript{36} This inconsistency between state and federal law is possible because the states retain substantial sovereign authority under The Constitution, and the federal prohibition of cannabis does not

\textsuperscript{33} See Regional Forecast, supra note 24 (asserting that scientific interest in cannabis began in the 1940-1960s with the extraction of its active compounds).

\textsuperscript{34} See 21 U.S.C. § 802 (16) (redefining hemp as cannabis containing no more than 0.3% THC). See also Cannabis (Marijuana) and Cannabinoids: What You Need To Know, supra note 28 (explaining how people use the words “cannabis” and “marijuana” synonymously despite the slight definitional distinctions).

\textsuperscript{35} See Assaf, supra note 25 (noting cannabis refers to all products derived from the cannabis plant). See also Grinspoon, supra note 28 (distinguishing that while CBD is from the cannabis plant, CBD by itself does not cause a psychoactive effect).

preempt state legalization. Taking advantage of this state sovereignty, many states have adopted expansive laws legalizing marijuana for recreational use, while most other states allow for at least limited use of medical marijuana under certain circumstances. Though medical marijuana laws differ across states, most include provisions that permit closely regulated businesses to cultivate, process, possess, and sell large quantities of cannabis. Further, patients with a prescription from a doctor may purchase and possess small quantities and cultivate a limited number of cannabis plants.

When the states took control of the cannabis policy by passing laws permitting usage, they created a gray area where cannabis is

37 See U.S. Const. amend. X (reserving any power not specifically given to the federal government by the Constitution to the States and the people); City of Garden Grove v. Superior Court, 68 Cal. Rptr. 3d 656, 680 (Cl. App. 2007) (determining that California state law required return of property to medical marijuana user and was not preempted by the CSA).

38 See Trela, supra note 36 (noting that significant marijuana legislation passed in the states during the 2016 election). In 2016, Arkansas, Florida, and North Dakota passed initiatives legalizing medicinal marijuana, marking the first time that more than half of the states have permitted the use of medicinal marijuana. Id. Montana rolled back some restrictions on its existing medical marijuana law, and California, Maine, Massachusetts, and Nevada all passed legislation to allow for recreational marijuana use. Id. See, e.g., Colo. Rev. Stat. Ann., Const. art. XVIII, § 16(3) (West 2018) (noting that “[p]ossessing, using, displaying, purchasing, or transporting . . . one ounce or less of marijuana” is lawful); Wash. Rev. Code Ann. §§ 69.50.360, 69.50.363, 69.50.366 (LexisNexis 2012) (providing that the possession of marijuana by an adult and the production, delivery, distribution, sale, or possession of marijuana by state-approved businesses are permitted under Washington state law). See also Christy Thiems, Cannabis Legalization’s Effects On Insurance Industry, Law360 (May 4, 2021), archived at https://perma.cc/2W6Y-WHDT (discussing disparate state laws on medical and recreational cannabis use).

As of March 2021, thirty-six states and the District of Columbia had approved the broad medical use of cannabis and fifteen states and the District of Columbia have legalized recreational cannabis use. Id.

39 See MAP OF MARIJUANA LEGALITY BY STATE, DISA (Jan. 31, 2021), archived at https://perma.cc/G64N-L8UK (providing information on state-by-state medical use and recreational use legalization).

40 See State Marijuana Laws in 2019 Map, supra note 36 (pointing out that some state medical marijuana laws are broader than others). See, e.g., Cal. Health & Safety Code § 11362.1(a)(1), (3) (2016) (deeming it lawful for a person to possess up to 28.5 grams of marijuana and to cultivate up to six marijuana plants).
lawful at the state level but prohibited under federal law.\footnote{See Todd Grabarsky, \textit{Conflicting Federal and State Medical Marijuana Policies: A Threat to Cooperative Federalism}, 116 W. VA. L. REV. 1, 5–6 (2013) (discussing the complicated status of state and federal cannabis laws). \textit{See also} Mike Adams, \textit{How People Are Still Getting Busted For Marijuana At Airports}, FRESH TOAST (Feb. 3, 2020), archived at https://perma.cc/2WER-ZQDZ (speculating that law enforcement in states that have not yet legalized marijuana have made it part of their mission to stop travelers from bringing the drug in from legal states). “Police are now visiting airports and turning drug-sniffing dogs loose on people’s luggage before they are sent to the baggage claim.” \textit{Id}.} If state cannabis usage influences interstate commerce, then Congress has the authority to prohibit it and, as a matter of federal law, the federal government is entitled to seize cannabis from anyone who possesses it.\footnote{See Gonzales v. Raich, 545 U.S. 1, 29 (2005) (holding Congress has authority to prohibit marijuana sales and that marijuana is illegal under federal law, regardless of state law); \textit{Interstate Commerce}, NOLO (Nov. 10, 2020), archived at https://perma.cc/BQ96-R3ER (defining interstate commerce as “[t]he buying, selling, or moving of products, services, or money across state borders.”). “The commerce clause of the U.S. Constitution allows the federal government to regulate trade so that the free flow of commerce between states is not obstructed.” \textit{Interstate Commerce}, supra. \textit{See also} Rebecca Millican, \textit{How to Draft an Effective Marijuana Contract}, HARRIS BRICKEN (Feb. 10, 2014), archived at https://perma.cc/A9H4-QVCX (stipulating that “[t]he patchwork of legalization on the state and federal levels creates obstacles for cannabis business at nearly every turn”). Both state and federal courts have refused to enforce cannabis-related contracts following the basic contract principle—any contract to perform an illegal act or in violation of public policy is not enforceable. \textit{Id}. See also Haeberle v. Lowden, 2011CV709 (Colo. Dist. Ct. Aug. 8, 2012) (refusing to enforce contract for sale of marijuana); Hammer v. Today’s Health Care II, CV20110-05310 (Ariz. Superior Ct. Apr. 17, 2012) (analyzing the legality of the dispensary involved). The judge did not address whether the dispensary complied with Colorado’s medical marijuana laws, but instead turned to the CSA which makes it illegal to manufacture, distribute, or dispense marijuana and to knowingly open, lease, rent, use, or maintain property for manufacturing, storing, and distributing marijuana. \textit{Hammer}, CV20110-05310. \textit{See also} Trela, supra note 37 (demonstrating the tension between federal and state law on the legality of cannabis is largely manifested in business and banking regulations).} Even though state law creates a property interest in legally owned

Federal banking laws prohibit marijuana dispensaries from conducting money transfers through credit card companies or debit networks, and revenues from marijuana sales cannot be stored in Federal Deposit Insurance Corporation insured banks. Marijuana businesses are also prohibited from deducting business expenses for federal tax purposes . . . Without clear guidance from the
cannabis, not all state-created rights rise to the level of a constitutionally protected interest and, as a result, federal courts have found that there is no protected property interest in cannabis.

B. Intellectual Property Protection in the Cannabis Industry

Even though cannabis is illegal under federal law, recent years have seen a drastic increase in cannabis-related patent and trademark applications. U.S. law provides avenues for patenting cannabis through plant patents and utility patents. Unlike with trademarks, federal government, financial institutions may be hesitant to work with state-licensed marijuana businesses. If forced to operate as a cash-only business, marijuana dispensaries may increasingly become targets of theft and are more vulnerable to civil asset forfeiture.

See Schmidt v. Cnty. of Nev., 808 F. Supp. 2d 1243, 1252 (E.D. Cal. 2011) (rejecting the plaintiff’s claims for damages under the Constitution following the destruction of marijuana, even though his right to possession was protected by California’s medical marijuana law). See, e.g., Little v. Gore, 148 F. Supp. 3d 936, 955 (S.D. Cal. 2015) (holding that “[w]ith respect to medical marijuana, although California state law may create a property interest in the marijuana, California federal courts have found there is no protected interest for purposes of the Fourteenth Amendment.”). The Court decided that under the CSA, “it is illegal for any private person to possess marijuana . . . [a]nd under federal law, marijuana is contraband per se, which means that no person can have a cognizable legal interest in it.” Id.

See Dicke et al., supra note 3 (reporting that between 2017 and 2018, the United States Patent and Trademark Office (USPTO) issued about 250 cannabis-related patents, which is more than in the previous seven years combined). “These filings cover a range of inventions, including medical treatments and pharmaceutical compositions, cultivation techniques, vaporizers, and cannabis-infused products like toothpaste, coffee beans, and alcoholic drinks.” Id. As of November 2019, an estimated 110 new cannabis-related federal trademark applications were filed each month since the approval of the 2018 Farm Bill. Id. “The World Intellectual Property Organization notes that approximately 10,246 cannabis-related applications have been filed since 1978 under the Patent Cooperation Treaty, with 6,137 applications coming after 2008.” Id. See Clinton South & Brian Shortell, Patenting Cannabis: Possibilities and Pitfalls, IP WATCHDOG (Feb. 7, 2020), archived at https://perma.cc/SB6A-USQR (noting that “[t]he number of patent applications being filed for cannabis-related inventions has more than tripled since 2015.”).

See 35 U.S.C. § 101 (1952) (setting forth the general requirement for patent protection). Section 101 identifies four types of inventions that are patentable:
obtaining a patent does not require an applicant to show that the product is lawfully used in interstate commerce. Patent protection is useful for various inventions, such as new strains of a cannabis plant or methods of creating cannabis extracts. Because trademark protection requires a showing of lawful use in commerce, it offers its own set of caveats.

The trademark requirement for lawful use in commerce is rooted in the origin of federal trademark protection.

---

46 See 35 U.S.C. § 101 (enumerating patent requirements). See also South & Shortell, supra note 44 (explaining that “a patent provides the right to exclude others from the invention, and there is nothing unlawful about obtaining such a right.”). Though “convincing the USPTO that a cannabis invention is eligible for patenting—and not simply an ineligible product of nature—poses another difficult challenge.” Id.

47 See United Cannabis Corp. v. Pure Hemp Collective Inc., Civil Action No. 18-cv-1922-WJM-NYW, 2020 U.S. Dist. LEXIS 11128 (D. Colo. 2020) (involving a cannabis patent in federal court). In the first case of its kind, the patent in dispute is related to formulations for the extraction of THC. Id. The judge rejected the argument that the formulations were not patent ineligible because the defendant failed to show that a liquefied version of cannabinoids and related chemicals at the concentrations specified is like a natural phenomenon. Id.


49 See Trademark Use Must Be Lawful Use In Commerce, L. OFFICES OF NIKKI SIESEL PLLC (Oct. 18, 2020), archived at https://perma.cc/T69U-KEKN (explaining that “[i]n order for a trademark to qualify for federal registration, the mark must be used lawfully in interstate commerce.”). “If the goods or services are illegal under the law, the mark will not be able to be registered.” Id. See PROTECTING YOUR TRADEMARK, supra note 7, at 11–12 (providing guidance about trademark protection and enhancing rights through federal protection). See also Vrinda Sehgal, Trademark Trolls Causing Menace Around The World: How To Tackle The Problem?, LEXOLOGY (Feb. 9, 2021), archived at https://perma.cc/XYD2-C38L
known times, trademarks have been used to designate ownership of property or to identify a manufacturer of specific goods, but the first federal statute dealing with trademarks in the U.S. was struck down by the Supreme Court for exceeding the powers granted to Congress by the Copyright Clause. In 1946, Congress responded by passing a trademark act ("Lanham Act") which was grounded in its broad power to regulate interstate commerce and continues to govern federal trademarks today. The Lanham Act defines "commerce" as all imports and exports that are subject to Congress's power under the Commerce Clause. As such, federal trademark protection is only available to marks used in commerce which Congress has the authority to regulate. This protection provides brand owners with valuable benefits beyond common law and state-registered trademark rights, including the preservation of national expansion and presumption of trademark ownership and validity. (noting that Section 45 of the Lanham Act identifies the importance of use of the mark in commerce in the United States' first-to-file trademark registration system).

---

50 See U.S. CONST. art. I, § 8 cl. 8. (enumerating Congress's power "[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries"); Trade-Mark Cases, 100 U.S. 82, 99 (1879) (invalidating the trademark legislation of 1870 in holding that the statute had been unconstitutionally grounded on the patent and copyright clause of the Constitution); BEEBE, supra note 4, at 11 (discussing the history of trademark statutes).

51 See 15 U.S.C. §§ 1051–1127 (1946) (protecting marks in commerce that indicate the source or origin of goods or services). See also Intellectual Property Practice Group, McDermott Will & Emery, Satisfaction of Lanham Act Use "in Commerce" Requirement Does Not Require Much, 6 NAT. L. REV. 364, 364 (2016) [hereinafter Satisfaction of Lanham Act Use] (articulating that the Supreme Court has "broadly interpreted the Commerce Clause to include not only purely interstate transactions, but also transactions that have a substantial effect on interstate commerce.").

52 See 15 U.S.C. § 1127 (defining "commerce" under the statute); Satisfaction of Lanham Act Use, supra note 51 (noting that "almost any bona fide transaction will qualify as use in commerce."). See also U.S. CONST. art. I, § 8 cl. 3 (establishing the commerce clause which gives Congress the power "to regulate commerce with foreign nations, and among the several states, and with the Indian Tribes").

53 See id. (setting forth the Commerce Clause, which gives Congress the power to regulate commerce). See also Trademark Use Must Be Lawful Use In Commerce, supra note 50 (highlighting that a trademark must be used lawfully in interstate commerce in order to qualify for federal registration).

54 See PROTECTING YOUR TRADEMARK, supra note 7, at 11–12 (explaining the benefits of owning a federal trademark registration). These include:
The 2018 Farm Bill created an avenue for federal trademark registrations covering certain products derived from hemp only.\textsuperscript{55} However, some hemp products and all other cannabis-related products are ineligible for federal trademark protection because such goods may not be used lawfully in commerce.\textsuperscript{56} Trademark applications that were filed on or after December 20, 2018 for goods including cannabis or CBD-derived hemp that comply with these parameters will no longer be refused registration as being in violation of the CSA.\textsuperscript{57} It should be noted that the 2018 Farm Bill did preserve the FDA’s authority to regulate products containing cannabis or cannabis-derived compounds, and because of this, registration of goods containing CBD, such as foods, beverages, pet treats, or dietary supplements, may

A legal presumption of your ownership of the mark and your exclusive right to use the mark nationwide on or in connection with the goods/services listed in the registration . . . ;[p]ublic notice of your claim of ownership of the mark; [l]isting in the USPTO’s online databases; [t]he ability to record the U.S. registration with U.S. Customs and Border Protection to prevent importation of infringing foreign goods; [t]he right to use the federal registration symbol; [t]he ability to bring an action concerning the mark in federal court; [a]nd the use of the U.S. registration as a basis to obtain registration in foreign countries.

\textit{Id.}

\textsuperscript{55} See 2018 Agriculture Improvement Act of 2018, Pub. L. 115-334 § 297A (2018) (removing “hemp” from the list of controlled substances under the Controlled Substances Act). Hemp is defined as any cannabis plant derivative containing no more than 0.3% THC. \textit{Id.} See also Bora, \textit{supra} note 25 (emphasizing that “[b]rand owners may . . . secure federal trademark registration protections for certain cannabis-related products and services that are currently legal under federal law”).

“The USPTO is currently approving trademarks for skin care preparations and cosmetics that feature hemp ingredients, including CBD derived from hemp, as long as the application complies with the 2018 Farm Bill and USPTO filing requirements.” \textit{Id.}

\textsuperscript{56} See 15 U.S.C § 1127 (requiring that the goods in connection with a particular trademark must be lawfully sold or transferred in commerce); Bora, \textit{supra} note 25 (noting that “not all hemp-derived products are lawful following passage of the 2018 Farm Bill”). For instance, federal trademark applications covering certain CBD infused products, including foods, beverages, dietary supplements, and pet foods, are still refused, even if derived from hemp, because such goods violate the FDCA. Bora, \textit{supra} note 25. In states that have legalized cannabis, state trademark registrations and common law trademark rights may be available. \textit{Id.}

\textsuperscript{57} See 21 U.S.C. §§ 812, 841(a), 844(a) (2018) (prohibiting the manufacturing, distributing, dispensing, or possessing of controlled substances, such as cannabis and its related preparations and making it unlawful to sell drug paraphernalia).
still be refused as unlawful under the FDCA.\textsuperscript{58} For example, the use of a drug or substance in foods or dietary supplements that are undergoing clinical investigations without the approval of the FDA violates the FDCA, and CBD is currently under FDA investigation.\textsuperscript{59} With respect to applications for marks for cannabis or cannabis-related services, the marks will be examined for compliance with the CSA and the 2018 Farm Bill.\textsuperscript{60}

III. Premise

A. The Significance of the Cannabis Industry

Cannabis is the most widely cultivated, trafficked, and consumed drug worldwide.\textsuperscript{61} The global experiment of legalizing and commoditizing cannabis has demonstrated that cannabis as a product is here to stay, and gaining U.S. federal legal protection is a crucial issue for the industry.\textsuperscript{62} With more governments recognizing its

\textsuperscript{58} See Ben Natter & Jessica Sblendorio, Global Developments and Considerations for Registering Cannabis and Cannabis-Related Trademarks, HAUG PARTNERS LLP (Mar. 5, 2020), archived at https://perma.cc/7RS6-MBJA (discussing the global developments for the registration of cannabis and cannabis-related trademarks in the United States).

\textsuperscript{59} See id. (summarizing the USPTO issued guidance for examiners relating to cannabis trademark applications on May 2, 2019). See, e.g., In re Stanley Bros. Soc. Enters., LLC, 2020 U.S.P.Q.2d (BNA) 10658 (T.T.A.B. 2020) (holding the CBD goods associated with the mark unlawful under the FDCA because CBD is under substantial clinical investigation).

\textsuperscript{60} See 21 U.S.C. §§ 812, 841(a), 844(a) (prohibiting the manufacturing, distributing, dispensing, or possessing of marijuana); Natter & Sblendorio, supra note 58 (discussing how the 2018 Farm Bill legalized the cultivation of industrial hemp and allows for interstate commerce of hemp-based products).

\textsuperscript{61} See UNODC, WORLD DRUG REPORT 43 (United Nations pub. 2016) (presenting key figures regarding cannabis market developments); Regional Forecast, supra note 24 (providing insights on the cannabis market and detailed analysis of market size and growth rate for all segments); Management of Substance Abuse: Cannabis, supra note 28 (estimating that 147 million people, 2.5\% of the world population, consume cannabis annually).

\textsuperscript{62} See Regional Forecast, supra note 24 (articulating that cannabis legalization is gaining momentum around the world, primarily driven by the increasing recognition that cannabis may have a range of legitimate medicinal benefits and therapeutic applications); Feldmann et al., supra note 1, at 38 (discussing “the growing worldwide cannabis industry . . . and the implications of international treaties and trade.”).
potential, cannabis companies becoming major contributors to the world economy, and external entities recognizing the commodity as an investment opportunity, it is clear that the industry will meaningfully impact international trade.\(^{63}\)

Worldwide recognition of cannabis use beyond a substance to smoke inspired a “green rush” which has generated billions of dollars in sales and consistently inspires promising projections for the future of the market.\(^{64}\) As a result of these lucrative projections, the cannabis market has seen large and influential companies make sizable investments.\(^{65}\) Investments and mergers within the industry have made cannabis one of the fastest-growing consumer products in North America, with estimates that U.S. cannabis penetration rates will eventually reach one in five American adults.\(^{66}\)

\(^{63}\) See Feldmann et al., *supra* note 1, at 38 (pointing out that “new countries are legalizing marijuana and hemp for import and export every month, and the global supply chain is becoming increasingly complex.”). “Cannabis as a commodity is no different than gold, oil, wheat, or corn: whoever can produce the greatest quantity at the lowest price will lead the game.” *Id.* See also Chris Hudock, *U.S. Legal Cannabis Market Growth*, NEW FRONTIER DATA (Sept. 8, 2019), archived at https://perma.cc/482E-8NUL (showing that the cannabis industry grew from $3.5 billion in 2014 to $13.6 billion in 2019); *U.S. Legal Cannabis Industry Growth Potential*, NEW FRONTIER DATA (Oct. 5, 2020), archived at https://perma.cc/8WJA-KL92 (projecting the annual U.S. legal cannabis market to exceed $38 billion by 2025).

\(^{64}\) See TOM ADAMS ET AL., THE STATE OF LEGAL CANNABIS MARKETS: 2020 UPDATE 4 (Sandra Leader et al. eds., 7th ed. 2020) (identifying $10.2 billion in global sales in 2018 and $14.9 billion in 2019, a 45.7% increase in one year).

\(^{65}\) See Feldmann et al., *supra* note 1, at 39 (explaining that Constellation Brands invested $4 billion in cannabis company Canopy Growth, and Altria Group Inc., formerly known as Philip Morris, invested $1.8 billion in cannabis company Cronos Group Inc.); *Regional Forecast, supra* note 24 (noting that “Hexo Corp., a licensed producer of cannabis . . . entered a joint venture with Molson Coors Canada to produce CBD-infused beverages.”).

\(^{66}\) See Duggan, *supra* note 1 (presenting estimates that assuming federal legalization, “U.S. cannabis penetration rates will likely reach 20%”). “[I]f cannabis eventually becomes as popular as alcohol in the [United States], that penetration could approach 50%.” *Id.* For comparison, “alcohol was once federally banned in the [United States] under Prohibition but has been legal since 1933 . . . [and] an estimated 160 million Americans consume alcohol and spend an average of $100 per month on [alcohol].” *Id.* See also Feldmann et al., *supra* note 1, at 39 (projecting an optimistic outlook for the U.S. cannabis market given that reports show an annual compound growth of almost 40% from 2012 to 2019); Vivien Azer et al., *Cannabis: $75B Opportunity; Category Cross-Currents Keep Us Cautious On Booze*, COWEN (Oct.
B. Barriers to Brand Protection in the Cannabis Industry

The federal illegality of cannabis leaves many cannabis businesses’ trademarks unprotectable, even if the goods are made and sold in jurisdictions where cannabis is legal. Currently, there is a gap in trademark law that leaves goods and services that are legalized under the majority of state laws disqualified from federal protection.

See Keller, supra note 5, at 215 (enumerating trademark ineligible “marks on goods such as packaged psychoactive [cannabis], . . . ingestible CBD products, and consumption devices such as pipes and vapes”); Lanham Act, 15 U.S.C § 1127 (1946) (requiring goods or services to have a bona fide use in commerce to gain a federal trademark).

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce - (1) on goods when - (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce, and (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

Id. See, e.g., In re PharmaCann LLC, 123 U.S.P.Q.2d (BNA) 1122 (T.T.A.B. 2017) (refusing federal trademark registration on the ground that applicant could not allege a bona fide intent to make lawful use of the marks in commerce because the services identified involved the distribution and dispensing of cannabis, a controlled substance of which distributing and dispensing is illegal under the CSA). The applicant sought registration of two trademarks: PHARMACANN and PHARMACANNIS, both for retail store services featuring medical marijuana and dispensing of pharmaceuticals featuring medical marijuana. Id. In its opinion, the TTAB pointed out that it has “consistently held that, to qualify for a federal . . . registration, the use of a mark in commerce must be ‘lawful.’” Id. The TTAB elaborated that for a mark to be eligible for federal registration, “any goods or services for which the mark is used must not be illegal under federal law.” Id. Even
This roadblock creates significant challenges for businesses in the cannabis industry who seek to protect the goodwill they establish in their brands and prevent other businesses from using confusingly similar marks on related products.69

While the 2018 Farm Bill changed the definition of hemp and created a narrow channel for trademarking cannabis-derivative goods and services, it did not offer blanket legality for hemp products.70 The lack of federal protection available to the cannabis industry means that brand owners cannot claim priority of use; instead, owners and

if an applicant files on an intent-to-use basis, indicating they intend to use the mark in commerce in the near future but have not done so yet, if the identified goods or services with which the mark is intended to be used are illegal under federal law, the applicant cannot use its mark in lawful commerce, as it is a legal impossibility for the applicant to have the requisite bona fide intent to use the mark. Id. The TTAB rejected the argument that the intended use of the mark was lawful according to the Cole Memorandum, in which the Department of Justice instructs state and local authorities to enforce the CSA only when the use, possession, cultivation, or distribution of marijuana threatens federal priorities, because the memorandum cannot override the CSA. Id. See also Lackert, supra note 31 (reviewing the major issues with this explosion of new cannabis trademarks in the international intellectual property system).

69 See Parna Mehrbani, The challenging state of brand protection in the cannabis industry, PORTLAND BUS. J. (Sept. 5, 2019), archived at https://perma.cc/GP7Q-GXL9 (discussing the difficulties that barriers to trademarking present to budding cannabis business); Alex Collins, Selling Legal Weed: How Branding, Websites, & Marketing are Everything in This Game, MEDIUM (Mar. 25, 2019), archived at https://perma.cc/ER4G-T8Y2 (emphasizing that “companies that put branding first and foremost as their foundation are positioning themselves leagues ahead of their competition,” largely because good branding builds trust with consumers). “Cannabis branding will bring greater legitimacy and offer trust for new patients and consumers.” Collins, supra. See also Josh Gerben, How to Protect Your Marijuana Brands and Trademarks, GERBEN (Jan. 31, 2021), archived at https://perma.cc/YV9R-H6T6 (discussing trademarking approaches in the marijuana industry).

companies must turn to state law for protections.\textsuperscript{71} In states where cannabis has been legalized for medicinal or 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.\textsuperscript{72} For example, in order for an applicant in Massachusetts to receive state trademark registration as a cannabis company, the company must have the relevant permits and licenses on file in Massachusetts and the company’s corporate documents must reflect that it is engaged in the production or sale of cannabis products.\textsuperscript{73} That company may then promote its products and develop a logo, but the advertisements may not incorporate medical symbols, images of marijuana or marijuana paraphernalia, nor “colloquial references” to cannabis and marijuana in the logos.\textsuperscript{74}

The crux of the analysis for any cannabis company’s federal trademark eligibility is whether or not the company sells goods or offers services that comply with federal law; to the extent that a company is selling products that comply with both the CSA and FDCA, those products are likely eligible as well.\textsuperscript{75} In the precedential

\textsuperscript{71} See Mehrbani, supra note 69 (noting that states “recognize common law trademark infringement claims, and state-level registration provides protection” and potential for state infringement claims within that state).

\textsuperscript{72} See id. (discussing state trademarks registration). See also Gerben, supra note 70 (advising that cannabis “brand owners can seek state-based trademark registrations in states where cannabis is legal”). “[R]egistering with the state can be an effective way to use state law to prevent local competitors from using brands that are confusingly similar to a company’s prior-existing, distinctive brand names.” Id.

\textsuperscript{73} See generally MASS. GEN. LAWS ANN. ch. 94G, § 4 (2016) (regulating use and distribution of marijuana in Massachusetts).

\textsuperscript{74} See 935 MASS. CODE REGS. 500.105(4)(a) (2022) (permitting cannabis companies to “develop a Brand Name to be used in labeling, signage, and other materials; provided however, that use of medical symbols, images of Marijuana or Marijuana Products or related Paraphernalia images that are appealing to persons younger than 21 years old, and colloquial references to Marijuana and Cannabis are prohibited”). See also Katy Steinmetz, 420 Day: Why There Are So Many Different Names for Weed, TIME (Apr. 20, 2017), archived at https://perma.cc/2DNP-JAVA (noting that there are at least 1,200 slang terms related to cannabis and hundreds more terms for describing the state of intoxication after consuming cannabis).

\textsuperscript{75} See Alison Malsbury, Does Your Cannabis Business Qualify for Trademark Protection? The Answer is Most Certainly “Yes!”, HARRIS BRICKEN (Jan. 21, 2020), archived at https://perma.cc/M7TE-L4NP (recapitulating the trademark basics for cannabis companies). See also In re JJ206 LLC, 120 U.S.P.Q.2d 1568 (T.T.A.B. 2016) (refusing to register trademarks for smokeless marijuana vaporizers on the grounds that the identified goods are illegal under the CSA).
case, In re Stanley Brothers Social Enterprise, the TTAB held that ingestible products containing CBD remain ineligible for federal trademark registration under the FDCA, which prohibits the use of drugs that are undergoing clinical investigations. Stanley Brothers argued that the Industrial Hemp Provision of the 2014 and 2018 Farm Bills excludes industrial hemp from the relevant sections of the FDCA. Though the provision allows the cultivation of hemp for certain industrial purposes, the TTAB reasoned that Stanley Brothers’ permission to legally cultivate hemp was irrelevant because illegal use

---

77 See Food, Drug, and Cosmetic Act (FDCA), 21 U.S.C. § 331 (1938) (prohibiting use of dietary supplements with added drug or biological products under clinical investigations in interstate commerce); Stanley Bros. Soc. Enter., 2020 U.S.P.Q.2d (BNA) 10658 (holding the goods associated with the mark unlawful under the FDCA because of the intended use as a dietary supplement in combination with a biological product under substantial clinical investigation without FDA approval). See also Benjamin F. Tookey & Robert Fernandes, TTAB Just Says No to Mark for CBD Dietary Supplement, FINNEGAN (July 13, 2020), archived at https://perma.cc/X9S3-TNXA (discussing the decision affirming registration refusal for the hemp oil marketed as a dietary supplement). “Ultimately, because (1) the goods in question (food containing CBD) per se violated the FDCA, (2) CBD was undergoing public clinical investigation, and (3) the record contained no evidence that the marketing of CBD in food pre-dated the clinical investigation, the TTAB affirmed the refusal of Stanley Brothers’ application.” Id.

Applicant’s argument that the Industrial Hemp Provision exempts it from this portion of the FDCA is misplaced. The Industrial Hemp Provision permits authorized entities to “grow or cultivate industrial hemp” under certain circumstances, but it does not permit the distribution or sale of CBD in food when CBD is the subject of clinical investigation, even if the CBD is derived from industrial hemp which falls outside the CSA.

Id. See Tookey & Fernandes, supra note 77 (summarizing the Stanley Brothers “three arguments on appeal, all of which the TTAB rejected.”). Stanley Brothers also argued that its goods are dietary supplements and not food; however, using the statutory definition, the TTAB found that Stanley Brothers’ goods were food. Id. The applicants further argued that CBD is exempt from the relevant sections of the FDCA because it was marketed for food before the clinical investigation began, but this claim for exemption lacked evidentiary support. Id.
overrides legal cultivation. Because the FDCA governs the addition of botanical compounds undergoing clinical investigation, and CBD is a botanical compound undergoing clinical investigation, the Industrial Hemp Provision did not exclude Stanley Brother’s hemp oil extract from the FDCA. This decision means that the only CBD products eligible for federal trademark protection are non-ingestible products, therefore the most popular—and profitable—CBD products are still excluded. Trademark registration is a key asset to establish, promote,
and differentiate a business in the increasingly competitive cannabis marketplace, and there is a high potential for significant payoff if the business actively asserts and enforces its IP portfolio to prevent competitors from copying its protected products.82

C. Digital Advertising of Cannabis Products

Trademarks allow businesses to effectively utilize the Internet and social media for product advertisement.83 Due to its federally illegal status, national advertising of cannabis products is not permitted and states cannabis sellers cannot legally target out-of-state consumers.84

For hemp goods to be eligible for U.S. federal trademark protection, the goods must comply with all of the following: [t]he Controlled Substances Act, 21 U.S.C. §§801 et seq, [t]he Federal Food Drug and Cosmetic Act, 21 U.S.C. §§301 et seq (FDCA), [t]he Agricultural Improvement Act of 2018, Pub. L. 115-334 (the 2018 Farm Bill), which amends the Agricultural Marketing Act of 1946 (AMA) . . . [t]hose products that raise issues under the FDCA include comestible products that contain CBD, and, for this reason: “registration of marks for foods, beverages, dietary supplements, or pet treats containing CBD will still be refused as unlawful under the FDCA, even if derived from hemp, as such goods may not be introduced lawfully into interstate commerce.” Topical products containing CBD, however, are in a much more ambiguous space, since the FDA has indicated that these products may be permissible. However, if a product is marketed as a drug, even if it is a topical product, it may still run afoul under the FDCA.

Hemp-CBD Trademark Strategy, supra.

82 See The Cannabis Industry and its Intellectual Property, supra note 71 (noting the benefits of an IP portfolio in cannabis). Once a brand is trademarked, the intellectual property is ready to be monetized through commercial use, business valuation, licensing, buy/sale, and enforcement. Id.

83 See Rubinstein, supra note 6 (emphasizing the importance of trademarking for business success). Consumers’ purchasing decisions are influenced by trademarks and the reputation such brands represent. Id. The brand is the first thing customers enter into a search engine or social media platform when looking for specific products and services. Id. “Higher traffic on a website or social media platform translates into higher rankings, bringing even more traffic, more customers and more brand recognition.” Id.
consumers.\textsuperscript{84} The 2018 Farm Bill did not clarify the legality of hemp marketing, leaving policies on intrastate hemp advertising up to the discretion of the states.\textsuperscript{85} However, once the advertising crosses interstate lines, as digital marketing does, federal laws apply and the marketing is prohibited.\textsuperscript{86}

Currently, in addition to dealing with the complexity of each locality’s regulations, cannabis businesses are also excluded from marketing through popular digital advertising platforms.\textsuperscript{87} Controlling companies like Google, Reddit, Pinterest, Twitch, Twitter, Amazon,


\textsuperscript{85}See Brett Konen, \textit{Digital Ad Compliance Guidelines for Cannabis & CBD Brands}, PROGRAMETRIX (Mar. 25, 2020), archived at https://perma.cc/HFD5-6W2Y (noting location-specific regulations governing cannabis advertisements). In Washington, “cannabis signs are forbidden ‘within 1,000 feet of the perimeter of a school ground, playground, recreation center or facility, child-care center or facility, public park, library, or game arcade of which admission is not restricted to persons age 21 or older,’” while online advertising offers more flexibility and reporting on whether those viewing the ad are 21 and over. \textit{Id.} See Sesto, \textit{supra} note 84 (noting “many states model their marijuana advertising laws after already-existing ones governing alcohol advertising”). “One major consideration is exposing kids to advertisements for controlled substances, including marijuana.” \textit{Id.}

\textsuperscript{86}See \textit{id.} (discussing the legality of advertising that can be viewed across state lines). Since cannabis is banned at the federal level, it is not legal to nationally advertise the substance. \textit{Id.} For example, a cannabis company cannot take out an ad in a national sports publication because it would violate federal regulations. \textit{Id.} See also \textit{Cannabis Advertising: Can Dispensaries Advertise On Facebook?}, CBD ADVERT. AGENCY (Mar. 18, 2020), archived at https://perma.cc/YHU7-QX94 (detailing regulatory restrictions in cannabis advertising). \textit{See also} Ian Stewart & Kara Thorvaldsen, \textit{Stakes Are High for Marijuana Businesses Navigating New Advertising and Marketing Regulations in Massachusetts}, NAT. CANNABIS INDUS. ASS’N’S FIN. & INS. COMM. (May, 2018), archived at https://perma.cc/W9H2-ME7X (demonstrating that terms such as “high,” “baked,” “blunt,” “chronic,” and other slang terms are popular and recognizable to consumers).

\textsuperscript{87}See Sesto, \textit{supra} note 84 (mentioning “TV stations, magazines, newspapers, websites and billboard vendors can decide whether they want to accept cannabis advertising dollars.”). So far, rejecting cannabis ads has not been proven to violate free speech or any other regulations. \textit{Id.} For example, “[t]he NFL famously refused a cannabis ad for the Super Bowl because the league has strict policies regarding player marijuana usage.” \textit{Id.}
and Meta have policies of rejecting CBD advertisements.\footnote{88 See Brett Konen, The State of Cannabis & CBD Marketing in 2020, PROGRAMETRIX (Feb. 12, 2020), archived at https://perma.cc/23CQ-WUQA (discussing legal cannabis marketing). “Since cannabis businesses also can’t claim marketing expenses on their taxes, having data to justify campaign expenses and make smarter marketing decisions over time is all the more important.” Id.} For example, Facebook allows only pre-approved drug companies to run adverts on its platform and does not allow pictures that depict cannabis products.\footnote{89 See Cannabis Advertising: Can Dispensaries Advertise On Facebook?, supra note 86 (discussing Facebook’s privacy policy on cannabis and marijuana is a bump in the road for digital marketing of cannabis products).} As of 2020, digital marketing spending for legal cannabis is positioned to surpass traditional marketing spending for the first time in history.\footnote{90 See Konen, supra note 88 (discussing projections of digital cannabis marketing). Even though over half of digital advertising dollars are spent through Facebook and Google, both of which reject even CBD ads, cannabis marketers can expect to succeed by looking at the other half of the digital ad pool. Id. Many “other mainstream websites are willing to accept cannabis and CBD ad buys, including ESPN, Huffington Post, Newsweek, Politico, Barstool Sports, Complex, The Chive, and USA Today.” Id.} This suggests that the future of cannabis marketing is digital, necessarily transcending state lines, but the trends indicate that the digital giants will reject cannabis advertisements as long as it is federally illegal.\footnote{91 See id. (speculating “digital advertising provides an ideal medium for compliant cannabis and CBD advertising, because modern ad targeting technology can leverage known user data to display ads directly to appropriate audiences – such as those 21 and over.”). See discussion infra Section IV.A (analyzing how federal illegality has placed constraints on the ability of cannabis brands to market both federally and locally).}

D. Global Approach to Cannabis Regulation

When it comes to cannabis regulations, the world is sharply divided; while it is illegal in the U.S., it is legal in other countries, such as Canada and members of the European Union (“EU”).\footnote{92 See Lackert, supra note 31 (discussing cannabis trademark issues in the international intellectual property system). The primary objection to cannabis trademark registration in the United States is that there cannot be lawful use of a cannabis trademark since cannabis is a controlled substance at the federal level. Id. This restriction does not apply internationally. Id.} These countries handle the registration of marks for cannabis differently,
making it less difficult to register. Nonetheless, in the U.S., where federal registration of cannabis trademarks is not permitted, there are 3,000 active trademark applications pending with the word “cannabis” in the statement of goods and services, over 1,000 with the word “marijuana”, and over 7,000 with the word “hemp”.

Canada became the second country to legalize the recreational use of cannabis on a national level in 2018 and this prompted changes to the Canadian Trademarks Act. Amendments to the Canadian Trademarks Act recently took effect and provide that Canadian cannabis companies no longer have to demonstrate use of the mark, such as through evidence of a commercial sale of their product or advertisement of a food service, prior to getting their trademark formally registered. Instead, the amendments allow for immediate registration of a trademark once it has completed the advertisement period and also allow cannabis businesses to utilize the Madrid Protocol and file centrally for registration in 120 countries while relying upon a foundational Canadian registration. To file an

93 See id. (outlining jurisdictional distinctions between member countries of the European Union and the United Kingdom on registration of trademarks). “A middle ground can be found in Switzerland, where certain types of cannabis with lower levels of THC are allowed to be claimed in the covered goods, where cannabis with higher levels of THC are not.” Id.

94 See id. (accounting pending trademark applications for cannabis-related products and speculating that the majority are from trademark owners waiting for a change in the federal law).

95 See Trademarks Act (R.S.C. (Revised Statutes of Canada), 1985, c. T-13) (setting forth Canadian trademark regulations). See Natter & Sblendorio, supra note 58 (discussing the global developments for the registration of cannabis and cannabis-related trademarks in Canada and the European Union). See also Danielle Hunt & Vanessa Williams-Hall, A Tale Of Two Countries: Does Canada's Legalization Of Cannabis Give It The First Mover Advantage In Franchising?, 39 FRANCHISE L. J. 55, 56 (2019) (speculating that Canadian trademark law offers cannabis companies superior opportunity for brand growth as compared to the United States).

96 See Trademarks Act (R.S.C. (Revised Statutes of Canada), 1985, c. T-13) (regulating Canadian trademarks). See also Soto, supra note 27 (noting significant changes to how trademarks are approved in Canada and the addition of Canada to the Madrid Protocol).

97 See id. (setting forth the amendments make Canada a member of the Madrid Protocol). As a member, “a company or person can file a trademark application in a centrally administered system and then select which member States it wants the mark to apply in.” Id. “Applications are still considered on a country by country basis; for example, if a Canadian company desires protection in the UK, the UK Intellectual
application through the Madrid System applicants must use the Nice Classification for registration of international marks. Importantly, under the Madrid Protocol, trademark owners have an avenue for filing international trademark applications through a single platform which can also avail them to the benefits of the Paris Convention for Protection of Industrial Property 1883 (“Paris Convention”). This option allows a trademark owner to claim priority in countries or territories that are members of the Madrid System and the Paris Convention within six months of filing the base application in a member country. Evidently, the amendment to the Canadian Trademarks Act has enabled Canadian cannabis trademarks and, as of March 2020, approximately 2,000 trademarks were listed on the Canadian trademark register with goods or services containing the word “cannabis” or “marijuana”; many of these applications were filed within the last two years. Additionally, because there is no longer a use requirement prior to filing these applications, trademark owners can apply for protection before entering the Canadian market and may help establish priority rights for the brand owner’s marks both in Canada and internationally.
In the EU, trademark owners seeking to register their marks relating to cannabis or cannabis-related products can apply directly in countries where cannabis use is legal in some capacity, like in Spain and Belgium, where private cannabis growth and consumption is permitted. A trademark owner can also apply to the European Union Intellectual Property Office (“EUIPO”), which does not have an explicit blanket ban on trademark registration for cannabis and cannabis-related products, though an application may receive an objection on the basis that it is contrary to public policy. The EUIPO has been known to register EU trademark applications that cover cannabis products without explicit restriction to those goods with higher THC content, but applications have also been refused 103 See id. (observing the lack of uniformity regarding the legality of cannabis amongst EU Member States).

104 See id. (noting in the past two years, EUIPO has accepted applications for a wide variety of cannabis-related goods).

EUIPO has accepted applications for the marks “SPEKTRUM CANNABIS” and “SPECTRUM CANNABIS” for a wide variety of cannabis-related goods including (i) medical cannabis; (ii) skin care preparations containing cannabis plant derivatives; (iii) food and beverage products containing cannabis; (iv) hemp seeds; (v) pipes and vaporizers for administering medical cannabis; and (vi) various educational, product development, medical, consulting, and advisory services relating to cannabis . . . Based upon the refusals of particular marks discussed supra it seems that cannabis-related marks for any goods or services referring primarily to recreational use of cannabis are likely to be rejected. However, where the use of cannabis is not for recreational purposes, the EUIPO has shown that it is willing to accept arguments that such use is not contrary to “public policy” and waive its objections where it is satisfied that the goods or services relate to the legal and common use of cannabis.

Id. See also Simon Casinader & Niall J. Lavery, ‘High’ Expectations for Cannabis Trademark Hash ’ed: IS EU Trademark Ready for Cannabis (TM), 9 NAT. L. REV. 353, 353 (Dec. 19, 2019) (discussing the EU General Court’s rejection of a trademark application which featured the word “Cannabis” together with images of cannabis leaves as it was contrary to public policy). “The court believed that at present the trade mark as it will be perceived by the relevant public would encourage, implicitly, the purchase of the narcotic goods and services or at the very least trivialize their consumption.” Id. This increasing tension in the European Union as cannabis businesses look to profit from the reduced regulation concerning cannabis in some EU Member States for specific uses, while there are still strict prohibitions in other EU Member States. Id.
where marks are considered to be suggestive of illegal activity.\textsuperscript{105} For applicants from EU Member States where cannabis use is legal, these public policy considerations may not be barriers to filing an international cannabis trademark application through the Madrid System.\textsuperscript{106} Under the Madrid System, the International Bureau takes precedence, and as of January 2020 cannabis was officially added as a registered good under the Nice classification system, thereby reducing the risk that the authorities will not approve an application.\textsuperscript{107}

IV. Analysis

A. Cannabis Branding & Advertising

Brands are generally valued higher when federal trademark registration is secured, and cannabis branding is a crucial strategy to build legitimacy and interest that will drive recognition and repeat sales.\textsuperscript{108} Companies are required to create branding that is permitted

\textsuperscript{105}See Ben Scarfield, Cannabis Trademarks and commercialisation in the US, UK and EU, LEXOLOGY (Jan. 29, 2021), archived at https://perma.cc/MX8N-QKE8 (discussing the EU continental approach to cannabis trademarks). See, e.g., Santa Conte v. EUIPO, Case T-683/18, ECLI:EU:T:2019:855 (dismissing an appeal against a decision of the EUIPO Board of Appeal that an application to register as an EU trade mark a figurative sign featuring the words “CANNABIS STORE AMSTERDAM” against a background of marijuana leaf symbols should be refused on the basis that it was contrary to public policy).

\textsuperscript{106}See Haque, supra note 97 (explaining how trademark owners can approach the national IP Offices of the member states they are interested in and where they can have a lawful commercial presence).


\textsuperscript{108}See PROTECTING YOUR TRADEMARK, supra note 7, at 1 (setting forth the protection provided by federal registration). See also Rubinstein, supra note 6 (explaining how trademarks provide value beyond your core business). Trademarks can lead the way for expansion from one industry to another or to the acquisition of a business. Id. See also Collins, supra note 69 (recognizing the increasing importance of brands expressing their niche as many different entrants to the cannabis industry emerge). Branding will become even more important with edible
according to state regulations. For example, in Massachusetts, the products need to be sleek and professional to appeal to an increasingly sophisticated market and to break negative perceptions post-prohibition, but shall not incorporate “colloquial references” to cannabis and marijuana in the logos. This rule seems straightforward, until one considers how many potentially prohibited references there truly are in modern vernacular—this vast array of slang terms related to cannabis and the effects of cannabis are a direct result of its illegality and the need to discreetly refer to the products in a way less easily identifiable to authorities. For companies already limited to the trademarking protections of state law, this restriction on branding will undeniably limit the ability of existing companies to market their existing and well-known brands in Massachusetts, and constrain new cannabis businesses in the state from establishing recognizable, strong marks.

products. *Id.* See also *The Cannabis Industry and its Intellectual Property*, supra note 70 (asserting that in order to succeed in the post COVID-19 new economy, companies must be able to protect their brands and intellectual property assets). “Early protection of intellectual property is a critical component of any business seeking to secure a competitive advantage in the market.” *Id.* Despite the complications, companies must proceed forward with an active intellectual property program for protection of their cannabis products and services to avoid becoming roadkill in the competitive landscape. *Id.*

109 See *PROTECTING YOUR TRADEMARK*, supra note 7, at 11–12 (outlining registration requirements).

110 See 935 MASS. CODE REGS. 500.105(4)(a) (2022) (prohibiting enumerated advertising practices). The following advertising activities are prohibited: Advertising that utilizes statements, designs, representations, pictures or illustrations that portray anyone younger than 21 years old . . . [t]he use of vehicles equipped with radio or loudspeakers for the Advertising of Marijuana or Marijuana Products . . . [d]isplay of Marijuana or Marijuana Products so as to be clearly visible to a person from the exterior of a Marijuana Establishment . . .

*Id.* See also *Collins*, supra note 69 (noting potential marketing advantages for cannabis-related products).

111 See *Steinmetz*, supra note 74 (quoting slang scholar, Jonathon Green, stating, “[t]he terminology doesn’t really emphasize illegality: [i]t is the illegality that created the need for the terminology”).

112 See *Stewart & Thorvaldson*, supra note 86 (noting the extent to which the Massachusetts regulation prohibits the use of “images of marijuana” in company logos). This presents a significant limitation and potential hurdle for established
It is crucial to consider this limitation within the context of the purpose of trademarking; trademarks are intended to enable consumers to associate a trademark with a certain product from which they expect a certain quality, thereby creating a feedback loop where producers benefit from brand loyalty and are incentivized to produce consistent quality goods to uphold their brands. While some U.S. brands have experienced considerable financial returns within the state markets, federal illegality has placed constraints on the ability of cannabis brands to utilize tools to increase their market presence and profitability, not only federally, but also locally.

B. The “State” of Infringement

The clash between cannabis-related trademark rights being granted by states and prohibited by the federal government can put business owners in a compromised position. Cannabis brand owners can seek state-based trademark registrations in states where cannabis is legal to prevent local competitors from using confusingly similar brands; however, this approach will not provide companies with a cause of action against another company operating in another

brands entering the Massachusetts market as use of a stylized marijuana leaf is extremely common for cannabis company logos. Id.

113 See Collins, supra note 69 (hypothesizing that retailers and cannabis companies that are able to utilize effective branding with clear messaging they demonstrate through their website are more likely to retain clients, grow their customer base, and position themselves for long term success). Additionally, if manufacturers of cannabis products have access to federal trademarks, the federal infringement standards and presumptions will enable trustworthy brands to spend fewer resources on intellectual property litigation and allocate those funds to investing in their products. Id.

114 See Hunt & Williams-Hall, supra note 95, at 55 (considering whether Canada offers cannabis companies superior opportunity for brand growth prospects than the United States). In the United States, cannabis brands are restricted from effectively utilizing franchising to expand across state lines. Id. Since Canada’s legalization of recreational marijuana in 2018, the cannabis industry has witnessed a significant number of U.S. cannabis brands moving north to Canada to capitalize on the freedom and growth potential afforded in a legalized marijuana market. Id.

115 See Lanham Act, 15 U.S.C. § 1127 (1946) (requiring goods or services to have a bona fide use in commerce to gain a federal trademark). See also Mehrbani, supra note 69 (noting state-level registration provides protection and potential for state infringement claims within that state).
state. Under this current system, a California cannabis brand with California trademark protection could invest significant resources into marketing their high-quality cannabis products, while a Nevada cannabis company could adopt the same mark and sell inferior products, causing consumer confusion as to the source of the goods. Consumers purchasing their cannabis products near the border of California and Nevada, or viewing marketing materials for the goods online would, be particularly vulnerable to deception from the Nevada brand.

In this scenario, it is easy for the Nevada company to act with the intent to deceive consumers into thinking they sell the same quality cannabis goods as the reputable California company. However, because the California company is only eligible for state protection, there is no cause of action available to stop the Nevada company’s infringement; as such, access to federal trademarks for cannabis products will benefit cannabis merchants and consumers in similar situations. The advantage of federal trademarks includes lesser

---

116 See Gerben, supra note 69 (explaining how few registrants utilize state trademark databases because they rarely give any additional protection over federal trademark law as federal trademark law preempts state trademark laws). See also Sehgal, supra note 49 (discussing how trolls in the trademark industry are taking undue advantage of the trademark registration process).


Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or . . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Id. See also Mehrbani, supra note 69 (explaining state trademark registration provides protection via infringement claims only within that state).

118 See id. (demonstrating the limitations of state trademark infringement claims).

119 See id. (speaking to the restrictive nature of trademark protection on the state level).

120 See 15 U.S.C. § 1127 (requiring that goods in connection with a particular trademark must be lawfully sold in commerce). See also Stern, supra note 10, at 248
consumer confusion, better quality cannabis products, and stronger legal benefits for owners claiming infringement—making federal legality the only viable option to cease current state cannabis trademark infringements.\textsuperscript{121}

\textbf{C. Third-Party Trolls}

Brand protection in this evolving area is likely to require higher levels of investment than more traditional industries largely due to the increasing number of illicit third-party activities.\textsuperscript{122} Varied systems of trademark protection across the globe may permit third parties to obtain priority in identical or similar trademarks based upon illegitimate objectives of holding the brand hostage until an agreed payment is reached with the legitimate brand owner.\textsuperscript{123} With rising demands for cannabis and cannabis-related products and services, there may be an increased number of “trolls” that seek to register intellectual property before the rightful owner and then later attempt to (speculating that federal trademark protection of cannabis products will ultimately benefit consumers).

\textsuperscript{121} See \textit{Hemp-CBD Trademark Strategy}, supra note 81 (noting trademark protection in the cannabis industry presents challenges for business owners, but the law is in constant flux and opportunities are beginning to emerge). See also Stern, \textit{supra} note 10, at 260 (discussing how minimizing the duplication of similar brand names through federal trademark protection ensures it will be harder for lower-quality copying products to go on the market and confuse consumers).

\textsuperscript{122} See \textit{Hemp-CBD Trademark Strategy}, supra note 81 (emphasizing the importance of trademark owners in the cannabis industry being aware of the legal developments and understanding how the registration process works in North America and Europe in order to gain protection for marks for cannabis and cannabis-related goods and services).

\textsuperscript{123} See Lackert, \textit{supra} note 31 (analyzing current approaches to global trademark protection). Protections in other forms of IP such as copyright, patent, trade dress, and design may be appropriate to ensure that the brand can be enforced against third parties that attempt to infringe upon the brand. \textit{Id.} For example, copyright registration may be used to combat counterfeit websites and misleading social media content, and trade dress or design rights may be used to enforce rights against third parties that may adopt unique aspects of a product line in an effort to falsely suggest an association or sponsorship. Moreover, this particular industry has been hard hit with multi-faceted infringement and counterfeiting, and counteracting such activity requires a multi-pronged approach.

\textit{Id.}
extort payment to transfer the rights to the rightful owner. Trolls establish de minimus use of a mark using a business logo used by a well-known cannabis company that is not eligible for federal trademark protection. Without the ability to lawfully use their cannabis products in commerce, the rightful cannabis brand owner cannot take advantage of the “first-to-use” system in the United States, but rather fall victim to trolls that claim priority rights to the mark. All a troll needs to do is spot a popular cannabis brand that is deprived of federal trademark protection, establish use in commerce by affixing the logo to a legal good, such as a t-shirt, and register the mark. If the rightful cannabis brand owner wishes to reclaim its mark, it is forced to license the mark from the troll or purchase the trademark rights.

As a solution, the U.S. could consider following Canada’s lead in amending the prior-use requirement, allowing trademark owners to apply for protection before entering the U.S. market. This would

---

124 See Natter & Sbendorio, supra note 58 (highlighting the importance of being aware of the shifting legal landscape). With the growth of cannabis product markets, the risk of trademark trolls in this industry is on the rise. Id.

125 See Sehgal, supra note 49 (explaining that trolls primarily “exploit their registrations against legitimate parties with the aim of extracting profits by either filing lawsuits as a means [for settlement] or to attain licenses from trademark holders.”).

126 See 15 U.S.C. § 1051 (1946) (awarding exclusive trademark rights to the first to use it in commerce). See also Sehgal, supra note 49 (recognizing that “in the United States, use must be proved in order to claim priority and the date of first use needs to be provided along with filing documents for registration.”).

127 See 15 U.S.C. § 1051 (setting forth federal trademark registration procedures). See Sehgal, supra note 49 (explaining how procedural barriers such as non-use abandonment and cancellation of registrations can deter trolls from filing for frivolous registrations of marks, but trademark trolling is still not uncommon). For instance, in the United States, this year many applicants filed for registration of Covid-19 related marks including “COVIDFREE.” The USPTO claimed that “there has been a surge in fraudulent activity as a result of the Covid-19 outbreak and that this is an immediate and growing concern, as criminals seek to take advantage of the high demand for healthcare and other consumer products.”

Id.

128 See Sehgal, supra note 49 (explaining the issues caused by trademark trolls).

129 See Trademarks Act (R.S.C. (Revised Statutes of Canada), 1985, c. T-13) (setting forth Canadian trademark regulations); Natter & Sbendorio, supra note 58.
allow brand owners to establish priority rights without the requirement of commercial sale of their product before getting the trademark formally registered; because the use requirement would be irrelevant, the legality of the use would no longer be a barrier to protection. With the ability to gain federal trademark protections, U.S. cannabis brands would be allowed to utilize the Madrid Protocol for international protection as well. The ability to enforce brand protection would incentivize U.S. cannabis companies to invest in establishing recognizable brands with a reputation for consistent-quality products.

D. How U.S. Cannabis Companies Can Join the Global Competition

It is important to consider that the cannabis industry continues to grow globally. In the global trademark system, if an application is based on a treaty, such as the Paris Convention or the Madrid Protocol, use is not required at all before registration. Apart from registration issues, there is a question as to whether a cannabis trademark can be used and enforced despite not being able to be registered. Many countries acknowledge common law rights, and

(discussing the global developments of cannabis-related trademarks in Canada); Soto, supra note 27 (noting the addition of Canada to the Madrid Protocol).

130 See Lanham Act, 15 U.S.C. § 1127 (1946) (requiring goods to be lawfully sold in commerce). See also Soto, supra note 27 (explaining significant changes to how trademarks are approved in Canada).

131 See id. (explaining members of “the Madrid Protocol . . . can file a trademark application in a centrally administered system and then select which member States it wants the mark to apply in”).

132 See 15 U.S.C. § 1127 (defining use of a mark). “‘Use’ of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.” Id.

133 See Lackert, supra note 31 (reflecting on the international growth of the cannabis business).

134 See Paris Convention for the Protection of Industrial Property of 1883 art. 7, Nov. 6, 1925, 1925 U.S.T. 3 (providing “[t]he nature of the goods on which the trade-mark is to be used can in no case form an obstacle to the registration of the trade-mark.”); Summary of the Paris Convention for the Protection of Industrial Property (1883), supra note 99 (dictating the protocol regarding the Madrid Agreement and the international registration of marks).

135 See Lackert, supra note 31 (highlighting jurisdictional distinctions in direct registration of cannabis-related trademarks).
in these countries it may be possible to create trademark rights even though the local trademark office does not permit registration of cannabis trademarks per se.\textsuperscript{136} For most trademark owners, direct registration of trademarks for the specific goods or services of interest is the best practice because such registrations cover the core goods and services and will be supported by use of the trademark on those goods and services when the time comes to satisfy use requirements.\textsuperscript{137}

As an alternative to amending the prior use requirement, Congress could amend the Lanham Act to explicitly include language stating that goods and services are not “unlawful” for federal trademark purposes in states where the goods and services are legal.\textsuperscript{138} The proposed language could read: the term “bona fide use” includes services or products in accordance with state law and which federal authorities have explicitly deemed they will not prosecute.\textsuperscript{139} As a result of such an amendment, cannabis products that are legal under state law will more easily meet the bona fide use requirement, however this amendment would still leave food and dietary supplements with added CBD unprotected because of the ongoing FDA clinical investigations.\textsuperscript{140} Nonetheless, this amendment would clear up the meaning of “unlawful” in the Lanham Act and, as such, cannabis-product trademark applicants and the products' consumers could receive the economic, health, and legal benefits that come with a

\textsuperscript{136} See id. (explaining the difference between common law trademark use and registration).
\textsuperscript{137} See id. (emphasizing the benefits of direct registration of trademarks).
\textsuperscript{138} See Lanham Act, 15 U.S.C. § 1127 (1946) (requiring goods in connection with a particular trademark must be lawfully sold in commerce); BEEBE, supra note 4, at 227 (defining commerce in the Lanham Act as all commerce which may lawfully be regulated by Congress).
\textsuperscript{139} See Stern, supra note 10 (suggesting an amendment). As a solution to the existing legal gap for owners seeking federal trademarks for their cannabis products, “an amendment to the Lanham Act to clarify the term ‘unlawful’ in order to make federal trademarks accessible.” Id.
\textsuperscript{140} See 15 U.S.C. § 1127 (defining use of a mark); Cannabis For ... Everything? 23 Industries Seizing The $32B Market Opportunity, supra note 2 (emphasizing the broad expansion of the cannabis market); Natter & Sblendorio, supra note 58 (summarizing that on May 2, 2019, USPTO issued guidance for examiners relating to cannabis trademark applications).
federal trademark. By amending the Lanham Act, Congress would clarify that legalized state marijuana products will not be considered unlawful for federal trademark purposes, making it easier for producers of cannabis products to obtain federal trademarks. Producers would benefit economically and legally, and consumers will know which brands to trust.

E. Emphasis on Business Implications

Given the current regulations with cannabis-related trademarks, companies should ensure that the goods or services associated with that trademark are not illegal under the CSA and continue to monitor developments on a state-by-state and nation-by-nation basis; following trends, it is expected that legalization will

141 See 15 U.S.C § 1127 (defining use per the Lanham Act). See also Stern, supra note 10 (analyzing how “amending the Lanham Act will enable products like JUJU JOINTS to gain federal trademarks and allow producers of these products to reap federal trademark benefits”). See, e.g., In re JJ206 LLC, 120 U.S.P.Q.2d 1568 (T.T.A.B. 2016) (denying trademark registration for smokeless marijuana vaporizers because the identified goods are illegal under the CSA). This case likely would have resulted differently if the proposed amendment existed at the time the TTAB decided the case. Id. The devices in the case would be lawful under the new amendment because they were to be sold in states where marijuana is legal and federal authorities would not prosecute the applicant because the products did not fall under any of the categories specified in the Cole Memo. Id.

142 See Food, Drug, and Cosmetic Act (FDCA), 21 U.S.C. § 331 (1938) (prohibiting food which has an added drug or a biological product for which substantial clinical investigations have been instituted from entering commerce). A dietary supplement is deemed to be a food within the meaning of the act. Id.

143 See PROTECTING YOUR TRADEMARK, supra note 7, at 11 (setting forth the benefits of owning a federal trademark registration). The benefits include

- a legal presumption of your ownership of the mark and your exclusive right to use the mark nationwide on or in connection with the goods/services listed in the registration . . . public notice of your claim of ownership of the mark; listing in the USPTO’s online databases; the ability to record the U.S. registration with U.S. Customs and Border Protection to prevent importation of infringing foreign goods; the right to use the federal registration symbol . . . the ability to bring an action concerning the mark in federal court; the use of the U.S. registration as a basis to obtain registration in foreign countries.

Id.
continue to expand to additional jurisdictions.\footnote{See Dicke et al., supra note 3 (commenting on the drastic increase of cannabis-related patent and trademark applications and the need for companies to act quickly to protect their innovations in this rapidly growing industry). “[T]he trends and recommendations above regarding domestic protection of cannabis are, likewise, relevant on the international stage.” Id.} From the business development side of the cannabis market, it is important to consider that intellectual property alone is a business asset, and if properly protected, intellectual property assets can increase the perceived or actual value of a business.\footnote{See The Cannabis Industry and its Intellectual Property, supra note 70 (noting in a merger and acquisition deal, often the intellectual property alone can drive premiums not found for products without an extensive intellectual property portfolio); Feldmann et al., supra note 1 (speculating on how “businesses will adjust to the ever-changing landscape to generate profits and avoid regulatory pitfalls both at home and abroad”).} As the world continues to expand its recognition of the legitimacy of the cannabis industry, more countries will move to direct protection for these trademarks as the law throughout the world begins to conform to commercial reality.\footnote{See Feldmann et al., supra note 1 (commenting on the global demand for cannabis and its influence on the global economy). Cannabis is overcoming “a worldwide legal framework that has made the plant and its derivatives largely illegal for decades. Navigating domestic and international law is a new frontier for industry players . . . however, the momentum of cannabis law reform . . . has created a shift in how cannabis functions in the global economy.” Id. It seems that “businesses will adjust to the ever-changing landscape to generate profits and avoid regulatory pitfalls . . .” Id.}

Until we see federal legislative change on the cannabis trademarking front, the best course of action for cannabis companies to acquire and enforce trademark rights is to develop common law rights through sales and seek state-level registrations in those states wherein cannabis is legal.\footnote{See id. (discussing the financial significance global cannabis market); Lackert, supra note 31 (acknowledging the benefits of cannabis-related trademark protection in countries other than the United States).} Beyond this, brand protection must be approached systematically by using trademark filing treaties as appropriate to maintain global priority, and such an approach likely requires federal legalization of a wider range of cannabis products in
the U.S. Without such protections, U.S.-based cannabis brands cannot competitively join in the global cannabis market.

V. Conclusion

Within the federal framework of the U.S. there is a system of state autonomy where state governments act as laboratories where laws and policies are tested at the state level. When it comes to cannabis, the states have done the testing and the results are in: it is time for nationwide legalization. The majority of states across the country have been turning to cannabis businesses as a source of entrepreneurial growth, tax revenue, investment opportunity, and employment for their citizens. The economic benefit of legalizing cannabis is apparent on the state-level. If the U.S. wants to be successful in capitalizing on the huge cannabis market that the states have already established, legislation must enable U.S.-based cannabis companies to secure federal trademark protection and join the global green-rush. Given the rapidly growing influence of the cannabis industry on the economy, there is a significant need for national legislation that enables cannabis companies in the U.S. to secure federal trademark protection. While this can be accomplished by amending the Lanham Act’s registration requirements, practically speaking it is time for the U.S. to legalize cannabis.

148 See Lackert, supra note 31 (commenting on the benefit of crafting a global strategy in order to provide protection to cannabis-related businesses where previously intellectual property protections for their brands were near impossible). The possibility of being able to register cannabis-related marks may redefine which companies dominate the emerging industry. Id.