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Client Alert: The Complexity of Trademarks in the Marijuana Business

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With Ohio set to become the 25th state to legalize marijuana for medical use, there are inevitably many questions about how to legally operate marijuana-related businesses in those states. One of the most important aspects of any business is its brand or trademark. Trademarks are shorthand for the goodwill and marketing message of your business. They also distinguish your products or services from those of competitors. The world of trademarks as it relates to marijuana-based goods and services is complex due to the dual nature of trademark law. In any other industry a business may protect its brand through state or federal trademark law. However, because marijuana is still classified as an illegal substance under the federal Controlled Substance Act (CSA), 21 USC §§ 812, 841(a)(1), 844(a), protecting trademarks for marijuana related goods and services is complicated at best and, for some goods and services, impossible.

Common Law and State Registrations

Generally, limited “common law” trademark rights are established in the geographic area that a good or service is sold or rendered bearing the trademark. The owner of such a common law trademark right may file for a trademark registration in the state in which the goods are sold or the services are rendered. It is still unknown whether Ohio law will allow for registration of trademarks for marijuana or related distribution services and the extent of that protection. Other states such as Colorado have granted state registration for marks in connection with the sale of marijuana. Even if Ohio law will allow the issuance of state trademark registrations for marijuana or related distribution services, common law rights and state registrations are generally only enforceable against other related products and services sold or advertised in that state. Also, because of a recent opinion from the Supreme Court of Ohio concerning the ethical bounds with regard to legally advising owners of marijuana-based businesses, Ohio attorneys are currently unable to assist new Ohio marijuana businesses in establishing their operations or representing them in disputes because the representation would be “assisting a client in engaging in conduct

that the lawyer knows to be illegal under federal law.” Opinion 2016-6 issued August 5, 2016. Accordingly, filing an Ohio state trademark application for marijuana related goods or services or representing a new Ohio marijuana business in a trademark dispute is likely beyond the bounds of current attorney ethical parameters.

Federal Trademark Registrations

When a good or services is sold or rendered over state lines, the owner may apply for a federal trademark registration. Federal trademark registrations provide more benefits than common law or state trademark registrations, such as evidence of ownership, access to federal court, statutory damages and other benefits. Since marijuana cannot be legally sold over state lines due to the CSA, trademarks associated with different strains of marijuana or the distribution services cannot obtain federal trademark protection. Businesses in other states where the sale of marijuana is legal have attempted to circumvent this by filing federal trademark applications for general goods or services such as “candies,” “tea-based beverages” or “retail services.” For example, a business in Washington state filed a federal trademark application for the mark HERBAL ACCESS for use with “retail store services featuring herbs.” Though the application did not expressly mention marijuana, and the retail sale of other goods that are considered “herbal remedies” is legal under federal law, the Trademark Office refused the application because the evidence demonstrated that marijuana is an herb and was sold at the location. On July 14, 2016, the Trademark Trial and Appeal Board agreed with Trademark Office that the services were “unlawful” and refused the application. *In re Morgan Brown*, Serial Number 86/362,968 (2016).

In addition to refusal of trademarks relating to the actual sale or distribution of marijuana, the Trademark Office has also refused trademark applications if a reasonable consumer would be likely to believe that the goods contain marijuana, even when they do not. For example, an applicant applied to register the mark THCTEA for use in connection with “tea-based beverages.” *In re Christopher C. Hinton*, Serial Number 85/713,080 (2015). The initials THC are an abbreviation for the active chemical in marijuana, tetrahydrocannabinol. Even though the applicant argued that THC was an abbreviation for “Tea Honey Care” and the that product did not contain marijuana, the Trademark Office refused to register the mark on the ground that the mark was deceptively misdescriptive under Section 2(e)(1) of the Lanham Act. The Trademark Trial and Appeal Board affirmed and refused to register the mark.

Even if a registration were granted in these cases, enforcement would be highly problematic due to the federal illegality of activities conducted under the mark. Also, the registration would be vulnerable to cancellation if the association with marijuana was discovered.

Federal trademark applications for marks used in connection with goods or services that advocate marijuana legalization, organize trade shows or provide marijuana based news, commentary, or general information however, have been accepted for registration, provided that the goods or services are lawful under the CSA. The following are examples of federally-registered trademarks for such marijuana related goods and services:

- POT STOCK RADIO, for use in connection with *providing online business information and news via audio files in the field of public advocacy for marijuana legalization*, Registration No. 4,890,669

- MARIJUANA STRAIGHT TALK, for use in connection with *education services, namely, providing education via a variety of media forms, namely, an ongoing television program, non-downloadable webinars, and the distribution of printed educational materials in connection therewith in the field of marijuana*, Registration No. 4,876,789
- CANNABIS WORLD CONGRESS & BUSINESS EXPOSITION, for use in connection with *arranging and conducting trade shows for the marijuana industry*, Registration No. 4,974,176
- JUST SAY YES (& marijuana leaf design), for use in connection with *business consultation services in the field of bringing together consumers and providers of medical marijuana and health related industrial hemp products*, Registration No. 4,897,789
- CANNATRAC, for use in connection with *business consultation in the medical and recreational marijuana industry*, Registration No. 4912460
- G (Design), for use in connection with *downloadable mobile phone software application whereby medical marijuana patients can locate and receive information from multiple competitive sources*, Registration No. 4,889,946
- HIGH CBD VEDA CHEWS, for use in connection with *printed publications, namely, brochures, informational sheets and teaching materials in the field of medical marijuana and high CBD products*, Registration No. 5,011,525

The state and federal duality of trademark law and the federal illegality of marijuana creates a complex maze for legal businesses in the marijuana industry. Such businesses must keep in mind that even though the cultivation and sale of marijuana may be legal to some extent in some states, marijuana is still classified as an illegal substance under the federal law. As long as that is the case, trademark registration and protection for marijuana-related goods and services will be fraught with uncertainty.