

## Insights

# Cannabis Conundrum: No Federal Trademark Protections Without Federal Legalization

Article

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Despite the trend of state legalization of cannabis and overwhelming market attention paid to cannabis companies, owners of cannabis businesses still cannot obtain federal trademark protection for their cannabis related brands.

There has been a recent wave of decisions from the Trademark Trial and Appeal Board (TTAB) making it clear that a federal yellow light on cannabis crack downs is not a green light for establishing federal trademark rights. The following cases are illustrative of this position:

- In re: Morgan Brown – The TTAB denied a Washington state dispensary's attempt to trademark "Herbal Access" in connection with "retail store services featuring herbs" because there was evidence the mark was used in connection with marijuana sales, even though such evidence was not found in the actual application.
- In re: JuJu Joints – The TTAB rejected JuJu Joint's attempt to register its name for cannabis vaporizers and JuJu's claim that marijuana sales in Washington were legal for federal trademark registration purposes because of the Cole Memo, a 2013 Department of Justice brief providing discretionary guidelines for federal enforcement of marijuana laws (which memo has since been rescinded and replaced by the 2018 Sessions Memo). The TTAB ruled that use in connection with cannabis is not lawful under federal law and therefore cannot form the basis for "use in commerce." Because lawful use is necessary for the extension of federal trademark protection, no protection was allowed.
- Kiva Health Brands Inc. v. Kiva Brands Inc. – Kiva Brands Inc., a cannabis edibles company, asserted a defense of prior use against a trademark infringement suit by Kiva Health, a natural food company. However, Kiva Brands' argument was rejected by a federal judge in California because Kiva Brands' cannabis related use was (and is) illegal under federal law. As such, cannabis-related use cannot be used to establish senior-use trademark rights.

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Other opinions include *In re: PharmaCann LLC*, where the TTAB rejected an argument that a recurring rider on budget legislation softening DOJ enforcement on implementation of medical marijuana laws was sufficient to create federal trademark rights absent actual legislation. And, last but not least, in *Woodstock Ventures LC et al. v. Woodstock Roots, LLC*, a federal judge ruled that Woodstock Roots could not enforce trademark rights against Woodstock Ventures LC for its sale of marijuana products even though Woodstock Roots had a registration for “smoker’s articles” because, in the process of obtaining its registration, Woodstock Roots affirmatively represented that the articles would not be used to smoke marijuana.

The clash between cannabis-related rights being increasingly granted by states and the continued federal prohibition of such rights, including trademark rights, can put business owners in a bind. Do you continue pouring money into a brand that you cannot protect on a federal level? The best answer for now may be to continue developing common law rights through sales, seek state-level registrations in those states wherein cannabis is legal, and federally registering a brand for non-cannabis, but related goods, but avoiding any affirmative representation that such goods will not be used for any particular purpose. Although it may not be good enough to assert a case of federal trademark infringement today, the combination of the earliest common law rights for cannabis products, state registrations, and federal registrations of marks in connection with products whose zone of natural expansion would encompass cannabis goods may just be the best foundation for the acquisition and enforcement of future trademark rights.