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Weed the People: Trademarking Rights in the Marijuana Industry

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WEED THE PEOPLE:
TRADEMARKING RIGHTS IN THE MARIJUANA INDUSTRY

BY RYAN CHRISTEN

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I. INTRODUCTION

A Trademark is:

“any word, name, symbol, or device, or any combination thereof – (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”

The Lanham Act is the federal statute that governs trademarks, service marks, and unfair competition. Trademark protection allows society to have accurate information as to the source or origin of a good or service. Without these protections, society could easily be deceived into purchasing the wrong good. On the other side of trademark protection, businesses can be more efficient when they have one consistent trademark. This concept is called “the wall.” The problem with trademark laws in the marijuana industry is that potential mark owners are not playing by the trademark rules, and ultimately, not on the wall.

There is a disconnect between state and federal laws when it comes to marijuana. Under federal regulation, through the Controlled Substance Act (CSA), marijuana is a Schedule 1 narcotic. Any person who possesses, cultivates, or distributes marijuana is found to be in violation of the CSA. Even with the existence of the CSA, there are 34 states with medical marijuana

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5 E.g., PORT, supra note 3.
7 Id.
programs and there are 11 states that have legalized marijuana for recreational use. This provokes an interesting concept where one can be acting lawful within the border of their state, but yet be in violation of federal law with respect to their marijuana rights. This concept is important to think about in trademarks because the consumer plays a huge role in whether a mark owner has common law rights in their mark, or whether a mark has been infringed.

Additionally, trademark rights are created by using the mark in commerce and those rights are protected to the extent of its use. This is a problem because one is limited to protections under their respective state trademark laws. One method of circumvent these federal trademark law issues, is to attempt “trademark laundering.” This is the practice of registering a lawful mark and then commingling goods in connection with the sale of marijuana. The hope of the mark owner is to ultimately establish rights in the mark by its lawful use and expand those rights into federal protection. This goes against protecting consumers from confusion, because in one state a mark may belong to a registrant of State A, but belong to a different registrant in State B. Because no federal trademark law protection exists in marijuana, there is nothing stopping two competing states in having the same mark.

This Article will address the issues trademark registrants face in their ability to protect their state marijuana mark, the effect it has on consumers, and suggest a proposed legislation that would

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10 See Port, supra note 3, at 6.

solve the problem of would-be mark owners not receiving a federal trademark on marijuana products.

The introduction serves as Part I of this Article. Part II will address the history of trademark law in marijuana and provide analysis on where the law rests today. Part III will analyze relevant case law and policy questions that trademarks and marijuana have. Part IV will discuss the future of trademarking marijuana goods. Part V will include the conclusion.

II. THE HISTORY OF MARIJUANA & TRADEMARKS

To obtain a trademark, one must establish one of two things. First, one can register through the federal system or through the state system. The federal registration is overseen by the United States Patent and Trademark Office (USPTO). Again, the federal system is governed by the Lanham Act. The review process is done by trademark examiners. After a registrant registers their mark with the USPTO, the trademark examiner will determine whether the mark issues. However, a registrant cannot obtain a registration through the federal system for marijuana because of the unlawful use from the illegality that surrounds marijuana. A trademark must have lawful use in commerce. Therefore, a registrant must seek their respective state trademark protection.

The state registration process is not the same as the federal system. Simply put, the only thing states will do for the registration, is check whether there is any identical trademark registered through their state system. If not, then the mark will issue.

Another system that is in place, for potential mark owners, is the Intent to Use (ITU) system. This system allows one to register their mark before actual use in commerce but is still granted federal protection through its registration. A person who has a bona fide intention, under

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circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby stabled by paying the prescribed fee and filing in the Patent and Trademark Office an application and verified statement, in such form as may be prescribed by the Director. The advantage in being granted an ITU is that the applicant receives a first use date on the day of the application. Thus, the time for protection over the mark has started, and the mark owner now has federally protected rights. An important concept to think about is that businesses who have put effort, time, and money into their business’s trademark will not have to fear that, once fully launched, competitors cannot steal their mark, nor trade off the original owner’s good will in preparing for business. The USPTO will give the applicant six months from the time of filing to put the mark in use of commerce and file the statement of actual use. An extension may be granted upon request.

There are numerous advantages that a federal trademark provides over a state trademark. One important advantage is that notice will be given to all potential infringers nationwide. It can also deter would be infringers from trading off the good will of a mark. These advantages alone would save mark owners time and money because it avoids potential litigation. An advantage for mark owners in establishing a lawful bona fide intent to commercial use, would be in registering their mark for online domain name purposes. A mark owner could show a potential infringer acted in bad faith through the infringer’s act of cybersquatting. As there are more advantages to a federally protected trademark, these are not available to those in the marijuana industry.

14 See PORT at 265 (describing the list of advantages having federal registration provides).
15 id.
16 id.
In October of 2009 and June 2009, the Obama administration sent a memo to all United States attorneys with guidance to federal prosecutors regarding marijuana enforcement under the CSA. On August 29, 2013, another memo, the Cole Memo, issued that updated those guidelines for federal law enforcement against people who distribute medical marijuana in accordance within their state laws. While reading between the lines of this memo, it would appear that the intent of Deputy Attorney General James M. Cole was to back off from prosecuting against those who follow states that have marijuana laws in place. The memo went so far as to list what the priority of enforcement should be placed, such as:

“Preventing the distribution of marijuana to minors; Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; Preventing the diversion of marijuana from states where it is legal under state law in some form to other states; Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; Preventing violence and the use of firearms in the cultivation and distribution of marijuana; Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; Preventing the growing of marijuana on public lands and the attendant public safety environmental dangers posed by marijuana production on public lands; and Preventing marijuana possession or use on federal property.”

The expectation alongside this memo was that states who have enacted laws authorizing marijuana would create a “strong and effective regulatory and enforcement systems that will address the threat those state laws could pose to public safety, public health, and other law enforcement interest.” But even with what seems like the federal government backing off the
states interest in marijuana, the DOJ reserved the right to challenge those states at any time they felt necessary.20

This memo would eventually be rescinded on January 2018, when former Attorney General, Jeff Sessions, issued a Marijuana Enforcement Memorandum.21 In the memo, Sessions makes it clear that his stance is, and Congress’s position, that marijuana is a dangerous drug and that marijuana activity is a serious crime.22 Furthermore, Sessions wrote that prosecutors should follow the already enacted federal laws and prosecute solely based on what is already in the federal laws.23 This direction given by Sessions was clear that his anti-marijuana agenda was to be followed by all state attorneys. Lastly, Sessions then rescinded any previous memorandums or enforcement specific to marijuana. 24 This likely caused an uproar for the many states that have relied on the states’ discretion in handling marijuana related issues. There were approximately five years between the Cole Memo and the Sessions Memo. Many medicinal marijuana businesses have grown and expanded a lot of time, money, and effort in establishing their business. If a business has established their trademark at the state level, then the unlawful use in commerce would certainly usurp their mark’s protection in their respective state. This would of course require the state to declare marijuana unlawful pursuant to any federal regulation, which does not seem to be the case for those states with lawful marijuana regulation. Nonetheless, the continued struggle of marijuana protection at the state and federal level continue to be at wits end.

20 id. at 4.


22 id.

23 id.

24 id.
It is important to note the difference of what “use in commerce” actually means with respect to marijuana. In the case of *Gonzalez v. Raich*, 125 S.Ct. 2195 (2005), the Supreme Court held that having a personal marijuana farm constituted as interstate commerce, and therefore was permissibly regulated by Congress under the Commerce Clause. However, the use in commerce seemingly means something different under the Lanham Act. Here, there may be conduct that constitutes use of commerce under the CSA purposes, but would be insufficient to qualify as commerce under the Lanham Act. A potential mark owner would not be able to justify a federal trademark even if they established a use in commerce because, as Section 3 will address, it is not a lawful use in commerce.

The Trademark Trial and Appeals Board (TTAB) is responsible for hearing cases on trademark issues within the USPTO. The TTAB also reviews appeals from trademark examining attorneys who have denied marks based upon prior holdings within the USPTO. The TTAB has consistently denied marks involving marijuana because marijuana is not lawful use in commerce. The next section will break down three different cases that the TTAB has reviewed and denied marks because marijuana cannot be lawful use in commerce.

### III. Law & Policy Issues

This section will address the struggles the marijuana industry faces while trying to gain protection at the federal level. Through the attempts of applying for and appealing to the TTAB, it is evident that anyone in the marijuana industry seeking federal protection through their mark


26 Kamin, Moffat, *supra*.

27 *id.*
will fail. Would-be mark owners have to rely solely on their state trademark and battle others for protection nationally. This section will also address certain state rights that have been adopted throughout the United States.

A. REGISTRATION & MARIJUANA

Any potential mark owner in the marijuana industry constantly faces rejection at the federal level for trademark protection. In the TTAB’s decision regarding In re PharmaCann LLC, the case analyzed lawful use in commerce.\(^28\) Here, the applicant sought to register two marks (PHARAMCANN and PHARMACANNIS) as “retail store services featuring medical marijuana” and “dispensing of pharmaceuticals featuring medical marijuana.”\(^29\) The trademark examining attorney refused registration of both marks under sections 1 and 45 of the Trademark Act.\(^30\) The reason for denying the registration of the mark was because the applicant cannot allege a bona fide intention to make lawful use of the marks in commerce where the services identified in the applicant’s applications involve the distribution and dispensing of marijuana, a controlled substance whose distribution and dispensing are illegal under the federal Controlled Substances Act.\(^31\)

Today, PHARMACANN has its own website, 4 locations in different states across the United States, and an international market.\(^32\) According to its own website, PHARMACANN is growing their trademark by going to each state where marijuana is lawful and obtaining state

\(^{28}\) In re PharmaCann LLC, 123 USPQ2d 1122 (TTAB 2017).

\(^{29}\) Id.

\(^{30}\) Id. at 16.

\(^{31}\) Id. at 15.

licenses. The process PHARMACANN and other similar situated companies go through to license in each state goes against the foundation of “the wall.” PHARMACANN must go to each state to establish their mark and enforce it against any would be infringers. This is likely to cause an increase of legal and business costs, whereas one solid federal trademark would be able to achieve a nationally, or globally recognized mark. Thus, PHARMACANN will have to expend more in business costs, and thus, increase costs of their products to consumers.

One conflict could arise when another state already has a marijuana company with the same name and/or mark, and poses a serious problem to consumers. If there are multiple PHARMACANN companies, but the source or origin as to the mark is different, then consumers will likely be confused as to where they are getting what they bargained for. This problem expands even more because states are continually passing laws to legalize marijuana. It causes problems from the business aspect and to the consumers who use.

Another examination of the TTAB’s analysis on lawful use in commerce can be found in the case of In re Morgan Brown, 119 USPQ2d 1350 (TTAB 2016). In this case, the applicant registered for the mark HERBAL ACCESS for “retail store services featuring herbs.” The trademark examining attorney refused registration of Applicant’s mark under Sections 1 and 45 of the Trademark Act on the grounds that the herbs offered for sale the applicant’s retail store

33 id.
34 PORT, supra note 3.
36 15 U.S.C. §§ 1051 and 1127
include marijuana, a substance which cannot be lawfully distributed or dispensed under federal law.\textsuperscript{37}

The examining trademark attorney’s analysis was simple. The trademark examining attorney wrote that the TTAB has consistently held the same way for goods used in commerce that are not conforming to the lawful requirements.\textsuperscript{38} The TTAB often cites to \textit{In re Midwest Tennis & Track Co.}, 29 USPQ2d at 1386 n.2 (1993), where the panel held that, “[i]t is settled that the Trademark Act’s requirement of ‘use in commerce,’ means a ‘lawful use in commerce,’ and [that the sale or] the shipment of goods in violation of [a] federal statute . . . may not be recognized as the basis for establishing trademark rights.”\textsuperscript{39} This is significant because the TTAB is stating that all marijuana businesses right now have not established use as the basis for their trademark rights. Again, even though some states have passed state trademark rights, this does not rise to the level of lawful use for federal protection. In \textit{Brown}, the trademark examining attorney wrote, “regardless of individual state laws that may provide for legal activities involving marijuana, marijuana and its psychoactive component, THC, remain Schedule I controlled substances under federal law and are subject to the CSA’s prohibitions. 21 C.F.R. § 1308.11.”\textsuperscript{40} This further emphasizes the disconnect in state and federal trademark rights at this time. Thus, a company is truly vulnerable at the federal level when seeking protection for its lawful state trademark.

As noted above, the ITU is a great system for potential mark owners seeking federal protection without having everything ready for actual use in commerce. However, this great

\textsuperscript{37} \textit{In re Morgan Brown,} at 2.

\textsuperscript{38} \textit{Id.}

\textsuperscript{39} \textit{In re Midwest Tennis & Track Co.,} 29 USPQ2d at 1386 n.2 (TTAB 1993).

\textsuperscript{40} \textit{In re Morgan Brown,} at 6.
system is not available for those in the marijuana industry. Because the ITU system follows the Lanham Act, the requirement for lawful use in commerce denies marijuana protection from an ITU registration. The TTAB’s review of In re JJ206, 120 USPQ2d 1568 (TTAB 2016), held that there cannot be an ITU issues to marijuana because of its unlawful use in commerce.\textsuperscript{41}

In this case, the applicant sought to file an ITU for its marijuana vaporizing devices.\textsuperscript{42} The trademark examining attorney cited to sections 1 and 45 of the Trademark Act to deny a bona fide intent to use the mark lawfully in commerce.\textsuperscript{43} Here, the trademark examining attorney wrote that the mark could not possibly have a bona fide intent to use because the mark was to be used in connection for the means of burning marijuana.\textsuperscript{44} Under the CSA, the trademark examining attorney concluded that any paraphernalia devices seeking an ITU must be used in commerce lawfully in connection with goods.\textsuperscript{45}

The applicant also made the argument that since the devices are lawful in states where they sell its devices, that the mark ought to receive protection.\textsuperscript{46} The holding in this case was the same as In Re Morgan Brown, where state laws are irrelevant in determining lawful use in commerce.\textsuperscript{47} The applicant made an argument for lawful use based upon the, now rescinded, Cole Memo.\textsuperscript{48}

\begin{footnotesize}
\textsuperscript{41} In re JJ206, 120 USPQ2d 1568 (TTAB 2016).

\textsuperscript{42} Id.

\textsuperscript{43} Id.

\textsuperscript{44} Id.

\textsuperscript{45} Id. at 10.

\textsuperscript{46} Id. at 4.

\textsuperscript{47} In re Morgan Brown, at 2.

\end{footnotesize}
However, the trademark examining attorney decided that the memo does not, and cannot, overrule the CSA.49 It seemed that the Cole Memo was a great position to take because many of the registrants interpreted the memo to allow marijuana businesses to have some afforded protection based upon a policy question. However, this protection was only afforded at the state level and not the federal level. Which ultimately is the same conclusion that the trademark examining attorney found here. The examiner went so far as to mention that the memo also underscores “marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime.”50 Thus, even when the policy questions that surround trademarks and marijuana, the law as it is written seemingly will prevail, always.

With all the options for federal protection of marijuana trademarks being weighed against the potential applicant, it certainly places anyone in the marijuana industry on alert. The TTAB is not the only place potential mark owners are fighting to gain federal protection. In the case of United States v. McIntosh, 833 F.3d 1163 (9th Cir. 2016), the question presented was whether defendants may avoid prosecution for federal marijuana offenses on the basis of a congressional appropriations rider which prohibits the United States Department of Justice from spending money to prevent states’ implementation of their own medical marijuana laws.51

The court draws its analysis by interpreting the language of the Appropriations Act52 and then weighing it against the CSA.53 The language clearly states that “none of the funds made

49 In re JJ206, at 9.

50 Id.

51 United States v. McIntosh, 833 F.3d 1163 (9th Cir. 2016).


53 McIntosh, at 1176.
available in this Act to the Department of Justice may be used, with respect to States. . . to prevent such States from implementing their own States laws that authorize the use, distribution, possession, or cultivation of medical marijuana.”\textsuperscript{54} Here, the Act’s intended purpose was to permit certain state conduct, and prevent the states from being prosecuted for following the Act’s guidelines.\textsuperscript{55} The court rationalized that if they ruled in favor of the Department of Justice, then it would not give the state laws effect.\textsuperscript{56} It seems here that there would be no purpose in having the Appropriations Act if the federal government would prosecute medical marijuana states for following their own laws. Thus, the court concluded that so long as the medical marijuana business complies with state law, then the federal government cannot prosecute at this time, but could prosecute tomorrow with proper legislation.\textsuperscript{57} It is important to note that this case is narrowly applied to medical marijuana and not for recreational use. The court also made it clear that the defendants must adhere to the strict following of the state laws and not fall outside the scope of said state laws.\textsuperscript{58} However, this was still a big victory for those in the marijuana industry because it shows that at some federal level, those on the side of marijuana can hold their own through applicable state laws.

\textbf{B. Ownership of Marks}

After exploring the overwhelming failure of gaining federal trademark protection for marijuana, we next look at what rights are given to those at the state level. This section will seek

\textsuperscript{54} Id. at 1169.
\textsuperscript{55} Id.
\textsuperscript{56} Id.
\textsuperscript{57} Id. at 1179.
\textsuperscript{58} Id.
to show what owners would have to go through with only a state level trademark protection. Then, compare the theory of state versus state protections, or “battle of the borders” with respect to their state trademark rights.

An interesting concept arises to what owning a trademark means. It may mean actual ownership, and/or just the right to exclude others. If the mark owner has established rights in their mark, then the owner must have priority in the mark to exclude others. The general rule is that first use in the United States would establish priority in the mark. However, this general rule poses a problem when each state trademark law is preempted by federal trademark laws. Thus, if the federal government were to issue marijuana as lawful use in commerce, an issue arises over a competing trademark in different states. Any local competitor within the mark owner’s state borders are prevented from infringing on the mark, but nothing stops another in a different state from registering a similar mark.

There are strategies, although limited in scope, to protecting a marijuana related mark at the federal level. Some have looked to making informational websites or branding the mark on lawful goods. This poses its own set of problems within the trademark realm for protection, as it may amount to “trademark laundering.” Whatever a mark owner at the state level seeks to protect its mark, there is no clear answer for the best practice in the ever-changing laws that surround marijuana. However, there are some advantageous tips that circulate for mark owners that would be wise to follow.

59 PORT, supra note 3, at 220.

60 Id. at 221

61 Kamin, Moffat, supra.
As many states have their own policies and laws that govern the scope of marijuana, it would be best to look into the individual state one is seeking guidance on for applicable legal standards. With respect to the four corners of this Article, the analysis will begin at theory for competing state trademarks rights.

C. STATE TRADEMARK RIGHTS FOR MARIJUANA

Not all hope is lost for the marijuana industry when it comes to rights in protecting their mark. Trademark owners can still police their marks by suing infringers in state court where marijuana is lawful. Registration of marijuana related goods is considered lawful use in states where marijuana is legal to use both medically and recreationally. Some states offer state-wide protection, while other states follow common law trademark protections that are limited to their scope geographically. A benefit of having state trademark protections is that they operate in a limited scope, but similarly to the federal protections within the borders of that state. It is a chance for marijuana mark owners to get their name on “the wall” at the state level.

It is also advantageous to the mark owner because having a state marijuana trademark also provides protection against potential infringers on both marijuana related goods, and non-marijuana related goods. Currently, registered state trademarks are not allowed to use the “®” symbol seen on many products throughout the country. State marijuana marks do not qualify for


63 *id.*

64 *id.*

65 PORT, *supra* note 3.

66 Monagale, *supra* note 60.

67 *id.*
incontestability after five years of consecutive use, a basis for foreign registrations, nor have the ability to block imported goods that infringe upon their state trademark.68

**D. CONCURRENT USE**

When two marks are being used at the same time, it is called concurrent use.69 In *Burger King of Florida, Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968), the question presented was whether plaintiff, registrant through the Federal Trade Mark Act, had priority over the competing registrant of the same trademark, “Burger King,” through the Illinois Trade Mark Act.70 The defendant in this case registered their mark in 1959, and plaintiff registered its mark in 1961.

Here, defendants used the mark within the area of Mattoon, Illinois and plaintiffs have been using the mark all over the United States. The court agreed that defendants were first users of the mark, and have priority to the extent in which the mark was being used. The extent the defendants use the mark was only in their remote geographic area, Mattoon. Thus, the plaintiffs here had more rights in their federal mark in the rest of Illinois and the United States over defendant’s state law trademark rights. The court concluded that if they were to accept the defendant’s argument of establishing rights throughout the state, that it would oppose the express terms of the Lanham Act.71 More specifically, it would hinder the right in interstate commerce for plaintiffs use of its federal mark. Therefore, defendants had rights in their mark within a 20-mile radius of Mattoon, Illinois and plaintiffs have the remainder of the United States.

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68 *id.*
69 *Burger King of Florida, Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968).
70 *Id.* at 906.
71 *Id.* at 908.
The decision in *Hoots* can be a leading case for where trademarking marijuana marks is headed. As of now, the extent to which a mark owner for marijuana is limited to the border of their respective state. If another registrant wanted to use a similar mark in a state that already has it registered, then it would be denied state law trademark protection. However, an interesting concept arises when or if the federal law declares marijuana as lawful use in commerce. Then, it will be a race to the USPTO, and bring with it a constant fight over who has priority in similar marks. But it likely wouldn’t matter for those who have established first use at the state level in comparison to the one who gets the first federal protection on its mark. According to *Hoots*, the federal law will preempt state law to the extent the mark is used. If a mark owner with a state level trademark protection used the mark to the extent of reaching the entire border of the state, then that is great for that sole state territory. However, it would prevent that mark owner from expanding to other states as the one with federal trademark protection now has a national presence. The court in *Hoots* was specific in allowing a mark owner their right in interstate commerce for federal trademark owners. It seems that this level of analysis for marijuana mark owners is contradictory to the policy of pursuing a natural expansion to interstate commerce.

One may be able to combat this by registering their mark in every individual lawful marijuana state, and thus, the federal mark would be almost meaningless because the first registrant of the mark has established extent of use in every state. Here, the federal mark owner would only have the mark by name, and not the ability to enforce their mark against the one who is actually using the mark in commerce. This method is likely to be expensive for both parties and open multiple fights through litigation, but nonetheless stresses the extent to what a mark owner may have to go through to protect its mark nationally by playing the game of trademarks only at the
state level. The purpose of trademarks is to get registrants on “the wall.” This begs the question of whether the status quo is just a band-aid on a much more severe wound, or maybe we are opening the trademark world for a massive reform. This issue of uncertainty and a new realm of trademark rights is surely to require a new court decision on who has rights in a competing mark, and to what extent are those rights protected.

The *Hoots* court denied the argument by defendants that unless given the right to exclude others from the use of its mark, consumers in Illinois will be confused by whether they are getting their products or plaintiff’s products. The court rationalized that restricting the defendant’s mark to a 20-mile radius is sufficient to avoid confusion between the two marks, or at least, be minimum. This cannot be said about marijuana marks today. This court’s decision was in 1968, whereas today, there is much more exposure with technology for a mark owner to argue an analysis of likelihood of confusion within the state border, or even at a national level. The court did conclude that simply because one may travel from state to state, it does not by itself establish that a likelihood of confusion will occur. This court deduces its analysis that there are only two marks in question; but, it would likely be a different rationale being applied to potentially 50 different marks that had a different source or origin in each state. It may also be that one mark has its source or origin in ten different spreads of states, but multiple in-between states have the same mark belonging to a different source or origin.

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73 *Hoots*, at 909.

74 *Id.*

75 *Id.*
Imagine buying a good from a Wal-Mart in Minnesota, only to be told that the Wal-Mart in Wisconsin is a different company and could not exchange the good you bought. Even more complex, according to *Hoots*, the Wal-Mart in one city of Minnesota may have a different source or origin than a city 20-miles out from the original Wal-Mart. If we expand this analysis to every state in the United States, we can surely agree that a likelihood of confusion as to the source or origin of a good exists for consumers with respect to marijuana marks. This side of “the wall” pertains to protection of consumers ensuring that there will not be a confusion as to the source or origin. If we expect businesses to expend funds to ensure consumers will not be confused, then the cost of their products will skyrocket, causing harm to the consumers the marks sought to protect in the first place. The *Hoots* court did explain that there was no evidence presented by the defendants for intention of expansion, and thus, a 20-mile radius was appropriate for restricting their mark.76 Again, it would be necessary for another court to hear a case on this issue with respect to marijuana marks because of the longevity of time that has passed in each state for state level marks. A 20-mile radius, or any state territory restriction, would be nearly impossible to enforce especially after *Hoots* because of the advances of technology and advertisement or business done via the internet.

E. HOW TO PROTECT A MARIJUANA MARK

There are many guides published on the topic of how to register and protect a trademark owner’s rights. However, when it comes to potential marijuana marks, there is little guarantee that the best methods would perfectly establish the same rights in a lawful good used in commerce. This section of the Article will seek to bring forth those methods and analyze their strength in protecting a potential marijuana mark.

76 Id.
Section 1 of this Article provided what a trademark is, but there is a continuum to determine whether a trademark is protectable on the goods or services which the mark is being used. This continuum describes whether a mark is inherently distinctive. If the mark is not inherently distinctive, then it is an invalid trademark. The continuum includes marks that are: Generic, Descriptive, Descriptive with Secondary Meaning, Suggestive, and Arbitrary/Fanciful. Marks that are generic or descriptive would be an invalid trademark. Marks that are on the other side of the continuum would be a valid trademark. This continuum is found within the decision of *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).77

When registering a mark, an applicant will want to choose the most inherently distinctive mark on the continuum because it will have a better chance of registering, and it will be a stronger mark to enforce against others in the event of infringement. It is important that one not use a mark that is confusingly similar to another trademark. This means that where one may have a mark that is being used to marijuana, another may already have that mark in commerce. It would be wise not to trade off another’s mark, unless prepared to fight in litigation, and likely lose.

There is a test for likelihood of confusion set forth in *Polaroid Corp. v. Polarad Elects. Corp.*, 287 F.2d 492 (2d Cir. 1961). These non-exclusive *Polaroid* factors include:

1. The strength of the plaintiff’s mark;
2. The degree of similarity between the plaintiff’s and defendant’s marks;
3. The proximity of the products or services;
4. The likelihood that the plaintiff will bridge the gap;
5. Evidence of actual confusion;
6. Defendant’s good faith in adopting the mark;
7. The quality of defendant’s goods or services;
8. The sophistication of the buyers.

This test is used in the Second Circuit. However, all other circuits use a similar test for likelihood of confusion with some alteration to the wordings of their tests. Therefore, it would be wise to search for any similar marks before using a potential marijuana mark in commerce and run a test with the above Polaroid factors. This would apply to the state level and the federal level of trademarks because if in the future the marijuana marks become lawful use in commerce, then there will not be a confusion issue with another mark. At this point, it may not be a bad idea to search all marijuana states and search whether a mark is already registered in a state one would like to expand to. This would avoid any litigation issues like concurrent use found in Hoots.

One case that has gotten notoriety is Gorilla Glue Co. v. GG Strains LLC, Case No. 1:17-cv-193 (S.D. Ohio 2017). In this case, a marijuana business named their strain of weed “Gorilla Glue,” and the plaintiffs sued for trademark infringement, dilution, unfair competition, and cybersquatting under federal, state, and common law based on its federal trademark in their “Gorilla Glue” mark for its adhesive products.78 Plaintiffs alleged that the defendants traded off their goodwill and reputation with its mark.

After the registrant chooses a mark, and registers, then that use must have a bona fide “use in commerce.”79 Priority of rights is determined by first use, and not by who has registered the trademark first.80 The first use in commerce can be a sale or commercial transaction. However, it must be a legitimate sale and not to simply put the mark before the public.81 As the analysis above went into great detail on how marijuana and marijuana related goods cannot receive federal

80 PORT, supra at 195.
81 id.
protection, it has not stopped individuals from trying a different method. The idea is to connect the marijuana mark with similar goods that are not illicit marijuana byproducts. If a marijuana company sells a brownie with marijuana in it and calls that product X, then it will not receive federal trademark protection. However, if the same company sells a t-shirt with a brownie and a marijuana pot leaf on it, assuming the mark on the shirt meets the trademark requirements, then the mark itself is protected. Essentially, marijuana brands can trademark almost anything that is not marijuana itself.82

The hope here is that by establishing a mark on a good with lawful use in commerce, there will be priority in the mark on marijuana-based goods. While the marijuana-based good at this time will not have any federal protection, it may be an argument if the federal government lifts the unlawful use in commerce ban on marijuana. As for now, the mark is only protectable to the extent that it is being used on the lawful product like the t-shirt in the above example. It does not extend to the marijuana-based product in any manner.

IV. THE FUTURE OF MARIJUANA MARKS

The issues surrounding federal trademark protections, or lack thereof, in the marijuana industry is unique. As marijuana companies begin to move state-by-state to obtain their state trademarks, they are bound to be fighting other registrants with similar marks. Therefore, the logical answer is to have a system that gives notice to all other companies with the same intent on opening a marijuana-based business and seek federal trademark protections. This system would be similar to the current ITU system; however, it would be solely for marijuana marks. To put it

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simply, if one wants to someday obtain a federal trademark, then they must use this marijuana ITU system to give notice to all others. The system can act as a placeholder for up to three years, like the current ITU system. This system can be used to establish priority in a mark by the owner’s actual state use. This system will be referred to as the Marijuana Intent To Use system (MITU).

As previously noted, the status quo in the current ITU system requires that there be a bona fide intent to use, or actual use in commerce with the mark in order to gain registration. Supporting this, that use must be lawful. Because it is not possible to have lawful use in marijuana marks, this system would register potential mark owners from the time of actual use today. For example, Scotts Miracle-Gro Co. has been around for over 150 years. Scotts also owns Hawthorne Gardening, a leader in marijuana hydroponics. As it now sits, Scotts has trademark protection on the Hawthorne Gardening to the extent of its lawful use of hydroponic services. However, there is no federal protection over the mark in its use for the marijuana growing market. If Scotts could register the mark onto the proposed MITU, then it would have a placeholder in case marijuana becomes lawful use. Because Scotts has established priority in their mark outside of the marijuana market, they have strength in their existing registered marks. Thus, if a potential infringer comes along, similar to Gorilla Glue, then Scotts can shut down any would-be infringer to the extent the mark is similar. However, it will not be protected against any new registrant if or when marijuana becomes lawful use at the federal level. Thus, it is advantageous for Scotts to put their name on “the wall” and federally protect their likely expansion into the marijuana industry.


85 Hawthorne Gardening Co., Registration No. 88390294.
throughout the country at the time marijuana becomes federally protectable. This does pose a problem for those who have or are starting a new business in the marijuana marketplace.

Because larger businesses already have strength in their existing marks, the MITU would be beneficial for them to police their mark. Also, if the business likely expands into the marijuana market, then it would have a strong case for when the time comes to register their mark into the marijuana marketplace over another registrant. However, the MITU would also benefit small scale businesses because it would put the registrant’s mark on notice for all other would-be infringers. By having the MITU in place now, it would start the trademarking process by having marks in a system that are ready-to-go in case marijuana becomes legal at the federal level.

Canada has now legalized marijuana throughout its country.86 Presently, the Canadian Intellectual Property Office is facing a “bottleneck” issue.87 Here, there are over 500 “proposed use” claims that may not be settled for years.88 The United States legal system has nothing in place currently for a federal trademark in marijuana related goods. Thus, it is reasonable to think that if the United States does lift the unlawful use of marijuana in its country, that there will be a race to the USPTO to register marijuana related marks. It is not an unknown fact that the United States has a large and complicated legal system. The process to obtain a trademark was explained in section 2 of this article. There will undoubtedly be a similar “bottleneck” issue, and this issue is likely to be magnified to a larger scale, given the United States complex legal system.

86 Cannabis Act, R.S.C. 2018, c. 16.
88 Id.
Would-be marijuana mark owners have the trouble of enforcing or policing their would-be marks because there is no law to enforce potential infringers from copying the original mark at a federal level. One way to stop potential infringers would be to give notice. This notice would set precedent that removes the excuse from the potential infringer of not having notice of an original mark’s existence.

An article by Russell W. Jacobs proposed that marijuana related goods ought to receive their own mark, similar to the ® given by the USPTO. The proposed language stated:

“A. State Trademark Systems Will Permit Registration for Cannabis Goods and Services with Presumptions of Validity and Exclusive Rights.

“Proposed legislative action no. 1: This state shall grant trademark registrations in connection with cannabis-related goods and services that travel through medical or recreational channels permitted and regulated by the state to applicants who have all state licenses necessary to offer those goods or services in the state. The state shall use the same classes and descriptions of goods and services as those for analogous non-cannabis goods and services, but shall use the prefix “M” in the registration number to identify the goods and services as cannabis-related, and shall expressly limit the description to goods containing or used to manufacture, cultivate, process, or distribute cannabis and services researching, cultivating, processing, serving, or retailing such goods.”

Currently, the states with lawful marijuana use have a registration system that relies on systems that do not include cannabis goods or services. Here, this proposed legislation would be a good idea to put cannabis marks on notice to other potential infringers. It is a good idea to put cannabis marks in their own category because, as mentioned in this section, the area of law that surrounds cannabis is unique in that it is currently an illegal good at the federal level. Supporting this, it does not make sense to give it the traditional “®” mark as it would confuse the public in


90 *id* at 170.

91 *id*.
thinking it is a federally protected mark. Thus, having a unique mark only to marijuana would be easy to distinguish from other federally protected marks.

The purpose of trademarks is to act as a source identifier. Without having a database where consumers can see where the source or origin of a good comes from will surely lead to a confusion of where the product comes from. That is why cannabis related goods needs its own mark. One challenge by implementing this “M” mark, is educating the public on what it means when a cannabis related good has the “M” mark on it. Cannabis is not a quick purchase item. This means an ordinary consumer purchasing cannabis will be more observant while purchasing the good. The purchaser must be above a certain age, understand how to use the product, and the product is not relatively inexpensive. These factors are important because, taken in totality, the ordinary consumer will likely have the knowledge in knowing that the mark is not federally protected. Thus, the consumer will understand that when purchasing a cannabis related good, that the “M” mark and the ® mark are distinguishable at the counter of the cannabis store while making a purchase for cannabis.

The next challenge in marijuana mark owners is to determine who has priority in their current products. If businesses are to play the trademark game, and ultimately are on “the wall,”\textsuperscript{92} then there needs to be incentive for businesses to register their marks. One benefit would be that marijuana mark owners now have a concrete symbol showing exclusive rights to their mark, within their state. Jacobs further mentioned in his article that:

“E. A State Registration Will Not Create Presumptions Disrupting the Status Quo.

“Proposed legislative action no. 6: Notwithstanding anything to the contrary in the legislation, a cannabis trademark registration does not create a presumption of exclusive

\textsuperscript{92} PORT, \textit{supra} note 3.
rights against a prior or concurrent user of the same or similar mark in a different geographic area before the legislation went into effect in that area.”

The proposed legislative action above indicates that the registration of a cannabis mark would not override common law rights. Thus, if two cannabis mark owners use the same or similar mark, then each would have limited rights to their geographic location. The best example to show what the likely outcome of two competing marks litigating the same or similar marks would be the *Hoots* decision. If one business is willing to expend the cost and efforts by going state-to-state and registering their cannabis mark, then they ought to be rewarded the benefit of keeping their marks and the rights granted in their geographic location over a new competitor. Again, we want would-be mark owners on “the wall” and playing the trademark game. Jacobs did not address the federal trademark issues in his proposed legislative actions, but rather stated that the proposals did not extend to the federal level. Thus, this article will supplement the proposals by Jacobs with a federal proposal being implemented with the MITU.

**F. Marijuana Marks Registered Through the Marijuana Intent To Use System**

Proposed legislative action no. 7: With respect to marks registered into the federal Marijuana Intent To Use system, registrants will receive priority for a federal trademark decision over non-registrants. This priority is only limited to the hearing of whether a trademark will be granted, and not a priority in granting a trademark itself. The USPTO is left with unfettered discretion in their decision to grant or deny a marijuana trademark.

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93 Jacobs, *supra* note 89, at 179.

94 *id.*

95 *Hoots, supra* note 68.

96 *PORT, supra* note 3.

97 Jacobs, *supra* note 89.
This supplement to the proposed legislative action will help mitigate the “bottleneck” issue that is almost certain to occur if marijuana become lawful use at the federal level. The language in the proposal still allows for the USPTO examiners to make the final decision without being overridden by legislation. However, it does provide guidance to which registrant will be heard and in what order. It provides would-be mark owners incentive to register their mark by providing some notice. It will allow others notice that a competitor is seeking a certain mark and give the competitor time to abstain from any bad intent of infringement and seek a mark that meets the trademark requirements for their own good. Like the “M” symbol Jacobs proposed, the MITU federal registration will give notice via the USPTO website. It will operate the same way as the current ITU database search, but the marijuana registration marks will be in a class of its own. The requirements for a marijuana mark will be the same as the current federal trademark requirements.

V. CONCLUSION

This article sought to address the history of trademark law in marijuana and provide an analysis on where the law rests today, analyze relevant case law and policy questions that trademarks and marijuana have, and suggest a proposal on the future of trademarking marijuana goods. The history of marijuana and trademarks is a constant losing battle on the side of the would-be marijuana mark owners. There is no federal trademark protection for marijuana related goods. Because of the lack of protection from a federal trademark, businesses are limited to policing their marijuana marks by going state-to-state to file for state trademark registrations. This limited right is not nearly as strong as a federal trademark. The lack of guidance will surely provide a much-needed analysis on the likelihood of confusion as to the source or origin of the marijuana goods or

98 id.
services for marijuana consumers. Thus, a proposal to have a mark separate from the current federal registration on marijuana goods and have a proposal on a registrar for marijuana marks will mitigate the issues marijuana and trademarks face today.
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