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How to Protect Cannabis-Related Intellectual Property: Recent Developments & Tips for Cannabis Businesses

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Recently, on June 25, 2018, the Food and Drug Administration (FDA) approved Epidiolex, which is a prescription drug containing cannabidiol (CBD) isolate. Epidiolex is the first FDA-approved medicine that contains plant-derived, non-synthetic cannabinoids. The drug is used for treatment of seizures associated with two rare and severe types of epilepsy: Lennox-Gastaut syndrome and Dravet syndrome. CBD is a chemical component of the cannabis sativa plant, also known commonly as marijuana. Another form of the cannabis sativa plant is hemp. Marijuana and hemp contain both CBD and tetrahydrocannibol (THC) components. The difference between marijuana and hemp is the amount of THC that each plant produces. While marijuana can produce up to 30% of THC, hemp can produce no more than 0.3%. Hence, the critical difference is that hemp has no psychoactive effect. Moreover, the Ninth Circuit also recently ruled that CBD derived from hemp is not a controlled substance.

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Though the recent approvals do not change the state of the law with respect to marijuana, the tides are slowly changing. Epidiolex is now the first FDA-approved drug that contains substance derived from marijuana. It is therefore possible that the approval of Epidiolex may lead the Drug Enforcement Administration to review and reschedule the status of cannabinoids under the Controlled Substance Act (CSA).

Even though federal law still prohibits the sale, distribution, dissemination, and possession of marijuana, an increasing percentage of Americans are warming up to legalizing marijuana. A recent poll by Gallup, from October of 2017, shows that 64% of American support the idea of legalizing marijuana. On the state level, thirty states and the District of Columbia have broadly legalized medical marijuana. Eight states and the District of Columbia have legalized recreational use of marijuana. Nonetheless, marijuana's quasi-legality creates legal obstacles for business owners who seek to enter the marijuana industry and who wish to protect their brand name and reputation.

Tips for Cannabis Related Businesses and Services.

There are a couple things cannabis businesses can do to overcome the federal trademark registration prohibition. State trademark protection is one option. Where a federal trademark registration is protected nationwide, a state trademark registration has statewide protection. Of course, this depends on the state in which the business is being conducted. It is a lot easier to make "lawful use" of cannabis goods and services in states where it is legal to do so. Some states require the owner of the trademark to use the mark prior to registering. Common law trademark rights, however, are more easily attainable. To obtain common law trademark rights, one must simply use a mark in commerce. Under common law, the owner is given protection within the geographic area in which the trademark is used. Consequently, under common law, there is little to no protection against an infringer who uses the mark in a different territory.

Another suggestion is to file for federal trademark protection for goods and/or services ancillary to cannabis sales, provided those are federally legal. For example, one could file a federal trademark application to protect the use of his or her mark on apparel or accessories. Clothing, smoker's articles, or products that cultivate and

package cannabis can be federally protected. This way, such products can sufficiently support an infringement claim against future businesses that use a similar mark on their own goods/services. While ancillary registration cannot be used to protect the core cannabis products, it would at least protect the brand name or logo from infringement and allow the trademark owner to expand the registration to cannabis products and services once the federal law changes.

Additionally, cannabis businesses could seek copyright or patent protection. Unlike trademark law, copyright law does not require “legal use” in order to obtain intellectual property protection. To obtain copyright protection, the content, such as logos, advertisements, product descriptions, photos, website layouts, etc., must (1) be original to the author, (2) have a minimal level of creativity, and (3) be fixed in tangible form that is sufficiently permanent to be reproduced. Registration is not required but doing so would afford the copyright holder significant benefits, particularly the right to sue an infringer.

Patent protection is another viable option. The fact that marijuana is a Schedule I controlled substance is not a bar to obtaining a patent, whether a utility patent or a design patent. For utility patent protection, the invention that is to be protected must be new and useful. A design patent, on the other hand, protects a manufactured object or product’s original ornamentation that is visible when the product is engaged in its intended use.

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