Navigating the Legalization of Hemp under the 2018 Farm Bill Involves Changes to the Issuance of Federal Trademarks in the Cannabis Industry

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Legalizing “hemp” under the Agricultural Improvement Act of 2018 (2018 Farm Bill) has triggered an important change for the examination of federal trademark applications concerning cannabis and cannabis-derived goods and services. In response to the Bill’s enactment on December 20, 2018, the United States Patent and Trademark Office (USPTO) issued a new examination guide to clarify its examination procedures involving hemp goods and services. For businesses in the cannabis industry, the examination guide (recently issued on May 2, 2019) will impact the viability of federal trademark applications filed on or after December 20, 2018 that were once previously barred.

Prior Limitations on Issuance of Trademarks for Cannabis Goods and Services

Because use of a mark in commerce must be lawful under federal law to provide a basis for federal trademark registration, the USPTO will not permit marks for goods and/or services that show a clear violation of federal law. Before the enactment of the 2018 Farm Bill, this meant that all marks for cannabis goods and services in the drug class of “Marijuana” under the Controlled Substances Act, including Cannabidiol (CBD) or other extracts of marijuana were prohibited because such goods are unlawful under federal law and do not support valid use of the applied-for mark in commerce. Despite the legalization of marijuana at the state level in various jurisdictions, federal law and the restrictions of the Controlled Substances Act (CSA) bind the USPTO. The CSA prohibits, among other things, manufacturing, distributing, dispensing, or possessing cannabis that meets the definition of marijuana (i.e., Cannabis sativa L. with more than 0.3% THC on a dry-weight basis).

Changes to the USPTO Examination Guide after Enactment of the 2018 Farm Bill

The 2018 Farm Bill amends the Agricultural Marketing Act of 1946 (AMA) and effectively removes “hemp” (defined as “the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis”) from the definition of marijuana under the CSA. As such, cannabis plants and derivatives such as CBD that contain no more than 0.3% THC on a dry-weight basis are no longer controlled substances under the CSA and cannot be denied trademark registration on this basis alone. Accordingly, for federal trademark applications filed on or after December 20, 2018 that identify goods encompassing cannabis or CBD, the USPTO will potentially permit registration of the trademark if the goods are derived from “hemp” (including oils, tinctures, sprays, capsules, cosmetics and a variety of other goods containing CBD). The identification of “hemp” goods in the application must specify that they contain less than 0.3% THC. The examining attorney will also issue inquiries concerning the applicant’s authorization to produce hemp and request additional support to confirm that the applicant’s
activities meet the requirements of the 2018 Farm Bill.

**Additional Considerations**

Applications identifying goods encompassing CBD or other cannabis products filed before December 20, 2018 are not permissible for trademark registration because as of the filing date, such use was illegal under the CSA. However, considering the enactment of the 2018 Farm Bill, the USPTO examining attorney will provide such applicants the option of amending the filing date and filing basis of the application to overcome the CSA as a ground of refusal if the product can be identified as “hemp.” Specifically, the amended application must state as its basis an “intent to use” the mark in commerce (pursuant to Section 1(b) of the Trademark Act, 15 U.S.C. §1051(b)) instead of “use” of the mark in commerce (pursuant to Section 1(a) of the Trademark Act, 15 U.S.C. §1051(a)). In lieu of amending the application, the examining attorney may advise the applicant to abandon the application and file a new one.

Legalization of “hemp” under the CSA does not necessarily permit sweeping trademark registration for applications that identify hemp goods. The identified goods must also be used for a lawful purpose. For example, use of hemp in foods or dietary supplements without FDA approval violates the Federal Food Drug and Cosmetic Act (FDCA) and may be denied on this basis. 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. And if hemp products are tailored or marketed to children, these uses may also preclude federal trademark registration.

Importantly, goods encompassing cannabis or CBD derived from marijuana are still illegal under federal law and the USPTO will continue to refuse trademark registration of these applications regardless of the filing date. Although the federal ban against marijuana under the CSA continues to prevent federal registration of marks for marijuana-derived products, some states will allow state trademark registration where cannabis products are legal at the state level, including California and Massachusetts. There may be additional restrictions to obtaining trademark registration (either at a state or federal level), so please consult a trademark attorney for further information regarding the impact on your business.

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