



# CBD Industry Buzzing: USPTO Gives the Green Light to (Some) CBD Trademarks

Client Advisories

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Good news for entrepreneurs in the CBD industry. After months of silence and stalled applications following the issuance of the Farm Bill of 2018, the United States Patent and Trademark Office ("USPTO") has finally issued guidance to applicants on the registrability of trademarks for CBD-related products.

As background: In the United States, in order to obtain a federal trademark registration, an applicant must first demonstrate lawful use of the trademark in commerce. 37 C.F.R. §2.69 and §§1, 45 of the Lanham Act. In other words, if a product or service marketed and sold under a trademark cannot be legally sold in the United States, the trademark cannot be federally registered. While medical cannabis is legal in 33 U.S. states and recreational cannabis is legal in ten U.S. states, possession of cannabis is still illegal at the federal level--it is classified as a Schedule I drug under the Controlled Substances Act. Accordingly, owners of trademarks used in connection with cannabis-related products and services cannot establish lawful use of those trademarks in interstate commerce. This lawful use requirement is presently an obstacle to cannabis entrepreneurs seeking to protect their intellectual property rights.

In 2018, however, the Farm Bill removed certain cannabis-related products from the Controlled Substances Act. Namely, under Sections 6 and 297A, "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" are no longer considered a controlled substance. Accordingly, cannabidiol--commonly referred to as CBD--and certain CBD products derived from hemp that have very low THC content (less than .3 percent) have become legal under the CSA, so long as they are not food or dietary supplements or pet treats. Because certain CBD products are now legal under federal law, those products can be sold in interstate commerce satisfying the lawful use requirement under the Lanham Act.

Based on the USPTO's recent guidance, applicants filing new trademark applications for legal CBD products should track the language in the Farm Bill by specifying that the goods are derived from hemp and contain less than .3% THC in order to avoid an office action refusing registration. For applications filed before the December 20, 2018 effective date of the Farm Bill, the USPTO will issue refusals on the basis that the goods and services of

such applications are unlawful because the applicants did not have a valid basis for registration at the time the application was filed (there was no lawful use or intent-to-use). Applicants will have several options to overcome such refusals, including amending the filing date of the application to December 20, 2018 and amending the filing basis to intent-to-use if the application was originally filed as a use-based application. Applicants may also be required to amend the description of goods to specify that they are derived from hemp and contain less than .3% THC. But, the foregoing amendments will not guarantee that the USPTO issues a registration. For example, amending the filing date could have unintended consequences as the Examining Attorney at the USPTO will be required to conduct a new search of pending applications for conflicting marks, which could result in a likelihood of confusion refusal based upon an application filed after the original filing date, but before December 20, 2018. Accordingly, applicants should consult with their trademark attorney before undertaking any of the foregoing amendments.

If you have questions about this advisory, please call **Kate A. Sherlock** at (856) 673-3919 or any member of Archer's **Intellectual Property Group** in Haddonfield, N.J., at (856) 795-2121, in Princeton, N.J., at (609) 580-3700, in Hackensack, N.J., at (201) 342-6000, or in Philadelphia, Pa., at (215) 963-3300. If your questions are related to the cannabis industry, but not this specific topic, Archer also has a **Cannabis Law Group** capable of handling all types of cannabis-related issues and can be reached at the aforementioned phone numbers.

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## Related People



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