

# Trademarks for a Budding Industry

## Trademark Alert

09.19.2019

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While many states have legalized or decriminalized cannabis products, the federal government still considers these products to be illegal. Thus, as people are often surprised to learn, federal trademark protection for these products (even for strictly medicinal use) is currently prohibited. There are, however, alternative methods of trademark protection. Indeed, trademark protection is just as important as ever, because trademarks represent the good will of a company and are valuable assets in any company's intellectual property portfolio. Trademarks also serve an important role in ensuring that consumers get the quality they expect from branded products.

### State Trademarks

State trademark registration offers an attractive alternative for the many companies with goods that are still barred from federal trademark registration. Cannabis is currently legal in 33 states for recreational or medicinal use, and each of these states has its own trademark registration process. State trademarks are often overlooked, but they are frequently less costly and faster to register than federal registrations. State trademark registrations are a useful tool in preventing others from using or registering an identical or confusingly similar name or design within that state. In addition to conferring enforcement powers within the state, state registrations also allow a trademark owner to put others on notice of a claim of rights, and help establish the date of first use of the mark.

The usefulness of a state registration, however, is still constrained by federal law. Specifically, a mark for goods and services covering the manufacture or sale of cannabis or cannabis-infused products may be vulnerable to cancellation by the owner of a federally registered trademark covering other goods. Additionally, these marks may not be recognized as valid in the federal court system because sales of cannabis goods are not recognized as legal or supporting valid trademark use on a federal level. Thus, companies looking to establish a new brand should conduct a trademark clearance search to protect themselves from claims of infringement or loss of rights. Indeed, several trademark search companies are now offering cannabis-specific searches.

### U.S. Patent and Trademark Office

Although the U.S. Patent and Trademark Office (USPTO) and the cannabis industry are not yet the best of buds, there has been some slow movement toward providing this growing industry with trademark protections. Recently, the USPTO issued new guidelines allowing goods and services associated with cannabis and cannabis-derived products. The new regulations, which allow

marks to claim a date of first use no earlier than December 1, 2018, may provide some companies with a new avenue for obtaining trademark protection. While still not covering cannabis itself, the new regulations may benefit businesses offering ancillary services, such as consulting services, educational information, or even location services to find businesses that *do* sell cannabis and related products. That being said, please consult with a trademark attorney to ensure that your goods and services fall within the scope of these guidelines.

#### Common Law Rights

Even without a state or federal trademark registration, companies can help protect their marks by preserving documents that show first use of the marks on goods and services they are selling. By preserving these documents, companies will be able to promptly and accurately file for a trademark registration as soon as the opportunity is available to them. Furthermore, state courts where sales are legal may be persuaded to recognize trademark rights on a common law basis. They may also be willing to enforce common law marks during this time when federal courts are unable to protect producers or consumers.