

Federal Trademark Protection: The Unattainable High of the Marijuana Industry

The legalization of marijuana in certain states has yielded a wealth of benefits. In Colorado, a state that legalized the sale and possession of marijuana in 2013, the Department of Public Safety cited a 77% increase to total revenue between taxes, licenses, and fees in 2014.¹ The Department primarily attributed the increase in revenue to “sales taxes, excise taxes, licenses, and fees for retail marijuana.”² The excise tax revenue, which the state collected in order to fund a public school capital construction assistance fund, reached over \$35 million, just under its projected goal at conception.³ And the state’s property and violent crime rate decreased 3% and 6%, respectively.⁴ But before individuals flock to the booming marijuana industry, business owners should beware the staggering discrepancies between federal and state marijuana laws.

A key challenge to managing a marijuana related business is the fact that the federal government still criminalizes cannabis.⁵ And because banks operate as a federal system, they are discouraged from taking deposits from marijuana-related business operations.⁶ Similarly, the Internal Revenue Service does not permit marijuana “businesses to claim the same basic

¹ Colorado Department of Public Safety, *Marijuana Legalization in Colorado: Early Findings, A Report Pursuant to Senate Bill 13-283*, Colorado Department of Public Safety, Division of Criminal Justice, Office of Research and Statistics at 77 (March 2016) http://cdpsdocs.state.co.us/ors/docs/reports/2016_SB13-283-Rpt.pdf.

² *Id.*

³ *Id.*

⁴ *Id.* at 9.

⁵ Melody Finnemore, *Going Green: Cannabis Is Expected to Be a Boon for the Legal Profession, as Well as the State’s Economy*, 76-JAN OR. ST. B. BULL. 24, 27 (January 2016).

⁶ *Id.*

expenses as other industries.”⁷ However, less frequently discussed are the crippling discrepancies between state laws legalizing marijuana and federal trademark laws.

Celebrities like Willie Nelson, Melissa Etheridge and Tommy Chong have embarked on business ventures looking to cash in on the growing cannabis industry.⁸ Nelson is launching a “premium cannabis lifestyle brand titled “Willie’s Reserve,” which will advertise pot bearing Nelson’s name and image to recreational users in Colorado and Washington.⁹ The family of Bob Marley recently announced a partnership with Privateer Holdings, a cannabis-focused investment firm with significant financial backing, to create a line of branded marijuana and related products called Marley Natural.¹⁰ And Whoopi Goldberg recently lent her name and financial support to a line of medical marijuana products designed to reduce the pain and cramps from periods.¹¹ But marijuana businesses seeking federal trademark protection face an uphill battle due to limitations across the board related to the illegal classification of cannabis. These discrepancies undermine the ability of states like Oregon, Colorado and Washington “to develop a successful, regulated marijuana industry as intended through legalization.”¹²

This article will identify the legal dissonance between federal statutes and state laws legalizing cannabis and its effects upon marijuana-related business owners. Part I of this article will provide background on the federal authority to regulate marijuana, including the

⁷ *Id.*

⁸ Tom Huddleston, Jr., *Willie Nelson’s new pot brand ‘Willie’s Reserve’ just scored private equity funding*, FORTUNE (Sept. 22, 2015) <http://fortune.com/2015/09/22/willie-nelson-pot-brand/>.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Trevor Hughes, *Whoopi Goldberg founds medical marijuana company for women*, USA TODAY (Mar. 30, 2016).

¹² Rosalie Winn, *Hazy Future: The Impact of Federal and State Legal Dissonance on Marijuana Businesses*, 53 AM. CRIM. L. REV. 215, 216 (2016).

classification of marijuana as a controlled substance and the Supreme Court's stance on marijuana production given the incongruities between federal and state laws. Part II will examine the intersection between federal laws criminalizing cannabis and the potential use of marijuana-related trademarks within the industry. And Section III will address loopholes and alternative methods of trademark protection for business owners to consider.

Part I: Federal Attitudes and Restrictions on Cannabis

Anti-marijuana policy in the United States can be traced back to Harry J. Anslinger, first chief of the Federal Bureau of Narcotics ("FBN") and creator of the Marihuana Tax Act of 1937.¹³ The Marihuana Act did not outlaw the possession or sale of marijuana outright.¹⁴ Instead, Anslinger's creation imposed burdensome penalties and regulation on the medical cannabis industry, strong enough to effectively force its collapse.¹⁵ For example, doctors who wished to prescribe marijuana for medical purposes were required to comply with burdensome administrative requirements.¹⁶ The Act also created a catch twenty-two for traffickers; noncompliance exposed them to severe federal penalties, whereas compliance often subjected them to state prosecution.¹⁷ Thus, although the Act did not deem marijuana "illegal *per se*, the onerous administrative requirements, the prohibitively expensive taxes, and the risks attendant on noncompliance practically curtailed the marijuana trade."¹⁸

¹³ J. Herbie DiFonzo, J.D., Ph.D. & Ruth C. Stern, J.D., M.S.W., *Divided We Stand: Medical Marijuana and Federalism*, 27 NO. 5 HEALTH LAW. 17 (JUNE 2015).

¹⁴ *Gonzales v. Raich*, 545 U.S. 1, 11 (2005).

¹⁵ DiFonzo and Stern, *supra* note 13, at 17.

¹⁶ *Gonzales*, 545 U.S. at 11.

¹⁷ *Id.*

¹⁸ *Id.*

Ironically, marijuana was recorded on the U.S. Pharmacopoeia as “appropriate for treating fatigue, coughing fits, asthma, rheumatism, delirium tremens, migraine headaches, and menstrual symptoms,” until Anslinger and the FBN urged its removal.¹⁹ To justify his “overly zealous, largely unnecessary crusade against the drug,” Anslinger took advantage of the less mainstream use of marijuana by “groups like Mexican laborers, blacks, jazz musicians and bohemians” to create a racist smear campaign pointing marijuana as the blame for “madness, mayhem, murder and the despoliation of youth.”²⁰ Despite studies in the 1940s finding “that marijuana did not promote physiological dependence, anti-social behavior or psychosis in otherwise stable adults,” Anslinger and the FBN denounced and discredited these findings.²¹

As the social stigmatization of marijuana increased, so did the government’s oversight of the drug. Pursuant to its authority under the Commerce Clause of the Constitution, Congress passed the Controlled Substances Act of 1970 (CSA), which made it a federal crime to “manufacture, distribute, or dispense, a controlled substance.”²² The CSA categorized controlled substances into five schedules, with placement based upon the “potential for abuse, scientific evidence, patterns and scope of abuse, risks to the public health, dependence liability, and whether the substance is a precursor to an already-controlled substance.”²³ The most restrictive schedule in the CSA is Schedule I, which includes substances that must have “a high potential

¹⁹ DiFonzo and Stern, *supra* note 13, at 17 (citing J. Herbie DiFonzo and Ruth C. Stern, *The End of the Red Queen’s Race: Medical Marijuana in the New Century*, 27 QUINNIPAC L. REV. 673, 692 (2009)).

²⁰ *Id.* 17-18.

²¹ *Id.* at 18.

²² Winn, *supra* note 12, at 217 (citing 21 U.S.C. § 841(2010)).

²³ *Id.* (citing § 811(c)(2015)).

for abuse,’ ‘no currently accepted medical use in treatment in the United States,’ and there must be a lack of accepted safety for use of the drug or other substance under medical supervision.”²⁴

Since its passage, marijuana, or its active ingredient tetrahydrocannabinols, has been listed as a Schedule I controlled substance.²⁵ The drug is referred to as a “hallucinogenic,” and its classification includes any quantity of the substance or its “salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible.”²⁶ Despite marijuana’s classification, the CSA grants the Attorney General the authority to “transfer between...schedules” or “remove any drug...from the schedules” following a formal rulemaking, scientific and medical evaluations, and recommendations from the Secretary of Health and Human Services.²⁷ Nonetheless, the Drug Enforcement Administration has consistently rejected requests to either re-classify marijuana under a different schedule or unlist marijuana from the CSA entirely.²⁸

Congress’ authority to classify marijuana as a Schedule I controlled substance was later affirmed by the U.S. Supreme Court in *Gonzales v. Raich*.²⁹ This case examined the intersection between California’s statute authorizing the limited use of medical marijuana and the CSA.³⁰ Plaintiffs included two California residents suffering from serious medical conditions whose doctors concluded that marijuana was the only effective course of treatment, and another

²⁴ *Id.* (citing § 812(b)(1)(2012)).

²⁵ *Id.* (citing § 812(c)(c)(17)).

²⁶ *Id.* (citing § 812(c)(c)).

²⁷ *Id.*

²⁸ *Id. See Ams. For Safe Access v. DEA*, 706 F.3d 438, 451 (D.C. Cir. 2013) (denying petition for review of DEA’s classification of marijuana as a Schedule I drug), *cert. denied*, 134 S. Ct. 267

²⁹ *Gonzales v. Raich*, 545 U.S. 1, 6-7 (2005).

³⁰ *Id.* at 1.

individual, Respondent Monson, who cultivated and consumed her own marijuana.³¹ After county deputy sheriffs and agents from the federal DEA raided Monson’s home and destroyed all six of her marijuana plants, despite concluding that her use of the drug was entirely lawful under California law, respondents sued the U.S. Attorney General and the head of the DEA seeking injunctive and declaratory relief prohibiting the enforcement of the CSA.³² Respondents argued that enforcement of the Act prevented “them from possessing, obtaining, or manufacturing cannabis for their personal medical use” and violated the Commerce Clause, Due Process Clause of the Fifth Amendment, Ninth and Tenth Amendments, and the doctrine of medical necessity.³³

The Supreme Court ultimately upheld the federal government’s authority to prohibit the local use and cultivation of marijuana in compliance with California law.³⁴ The majority first dismissed Respondents’ argument distinguishing between marijuana used for personal, medical purposes versus non-medical usage since the CSA classifies cannabis “as contraband for *any* purpose.”³⁵ And since “the CSA was enacted pursuant to Congress’s Commerce Clause authority, the only question the majority considered was whether Congress’s policy judgment to include all activities related to marijuana cultivation and use in the CSA was rational.”³⁶ The Commerce Clause grants Congress the power to regulate local activities that are a part of the economic “class of activities” that substantially effect interstate commerce.³⁷ And the Court

³¹ *Id.* at 6-7.

³² *Id.* at 7.

³³ *Id.* at 7-8.

³⁴ *Id.* at 2.

³⁵ *Id.* at 27.

³⁶ Winn, *supra* note 12, at 219.

³⁷ *Id.* at 17.

concluded that Congress had a “rational basis,” the lowest standard of review, for believing that the intrastate possession and manufacture of cannabis would “substantially affect” interstate commerce,” and the list of activities permitted under California were “an ‘essential part of [the federal government’s] larger regulatory scheme’ under the CSA for the production, distribution, and consumption of drugs.”³⁸ Notably, Justice O’Connor wrote a dissenting opinion expressing concern regarding the “excessive federal encroachment” upon the state’s police powers to define criminal law, a “historic sphere of state sovereignty.”³⁹

Part II: Federal Barriers to Federal Trademark Protection

Although *Gonzales* upheld the federal government’s authority to regulate cannabis, it did not limit the authority of state governments to create their own marijuana laws; the Supreme Court never addressed whether Congress intended for the CSA to preempt state medical marijuana statutes.⁴⁰ As a result, states that have legalized the use, cultivation and distribution of marijuana have independently created their own statutory regimes. Thus far, Washington, Colorado, Alaska, Oregon, and the District of Columbia have legalized “adult recreational marijuana consumption.”⁴¹ However, without any oversight, involvement, or cooperation with the federal government, inconsistencies inevitably arose, particularly within the largely federally regulated sphere of trademark law.

As the marijuana industry continues to thrive and increase in prevalence, business owners have increasingly sought out protection of their businesses and brand names by taking advantage

³⁸ Winn, *supra* note 12, at 219.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ Emily Gray Brosious, *At least 20 states could vote on marijuana legalization in 2016*, SUN TIMES NATIONAL (Feb. 19, 2016) <http://national.suntimes.com/national-world-news/7/72/2621877/20-states-to-vote-on-marijuana-legalization-2016-elections>.

of the benefits afforded by federal trademark registration.⁴² The Lanham Act, also known as the Trademark Act, provides federal trademark protection for “any word, name, symbol, device, or combination thereof that identifies and distinguishes goods in commerce, and indicates the source of goods.”⁴³ Consumers value trademarks as marks can signal that certain goods originate from a common source with the same, consistent quality.⁴⁴ In turn, this reduces the search costs associated with locating the desired goods.⁴⁵ Once a business owner creates a valid trademark, they then acquire “the right and ability to prevent others from selling similar goods or services using the trademark or one that is confusingly similar.”⁴⁶

Trademarks can be established in three different “ways: (1) [b]y using the mark in connection with a good or service in commerce; (2) [b]y registering the mark with the U.S. Patent and Trademark Office (USPTO); and (3) [b]y registering the mark with a state trademark registry.”⁴⁷ Registration of a trademark provides exclusive rights to its owner to use the mark in connection with the goods and services enumerated in the registration, and it creates a public record.⁴⁸ But the best way to protect one’s mark is to register the trademark, specifically, with the USPTO.⁴⁹ Unfortunately, the classification of marijuana as a Schedule I controlled substance

⁴² Maureen A. Carlson, *No Trademarks for cannabis*, JUX LAW FIRM (2016) <http://jux.law/no-trademarks-for-cannabis/>.

⁴³ 15 U.S.C. § 1127 (2006); *see also* Sean K. Clancy, *Branded Bud or Generic Ganja? Trademarks for Marijuana in Washington*, 18 LEWIS & CLARK L. REV. 1063, 1070, 1078 (2014) (citing 15 U.S.C. § 1127 (2012)).

⁴⁴ *Id.* at 1070.

⁴⁵ *Id.*

⁴⁶ Carlson, *supra* note 42.

⁴⁷ Alison Malsbury, *Marijuana Trademarks*, Canna Law Blog (Sept. 29, 2014) <http://www.cannalawblog.com/marijuana-trademarks/>.

⁴⁸ Carlson, *supra* note 42.

⁴⁹ *Id.*

under federal law and the USPTO’s refusal to register marks where “the applicant cannot show lawful use of the mark in commerce” makes it almost impossible for marijuana-related business owners to secure federal registration protection for their cannabis.⁵⁰

Federal trademark applications require applicants “to list the goods on which the mark is used, the classification of the goods, and the date on which the merchant first used the trademark in commerce in association with the goods and services.”⁵¹ And a trademark owner’s use of the mark in commerce must be lawful.⁵² As the USPTO evaluates a trademark application, the examining lawyer “may inquire about compliance with federal laws to confirm that the applicant’s use of the mark in commerce is lawful.”⁵³ Normally, the examining attorney “presumes that an applicant’s use is...lawful” unless if evidence suggests “a clear violation of law, such as the sale or transportation of a controlled substance.”⁵⁴ But trademark applications for products with even the slightest connection to marijuana would likely trigger a red flag for potential unlawful activity. If the USPTO allowed for the registration of marks used in unlawful commerce, it would force the government into the “anomalous position of extending the benefits of trademark protection” to commerce in violation of federal law.⁵⁵

⁵⁰ *Id.*

⁵¹ Clancy, *supra* note 43, at 1078 (citing 15 U.S.C. 1051(a)(2)(2002)).

⁵² *Id.*

⁵³ *Id.* at 1078-79.

⁵⁴ *Id.*

⁵⁵ *Id.* at 1078 (citing *CreAgri, Inc. v. USANA Health Sciences, Inc.*, 474 F.3d 626, (9th Cir. 2007)).

Oddly enough, around April 1, 2010 the USPTO created a new category of trademarks which included “processed plant matter for medicinal purposes, namely medical marijuana.”⁵⁶ This initially allowed marijuana companies to advance applications with the USPTO for trademarks like “Maui Wowie” and “Chronic,” service marks like “Pot-n,” and cannabis-infused sodas called “Keef Cola” and “Canna Cola.”⁵⁷ However, three months later, the USPTO removed the category, referring to its actions as a “mistake.”⁵⁸ Notably, the Office added that no trademark for marijuana had ever been granted and it was “highly unlikely” to happen in the future.⁵⁹

Part III: Loopholes and Alternatives to Skirt Federal Criminalization of Marijuana and Attain Trademarks

Despite the federal government’s firm stance against granting federal trademarks for marijuana as a controlled substance, there are a number of ways that merchants can circumvent these limitations or weaknesses in the law that could undermine the government’s strong footing in the CSA.

1. Seek Trademarks for Marijuana-Related Goods or Services

Although federal trademark protection is virtually impossible for marijuana itself, business owners have had varied success in attaining trademarks for goods and services separate from the actual plant.⁶⁰ Upon filing an application of this nature, oftentimes the USPTO’s

⁵⁶ Rebeccah Gan, *Protection for Marijuana Trademarks*, 32 No. 6 GPSOLO 72 (November/December 2015). See also Clancy, *supra* note 43, at 1079.

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ Clancy, *supra* note 43, at 1080.

examining lawyer has required applicants “to ‘submit a written statement indicating whether the goods and/or services identified in the application comply with the Controlled Substances Act.’”⁶¹ The USPTO’s trademark examination form paragraphs have been updated to include boilerplate inquiry language requesting “fact sheets, brochures, advertisements, and/or similar materials relating to the services.”⁶² Further, applicants must state that the goods or services referenced “did not involve the provision of marijuana; information on how to obtain grow, or otherwise procure marijuana; or the provision of services to businesses that provide marijuana.”⁶³ If the applicant cannot demonstrate compliance with the CSA, the application will be rejected.⁶⁴ But merchants can attain registration if they attest to compliance.⁶⁵

Applicants seeking trademarks for marijuana should not lie to the USPTO. In fact, the false representation that a mark is used in lawful commerce when its use actually violates the CSA constitutes fraud upon the Trademark Office and could subject the offender to civil liabilities and invalidation of the trademark registration.⁶⁶ Instead, applicants could try obtaining “registration for *ancillary* products that do not contain or facilitate the use of controlled substances.”⁶⁷ For example, business owners who produce marijuana-infused chocolates and chocolates free of marijuana may be able to acquire a trademark registration that pertains to the

⁶¹ *Id.*

⁶² Gan, *supra* note 59.

⁶³ *Id.*

⁶⁴ Clancy, *supra* note 43, at 1080-81.

⁶⁵ *Id.* at 1081.

⁶⁶ *Id.*

⁶⁷ Alison Malsbury, *Marijuana Trademarks*, CANNA LAW BLOG (Sept. 29, 2014) <http://www.cannalawblog.com/marijuana trademarks/>.

non-infused chocolates.⁶⁸ Similarly, Trans-High Corp., as the publisher of “High Times” magazine, owns twenty-two federal trademark registrations for a variety of goods and services in the United States; some relate only tangentially to marijuana, and others more directly relate to the drug.⁶⁹ But trademarks “used in connection with the sale or distribution of marijuana...would clearly result in a crackdown on such activities.”⁷⁰ One business strategy to avoid treading too closely to cannabis related manufacture or distribution is to “create a separately-owned business, apart from [a] marijuana dispensary business, that sells such products and services and have that business own the trademark.”⁷¹ This would reinforce the fact that marijuana is not being distributed in conjunction with a merchant’s ancillary goods and services, as required by the USPTO.

2. Lanham Act’s Ban on Disparaging Marks Is No Longer Good Law

Another potential barrier to attaining federal registration is the prohibition against “scandalous or immoral trademarks.”⁷² Section 2(a) of the Lanham Act bans trademarks consisting of “immoral, deceptive, or scandalous matter, or which may disparage or falsely suggest a connection with persons....”⁷³ The USPTO has denied at least one trademark application for the mark “MARIJUANA” because “it comprised immoral or scandalous

⁶⁸ *Id.*

⁶⁹ Kieran G. Doyle, Cowan, Liebowitz & Latham, *Trademark Strategies for Emerging Marijuana Businesses*, 21 No. 2 WESTLAW JOURNAL INTELLECTUAL PROPERTY 1, *2 (2014).

⁷⁰ *Id.*

⁷¹ Kristen McCallion, *In the Weeds: Trademark Protection for Medical Marijuana Products and Services*, FISH AND RICHARDSON (Sept. 3, 2014) <http://www.fr.com/fishTMCcopyrightblog/weedsTrademarkProtectionMedicalMarijuanaProductsServices/>.

⁷² Clancy, *supra* note 43, at 1081.

⁷³ 15 U.S.C.A. § 1052(a) (2006) (West)

matter.”⁷⁴ An inquiry regarding whether a particular mark is scandalous is “considered in relation to the goods and marketplace for which the mark is used,” but this is often a subjective process.⁷⁵ Perhaps tellingly, the Federal Circuit recently reevaluated the constitutionality of the disparagement section of the Lanham Act and held that the Act unconstitutionally limits one’s First Amendment right to commercial speech.⁷⁶

In *In re Tam*, the government refused to register the mark “THE SLANTS,” which represented the name of a band making a statement about cultural and racial issues in the United States.⁷⁷ The USPTO argued that the mark was rejected “because it disapproves of the messages conveyed by disparaging marks.”⁷⁸ But the Federal Circuit aimed to “appreciate the expressive power of trademarks.”⁷⁹ The court cited to another rejected mark, “STOP THE ISLAMISATION OF AMERICA, and although the mark “conveys hurtful speech that harms members of oft-stigmatized communities,” the First Amendment still protects hurtful speech.⁸⁰ In sum, the court held that the government could not reject the registration of disparaging marks “because it disapproves of the expressive messages conveyed by the mark or because such marks will be disparaging to others.”⁸¹ Section 2(a) was declared unconstitutional “viewpoint discrimination,” and thus, its application to marijuana-related marks remains in question. The

⁷⁴ Clancy, *supra* note 43, at 1081.

⁷⁵ *Id.*

⁷⁶ *In re Tam*, 808 F.3d 1321, 1327-28 (Fed. Cir. 2015).

⁷⁷ *Id.*

⁷⁸ *Id.* at 1327.

⁷⁹ *Id.*

⁸⁰ *Id.* at 1328.

⁸¹ *Id.*

Tam decision might at least eliminate the possibility of a rejected marijuana-related registration because such a mark would be scandalous or disparaging. Although in practice - following the *Tam* decision - the USPTO is no longer outright refusing the registration of “disparaging” or “scandalous” marks, but the Office is not publishing these types of marks, either.⁸² Nevertheless, cannabis business owners will still face the greater barrier of registering marks in compliance with the CSA.

3. Potential Protection for Unregistered Trademarks

Federal law is also somewhat flawed with respect to Section 43(a) of the Trademark Act.⁸³ This section discusses protection for unregistered trademarks from unfair competition, provided that the marks are used in the sale of goods or services.⁸⁴ But the statute “does not define the type of use” which creates “enforceable common law rights in unregistered marks.”⁸⁵ The text only describes the circumstances for determining infringement of an unregistered mark.⁸⁶

Compared to Section 2 of the Trademark Act, which specifically addresses registered marks, Section 43(a) does not explicitly define which marks may be protected from infringement.⁸⁷ Unfortunately, courts have never addressed marks that do not qualify for

⁸² Bill Donahue, *In Slants Case, Is USPTO ‘Ignoring’ The Federal Circuit?*, LAW360 (Mar. 16, 2016) <http://www.law360.com/articles/772602/in-slants-case-is-uspto-ignoring-the-federal-circuit>.

⁸³ See Gan, *supra* note 59.

⁸⁴ *Id.*; see 15 U.S.C. § 1125(a) (2012).

⁸⁵ *Id.*

⁸⁶ *Id.*; see 15 U.S.C. § 1125(a)(A)-(B)(2012) (stating that infringement occurs when one’s “false or misleading description of fact...is likely to cause confusion...or...in commercial advertising...misrepresents the nature...of his or her or another person’s goods, services, or commercial activities...”).

⁸⁷ *Id.*

registration under Section 2(a) of the Trademark Act.⁸⁸ But in light of the Federal Circuit's *Tam* decision striking the Act's ban on disparaging marks, fewer limitations may stand in an unregistered mark's way.⁸⁹ Thus, merchants with unregistered marijuana-related goods or services may have standing to bring infringement claims under § 43(a).

4. Consider State Trademark Registrations

Although the USPTO will not provide federal registrations, as a consequence of *Gonzales*, marijuana-related business owners are not preempted from taking advantage of state trademark rights.⁹⁰ Business owners should first look to state law to determine whether there are statutory provisions permitting state trademark registration.⁹¹ In Washington, for instance, the law states "that the first person to use a trademark 'in the ordinary course of trade' will acquire common law rights to that trademark, regardless of registration, while registration entails additional statutory rights."⁹² Thus, despite the federal CSA, a business owner selling marijuana-related products or services, including the actual plant and pipes, can attain state trademark rights since marijuana is legal under Washington state law.⁹³ The statute adds that "[i]t is the intent of the legislature that, in construing [Washington's trademark statute], the courts be guided by the interpretation given by the federal courts to the federal trademark act of 1946."⁹⁴ Based upon this section alone, one might argue that since federal trademark law prohibits marijuana

⁸⁸ *Id.*

⁸⁹ See Part II, *supra*, at 12-14.

⁹⁰ See Gan, *supra* note 59.

⁹¹ Clancy, *supra* note 43, at 1082.

⁹² *Id. See, e.g., §§ 19.77.040 (evidentiary value), 19.77.140 (entitlement to damages for likelihood of confusion), 19.77.150 (remedies for infringement).*

⁹³ *Id.*

⁹⁴ *Id.* (citing Wash. Rev. Code § 19.77.930).

trademarks, then Washington trademark law should follow suit.⁹⁵ But here, the state's legislative history undermines this argument.⁹⁶

The legislature only stated that it intends state courts to "be *guided* by the interpretation given by the federal courts" to federal trademark laws.⁹⁷ As such, Washington courts still maintain independence from the federal government when interpreting state trademark laws.⁹⁸ There is evidence in Washington that the provision intended to "clarify" the state's laws "to make it 'more compatible with the Model Trademark Act and the federal Lantham [sic] Act' and to 'modernize' Washington's state trademark statute."⁹⁹ But a subsequent House Bill Report reiterated that "[c]ourts are to be *guided* by the federal courts' interpretation of the Federal Trademark Act."¹⁰⁰ Therefore, Washington courts could grant state trademark protection for marijuana trademarks used in lawful trade under state law.¹⁰¹

Although state registration of one's marijuana trademark might be available, there are still disadvantages in comparison to the vast protection afforded by federal trademark protection. First, common law or state rights limit the trademark holder to protection in the geographic area where the mark is actually being used or where it might naturally expand.¹⁰² Conversely, federal

⁹⁵ *Id.*

⁹⁶ *Id.*

⁹⁷ *Id.* (emphasis added).

⁹⁸ *Id.*

⁹⁹ *Id.* at 1082-83.

¹⁰⁰ *Id.* at 1083.

¹⁰¹ *Id.*

¹⁰² Doyle, Cowan, Liebowitz & Latham, *supra* note 69, at *3.

trademarks provide rights nationwide.¹⁰³ Thus, merchants with state trademarks looking to expand into new states or territories would have to duplicate their business and set up shop in their new intended market before establishing protective rights outside of their originating state.¹⁰⁴ Second, federal trademark registration provides remedies and resources that are not available to those with only common law rights.¹⁰⁵ For instance, federal anti-counterfeiting statutes “permit the recovery of treble damages, statutory damages, attorney fees and even the cooperation of law enforcement in confiscating counterfeits and prosecuting pirates.”¹⁰⁶ But only owners of federal trademarks can bring federal anti-counterfeiting suits.¹⁰⁷ And lastly, federal trademarks are simply more respected and feared than state registrations, allowing for a heightened level of intimidation if forced to confront alleged infringers.¹⁰⁸ Therefore, the availability of state trademark protection allows for some form of brand protection for one’s business, but it might not rise to the level of protection guaranteed by a federal trademark registration.

5. Avoid Infringement of Other Brands

Before seeking registration of a state (or federal) trademark, it is essential that the merchant or business perform a trademark search.¹⁰⁹ This search is crucial to ensure that no other business or entity has already claimed the trademark being sought and that your “unique” mark

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ Hilary Bricken, *Dude Where’s My Marijuana Trademark*, ABOVETHELAW (Mar. 9, 2015) <http://abovethelaw.com/2015/03/dude-wheres-my-marijuana-trademark/>.

does not infringe someone else's trademark.¹¹⁰ Marijuana businesses are still susceptible to being sued for trademark infringement despite their controversial connection to federally illegal activity.¹¹¹ For example in 2007, the Hershey chocolate company sued TinctureBelle LLC and TinctureBelle Marijuanka LLC, two Colorado companies selling marijuana edibles, for \$100,000 for using its famous mark to sell marijuana-filled candy.¹¹² Hershey alleged that the businesses used its trademark and packaging in a way that would confuse customers.¹¹³ TinctureBelle sold items called "Ganja Joy, Hasheath, Hashees and Dabby Patty," which undoubtedly "resembled Hershey's Almond Joy, Heath, Reese's peanut better cups and York peppermint patties."¹¹⁴ In particular, Hershey argued that this infringement was dangerous for children given the risk that they could confuse Hershey candy with marijuana-infused candy.¹¹⁵ Rasta Reese's eventually settled and agreed to either recall or destroy its marijuana-infused edibles as part of their agreement with the chocolate company.¹¹⁶ In sum, marijuana merchants should tread lightly from the moment they begin researching potential marks, through application for a state or federal registration. While securing trademark registrations could increase competition and

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Hershey Trademarks Used for Marijuana Candy, Suit Says*, 14 ANDREWS INTELL. PROP. LITIG. REP. 11 (2007).

¹¹³ Hannah Brown, *Having Your Cake and Eating It Too: Intellectual Property Protection for Cake Design*, 56 IDEA: J. FRANKLIN PIERCE FOR INTELL. PROP. 31, 67, n. 155 (2016).

¹¹⁴ The Associated Press, *Hershey settles trademark infringement lawsuit with Colorado edible pot company*, 7 NEWS AND THE DENVER CHANNEL (Oct. 16, 2014) <http://www.thedenverchannel.com/news/local-news/hershey-settles-trademark-infringement-lawsuit-with-colorado-edible-pot-company10162014>.

¹¹⁵ Brown, *supra* note 84.

¹¹⁶ The Associated Press, *Hershey settles trademark infringement lawsuit with Colorado edible pot company*, 7 NEWS AND THE DENVER CHANNEL (Oct. 16, 2014) <http://www.thedenverchannel.com/news/local-news/hershey-settles-trademark-infringement-lawsuit-with-colorado-edible-pot-company10162014>.

revenue for the marijuana industry, it also opens the door to added issues like infringement and unfair competition in the future.

CONCLUSION

The legalization of medical and recreational marijuana will only continue to grow. Only twelve percent of individuals supported legalizing cannabis in 1969.¹¹⁷ Today, more than sixty percent of the public supports marijuana legislation.¹¹⁸ And support for medicinal marijuana under the supervision of a doctor is now close to ninety percent.¹¹⁹ In 2016, many consider the likelihood of legalization in Nevada, California, Vermont, Arizona and Maine “almost a sure thing.”¹²⁰ As such, state and federal legislation must continue evolving in order to meet the growing needs of this new business empire. Marijuana businesses and in turn, the states that legalize them, thrive upon development of “unique and recognizable brands.”¹²¹ But the biggest federal hurdle for those considering the marijuana industry is the government’s classification of marijuana as a Schedule I controlled substance under the Controlled Substance Act. As a result, merchants cannot attain federal trademarks for marijuana or marijuana-related products, which could provide the greatest breadth of trademark protection. Marijuana business owners will continue to face a challenging and uncertain legal environment, but there are still strategies to amplify their intellectual property rights.

¹¹⁷ Sam Stebbins, Thomas C. Frohlich and Michael B. Sauter, *The next 11 states to legalize marijuana*, USA TODAY (Aug. 19, 2016).

¹¹⁸ Christopher Ingraham, *More and more doctors want to make marijuana legal*, THE WASHINGTON POST (Apr. 15, 2016) <https://www.washingtonpost.com/news/wonk/wp/2016/04/15/more-and-more-doctors-want-to-make-marijuana-legal/>.

¹¹⁹ *Id.*

¹²⁰ Lisa Rough, *Which States are Most Likely to Legalize Cannabis in 2016?*, LEAFLY (Dec. 22, 2015) <https://www.leafly.com/news/headlines/what-states-are-most-likely-to-legalize-in-2016>.

¹²¹ Hilary Bricken, *Dude Where's My Marijuana Trademark*, ABOVE THE LAW (Mar. 9, 2015) <http://abovethelaw.com/2015/03/dude-wheres-my-marijuana-trademark/>.