



February 2019



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The February 2019 issue of Sterne Kessler's MarkIt to Market® newsletter discusses IP protection for cannabis products, the fate of scandalous and immoral trademark registrations, and lists the new gTLD Sunrise Period.

Sterne Kessler's [Trademark & Brand Protection practice](#) is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact [Monica Riva Talley](#) or [Tracy-Gene G. Durkin](#).

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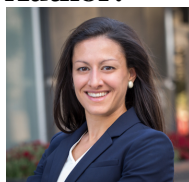
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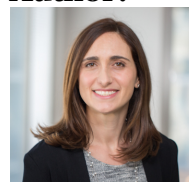
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**UP IN SMOKE? IP PROTECTION FOR**

## CANNABIS PRODUCTS

By: Shana Olson and [Pauline Pelletier](#)

In a recent decision, the TTAB overturned a descriptiveness refusal to register the mark **CANNABIS CANNIBALS** for “entertainment services, namely, an ongoing series featuring animated cannabis smoking cannibals provided through network or cable TV and the internet” in Class 41. The overturned descriptiveness finding aside, what has drawn attention to this case – and mark – is the fact that the federal government allowed registration of a mark containing the term “cannabis” for services that mention cannabis.



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By: [Dana Justus](#) and [Monica Riva Talley](#)

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By: [Monica Riva Talley](#)

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## RECENT NEWS

The firm was pleased to announce that Monica Riva Talley and Tracy-Gene G. Durkin were named among “The World’s Leading Trademark Professionals” by *WTR 1000 2019*.

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In a recent decision, the TTAB overturned a descriptiveness refusal to register the mark **CANNABIS CANNIBALS** for “entertainment services, namely, an ongoing series featuring animated cannabis smoking cannibals provided through network or cable TV and the internet” in Class 41. The overturned descriptiveness finding aside, what has drawn attention to this case – and mark – is the fact that the federal government allowed registration of a mark containing the term “cannabis” for services that mention cannabis. As most are aware, cannabis use is still illegal under the Controlled Substances Act (CSA), which prohibits manufacturing, distributing, dispensing, or possessing certain controlled substances, including marijuana. 21 U.S.C. §§812, 841(a)(1), 844(a). To register a mark with the U.S. Patent and Trademark Office (PTO), an applicant must be able to lawfully use the mark in commerce in connection with the goods/services. If an applicant’s goods and/or services are themselves illegal under the CSA – such as identifying strains of cannabis or cannabis distribution services, it follows that their mark cannot be registered for those goods and/or services. In the case of **CANNABIS CANNIBALS**, the goods or services themselves did not involve actual cannabis (and presumably featured only the depiction of animated cannabis), which was why the TTAB allowed the mark to register.

Similarly, the PTO has recently allowed registration of marks covering goods and services ancillary to the cannabis trade, such as publishing information about the benefits of cannabis, educating others about the cultivation of cannabis, organizing events in the field of cannabis culture, providing medical information related to medicinal use of cannabis, and software and mobile applications featuring information relating to cannabis. Registration for ancillary goods and services may provide some modicum of protection for entities who also offer actual cannabis products or distribution services under the same mark. Mark owners may also want to consider seeking state-based trademark registrations for their cannabis-related goods/services in states where cannabis is legal.

While trademark applicants may be constrained in terms of registering marks for goods containing cannabis or services related to distribution of cannabis products, the PTO has already issued hundreds of patents covering cannabis products, their derivatives, production processes, and methods of use. In fact, the period from 2015 to 2017 saw the greatest increase in cannabis patent application filings, reaching an all-time high of 118 applications filed in 2017 alone. The PTO has issued patents covering cannabis inventions without regard to whether making, using, or selling the claimed subject matter would violate federal laws. Indeed, some of the patents within this technology class are even owned by or licensed to federal agencies

including the National Institutes of Health and Department of Health and Human Services. Thus, patents (utility, design, and plant) present a potential avenue for protecting cannabis-related products despite the federal classification of cannabis under the CSA.

For more information on protecting cannabis-related IP, please visit our [website](#).

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U.S. trademark attorneys received a New Year's surprise last month when the Supreme Court of the United States agreed to hear *Iancu v. Brunetti*, the case that should determine the availability of federal trademark registration for “immoral” and “scandalous” marks – in this instance, the acronym “FUCT” for a clothing line. *Brunetti* will mark the second trademark case before the Court in three years that evaluates the constitutionality of the federal ban on registering certain categories of marks under Section 1052(a) of the Lanham Act.

The Court's interest in this case is particularly intriguing after its June 2017 decision in *Matal v. Tam*, in which it upheld the U.S. Court of Appeals for the Federal Circuit's 2014 holding that Section 1052(a)'s ban on the registration of “disparaging” marks violated the First Amendment of the U.S. Constitution's protection for free speech. The *Tam* case concerned the mark “THE SLANTS,” the name of an Asian-American rock band, although a parallel case about the “REDSKINS” mark for the name of the Washington, D.C. professional football team received the lion's share of media coverage and public interest.

After the *Tam* decision, most assumed that federal courts – and, in particular, the Federal Circuit, as the U.S.'s highest-ranking court (other than the Supreme Court) for intellectual property matters – would view “immoral” and “scandalous” trademarks, which are included alongside “disparaging” marks in Section 1052(a), as similarly protected speech, and similarly nullify the ban on their registration with the U.S. Patent and Trademark Office.

Following suit, the Federal Circuit ruled in December 2017 that the vulgar and “scandalous” mark FUCT was constitutionally-protected, private expression under the First Amendment, overturning the Trademark and Trial Appeal Board's 2014 decision denying federal registration of the mark. The Federal Circuit deemed the ban on scandalous and immoral trademarks to be a content-based restriction that discriminates against entire types of speech, and held that the USPTO could not meet its burden of identifying a governmental interest in upholding such a restriction.

Many were surprised when the USPTO appealed the *Brunetti* decision to the Supreme Court,

assuming that the Court – which rarely hears trademark cases, much less cases about arguably similar registrability issues – would deny the government’s petition and allow the Federal Circuit’s decision to stand. The odds were also not in the government’s favor, as the Supreme Court only grants a miniscule amount – typically between two and five percent – of the petitions for *writ of certiorari* filed each year.

If the Court does uphold the Federal Circuit’s decision negating Section 1052(a)’s ban on the federal registration of scandalous and immoral trademarks, what does that mean for U.S. trademark owners and counsel? Well, for most – not much. Such marks are usually not marketable for most companies; although a minority find the shock value of marks such as FUCT, DIRTY DICK’S CRAB HOUSE, and AMERICAN AS F\*CK to be a key point of their brand’s identity. It is unlikely, however, that removing the Lanham Act’s prohibition on the federal registration of scandalous and immoral marks will result in a flood of applications; the *Tam* decision did not result in a significant increase in applications for disparaging trademarks, given the relatively rare market occurrence of such brands and their evolving political (in)acceptance. For example, the Cleveland Indians professional baseball team announced in 2018 that it was ending the use of its “Chief Wahoo” Indian head logo on the team’s uniforms, as the design was “no longer appropriate.”

In addition, the ability to obtain a federal registration for a scandalous or immoral trademark may fall short of other practical considerations, such as state or local regulations barring such business names or slogans. The New Hampshire town of Keene recently deemed signage for Vietnamese restaurant “Pho Keene Great” (the Vietnamese soup “pho” is pronounced “fuh”) as violating local and building lease regulations, in addition to inciting public complaints. Even if this mark may be federally registrable if the Supreme Court upholds the Federal Circuit’s *Brunetti* holding, that registration will be of little value to the restaurant owner if it cannot display the mark at its physical location.

Even if the registration of scandalous and immoral trademarks is not a market concern for the majority of business owners, this case continues to be a fascinating one to watch for U.S. practitioners. The Supreme Court’s eventual decision should hopefully bring some additional clarity to this area of U.S. trademark law, and will certainly make for interesting reading.

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As of February 27, 2019, ICANN lists new Sunrise periods as open for the following new gTLDs that may be of interest to our clients. A full list can be viewed [here](#).

### **.monster**

ICANN maintains an up-to-date list of all open Sunrise periods [here](#). This list also provides the closing date of the Sunrise period. We will endeavor to provide information regarding new gTLD launches via this monthly newsletter, but please refer to the list on ICANN's website for the most up-to-date information – as the list of approved/launched domains can change daily.

Because new gTLD options will be coming on the market over the next year, brand owners should review the list of new gTLDs (a full list can be found [here](#)) to identify those that are of interest.

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