


September 2020

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The September 2020 issue of Sterne Kessler's Markt to Market® newsletter discusses the state of the CBD industry, including a recent non-precedential TTAB decision regarding CBD-infused supplements, as well as the open gTLD sunrise periods.

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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CB – DON'TS

By: [Lauriel F. Dalier](#) and [Monica Riva Talley](#)

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NEW gTLD SUNRISE PERIODS NOW OPEN

By: [Monica Riva Talley](#).

As first reported in our December 2013 newsletter, the first new generic top-level domains (gTLDs, the group of letters after the "dot" in a domain name) have launched their "Sunrise" registration periods. Please contact us or see our [December 2013 newsletter](#) for information as to what the Sunrise period is, and how to become eligible to register a domain name under one of the new gTLDs during this period.

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CB – DON'TS

By: [Lauriel F. Dalier](#) and [Monica Riva Talley](#)

Creativity abounds in the CBD industry – both in the wide variety of products infused with it, and in the efforts undergone by applicants trying to circumvent the Trademark Act to register per se unlawful CBD-infused products.

The news is replete with articles of emerging and creative ways CBD is being incorporated into goods such as skin care products, eye drops, nutritional supplements, and even sweeteners. Well-known brands and personalities, even Martha Stewart(!), are getting in on the action.

However, the sale of CBD-infused consumables – even in cases where the CBD is derived from hemp – is a per se violation of the Federal Food, Drug, and Cosmetic Act (FDCA). And, as the use of a mark in commerce must be “lawful” for a trademark to qualify for federal registration, the TTAB has consistently held that marks for such products are not federally registrable. Nonetheless, CBDpreneurs continue to file applications for registration, often trying to strategically, albeit unsuccessfully, outwit the PTO.

In a recent non-precedential [decision](#), the Trademark Trial and Appeal Board affirmed the refusal to register a mark for CBD-infused supplements, finding the applicant’s goods to be per se unlawful under relevant sections of the FDCA. The applicant admitted that the sale of its goods would be unlawful under federal law, but boldly asserted that while use in commerce is required under the Lanham Act, the Act does not specify that such use must be **lawful**. Further, the applicant challenged the PTO’s authority to eclipse state laws and refuse federal registration based solely on Trademark Rule 2.69, arguing that since use of the mark is lawful under Colorado law, it satisfies the use requirements, thereby making the mark eligible for federal registration.

In response, the TTAB noted that Federal circuits have consistently upheld the PTO’s longstanding lawful use requirement and affirmed the refusal to register. As explained by the Ninth Circuit:

as a logical matter, to hold otherwise would be to put the government in the “anomalous position” of extending the benefits of trademark protection to a seller based upon actions the seller took in violation of that government’s own laws. See *In re Stellar* [Int’l Inc.], 159 USPQ [48 (TTAB 1968) at 51. It is doubtful that the trademark statute – passed pursuant to Congress’s power under the Commerce Clause – “was ... intended to recognize... shipments in commerce in contravention of other regulatory acts promulgated [by Congress] under [that same constitutional provision.” *Id.* Second, as a policy matter, to give trademark priority to a seller who rushes to market without taking care to carefully comply with the relevant regulations would be to reward the hasty at the expense of the diligent.

CreAgri, Inc. v. USANA Health Scis., Inc., 474 F.3d 626, 81 USPQ2d 1592 (9th Cir. 2007).

Section 1(a) of the Lanham Act not only sets forth requirements for registration of a mark based on use in commerce, it also necessitates applicants abide by rules and regulations as specified by the PTO, including Trademark Rule 2.6. This Rule enables the PTO to make any inquiries necessary to facilitate examination – including inquiries as to lawful use of the mark and inquiries as to the exact nature of the CBD-infused goods covered by the application.

So what does this all mean to those seeking to join the CBD bandwagon? The introduction of the pending bill “[Hemp and Hemp-Derived CBD Consumer Protection and Market Stabilization Act of 2020](#)” (HR 8179) earlier this month suggests that CBD is marching toward federal approval, at least for dietary supplements. Brand owners seeking a foothold in this space should consider use and registration for currently lawful products – such as skin care products – to start developing brand recognition. They may also want to consider filing placeholder applications for goods that are not currently legal, in the hopes that legalization legislation will be passed during application pendency. Finally, brand owners may want to register their CBD brands locally, with the state trademark offices in their respective areas of business, to provide some additional measure of coverage in the interim.

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By: [Monica Riva Talley](#)

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As of September 30, 2020, 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](#).

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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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