


September 2021

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The September 2021 issue of Sterne Kessler's Markt to Market® newsletter discusses a recent non-precedential Trademark Trial and Appeal Board decision regarding intent-to-use applications covering CBD products currently illegal under federal law, and provides cannabis legislation updates.

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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WATCHING THE POT™

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By: [Lauriel F. Dalier](#)

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“Reduces pain,” “alleviates anxiety,” “improves sleep” – these are just some of the claims of the miraculous CBD. The surfeit of new CBD brands and products in the marketplace is no surprise, given that such consumables are legal in many states, and seemingly treat all ills. However, unless approved by the FDA, CBD consumables are still not **federally** legal, a requirement for federal trademark registration. Yet, as evidenced by the continuous stream of trademark applications filed with the USPTO for marks for CBD-ingredient consumables, brand owners are trying to position themselves at the front of the line for registration, once it becomes a possibility.

However, the timing of such filings is tricky to get right – given the unknown timeline of federal legalization. In a non-precedential [decision](#) issued earlier this month, the Trademark Trial and Appeal Board has effectively put brand owners on notice that though the legal framework around CBD might change, even in the near future, this does not (and will not) provide for an exception to the requirement that Applicants must have a bona fide intent to **lawfully** use a mark at the time of filing the application. In other words, one cannot have a bona fide intent to use a mark on goods in commerce if the sale of those goods is illegal at the time of filing the application.

Applicant, Joy Tea, Inc. filed an application based on an intent-to-use for the mark FOR JOY for (generally) tea and tea-based beverages, describing all of the goods as “being legal under both state and federal laws and containing ingredients solely derived from hemp with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis” in Class 30. The Examining Attorney refused registration under Sections 1 and 45 of the Trademark Act because the goods contain or may contain CBD, which violate the Federal Food, Drug, and Cosmetic Act (FDCA) and, thus, the Applicant cannot have a bona fide intent to use the mark in lawful commerce.

In this case, the Applicant sought “to overturn, or at least narrow” the holding in *In re JJ206, LLC*, 120 USPQ2d 1568 (TTAB 2016) that “if the goods on which a mark is intended to be used are unlawful, there can be no bona fide intent to use the mark in lawful commerce.” (Decision p. 4). The Applicant submitted that it “has, and at all times had, a subjective bona fide intent to use its mark ... with the recited goods in *future* legal commerce” because of its expectation that the legal framework around CBD-ingredient consumables will change in a reasonable amount

of time. (Decision p. 5). The Board, upholding its long-held position that the definition of bona fide intention to use means use of a mark in the ordinary course of trade, stated that “it is not possible to have a bona fide intent to use a mark on goods which are unlawful at the time of the application.” (Decision p. 6). The Board, in declining the Applicant’s invitation to at least narrow the holding in *JJ206* noted that “[t]o do so would violate the longstanding prohibition against reservation of a mark.”

This decision provides a few takeaways for applicants looking to market products under laws that may be enacted in the future:

1. The USPTO currently does not register marks for goods/services for which use in commerce is unlawful – no exceptions – including if such goods/services are lawful in the Applicant’s state;
2. Consider state registrations for the mark if the goods/services are legal in the state where the goods are manufactured and sold;
3. When balancing filing an application now for a mark to be used on CBD-ingredient consumables, in order to have the earliest filing date, consider instead filing the application for complementary non-cannabis-touching goods and lawful goods, e.g., similar foods and beverages that do not contain CBD, mugs and cups for coffee/tea;
4. The USPTO can make an inquiry if the record clearly indicates there is no bona fide intention to use the mark in commerce, especially where there cannot be a bona fide intent because the goods at issue are prohibited under federal law.

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This comes on the heels of activities earlier this month – the U.S. House of Representatives approved the National Defense Authorization Act for Fiscal Year 2022, which includes the SAFE Banking Act as an amendment. The SAFE Banking Act would enable financial institutions to provide basic financial services such as checking accounts, loans, and payroll services to state-legal marijuana businesses. Currently, because many cannabis businesses are cash-operated, they are more susceptible to criminal activity. This is the fifth time that the House has approved bipartisan marijuana banking reform.

With Democrats controlling the Senate, optimism abounds for those in the industry.

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As of September 30, 2021, ICANN lists a new Sunrise period as open for the following new gTLD 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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