BLUNT ADVICE: A CRASH COURSE IN CANNABIS TRADEMARKS

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ABSTRACT

Cannabis brands are going mainstream, and they want trademark protection. Getting it, however, is easier said than done. Because cannabis is largely illegal at the federal level, the United States Patent and Trademark Office (USPTO) will not bestow federal registration on trademarks used in connection with products having greater than 0.3% THC content—even in states which have legalized recreational cannabis use. This presents a problem to cannabis brands, because federal registration offers the broadest trademark protection. The effect is that cannabis brands must navigate a confusing patchwork of state-level trademark laws to cobble together whatever common-law rights they can muster.

There are, however, a number of recent and continuing developments in the law, the knowledge of which will enable a savvy cannabis company to maximize its brand protection in the face of an uncertain landscape. For example, the Supreme Court has demonstrated a marked willingness over the past few decades to curtail government restrictions on commercial speech. This includes two recent decisions, Matal v. Tam and Iancu v. Brunetti, in which the Court struck down two substantial Lanham Act provisions—the disparagement clause and the immoral/scandalous bar—as unconstitutional speech restriction.

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This deregulatory trend in the Court's commercial speech jurisprudence bodes well for cannabis generally, which has often been (and continues to be) derided in some segments of society as nefarious or subversive. Because of this, dilution has the potential to cause problems for cannabis companies if famous brands feel that the distinctiveness of their names or products are being blurred or tarnished by pot-centric products. This would be true even if federal registration were possible, and cannabis brands are particularly susceptible to dilution given the industry's longstanding practice of naming popular cannabis products after well-known brands—Skywalker OG, anyone? Dilution, however, shares much in common with the now-defunct disparagement and immoral/ scandalous provisions, and this Article argues that Tam and Brunetti have likely provided the blueprints for a successful challenge to the dilution provisions.

This article concludes with a number of practical tips on how to maximize common-law trademark protections to help cannabis brands stake out their trademark turf as widely as possible, which will come in handy if and when federal trademark registration becomes possible. In the meantime, having a strong grasp of this idiosyncratic area of the law will enable cannabis brands to maximize brand protection in the face of an evolving landscape.

I. INTRODUCTION

It's not easy being green. While a growing number of states have legalized marijuana and marijuana-derived products for medical and recreational use, the cannabis industry is fraught with risk. Hemp farmers in Wisconsin, for example, must destroy their entire field if even one plant is found to contain more than 0.3% concentration of THC.[1] Section 280E of the tax code prevents cannabis companies from writing off any of their operating costs.[2] RICO claims have become anti-legalization crusaders' weapon of choice against state-sanctioned cannabis

[1] *Hemp Inspection and Testing*, WIS. DEP'T OF AGRIC., TRADE, & CONSUMER PROTECTION (Nov. 2, 2019), https://datcp.wi.gov/Pages/ProgramsServices/IHInspexTest.aspx [https://perma.cc/KB6D-8FHJ].

[2] Diana Novak Jones, *How 280E Became the Pot Industry's Boogeyman*, LAW360 (Oct. 18, 2019), https://www.law360.com/articles/1209206/print?section=cannabis [https://perma.cc/YQQ9-73TB].

businesses.[3] Facebook and Google won't run marijuana and CBD promotions.[4] Cannabis businesses have trouble securing operating capital (or even a checking account) as mainstream banks want little to do with these businesses for fear of violating federal anti-money laundering laws.[5] To add insult to injury, because marijuana remains a Schedule I substance under the Controlled Substances Act (CSA), state-licensed cannabis businesses cannot register their names, logos, and other source-identifiers as federal trademarks.

A trademark does not have to be registered to obtain legal protection. Mere use of the mark in commerce, for example, will entitle the mark to certain legal benefits, but only in the geographic region where actual use has been made. Registering the mark on the federal Principal trademark register, however, adds quite a few arrows to the mark owner's quiver. These include rebuttable presumptions of nationwide priority dating back to the date of application, distinctiveness and non-functionality, and exclusivity, as well as the right to obtain statutory damages in certain cases, the right to request customs officials to bar importation of goods bearing infringing marks, and the opportunity to achieve incontestability status after five

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[3] Gerald Arth & Joshua Horn, *RICO Threat Looms Over Cannabis Businesses*, LAW360 (Oct. 21, 2019), https://www.law360.com/articles/1201372/print?section=cannabis [https://perma.cc/U3CH-MTQV].

[4] Michelle Castillo, *Marijuana and CBD Companies Can't Advertise on Facebook and Google, So They're Getting Creative*, CNBC (Dec. 15, 2018), https://www.cnbc.com/2018/12/14/facebook-google-dont-allow-cbd-ads-so-zenpup-has-to-get-creative.html [https://perma.cc/SGD4-LZCZ].

[5] Diana Novak Jones, *How a Cottage Industry Filled the Cannabis Banking Gap*, LAW360 (Oct. 21, 2019), https://www.law360.com/articles/1210411/print?section=banking [https://perma.cc/2ZE9-9H9T].

years.[6] These benefits, and others, are currently out of reach for cannabis brands offering products or services which involve any cannabis-derived product having a THC concentration greater than 0.3%.[7] Trademark regulations at the USPTO prohibit registration of a trademark if the associated goods or services exceed this threshold, or if the mark is used on food/beverage, dietary supplement, and pet treat products as such products are still unlawful under the Federal Food, Drug, and Cosmetics Act (FDCA).[8]

Even if registration were possible, however, cannabis marks face other threats; one is dilution law. Jimi Hendrix's estate, for example, recently secured a permanent injunction against Jimi's brother, Leon, who was using the marks "Jimi" and "Jimi Hendrix" in connection with marijuana products. The injunction prohibits Leon from further use of the Hendrix trademarks, on the grounds that his use of the marks diluted their distinctiveness, both by blurring and tarnishment.[9] While most successful trademark infringement actions require a showing that consumers are likely to be confused as to the source of the goods, dilution entitles the owner of famous trademarks to seek an injunction against other marks which "blur the distinctiveness of the [famous] mark or tarnish or

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[6] BARTON BEEBE, TRADEMARK LAW: AN OPEN SOURCE CASEBOOK 257–58 (2018), http://tmcasebook.org/wp-content/uploads/2018/07/BeebeTMLaw-5.0-Full-Book.pdf [https://perma.cc/3BRH-GRYY].

[7] USPTO, EXAMINATION GUIDE 1-19: EXAMINATION OF MARKS FOR CANNABIS AND CANNABIS-RELATED GOODS AND SERVICES AFTER ENACTMENT OF THE 2018 FARM BILL 1–3 (2019), https://www.uspto.gov/sites/default/files/documents/Exam%20Guide%201-19.pdf [https://perma.cc/KLX4-WPPH].

[8] *Id.*

[9] Sarah Jarvis, *Jimi Hendrix's Brother Reaches Settlement in Trademark Spat*, LAW360 (Oct. 18, 2019), https://www.law360.com/articles/1210933/jimi-hendrix-s-brother-reaches-settlement-in-trademark-spat [https://perma.cc/VVZ5-ZTXW].

disparage it, even in the absence of a likelihood of confusion."[10]

Admittedly, the cannabis industry has not helped itself here. For one, there has been a longstanding practice of naming popular cannabis strains after well-known brands. Examples include GSC (Girl Scout Cookies),[11] Fruity Pebbles,[12] Zkittlez,[13] Gorilla Glue,[14] and Skywalker OG.[15] Equally problematic is the time-honored custom of naming pot-laced edibles after famous snacks. Such gems include Stoney Patch Kids,[16] Keef Kat,[17] Mr. Dankbar,[18]

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[10] H.R. REP NO. 104-374, at 2 (1995) (Conf. Rep.); *see also* 15 U.S.C. § 1125(c) (2018).

[11] Ry Prichard, *Everything You Need to Know About the Girl Scout Cookies Weed Strain*, THRILLIST (Mar. 9, 2016), https://www.thrillist.com/eat/nation/girl-scout-cookies-weed-strain-everything-you-need-to-know [https://perma.cc/MR72-D8SJ].

[12] Anthony Franciosi, *Fruity Pebbles Strain Guide*, HONEST MARIJUANA CO. (July 6, 2016), https://honestmarijuana.com/fruity-pebbles-strain [https://perma.cc/X4TT-GKM3].

[13] David Downs, *Zkittlez: The Unique Cannabis Strain that Lets You Taste the Rainbow*, CANNABISNOW (Nov. 16, 2016), https://cannabisnow.com/zkittlez [https://perma.cc/JV6T-XS2J].

[14] Beca Grimm, *American Pot: 5 Best Strains of 2017*, ROLLING STONE (Dec. 27, 2016), https://www.rollingstone.com/culture/culture-lists/american-pot-5-best-strains-of-2017-199870/gsc-a-k-a-platinum-cookies-f-k-a-girl-scout-cookies-199919 [https://perma.cc/GH9S-H5DV].

[15] Matt Price, *Skywalker OG and its Pain Relief Qualities*, MEDICALJANE, https://www.medicaljane.com/review/skywalker-og-strain-review [https://perma.cc/7LEC-MEAF] (last visited Dec. 5, 2019).

[16] Dena Aubin, *'Stoney Patch' Pot Gummies Spur Lawsuit From Sour Patch Kids Maker Mondelez*, REUTERS (July 22, 2019), https://www.reuters.com/article/mondelez-gummies-marijuana/stoney-patch-pot-gummies-spur-lawsuit-from-sour-patch-kids-maker-mondelez-idUSL2N24N1LE [https://perma.cc/P8EZ-3E7W].

[17] Dennis Romero, *Marijuana Halloween Candy: Cops Warn Trick-or-Treaters About Weed-Infused Treats*, LA WEEKLY (Oct. 31, 2012), https://www.laweekly.com/marijuana-halloween-candy-cops-warn-trick-or-treaters-about-weed-infused-treats [https://perma.cc/FSP8-YXHL].

and Reefer's Peanut Butter Cups.[19] While no doubt these naming conventions permitted early pot purveyors to have a chuckle while sticking it to the man, they represent a significant risk to modern cannabis brands now that such products and services are going mainstream.

This Article explores the unique legal morass encountered by modern cannabis brands who are looking for ways to stake out their trademark turf in an environment where, at least federally, cannabis is not legal. It examines how this framework has been and will continue to be dramatically affected by recent decisions of the United States Supreme Court, as well as by recent regulatory changes and pending legislation in Congress. The broad purpose of this Article is to provide cannabis business owners (and their lawyers) with a complete set of tools for how to conceptualize the current legal and regulatory regime surrounding cannabis trademarks, and how to maximize brand differentiation in the face of an uncertain landscape.

This idiosyncratic area of the law implicates several dimensions of the Lanham Act, the most pertinent of which are set out in Part II. Part III provides an overview of the barriers to federal registration for cannabis-related trademarks, particularly the judicially-created "lawful use rule." Part IV examines the Supreme Court's landmark decision in *Matal v. Tam*, which struck down the Lanham

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[18] Jolie Lee, *Copycat? Hershey's Says Marijuana Edibles Violate Trademark*, USA TODAY (June 12, 2014), https://www.usatoday.com/story/news/nation-now/2014/06/12/hersheys-marijuana-edibles/10238447 [https://perma.cc/G9GM-ZEXM].

[19] Keith Schweigert, *Hershey Sues Maker of Edible Pot Products Including Reefer's Peanut Butter Cups*, LANCASTERONLINE (June 6, 2014), https://lancasteronline.com/news/local/hershey-sues-maker-of-edible-pot-products-including-reefer-s/article_ba05624a-ed84-11e3-93ce-0017a43b2370.html [https://perma.cc/S75T-F9LE].

Act's disparagement bar as unconstitutional viewpoint discrimination.[20] Part V evaluates how the Court applied similar reasoning to strike down the Act's ban on immoral or scandalous marks in *Iancu v. Brunetti*.[21] Part VI explores how the *Tam* and *Brunetti* decisions were natural outcomes amid the broader deregulatory trend in the Supreme Court's commercial speech jurisprudence. Part VII evaluates how the Lanham Act's dilution provision stands up in light of this deregulatory trend. Part VIII pivots from the conceptual to the practical, discussing how cannabis producers "on the ground" are interfacing with the current legal and regulatory framework. This includes a discussion of what cannabis brands can do, right now, to maximize their brand differentiation and trademark protection in the face of uncertain, but not altogether unpredictable, winds.

II. Lanham Act: Background and Pertinent Provisions

Federal trademark law is governed by the Lanham Act, which was signed into law by Harry Truman in 1946. Its purpose was to streamline and unify trademark law on the federal level, which until then had been regulated by a patchwork of state laws—not unlike the current state of affairs in the cannabis industry.[22]

To accomplish its dual purpose of protecting brand owners and protecting consumers, the Lanham Act extends legal protections to indicators of source. Allowing only one company to register a brand for specific goods reduces search costs for consumers, who can be confident that their twelve-pack of Coca-Cola® is the real deal. It also fosters

[20] *See generally* Matal v. Tam, 137 S. Ct. 1744 (2017).
[21] *See generally* Iancu v. Brunetti, 139 S. Ct. 2294 (2019).
[22] *Matal*, 137 S. Ct. at 1751.

competition, incentivizing producers to maintain a high degree of quality in their goods and services, thereby "securing to the producer the benefits of good reputation."[23] In other words, if your trademark is synonymous with reputation, you want to make sure it's a good one. In service of this goal, the Lanham Act sets forth eligibility criteria for registration, and offers all trademark owners, registered or not, certain courses of action to prevent others from piggybacking on the goodwill built up in the trademark holder's name, logo, or trade dress.

For our purposes, the two most pertinent provisions of the Act are the "lawful use rule"[24] (more of a judicial creation than a congressional one) and dilution.[25] Both hold special significance for cannabis brands seeking trademark protection, as we will see. Two more, the disparagement bar and the immoral/scandalous bar,[26] have been struck down as unconstitutional vestiges of a prior era.[27] When viewed in the broader context of the Supreme Court's deregulation of commercial speech, these decisions have put dilution in play as the next possible Lanham Act casualty, which could potentially benefit the cannabis industry.

III. THE LAWFUL USE RULE

Section 1 of the Lanham Act provides that a trademark owner may request registration of a trademark

[23] S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm., 483 U.S. 522, 531 (1987) (quoting Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 198 (1985)).
[24] 15 U.S.C. § 1051(a)(1) (2018).
[25] 15 U.S.C. § 1125(c)(1) (2018).
[26] 15 U.S.C. § 1052(a) (2018).
[27] *See* Iancu v. Brunetti, 139 S. Ct. 2294, 2302 (2019); *Matal*, 137 S. Ct. at 1764–65.

which is "used in commerce."[28] Over the years, courts and the USPTO have decreed that such use must be "lawful."[29] This "lawful use" requirement finds nary an ounce of textual support in the Lanham Act, except for, arguably, Section 45, which provides that "[t]he term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark."[30] Despite this dithering textual basis, the rule finds support in a line of cases, which defend it on a narrow sliver of legal and public policy grounds.

The first of these is *In re Stellar*, a 1968 ruling by the Trademark Trial and Appeal Board (TTAB), which denied registration of the mark JETFRESH in connection with an aerosol mouth freshener.[31] The specimen's label failed to adequately list the product's ingredients, which in the USPTO's determination ran afoul of a labeling provision in the FDCA.[32] In explaining that "use in commerce" must necessarily mean "lawful use in commerce," the Board gave two justifications for its rejection. The first is that the goods bearing the JETFRESH mark were not "sold or transported in commerce which may be lawfully regulated by Congress"[33]—a bit of a headscratcher, as the Commerce

[28] 15 U.S.C. § 1051(a)(1).
[29] TMEP § 907 (5th ed. Sept. 2007) ("Use of a mark in commerce must be lawful use to be the basis for federal registration of the mark."); *see also* Gray v. Daffy Dan's Bargaintown, 823 F.2d 522, 526 (Fed. Cir. 1987); 37 C.F.R. § 2.69 (2020).
[30] 15 U.S.C. § 1127 (2018); *see also* CHRISTOPHER R. MCELWAIN, HIGH STAKES: MARIJUANA AND THE USPTO'S "[LAWFUL] USE" REGISTRATION CRITERION 9 (2016), http://www.inta.org/Academics/Documents/2016/McElwain.pdf [https://perma.cc/4DXW-CE5J].
[31] *See generally In re* Stellar Int'l, Inc., 159 U.S.P.Q. (BNA) 48 (T.T.A.B. 1968).
[32] MCELWAIN, *supra* note 30, at 8.
[33] *In re Stellar*, 159 U.S.P.Q. (BNA) at 51.

Clause of the Constitution implicitly authorizes Congress to regulate *all* commerce, lawful or otherwise.[34] Second, the Board explained that failing to read "lawful" into the statute would "place the Patent Office in the anomalous position of accepting as a basis for registration a shipment in commerce which is unlawful under a statute specifically controlling the flow of such goods in commerce."[35] Cognitive dissonance, in other words.

While legally dubious, it seems reasonable, from a policy standpoint, that illegal conduct should not be able to serve as a basis for trademark registration. *Stellar*, however, fails to satisfactorily articulate why.[36] Nevertheless, a number of TTAB decisions have since cited *Stellar* as justification for refusing to register marks whose commercial use appears to violate such diverse laws as the Federal Meat Inspecting Act,[37] the Federal Packaging and Labeling Act,[38] the Amateur Sports Act of 1978,[39] and the Clean Air Act.[40]

A reasonable argument might be made that trademark examiners are not sufficiently competent to

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[34] U.S. CONST. art. I, § 8, cl. 3.
[35] *In re Stellar*, 159 U.S.P.Q. (BNA) at 51.
[36] *See generally* Thomas G. Field, Jr., *The Fourth Dimension in Labeling: Trademark Consequences of an Improper Label—Part II*, 25 FOOD DRUG COSM. L. J. 372, 378–81 (1970).
[37] *In re* Cook United, Inc., 188 U.S.P.Q. (BNA) 284, 288 (T.T.A.B. 1975).
[38] Satinine Societa in Nome Collettivo di S.A. e M. Usellini v. P.A.B. Produits et Appareils de Beaute, 209 U.S.P.Q. (BNA) 958, 965 (T.T.A.B. 1981).
[39] *In re* Midwest Tennis & Track Co., 29 U.S.P.Q.2d (BNA) 1386, 1386 (T.T.A.B. 1993).
[40] Geraghty Dyno-Tuned Prods., Inc. v. Clayton Mfg. Co., 190 U.S.P.Q. (BNA) 508, 511 (T.T.A.B. 1976); *see also* TMEP § 907 (5th ed. Sept. 2007); 37 C.F.R. § 2.69 (2020).

interpret such a broad swath of the law.[41] The TTAB conceded this as early as 1981, acknowledging that "[i]nasmuch as we have little or no familiarity with most of these acts, there is a serious question as to the advisability of our attempting to adjudicate whether a party's use in commerce is in compliance with the particular regulatory act or acts which may be applicable . . . ."[42] This argument, however, has mostly fallen on deaf ears in the cannabis space, as the manufacture or sale of marijuana under the CSA constitutes a *per se* violation of the statute, and thus does not require an abundance of fact-finding.[43]

This will almost certainly change in the hemp space. Hemp products are statutorily defined as cannabis with less than 0.3% THC concentration, and now that hemp trademarks are eligible for registration, invariably, a circumstance will arise where it will be unclear to the trademark examiner whether the applicant's goods actually fall below this threshold.[44] Accordingly, it may be possible for future applicants of hemp-related marks to argue that trademark examiners are not qualified to tell the difference, and that a hemp mark may thus not be rejected on lawful use rule grounds without a clear showing that it exceeds the 0.3% limit. This is somewhat unlikely, however, because examiners are permitted to ask questions to which applicants are required to answer truthfully, and the burden is on the applicant to demonstrate it does not exceed the limit.[45]

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41 *See* Field, Jr., *supra* note 36, at 379.
42 *Satinine Societa*, 209 U.S.P.Q. (BNA) at 965.
43 *See, e.g.*, MCELWAIN, *supra* note 30, at 18.
44 Agriculture Improvement Act of 2018, Pub. L. No. 115-334, § 10113, 132 Stat. 4490, 4908 (2018) (codified at 7 U.S.C. § 1639o (2018)).
45 *See In re* Cheezwhse.com, Inc., 85 U.S.P.Q.2d (BNA) 1917, 1919 (T.T.A.B. 2008); *In re* Garden of Eatin' Inc., 216 U.S.P.Q. (BNA) 355, 357 (T.T.A.B. 1982); TMEP § 814 (5th ed. Sept. 2007).

Discussion involving the Lawful Use Rule has taken place almost exclusively inside the TTAB; it has appeared only in a handful of Article III court decisions. One of these is *Gray v. Daffy Dan's Bargaintown*, a Federal Circuit decision from 1987, which frequently appears in office actions rejecting a mark on the basis of the lawful use rule.[46] The oft-cited language originates in an off-handed comment in dicta that "[a] valid application cannot be filed at all for registration of a mark without 'lawful use in commerce.'"[47] This language is front and center in the official comment to Section 907 of the Trademark Manual of Examining Procedure (TMEP).[48]

This is not apples to apples, however. *Gray* concerned whether the mark at issue was entitled to *concurrent* registration under Lanham Act § 2(d)—not whether the mark was entitled to "regular" registration under § 1.[49] Section 2(d) of the Lanham Act expressly provides that a junior applicant with good faith use predating the senior user's application date may obtain registration for its mark even if the mark is confusingly similar to a senior registered mark, if concurrent use is "lawful."[50] In other words, the Court imported a word into Section 1, and thereby changed its meaning, merely because the word appears in Section 2 in the vicinity of "use" and "commerce"—a stunning feat of statutory interpretation.

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[46] Gray v. Daffy Dan's Bargaintown, 823 F.2d 522, 526 (Fed. Cir. 1987); *see e.g.*, USPTO, Office Action of Sept. 25, 2019, Serial No. 88299357.
[47] *Gray*, 823 F.2d at 526.
[48] TMEP § 907 (5th ed. Sept. 2007).
[49] *Gray*, 823 F.2d at 524 (emphasis added).
[50] 15 U.S.C. § 1052(d) (2018).

Consider the context. In *Gray*, the senior user began using the DAFFY DAN'S mark in connection with retail clothing store services in New Jersey, and subsequently registered it.[51] Sometime after the senior user began use, but before it filed for registration, the junior user, Gray, began using an identical mark for retail clothing store services in Ohio.[52] Gray then expanded into the senior user's "acknowledged trading area."[53] The Federal Circuit concluded that the simultaneous use of identical marks, in connection with the same class of goods in the same geographic area, constituted likelihood of confusion as a matter of law, and thus no "lawful" concurrent registrations could be issued.[54] The court then uttered its infamous comment: "[a] valid application cannot be filed at all for registration of a mark without 'lawful use in commerce.'"[55] If *Gray*, instead, concerned the mercury level in its cotton t-shirts, for example, or if the court had even mentioned Section 1 in passing, *Gray* might be relevant to our issue.[56] Neither is true, however. As applied to cannabis marks then, *Gray* is nearly wholly inapplicable.

A second federal court decision, also cited in support of the lawful use rule, suffers similar deficiencies. That case, *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*, involved a dispute over whether the domestic shipment of goods could be used as a basis for registration when the applicant did not have approval to sell the goods

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[51] *Gray*, 823 F.2d at 524.
[52] *Id.*
[53] *Id.*
[54] *Id.*
[55] *Id.* at 526.
[56] *See* 15 U.S.C. § 1052(d) (2018).

once they actually arrived.[57] The registrant was United Phosphorus, an India-based company that manufactured aluminum phosphide, a chemical used in fumigation.[58] Selling aluminum phosphide in the United States required Environmental Protection Agency (EPA) approval, as well as affiliation with an American firm.[59] United's American affiliate secured EPA approval, and obtained a Kansas state trademark registration of the mark QUICK-PHOS, under which the affiliate sold the aluminum phosphide it purchased from United.[60]

Several years later, the affiliate sold itself to Midland Corp., which terminated the relationship with United, bought cheaper aluminum phosphide elsewhere, and sold the inferior product under the QUICK-PHOS mark.[61] Midland attempted to claim ownership of the QUICK-PHOS mark, arguing that because United itself never had EPA approval (its American affiliate did), United never had lawful authorization to use the product in commerce, and therefore could not use its shipment of products bearing the mark as a basis for obtaining its trademark registration.[62] While the Tenth Circuit agreed conceptually that the cases cited by Midland "stand for the well-reasoned proposition that shipping goods in violation of federal law cannot qualify as the 'use in commerce' necessary to establish trademark rights,"[63] it never ruled

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57 United Phosphorus, Ltd. v. Midland Fumigant, Inc., 205 F.3d 1219, 1223–24 (10th Cir. 2000).
58 *Id.* at 1223.
59 *Id.*
60 *Id.* at 1224.
61 *Id.*
62 United Phosphorus, Ltd. v. Midland Fumigant, Inc., 205 F.3d 1219, 1225 (10th Cir. 2000).
63 *Id.* at 1225–26 (citing Medtronic, Inc. v. Pacesetter Sys., Inc., 222 U.S.P.Q. (BNA) 80, 82 (T.T.A.B. 1984); The Clorox Co. v. Armour-Dial, Inc., 214 U.S.P.Q. (BNA) 850, 851 (T.T.A.B. 1982)).

one way or the other as to whether United's shipments were unlawful in that case.[64] If they *were*, the court explained, "Midland would have [had] a strong case that United did not have a right in the trademark."[65] Put another way, the court made no finding of fact and merely regurgitated the TTAB's position with no legal analysis—hardly a basis for altering a congressionally-enacted federal statute.

Consequently, the precedential value of this decision amounts to little more than mere rumination on what *would* have happened under different circumstances. By lacking a ruling on the merits, *United Phosphorus* doesn't lend any more support to the lawful use rule than *Stellar's* conclusory analysis did over thirty years earlier.

It was not until 2007 that the rule finally received more than a cursory analysis by a federal court, albeit to arrive at the same conclusion as *Stellar*.[66] That case, *CreAgri v. USANA Health Sciences*, largely adopted *Stellar's* reasoning that failing to read the word "lawfully" into Section 1(a)(1) of the Lanham Act would result in the "anomalous" scenario where the USPTO, a government agency, would be compelled to award trademark registration on the basis of actions the applicant took in violation of the same government's laws.[67] The *CreAgri* court went further though, making the reasonable observation that, "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

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[64] *See id.* ("Midland failed to present one piece of evidence at trial tending to show United's product was sold or distributed illegally.").
[65] *Id.* at 1226.
[66] *See* CreAgri, Inc. v. USANA Health Scis., Inc., 474 F.3d 626, 630–31 (9th Cir. 2007).
[67] *Id.* at 630.

to reward the hasty at the expense of the diligent."[68] With that, the court imbued the rule with its most compelling defense to date, albeit one grounded in policy, which is typically the purview of elected representatives. Considered together, the takeaway from these cases seems to be that the rule's underpinning fails to hold up under legal scrutiny, resting exclusively on policy grounds.

In an attempt to short-circuit *Stellar* and its progeny, a few applicants have gotten creative. One tactic has been citing the Cole Memorandum, which was issued by Deputy Attorney General James Cole in 2013. Published in the early days of President Obama's second term amid a surge in legalization efforts, Mr. Cole set forth a framework for reducing federal enforcement of the CSA, arguing that individual states' easing of marijuana restrictions was shifting the dynamic of what had historically been a joint federal-state approach to enforcing drug laws.[69] Citing this reluctance at the federal level to enforce the CSA with respect to marijuana, trademark applicants argued that because the Department of Justice (DOJ) had chosen not to treat medical marijuana as a Schedule I drug under the CSA, neither should the TTAB.[70] The Board didn't buy it, however, noting in *In re JJ206, LLC, dba Ju Ju Joints* that the Cole Memo was only guidance[71]; the memo itself, in fact, explicitly provided that

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[68] *Id.*

[69] James M. Cole, *Guidance Regarding Marijuana Enforcement*, U.S. DEPUTY ATTORNEY GENERAL'S OFFICE (Aug. 29, 2013), https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf [https://perma.cc/C74M-3V4Z].

[70] Alison Malsbury, *The Anatomy of a Cannabis Trademark TTAB Decision*, CANNA LAW BLOG (June 16, 2018), https://www.cannalawblog.com/the-anatomy-of-a-cannabis-trademark-ttab-decision [https://perma.cc/96FZ-B6GY].

[71] *In re* JJ206, LLC, 120 U.S.P.Q.2d (BNA) 1568, 1571 n.18 (T.T.A.B. 2016).

it was "not intended to, does not, and may not be relied upon to create any rights, substantive or procedural."[72] In other words, the law is still the law.

The applicant in *JJ206* argued a second point, equally unsuccessful, that Congress had prohibited the DOJ, through various acts, from using federal funds to prevent states from enacting their own laws to legalize marijuana.[73] By directing the DOJ not to enforce the law, Congress had effectively changed it; what authority does the USPTO have to contend otherwise?[74]

Predictably, relying on *United States v. McIntosh*, the TTAB concluded simply that no matter how you slice it, the CSA is still in effect, making possessing and selling marijuana illegal under federal law, and therefore any such use of a trademark in connection with these activities is by definition unlawful.[75] The unifying theme in these cases is that, barring a change in the CSA, cannabis trademark applicants have little chance of undermining the rule itself.

Even if such a change occurred and registration of full-blown cannabis marks becomes possible, other threats remain, like dilution. Given recent developments in the Supreme Court's commercial speech jurisprudence, however, dilution's survival is not guaranteed. The following parts will discuss these decisions and examine how they represent the latest links in a long chain whereby the Supreme Court has shown a continued willingness to

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[72] Cole, *supra* note 69.
[73] Malsbury, *supra* note 70.
[74] Malsbury, *supra* note 70.
[75] *See* United States v. McIntosh, 833 F.3d 1163, 1169–70 (9th Cir. 2016).

dismantle government restrictions on commercial speech. The first of these decisions is *Matal v. Tam*.[76]

IV. THE DEMISE OF THE DISPARAGEMENT BAR: *MATAL V. TAM*

Prior to 2017, Section 2(a) of the Lanham Act prohibited the registration of trademarks which "may disparage . . . persons, living or dead, institutions, beliefs, or national symbols . . . ."[77] Known as the "disparagement" clause, the provision was struck down by the United States Supreme Court in the landmark 2017 decision *Matal v. Tam*.[78]

Tam involved the efforts of an Asian-American rock band who sought federal trademark registration for their name "The Slants."[79] The term "slants" has historically carried a derogatory meaning when directed to persons of Asian descent, and the band adopted it as a way to reclaim the term and sap its "denigrating force."[80] The USPTO didn't see it that way, however, and denied the band's application, citing the disparagement clause.[81]

In determining whether a mark was disparaging, the USPTO employed a two-part test. First, the examiner evaluated "the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection

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76 *See generally* Matal v. Tam, 137 S. Ct. 1744, 1764 (2017).
77 Lanham Act § 2(a), 15 U.S.C. § 1052(a) (2018).
78 *Matal*, 137 S. Ct. at 1765.
79 *Id.* at 1751.
80 *Id.*
81 *Id.*

with the goods or services."[82] "If that meaning is found to refer to identifiable persons, institutions, beliefs, or national symbols," the examiner moved on to step two, and evaluated "whether that meaning may be disparaging to a substantial composite of the referenced group."[83] If the examiner answered yes to both, a prima facie case of disparagement had been established, and the burden shifted to the applicant to show the mark was *not* disparaging.[84] An applicant's intentions—good or bad—had no bearing on this determination.[85] The examiner's refusal to register THE SLANTS was upheld by the TTAB. The Federal Circuit sitting *en banc* reversed, finding the clause was a facially unconstitutional restriction of free speech under the First Amendment.[86] The TTAB appealed the case to the Supreme Court.

In evaluating whether the disparagement clause indeed represented an unconstitutional speech restriction, the Court began by grappling with a still-unresolved question: What kind of speech are trademarks?[87] Private speech? Government speech? Commercial speech? Private speech restrictions are reviewed under strict scrutiny and nearly always fail, whereas restrictions on government speech and commercial speech are evaluated under more forgiving standards akin to intermediate scrutiny. The Court in *Tam* began by expressly concluding

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[82] *Id.* at 1753 (citing TMEP § 1203.03(b)(i) (5th ed. Sept. 2007)).
[83] Matal v. Tam, 137 S. Ct. 1744, 1753–54 (2017) (citing TMEP § 1203.03(b)(i)).
[84] *Id.* at 1754 (citing TMEP § 1203.03(b)(i)).
[85] *Id.* (citing TMEP § 1203.03(b)(i)) ("[T]he fact that an applicant may be a member of that group or has good intentions underlying its use of the term does not obviate the fact that a substantial composite of the referenced group would find the term objectionable.") (internal quotation marks omitted).
[86] *Id.*
[87] *See generally id.* at 1754–65.

that trademarks are *not* government speech,[88] but declined to reach a definitive answer to the commercial speech question, observing only that trademarks possess both commercial and expressive components, and thus do not fit squarely into either camp.[89] Rather than wading into the weeds, the Court considered it close enough to be evaluated under the *Central Hudson* test for commercial speech restrictions, noting that if it couldn't survive intermediate scrutiny, it would necessarily fail strict scrutiny.[90]

Commercial speech is that which proposes a commercial transaction.[91] The *Central Hudson* test is designed to evaluate whether a government restriction on such speech passes constitutional muster. For commercial speech to be protected under the First Amendment, four prongs must be satisfied:

1. The regulated speech must involve lawful activity and be non-misleading;
2. The government must have a substantial interest in regulating the speech at issue;
3. The regulation must directly advance the government's interest; and
4. The regulation must be narrowly tailored, such that it is no broader than necessary to serve that interest.[92]

In *Tam*, the first prong was implicitly satisfied.[93] In support of the second prong, the government argued that

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88 Matal v. Tam, 137 S. Ct. 1744, 1760 (2017).
89 *Id.* at 1751.
90 *Id.* at 1763–65.
91 Cent. Hudson Gas & Elec. v. Pub. Serv. Comm'n of N.Y., 447 U.S. 557, 662 (1980).
92 *Id.* at 566.
93 *See Matal*, 137 S. Ct. at 1763–64.

the disparagement clause implicated two substantial interests. The first is "preventing underrepresented groups from being bombarded with demeaning messages in commercial advertising."[94] This assertion was dead on arrival, with Justice Alito, writing for the majority, promptly concluding that the "unmistakable thrust" of this argument is that the government has an interest in preventing offensive speech, which "strikes at the heart of the First Amendment."[95]

The government next argued that it had a substantial interest in "protecting the orderly flow of commerce."[96] Whether this would suffice to satisfy the *Central Hudson's* second prong was irrelevant, with Justice Alito abruptly concluding that, despite the outcome of the first three factors, the disparagement clause isn't narrowly tailored; rather than applying selectively to marks associated with invidious discrimination, "[t]he clause reaches any trademark that disparages *any person, group, or institution*."[97] Under this reading of the statute, the Court explained, "Down with racists" would meet the same fate as The Slants, rendering the disparagement clause not an anti-discrimination clause, but rather a "happy-talk clause."[98] The effect is that the clause precludes registrations based on the content of the ideas they express.[99] In the Court's view, the prohibition cut a much wider swath than necessary to simply promote the orderly flow of commerce.[100] And with that, the disparagement

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94 *Id.* at 1764 (quoting Brief for Petitioner at 48, *Matal*, 137 S. Ct. 1744 (No. 15-1293) (internal quotation marks omitted)).
95 *Id.*
96 *Id.*
97 Matal v. Tam, 137 S. Ct. 1744, 1765 (2017) (emphasis in original).
98 *Id.*
99 *Id.*
100 *Id.*

clause failed *Central Hudson* review, was therefore deemed to violate the First Amendment, and was struck from Section 2 of the Lanham Act.[101]

V. IMPLODING THE IMMORAL/SCANDALOUS BAR: *IANCU V. BRUNETTI*

Only two years after *Tam* dismantled the Lanham Act's ban on disparaging marks, the Court in *Iancu v. Brunetti* effected a similar fate for another part of Section 2(a): that which prohibited registration of immoral or scandalous trademarks.[102] In a brief, unanimous decision, the Court applied similar reasoning as it did in *Tam*, finding that the Lanham Act's ban on marks that "shock[] . . . the sense of . . . decency" resulted in the same sort of viewpoint discrimination which rendered the disparagement bar defunct under the First Amendment's ban on content-based speech restrictions.[103]

Justice Kagan, writing for the Court, took a similar tact as Justice Alito, pointing out that the USPTO apparently had no qualms with D.A.R.E. TO RESIST DRUGS AND VIOLENCE and SAY NO TO DRUGS—REALITY IS THE BEST TRIP IN LIFE,[104] but marks for MARIJUANA COLA and YOU CAN'T SPELL HEALTHCARE WITHOUT THC were deemed scandalous under Section 2(a) because they "inappropriately glamorize[ed] drug abuse."[105] The clear

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[101] *Id.* at 1764–65.

[102] Lanham Act § 2(a), 15 U.S.C. § 1052(a) (2018). *See generally* Iancu v. Brunetti, 139 S. Ct. 2294 (2019).

[103] Iancu v. Brunetti, 139 S. Ct. 2294, 2300 (2019) (quoting Brief for Petitioner at 6, *Iancu*, 139 S. Ct. 2294 (No. 18-302) (internal quotation marks omitted)).

[104] *Id.*

[105] *Id.* (citing USPTO, Office Action of Aug. 28, 2010, Serial No. 85038867) (internal quotation marks omitted)).

conclusion, according to Justice Kagan, is that complying with the Lanham Act's bar on immoral or scandalous provisions necessarily involves a judgment call of a mark's offensiveness; "a law disfavoring 'ideas that offend' discriminates based on viewpoint, in violation of the First Amendment."[106] For this reason, the Court struck down the immoral/scandalous bar as an unconstitutional speech restriction.[107]

Commentators have pointed out that the reasoning at work in *Tam* and *Brunetti* does not bode well for other provisions in the Lanham Act—specifically dilution.[108] Dilution law, as mentioned above, entitles the owner of a famous trademark to obtain an injunction against other trademarks which impair the distinctiveness of, or reflect poorly on, the famous trademark.[109] This remedy is available regardless of whether consumers are actually confused.[110]

Dilution reflects a tension between the right to free speech and the right to trademark protection. Famous brands can use the provision to elicit government help in restricting competitors' speech rights, for no other reason than that the competitor simply rubbed the famous brand the wrong way. Particularly with respect to dilution by tarnishment, evaluating whether a famous mark has been brought into disrepute by another trademark inherently involves a judgment call; after all, how offensive is too offensive? Accordingly, dilution could be ripe for a constitutional challenge after *Tam* and *Brunetti*, particularly

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[106] *Id.* at 2301.
[107] *Id.* at 2302.
[108] *See, e.g.*, Chris Cochran, *It's "FUCT": The Demise of the Lanham Act*, 59 IDEA 333 (2019); MCELWAIN, *supra* note 30.
[109] 15 U.S.C. § 1125(c)(1) (2018).
[110] *Id.*

in light of the Supreme Court's deregulatory trend in its commercial speech jurisprudence.

VI. THE INEVITABILITY OF *TAM* AND *BRUNETTI* IN LIGHT OF THE DEREGULATORY TREND IN THE SUPREME COURT'S COMMERCIAL SPEECH JURISPRUDENCE

Back in *Tam*, we witnessed the contention over whether trademarks are considered "speech," and if so, what kind. The answer to this question has potentially important ramifications, as restrictions on private speech are subject to strict constitutional scrutiny, whereas restrictions on commercial speech need only survive *Central Hudson*, a considerably easier standard to meet.

In *Tam*, the government argued that trademarks were commercial speech, as they propose a commercial transaction.[111] Mr. Tam, on the other hand, argued that trademarks have an expressive component; Apple Computers, for example, is designed not only to identify the source of products, but also to impart an inviting, organic feel to products which bear the mark. Mr. Tam's goal in calling his band THE SLANTS, among other things, was to re-appropriate a derogatory term for those of Asian descent, and thereby sap it of its power.[112]

The Supreme Court has declined to answer this question, instead acknowledging that trademarks are a sort of tertium quid, falling somewhere between pure private speech and pure commercial speech.[113] In any event, a firm

[111] Matal v. Tam, 137 S. Ct. 1744, 1764 (2017).
[112] *Id.* at 1751.
[113] *See, e.g.*, S.F. Arts & Athletics v. U.S. Olympic Comm., 483 U.S. 522, 535–36 (1987) (suggesting a trademark is commercial speech despite its capacity for making a political statement).

answer on this question is not necessary for our purposes here; given that trademarks propose a commercial transaction, and thus at least partially constitute commercial speech, the nexus between trademarks and pure commercial speech is substantial enough that the recent trend toward fewer restrictions on trademarks can be viewed in light of the parallel trend in the commercial speech doctrine over the past several decades.

In the span of only fifty years or so, the Supreme Court has demonstrated a remarkable change of heart with respect to the commercial speech doctrine. During the *Lochner* era, commercial speech enjoyed little if any protection.[114] This began to erode in 1976, when the Court concluded in *Virginia State Board of Pharmacy* that Congress does not have unfettered power to regulate speech which proposes a commercial transaction.[115] The Court reasoned that consumers depend on the "free flow of commercial information" in order to make informed economic decisions.[116] Allowing the state to "completely suppress the dissemination of concededly truthful information about an entirely lawful activity" would eviscerate this legitimate public interest.[117]

The trend continued in the landmark *Central Hudson* case, where the Court concluded that Congress must assert a "substantial interest" in regulating

[114] Valentine v. Chrestensen, 316 U.S. 52, 54 (1942) (noting that while the government may not unduly burden freedom of expression in the streets, "[w]e are equally clear that the Constitution imposes no such restraint on government as respects purely commercial advertising").
[115] *See* Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc., 425 U.S. 748, 773 (1976).
[116] *Id.* at 764.
[117] *Id.* at 773.

commercial speech before it could do so.[118] Examples of speech in which Congress has a substantial interest in regulating include that which is misleading or related to illegal activity[119]—a problem for the cannabis industry while marijuana remains barred under the CSA (discussed in Part VII, *infra*).

The scope of protection for commercial speech extended even further in *Lorillard Tobacco v. Reilly*, which involved a dispute over regulations governing permissible locations and content of cigarette advertisements.[120] There, the Court reasoned that the commercial speech doctrine was grounded not only in the interests of consumers to receive truthful information, but also in the interests of retailers and manufacturers to *convey* truthful information to adult consumers about tobacco products.[121] The Court acknowledged that the state also had a substantial, "even compelling" interest in preventing underage children from using tobacco products, but noted that "the governmental interest in protecting children from harmful materials . . . does not justify an unnecessarily broad suppression of speech addressed to adults."[122]

This line of cases reveals a clear pattern: the Court has demonstrated a marked willingness to erode the government's ability to regulate commercial speech, on the grounds that both consumers *and sellers* have an interest in receiving and transmitting truthful information in order to promote intelligent economic judgment. This represents a

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[118] Cent. Hudson Gas & Elec. v. Pub. Serv. Comm'n of N.Y., 447 U.S. 557, 566 (1980).
[119] *Id.*
[120] *See generally* Lorillard Tobacco Co. v. Reilly, 533 U.S. 525 (2001).
[121] *Id.* at 564.
[122] *Id.* (quoting Reno v. Am. Civil Liberties Union, 521 U.S. 844, 875 (1997)) (internal quotation marks omitted).

significant blurring of the line between purely commercial speech and purely expressive speech. When considered in light of *Tam* and *Brunetti*, both of which acknowledge that trademarks carry an expressive component, it seems reasonable to conclude that trademarks will continue to see less, not more, regulation. This brings us to dilution.

VII. IS DILUTION ENDANGERED?

Section 43(c) of the Lanham Act provides that the owner of a famous trademark is entitled to injunctive relief against persons who "commence[] use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, *regardless of the presence or absence of actual or likely confusion, or competition, or of actual economic injury*."[123]

Unsurprisingly, dilution laws are often perceived as allowing famous brands to use trademark law to restrict others' free speech rights. Victoria's Secret, for example, successfully used dilution law to force Victor's Little Secret, a sex shop in Kentucky, to change its name, despite a lack of consumer confusion.[124]

Dilution's real teeth lie in its power to actually prevent the *use* of the mark in commerce—considerably more draconian than mere refusal to put a trademark on the federal register, as was the case with the disparagement and immoral/scandalous clauses. Given this considerable impact on free speech rights, dilution has come into focus as a possible casualty of the Supreme Court's willingness

[123] Lanham Act § 43(c), 15 U.S.C. § 1125(c)(1) (2018) (emphasis added).
[124] *See generally* V Secret Catalogue, Inc. v. Moseley, 558 F. Supp. 2d 734 (W.D. Ky. 2008).

to invalidate trademark laws it sees as unduly burdening the rights of those engaged in commercial speech.[125]

As we have seen, the Supreme Court considers trademarks to be quasi-commercial speech for purposes of First Amendment analysis. Accordingly, dilution's constitutionality would be subject, at the very least, to *Central Hudson* review.

In *Tam*, Justice Alito made it clear that the disparagement clause failed *Central Hudson's* fourth prong, noting the clause was more extensive than necessary to achieve the government's interest in promoting the "orderly flow of commerce."[126] In *Brunetti*, Justice Kagan applied the same reasoning to the immoral/scandalous prohibition, with similar effect.[127] The question, then, is how would dilution fare under a *Central Hudson* analysis? Hard to say, but potentially not very well.[128]

The dilution law likely survives the first prong, as it involves regulatory speech (i.e., the commercial use of a trademark) which, ostensibly, involves lawful activity and is designed *not* to mislead, but rather to indicate the source of the non-famous mark's own goods or services. It thus concerns speech that is not misleading as to source; if it were, after all, the famous mark holder would simply sue for likelihood of confusion.[129]

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[125] *See generally* Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507 (2008).

[126] Matal v. Tam, 137 S. Ct. 1744, 1764–65 (2017).

[127] Iancu v. Brunetti, 139 S. Ct. 2294, 2302 (2019).

[128] For a review of the *Central Hudson* test, see Part IV, *supra*.

[129] Ironically, cannabis marks which tend to "dilute" famous brands would not satisfy this first prong while cannabis remains illegal under the CSA, as these marks concern "unlawful" activity. As a practical matter, however, the use of trademarks targeted by dilution presumably

A more difficult issue is the second prong, which requires the government to show a substantial interest in allowing owners of famous trademarks to shut down the use of others' non-confusing marks. In discussing the *Tam* decision, the Federal Circuit in *In re Brunetti* posited that "the government does not have a substantial interest in promoting certain trademarks over others."[130] It further noted that the government does not have a substantial interest in shielding the public from "off-putting" marks, which might include those which dilute famous marks.[131]

Dilution, by definition, favors famous marks over non-famous marks. Moreover, when the Trademark Dilution Act (TDA) was presented to Congress, the stated purpose of the provision was to "protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion."[132] In light of the Federal Circuit's reasoning, it seems somewhat of an uphill battle for the government to successfully establish a substantial interest in restricting speech whose only harm appears to be irking famous brands. This is especially true when considering that a mere *likelihood* of dilution is sufficient to warrant injunctive relief.[133] Whether a non-famous trademark's use satisfies this low bar invariably involves the sort of judgment call which drew the ire of the Supreme Court in

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involves lawful activity, and thus meets the requirements of the first prong.

[130] *In re* Brunetti, 877 F.3d 1330, 1351 (Fed. Cir. 2017).

[131] *Id.* (quoting Hustler Magazine, Inc. v. Falwell, 485 U.S. 46, 55 (1988)).

[132] H.R. REP. No. 104-374, at 2 (1995) (Conf. Rep.).

[133] Trademark Dilution Revised Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2005).

Tam and *Brunetti* and relegated the disparagement and immoral/scandalous provisions to the dust bin.

Forebodingly, with respect to dilution by tarnishment, the language of the TDA imports the disparagement clause, and places its power not merely in the hands of trademark examiners (who can only refuse registration), but in the hands of famous brands' well-funded legal teams, who can use the threat of permanent injunctions to censor rivals. Under *Tam* alone, this spells trouble, particularly given these considerably higher stakes. Not only that, but "tarnishment" is likely broad enough to encompass marks which "shock the sense of decency," placing it in *Brunetti*'s crosshairs as well. Thus, for the government to defend dilution by tarnishment, it must establish that it has a substantial interest in engaging in the very same viewpoint discrimination which the Supreme Court has invalidated twice in two years. It appears exceedingly unlikely, then, for dilution by tarnishment to survive *Central Hudson*'s second prong.

Dilution by blurring, however, might be able to survive this second prong. Protecting famous marks from those which blur their distinctiveness confers at least some benefit on consumers unrelated to any particular viewpoint. In a crowded marketplace, particularly on the Internet, consumers are under a constant barrage of goods and services, many of dubious origin. Powerful, well-known brands act as beacons for consumers overwhelmed by a sea of fakes—precisely what trademarks are designed to do. Given this very real benefit, which hews much more closely to the original dual purpose of the Lanham Act than dilution by tarnishment, the government might make a very reasonable argument that it has a substantial interest in protecting the distinctiveness of famous brands, thereby lifting dilution by blurring safely over *Central Hudson's* second prong.

While the Federal Circuit has opined that the government does not, in fact, have a "substantial interest in promoting certain trademarks over others," the court made that statement in the context of the immoral/scandalous bar in *Brunetti*, which involved the government promoting some trademarks over others based purely on a trademark's expressive component.[134] In contrast, the threshold question of whether a trademark is even eligible for dilution protection does not hinge on its expressive component, but rather its fame;[135] whether a mark qualifies as famous for dilution purposes has nothing to do with its expressive component. While the question of whether dilution is occurring invariably depends, at least partly, on the non-famous mark's expressive component, the presence of the "fame gate" may be enough to deflect the reasoning underpinning *Tam* and *Brunetti*. The government could then argue that dilution serves different interests and should not be evaluated in light of *Tam* and *Brunetti*, thereby mitigating their threat.

Assuming for the sake of argument that government could establish a substantial interest and satisfy the second prong, the third prong would likely be met—namely, that the dilution provisions directly advance this interest. There seems to be an opportunity here for speculation, however; does a restaurant called "Tiffany's" impair the distinctiveness of the famous department store?[136] Hard to say. A 2000 study showed that when consumers were shown dilutive advertisements (Heineken popcorn, Hyatt

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[134] *In re* Brunetti, 877 F.3d at 1351.

[135] 15 U.S.C. 1125(c)(2)(A)(i)–(iv) (providing the relevant factors in evaluating a mark's fame for the purposes of dilution).

[136] *See, e.g.*, Ty, Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002).

legal services, etc.), they took a full one hundred milliseconds longer to recognize the famous brand than when they were shown advertisements for the brand's typical products.[137] Dilution proponents argue this impacts purchasing decisions by de-familiarizing consumers with a famous mark over time—death by a thousand cuts, so to speak.[138] While beyond the scope of this Article, this nexus of trademark law and neuroscience could have a fascinating and potentially dramatic impact on dilution law. In light of such developments, it is conceivable that entitling famous marks to injunctive relief against similar marks, despite a lack of confusion, might reasonably be deemed to directly and materially advance the government's presumed interest in maintaining the strength of well-known source identifiers, and thus survive the third *Central Hudson* prong.

Finally, we arrive at *Central Hudson's* fourth prong, which is whether the restriction on commercial speech is no more extensive than necessary to advance the government's substantial interest. The disparagement clause failed this prong due to its denial of registration to marks which disparage anybody and anything—far more extensive than necessary to simply "drive out trademarks that support invidious discrimination."[139] The immoral/scandalous bar fell in similar fashion, with Justice Kagan noting that the clause's reach was wide enough to cover the entire "universe" of offensive or disreputable material.[140] Accordingly, the language prohibiting immoral or scandalous marks from obtaining registration was much too broad to support any legitimate interest the government may have in protecting citizens from trademarks whose

[137] Tushnet, *supra* note 125, at 521–22.
[138] Tushnet, *supra* note 125, at 522.
[139] Matal v. Tam, 137 S. Ct. 1744, 1765 (2017).
[140] Iancu v. Brunetti, 139 S. Ct. 2294, 2301 (2019).

offensiveness arose not only from their content, but also from their mode of expression, such as lewd, profane, or sexually explicit marks.[141]

Whereas the disparagement and immoral/ scandalous bars fell predominantly for their sheer breadth, it is not clear whether dilution would follow suit, for two reasons. First, dilution is limited to famous trademarks, and since the elimination of "niche fame" in 2006, there simply aren't that many which qualify as "famous."[142] This relative dearth of dilution-eligible marks would seem to support an argument that the dilution provision is narrowly tailored—that is, only as extensive as necessary to advance the government's interest in preserving the distinctiveness of famous marks.

Second, courts have noted that the Trademark Dilution Revision Act of 2006 (TDRA), which did away with niche fame, appears to be strong evidence that "Congress intended for dilution to apply only to a small category of extremely strong marks."[143] This evidence of congressional intent to narrow the fame requirement in the TDRA lends itself also to the proposition that the dilution provision is narrowly tailored to protect only a small sliver of trademarks.

While it remains unclear whether dilution would meet the same fate as the disparagement and immoral/ scandalous bars, it is clear that the Court has signaled a willingness to continue narrowing its commercial speech doctrine, which began over forty years ago in *Virginia State*

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141 *See id.*

142 Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2005).

143 Maker's Mark Distillery, Inc. v. Diageo N. Am., Inc., 703 F. Supp. 2d 671, 698 (W.D. Ky. 2010).

Board of Pharmacy.[144] Given trademarks' status as quasi-commercial speech, this trend does not bode particularly well for trademark restrictions which unduly burden the right to free speech.

Cannabis brands would benefit if this trend were to continue. Even if companies could obtain federal trademark registration for cannabis products, dilution by tarnishment remains a real threat given the naming conventions for some of the most popular marijuana strains and products (discussed in Part I, *supra*).

Consider, for example, a consumer at a marijuana dispensary, who, after surveying the offerings, decides to purchase an eighth of Fruity Pebbles, the popular marijuana strain. It's probably reasonable to presume that the consumer is unlikely to be confused into thinking the product is offered by, or affiliated with, Post-Consumer Brands, maker of the popular Fruity Pebbles® breakfast cereal. However, despite this lack of confusion, the Lanham Act currently affords Post the ability to bring a dilution by tarnishment action on the grounds that the marijuana product brings the popular cereal brand into disrepute (for the sake of argument, assume Post could prove Fruity Pebbles was sufficiently "famous").[145] Whether the claim has merit is somewhat irrelevant, as the mere threat of a permanent injunction might be enough to strong-arm marijuana brands into changing the names of their products, some of which have long-established name recognition, despite an absence of consumer confusion. If

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[144] Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc., 425 U.S. 748 (1976); *see also The Supreme Court 2016 Term: Leading Case: Constitutional Law: First Amendment -- Freedom of Speech -- Trademarks* -- Matal v. Tam, 131 HARV. L. REV. 243 (2017).
[145] 15 U.S.C. § 1125(c)(2)(A)(i)–(iv) (providing the relevant factors in evaluating a mark's fame for the purposes of dilution).

dilution were to be successfully challenged as unconstitutional viewpoint discrimination a la *Tam* and *Brunetti*, famous brands would find it more difficult to bring these sorts of "anticompetitive strike suit[s]."[146]

VIII. PRACTICAL TIPS TO MAXIMIZE TRADEMARK PROTECTION FOR CANNABIS BRANDS

As has likely become clear, it's hard out there for cannabis brands. Given this considerable cloudiness under which they operate, we now turn to some of the steps cannabis entities can take *right now* to protect their brands and trademarks. While dilution remains a vague threat lurking somewhere in the ether, the most immediate area in which cannabis brands need guidance is how to stake out their territory. As cannabis inches closer and closer to federal legalization, those brands which have laid the broadest groundwork will reap the greatest benefits if and when federal registration becomes widely available. There are several steps every brand should take to accomplish this, and the first is to challenge the USPTO on registration.

The party line at the USPTO is that it will refuse to register marks which clearly violate federal law.[147] In the case of cannabis marks, the two most-frequently cited bases for rejection are the CSA and the FDCA.[148]

The CSA defines marijuana as "all parts of the plant Cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plan, its seeds or resin," with a few

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146 Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 214 (2000).

147 USPTO, *supra* note 7.

148 21 U.S.C. § 801 *et seq.* (2018); 21 U.S.C. § 301 *et seq.* (2018).

exceptions.[149] The CSA prohibits the manufacturing, distributing, dispensing, or possessing of any of these things.[150] An application which purports to affix the mark to any goods or services falling under these categories is prima facie evidence that the applicant's proposed use is "unlawful" under the CSA and the application will be refused registration on that basis. Historically, USPTO policy was to refuse all trademark applications for cannabis-related goods and services, period.

In December, 2018, however, Congress passed the Agricultural Improvement Act of 2018, known as the Farm Bill, which amended the Agricultural Marketing Act of 1946.[151] This legislation removed hemp from the definition of marijuana under the CSA.[152] Hemp is defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol [THC] concentration of not more than 0.3 percent on a dry weight basis."[153] In other words, this means that cannabis plants and its derivatives that contain 0.3% or less of THC are no longer considered controlled substances under the CSA.[154] This includes hemp and hemp-derived CBD.

In response to this change in the law, the USPTO issued new trademark examination guidance, which provides that the lawful use rule will no longer be grounds

[149] 21 U.S.C. § 802(16) (2018).
[150] 21 U.S.C. §§ 812, 841(a)(1), 844(a) (2018).
[151] Agriculture Improvement Act of 2018, Pub. L. No. 115-334, 132 Stat. 4490 (2018).
[152] USPTO, *supra* note 7.
[153] 7 U.S.C. § 1639o(1) (2018).
[154] USPTO, *supra* note 7.

for refusal of applications for hemp-related goods and services.[155] The agency explicitly cautions, however, that this guidance only applies to hemp[156]; "plant-touching" goods and services (i.e. those derived from ordinary marijuana), still violate the CSA, and will continue to be subject to refusal on that basis.[157] An example of this distinction would be CBD derived from marijuana (still illegal), as opposed to CBD derived from hemp, now considered legal. Moreover, the guidance explicitly warns applicants that just because hemp and hemp-derived products are no longer unlawful under the CSA, the agency will still refuse applications for failure to follow other federal law, such as the FDCA, which governs the use of drugs or other substances in foods and dietary supplements.[158] The Farm Bill specifically preserved the FDA's authority to regulate cannabis and cannabis-derived products under the FDCA, as CBD appears in many drugs and products undergoing FDA approval processes.[159]

Despite these restrictions, the reclassification of hemp outside the CSA umbrella removes the major hurdle to registration of cannabis-related marks, provided they are used only in connection with low-concentration THC goods and services.

For those brands that want federal registration for their cannabis marks *right now*, and are comfortable with some degree of risk, a few novel tactics have emerged. The

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155 USPTO, *supra* note 7.
156 USPTO, *supra* note 7.
157 James Monagle, *Tips for Protecting Cannabis Trademarks*, IP WATCHDOG (Feb. 28, 2019), https://www.ipwatchdog.com/2019/02/28/tips-protecting-cannabis-trademarks/id=106829 [https://perma.cc/P8ZF-KS2F].
158 USPTO, *supra* note 7.
159 USPTO, *supra* note 7.

first involves filing an intent to use (ITU) application under Section 1(b). Intent to use applications allow an applicant to secure its place in line without having to actually use the mark in commerce. Once an ITU application has been granted a notice of allowance, the applicant will have six months (extendable to three years) to file a statement of use, thereby transforming the ITU allowance into a full-blown federally registered trademark. A savvy cannabis brand might file an ITU application now, declaring that cannabis-related goods and services are (or will be) lawful under the CSA, and then simply pray that it comes true before the three-year window lapses.[160] Given the long timeline of examination, such a tactic would, if successful, confer a considerable head start to those seeking nationwide priority for their cannabis marks. The obvious risk is that if no change in the law actually occurs, the mark will be just as unlawful three years down the road as it is right now; the applicant will then have to start all over with a new application. At the end of the day, however, this seems an unlikely solution since the USPTO is entitled to ask questions to which the applicant is required to truthfully respond.[161] An alternative is to apply, wait for Office Action, respond, wait for final, and then before the response is due, refile just to keep the application going.

A second tactic is to file an application in lawful categories, such as hemp or hemp-derived CBD products, secure a registration, and simply use that mark on marijuana goods and services which are still illegal under the CSA (but may be legal at the state level).[162] This approach carries considerable risk, however, as any attempt to police the mark will inevitably be met with a charge that the mark's registration was procured by defrauding the

160 *See* Monagle, *supra* note 157.
161 TMEP § 814 (5th ed. Sept. 2007); 37 C.F.R. § 2.61(b) (2020).
162 *See* Monagle, *supra* note 157.

USPTO, and is thus invalid. It may not even get that far, as the USPTO will do its own search prior to registering the mark, and if it finds the mark being used on illegal goods, the application may be denied.

One way to mitigate this drastic outcome is to employ an "ancillary products" solution. Say a cannabis brand manufactures two versions of a beverage: one that is infused with cannabis, and one that is not. If the company can obtain registration of the mark in connection with the legal version (i.e. an ancillary good), it could theoretically file an infringement action against other purveyors of cannabis-infused beverages, if those beverages give rise to a likelihood of confusion with the company's legal beverage sold under the registered mark.[163]

For those who blanche at the notion of betting the farm on schemes like this, there are other, less nausea-inducing ways to maximize trademark protection for cannabis brands. The first is to establish common law trademark rights as soon as possible, as widely as possible. While federal registration confers certain favorable rights on a trademark owner, nothing in the CSA or other federal law will prohibit a trademark from obtaining common law protection, which will come in handy when attempting to show priority and geographic scope of use in the future, registered or not.

Another option is to obtain trademark registrations in all states where the mark is being used. Like federal registration, state registration confers certain benefits on trademark owners beyond those obtained simply through

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[163] Alison Malsbury, *Revisiting the Basics of Federal Trademarks in the Cannabis Industry*, CANNA LAW BLOG (Feb. 24, 2018), https://www.cannalawblog.com/revisiting-the-basics-of-federal-trademarks-in-the-cannabis-industry [https://perma.cc/7F2H-PFDV].

common law use. Registration is possible in all states which have legalized the recreational use of marijuana, as well as most states which have legalized it for medicinal purposes, which is upwards of thirty-three states as of the date of this Article.[164] This entitles registrants to sue infringers in state court.

This approach has a few drawbacks. One is that unlike federal registration, which grants presumptive nationwide priority regardless of the mark's geographic scope of use, only four states (Florida, Massachusetts, Texas, and Virginia) do the same thing for state-registered marks; the rest simply rubber-stamp the mark's common law rights with "registered" status.[165] This limits a trademark owner's ability to enjoin use of a confusingly similar variant outside the owner's geographic area of use—the same remedy available for unregistered common law marks.[166] In those states which do not confer statewide priority, it is thus unclear how much advantage state registrations will provide.

Other drawbacks exist as well. For one, not all states permit ITU applications.[167] Nor do they offer an opportunity to acquire incontestability status after five years, or the ability to ask customs officials to block imports of goods bearing confusingly similar marks. This arrangement also doesn't permit any would-be licensing arrangements across state lines, although this will likely change with the USDA's new interim rule for the domestic

164 *See* Monagle, *supra* note 157.
165 *See* Monagle, *supra* note 157.
166 *See* Monagle, *supra* note 157.
167 *State Trademark Registration in the United States*, INT'L TRADEMARK ASS'N, https://www.inta.org/TrademarkBasics/FactSheets/Pages/StateTrademarkRegistrationsUSFactSheet.aspx [https://perma.cc/2MBB-4T9F] (last visited Dec. 6, 2019).

production of hemp, published for public comment on October 31, 2019.[168] Still further, use of the ® symbol is reserved exclusively for federally registered marks. The bottom line is that despite the availability of resources at the state level to protect cannabis-related trademark rights, a lack of sync between state and federal law places cannabis brands at a significant disadvantage in establishing and enforcing their trademark rights.

Despite this chaotic environment, the glass is certainly half-full. The list of states legalizing cannabis for medicinal and recreational use is growing yearly. With a little grit, strategy, and foresight, the diligent trademark practitioner can harness the tools discussed herein to provide the surest legal footing possible for cannabis brands seeking mainstream trademark protection in an increasingly welcoming commercial landscape—provided they stop with the Reefer's Peanut Butter Cups.

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[168] Establishment of a Domestic Hemp Production Program, 84 Fed. Reg. 58,522 (Oct. 31, 2019) (to be codified at 7 C.F.R. pt. 990).