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With federal trademarks off table, state pot trademarks solid alternative

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On Jan. 1, Illinois became the 11th jurisdiction where marijuana can be sold legally for recreational use, in addition to medical use. The Cannabis Regulation and Tax Act legalizes and regulates the production, consumption and sale of cannabis in Illinois.

Illinois growers and distributors should seek the protection for their unique brands of cannabis and retail establishments selling those items. However, due to the federal classification of cannabis as a narcotic, federal trademark registration is out of reach for the near future. However, obtaining a state trademark registration for cannabis brands is a viable alternative.

The trademark regime seeks to prevent confusion in the marketplace. As retailers of recreational cannabis continue to be granted licenses, these entities need to establish and grow (pun intended) their brand recognition with consumers. Watching Illinoisans line up outdoors in the dead cold of winter may lead some to believe that no one cares who is selling these products, but as time goes on, brand loyalty with consumers will become increasingly necessary.

State vs. federal trademark

Because the production, consumption and sale of recreational and medicinal cannabis is legal in Illinois, companies should be proactive in protecting their brands. Filing an Illinois trademark application will protect your client's cannabis brand in this state and can be used to prevent competitors from using a confusingly similar name and profit off of the goodwill of the business associate with the mark.

Currently, a federal trademark application for cannabis goods and services will be rejected outright. The U.S. Patent and Trademark Office still views cannabidiol and cannabis products to be "controlled substances," which are prohibited from registration pursuant to the Trademark Act's Sections 1 and 45.

To receive federal registration, the use of a trademark in commerce must be lawful, thereby complying with all federal laws. The Controlled Substances Act is the federal U.S. drug policy that regulates the manufacture, importation, possession, use and distribution of certain substances.

Marijuana is listed on Schedule 1; Schedule 1 drugs, substances or chemicals that have a high potential for abuse with currently no accepted medical use. (A discussion of cannabidiol and other goods related to the cannabis industry and the registrability is beyond the scope of this article.)

Therefore, trademark applications for cannabis and cannabinoid goods and services can only be applied for on a state level.

Benefits of Illinois trademark

Seeking registration of a trademark in Illinois serves as a notification that the client owns and uses the mark as a trademark.

The Illinois trademark registration can act as a shield. It defends the company from accusations of infringement by showing when it first started using the trademark in connection to the goods and services and can be used to stop others from using a similar mark.

Like federal marks, Illinois trademarks must be used in Illinois prior to registration. Because the production, consumption and sale of cannabis is legal in Illinois, clients will not face the same difficulties regarding demonstrating use in commerce as they would during a federal trademark application.

If or when cannabis becomes federally legal and is not considered a controlled substance, the Illinois trademark application can be used as evidence of your client's long-standing use of the mark and may prevent the Patent and Trademark Office from arguing that mark is descriptive. Your client should also file trademark application in other states where cannabis is legal.

Illinois trademark application

The filing fee associated with an Illinois trademark application is \$10 per mark per class of goods and services. This is substantially less than a federal trademark application, which starts at \$225 per mark per class of goods and services. Illinois trademarks fall within three classes of goods and services that are likely applicable for cannabis products:

- Class 010: medicinal cannabis.
- Class 034: recreational cannabis and smoking articles (e.g. bong, pipes, papers).
- Class 035: retail store services selling medicinal and/or recreational cannabis and/or accessories

To file an Illinois trademark application the following information is needed:

1) The trademark(s) (name of the brand);

2) A complete list of goods you sell and/or services you provide; and

a. An Illinois trademark application cannot be for goods and services that are not currently being used in the marketplace. An applicant must show actual use of the mark in commerce in connection with the sale of the goods.

3) A specimen showing the trademark used in connection to the goods and/or services.

a. For example, pictures of the goods bearing the mark, a link to your website showing the goods are being sold to consumers, screenshots of the service, pictures of packaged goods, advertisements, flyers, brochures of your business, business cards, letterhead, etc.

Conclusion

Applying for and obtaining a state trademark registration for cannabis and cannabinoid goods and services is a proactive way to protect your client's brand in this newly regulated field.
