

**COMMENTARY****USPTO SNUFFS OUT MARIJUANA DISPENSARY  
SERVICE MARK APPLICATION:  
WILL ALL OTHERS GO UP IN SMOKE, TOO?**

*By J. Michael Keyes\**

In an attempt to fill the empty pots of state budgets, several legislatures have legalized “recreational use” of various marijuana products. Washington, Colorado, Alaska, and Oregon have all jumped into the field. The issue is smoldering in California, too, where voters will have a chance to legalize weed on the same day they cast their ballots for the next president of the United States. If the world’s eighth largest economy votes in favor of “making ganja great again,” that will lead to an exponential explosion of new businesses trying to compete for cannabis customers.

Although marijuana is illegal under the federal Controlled Substances Act,<sup>1</sup> the U.S. Department of Justice (the “DOJ”) (in the so-called “Cole Memorandum”) has settled on a “wait and see” approach as to whether the various state legalization regimes are sufficiently robust such that federal law enforcement priorities will not be compromised.<sup>2</sup> While the DOJ’s position may seem a bit hazy to some, other federal agencies do not appear as dazed and confused on the issue.

One such agency is the United States Patent and Trademark Office (the “USPTO”), which in *In re Brown*<sup>3</sup> recently had the opportunity to consider whether a service mark could issue when the services in question include the dispensing of cannabis in

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1. Controlled Substances Act of 1970, 21 U.S.C. § 801 et seq.

2. In a memorandum of August 29, 2013, to all U.S. Attorneys, Deputy Attorney General James Cole notes that the federal government

has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for personal use on private property.” The Cole Memo further states that “[i]n jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above.

James M. Cole, *Guidance Regarding Marijuana Enforcement* (2013), available at <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

3. 119 U.S.P.Q.2d (BNA) 1350, 2016 T.T.A.B. LEXIS 285 (T.T.A.B. 2016).

commerce. Not surprisingly, the application went up in smoke. In at least one sense, the USPTO's precedential decision is of no moment. The USPTO has previously rejected other marijuana-laced applications,<sup>4</sup> so *In re Brown* is not a shocker. On the other hand, though, the USPTO may be signaling a willingness to entertain similar applications in the future under the right circumstances. Here's the straight dope on what happened as well as a couple of takeaways to ponder.

Applicant Morgan Brown operates a licensed marijuana dispensary in the state of Washington. In order to protect this budding business, Brown filed a federal service mark application for HERBAL ACCESS for "retail store services featuring herbs," in International Class 35. The Examiner rejected the application, finding that the "herbs" offered by the applicant included marijuana.<sup>5</sup> In reviewing the Examiner's decision, the Trademark Trial and Appeal Board (the "TTAB") first noted that it presumes that an applicant's use of a mark in commerce is lawful under federal law and, thus, registration generally will not be refused unless either: (1) a violation of federal law is indicated by the application record; or (2) the applicant's "application-relevant activities" involve a *per se* violation of federal law.<sup>6</sup> Given that the application on its face did not reveal any federal law transgressions, the relevant inquiry was whether the applicant's "activities" involve a *per se* violation of federal law.<sup>7</sup>

Both the Examiner and the TTAB found a *per se* violation based on two pieces of evidence. First, the applicant's specimen of use included photographs of the applicant's "herbal" business. Both photographs contained depictions of a "green cross" seen in close proximity to the "Herbal Access" mark. The TTAB cited several sources that indicated that a green cross "clearly indicates" what has become "the symbol of the organized medical marijuana industry."<sup>8</sup> The TTAB may have refused to bless the application for this reason alone, but the real smoking gun was the second piece of evidence considered: the applicant's website. Among other things, the site enticed potential cannabis customers to "[c]all or stop by today and find out why people consider our marijuana to be the best of the best!" The site also invited visitors to come to the store

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4. See, e.g., U.S. Ser. No. 86/801374 for CANNABINOID COLLECTIVE for online retail store services featuring medical marijuana strains, medical marijuana concentrates, thc- and cbd-infused food products, thc- and cbd-infused personal care products, apparel; retail store services featuring medical marijuana strains, medical marijuana concentrates, thc- and cbd-infused food products, thc- and cbd-infused personal care products, apparel.

5. *In re Brown*, 2016 T.T.A.B. LEXIS at \*2.

6. *Id.* at \*3-4.

7. *Id.* at \*4.

8. *Id.* at \*6.

for some “sweet tasting ganja.” And, finally, the site’s tagline was “Marijuana For the Masses.”<sup>9</sup>

Based on this evidence, the Examiner and the TTAB had no problem finding that the application was prohibited given that the Controlled Substance Act prohibits the “manufacturing, distributing, dispensing or possessing” of such things as “marijuana and marijuana-based preparations.”

The applicant made one last gasp to try and save the application. The applicant argued that the evidence considered did not show the use of the mark *specifically in connection with one particular herb*: marijuana. The TTAB rejected this claim because it “did not directly address or rebut the evidence that marijuana is an herb and Applicant sells marijuana.”<sup>10</sup> Instead, as the TTAB noted, the United States Court for the Federal Circuit (the “Federal Circuit”) has previously rejected attempts to use “generalized language” in services identifications (i.e., “retail store services featuring herbs”) in order to sidestep refusals where the particular services fall within the generalized identification and the evidence shows that the applicant’s actual usage involves the specific service that is the subject of the refusal.<sup>11</sup>

So, what are the key takeaways from this precedential decision of the TTAB? There are at least a couple of noteworthy kernels for future applicants who may not be flying so high after digesting *In re Brown*:

1. **Cleverly Concealing Cannabis Won’t Cut It.** The applicant engaged in a bit of smoke and mirrors in concealing the true nature of what was really being dispensed within its herbal joint. While the description of services may have seemed legally defensible, the Examiner was able to smoke things out with minimal effort. Even if the applicant had been able to obtain a registration based on the description, the registration would have remained vulnerable to future attack.
2. **Consider Challenging the Controlled Substances Act Conclusion.** It is important to note that the TTAB did not address the issue of “whether use not lawful under federal law, but not prosecuted by federal authorities, is thereby rendered sufficiently lawful to avoid the unlawful use refusal.”<sup>12</sup> In other words, the TTAB did not consider the effect of the Cole Memorandum and whether a state-licensed marijuana operation is eligible to obtain a federal registration. Thus, it is still an open question as to how the

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9. *Id.*

10. *Id.* at \*12.

11. *Id.*

12. *Id.* at \*3, n.3.

TTAB would rule when faced with the question of whether the DOJ's tacit approval of state marijuana laws should allow cannabis-based applications to move forward.

As *In re Brown* tells us, federal trademark protection is currently unavailable for those businesses seeking to protect trademarks and service marks that involve the sale of marijuana. Not all arguments in favor of registration are forever snuffed out, though. There may still be some daylight to challenge the underlying basis of the TTAB's decision regarding the application of the Controlled Substance Act to applicants who are legally exercising their right to sell marijuana under state law. Presumably an applicant would need to present evidence and argument that the state regulatory and enforcement regime satisfies the criteria set forth in the Cole Memorandum. Then, be ready for a trip to the Federal Circuit if the application is denied. All of this will take a fair amount of time to accomplish, not to mention a lot of green.

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