
Legalized But Not Recognized: Brand Protection Without Federal Registration, Part 3

In articles I and II of our three-part series we provided a brief overview of the obstacles cannabis businesses face in protecting their brand identity and a range of federal-law-based solutions to those challenges. In this third and final article, we set forth state and common-law solutions that afford a level of protection that, while less robust than the protection offered to federally registered trademarks, can nevertheless be useful in establishing and protecting the goodwill associated with marijuana-related goods and services.

State Trademark Regimes

While the federal trademark regime, administered by the U.S. Patent and Trademark Office (“USPTO”), grants rights and protections to a trade or service mark holder throughout the entire U.S., each state (and most territories, but *not* the District of Columbia) has an additional set of trademark laws that govern protection and registration within its territory. State trademark registrations are often administered within the office of the secretary of state, functioning as a state analog to the USPTO.

The protections granted to a federal trademark holder are greater in scope, geographic and otherwise, than those granted to a state trademark holder. However, where the USPTO refuses to register trademarks used in connection with the sale of marijuana goods and services, even where such sale is legal under state law (as detailed in article I), the same is not true of state trademark offices. State trademark regimes within states that have legalized marijuana recreationally, and those in most states where medical use is legalized, allow the registration of marijuana-related marks.

Protections granted to state trademark holders include: public notice of the mark’s ownership, an official filing date for use in defending the mark in court, state law protection against counterfeiting, protection against another acquiring common law rights to the mark within the state, and in some states, protection against the registration of confusingly similar marks. It is important to note that the aforementioned protections are only granted to mark holders within the territory of the state. However, as the number of states with laws legalizing marijuana, either for recreational or medical use, grow, the opportunity to stitch together robust and meaningful territorial coverage in the United States will also grow.

As is the case with common-law marks (discussed in article II), state-registered trademarks can also serve as a basis to oppose the application for federal registration of another party, because it is likely to allow the contesting party to establish standing based on prior-use in that state. If marijuana is legalized at the federal level, this could be a meaningful advantage (particularly for owners of marks that are registered in multiple states or otherwise well

known), acting to deter competitors from seeking federal registration of the same or similar marks, and in those cases where deterrence fails, providing a sound basis for opposition.

Celebrity Co-Branding

Cannabis businesses can leverage the legal protections granted in rights of publicity to protect their brand identity by creating strategic partnerships with celebrity endorsers. Through various legal regimes—including a specifically recognized right of publicity, the right of privacy, and the laws of unfair competition—state law can be used to protect an individual’s right to commercially exploit his or her name, likeness, and other aspects of his or her persona.

By entering into a co-branding or similar relationship with a notable individual, like a celebrity, a cannabis business can sell its marijuana-related goods or services in association with the name or likeness of the celebrity, which will serve to create and preserve goodwill with consumers in the same way a trademark typically does. The right of publicity is a function of state law and, as a result, is not restricted by the federal prohibition of marijuana.

Over the last few years, many notable celebrities have entered into such relationships with cannabis businesses, recognizing the opportunity for mutual commercial gain. Notably, Martha Stewart, Snoop Dogg, Drake, Willie Nelson and many others have entered into strategic relationships with or otherwise lent their names to businesses promoting CBD or cannabis products.

Three-Part Series Overview

If and until marijuana is legalized at the federal level, or the federal trademark regime is otherwise altered to allow the registration of cannabis-related marks, cannabis businesses that desire to preserve their customers’ goodwill must seek brand identity protection through the alternatives outlined in this series. This includes branding CBD products, the registration of other ancillary goods, navigating the Lanham Act’s protection of unregistered “common law” trademarks, state-registered trademarks, and co-branding strategies. Understanding that such alternatives exist, and developing a coordinated plan to utilize each of these tools in ways that work for your business as it grows over time, is a crucial first step. Cannabis businesses that fail to take advantage of these opportunities today may well find themselves missing out on important brand protections when the day comes that cannabis is finally legalized at the federal level.

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Partner [Jeffrey Johnson](#) and [Vedad Tabich](#) co-authored this article. Jeff leads the firm’s Cannabis practice is a member of Pryor Cashman’s Intellectual Property, Corporate and

Technology Groups; Vedad's admission to the New York Bar is pending. Partner [Teresa Lee](#), who co-chairs Pryor Cashman's Trademark Practice, also contributed to the article.

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