

January 2021

Trademarking Recreational Marijuana and Potential Threats to the United States' Treaty Obligations

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Recommended Citation

Charles Wells, *Trademarking Recreational Marijuana and Potential Threats to the United States' Treaty Obligations*, 28 J. INTELL. PROP. L. 273 (2021).

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Trademarking Recreational Marijuana and Potential Threats to the United States' Treaty Obligations

Cover Page Footnote

J.D. Candidate, 2021, University of Georgia School of Law.

**TRADEMARKING RECREATIONAL MARIJUANA
AND POTENTIAL THREATS TO THE UNITED
STATES' TREATY OBLIGATIONS**

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J. INTELL. PROP. L.

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I. INTRODUCTION

Marijuana is classified as an illegal narcotic drug by the United States federal government and is subject to international restrictions.¹ Some foreign nations have since broken from this consensus and have legalized marijuana use for medicinal or recreational use.² An increasing number of states within the United States have similarly legalized marijuana products for recreational and medical use even though the substance remains illegal under federal law.³ With legalization, a new and highly lucrative market for legal cannabis products may emerge, creating a growing need for cannabis-related intellectual property protections. Currently, federal intellectual property law does not fully provide intellectual property protections to cannabis-related products.⁴

II. BACKGROUND

A. THE LEGAL STATUS OF MARIJUANA INTERNATIONALLY

The United States first criminalized marijuana under President Nixon with the Controlled Substances Act (CSA) of 1970.⁵ Marijuana is also restricted internationally through United Nations conventions including the Single Convention on Narcotic Drugs of 1961, the 1971 Convention on Psychotropic Substances, and the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988 Convention).⁶ Specifically, the 1988 Convention requires all parties to ban the cultivation of the cannabis plant for the production of narcotic drugs.⁷ Although the international regimes regulating cannabis production do make allowances for medical and scientific use, the conventions generally require state parties to criminalize recreational

¹ Controlled Substances Act, 21 U.S.C.S. § 801 (LEXIS through Pub. L. No. 116-193); United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Nov. 11, 1990, 1582 U.N.T.S. 95.

² Antonia Eliason & Robert Howse, *A Higher Authority: Canada's Cannabis Legalization in the Context of International Law*, 40 MICH. J. INT'L L. 327, 329-30 (2019).

³ *Marijuana Overview*, NAT'L CONF. STATE LEGISLATURES (Oct. 17, 2019), <http://www.ncsl.org/research/civil-and-criminal-justice/marijuana-overview.aspx>.

⁴ Emily Pyclik, *Obstacles to Obtaining and Enforcing Intellectual Property Rights in the Marijuana Industry*, 9 AM. U. INTELL. PROP. BRIEF 26, 33 (2018).

⁵ Joseph Dylan Summer, Note, *Patenting Marijuana Strains: Baking up Patent Protection for Growers in the Legal Fog of this Budding Industry*, 23 J. INTELL. PROP. L. 169, 174 (2015).

⁶ Eliason & Howse, *supra* note 2, at 335; Single Convention on Narcotic Drugs, Mar. 30, 1961, 18 U.S.T. 1407, as amended by the 1972 Protocol Amending the Single Convention on Narcotic Drugs, Mar. 24, 1972, 26 U.S.T. 1439 [hereinafter Single Convention]; Convention on Psychotropic Substances, Feb. 21, 1971, 32 U.S.T. 543 [hereinafter 1971 Convention]; Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Dec. 20, 1988, 28 ILM 493 (1989).

⁷ *Id.*

marijuana.⁸ Despite the international prohibition, several countries and states have decriminalized or legalized recreational marijuana creating tension within the international legal regime.⁹

Uruguay was the first country to fully legalize marijuana for recreational use in 2013.¹⁰ Although other countries allowed limited use, for science and medicine, or simply decriminalized use to the point of almost de facto legalization, recreational marijuana was globally prohibited until Uruguay legalized marijuana under strict government regulation.¹¹ Canada became the second country to fully legalize marijuana with its Cannabis Act in 2018.¹² The Canadian law represents a far more sweeping liberalization of recreational marijuana laws.¹³ Both Uruguayan law and Canadian law allow limited personal cultivation and use as well as limited commercial sale, but Uruguay more heavily restricts where and in what quantities marijuana may be sold.¹⁴ Canadian laws allow licensed private retailers to sell marijuana, thereby allowing private actors to play a far greater role in the marijuana market.¹⁵ Both of the legalization regimes, despite the heavy regulations prescribed by each, represent a deep departure from international standards and with that carry great potential for international legal friction.

The Canadian system, in particular, may generate an increasing demand for intellectual property recognition to protect participants in the growing market, because there is more room for private actors to participate in the marijuana market.¹⁶ Canadian law only allows sale in specifically licensed stores and strictly limits packaging and advertising of marijuana.¹⁷ Marijuana packaging and marijuana accessories cannot glamorize marijuana use under Canadian law and cannot be designed to appeal to young people.¹⁸ The Canadian “Cannabis Act” also contains an absolute ban on the import and export of marijuana products for recreational use.¹⁹ Although the advertising, packaging, and import-export restrictions could negatively affect the development of cannabis-related intellectual property in Canada, the massive retail value of the cannabis market

⁸ *Id.* at 336.

⁹ See Eliason & Howse, *supra* note 2.

¹⁰ *Id.* at 329.

¹¹ John Hudak et al., *Uruguay’s Cannabis Law: Pioneering a New Paradigm*, BROOKINGS (Mar. 21, 2018), https://www.brookings.edu/wp-content/uploads/2018/03/gs_032118_uruguay28099s-cannabis-law_final.pdf.

¹² Eliason & Howse, *supra* note 2, at 328.

¹³ *Id.* at 329-30.

¹⁴ Hudak et al., *supra* note 11, at 2-3; Eliason & Howse, *supra* note 2, at 331.

¹⁵ Eliason & Howse, *supra* note 2, at 331.

¹⁶ *Id.*

¹⁷ *Id.* at 332-33.

¹⁸ *Id.*

¹⁹ *Id.* at 362.

will likely drive demand for trademark and patent protections in the newly legalized industry.²⁰

B. STATE LEGALIZATION OF MARIJUANA

Acting in 2012, before Uruguay became the first nation to legalize marijuana use,²¹ Colorado and Washington passed legislation legalizing recreational marijuana.²² Over the next several years, many states and the District of Columbia followed suit legalizing marijuana despite the federal prohibition.²³ Although marijuana remained a schedule I controlled substance under the Controlled Substances Act, the federal government elected not to prosecute marijuana use and sale in states that had legalized marijuana as long as any activity relating to cannabis follows states law.²⁴ The Trump administration rescinded this practice as formal policy in 2018, however federal prosecutions of marijuana offences have fallen rather than increased since that time.²⁵

Although the federal government's recent practice of mostly avoiding prosecution has allowed state markets to develop despite the federal prohibition, the federal government could decide to renew enforcement leaving actors in the marijuana market vulnerable.²⁶ By filing for a patent for a marijuana product, a company could effectively be "admitting to a federal crime."²⁷ Therefore, even though patents for marijuana-related products currently exist, robust protections cannot develop as long as marijuana remains a federal crime.²⁸ The federal government has also declined registration of trademarks relating to marijuana.²⁹ The United States Patent and Trademark Office (USPTO) may refuse registration of trademarks that cannot be legally used in commerce.³⁰ Because marijuana is still illegal federally, the federal USPTO still denies trademarks for business legally producing and selling marijuana products under state law but in violation of federal law.³¹

²⁰ *Micheline Gravelle & Herman Cheung, IP Protection for Cannabis in Canada*, BERESKIN & PARR (June 28, 2018), <https://bereskinparr.com/doc/ip-protection-for-cannabis-in-canada>.

²¹ Eliason & Howse, *supra* note 2, at 329.

²² *Marijuana Overview*, *supra* note 3.

²³ *Id.*

²⁴ Summer, *supra* note 5, at 184-85.

²⁵ Joanna Lampe, *State Marijuana "Legalization" and Federal Drug Law: A Brief Overview for Congress*, CONGRESSIONAL RESEARCH SERVICES (May 29, 2020) available at: <https://crsreports.congress.gov/product/pdf/LSB/LSB10482>.

²⁶ *Id.* at 184.

²⁷ *Id.* at 202.

²⁸ *Id.* at 208-09 (stating "the CSA is a virtually impervious barrier to patentability").

²⁹ Pyclik, *supra* note 4, at 33.

³⁰ *Id.* at 30.

³¹ *Id.*

C. INTERNATIONAL INTELLECTUAL PROPERTY PROTECTIONS

Intellectual property protections are a global concern, particularly given the depth of international commerce. State members of the United Nations established the World Intellectual Property Organization (WIPO) in 1967 as a United Nations body to promote intellectual property protections and ensure administrative cooperation among member states.³² Some states, including primarily the United States, remained deeply concerned about the negative impact of counterfeit products and pushed for further international cooperation to ensure intellectual property protection.³³ These states cited the loss in profits due to copyright and counterfeits as a primary concern, with U.S.-based groups claiming that ineffective copyright laws abroad cost United States industries billions in profit.³⁴ These concerns resulted in a discussion of intellectual property rights at the Uruguay Round of GATT (General Agreement on Trade and Tariffs) negotiations beginning in 1986.³⁵ This discussion ultimately led to the development of the Trade-Related Aspects of Intellectual Property Rights or TRIPS agreement, which entered into effect as an annex to the agreement establishing the World Trade Organization (WTO).³⁶ The substantial preamble of the TRIPS agreement outlines its purpose and scope. This preamble reflects the strongly protectionist concerns that led the United States and other nations to push for the agreement in the first place.³⁷ The TRIPS agreement does not create a fully harmonized system of intellectual property rights enforcement, but rather sets forth minimum standards for intellectual rights protections.³⁸

The TRIPS agreement binds all member states and, as its primary function, extends the three basic trade principles of the GATT to intellectual property rights.³⁹ These three basic principles are: 1) national treatment, 2) most-favored-nation, and 3) transparency.⁴⁰ Article three of TRIPS requires that all WTO member states “accord to the nationals of other Members treatment no less

³² *Inside WIPO*, WORLD INTEL. PROP. ORG., <https://www.wipo.int/about-wipo/en/> (last visited Nov. 22, 2020).

³³ MICHAEL BLAKENEY, *TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A CONCISE GUIDE TO THE TRIPS AGREEMENT 1-2* (Street & Maxwell Ltd. 1996).

³⁴ *Id.*

³⁵ *Id.* at 3.

³⁶ *Id.* at 7-8.

³⁷ CARLOS M. CORREA, *TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A COMMENTARY ON THE TRIPS AGREEMENT 1-3* (Philip Alston & Vaughan Lowe eds., Oxford Univ. Press 2007).

³⁸ *Id.* at 8.

³⁹ *Id.* at 5.

⁴⁰ *Id.*

favourable than that it accords to its own nationals.”⁴¹ This requirement ensures that the extension of intellectual property rights remains neutral so that a nation may not deny an applicant from a foreign jurisdiction in favor of a local applicant.⁴² The national treatment requirement precludes countries from extending greater protections to their nationals but allows for substantial flexibility for countries to set their own protection policy so long as these protections apply evenly to non-nationals and meet the minimum standards called for in other TRIPS provisions.⁴³ Nations can violate this principle either by having formal laws that favor nationals over foreigners or laws that, although formally neutral, have a discriminatory effect.⁴⁴ Based on this principle, even if a nation’s laws on marijuana and marijuana-related intellectual property are formally neutral, unequal recognition between domestic and foreign actors could potentially violate the national treatment principle enforced by the TRIPS agreement. The TRIPS agreement also applies the “most-favoured-nation” requirement of the GATT to intellectual property protections, meaning that any privilege a member state extends to any other nation regarding intellectual property must also be extending unconditionally to all WTO member states.⁴⁵

The TRIPS agreement maintains exceptions allowing states to retain control over the content they are willing to provide with intellectual property protection. Critically, the TRIPS agreement allows states to deny trademarks or patents for items the state claims violate morality or public order.⁴⁶ The morality exception for patents is granted explicitly in the text of TRIPS.⁴⁷ The same exception exists for trademarks, but is not provided for directly in TRIPS.⁴⁸ By contrast, the morality exception for trademarks derives from the earlier, WIPO administered Paris Convention for the Protection of Industrial Property (Paris Convention).⁴⁹ These exceptions have been applied by several member states to deny trademarks for various reasons, from marks seen as offensive to specific religious sensitivities to marks making graphic sexual references.⁵⁰ WTO member states have also used morality and public order to justify denying trademark protection for marks

⁴¹ Agreement on Trade-Related Aspects of Intellectual Property Rights art. 3, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 319, 322. [hereinafter TRIPS].

⁴² CORREA, *supra* note 37, at 52.

⁴³ *Id.* at 52-53.

⁴⁴ *Id.* at 54.

⁴⁵ *Id.* at 66.

⁴⁶ TRIPS, *supra* note 40, at 331.

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ See generally Alysia Arcos Ziemer et al., *Morality and Trademarks: The South American Approach*, 40 SUFFOLK TRANSNAT’L L. REV. 221 (detailing the justifications for rejecting of several trademark applications across South America).

that reference counterculture groups associated with the use of marijuana and other narcotics.⁵¹

The morality exception was tested recently in the dispute between Antigua and Barbuda and the United States over the United States' efforts to ban online gambling websites based in foreign countries.⁵² Although the gambling dispute did not specifically refer to intellectual property, the dispute considered an analogous morality exception under the General Agreement on Trade in Services (GATS) and provides a ruling from the WTO Dispute Settlement Body on the issue of morality exceptions to WTO agreement provisions.⁵³ The WTO dispute settlement body upheld the United States' morality objections as a legitimate basis to restrict trade under GATS. However, the body concluded that, because the United States allowed other forms of online gambling from domestic sources, the United States failed to show that it did not discriminate between domestic and foreign online gambling services.⁵⁴ The gambling dispute represents the first WTO decision regarding a morality-based objection.⁵⁵ Because state objections to marijuana may be grounded in morality and public order,⁵⁶ this dispute may guide the future of marijuana-related intellectual property protections.

D. INTELLECTUAL PROPERTY PROTECTIONS FOR MARIJUANA IN THE UNITED STATES

Despite the growing domestic marijuana industry, the Controlled Substances Act still represents a significant barrier to obtaining federal intellectual property protections.⁵⁷ Federal law governs a majority of intellectual property law in the United States.⁵⁸ Additionally, the federal government retains exclusive authority to issue patents.⁵⁹ State law can offer some limited protections despite the federal

⁵¹ See *id.* at 245 (referencing Brazil's denial of trademark protection for cigarette paper labeled, "PEACE AND LOVE!!! TRIP" because of the phrase's connection to hippy counterculture).

⁵² Jeremy C. Marwell, Note, *Trade and Morality Article: The WTO Public Morals Exception After Gambling*, 81 N.Y.U. L. REV. 802, 811 (2006).

⁵³ *Id.* at 811.

⁵⁴ *Id.* at 813–14.

⁵⁵ *Id.* at 802-03.

⁵⁶ Eliason & Howse, *supra* note 2, at 354-255 (citing a United Nations Human Rights Committee decision upholding a ban on marijuana in South Africa while giving wide deference to South Africa's authority to regulate marijuana based on concerns including public order and morality).

⁵⁷ Summer, *supra* note 5, at 208.

⁵⁸ Sam Kamin & Viva Moffat, *Trademark Laundering, Useless Patents, and other IP Challenges for the Marijuana Industry*, 73 WASH. & LEE L. REV. 217, 220 (2016).

⁵⁹ *Id.* at 266.

prohibition on patents for marijuana products.⁶⁰ However, the federal government, so far, only recognizes businesses selling ancillary products.⁶¹ While state law offers trademark protection on the local level, the federal prohibition paired with federal recognition of trademarks for ancillary businesses presents a major challenge to marijuana businesses seeking trademark protection.⁶²

The federal government regulates trademarks under the Lanham Act.⁶³ Authority for the Lanham Act relates to Congress' power to regulate interstate commerce.⁶⁴ Therefore, in order to receive federal protection, an applicant must assert that the mark is used in interstate commerce.⁶⁵ Because marijuana production, use, and sale remain illegal under the CSA, asserting that the mark is used in interstate commerce would mean admitting to a federal crime in an application submitted to the federal government.⁶⁶ This fact may deter applicants from applying⁶⁷ and allows the USPTO to categorically deny registration of trademarks that serve an unlawful purpose.⁶⁸ Applying this principle, the USPTO may require an applicant to show that their mark will be used only to further legal commerce.⁶⁹ The USPTO routinely applies the illegality doctrine to deny trademarks for businesses that grow, produce, and sell marijuana.⁷⁰

In *Kiva Health Brands L.L.C. v. Kiva Brands Inc.*, the United States District Court for the Northern District of California directly considered the availability of federal trademark protection for a business engaged in cannabis commerce.⁷¹ The plaintiff, Kiva Health Brands L.L.C. (KHB), produced and sold food supplements in Hawaii.⁷² None of KHB's products contained marijuana.⁷³ The

⁶⁰ W. Michael Schuster & Jack Wroldsen, *Entrepreneurship and Legal Uncertainty: Unexpected Federal Trademark Registrations for Marijuana Derivatives*, 55 AM. BUS. L.J. 117, 137-38 (2018).

⁶¹ Kamin & Moffat, *supra* note 58, at 249.

⁶² *Id.* (arguing that ancillary businesses will be able to build up good will and brand recognition to the exclusion of marijuana businesses).

⁶³ 15 U.S.C.A. § 1051 (Westlaw through Pub. L. No. 116-193); Kamin & Moffat, *supra* note 58, at 241.

⁶⁴ Kamin & Moffat, *supra* note 58, at 241-44.

⁶⁵ *Id.*

⁶⁶ *Id.* at 247.

⁶⁷ *Id.* at 247-248 (stating that despite the Obama Administration's executive policy to not strictly enforce federal drug policy, few people are likely to admit to violating a federal law in order to register a trademark).

⁶⁸ *Id.* at 244 (identifying that federal trademarks are only available when the mark is used in lawful commerce).

⁶⁹ *Id.*

⁷⁰ *Id.* at 245.

⁷¹ *Kiva Health Brands L.L.C. v. Kiva Brands Inc.*, 402 F. Supp. 3d 877, 877 (N.D. Cal. Sept. 6, 2019).

⁷² *Id.* at 880-81.

⁷³ *Id.* at 881.

defendant, Kiva Brands Inc. (KBI), produced and sold marijuana-infused confections throughout California.⁷⁴ KHB sued for trademark infringement and unfair competition under the Lanham Act, citing concerns that brand confusion would lead consumers to assume KHB's products also contained marijuana.⁷⁵ Both parties recognized that KHB possessed three valid USPTO trademarks relating to the "KIVA" name from the years 2014, 2015, and 2016.⁷⁶ Kiva Brands Inc. (KBI) fully acknowledged these trademarks but claimed common-law trademark protection based on use in commerce in California since 2010.⁷⁷ KBI only claimed ownership rights in California.⁷⁸ KHB asserted that all of KBI's products were infused with marijuana and therefore cannot receive federal trademark protection.⁷⁹ The court accepted this argument wholesale stating that federal laws prohibiting marijuana production and sale precluded any federally recognizable trademark protections from developing.⁸⁰ KBI accepted that it possessed no right to federal trademark recognition, but contended that the lack of a federal trademark was irrelevant to its claim under California common law.⁸¹ The court rejected this argument and held that state trademark protections could not defend against a federal infringement claim if the trademark's use violated federal law.⁸² This ruling decisively concludes that no business conducting marijuana commerce in violation of federal law can rely on federal protection. Even if a business has a valid trademark under state law, a different entity engaged in lawful conduct could apply and receive federal protection for the exact same mark.

Although the federal government refuses to recognize trademarks for marijuana businesses as indicated in *Kiva*, states with legalized marijuana offer state-level intellectual property protections.⁸³ Washington law, for example, gives common law trademark rights to the first person to use a mark "in the ordinary course of trade."⁸⁴ The Washington statute requires that federal law guide the application of Washington trademark protections.⁸⁵ Washington courts, however, are not required to follow federal policy exactly and may extend

⁷⁴ *Id.*

⁷⁵ *Id.* at 883.

⁷⁶ *Id.* at 884.

⁷⁷ *Id.*

⁷⁸ *Id.* at 885.

⁷⁹ *Id.* at 888.

⁸⁰ *Id.*

⁸¹ *Id.* at 889.

⁸² *Id.* at 890-91.

⁸³ Kamin & Moffat, *supra* note 58, at 256-58.

⁸⁴ Sean Clancy, Comment and Note, *Branded Bud or Generic Ganja? Trademarks for Marijuana in Washington*, 18 LEWIS & CLARK L. REV. 1063, 1082 (2014).

⁸⁵ *Id.* at 1083.

state trademark protections to marijuana businesses.⁸⁶ California similarly extends state-level trademark protections to marijuana-related marks for businesses that are lawfully engaged in business under California Law.⁸⁷ According to the California secretary of state, trademark registration is available so long as the mark is used in lawful commerce under California law and matches a USPTO classification for goods and services.⁸⁸

This policy has led to the registration of several trade and service marks for businesses engaged in growing and selling recreational marijuana. For example, the mark GREEN CARPET GROWING is for a service that teaches marijuana cultivation.⁸⁹ The JUST HIT IT mark is for a company selling “[d]ry [c]annabis [f]lower and [c]annabis [w]ax”.⁹⁰ And, the mark THE LIGHTHOUSE is for a company providing “[r]etail [s]ales of cannabis and related goods.”⁹¹ These marks were registered in California, citing federal mark classifications for tobacco and smokers’ products (Class 34), business services and advertising (Class 35), and medical services and agriculture (Class 44).⁹²

State governments have provided an avenue to limited intellectual property protection on a local level by allowing registration of marijuana related trademarks.⁹³ State courts have also upheld these protections against infringement.⁹⁴ The Washington Court of Appeals considered trademark

⁸⁶ *Id.*

⁸⁷ Veronique Urban, *Federal v. State Trademark Registration for Marijuana-Related Goods and Services*, N.Y. HEALTH L. (Jan. 23, 2018), <https://www.nyhealthlawblog.com/2018/01/23/federal-v-state-trademark-registration-for-marijuana-related-goods-and-services/>.

⁸⁸ *Trademarks and Service Marks Frequently Asked Questions*, CAL. SEC’Y OF STATE, <https://www.sos.ca.gov/business-programs/ts/faqs/#question13> (last visited Nov. 22, 2020).

⁸⁹ GREEN CARPET GROWING, California Service Mark Registration, Registration No. 304982, https://tmbizfile.sos.ca.gov/Search/RetrieveFilingDoc?name=304982_f3a6f4eb-3ff2-4a08-b566-109c0958bca6.pdf.

⁹⁰ JUST HIT IT, California Trademark Registration, Registration No. 301520, https://tmbizfile.sos.ca.gov/Search/RetrieveFilingDoc?name=301520_96fa2240-df11-4dbf-b592-992f53b237d7.pdf.

⁹¹ THE LIGHTHOUSE, California Service Mark Registration, Registration No. 305336, https://tmbizfile.sos.ca.gov/Search/RetrieveFilingDoc?name=305336_b62022e8-0d41-4fd7-a6ef-1ea51442bcec.pdf.

⁹² GREEN CARPET GROWING, California Service Mark Registration, Registration No. 304982; JUST HIT IT, California Trademark Registration, Registration No. 301520; THE LIGHTHOUSE, California Service Mark Registration, Registration No. 305336;

Nice Agreement Tenth Edition - General Remarks, Class Headings and Explanatory Notes - Version 2012, USPTO, <https://www.uspto.gov/trademark/trademark-updates-and-announcements/nice-agreement-tenth-edition-general-remarks-class> (last visited Nov. 22, 2020).

⁹³ Clancy, *supra* note 84.

⁹⁴ *See* Headspace Int’l L.L.C. v. Podworks Corp., 428 P.3d 1260 (Wash. Ct. App. 2018).

infringement of a cannabis product in 2018 with *Headspace International, L.L.C. v. Podwroks Corp.*⁹⁵ The plaintiff, a California business engaged in the refinement and production of highly refined cannabis concentrates, claimed common law trademark protection for its cannabis concentrate product “THE CLEAR” because the plaintiff licensed the product for sale in Washington in 2014.⁹⁶ The trial court granted the defendant’s motion to dismiss stating that the plaintiff failed to allege lawful use in Washington.⁹⁷ The court of appeals reversed, holding that licensing the marijuana product for sale in Washington represents lawful conduct and the plaintiffs had therefore alleged a sufficient set of facts to justify recovery.⁹⁸ The court carefully outlined that out-of-state businesses were barred from selling marijuana products to avoid running afoul of federal drug laws.⁹⁹ The court noted, however, that licensing agreements for the sale of marijuana products were lawful under Washington’s revised controlled substances act.¹⁰⁰ Although the court did not issue a final ruling on the trademark violation, the court clearly established that common law trademark protections are available in Washington to producers and sellers of marijuana products.¹⁰¹ Even a mark originating out-of-state may be enforceable as long as lawful use under Washington’s state laws can be established.¹⁰²

III. ANALYSIS

Currently, United States law on the production, sale, and use of marijuana is entirely inconsistent between federal and state governments. Although the federal government’s current policy of not enforcing federal drug laws against persons complying with local state law allows these systems to coexist for now, the inconsistency creates legal friction. The current state of intellectual property protections for marijuana businesses raises several concerns at the international level. These questions include whether the United States is obligated to ensure foreign applicants for marijuana related intellectual property protection are given the same treatment as US nationals. Despite the fact that a claim against the United States is unlikely to materialize, and even less likely to succeed, the current state of protections may leave important decisions implicating foreign commerce in the hands of the states.

⁹⁵ *Id.*

⁹⁶ *Id.* at 1262-63.

⁹⁷ *Id.*

⁹⁸ *Id.* at 1264, 1267.

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 1264.

¹⁰¹ *Id.*

¹⁰² *Id.*

Although the federal government still seems to categorically deny intellectual property protection for marijuana,¹⁰³ states such as Washington and California allow registration of trademarks to marijuana businesses engaged in recreational marijuana sales.¹⁰⁴ State courts have even recognized trademarks associated with recreational marijuana sales and enforced these marks even though they originated from other states.¹⁰⁵ The recognition of recreational marijuana trademarks across state lines seems to directly implicate federal power to regulate interstate commerce, but federal courts have still acknowledged these rulings as controlled by states' laws.¹⁰⁶ Application of intellectual property protections are thereby inconsistent within the United States, with an absolute lack of federal recognition, but limited protection available on the state level.

This situation leads to a difficult question of international law if a foreign marijuana business seeks protection in the United States. The TRIPS agreement requires the United States to provide equal protections to citizens of member states.¹⁰⁷ This murky situation calls into question whether a foreign person has a valid TRIPS complaint if, for example, a federal trademark claim applies to invalidate state-level trademark protection belonging to a foreign-held business engaged in marijuana production in California. The defendants in *Kiva Health Brands L.L.C. v. Kiva Brands Inc.* claimed common law trademark protection within the state of California based on longstanding use in commerce.¹⁰⁸ The district court, however, refused to recognize the defendant's trademark because they could not show the use in commerce was legal under federal law.¹⁰⁹ From KBI's perspective, the federal government effectively dissolved their trademark protections in favor of another business. If the defendants were foreign nationals, they may have attempted to complain under TRIPS claiming that their intellectual property rights were infringed in favor of a domestic enterprise.

This claim would, however, not succeed under the TRIPS agreement. To succeed, this hypothetical foreign defendant would need to show that the United States policy favors nationals. The federal policy is, however, wholly consistent with itself because it categorically denies intellectual property protections.¹¹⁰ The federal government simply does not recognize intellectual property protections for businesses growing, producing, or selling marijuana.¹¹¹ Unless the federal

¹⁰³ Kamin & Moffat, *supra* note 58, at 247.

¹⁰⁴ Clancy, *supra* note 84, at 1082; Urban, *supra* note 87.

¹⁰⁵ See *HeadSpace Int'l L.L.C.*, 428 P.3d 1260 (enforcing a trademark in Washington even though it was developed in California).

¹⁰⁶ *Kiva Health Brands L.L.C. v. Kiva Brands Inc.*, 402 F. Supp. 3d 889, 890 (N.D. Cal 2019).

¹⁰⁷ CORREA, *supra* note 37, at 5 (noting the national treatment principle).

¹⁰⁸ *Kiva*, 402 F. Supp. 3d at 889.

¹⁰⁹ *Id.* at 890.

¹¹⁰ Kamin & Moffat, *supra* note 58, at 244.

¹¹¹ *Id.*

government begins to recognize marijuana trademarks, and does so inconsistently, the federal government is in compliance with the TRIPS agreement.

Despite the consistency of federal law, a state government could theoretically show favoritism to local applicants over foreign ones. The federal government, by keeping itself clear of state level regulation of marijuana business and the related intellectual property concerns, has thereby potentially delegated application of the TRIPS agreement to the states that have legalized marijuana. The TRIPS agreement requires each state party to provide national treatment to foreign applicants.¹¹² If, hypothetically, Washington were to deny protections to a Canadian citizen but grant them to a local applicant under the same circumstances, this action could potentially violate the principle of national treatment. For the practical reasons outlined below it is extremely unlikely that any nation would support a complaint under TRIPS based on this situation. However, the potential for a single state to violate international obligations of the United States indicates a need for the United States to resolve the legal inconsistencies regarding marijuana.

The WTO ruling in the online gambling dispute between the United States and Antigua and Barbuda has led some to question whether or not the United States' stark line against intellectual property protection could survive a challenge based on the morality exception.¹¹³ The idea that TRIPS may require marijuana intellectual property protections is based on the following claims: (1) the TRIPS agreement requires that the nature of a product cannot be an obstacle to trademark protection and (2) the exception allowing nations to refuse protections for marks when necessary to protect public morals.¹¹⁴

The United States relied on the morality exception in the online gambling case and ultimately lost.¹¹⁵ However, the WTO upheld the morality exception and ruled against the United States only because it allowed gambling in other forms within the United States.¹¹⁶ A similar result is highly unlikely in the context of recreational marijuana. First, as indicated above, there are likely no state parties to TRIPS willing to bring such a dispute. Second, the federal government's position towards marijuana trademarks is quite clear. The federal government categorically denies trademarks based on marijuana products that are illegal under federal law.¹¹⁷ This consistency on the federal level distinguishes marijuana from gambling. The WTO relied on inconsistent federal laws that

¹¹² CORREA, *supra* note 37, at 5.

¹¹³ Pyclik, *supra* note 4, at 37.

¹¹⁴ *Id.* at 36.

¹¹⁵ Marwell, *supra* note 52, at 813-14.

¹¹⁶ Appellate Body Report, *United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, ¶ 373, WTO Doc. WT/DS285/AB/R (Apr. 7 2005) [hereinafter ABR].

¹¹⁷ Kamin & Moffat, *supra* note 58, at 245.

permitted online interstate horse betting despite a general prohibition on online gambling.¹¹⁸ Because the federal laws on this issue were inconsistent, the WTO ruled in favor of Antigua and Barbuda.¹¹⁹ The morality exception was, however, upheld and because the United States federal government's position on marijuana trademarks is consistent, the United States is not as vulnerable to challenge as it was in the gambling dispute.¹²⁰

The WTO also found that state laws in Louisiana, Massachusetts, South Dakota, and Utah improperly obstructed free trade by forbidding online gambling.¹²¹ This determination suggests that the WTO may consider distinct state laws and could rule against the United States in a hypothetical dispute regarding marijuana intellectual property protections. The original panel decision of the WTO held that eight state laws within the United States were inconsistent with the United States' TRIPS obligations.¹²² The appellate body overturned this decision but only because Antigua and Barbuda had failed to make a factual showing as to how these state laws violated TRIPS obligations.¹²³ A subsequent decision panel addressed whether the United States had complied with the WTO dispute settlement body's ruling.¹²⁴ This panel stated that state laws could violate a nation's obligations.¹²⁵ Simultaneously banning cross-border supply of remote wagering services and allowing intrastate remote wagering "afford[s] different treatment."¹²⁶ This decision suggests that even wholly intrastate marijuana laws could violate TRIPS obligations if they have the effect of affording different treatment.

Although a TRIPS dispute based wholly on State laws may technically be possible as indicated above, such a dispute is unlikely to ever arise. If a hypothetical aggrieved foreign national had a legitimate claim under the TRIPS agreement, it would still be highly unlikely that their dispute would even be adjudicated. At this point in time, only a very small number of countries have fully legalized marijuana use.¹²⁷ Even those countries strictly regulate on

¹¹⁸ Isaac Wohl, *The Antigua-United States Online Gambling Dispute*, J. INT'L COM. & ECON. 6-7 (July 2009), https://www.usitc.gov/publications/332/journals/online_gambling_dispute.pdf.

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ *Id.* at 6.

¹²² ABR, *supra* note 116, at 4.

¹²³ ABR, *supra* note 116, at 49.

¹²⁴ Panel Report, United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services, § 6.121, WTO Doc. WT/DS285/RW (Mar. 30, 2007).

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ Eliason & Howse, *supra* note 2; see also Amanda Erickson, *Mexico Just Legalized Medical Marijuana*, WASH. POST (June 21, 2017), https://www.washingtonpost.com/news/worldviews/wp/2017/06/21/mexico-just-legalized-medical-marijuana/?utm_term=.acec545488d2; Jon Sharman, *Poland Legalises*

importation and exportation. Canada, for example, directly outlaws any import or export of recreational marijuana.¹²⁸ Within the United States, states that have legalized marijuana also restrict the market to keep it in-state only. Washington, for example, does not allow out-of-state businesses to sell marijuana products in Washington.¹²⁹ These policies show that jurisdictions where marijuana is legal are very careful to avoid triggering international legal issues by strictly prohibiting the formation of an international or inter-state market. Additionally, marijuana remains illegal under multiple international conventions.¹³⁰ The 1988 Convention requires state parties to pass laws making marijuana illegal.¹³¹ Therefore, even if a foreign national had a grievance under TRIPS, it is highly unlikely that they would receive support from their home country. Disputes under the TRIPS Agreement are settled under the Dispute Settlement Understanding of the WTO agreement.¹³² The WTO dispute settlement system is only available to state parties to the WTO.¹³³ Currently even the states that have legalized marijuana use carefully restrict its use in international commerce so as to avoid running afoul of other nations' laws and of international conventions making marijuana illegal.¹³⁴ This level of state caution suggests that, even if a foreign national possessed a perfectly valid claim, the hypothetical complainant is unlikely to convince their own government to raise the dispute.

IV. CONCLUSION

Currently, the law regarding the production, sale, and use of recreational marijuana is in a state of tension. Despite a general prohibition under both United States federal law and international conventions, some nations and some states within the United States have begun to legalize marijuana for recreational use. The federal government refuses to extend trademark protections to businesses engaging in production or sale of marijuana against federal law even if these businesses are in full compliance with local state laws. The states,

Medical Cannabis, INDEPENDENT (Nov. 4, 2017, 5:39 PM), <https://www.independent.co.uk/news/world/europe/poland-legalise-medical-marijuana-cannabis-pharmacy-a8037681.html>.

¹²⁸ Eliason & Howse, *supra* note 2, at 362.

¹²⁹ *Headspace Int'l L.L.C. v. Podworks Corp.*, 428 P.3d 1260, 1266 (Wash. Ct. App. 2018).

¹³⁰ Eliason & Howse, *supra* note 2, at 335.

¹³¹ *Id.*

¹³² CORREA, *supra* note 37, at 479.

¹³³ *Participation in Dispute Settlement Proceedings*, WORLD TRADE ORG., https://www.wto.org/english/tratop_e/dispu_e/disp_settlement_cbt_e/c9s1p1_e.htm (last visited Nov. 22, 2020).

¹³⁴ Eliason & Howse, *supra* note 2, at 350-351 (outlining the how Canada's regulation prevent marijuana from entering the "stream of illicit international commerce"); *see also*, *Headspace*, 428 P.3d at 1266 (showing how a United States court applied similar caution to ensure legal state marijuana activity did not conflict with overarching federal law).

however, provide at least some level of protection for marijuana businesses under state law and common provisions for trademark protection. Because the authority to grant and protect these trademarks lies in state hands, it is theoretically possible that a state government could show favoritism to local applicants over foreign citizens in potential violation of the United States' treaty obligations under the TRIPS agreement. However, states and nations that have legalized marijuana use have cautiously crafted their laws to avoid a cross-border market. This indicates that a dispute of marijuana-related intellectual property is unlikely to grow beyond a single jurisdiction. Furthermore, because dispute settlement under TRIPS requires a state party to bring a complaint and because state parties have so far remained cautious to avoid international entanglements involving their marijuana laws, it is extremely unlikely that any state party would seek TRIPS arbitration. Inconsistent marijuana laws between state and federal governments arguably create tensions between state laws and the United States' treaty obligations. However, due to the practical realities of legalized marijuana within and outside of the United States, it is unlikely that a dispute would arise at this time.