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IP Law Has New Challenges In Marijuana

By **Tony Flesor**

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LAWYERS HAVE entered uncharted land as more and more practices expand into the marijuana realm. Intellectual property has shown this to be true perhaps more than any other practice area.

With marijuana still federally outlawed, the list of intellectual property protections for pot businesses is fairly short. IP lawyers must navigate existing rules and developing attitudes in patent and trademark law to determine how they can serve clients.

As Todd Blakely, a partner at Sheridan Ross, said, it's an interesting area but not a deep one. He said the firm has worked with clients on patents and trademarks for marijuana-related issues, though they haven't dealt with strains or plants specifically. Many of the issues at play for IP lawyers can be summed up with the fact that just about everything is new and the U.S. Patent and Trademark Office isn't entirely sure how to handle it all.

The two primary pieces of intellectual property, patents and trademarks, have vastly different applications in marijuana law. For trademarks, there are two primary components. Marks for products or businesses directly involving cannabis simply don't exist, however, when cannabis is tangential to the trademark, there's much more wiggle room.

Under current law, things directly involving cannabis can't be trademarked. According to the Lanham Act, the U.S. Patent and Trademark Office is unable to approve a trademark for anything "immoral, deceptive or scandalous." This includes things directly prohibited by federal law.

But for goods that only tangentially involve marijuana, such as pipes or vaporizers, there are other avenues.

"Under the IP umbrella, we still have all the square holes, the question is whether we have square pegs or round pegs. We're trying to trademark things that haven't been done before," Blakely said. "The rules aren't changing, we just



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have to fit them in the existing framework. In that sense we have to be creative in how we meet client objectives and give them the best protection they can get."

One such way is taking advantage of common law rights that will protect a brand in the geographic area it's used in. Although that mark won't be federally recognized, it will be enforceable within Colorado in the area in which it's used.

Chris Stanton, an associate at Merchant & Gould, said those state-level trademarks are questionable, though.

"It's not entirely clear that someone's selling cannabis-containing products and marking it is a lawful use in commerce," Stanton said. Finding out how far such protections will go "will take someone who gets in a big enough fight to want to litigate that," he said.

Even things that are allowed for trademark — those that don't directly involve marijuana — can be tricky to get through the trademark office. Blakely said he's experienced a higher level of scrutiny

from examiners who want to know how a product will be used and if marijuana is in the picture at all. He said he doesn't believe those are relevant inquiries, but it is important to remain honest and truthful and to see where those applications will eventually go.

Beyond the tricky area of trademarking, patents for marijuana-based innovations are slightly more clear-cut.

Patents are known as "negative rights," Blakely said, in that they don't give the patent-holder the right to make a product, it only gives the holder the right to stop others from doing so. Because of that, there aren't such strict rules on patents that involve controlled substances. There are several pending patents on marijuana-centric products, and some patents have already been issued on existing strains of marijuana.

Also, indirect inventions, such as vaporizers, oil extraction devices and growing methods, are all patentable too.

"This is a truly new, virgin industry from the intellectual property standpoint," Blakely said.

"This is an area where there's a lot of new stuff going on and there's nobody in line in front of your clients."

For Stanton, that unexplored industry is one of the big draws of the marijuana industry. The excitement shows in the people actually opening those businesses. He said he doesn't assist any clients with opening a business because of the mix of ethical rules from the state and federal bars, but he does advise clients on IP issues.

"You have to stretch your legal muscles to solve problems that have never been presented before," he said. "Who knows what's going to happen with the industry, but that's what makes it interesting."

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