

## RESOLUTION 09-06-2016

### DIGEST

Trademark: Allowing State Trademark Protection for Medical Cannabis Products  
Amends Business and Professions Code section 14272 to allow cannabis consumers and providers to receive trademark protections.

### TEXT OF RESOLUTION

**RESOLVED** that the Conference of California Bar Associations recommends that legislation be sponsored to amend Business and Professions Code section 14272 to read as follows:

§14272

1           The intent of this chapter is to provide a system of state trademark registration and  
2 protection substantially consistent with the federal system of trademark registration and  
3 protection under the Trademark Act of 1946 (15 U.S.C. Sec. 1051 et seq.), as amended. To that  
4 end, the construction given the federal act should be examined as nonbinding authority for  
5 interpreting and construing this chapter. State trademarks for products containing marijuana, as  
6 made legal pursuant to Proposition 215 and The Medical Marijuana Program Act, shall be  
7 subject to registration with the secretary.”

(Proposed new language underlined; language to be deleted stricken.)

**PROPONENT:** Bar Association of San Francisco

### STATEMENT OF REASONS

The Problem: Existing law provides no state trademark protection for products containing marijuana. Cultivation, distribution and consumption of medical cannabis is currently legal in California pursuant to Proposition 215, The Medical Marijuana Program Act, The August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, and recent passage of The California Medical Marijuana Regulation and Safety Act. California is presently the largest market for legal cannabis (medical or recreational) in the entire world. Nonetheless, the Trademark Unit within the Secretary of State’s Business Programs Division continues to implement a policy refusing the registration of trademarks for California companies selling medical cannabis products. As federal trademark protection for said products is still prohibited pursuant to the Controlled Substances Act, Californians are therefore left with little to no protections surrounding products and brands that they are within their rights to consume and produce as citizens of the state. It should furthermore be noted that medical cannabis sales are subject to state taxes. The Secretary of State’s policy creates an unacceptable environment exposing patient consumers to risk due to product confusion, and medical cannabis companies to widespread infringement of established brands.

The Solution: The Secretary of State and the Trademark Unit have based their policy of providing no state trademark protection for products containing marijuana on a strict adherence to the trademark examination procedures used by examiners at the United States Patent and

Trademark Office (USPTO) to determine whether a mark is subject to be registered. USPTO examination procedure currently prohibits registration of products that violate the federal Controlled Substances Act. While California's state trademark examiners currently employ this same standard, they are not required to do so under the applicable California Business and Professions Code §§14200-14272 (the Model State Trademark Law). Section 14272 of the Model Law specifically states that federal trademark law "should be examined as nonbinding authority" [emphasis added] when implementing a system of state trademark registration and protection. Nowhere does the state's Model Law specifically address the Controlled Substances Act, and the Trademark Unit's current policy is likely based on an abundance of caution, given the federal prohibition, in the absence of any affirmative permission to issue cannabis trademarks. As such, legislation based on the precedent set in *County of San Diego v. San Diego NORML*, 165 Cal. App. 4<sup>th</sup> 798, is required to clarify that allowing trademark registration to cannabis products is within the authority of the state, and is not subject to federal preemption because federal and California state trademark laws present no positive conflict and can consistently stand together.

**IMPACT STATEMENT**

This resolution does not affect any other law, statute or rule.

**CURRENT OR PRIOR RELATED LEGISLATION**

Not known.

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**RESPONSIBLE FLOOR DELEGATE:** James Marion

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**RESOLUTIONS COMMITTEE RECOMMENDATION**

APPROVE IN PRINCIPLE

History:

No similar resolutions found.

Reasons:

This resolution amends Business and Professions Code section 14272 to allow cannabis consumers and providers to receive trademark protections. This resolution should be approved in principle because doing so reduces consumer risk due to product confusion, and widespread infringement of brands.

Currently, the Trademark Unit within the Secretary of State's Business Programs Division continues to implement a policy refusing the registration of trademarks for California companies selling medical cannabis products; ostensibly in regards to concerns of federal preemption. California, however, has already found that federal law regarding marijuana legality does not determine state law.

The federal preemption issue arose in *Qualified Patients Association v. City of Anaheim* (2010) 187 Cal.App.4th 734. The court held that federal law preempted neither of the California statutes, the Medical Marijuana Program Act (MMPA), or the Compassionate Use Act (CUA). The Court reasoned that where, as is the case today, Federal marijuana law does not expressly preempt state legalization, a conflict analysis must take place. Conflict preemption only exists when “simultaneous compliance with both state and federal directives is impossible.” *Viva! Internat. Voice for Animals v. Adidas Promotional Retail Operations, Inc.* (2007) 41 Cal.4th 929, 935–936. Thus, the *Qualified Patients* court, citing *County of San Diego v. San Diego NORML* (2008) 165 Cal.App.4th 798, and *City of Garden Grove v. Superior Court* (2007) 157 Cal.App.4th 355, held that medical marijuana state law enactments were not preempted because they did not mandate conduct that federal law prohibited, nor pose an obstacle to federal enforcement of federal law; and the state’s decision to decriminalize, for purposes of state law, certain conduct related to medical marijuana, did nothing to override or attempt to override federal law, which remained in force.

The Secretary of State’s policy creates an environment exposing patient consumers to risk due to product confusion, and medical cannabis companies to widespread infringement of established brands. New legislation is thus required to clarify that allowing trademark registration to cannabis products is within the authority of the state, and is not subject to federal preemption because federal and California state trademark laws present no positive conflict and can consistently stand together.