

Intellectual Property and Cannabis Research

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Types of Intellectual Property

- ▶ Patent → a document issued by the United States Patent and Trademark Office (USPTO) that gives its owner the right to exclude others from making, using, selling, and importing an invention for a period of time (usually twenty years)
- ▶ Trademark → a recognizable sign, design, or expression which identifies products or services of a particular source from those of others
 - ▶ Unlike a patent, will not expire and can last forever so long as it is continuously used in commerce
- ▶ Copyright → protects original works of authorship including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software, and architecture.
- ▶ Trade Secret → a formula, practice, process, design, instrument, pattern, commercial method, or compilation of information not generally known or reasonably ascertainable by others by which a business can obtain an economic advantage over competitors



Why Intellectual Property is Important

- ▶ Critical to fostering innovation
 - ▶ Allows business and individuals to reap the full benefits of their inventions and discoveries
 - ▶ No protection = less focus on research and development
- ▶ Preserves cultural vitality
 - ▶ Encourages artistic creation by protecting artists and making sure they are adequately compensated for creation
- ▶ Supports our economic system
 - ▶ Incentivizes entrepreneurs to push for new advances in the face of adversity
 - ▶ Facilitate the free flow of information which ultimately leads to new innovations and improvements to existing ones

Benefits of Cannabis Research

- ▶ Better understanding of short-term and long-term health benefits and negative effects
- ▶ More appropriate regulation of cannabis
- ▶ Better understanding of genetic makeup regarding intellectual property issues

What Can be Protected with a Patent or Trademark?

- ▶ United States Patent and Trademark Office can provide twenty years of protection to “new,” “useful,” “nonobvious” inventions
 - ▶ “Inventions” → includes processes, machines, manufactures, or compositions of matter
- ▶ Lanham Act → provides a federal cause of action for entities who believe that a competitor is causing “confusion” in the marketplace or is likely to cause such confusion
 - ▶ Lanham Act does not preempt state trademark law, unfair competition, or deceptive trade practice doctrines or statutes
 - ▶ Owner must demonstrate that it is using a “distinctive” mark in commerce in connection with either goods or services

What Can be (Theoretically) Protected with a Patent Regarding Cannabis?

- ▶ New strains of marijuana (compositions of matter)
- ▶ Methods of tetrahydrocannabinol (THC) extraction (processes)
- ▶ Devices used to vaporize marijuana extracts (machines)



Requirements for a Plant Patent

1. Novelty

- ▶ The strain must be actually new
- ▶ Not known, used, or sold elsewhere previously

2. Distinctness

- ▶ The strain must have unique characteristics
- ▶ Traits must be clearly distinguishable from other varieties

3. Homogeneity

- ▶ The strain must be uniform
- ▶ The unique characteristics do not vary across plants

4. Stability

- ▶ The strain must remain true
- ▶ The strain does not change after repeated propagation
- ▶ Reproduction of the plant must be asexual



Some Existing Patents on Cannabis

- ▶ U.S. Patent No. 6,630,507
 - ▶ Owned by the U.S. Department of Health and Human Services, which covers “the potential use of non-psychoactive cannabinoids to protect the brain from damage or degeneration caused by certain diseases.”
- ▶ U.S. Plant Patent No. 27,475 (2016)
 - ▶ The first plant patent granted for a new strain of cannabis
 - ▶ Issued based on distinctly high levels of THC, along with other unique genetic characteristics
 - ▶ Proves the patentability for new strains of cannabis

Legal Issues with Cannabis Patents

- ▶ Inherent Illegality
 - ▶ Party applying for the patent is ultimately seeking a patent pertaining to a substance banned under federal law
 - ▶ Easy evidence for a federal prosecutor?
- ▶ Unavailability of federal courts
- ▶ Unwillingness of lawyers to assist a marijuana business in the application process
 - ▶ Possible misconduct violation under USPTO Rules of Professional Conduct

Trademark Protections for Cannabis

- ▶ Biggest obstacle: federal trademark law requires the use of the trademark in U.S. commerce, and because marijuana is federally illegal, the USPTO is rejecting marijuana trademarks for failure to meet this requirement
- ▶ What CAN be protected with a trademark?
 - ▶ Ex. A trademark protection for an image of a cannabis leaf on merchandise
- ▶ What CANNOT be protected with a trademark?
 - ▶ Ex. The name for a business that is known to be selling cannabis products

Burdens & (Lack of) Benefits for Cannabis Trademarks



- ▶ Example:
 - ▶ Colorado company was sued for violating the trademark of the Hershey brand for making “Reefer’s” peanut butter cups
 - ▶ Colorado company would be forced to defend its product that is clearly in violation of federal law
 - ▶ However, if another company were to cause confusion with the “Reefer’s” trademark, the marijuana business would not be able to obtain a remedy in federal court
 - ▶ Therefore, marijuana businesses must be careful not to infringe on existing trademarks (burdens), but general cannot protect their own trademarks in federal courts (benefits)

Trademark Laundering (with thanks to Professor Sam Kamin)

- ▶ The process of obtaining federal trademark protection for the use of a mark on certain permissible categories of goods and then using the mark on additional goods or services not mentioned in the trademark application and for which the marks would not have been granted
- ▶ Biggest draw: Developing a brand prior to legalization

Trade Secrets

- ▶ Possibly the best method (currently) for marijuana businesses to protect their inventions, processes, and valuable information
- ▶ Enforced through use of confidentiality and non-disclosure agreements with employees and those with whom they have business relationships
- ▶ Benefits:
 - ▶ Parties can focus on development and attempt to protect findings in a way that they cannot with patents or trademarks
 - ▶ Parties can include provisions in their confidentiality/non-disclosure agreements to resolve disputes through mediation to avoid litigation
- ▶ Downside:
 - ▶ Parties could have few options for remedies if trade secrets are leaked
 - ▶ Ultimately, patents protect innovations in ways that trade secrets cannot
 - ▶ Ex. Developing a portable vaporizer (Vape Pen)

Other Difficulties/Issues with Cannabis Patents and Trademarks

- ▶ Equitable Doctrine of Unclean Hands
- ▶ Obtaining an Attorney
- ▶ Invoking the Fifth Amendment in Discovery in Civil Cases
- ▶ Prior Art
 - ▶ The Open Cannabis Project
- ▶ Jury Bias

Current Obstacles to Cannabis Research

- ▶ Schedule I drug under the Controlled Substances Act (CSA)
- ▶ National Institute on Drug Abuse (NIDA) monopoly on federal marijuana supply
 - ▶ One license granted by Drug Enforcement Administration (DEA)
 - ▶ License belongs to an entity whose mission is incompatible with promoting medical marijuana research
 - ▶ Inferior product being produced for research

Removing Cannabis from Schedule I

- ▶ DEA's 5-part test to determine if a drug has a "currently accepted medical use" in the United States
 1. The drug's chemistry must be known and reproducible
 2. There must be adequate safety studies
 3. There must be adequate and well-controlled studies proving efficacy
 4. The drug must be accepted by qualified experts
 5. The scientific evidence must be widely available