

**This Opinion is Not a
Precedent of the TTAB**

Mailed: September 25, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re NL LLC

Serial No. 87864999

Paul W. Kruse of Bone McAllester Norton PLLC,
for NL LLC.

Elle Marino, Trademark Examining Attorney, Law Office 121,
Richard White, Managing Attorney.

Before Thurmon, Deputy Chief Administrative Trademark Judge,
Greenbaum and Adlin, Administrative Trademark Judges.

Opinion by Greenbaum, Administrative Trademark Judge:

I. Background

NL LLC (“Applicant”) seeks registration on the Principal Register of the mark
NATURAL LEAF CBD LIVE BETTER NATURALLY and Design (NATURAL LEAF



CBD disclaimed), displayed as _____, for

dietary and nutritional supplements infused with CBD
hemp oil extracts derived from industrial hemp with a

delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis; all the foregoing made in whole or in substantial part of natural ingredients, in International Class 5.¹

The record shows that “CBD” is an abbreviation for “cannabidiol,” a chemical component of the cannabis plant that is regulated under the Food, Drug & Cosmetics Act (“FDCA”) as a drug. May 14, 2019 Office Action, TSDR 12-35; January 1, 2020 Final Office Action, TSDR 2-12 (material from the U.S. Food and Drug Administration “FDA”). The FDCA prohibits “[t]he introduction or delivery for introduction into interstate commerce of any food to which has been added ... a drug or biological product for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public” 21 U.S.C. § 331(l).²

The Trademark Examining Attorney has refused registration of Applicant’s mark for lack of lawful use in commerce under Sections 1 and 45 of the Trademark Act, 15 U.S.C. §§ 1051 and 1127, alleging the identified goods, which contain CBD, are per se violations of both (1) the FDCA, 21 U.S.C. §§ 321(ff) and 331(l), and (2) the federal Controlled Substances Act (“CSA”), 21 U.S.C. §§ 812(c) and 841(a)(1).

¹ Application Serial No. 87864999 was filed on April 5, 2018, based Applicant’s claim of first use anywhere and use in commerce since at least as early as April 4, 2018. The application includes the following description of the mark: “The mark consists of the design of a stylized leaf of white superimposed over a circle of green above the words ‘NATURAL LEAF CBD’ in gray stacked above a line of green and further stacked above the words ‘LIVE BETTER NATURALLY’ in gray.” The colors green, white and gray are claimed as a feature of the mark.

² Under Section 321(ff) of the FDCA, “a dietary supplement shall be deemed to be a food within the meaning of this chapter.”

After the Examining Attorney made the refusal final, Applicant appealed to this Board. We affirm the refusal to register because Applicant's use of its mark on its identified goods is a per se violation of the federal FDCA and thus the mark is not eligible for federal registration. We do not reach the issue of whether such use also is a violation of the CSA.

II. Analysis

Under Section 1(a) of the Trademark Act, a mark may not be registered unless it is "used in commerce." Section 45 of the Trademark Act defines "use in commerce" as "the bona fide use of a mark in the ordinary course of trade." In addition, "[t]he word 'commerce' means all commerce which may lawfully be regulated by Congress." *Id.*

"A valid application cannot be filed at all for registration of a mark without 'lawful use in commerce....'" *Gray v. Daffy Dan's Bargaintown*, 823 F.2d 522, 3 USPQ2d 1306, 1308 (Fed. Cir. 1987). The Board also has "consistently held that, to qualify for a federal ... registration, the use of a mark in commerce must be 'lawful.'" *In re PharmaCann LLC*, 123 USPQ2d 1122, 1123-24 (TTAB 2017) (quoting *In re JJ206, LLC*, 120 USPQ2d 1568, 1569 (TTAB 2016) and *In re Brown*, 119 USPQ2d 1350, 1351 (TTAB 2016) (affirming unlawful use refusals to register marks for marijuana-related products or services)). *See also Coahoma Chem. Co., Inc. v. Smith*, 113 USPQ 413, 418 (Comm'r. Pat. 1957), *aff'd on other grounds*, 264 F.2d 916, 121 USPQ 215 (CCPA 1959) ("[U]se of a mark in connection with unlawful shipments in interstate commerce is not use of a mark in commerce which the Patent [and Trademark] Office may recognize.").

Thus, for a mark to be eligible for federal registration, “any goods ... for which the mark is used must not be illegal under federal law.” *PharmaCann*, 123 USPQ2d at 1124 (quoting *JJ206*, 120 USPQ2d at 1569 and *Brown*, 119 USPQ2d at 1351). The USPTO generally does not refuse registration based on unlawful use in commerce unless either

(1) a violation of federal law is indicated by the application or other evidence, such as when a court of a federal agency responsible for overseeing activity in which the applicant is involved, and which activity is relevant to its application, has issued a finding of noncompliance under the relevant statute or regulation, or (2) when the applicant’s application-related activities involve a per se violation of a federal law.

PharmaCann, 123 USPQ2d at 1124 (quoting *Brown*, 119 USPQ2d at 1351).

This appeal involves claimed per se violations of the FDCA (and the CSA), based upon the identification of goods: “dietary and nutritional supplements infused with CBD hemp oil extracts derived from industrial hemp with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis; all the foregoing made in whole or in substantial part of natural ingredients.” See *JJ206*, 120 USPQ2d at 1569 (affirming refusals to register where the applicant “explicitly identifies its goods as vaporizing devices for cannabis or marijuana.”).

We find the identified goods per se unlawful under Sections 321(ff) and 331(ll) of the FDCA because: Applicant’s goods are food to which has been added a drug (CBD); substantial clinical investigations of CBD have been instituted, and the existence of these investigations has been made public; and there is no evidence of record that

CBD was marketed in food before the substantial clinical investigations of CBD were instituted. May 14, 2019 Office Action, TSDR 12-35; January 1, 2020 Final Office Action, TSDR 2-12. *See In re Stanley Bros. Soc. Enters., LLC*, 2020 USPQ2d 10658, *11-16 (TTAB 2020). Therefore, there can be no lawful use of the mark in commerce. *Cf. JJ206*, 120 USPQ2d at 1569 (“where the identified goods are illegal under the federal Controlled Substances Act (CSA), the applicant cannot use its mark in lawful commerce”).

Applicant does not argue otherwise.³ Rather, Applicant claims that the Lanham Act does not specify that the requisite use in commerce be lawful, and that Trademark Rule 2.69, 37 C.F.R. § 2.69, does not “provide a statutory basis for the Office to refuse federal registration on the Principal Register to a mark that otherwise meets all the statutory requirements for registration currently set forth in the Lanham Act[.]” App. Br., 4 TTABVUE 3.

As a corollary, Applicant contends that it uses its mark in commerce that is legal under the laws of the State of Colorado, where it is based, and that such use comports with all requirements for federal registration. According to Applicant,

[t]his idea of “compliance with other laws” as a registration requirement flows exclusively from 37 C.F.R. § 2.69 and the Office’s interpretation thereof, not the Lanham Act itself. Does the Office really have the power to refuse to register marks to applicants in the many states (and the District of Columbia) that currently have laws legalizing

³ Indeed, we read Applicant’s Appeal Brief as conceding that sale of the identified goods in interstate commerce would be per se unlawful under federal law. For the sake of completeness, we also hold that Applicant waived its right to challenge the Examining Attorney’s determination that sale of the goods in interstate commerce would be per se unlawful.

industrial hemp products in one form or another? Can the Office really trump all these state laws based only on 37 C.F.R. § 2.69? Without a clear statutory basis to refuse registration for noncompliance with other laws, the answer must be “no.” App. Br., 4 TTABVUE 4.

Applicant concludes: “While the United States Congress has the power to make ‘lawful use in commerce’ a requirement for registration, neither the Office nor the Board has the power to do so absent a congressional amendment to the Lanham Act to do so.” App. Br., 4 TTABVUE 7.

Applicant has cited no authority for its arguments, which directly contradict longstanding precedent from federal courts and the Board, and to the extent Applicant challenges the supremacy of federal law over state laws, the U.S. Constitution.

We turn first to Applicant’s “lawful use” arguments. Federal circuit courts have expressly disagreed with Applicant’s position in upholding the USPTO’s longstanding lawful use requirement, discussed above. Notably, in *CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 81 USPQ2d 1592 (9th Cir. 2007), the Court cited with approval *In re Stellar Int’l Inc.*, 159 USPQ 48 (TTAB 1968), where the Board recognized that Section 1 of the Trademark Act does not refer to “lawful commerce,” the same point Applicant makes here, but explained that “[i]t seems evident that the term ‘commerce’ whenever and wherever used in the trademark statute must necessarily refer to ‘lawful commerce,’ and that the statute was not intended to recognize under its provision shipments in commerce in contravention of other regulatory acts promulgated under the ‘commerce clause’ of the Constitution.” *Stellar*, 159 USPQ at 51.

In *CreAgri*, the Court agreed with the USPTO's policy "that use in commerce only creates trademark rights when the use is **lawful**[" and held that "only **lawful** use in commerce can give rise to trademark priority." *CreAgri*, 81 USPQ2d at 1591 (emphasis in italics in original). The Court then explained the "twofold" "rationale for this rule":

First, as a logical matter, to hold otherwise would be to put the government in the "anomalous position" of extending the benefits of trademark protection to a seller based upon actions the seller took in violation of that government's own laws. See *In re Stellar*, 159 USPQ at 51. It is doubtful that the trademark statute – passed pursuant to Congress's power under the Commerce Clause – "was ... intended to recognize...shipments in commerce in contravention of other regulatory acts promulgated [by Congress] under [that same constitutional provision]." *Id.* Second, as a policy matter, to give trademark priority to a seller who rushes to market without taking care to carefully comply with the relevant regulations would be to reward the hasty at the expense of the diligent.

CreAgri, 81 USPQ2d at 1595.

The 10th Circuit agrees with the 9th and Federal Circuits that trademark rights may only be obtained if "the name was lawfully used in commerce." *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*, 205 F.3d 1219, 53 USPQ2d 1929, 1932 (10th Cir. 2000) (citing Section 45 of the Trademark Act, *Gray v. Daffy Dan's Bargaintown*, 3 USPQ2d at 1308, and *Clorox Co. v. Armour-Dial, Inc.*, 214 USPQ 850, 851 (TTAB 1982) ("use in commerce' means a 'lawful use in commerce'")).⁴

⁴ The Board cited *Clorox* with approval in *In re Midwest Tennis & Track Co.*, 29 USPQ2d 1386, 1386 n.2 (TTAB 1993).

Next, Applicant's argument that Trademark Rule 2.69 does not provide a statutory basis for the USPTO to refuse registration to a mark that "otherwise meets all the statutory requirement for registration currently set forth in the Lanham Act" App. Br., 4 TTABVUE 3, begs the question. As we just discussed, Section 1(a) of the Trademark Act, which is the statutory basis for registration here, requires "use" of the mark "in commerce," and the Federal Circuit and other Courts of Appeal have agreed with and essentially adopted the USPTO's interpretation and policy that the "use" must be "lawful use." Section 1(a) of the Trademark Act also requires an applicant to comply with "such rules or regulations as may be prescribed by the Director." Consistent therewith, the USPTO promulgated Trademark Rule 2.69, which provides that "[w]hen the sale or transportation of any product for which registration is sought is regulated under an Act of Congress, the Patent and Trademark Office may make appropriate inquiry as to compliance with such Act for the sole purpose of determining lawfulness of the commerce recited in the application." As the Board explained in *Stellar*, 159 USPQ 48, 50-51 (TTAB 1968):

[i]t is obvious that if an inquiry can be made in this direction, the Patent Office should, in the event that it is ascertained that an applicant has not complied with any such regulatory act, be able to take appropriate action, to refuse registration until and when compliance is effected. If action can not be taken under these circumstances, Rule 2.69 would be ineffective and an inquiry thereunder would be nothing more than a waste of time and effort. It is illogical and incongruous to say, as applicant has done, that inquiry can be made, but if something is forthcoming as a result thereof which would render the subject application void ab initio, conveniently forget about it and let the information "slumber in the archives of the Patent Office."

Finally, we reject Applicant's argument that the USPTO cannot require lawful use in commerce because it conflicts with state law.⁵ As explained in *Brown*, 119 USPQ2d at 1351, 1352, and in *JJ206*, 120 USPQ2d at 1571, "the fact that the provision of a product or service may be lawful within a state is irrelevant to the question of federal registration when it is unlawful under federal law." In other words, although a state may de-criminalize the sale of a product containing CBD, the applicant cannot use its mark in lawful commerce where, as here, the identified goods are per se illegal under the FDCA. *See* U.S. Const. Art. VI, Cl. 2; *Gonzales v. Raich*, 545 U.S. 1, 27, 29 (2005) ("limiting the activity to marijuana possession and cultivation in accordance with state law cannot serve to place respondents' activities beyond congressional reach. The Supremacy Clause unambiguously provides that if there is any conflict between federal and state law, federal law shall prevail."). *Cf.* *Brown*, 119 USPQ2d at 1351 and *JJ206*, 120 USPQ2d at 1571 (federal CSA is conclusive on the lawfulness issue for purposes of obtaining a federal trademark registration).

III. Conclusion

Because Applicant's identified goods are per se illegal under the FDCA, Applicant's use of the mark on these goods is unlawful, and cannot serve as the basis for federal registration under Sections 1 and 45 of the Trademark Act.

⁵ There is no dispute that Applicant's goods are being used in interstate commerce, although Applicant raises this as an issue in its brief. *Compare* App. Br., 4 TTABVUE 5 and Ex. Atty. Br., 6 TTABVUE 7.



Decision: The refusal to register Applicant's mark is affirmed.