



GEARHART LAW

**THE IMPORTANCE OF AN IP
PORTFOLIO IN THE
CBD/CANNABIS SPACE**

USA CBD EXPO

David Postolski

June 2020

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- <https://www.thecannabisreporter.com/cannabis-intellectual-property-patents-david-postolski-gearhart-law-group/>
- <https://ipfeld.com/2020/02/22/episode-2-cannabis-acceleration-and-patent-strategy/>
- Listen to these Cannabis/CBD Podcasts!



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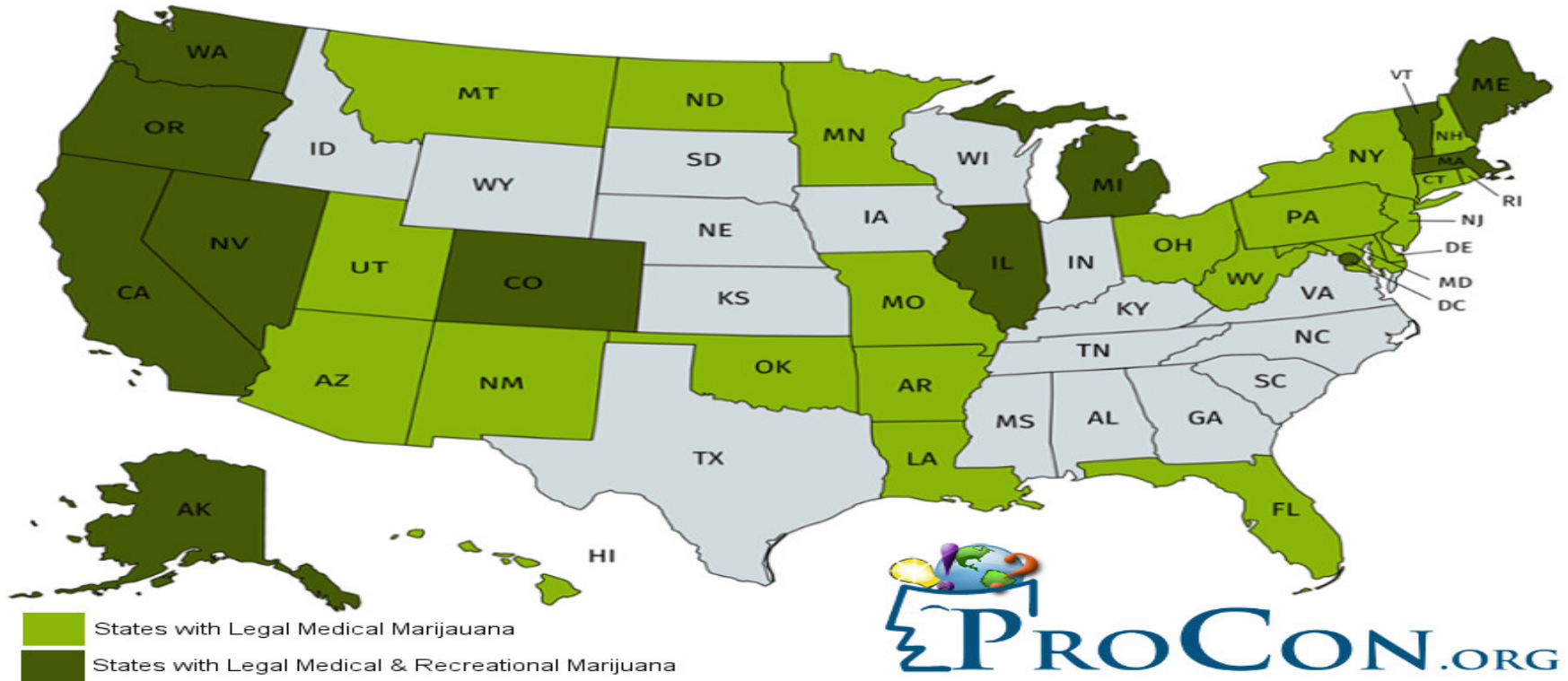
- Cannabaceae Family- includes 170 species including Cannabis.
- Cannabis- made up of over 800 million DNA bases- what carries an organisms genetic information (only sunflowers and humans have 4x as many)
- Cannabinoids-113 chemical compounds that affect transmitters in the brain- THC is a cannabinoid that gives the high feeling (psychoactive)
- Cannabidiol- CBD – another type of cannabinoid. Non psychoactive, medical properties, decreases THC affects.
- Cannabigerol (CBG) and Cannabichromene (CBC)





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33 Legal Medical Marijuana States & DC
11 Legal Recreational Marijuana States & DC





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33 states and DC have legalized medical marijuana

Some states can transport marijuana across state lines like Alaska and Oregon

11 states have legalized marijuana for recreational use-

Colorado, Alaska, Arkansas Oregon, Maine, Massachusetts, Nevada, California, Washington DC, Illinois and Washington



Countries where legal- Argentina, Australia, Belgium, Cambodia, Canada, Netherlands, Nepal, Chile, Columbia, Croatia, Mexico, Portugal, Spain, Costa Rica, Uruguay, Czech Republic, Ecuador, Estonia, Italy, Jamaica, North Korea, Pakistan, Peru, Russia, Switzerland, Ukraine



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The eight criteria states had to meet under the Cole memo to avoid federal interference into state-legal marijuana.



Preventing the distribution of marijuana to minors



Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels



Preventing the diversion of marijuana from states where it is legal under state law in some form to other states



Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity



Preventing violence and the use of firearms in the cultivation and distribution of marijuana



Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use



Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands



Preventing marijuana possession or use on federal property

Source: Department of Justice; Department of the Interior (logo). | GAO-16-1



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TRADE SECRET

- Formula, practice, recipes, process, design, instrument, pattern, or compilation of information which is not generally known or reasonably ascertainable, by which a business can obtain an economic advantage over competitors or customers.
- **Secret Sauce; Confidential information, Classified information**

Advantages:

- not limited in time- Patent is limited to 20 years
- continues indefinitely as long as the secret is not revealed – Must disclose everything in a Patent to the public
- No registration costs
- Immediate effect- no formalities

IT'S YOUR CHOICE!





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Plant Patents under 35 U.S.C. 161

•Protection Granted

- Claims define the “metes and bounds” of the invention.
- Plant Patents have only one claim.

•Plant Patent Infringement

- Plant patent holder has the right to exclude others from asexually reproducing the plant, and from using, offering for sale, or selling the plant so reproduced, or any of its parts, throughout the United States, or from importing the plant so reproduced, or any parts thereof, into the United States. However, Plant Patent holders cannot exclude others from using their patented varieties in breeding programs.
- The term for a Patent is now 20 years from initial filing.

•Cost

- Significantly cheaper than Utility Patents do to the relative simplicity of the Specification and the time required to collect all data and draft the Specification. Typically much less PTO office actions and communication required in Plant Patent application prosecution.



Some Patented Plants

Plant	Patent Number
Grape plant "La Crescent"	PP14617
Apple tree "Eve's Apple"	PP8544
Strawberry plant "Aromas"	PP10451
Apricot tree "Ruby"	PP8177
Blueberry plant "Emerald"	PP12165





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- **PLANT PATENT-** no seed deposit needed- don't have to deal with “not a product of nature. Is your plant new?



- **UTILITY PATENT-** must prove you are not a product of nature
- **DEPT OF AGRICULTURE PLANT VARIETY-** need to deposit seeds



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- Cannabis plants: new strains of cannabis plants, methods and equipment used for cultivating cannabis plants and methods of monitoring cannabis plant inventories;
- Cannabis processing: methods of extracting and processing active ingredients from cannabis plants;
- Cannabis products: herbal preparations, smoking products, extracts, oils, resins, foodstuffs, nutritional supplements, beverages, cosmetics, animal feeds and veterinary products;
- Cannabis consumption devices: vaporizers, nebulizers, inhalers, rolling papers, beverage dispensers;
- Medical cannabis use: methods of treating diseases or disorders;
- Detection and chemical analysis of cannabis: methods of quality control of cannabis samples.



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PTO PROCESS

PATENTABILITY REQUIREMENTS:

- **Novelty- NEW**
- **Obviousness- NOT OBVIOUS**
- **Written Description Requirement- DETAILS**
- **Enablement Requirement- USEFUL**
- **Best Mode Requirement – CANT LEAVE ANYTHING OUT IF YOU WANT THE EXCLUSIVE RIGHT OVER IT**





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US Patent 6630507 B1, which is a patent that protects the use of Cannabinoids as antioxidants and neuroprotectants. The patent explains that “[t]he cannabinoids are found to have particular application as neuroprotectants, for example in limiting neurological damage following ischemic insults, such as stroke and trauma, or in the treatment of neurodegenerative diseases, such as Alzheimer’s disease, Parkinson’s disease and HIV dementia.” The patent was filed in 1999, which means the patent protection period is half-way over. The controversial aspect of this patent is that the owner of this patent is The United States of America, represented By The Department of Health and Human Services. The United States Government filed a patent in 1999 to protect the medical benefit of the use of cannabinoids. This is quite convincing evidence that cannabis does not qualify as a Schedule 1 narcotic that provides no discernable medical benefits.

(12) **United States Patent**
Hampson et al.



US006630507B1

(10) Patent No.: **US 6,630,507 B1**
(45) Date of Patent: **Oct. 7, 2003**

(54) **CANNABINOIDS AS ANTIOXIDANTS AND NEUROPROTECTANTS**

(75) Inventors: **Aidan J. Hampson**, Irvine, CA (US);
Julius Axelrod, Rockville, MD (US);
Maurizio Grimaldi, Bethesda, MD (US)

(73) Assignee: **The United States of America** as represented by the Department of Health and Human Services, Washington, DC (US)

(*) Notice: Subject to any disclaimer, the term of this

OTHER PUBLICATIONS

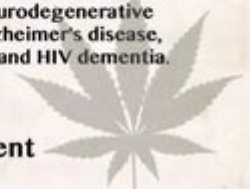
Windholz et al., *The Merck Index*, Tenth Edition (1983) p. 241, abstract No. 1723.*
Mechoulam et al., “A Total Synthesis of d1- Δ^1 -Tetrahydrocannabinol, the Active Constituent of Hashish,” *Journal of the American Chemical Society*, 87:143273-3275 (1965).
Mechoulam et al., “Chemical Basis of Hashish Activity,” *Science*, 18:611-612 (1970).
Ottersen et al., “The Crystal and Molecular Structure of Cannabidiol,” *Acta Chem. Scand. B* 31, 9:807-812 (1977).
Cunha et al., “Chronic Administration of Cannabidiol to Healthy Volunteers and Epileptic Patients,” *Pharmacology*, 33:1-12 (1980).

US Patent 6,630,507

Cannabinoids are useful in the treatment and prophylaxis of wide variety of oxidation associated diseases, such as ischemic, age-related, inflammatory and autoimmune diseases. The cannabinoids are found to have particular application as neuroprotectants, for example in limiting neurological damage following ischemic insults, such as stroke and trauma, or in the treatment of neurodegenerative diseases, such as Alzheimer’s disease, Parkinson’s disease and HIV dementia.

Patent Holder:

U.S. Government





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Currently- 22,000 patents registered with WIPO that include the word “cannabis” in their description.

An example of an internationally registered patent is patent WO2016019353, which is registered to a man from Florida, for the design of a cartridge that allows for the atomization of cannabis extracts for the purpose of pulmonary delivery.



WORLD
INTELLECTUAL
PROPERTY
ORGANIZATION



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In August 2015, U.S. Patent No. 9,095,554 (the “554 patent”), entitled “Breeding, Production and Use of Specialty Cannabis,” was issued to BioTech Institute LLC. This patent broadly claims cannabis strains with a CBD content greater than **3 percent plus a terpene profile where myrcene is not the dominant terpene.**



THIS WAS GRANTED IN LIGHT OF U.S. GOVT’S PATENT!

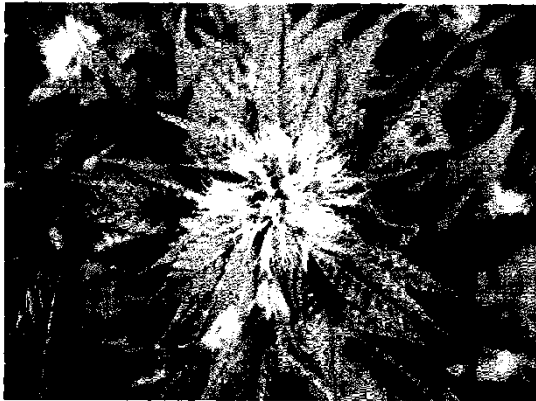


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Cannabis plant named 'Ecuadorian Sativa'

Abstract

- Unique herbaceous annual '*Cannabis sativa*' female plants, having numerous glandular flowers in a congested and elongated inflorescence, hollow stems a characteristic of the fiber-producing strains of '*Cannabis sativa* ssp. *sativa*' but absent in strains of '*Cannabis sativa* ssp. *indica*.' The plants are intoxicating, characteristic of '*Cannabis sativa*, ssp. *indica*', but absent in subspecies *sativa*. The new strain has energizing and motivating psychoactive effects as opposed to the lethargy normally associated with ssp. *indica* and show hypotensive effects. Morphologically, the plants have a few branched hairs on the stem that are not characteristic of the species, but are ordinary in most other respects.



USPP27475P2

GRANT: December 20, 2016

Inventor

[Steven Wynn Kubby](#)

Original Assignee

[KUBBY PATENT AND LICENSES, LLC](#)

Priority date

[2010-03-13](#)

- **Recent grants in plant and cannabis**

The company's plant was granted a patent for "a new and distinct hemp cultivar designated as 'CW2A,'" which is defined as "a hardy plant, resistant to cold and capable of producing up to 6.24% CBD and only 0.27% THC.

It appears that CWB Holdings filed for the CW2A patent in May 2018, about half a year before the 2018 Farm Bill was signed into law by President Trump this past December. Because the patent is for a hemp cultivar within the threshold, CW2A will be legal to grow under the 2018 Farm Bill.



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2018 FARM BILL EFFECT

Under the 2018 Farm Bill, hemp has been removed from the Controlled Substances Act (CSA) and is now considered an agricultural product.



HEMP-DERIVED
CBD IS LEGAL



HEMP FARMERS
CAN APPLY FOR
CROP INSURANCE



MORE BANKS WILL BE
WILLING TO WORK WITH
HEMP COMPANIES



“BIG AG” WILL BEGIN
MOVING INTO THE
HEMP INDUSTRY

HEMP-DERIVED CBD PRODUCT SALES



HEMP INDUSTRY GROWTH



**\$2.5
BILLION
BY 2022**

© 2018 New Frontier Data | Source: Hemp Business Journal



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2018 farm bill

- On December 12, 2018, Congress passed the [2018 Farm Bill](#), which was signed into law by President Trump
- The 2018 Farm Bill defines hemp as the plant *Cannabis sativa L.* and any part of the plant with a delta-9 THC concentration of not more than 0.3 percent by dry weight. This definition is consistent with the definition of “industrial hemp” in the 2014 version bill, which created a limited agricultural pilot program regarding research into industrial hemp.
- The 2018 Farm Bill removes hemp from the Controlled Substances Act, paving the way for the wholly legal cultivation, possession, sale and distribution of the hemp plant.
- The 2018 Farm Bill delegates to states and Indian tribes the broad authority to regulate and limit the production and sale of hemp and hemp products within their borders. States and Indian tribes cannot, however, limit the transportation or shipment of hemp and hemp products through their respective jurisdictions.





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Food and Drug Administration Rules

- has given no indication when its own rules related to CBD products will be developed.
- publicly stated it has the authority to regulate CBD products and that CBD is not allowed in food.
- CBD brands may not make health claims about their products' effects.
- [has sent warning letters](#) to a number of CBD companies that have made health claims without permission, but those letters are not going to every company that is using health claims in marketing messages.





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- LETS NOT FORGET ABOUT TRADEMARKS



Trademark

Trademarks are:



- Anything that a company or person uses to identify its products or services.
- Purpose: Consumer Protection, Brand Reputation
- Foundation: U.S. Commerce Clause
- Types of trademarks:
Word, phrase, symbol, design/shape, sound, color, smell, etc.
- Rights arise and persist as long as the mark is used.



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**A MARK SHOULD NOT CONFLICT WITH
OTHER MARKS**





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**A mark should be
DISTINCTIVE**

**Less
Distinctive**

**More
Distinctive**



Generic

**Merely
Descriptive**

Suggestive / Arbitrary / Fanciful

Registrable

**COMMONLY USED
TERM FOR THE
CLASS OF
GOODS/SERVICES
IN CONNECTION
WITH WHICH IT IS
USED**

GENERIC



DESCRIPTIVE

**A MARK DESCRIBES A
CHARACTERISTIC OF
THE GOODS/SERVICES**

AQUA:



LEAK:



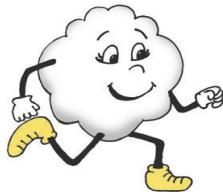
SUGGESTIVE

**INDICATES THE NATURE OR QUALITY OF
THE GOODS/SERVICES BUT DOES NOT
DESCRIBE THE CHARACTERISTICS
WITHOUT FURTHER THOUGHT**

...Is a bus an airplane?

No, but...

AIR:



BUS:





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ARBITRARY

**MEANING OF THE
WORD HAS NO
CONNECTION
WITH THE
RELATED
GOODS/SERVICES**





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FANCIFUL

INVENTED OR “FANCIFUL” SIGN

**The term KODAK had no
meaning before it was
adopted and used in
relation to the
goods/services**





United States:

- Common Law-limited to geographic area
- State Trademarks- limited to State you file
- Federal Registration- entire country
- International Protection

January 1, 2018- May register cannabis-related trademarks or service marks with the California Secretary of State's Office, so long as the following requirements are met:

- 1.The mark is lawfully in use in commerce within California- **NEED A STATE LICENSE and MADE A SALE;** and
- 2.The specification matches the classification of goods and services adopted by the [United States Patent and Trademark Office](#).

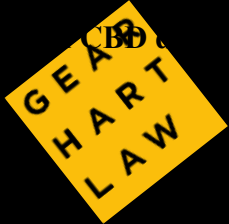


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The U.S. Patent and Trademark Office (USPTO)- refuse to register marks that violate the “**Lawful Use Rule**.” Rooted in Trademark Act Sections 1 and 45, the Lawful Use Rule is violated when the applicant’s application-relevant activities involve a per se violation of federal law, in this case, the **Controlled Substances Act (CSA)**.



The CSA prohibits, among other things, manufacturing, distributing, dispensing or possessing certain controlled substances, including marijuana and marijuana-based preparations. Further, the CSA makes it unlawful to sell, offer for sale or use any facility of interstate commerce to transport drug paraphernalia, i.e., “any equipment, product, or material of any kind which is primarily intended or designed for use in manufacturing, compounding, converting, concealing, producing, processing, preparing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance, possession of which is unlawful under the CSA. 21 U.S.C. §863.” Thus, most recreational and medicinal marijuana products and services violate the CSA.



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Applicant will need to specify that the goods contain or are derived from cannabis with a delta-9 THC concentration of not more than 0.3% on a dry weight basis, and that the services feature the sale of goods that contain or are derived from cannabis with a delta-9 THC concentration of not more than 0.3% on a dry weight basis.

ONLY HEMP DERIVED CBD is federally legal and removed from Controlled Substances List. However Consumable though still fall under Federal Food Drug and Cosmetics Act and FDCA issue warning letters.

Proven Science on claims made about your product Will help.

THC and CBD are not under FDAs definition of dietary supplements.

TMs with the word CBD, CANNA HEMP will trigger examination

WHO GREW THE HEMP will matter- must be licensed and approved by US Dept of Agriculture.

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Word Mark

HUMBOLDT APOTHECARY

Goods and Services



IC 005. US [006 018 044 046 051 052](#). G & S: Herbs, including, elecampane, passionflower, hops, cinnamon, cardamom, peppermint, lavender and other herbs that are lawful pursuant to the **Controlled Substances Act (CSA) for medicinal purposes**; medicinal herb tinctures comprised of herbal honey, organic grain-free alcohol, ethanol, glycerol, coconut oil, filtered water and other herbs and ingredients that are lawful pursuant to the CSA; medicinal herbs none of which are cannabis, marijuana, or its derivatives; medicinal herb extracts, medicinal herbs in dried or preserved form; none of the foregoing comprised of marijuana or any unlawful substances under the CSA. FIRST USE: 20160725. FIRST USE IN COMMERCE: 20160725

Standard Characters Claimed

Mark Drawing Code

Serial Number

Filing Date

Current Basis

Original Filing Basis

Date Amended to Current Register

Registration Number

Registration Date

Disclaimer

Register

(4) STANDARD CHARACTER MARK

86820628

November 15, 2015

1A

1B

November 16, 2016

5126015

January 17, 2017

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "APOTHECARY" APART FROM THE MARK AS SHOWN

SUPPLEMENTAL

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Word Mark

Goods and Services

SYQE MEDICAL



IC 005. US [006 018 044 046 051](#) 052. G & S: PHARMACEUTICAL PREPARATIONS FOR THE TREATMENT OF CENTRAL NERVOUS SYSTEM DISEASES; PLANT EXTRACTS FOR MEDICAL AND PHARMACEUTICAL PURPOSES; NONE OF THE FOREGOING COMPRISING OR CONTAINING MARIJUANA, HEMP, CANNABIS OR DERIVATIVES, EXTRACTS OR SYNTHETIC ITERATIONS OF MARIJUANA, HEMP OR CANNABIS

IC 010. US [026 039 044](#). G & S: MEDICAL DEVICES FOR PULMONARY DRUG DELIVERY NOT INCLUDING THE DELIVERY OF MARIJUANA, HEMP, CANNABIS OR DERIVATIVES, EXTRACTS OR SYNTHETIC ITERATIONS OF MARIJUANA, HEMP OR CANNABIS


IC 031. US 001 046. G & S: PLANT SEEDS; LIVING PLANTS; NATURAL PLANTS AND FLOWERS; UNPROCESSED GRAINS AND AGRICULTURAL, HORTICULTURAL AND FORESTRY PRODUCTS NOT INCLUDED IN OTHER CLASSES, NAMELY, AGRICULTURAL SEEDS AND SEEDS FOR PLANTING; NONE OF THE FOREGOING COMPRISING OR CONTAINING MARIJUANA, HEMP, CANNABIS OR DERIVATIVES, EXTRACTS OR SYNTHETIC ITERATIONS OF MARIJUANA, HEMP OR CANNABIS

IC 044. US 100 101. G & S: Providing medical information in the field of ethnobotany; providing website content featuring medical information pertaining to therapeutic botanical substances

Serial Number	79162294
Filing Date	September 11, 2014
Current Basis	66A
Original Filing Basis	66A
Published for Opposition	December 29, 2015
Registration Number	4915954
International Registration Number	1240250
Registration Date	March 15, 2016
Owner	(REGISTRANT) Syqe Medical Ltd. CORPORATION ISRAEL 14 HaTchiya Street 6816914 Tel Aviv ISRAEL
Priority Date	March 12, 2014



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Word Mark	TÖKR
Goods and Services	IC 009. US 021 023 026 036 038 . G & S: Application software that enables a user to locate pricing for medical marijuana and recreational marijuana from nearby dispensaries owned by others. FIRST USE: 20170930. FIRST USE IN COMMERCE: 20170930 IC 035. US 100 101 102 . G & S: Providing internet marketing and advertising services for medical and recreational marijuana dispensaries owned by others. FIRST USE: 20170930. FIRST USE IN COMMERCE: 20170930
	
Serial Number	87976259
Filing Date	September 29, 2016
Current Basis	1A
Original Filing Basis	1B
Published for Opposition	May 9, 2017
Registration Number	5377036
Registration Date	January 9, 2018
Owner	(REGISTRANT) Tokr LLC LIMITED LIABILITY COMPANY DELAWARE c/o Wolf Pack Media 102 East 22nd Street, Unit 10B New York NEW YORK 10010



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- DON'T FORGET ABOUT LABELING REQUIREMENTS:

Nevada State Law on Labeling:

Overall appearance must:

- Not be appealing to minors.
- Not contain cartoon-like figures or illustrations.
- Not contain humor.
- Not contain the perception of high, fun, recreation, etc.
- Be tasteful.

•Be accurate.

Typography:

- Clean fonts preferred.
- Void script, decorative or gimmicky fonts.
- Two fonts maximum.

NEVADA

MEDICAL CANNABIS

STRAIN _____

WEIGHT _____ OUNCES GRAMS

Medication in this package was produced and distributed in compliance with Nevada Code Chapter 453A & Ballot Question 9. It may be legally possessed by a qualified patient. Unlawful to redistribute. Use only as directed by your Physician. **WARNING!** May cause drowsiness. Do not drive or operate heavy equipment while under the influence of this medication.

INDICA
 SATIVA
 HYBRID

KEEP OUT OF REACH OF CHILDREN

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Jurisdiction for patent litigation is in federal court, which would mean that to bring a claim of patent infringement, the owner of the patent would need to admit in federal court that they are involved in the cannabis industry. However as of April 2019 the courts are ruling on their first patent case irrespective of the legality of the substance. Cannabis is patentable subject matter and can reach the courts for infringement.

Might be an admission to the possession, cultivation, and/or distribution of a Schedule 1 narcotic.

Federal rescheduling of cannabis- patent litigation will rise and Agro Tech Businesses will want in to further support examination and novelty of strains or compositions.

To use Utility Patent- must adequately describe its possible benefits and uses of the plant (Agronomically useful phenotypic characteristics)

US System- First Inventor to File and Public Disclosure

Plant Patents are occurring!



GEARHART LAW



David Postolski, a partner at Gearhart Law, is a registered patent attorney and Intellectual Property attorney. With over 15 years' experience, David specializes in assisting inventors, creators, artists, start-ups, entrepreneurs, early stage companies and emerging companies with their U.S and International intellectual property strategy, protection, enforcement and monetization. David remains very involved in the creation of New York State's first federally approved patent pro bono program in conjunction with Volunteer Lawyers for the Arts. David is a frequent speaker and author on intellectual property issues surrounding raising capital, business formation, licensing, and reward and equity based crowd funding. David is also a Professor at Parsons School of Design where he teaches master level students about IP, ethics and other regulatory considerations in starting business ventures and products around design. David is the current chair of the Professional Issues Division of the ABA Section of Intellectual Property law as well as a member of the CLE Board, Sponsorship Board, and founder of the International Action Group. david@gearhartlaw.com