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District of Colorado Upholds Eligibility of Liquid Cannabinoid Formulations in First-Ever Cannabis Patent Infringement Suit

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On April 17, 2019, United Cannabis Corporation (UCANN)—the first party to enforce a cannabis patent in federal court—survived an early patent-eligibility challenge brought by the accused infringer Pure Hemp. U.S. District Judge William Martinez of the District of Colorado denied defendant Pure Hemp's motion for partial summary judgment that UCANN's claims, which cover liquid cannabinoid formulations, are invalid as directed to patent-ineligible natural phenomena. As the first of its kind, this decision is an important development for those who own, or are pursuing, patent claims in the cannabis space. Here we discuss the patent claims at issue, Judge Martinez's decision, and the broader implications for cannabis innovation.

In 2018, UCANN asserted its U.S. Patent No. 9,730,911 against Pure Hemp. The '911 patent claims liquid cannabinoid formulations wherein "at least 95% of the total cannabinoids" are one or more specified cannabinoids (e.g., CBD, THC, CBD/THC). In seeking to invalidate the patent, Pure Hemp argued that the claimed cannabinoids occur naturally in the cannabis plant and are therefore patent-ineligible. UCANN countered that its claims are directed to human-engineered liquidized formulations that contain threshold-amounts of cannabinoids that do not occur in nature. Judge Martinez agreed with UCANN, explaining that even if it were "logically possible" that cannabinoids in nature might appear in a form that could be deemed a "liquid," the claims nonetheless specify threshold concentrations of cannabinoids and related chemicals that do not occur naturally in liquid form. Thus, UCANN's claims are not "the handiwork of nature."

Notably, the claims at issue in the UCANN litigation are not process or method-of-use claims. Meaning, they do not require a particular process for extracting or making cannabinoids. Nor do they claim a method of using cannabinoids to treat any particular disease, condition, or symptom. Rather, they claim cannabinoid formulations. While process and method-of-use claims may be independently patent-eligible for different reasons, this decision illustrates that, properly claimed, cannabis formulations that are the result of human modification can stand on their own. In particular, cannabis compositions that require converting natural cannabinoids into a different state could, in combination with other non-natural characteristics, be considered patent-eligible.

In terms of the broader implications, as industry experts are well-aware, a patent land-grab is already underway in the cannabis space. The passage of the Farm Bill in 2018 along with signals being given by regulatory authorities that legal pathways for hemp-derived cannabinoids are on the horizon are driving commercial interest in this technology area. It is not uncommon for a cannabis patent portfolio to be at the center of a company's valuation, whether for purposes of raising capital or for acquisition. The District of Colorado's decision to uphold UCANN's claims as eligible is an important development for those who own or are pursing patent claims in the cannabis space. And since UCANN's patent survived

this initial challenge, the suit remains a valuable test case for patent enforcement actions in a jurisdiction where cannabis patent suits are likely to be brought in the future; namely, Colorado. We expect the UCANN decision to drive further interest in this technology space and will continue to report on important developments.

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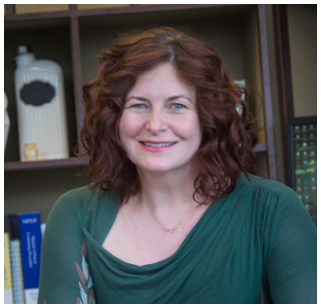

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