



April 2019



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The April 2019 issue of Sterne Kessler's MarkIt to Market® newsletter addresses the legal status of cosmetic products containing hemp-derived CBD and guidance on “point of sale” specimens sufficient to support registration.

Sterne Kessler's Trademark & Brand Protection practice is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact Monica Riva Talley or Tracy-Gene G. Durkin.

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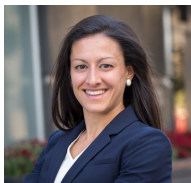
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# CBD ON A FASTER TRACK TO BEING LAWFUL?

By [Pauline M. Pelletier](#) and [Deborah Sterling, Ph.D.](#)

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## WHAT'S THE POINT (OF SALE DISPLAY)?

By [Lauriel Dalier](#) and [Monica Riva Talley](#)

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## RECENT NEWS

### IP Legal Clinic Held for Small Businesses

On April 4, 2019, Sterne, Kessler, Goldstein & Fox, in conjunction with the D.C. Bar Pro Bono Center, sponsored a free seminar, "Intellectual Property Legal Clinic for Small Businesses." The attorneys at the event assisted small business owners and entrepreneurs with their intellectual property needs, including trademarks, patents, copyrights, trade secrets, licensing, corporate partnerships, and joint ventures. The topics covered included:

- Have the business's names and/or logos been filed or otherwise protected?
- Does the business have any patents or need assistance filing one?
- Does the business have any licensing agreements?
- Does the organization's website comply with best practices with respect to legal issues?

This clinic is just one of the ways Sterne Kessler attorneys provide *pro bono* support to community clients in need of IP counsel. Please [see here](#) to learn more about the firm's *pro bono* practice.



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# MarkIt to Market®

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## ARE COSMETIC PRODUCTS CONTAINING HEMP-DERIVED CBD ON A FASTER TRACK TO BEING LAWFUL?

By [Pauline M. Pelletier](#) and [Deborah Sterling, Ph.D.](#)

We have been tracking the flurry of regulatory activity surrounding hemp-derived cannabidiol (CBD) following passage of the Farm Bill in 2018. As more companies enter the CBD consumer space, branding will play a key role. However, the Patent & Trademark Office's position is that trademark protection is not available for products and services not deemed lawful under federal law. As we have discussed in prior posts,<sup>[1]</sup> whether hemp-derived CBD is considered federally legal will depend on how this cannabis-derived compound is regulated by the Department of Agriculture and the Food & Drug Administration (FDA). In this post, we focus on cosmetics.

The FDA recently released a statement and answers to "Frequently Asked Questions" regarding the likely impact of FDA regulation of CBD-containing products. FAQ 13<sup>[2]</sup> relates to cosmetics and non-therapeutic topicals. Unlike other products that are regulated by the FDA (e.g., drugs), cosmetics that are devoid of harmful or adulterating additives are, in general, not subject to pre-market approval. Consistent with this, FAQ 13 concludes that "FDA can take action if it has information that an ingredient or cosmetic product is unsafe to consumers." In other words, FDA has not specifically indicated that pre-market approval would be required.

From a consumer products perspective, this could mean that a federally-legal market for hemp-derived CBD-containing cosmetics may be on a faster track than other product categories (e.g., drug, food, beverage, dietary supplements), assuming appropriate sourcing and marketing (e.g., no health claims). But this also assumes that the FDA considers CBD to be harmless, not biologically active, and not a drug.

Notably, in response to announcements by CVS and Walgreens that they plan to start selling CBD topicals in a select states, the outgoing FDA Commissioner (Dr. Scott Gottlieb) [tweeted](#): "I was also concerned to hear recently that several national pharmacy chains and other major retailers have begun to sell or will soon begin to sell cannabidiol (CBD) products in several states. We'll be contacting them to remind them of #FDA obligations and our commitment to protect consumers against products that can put them at risk."<sup>[3]</sup> In other words, the agency has made statements suggesting that while it has a hierarchy of concern about CBD products, depending on their health claims, it is not endorsing their legality at the moment.

We expect to hear more from the FDA following its recently announced hearing, set to occur on May 31, 2019, to receive public comments on topics related to the agency's role in the regulation of products containing cannabis and cannabis-derived compounds like CBD. In the meantime, what is the practical take-way? The FDA seems to be moving toward solutions for lawful marketing of hemp-derived CBD products, but the wheels of bureaucracy grind slowly. The first public hearings on this subject are scheduled for next month and the FDA has only as yet promised to come up with guidelines. Those who are looking to market CBD-containing cosmetic or topical products that do not make health claims, appear to be the best positioned to get ahead in the market when the time is right. In the meantime, companies can begin, or continue, developing an intellectual property portfolio around those products. While the regulatory framework around CBD is just getting started, the IP arms race is well under way.

Stay tuned as we look forward to reporting more following the FDA's May public hearing.

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[1] <https://www.sterneessler.com/news-insights/publications/whats-answer-does-2018-farm-bill-create-path-federal-trademark>

[2] <https://www.fda.gov/newsevents/publichealthfocus/ucm421168.htm#cosmetics>

[3] <https://twitter.com/SGottliebFDA/status/1113130081210302465>

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## WHAT'S THE POINT (OF SALE DISPLAY)?

By [Lauriel Dalier](#) and [Monica Riva Talley](#)

On April 10, 2019, the United States Court of Appeals for the Federal Circuit redesignated as precedential its January 14, 2019 decision upholding the Trademark Trial and Appeal Board's (TTAB) decision affirming refusal of registration of the CASALANA mark based on applicant, Siny Corp.'s failure to show the required use in commerce for the goods as required under Section 1(a) of the Lanham Act. See *In re Siny Corp.*, No. 18-1077, 2019 BL 127099 (Fed. Cir. April 10, 2019) (Opinion by Chief Judge Prost) [precedential]. The specimen at issue was a webpage showing the goods and a phone number to call for placing orders, but the Court found the webpage insufficient to serve as a "point of sale" display, deeming it instead to be mere advertising.

Siny had filed a use-based application for registration of the mark CASALANA for "knit pile fabric made with wool for textile in the manufacture of outerwear, gloves, apparel, and accessories," and submitted a specimen described as a "printout of Applicant's point of sale website," containing the wording "For sales information," a number to call, and an email address ([yungd@montereymills.com](mailto:yungd@montereymills.com)), via which consumers could contact applicant to purchase the goods.

Finding that the webpage did not contain the minimum information necessary for ordering the goods, such as quantities, cost, payment options, or shipping information, the Examining Attorney issued a Final Office Action refusing registration. The applicant appealed, and the TTAB upheld the Examining Attorney's refusal, noting that "all important aspects of the [purchase] must be determined from information extraneous to the web page." *In re Siny Corp.*, Serial No. 86754400 (August 17, 2017) [not precedential] (Majority opinion by Judge Anthony R. Masiello) found [here](#). The Board also noted that Siny had not submitted any additional evidence or information to supplement its specimen and document the manner in which purchasers of applicant's specialty products are actually made using the website.

Nothing in the Trademark Manual of Examining Procedure (TMEP) (at least not yet) specifically requires that a point of sale display show price ranges of products, minimum quantities one may order, accepted methods of payment, or shipping information; the TMEP guidelines are described and illustrated in TMEP §§904.03(i)(C) and 904.03(i)(C)(2), as shown in the below example of an acceptable display (reproduced from TMEP):



The purpose of a point of sale display is to provide sufficient information to a prospective consumer so that they can make a purchasing decision and place an order. A menu in a restaurant and a detailed placard sitting on a spa counter are two easily-understood examples of point of sale displays. For websites relating to consumer products, the information necessary to place an order should be easily discernible to at least the typical consumer in the particular industry.

In light of this decision, and the fact that Examining Attorneys are taking an even closer look at electronic specimens in particular, applicants should consider the following when contemplating using electronic “point of sale” displays to show use of the mark in association with products:

First, for typical consumer goods, take care to provide as much information as possible to allow consumers to make a purchasing decision and place an order, i.e., type of payment accepted, the cost or range of prices, sizing or quantities available for the products in question, and shipping information – in addition to basic contact information necessary to make the purchase.

Second, if the products are so specialized or technical as to require assistance from a salesperson, or if the manner of sale may vary, consider supplementing the application record with evidence as to the actual manner of sales, such as detailed affidavits signed by the sales representatives and information that explains the sales process relating to the particular industry.

Finally, for specimens that are photographs from actual point of sale displays at a location, especially in those circumstances when prices are not usually displayed, i.e., at a trade show or fair for wholesalers or resellers, consider submitting photographs of the booth that show the mark associated with the goods and providing information and evidence describing how purchases are typically made at or as a result of these events or in the industry.

As with any specimen, the USPTO will consider it in its context to determine if it sufficiently associates the mark with the goods/services; but, by following the guidelines when creating or revising a point of sale webpage, applicants can likely improve their chances of having their specimen(s) accepted.

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