

Markit to Market®

November 2019



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The November 2019 issue of Sterne Kessler's MarkIt to Market® newsletter discusses a recent Federal Circuit design patent decision, the USDA's new hemp rules, and Moët Hennessy Louis Vuitton's acquisition of Tiffany & Co. We also list the current open Sunrise periods.

Sterne Kessler's <u>Trademark & Brand Protection practice</u> 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 <u>Monica Riva Talley</u> or <u>Tracy-Gene G. Durkin</u>.

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# DOES ADDING A LOGO TO A COPYCAT PRODUCT QUALIFY AS A SUCCESSFUL DESIGN AROUND?

By: <u>Deirdre M. Wells</u>

On November 13, 2019 the Federal Circuit issued an opinion in *Columbia Sportswear North America, Inc. v. Seirus Innovative Accessories, Inc.* (2018-1329, -1331, -1728). The case involved appeals from both Columbia and Seirus from underlying district court litigation related to asserted design and utility patents and venue.



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# USDA'S NEW HEMP RULES ARE A STEP TOWARDS FEDERAL TRADEMARK REGISTRATION

By: Pauline M. Pelletier and Lauriel F. Dalier

On October 29, 2019, the U.S. Department of Agriculture (USDA) released its long-awaited <u>interim final rule</u> establishing a national regulatory framework for domestic hemp production, called the U.S. Domestic Hemp Production Program. For those who have been waiting for the Farm Bill of 2018 to realize its promise of making hemp and its derivatives, including CBD (cannabidiol), legal under federal law, the USDA's rules mark an important step forward.

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### **BRAND NEWS ON THE STREET**

### By: Julie D. Shirk

On November 25, Moët Hennessy Louis Vuitton (LVMH), the world's biggest luxury goods group and home to 75 high-end brands, announced that it will buy Tiffany & Co. for \$16.2 billion. Tiffany, the American jeweler established in 1837 and known for its diamond and sterling silver jewelry tucked in iconic blue boxes, will give Paris-based LVMH a larger presence here in the United States, where its jewelry and watch division presently accounts for only about 9% of the company's total revenue.<sup>[1]</sup>



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## **gTLD SUNRISE PERIODS NOW OPEN**

By: <u>Monica Riva Talley</u>

As first reported in our December 2013 newsletter, the first new generic top-level domains (gTLDs, the group of letters after the "dot" in a domain name) have launched their "Sunrise" registration periods. Please contact us or see our <u>December 2013 newsletter</u> for information as to what the Sunrise period is, and how to become eligible to register a domain name under one of the new gTLDs during this period.

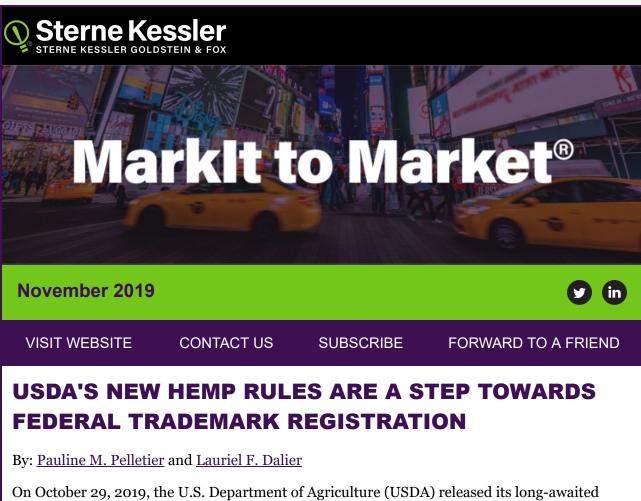
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On October 29, 2019, the U.S. Department of Agriculture (USDA) released its long-awaited <u>interim final rule</u> establishing a national regulatory framework for domestic hemp production, called the U.S. Domestic Hemp Production Program. For those who have been waiting for the Farm Bill of 2018 to realize its promise of making hemp and its derivatives, including CBD (cannabidiol), legal under federal law, the USDA's rules mark an important step forward. Indeed, once the rules are finalized, the USDA has promised to begin evaluating hemp production plans submitted by states and tribes, including plans submitted by Arizona, Georgia, Kentucky, Montana, North Dakota, Oregon, Pennsylvania, Tennessee, Texas, and Wyoming.

Some positive results from implementation of this rule for current and would-be hemp producers include: 1) a prohibition against interference with the interstate transport of hemp by states, including in states where production and sales of hemp are illegal; and 2) that the USDA will be allowed to provide hemp producers with crop insurance programs.

What does this mean from a brand protection standpoint? A recent report by Fior Markets estimates that the global CBD market will exceed \$17 billion by 2026. CBD itself is a commodity, so profits in this space will likely turn on achieving brand recognition, earning consumer loyalty, and attaining a national reach. In most business sectors, federally registering marks for products or services that have a "legal use" in commerce is relatively straightforward. However, the "legal use" requirement has historically made securing federal protection uniquely challenging for cannabis businesses, even those with famous brands. The federal legalization of hemp stands to change that, beginning with the USDA's promulgation of these implementing regulations.

In particular, the U.S. Patent and Trademark Office (PTO) has issued new guidelines for the examination of trademarks for cannabis and cannabis-related goods and services. The new guidelines allow for federal registration of marks for federally lawful, hemp-derived CBD goods and services that are in compliance with any applicable regulatory schemes, including those imposed by the USDA and U.S. Food & Drug Administration (FDA). In this regard, the industry is still eagerly awaiting the FDA's promulgation of a regulatory scheme for the types of CBD-containing products that fall within its jurisdiction (e.g., food, dietary supplements, drugs).

As a practical matter, those who plan to seek federal trademark protection in this space should be prepared to provide the requisite assurances that the product or service involves only hemp

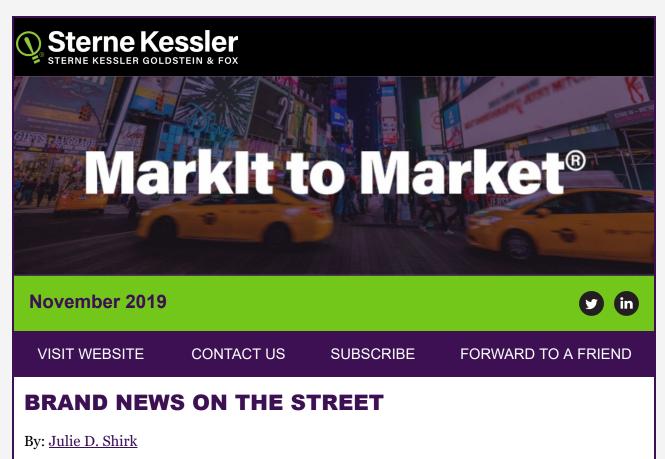
that was cultivated pursuant to a federally-approved plan and, for products, that they contain less than 0.3% THC. Assuming that this is the case, there is now an emerging pathway for securing federal trademark protection that extends to hemp production and production-related services. Given the complex interplay between the regulatory landscape and cannabis brand protection, it is important to monitor the actions of the federal government closely. We anticipate that once the rules are finalized, the PTO will issue a new Examination Guide. We look forward to keeping you apprised and if you have any questions, please feel free to contact our <u>practice group leaders</u>.

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In discussing the acquisition, Bernard Arnault, LVMH chairman and chief executive, reportedly said that Tiffany was particularly enticing because "[i]t's the only brand I know that owns a color."<sup>[2]</sup> While there are certainly other brands claiming trademark rights in a color (Owens Corning and the color pink for insulation, for one), Mr. Arnault's comment nevertheless underscores how trademarks, particularly color trademarks, are recognizable and have value not only to consumers gazing at sparkling objects through windows along 5th Avenue, but also to investors considering a company's entire asset portfolio. If you're looking to distinguish your brand from the rest of the pack, in the eyes of consumers and the investing community alike, establishing trademark rights in a color may be worth considering.

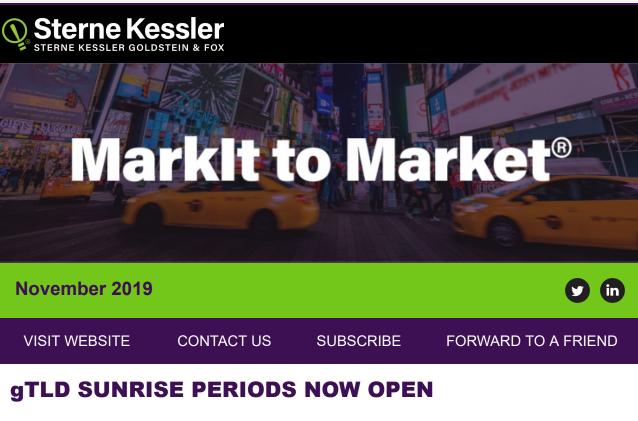
[1] <u>https://www.cnn.com/2019/11/25/investing/tiffany-lvmh-acquisition/index.html</u>

[2] <u>https://www.nytimes.com/2019/11/25/business/lvmh-tiffany-deal.html</u>

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By: Monica Riva Talley

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As of November 27, 2019, ICANN lists new Sunrise periods as open for the following new gTLDs that may be of interest to our clients. A full list can be viewed <u>here</u>.

### .madrid

#### .new

ICANN maintains an up-to-date list of all open Sunrise periods <u>here</u>. This list also provides the closing date of the Sunrise period. We will endeavor to provide information regarding new gTLD launches via this monthly newsletter, but please refer to the list on ICANN's website for the most up-to-date information – as the list of approved/launched domains can change daily. Because new gTLD options will be coming on the market over the next year, brand owners should review the list of new gTLDs (a full list can be found <u>here</u>) to identify those that are of interest.

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