

Understanding trademarks is key to avoid rebranding

Pressure from adhesive company forces GG4 name change

BY NEIL JUNEJA



The announcement of a settlement between the Gorilla Glue Co. and GG Strains is creating a stir on the trademark side of cannabis law.

Gorilla Glue Co. manufactures a wide array of adhesives including Gorilla Glue, Gorilla Tape and Gorilla Epoxy. GG Strains LLC is the company that created the well-known and award-winning cannabis strain Gorilla Glue #4, reported as a mix of Chem's Sister, Sour Dubb and Chocolate Diesel.

This is not the first trademark matter the cannabis industry has seen from famous corporations protecting their trademark rights. In 2014, Hershey Co. filed lawsuits against Tincturebelle LLC in Colorado and Conscious Care Cooperative in Washington. Tincturebelle was selling products names Hasheath, Dabby Patty and Ganja Joy, parodies of Heath Bar, York Peppermint Patty and Almond Joy. Conscious Care Cooperative was selling Reefer's Peanut Butter Cups and Mr. Dankbar, parodies of Reese's Peanut Butter Cups and Mr. Goodbar.

Both defending companies settled, ceased selling products and destroyed inventory. It should be noted that the Conscious Care Cooperative was reselling another company's brands and not manufacturing nor claiming ownership of the parody brands.

Girl Scouts of the USA is also sending cease-and-desist letters to dispensaries in California regarding the strain name "Girl Scout Cookies."

In all of these cases, the large corporations have one primary goal: The parody marks must cease and desist. A secondary benefit is the public awareness that the famous brand owners will police their trademarks, whereby a future cannabis company is unlikely to wander into the crosshairs.

TRADEMARK INFRINGEMENT

Trademark infringement occurs when the (allegedly) infringing mark is likely to cause consumer confusion as to the source of the goods or services. Infringement does not require an identical trademark, but only one likely to cause consumer confusion.

In all of the above cases, consumer confusion is rather unlikely. Nobody would reasonably believe that an adhesives manufacturer is developing and selling cannabis strains and flowers. This is generally the case for most of the claims we will see against cannabis companies in the next few years. However, we will also see valid infringement claims between cannabis companies.

POLICING A TRADEMARK

Individuals may wonder why a company is coming after them for trademark infringement. Why can't they play it cool? A trademark owner has an affirmative legal duty to police their mark and pursue infringers. If a trademark owner does not, their mark can lose its value and ultimately become unenforceable. The court views one's unwillingness to protect their trademark rights as not caring about them.

TRADEMARK DILUTION

Trademark dilution is a separate claim available only to "famous" marks, although famousness of a trademark is so roughly defined by the courts, even attorneys are bewildered.

The two types of dilution are "blurring" (weakening of the distinctive mark) and "tarnishment" (use that is unsavory or unwholesome). Trademark dilution through tarnishment is the most common claim that will be used against cannabis parody brands.

FAIR USE

A common claim is that parody brands are protected under fair use. This is a misunderstanding of the stratification of intel-

lectual property. While it is true that parody is a form of fair use in copyright law, it is far more restrictive in trademark law. Copyright law protects creative works, while fair use in copyright derives its power from the First Amendment. The law supports this because we are better as a nation if we can freely criticize and parody those in power. However, trademark law is based in the Commerce Clause of the Constitution and is designed to protect consumers by providing clarity in the source of products and services. This is accomplished by limiting confusion. Therefore, the public good is certainly served by the parody of a trademark in art, but not so for trademarks in commerce.

THE LARGE CORPORATIONS HAVE ONE PRIMARY GOAL: THE PARODY MARKS MUST CEASE AND DESIST. A SECONDARY BENEFIT IS THE PUBLIC AWARENESS THAT THE FAMOUS BRAND OWNERS WILL POLICE THEIR TRADEMARKS.

WHAT SHOULD YOU DO?

So what options do you have when you are sued for trademark infringement and/or dilution from a large multinational corporation with deep pockets and a brand they will fight for? And if the legal winds are blowing against your company, what negotiating terms can you seek?

In most scenarios, the corporation is only looking for you to cease and desist the infringing use. They are not seeking damages and they do not wish the matter to become a public relations nightmare. As a result, it is not uncommon to negotiate a generous time for phasing out your use of the trademarks and to sell the remaining inventory. This time can be utilized to educate your customers about the branding change and convert the goodwill into a new brand with minimal

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loss to your sales. (In the Gorilla Glue case, for example, GG Strains was given one year to transition away from the adhesive company's trademarks.)

It may even be possible to receive a cash settlement for the purposes of design, rebranding and loss of sales. (For an extreme example and cheerful reading, Google "Jack Daniels cease-and-desist letter.")

In most cases, the company will drop its lawsuit if you cease the use of the brand at issue. It is rare to see a case continue through the courts for an award of damages and an unlikely chance at having attorneys fees awarded. In other words, if you cannot settle with the trademark holder, it is likely that your disuse of the brands will still stop the lawsuit.

HOW TO AVOID THIS FATE

First, do not knowingly use a similar or reminiscent brand as your own — and definitely do not use a famous one.

Second, conduct proper due diligence on your brands. Choose a trademark within the top three levels of trademark strength.

Conduct a proper clearance search of existing trademarks. Protect your trademarks in both state and federal jurisdictions.

If you are reselling another company's brands, request that you are indemnified against potential infringement.

It is best to begin this process prior to committing resources in the marketing of your trade identity. You should know from the outset if you are infringing upon other trademarks in any market and vigorously avoid it.

In an industry that is quickly journeying toward commodification, only a company's brand will set it apart. Your trademark attorney should work closely with your graphic designer to develop a harmony between a great brand and a protectable one.

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