MEMORANDUM

Date: May 31, 2019

To: USPTO

From: Coleman Alguire, Associate Counsel

Re: Response to Office Action - Bioactive Refers to the Substance's Biological Effect – 87771007

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Summary

- Refusal – Not in Lawful Use in Commerce
- Disclaimer Required

Refusal – Not in Lawful Use in Commerce – Marijuana Related Goods – Based on Evidence

The Examiner states in its office action dated Dec. 3, 2018 that the registration is refused because the applied-for mark is not in lawful use in commerce. Trademark Act Sections 1 and 45 U.S.C. §§1051, 1127; see TMEP §907.

To qualify for federal service mark registration, the use of a mark in commerce must be lawful. *Gray v. Daffy Dan's Bargaintown*, 823 F.2d522, 526, 3 USPQ2d 1306, 1308 (Fed. Cir. 1987) (stating that "[a] valid application cannot be filed at all for registration of a mark without lawful use in commerce"'); TMEP §907; see *In re Stellar Inc*., 159 USPQ 48, 50-51 (TTAB 1968); *Coahoma Chemical Co., Inc. v. Smith*, 113 USPQ 413 (Com'r Pat. & Trademarks 1957)(concluding that "use of a mark in connection with unlawful shipments interstate commerce is not use of a mark in commerce which the [Office] may recognize."). Thus, the services to which the mark is applied must comply with all applicable federal laws. *See In re Brown*, 119 USPQ2d 1350, 1351 (TTAB 2016)(*citing In re Midwest Tennis & Track Co.,* 29 USPQ2d 1386, 1386 n.2 (TTAB 1993)(noting that "[i]t is settled that the Trademark Act's requirement of 'use in commerce,' means a 'lawful use in commerce'")) *In re Pepcom Indus., Inc*., 192 USPQ 400, 401 (TTAB 1976); TMEP §907.

The Examiner's refusal is based on laws that have recently changed. On December 20, 2018 the 45th President of the United States signed H.R. 2, the 2018 Farm Bill into law. Section 12608 of the 2018 Farm Bill states:

> SEC. 12608. CONFORMING CHANGES TO CONTROLLED SUBSTANCES ACT. (a) IN GENERAL. – Section 102 (16) of the Controlled Substances Act (21 U.S.C. 802 (16)) is amended – (1) by striking "(16) The" and inserting "(16)(A) Subject to subparagraph (B), the"; and (2) by striking "Such term does not include the" and inserting the following: "(B) The term 'marijuana' does not include – "(i) hemp, as defined in section 297A of the Agricultural Marketing Act of 1946; or "(ii) the". (b) TETRAHYDROCANNABINOL. – Schedule I, as set forth in section 202(c) of the Controlled Substances Act (21 U.S.C. 812(c)), is amended in subsection (c)(17) by inserting after "Tetrahydrocannabinols" the following: ", except for tetrahydrocannabinols in hemp (as defined under section 297A of the Agricultural Marketing act of 1946)".

This section of the Agricultural Improvement Act of 2018 exempts hemp as defined in Section 297A from the Controlled Substances Act. Section 297A states:

> SEC. 297A. DEFINITIONS. "In this subtitle: "(1) Hemp. - - The term 'hemp' means the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis."

The Applicant's Mark "BIOACTIVE REFERS TO THE SUBSTANCE'S BIOLOGICAL EFFECT" represents products including: Pharmaceutical grade white mineral oil used in the further manufacture of pharmaceuticals and Dietary supplement drink mixes, dietary supplements. These products include hemp oil, as noted by the Examiner in his Office Action letter dated December 3, 2018. These hemp oil related goods are derived from hemp as defined in Section 297A above. As of December 20, 2018, these goods are exempt from the definition of the Controlled Substances Act are thereby now lawfully being used in commerce. The Applicant therefore has bona fide intent to lawfully use the applied-for mark in commerce

Therefore, the Examiner has erred it its refusal because the Applicant had and has a bona fide intent to lawfully use the applied-for mark in commerce.

The USPTO issued Examination Guide 1-19: Examination of Marks for Cannabis and Cannabis-Related Goods and Services after Enactment of the 2018 Farm Bill, issued on May 2, 2019. (*https://www.uspto.gov/sites/default/files/documents/Exam%20Guide%201-19.pdf*). The applicant agrees to allow the Examiner to amend the application filing date of the application to December 20th, 2018 for the record that such a change to the filing date is being authorized and must establish a valid filing basis under 37 C.F.R. §2.34 by satisfying the relevant requirements. See 37 C.F.R. §§2.34 et seq., TMEP §§806 et seq. This change in application date will meet the requirement set out in the Examination Guide and show that at the amended time of application the applicant has a bona fide intent to lawfully use the applied-for mark in commerce.

Disclaimer Required

Applicant must provide a disclaimer of the unregistrable part of the applied-for mark even through the mark as a whole appears to be registrable. See 15 U.S.C. §1056(a); TMEP §§1213, 1213.03(a). A disclaimer of an unregistrable part of a mark will not affect the mark's appearance. *See Schwarzkopf v. John H. Breck, Inc*., 340 F.2d 978, 979080, 144 USPQ 433, 433 (C.C.P.A. 1965).

In this case, applicant must disclaim the wording "BIOACTIVE" because it is not inherently distinctive. This unregistrable term is at best merely descriptive of an ingredient, quality, characteristic, function, feature, purpose, or use of applicant's goods. See 15 U.S.C. §1052(e)(1); *DuoProSS Meditech Corp. v. Inviro Med. Devices, Ltd*., 695 F.3d 1247, 1251, 103 USPQ2d 1753, 1755 (Fed. Cir. 2012); TMEP §§1213, 1213.03(a).

Proposed Response: "No claim is made to the exclusive right to use "BIOACTIVE" apart from the as shown."