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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	87864999
Applicant	NL LLC
Applied for Mark	NATURAL LEAF CBD LIVE BETTER NATURALLY
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Submission	Appeal Brief
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant Name: NL LLC

Mark: NATURAL LEAF CBD LIVE BETTER NATURALLY & Design

Ser. No. 87864999

Filing Date: April 5, 2018

Allowance Date:

Attorney Ref. No. 011931-60801

APPEAL BRIEF

Box TTAB NO FEE
Commissioner for Trademarks
P.O. Box 1451
Alexandria, Virginia 22313-1451

Attention: Elle Mari, Esq.
Law Office 121

Sir:

In response to the final Office action of January 1, 2020, please consider the following in support of registration:

LAWFUL USE IN COMMERCE

The Examining Attorney is of the opinion that Applicant's mark was not in "lawful use in commerce" as of filing date of this application since Applicant's goods were unlawful under the federal Controlled Substances Act (CSA) when this application was submitted to the Office. The Examining Attorney is further of the opinion that Applicant's mark is not now in "lawful use in

commerce” because Applicant’s goods are not in compliance with the federal Food, Drug and Cosmetic Act (FDCA). Consequently, the Examining Attorney has finally refused registration under Sections 1 and 45. However, it is respectfully requested that the Examining Attorney’s refusal to register be reversed.

The correctness of the Examining Attorney refusal to register turns on the question: “Does the following federal regulation:

37 C.F.R. § 2.69 Compliance with other laws. When the sale or transportation of any product for which registration of a trademark is sought is regulated under an Act of Congress, the Patent and Trademark Office may make appropriate inquiry as to compliance with such Act for the sole purpose of determining lawfulness of the commerce recited in the application.

provide a statutory basis for the Office to refuse federal registration on the Principal Register to a mark that otherwise meets all the statutory requirements for registration currently set forth in the Lanham Act?”

To date, the Office has answered this question in the affirmative refusing to register marks that it considers in its discretion not to be in lawful use in commerce. Trademark Act Sections 1 and 45, 15 U.S.C. §§1051, 1127. To qualify for federal trademark/service mark registration (so the Office thinking goes), the use of a mark in commerce must be lawful. *Gray v. Daffy Dan’s Bargaintown*, 823 F.2d 522, 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 Int’l, Inc.*, 159 USPQ 48, 50-51 (TTAB 1968); *CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630, 81 USPQ2d 1592, 1595 (9th Cir. 2007). Thus, any goods or services to which the mark is applied must comply with all applicable federal laws. See *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,” and [that the sale or] the shipment of goods in violation of [a] federal statute . . . may not be recognized as the basis for establishing trademark rights” (quoting *Clorox Co. v. Armour-Dial, Inc.*, 214 USPQ 850, 851 (TTAB 1982)); *In re Pepcom Indus., Inc.*, 192 USPQ 400, 401 (TTAB 1976); TMEP §907.

However, the express language of the Lanham Act itself does not read or provide that the use of a mark in commerce required for registration must be lawful; just that it be a bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. In other words, refusal to register marks for allegedly unlawful use in commerce is not statutorily required under any language in the Lanham Act itself. Although many cases are often cited for the proposition that lawful use in commerce is required for registration, it appears *Gray v. Daffy Dan's Bargaintown* is more often cited than most as the reason why the Lanham Act is interpreted by the Office to allow only for the registration of trademarks used lawfully in commerce. *Gray v. Daffy Dan's Bargaintown* had to do with the competing priority rights of concurrent use holders before the Lanham Act had been amended to allow for intent-to-use applications, not compliance with other laws. This idea of “compliance with other laws” as a registration requirement flows exclusively from 37 C.F.R. § 2.69 and the Office’s interpretation thereof - not the Lanham Act itself. Does the Office really have the power to refuse to register marks to applicants in the many states (and the District of Columbia) that currently have laws legalizing industrial hemp products in one form or another? Can the Office really trump all these state laws based only on 37 C.F.R. § 2.69? Without a clear statutory basis to refuse registration for noncompliance with other laws, the answer must be “no”.

The foregoing applies with equal measure to alleged noncompliance with the federal Food, Drug and Cosmetic Act (FDCA). Without a clear statutory basis to do so (and unless and

until the Lanham Act is so amended by Congress), the Office is without the power to refuse registration for failure to comply with other laws to a mark that otherwise meets all the statutory requirements for registration set forth in the Lanham Act.

Applicant is based in Colorado and its goods meet all the regulatory requirements that the state requires to be legally sold within its borders. Intrastate use of a mark qualifies as use in commerce within the meaning of the Lanham Act if the intrastate use is of a type that would, taken in the aggregate, have a direct effect on interstate commerce. *See Larry Harmon Pictures Corp. v. Williams Rest. Corp.*, 929 F.2d 662, 18 USPQ2d 1292 (Fed. Cir. 1991) (mark used to identify restaurant services rendered at a single-location restaurant serving interstate travelers is in “use in commerce”); *In re Gastown, Inc.*, 326 F.2d 780, 140 USPQ 216 (C.C.P.A. 1964) (automotive service station located in one state was rendering services “in commerce” because services were available to customers travelling interstate on federal highways); and *In re G.J. Sherrard Co.*, 150 USPQ 311 (TTAB 1966) (hotel located in only one state has valid use of its service mark in commerce because it has out-of-state guests). In some cases, services such as restaurant and hotel services have been deemed to be rendered in commerce because they are activities that have been found to be within the scope of the 1964 Civil Rights Act, which, like the Lanham Act, is predicated on the commerce clause. *See In re Ponderosa Motor Inns, Inc.*, 156 USPQ 474 (TTAB 1968); *In re Smith Oil Corp.*, 156 USPQ 62 (TTAB 1967). Although Applicant’s goods are not shipped across Colorado state lines, intrastate sales to out-of-state customers visiting Colorado has a substantial effect on interstate commerce. *See Christian Faith Fellowship Church*, 841 F.3d at 993, 120 USPQ2d at 1645; (finding intrastate sale of two hats to out-of-state customer was “use in commerce” because such a transaction is “quintessentially

economic” and, “taken in the aggregate, would cause a substantial effect on interstate commerce”)

The Trademark Act confers important legal rights and benefits on trademark owners who federally register their marks. *B&B Hardware, Inc. v. Hargis Ind., Inc.*, 135 S. Ct. 1293, 1300 (2015). These benefits - unavailable in the absence of federal registration - are numerous and include both substantive and procedural rights. Registration on the Principal Register (1) serves as constructive notice of the registrant’s claim of ownership of the mark (15 U.S.C. §1072); (2) is prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s ownership of the mark, and of the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate (15 U.S.C. §1057(b)); and (3) can make a mark incontestable once a mark has been registered for five years, (15 U.S.C. §§1065, 1115(b)). Federal registration also enables the owner to stop the importation into the United States of articles bearing an infringing mark (15 U.S.C. §1124). For all these reasons, no trademark by which the goods or services of an applicant may be distinguished from those of others shall be refused federal registration on the Principal Register simply on account of the alleged unlawful nature of the goods or services in connection with which it is used. (15 U.S.C. §1052). As it did with disparaging, scandalous and immoral marks, the Office needs to reconsider what some may think are iron-clad provisions of settled trademark law, particularly provisions that do not expressly appear in the Lanham Act itself. After all, the function of a trademark is to identify one’s goods and distinguish them from those of others, and a goal of trademark law is to prevent consumer confusion stemming from the use of those marks in commerce. Any mark that performs this function and meets this goal should be allowed federal registration on the Principal Register.

In this case, there is no question that Applicant has met all the statutory requirements for registration currently set forth in the Lanham Act including having a valid basis that would properly result in a registration. There is also no question that the sale of Applicant's goods is legal in Colorado and that such sales, being "quintessentially economic", have a substantial effect on interstate commerce. The only question is whether such sales must be "legal" in the opinion of the Office under the CSA or FDCA for it to issue Applicant a registration in the absence of express statutory language in the Lanham Act that requires it. Given the value and importance of the registered rights at stake as well as the fact that the Lanham Act is silent on the issue of "legal" use in commerce, the Office cannot refuse registration for noncompliance with other laws without a clear statutory basis to do so.

For all the foregoing reasons, Applicant respectfully submits that the Examining Attorney has failed to meet her burden to demonstrate that Applicant's mark was not in the requisite use in commerce for registration as of filing date of this application or thereafter under Sections 1 and 45 of the Lanham Act, 15 U.S.C. §§ 1051, 1052 and 1127, as currently written, and requests that the Board grant this appeal and allow the registration of NATURAL LEAF CBD LIVE BETTER NATURALLY & Design on the Principal Register to Applicant for its goods. While the United States Congress has the power to make "lawful use in commerce" a requirement for registration, neither the Office nor the Board has the power to do so absent a congressional amendment to the Lanham Act to do so.

Please direct all communications to the undersigned at (615) 238-6300 or trademarks@bonelaw.com.

NL LLC

A handwritten signature in black ink, appearing to be 'P. Kruse', written over a horizontal line.

By: _____

Name: Paul W. Kruse

Title: Attorney

Date: April 22, 2020

Submitted by:

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