

**2022-1041**

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**IN THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

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In re: JOY TEA INC.,

*Appellant.*

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*Appeal from the Trademark Trial and Appeal Board  
regarding Serial No. 88/640,009.*

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**OPENING BRIEF OF APPELLANT JOY TEA INC.**

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February 18, 2022

## CERTIFICATE OF INTEREST

In accordance with Federal Circuit Rule 47.4, Counsel for Appellant certifies the following:

1. The full name of every party or amicus represented by me:

Joy Tea Inc.

2. The name of the real party in interest if the party named in the caption is not the real party in interest:

None.

3. The corporate disclosure statement prescribed in Federal Rule of Appellate Procedure 26.1 and identifying each party with its parent corporation or any publicly held corporation that owns 10% or more of its stock:

None.

4. The names of all law firms and the partners and associates that have appeared for the party in the lower tribunal or are expected to appear for the party in this court and who are not already listed on the docket for the current case:

None.

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal:

None.

February 18, 2022

Respectfully submitted,

/s/ Laurence M. Sandell

Laurence M. Sandell

*Counsel for Joy Tea Inc.*

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## **TABLE OF ABBREVIATIONS**

|                       |   |
|-----------------------|---|
| <b>APA</b>            | ADMINISTRATIVE PROCEDURE ACT                              |
| <b>BOARD</b>          | TRADEMARK TRIAL AND APPEAL BOARD                          |
| <b>CBD</b>            | CANNABIDIOL   |
| <b>CSA</b>            | CONTROLLED SUBSTANCES ACT                                 |
| <b>FDA</b>            | FOOD AND DRUG ADMINISTRATION                              |
| <b>FDCA</b>           | FOOD DRUG AND COSMETICS ACT                               |
| <b>ITU</b>            | INTENT-TO-USE   |
| <b>JJ206</b>          | <i>IN RE JJ206, LLC</i> , 120 U.S.P.Q.2d 1568 (TTAB 2016) |
| <b>USPTO</b>          | U.S. PATENT AND TRADEMARK OFFICE                          |
| <b>THC</b>            | DELTA-9 TETRAHYDROCANNABINOL                              |
| <b>TLRA</b>           | TRADEMARK LAW REVISION ACT OF 1988                        |
| <b>TMEP</b>           | TRADEMARK MANUAL OF EXAMINING PROCEDURE                   |
| <b>TTAB</b>           | TRADEMARK TRIAL AND APPEAL BOARD                          |
| <b>2018 FARM BILL</b> | AGRICULTURE IMPROVEMENT ACT OF 2018                       |



### **STATEMENT OF JURISDICTION**

The Trademark Trial and Appeal Board (“TTAB”) had jurisdiction over Appellant’s challenge to the Examiner’s decision pursuant to 15 U.S.C. § 1070. The TTAB entered final judgment on September 1, 2021. Appx1. Appellant timely appealed on October 12, 2021. Appx222. This Court has jurisdiction pursuant to 28 U.S.C. § 1295(a)(4)(B).

## **I. STATEMENT OF THE ISSUES**

(1) Whether the Board’s *per se* rule that it is impossible—as a matter of law—for an intent-to-use (ITU) trademark applicant to have a bona fide intent to use its mark in future legal commerce if the proposed commerce cannot be legally engaged in on the date of ITU application filing, as provided in *In re JJ206, LLC*, 120 U.S.P.Q.2d 1568, 2016 WL 7010624, at \*2 (TTAB 2016), is legally erroneous in view of *M.Z. Berger & Co. v. Swatch AG*, 787 F.3d 1368 (Fed. Cir. 2015) and Congress’s unequivocal intent that the “use of the term ‘bona fide’ is meant to . . . require, based on an objective view of the circumstances, a good faith intention to eventually use the mark in a real and legitimate commercial sense.”

(2) Whether the Board acted arbitrarily and capriciously in declining to provide any explanation to justify the USPTO’s disparate treatment of Appellant vis-à-vis similarly situated pharmaceutical industry applicants that routinely receive USPTO allowances for ITU trademark applications for pharmaceuticals that, at the time of ITU application filing, cannot be legally sold pursuant to the Food Drug and Cosmetics Act (FDCA).

(3) Whether substantial evidence supports the Board’s determination that Appellant lacked bona fide intent to use its mark in future legal commerce, where:

(i) Appellant’s evidence of bona fide intent is undisputed and includes objective evidence supporting Appellant’s good faith anticipation that its

proposed commerce will be fully legal within its time limit to file a Statement of [legal] Use with the USPTO; and

(ii) the record contains no evidence countermanding Appellant's bona fide intent.

## **II. STATEMENT OF THE CASE**

### **A. CBD and its Legal Framework**

“Cannabidiol (CBD) is a nonpsychoactive constituent of the cannabis plant.” Appx22. “On June 25, 2018, the U.S. Food and Drug Administration (FDA) approved the first prescription pharmaceutical formulation of plant-derived CBD, Epidiolex®, for the treatment of two rare forms of epilepsy.” Appx194. Accordingly, the FDA considers CBD to be a drug. Appx2. On December 20, 2018, the Agriculture Improvement Act of 2018 (2018 Farm Bill) was signed into law. The Act removed “hemp” from the definition of “marijuana” in the Controlled Substances Act (CSA), 21 U.S.C. §§801-971. 21 U.S.C. §812(c)(17); Appx22. “Hemp” and “marijuana” are legally distinct forms of cannabis.<sup>1</sup> While CBD derived from “marijuana” remains illegal under the CSA, CBD derived from hemp is legal under the CSA. Appx22.

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<sup>1</sup> “[H]emp’ means the plant *Cannabis sativa* L. and any part of that plant ... with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.” 7 U.S.C. §1639o (1). Delta-9 tetrahydrocannabinol is commonly referred to as THC and generally understood to be the main psychoactive ingredient in “marijuana.”

When the 2018 Farm Bill was signed, the FDA Commissioner released a public statement addressing the “growing public interest in cannabis and cannabis-derived products, including cannabidiol (CBD)” and the regulatory landscape:

In short, **we treat products containing cannabis or cannabis-derived compounds as we do any other FDA-regulated products — meaning they’re subject to the same authorities and requirements as FDA-regulated products containing any other substance.** ...

While products containing cannabis and cannabis-derived compounds remain subject to the FDA’s authorities and requirements, **there are pathways available for those who seek to lawfully introduce these products into interstate commerce.** The FDA will continue to take steps to make the pathways for the lawful marketing of these products more efficient. ...

In addition, **pathways remain available** for the FDA to consider whether there are circumstances in which certain cannabis-derived compounds might be permitted in a food or dietary supplement. Although such products are generally prohibited to be introduced in interstate commerce, **the FDA has authority to issue a regulation allowing the use of a pharmaceutical ingredient in a food** or dietary supplement. **We are taking new steps to evaluate whether we should pursue such a process.**

Appx91, Appx93 (emphasis added). Further, the FDA’s webpage on CBD explicitly provides:

The agency is **committed** to protecting the public health while also **taking steps to improve the efficiency of regulatory pathways** for the **lawful marketing** of appropriate cannabis and cannabis-derived products.

Appx96 (emphasis added); *see also* Appx91.

**B. Appellant’s “FOR JOY” Mark and Entrepreneurial Intent**

Appellant’s webpage, summarizes its entrepreneurial “story”:

In early 2019, we were introduced to CBD and the benefits of how it was affecting our active lifestyles. Whether we were stressed out and our emotions were high or felt a bit gloomy and our emotions were low, CBD always seemed to get us back to neutral. We started with taking tinctures but quickly began searching for a CBD beverage that was tasty and free of any artificial sweeteners, artificial flavors and even natural flavoring. We wanted a whole product that was beneficial, not just the CBD. ...

**We worked hard for 6 months, formulating and reformulating several different blends of black tea to arrive at what we have today.** A tasty, refreshing, “just-like-your-grandma-used-to-make” iced tea that is infused with high quality CBD.

Appx67-68 (emphasis added). The webpage further evinces Appellant has formulated three flavors of its CBD-infused tea product: “Strawberry Mint,” “OG Hint of Sweet,” and “Meyer Lemon Ginger.” Appx70.

Appellant has declared that its bona fide intent to use the “FOR JOY” mark in future legal commerce

was fully-grounded in our reasonable expectation and belief that Federal law and/or regulations would continue to change (and they are currently in fluctuation) such that future sales of CBD-infused beverages could and would become federally legal in the foreseeable future. More specifically, we subjectively believed that prior to the expiration of the period of time during which Joy Tea would be permitted to allege and demonstrate legal use in commerce, the law and/or regulations would have evolved such that we would be permitted to legally sell CBD-

infused teas per the recitations in our trademark application.

Appx118-119 at ¶4. Corroborating this sworn statement, Appellant’s September 2019 (pre-ITU application) investor pitch deck explicitly recognized the existing “legal gray space” around CBD and touted that such current status gave Appellant a competitive advantage because larger companies would not enter the market until “full legalization.” Appx122; Appx119 at ¶5.

### **C. USPTO Examination of the Appellant’s ITU Application**

Ten months after the 2018 Farm Bill legalized hemp-derived CBD, Appellant filed its “intent-to-use” (ITU) Trademark application for its “FOR JOY” mark in International class 30 for, *inter alia*, “Tea-based beverages also containing CBD.” Appx12-18. In signing the electronic application submission, Appellant’s representative averred: “The applicant has a bona fide intention to use the mark in commerce on or in connection with the goods/services in the application.” Appx16.

In a July 22, 2020, Non-final Office Action, the Examining Attorney refused to register the application, asserting that “applicant does not have a bona fide intent to lawfully use the applied-for mark in commerce” because the identification of goods included products that are currently unlawful under the FDCA and the CSA. Appx20-23. Specifically, the rejection stated: “Because introduction of such goods into commerce was not lawful as of the filing date, applicant did not have a bona fide intent to use the applied-for mark in lawful commerce in connection with such

goods.” Appx22 (citing *JJ206*, 120 U.S.P.Q.2d at 1569; emphasis added). The Non-final Office Action did not contest Appellant’s intent to actually sell the identified goods using the “FOR JOY” mark; it only contested Appellant’s intent to lawfully sell such goods in the future—owing exclusively to the goods’ legal status on the application filing date. Appx21-23. The Examining Attorney then offered two potential amendments to Appellant’s identification of goods that would lead to allowance—a first that would overcome the refusal as the CSA, alone, by eliminating marijuana-derived CBD; and a second that would overcome both the CSA and the FDCA refusals by reciting “none of the foregoing containing any CBD or THC.” Appx22-23.

In response, Appellant selected the first option to eliminate the CSA-based refusal. Appx55-59. Specifically, Appellant narrowed its identification of goods by disavowing all marijuana-derived CBD. Appx56; *see* footnote 1, above. The Examining Attorney then issued a Final Office Action that maintained the refusal “because applicant does not have a bona fide intent to lawfully use the applied-for mark in commerce” pursuant to the FDCA, as the recited goods still comprised hemp-derived CBD. Appx64-66.

Soon thereafter, Appellant filed a Request for Reconsideration After Final Office Action. Appx76-88. The Request amended Defendants’ final description of goods to recite:

Tea [and tea-related products]; **all of the foregoing being legal under both state and federal laws** and containing ingredients solely derived from hemp with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis

Appx79 (emphasis added). Appellant’s Request primarily argued that (1) the USPTO should not be questioning the sworn bona fide intent of Appellant—an *ex parte* applicant—pursuant to TMEP §1101; (2) that *JJ206* is bad law; (3) that “Applicant has, and at all times had, a subjective bona fide intent to use its mark, FOR JOY, with the recited goods in future legal commerce”; and (4) that “Appellants subjective bona fide anticipation of a beneficial change in the law within a reasonable amount of time is objectively reasonable.” Appx83-88.

To substantiate Appellant’s bona fide intent to use the mark in future legal commerce—including Appellant’s sincere belief that a sufficient statutory or regulatory shift would occur during the window of time that Appellant could demonstrate of legal use in commerce to the USPTO—Appellant submitted both subjective and objective evidence. Appellant provided an affidavit further documenting and elucidating its bona fide intent. Appx118-119. As objective evidence, the Request for Reconsideration included public FDA statements regarding the FDA’s professed intent to liberalize its regulations regarding hemp-derived CBD (Appx91, Appx93, Appx96); excerpts from Appellant’s pre-ITU application investor pitch deck (Appx121-123); news articles indicative of the



market's anticipation of cannabis legalization (Appx128-131; Appx135-138; Appx141-143; Appx147-152); and polling data demonstrating that “[t]wo-thirds of Americans support marijuana legalization” and that such support is rapidly increasing, (Appx161-164).

The Examining Attorney denied Appellant's Request for Reconsideration without substantively addressing the evidence. Appx172-173. Appellant timely appealed the refusal to register its “FOR JOY” mark to the Board. Appx175-176.

#### **D. The Appeal Before the Board**

In its opening brief below, Appellant argued that (a) *JJ206* was wrongly decided; (b) that Appellant's bona fide intent was supported by objective evidence of record and “grounded in a belief that its product would be federally legal by the time it needed to show use”; and (c) that its “bona fide anticipation of a beneficial change in law within a reasonable amount of time is objectively reasonable” and supported by objective evidence of record. Appx181-182; Appx185-188.

Importantly, Appellant explicitly (d) distinguished *JJ206* because “the instant Application is much closer to the common scenario where the USPTO grants ITU application publication and a notice of allowance prior to a subject product being legal for sale under the FDCA—namely, pharmaceuticals that have not yet obtained FDA approval”—and because the commerce proposed by Appellant was unquestionably legal under the CSA. Appx183-184. Additionally, Appellant's

opening brief argued that (e) the refusal conflicted with TMEP §1101; and that (f), as a matter of policy, “no cognizable harm to the trademark system or otherwise could plausibly result from rejecting” the *per se* rule of *JJ206*. Appx179-181; Appx184-185.

In response, the Examining Attorney conceded that “applicant may be anticipating that CBD-based beverages will be made lawful at the federal level within the time frame for filing an allegation of use,” but argued that *JJ206* and its progeny mandated the refusal. Appx199; *see generally* Appx191-201.

The Opposition Brief directly addressed Appellant’s argument (d) regarding disparate treatment. Appx200. The Examining Attorney recited—but did not dispute—Appellant’s factual allegation that “the USPTO unambiguously allows ITUs for pharmaceuticals to be allowed notwithstanding their immediate and current illegality....” *Id.* (quoting Appx183). Notwithstanding that it is unlawful under the FDCA to sell unapproved pharmaceuticals, the Examining Attorney derided such argument as “misleading” because “Applicant’s goods are not merely ‘unapproved’ but are actually ‘unlawful.’” Appx200. Further, the Examining Attorney noted that “Applicant has not argued or demonstrated that it is seeking or has sought FDA approval for the sale of its CBD-based beverages.” *Id.* The Examining Attorney did not address Appellant’s arguments (a) attacking *JJ206* as wrongly decided; (b) & (c) the record evidence supporting Appellant’s bona fide intent; or (f) Appellant’s policy

arguments.

Appellant’s Reply Brief to the Board underscored *M.Z. Berger*’s controlling “objective inquiry” framework and unambiguously applied it to the record evidence—expressly noting that the Examining Attorney’s lack of *any* response to arguments (b) & (c) regarding the “[a]mple, uncontested evidence evincing that Applicant has a bona fide intent ... already in the record” and the nonexistence of countermanding evidence. Appx206-209. Regarding the disparate treatment argument (d), Appellant’s Reply included an entire section titled, **“With respect to intent-to-use based applications, CBD beverages are in substantially the same situation as pharmaceuticals lacking FDA approval.”** Appx210-211 (emphasis in original). Therein, with express citation to the Opposition Brief, Appellant argued that hemp-derived CBD is not “per se” illegal and cited 21 U.S.C. § 331 for the proposition that “it is ‘unlawful’ to sell or market a pharmaceutical not approved by the FDA.” *Id.*<sup>2</sup> Further, Appellant explained that “[w]hether or not relevant studies are ongoing, or FDA approval is pending, does not alter this legal status.” Appx210.

#### **E. The Board’s Final Opinion**

On September 1, 2021, the Board affirmed the refusal “on the ground that

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<sup>2</sup>*See also* Appx21 (“An unapproved new drug cannot be distributed or sold in interstate commerce unless it is the subject of an **FDA-approved** new drug application (NDA) or abbreviated new drug application (ANDA).”; emphasis added).

Applicant does not have a bona fide intent to use the mark in lawful commerce because the goods are not in compliance with the FDCA.” Appx9 (emphasis added). Notwithstanding that every brief before it had addressed it, the Board entirely ignored the argument (d) that “[w]ith respect to intent-to-use based applications, CBD beverages are in substantially the same situation as pharmaceuticals lacking FDA approval.” *Compare* Appx1-9 with Appx210-211, Appx200, and Appx183-184; *see* Appx4-5 (enumerating Appellant’s alleged “three broad arguments” but omitting disparate treatment).

In response to the Appellant’s arguments that (a) “the *ipse dixit* precedent of *JJ206*” was bad law, the Board echoed *JJ206*’s holding: The Board did not provide *any* additional reasoning supporting the *JJ206* decision in response to Appellant’s attack on the squarely-challenged TTAB precedent. *Compare, e.g.,* Appx204, Appx207 (asserting conflict with *M.Z. Berger*) and Appx181-182 (“With due respect to the *JJ206* panel, it does not “logically follow” that bona fide intent to use a mark in legal commerce is per se absent in all cases where the proposed commerce is currently barred by statute, regulation, or otherwise.”) *with* Appx 4 (“The Board then concluded that it ‘logically follows...’”) and Appx6 (“It is therefore not possible to have a bona fide intent to use a mark on goods which are unlawful at the time of the application.”). Similarly, the Board did not address any of Appellant’s (b) & (c) record evidence supporting its bona fide intent or (f) policy arguments

countermanding *JJ206*. As to Appellant’s argument (e) that the refusal violated TMEP §1101, the Board noted that “the Office may nonetheless ‘make an inquiry in an ex parte proceeding [if] evidence of record clearly indicates that the applicant does not have a bona fide intention to use the mark in commerce’” and noted that Appellant’s proposed commerce was currently illegal. Appx5-6 (citing TMEP §1101; brackets in original).

### III. SUMMARY OF ARGUMENT

As an undisputed factual matter, Appellant intends to use its “FOR JOY” mark in the future to legally sell its CBD-infused tea products. Nonetheless, Appellant’s ITU trademark application for its “FOR JOY” mark stands rejected by the USPTO because the Board deems it impossible—as a matter of law—for an ITU trademark applicant to have bona fide intent to use its mark in future legal commerce if the proposed commerce cannot legally be engaged in on the date the application was filed. *JJ206*, 120 U.S.P.Q.2d 1568, 2016 WL 7010624 at \*2. The Board’s *per se* rule is without basis in law, logic, or policy—and should be reversed.

This Court already answered “the question of what ‘bona fide intention’ means under Section 1(b) of the Lanham Act.” *M.Z. Berger*, 787 F.3d at 1375. In *M.Z. Berger*, this Court explained that Congress “expressly” declined to define “bona fide” to preserve “‘flexibility’” when amending the Lanham Act to create the ITU framework, and that ITU “applicants can begin the registration process having

only a sincere intent” “to eventually use the mark in a real and legitimate commercial sense.”” *Id.* at 1376, 1375 (emphasis added), 1374 (quoting H.R.Rep. No. 100–1028, at 8–9 (1988); emphasis added). Ultimately, this Court held that “whether an applicant has a bona fide intent to use a mark in commerce is an objective inquiry based on the totality of the circumstances.” *Id.* at 1379.

Nevertheless, the Board devised its *per se* rule in *JJ206* the following year. In relevant part, *JJ206* relied on a single case, *John W. Carson Foundation v. Toilets.com, Inc.*, 94 U.S.P.Q.2d 1942, 1947-1948 (TTAB 2010), which held that it is impossible for an ITU applicant subject to a permanent injunction to possess bona fide intent to sell permanently enjoined products in commerce. *Id.* at 1947-48. From there, the TTAB took a logical leap to its legally fictitious holding that “if the goods on which a mark is intended to be used are unlawful, there can be no bona fide intent to use the mark in lawful commerce.” Notably, this legal issue was not actually briefed in *JJ206*—nor did *JJ206* offer *any* reasoning in support of its extension of *Carson*’s holding regarding permanently enjoined ITU applicants to all ITU applicants intending to legally participate in not-yet-legal commerce in the future.

The inflexible *per se* rule of *JJ206* cannot be reconciled with *M.Z. Berger*, and the Board below declined to make any meaningfully attempt to do so.

The *per se* rule of *JJ206* is also untenable as a matter of policy. If it stands, it will likely provoke a logistical nightmare the very moment cannabis is federally

legalized, when scores of cannabis companies rush to secure federal rights for valuable, already-established marks for just-became-legal cannabis commerce. This *midnight stampede* to the USPTO is liable to cause a morass of priority disputes that would take the USPTO years to untangle—and is likely to crash the trademark application submission website. But for the inflexible *per se* rule of *JJ206*, the exercise of the “flexibility” that Congress expressly intended when it omitted a strict definition of “bona fide” in the TRLA could and should be marshalled by the USPTO to prevent this *midnight stampede*. *M.Z. Berger*, 787 F.3d at 1376. Additionally, *JJ206* places the trademark examining corps in the untenable position of assessing shades of legality in unfamiliar areas of law and regulation and casting judgment on the veracity of ITU applicants’ sworn statements of bona fide intent. Ultimately, no cognizable harm would result from overturning *JJ206* because ITU applicants whose bona fide anticipation of impending legality turns out to be erroneous will be unable to file a Statement of Use to perfect their ITU applications and obtain Federal trademark registrations—just like their fellow ITU applicants who find themselves unable to engage in legal commerce due to business exigencies unrelated to the legality of their proposed use.

Beyond the impropriety of the *per se* rule in and of itself, the USPTO disparately applies it to similarly situated parties. It is undisputed that common pharmaceutical company trademark procurement practice includes filing ITU

trademark applications prior to FDA approval—and even prior to FDA application submission. Both Appellant’s recited goods and unapproved pharmaceuticals could not, pursuant to the FDCA, be legally sold or used in interstate commerce at the time of ITU application filing. Yet, while pharmaceutical ITU applications are regularly approved and issued Notices of Allowance, Appellant’s was rejected. The Board’s Opinion *entirely* declined to address Appellant’s disparate treatment argument notwithstanding that it was raised in and debated in the briefing below. The Board’s abject failure to justify such disparate treatment was arbitrary and capricious; it precludes affirmance.

Regarding the requisite factual inquiry that the Board neglected to engage in, the evidence of record is undisputed and objectively supports that Appellant had “a sincere intent” to use the mark “FOR JOY” in legal commerce in the future—the very purpose of an ITU application. *M.Z. Berger*, 787 F.3d at 1375. The Board should have considered Appellant’s explanation of sincere intent, (Appx118-119); Appellant’s pre-application investor pitch deck that recognized the “legal gray space ... before full legalization” and touted it as a competitive advantage, (Appx122); that the FDA’s current position is that “there are pathways available for those who seek to lawfully introduce [CBD] products into interstate commerce,” (Appx91); that the FDA is actively considering promulgating regulations that would render Appellant’s proposed commerce legal via an additional regulatory pathway; objective evidence



that the legal landscape cannabis and cannabis derivatives at large have been rapidly shifting in the liberalizing direction; objective evidence that investment markets anticipate changes in the law towards legalization; and objective evidence that a growing supermajority of Americans now favor cannabis legalization. The Board improperly ignored all of this record evidence, eschewing its obligation to conduct an “objective inquiry based on the totality of the circumstances.” *M.Z. Berger*, 787 F.3d at 1379. Instead, the Board blindly clung to *JJ206*’s legal fiction that “sincere intent” to engage in legal commerce in the future is *per se* “impossible” if such commerce is not fully legal on the date of ITU application filing.

#### **IV. ARGUMENT**

##### **A. LEGAL STANDARDS**

This Court reviews the Board’s legal conclusions, such as its interpretations of the Lanham Act and the legal tests it applies in determining registrability of a mark—including those pertaining to the bona fide intent of an ITU trademark applicant—without deference. *M.Z. Berger*, 787 F.3d at 1374; *In re Save Venice New York, Inc.*, 259 F.3d 1346, 1351-52 (Fed. Cir. 2001).

This Court reviews the Board’s “factual findings for substantial evidence.” *M.Z. Berger*, 787 F.2d at 1374. “Substantial evidence ‘is more than a scintilla’ and ‘means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.’” *Id.* (internal citations omitted). “[S]ubstantial evidence’

review involves examination of the record as a whole, taking into account evidence that both justifies and detracts from an agency's decision.” *In re Gartside*, 203 F.3d 1305, 1312 (Fed. Cir. 2000).

The question of whether the Board has provided an adequate explanation that it has not treated similarly situated parties differently without sufficient justification is reviewed under the arbitrary and capricious standard. *Direct Communications Cedar Valley, LLC v. F.C.C.*, 753 F.3d 1015, 1142 (10th Cir. 2014) (quoting *Comcast Corp. v. F.C.C.*, 526 F.3d 763, 769 (D.C. Cir. 2008)); *see also Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 447 (Fed. Cir. 2015); 5 U.S.C. § 706 (2)(A).

**B. THE BOARD’S LEGAL TEST FOR BONA FIDE INTENT IS INCOMPATIBLE WITH FEDERAL CIRCUIT PRECEDENT, DISPARATELY APPLIED, AND CONTRARY TO POLICY GOALS**

This Appeal is squarely focused on the Lanham Act’s bona fide intent requirement for ITU trademark applications, which recites:

A person who has a **bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce** may request registration of its trademark on the principal register ....

15 U.S.C. § 1051(b)(1) (emphasis added). The Board has affirmed the Examiner’s refusal to register Appellant’s mark “FOR JOY” because beverages and “food to which CBD has been added” “are illegal under the FDCA” and until a change in the

law has been “made, Applicant cannot have bona fide intent to use the mark in commerce.” Appx8. Simply stated, the Board’s legal test is: “It is ... not possible to have a bona fide intent to use a mark on goods which are unlawful at the time of the application.” Appx6 (emphasis added); *see also* Appx197 (“the per se rule ‘that an ITU applicant cannot possibly have a bona fide intention to use a mark in future legal commerce if such anticipated legal commerce is not legal at the time of ITU filing.’”; quoting Appx178).

As explained below, this *per se* rule both conflicts with this Court’s binding precedent and lacks any articulable statutory, logical, or policy basis.

### **1. This Court’s M.Z. Berger Precedent Controls**

In *M.Z. Berger & Co. v. Swatch AG*, this Court explicitly dealt with “the question of what ‘bona fide intention’ means under Section 1(b) of the Lanham Act.” 787 F.3d at 1374. Appropriately, the *M.Z. Berger* panel began by examining the context and legislative history of the bona fide intent requirement:

The Trademark Law Revision Act of 1988, 15 U.S.C. § 1051 et seq. (the “TLRA”), “changed the Lanham Act by permitting [trademark] applicants to begin the registration process before actual use of [a] mark in commerce at the time of filing, so long as the applicant had a “*bona fide intention ... to use [the] mark in commerce*” at a later date. 15 U.S.C. § 1051(b)(1) (emphasis added). ...

[T]he TLRA lowered the bar to starting registration by allowing applicants to proceed on the basis that they have a “bona fide intention to use the mark in commerce” **at a later date.** 15 U.S.C. § 1051(b)(1); *see* H.R.Rep. No. 100–

1028 ... at 8–9 (1988) (“... The use of the term ‘bona fide’ is meant ... to require, **based on an objective view of the circumstances, a good faith intention to eventually use the mark in a real and legitimate commercial sense.**”)

...

While **applicants can begin the registration process having only a sincere intent**, the TLRA also requires that applicants filing such intent-to-use applications must in due course either (i) file a verified statement of actual use of the mark, or (ii) convert the application into a use application. 15 U.S.C. §§ 1051(b)(3), (c), (d). In other words, such **applicants are eventually required to show that the mark is being used in commerce** before obtaining a registration on the mark.

787 F.3d at 1374-1375 (bold and underline emphasis added; italic in original).

Expressly noting the lack of a statutory definition of “bona fide,” this Court held:

Congress expressly rejected inclusion of a statutory definition for “bona fide” in order to preserve “the flexibility which is vital to the proper operation of the trademark registration system.”

*Id.* at 1376 (quoting S.Rep. No. 100–515 at 24 (1988)). Additionally, *M.Z. Berger* denigrated theoretical legal tests that would apply “a more stringent threshold for bona fide intent than required by statute or by the PTO’s regulations and procedures.”

787 F.3d at 1378.

Ultimately, the *M.Z. Berger* panel synthesized the statutory language and legislative history to arrive at the black letter law that controls this Appeal:

[W]hether an applicant had a “bona fide intent” to use the mark in commerce at the time of the application requires objective evidence of intent. Although **the evidentiary**

**bar is not high**, the circumstances must indicate that the applicant's intent to use the mark was firm and not merely intent to reserve a right in the mark. The Board may make such determinations on a **case-by-case basis considering the totality of the circumstances**.

*Id.* at 1376 (emphasis added; internal citations omitted). More concisely, this Court held, “whether an applicant has a bona fide intent to use a mark in commerce is an objective inquiry based on the totality of the circumstances.” *Id.* at 1379.

This Court’s interpretation of the “bona fide intent” requirement in *M.Z. Berger* derives from the clear intent of Congress and is dispositive. *See Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842-43 (1984) (“If the intent of Congress is clear, that is the end of the matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress.”).

## **2. The Per Se Rule of JJ206 Is Legally Erroneous**

The Board’s refusal of Appellant’s ITU application flows from erroneous TTAB precedent, namely, *JJ206* and its unpublished TTAB progeny. *E.g.*, Appx4, Appx9. At least with respect to bona fide intent requirement, *JJ206*’s holding (i) directly conflicts with *Berger* and (ii) was wrongly decided based on *ipse dixit* reasoning—and literally without any argument from the *JJ206* applicant on the bona fide intent issue<sup>3</sup>. *JJ206* should be overturned.

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<sup>3</sup> *See* Appeal Brief in Ser. No. 86474701 (ITU application for “POWERED BY JUJU”), Dkt. 7 (March 28, 2016), available at <https://ttabvue.uspto.gov/ttabvue/v?pno=86474701&pty=EXA&eno=7>.

In relevant part, *JJ206* held:

**It logically follows** [from the rule that actual use in commerce must be lawful<sup>4</sup>] **that if the goods on which a mark is intended to be used are unlawful, there can be no bona fide intent to use the mark in lawful commerce.** In *John W. Carson Found. v. Toilets.com, Inc.*, 94 USPQ2d 1942 (TTAB 2010), the applicant previously had been **permanently** enjoined by a court against using the applied-for mark because it violated the right of publicity of the opposer’s predecessor in interest. The Board therefore ruled that the applicant lacked the necessary bona fide intent to use the mark, stating,

[b]ecause **the permanent injunction enjoins applicant from making the use required to obtain its federal trademark registration, as a matter of law**, applicant cannot make lawful use of its mark in commerce. Therefore, it is a legal impossibility for applicant to have a bona fide intent to use its mark in commerce.

*Id.* at 1947-48. **Similarly, where the identified goods are illegal** under the federal Controlled Substances Act (CSA), the applicant cannot use its mark in lawful commerce, and **“it is a legal impossibility” for the applicant to have the requisite bona fide intent to use the mark.**

120 U.S.P.Q.2d 1568, 2016 WL 7010624 at \*2. (emphasis added).

But it does not “logically follow[]” that bona fide intent to use a mark in future legal commerce is per se absent in all cases where the proposed commerce is currently barred by statute, regulation, or otherwise. Logic dictates the legality of

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<sup>4</sup> The rule is not at issue in this Appeal.

intended commerce should be ascertained on the “eventual[]” date an ITU applicant asserts actual legal commercial use—as opposed to the earlier date when the ITU application is filed and “only a sincere intent” to engage in legal commercial use is required. *M.Z. Berger*, 787 F.3d at 1375. Case in point, Appellant’s bona fide intent at the time of filing was based on, *inter alia*, its objectively reasonable expectation that the relevant law will sufficiently shift before Appellant would be required to demonstrate legal use in commerce. And, as discussed in Section IV.CIV.D, below, when the “totality of the circumstances” are considered, Appellant’s “sincere intent” is factually undisputed.

*a. The Per Se Rule of JJ206 Cannot be Reconciled with M.Z. Berger*

JJ206’s *per se* rule is that “if the goods on which a mark is intended to be used are unlawful [at the time of filing], there can be no bona fide intent to use the mark in lawful commerce.” 120 U.S.P.Q.2d 1568, 2016 WL 7010624 at \*2. This rule, and Board’s reliance on it against Appellant, is directly at odds with *M.Z. Berger*.

First and foremost, *M.Z. Berger*’s holds that “whether an applicant has a bona fide intent to use a mark in commerce is an objective inquiry based on the totality of the circumstances” and is to be “decided on a case-by-case basis.” 787 F.3d at 1379, 1376. As *M.Z. Berger* explains, under the TRLA, “only a sincere intent” is needed when filing an ITU application. *Id.* at 1375 (emphasis added). *JJ206* contravenes this holding by necessarily rejecting an applicant’s sincere intent to have legal

commercial use of a product in the future if the product could not legally be sold on the application date. *JJ206* thereby mandates that the trademark examination corps turn a blind eye to any and all objective evidence supporting bona fide intent.

Second, *M.Z. Berger* found that Congress declined to include “a statutory definition for ‘bona fide’ “to preserve ‘the flexibility which is vital to the proper operation of the trademark registration system.’” *Id.* at 1376 (quoting S.Rep. No. 100–515 at 24; emphasis added). *JJ206*’s *per se* rule is inarguably inflexible and therefore contravenes this unambiguous Congressional intent. *See Chevron*, 467 U.S. at 842-43 (“the agency[] must give effect to the unambiguously expressed intent of Congress”). To wit, if *JJ206* is allowed to stand, the “proper operation of the trademark registration system” will be grossly undermined. For example, as discussed in Section IV.C, below, if *JJ206* were fairly applied, pharmaceutical companies will be unable to secure branding protection before final FDA approval of each pharmaceutical because it is unquestionably unlawful to sell an unapproved pharmaceutical. And, as discussed in IV.B.3.a, below, maintenance of *JJ206*’s *per se* rule is likely to create a morass of trademark priority disputes—and likely the crashing of the USPTO website—upon the expected legalization of marijuana.

Third, *M.Z. Berger* casts severe doubt on the legitimacy of legal tests that would apply “a more stringent threshold for bona fide intent than required by statute or by the PTO’s regulations and procedures.” *Id.* at 1378 (emphasis added). The *per*



*se* rule of *JJ206* is “a more stringent threshold for bona fide intent than required by statute or by the PTO's regulations.” *Id.*<sup>5</sup>

And fourth, Appellant expressly and repeatedly expounded, below, that “controlling legal precedent of *Berger* is in direct conflict with *JJ206*.” Appx206-208. The Board declined to make any meaningful attempt to reconcile *Berger* with the *per se* rule of *JJ206*. Appx4; Appx6 (rehashing the *ipse dixit* reasoning: “It is therefore not possible...”). The Board’s apparent inability to reconcile *JJ206* with controlling precedent further demonstrates that its *per se* rule is legally unsound.

*b. Carson v. Toilets.com—the Sole Precedent Relied on for the Per Se Rule of JJ206—is Easily Distinguishable*

*JJ206*’s *per se* rule ostensibly relies upon a single case, *John W. Carson Foundation v. Toilets.com, Inc.*, which is premised on an actual impossibility of future legal commerce. 94 U.S.P.Q.2d 1942, 2010 WL 1233881 (TTAB 2010). Its fact pattern is easily distinguishable from that of the instant Appeal (and *JJ206*). Decades before seeking trademark registration, the ITU applicant in *Carson*, Toilets.com, had used the phrase “HERE’S JOHNNY” to sell toilets in a former corporate iteration, namely, Here’s Johnny Portable Toilets, Inc. The Carson Foundation took umbrage at this commercial misappropriation of the late night TV

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<sup>5</sup> *Cf.* TMEP § 907 (citing *e.g.*, *JJ206*). However, as explained in Section IV.C, below, this USPTO procedure is disparately applied among similarly situated applicants.

host's culturally-pervasive introduction and obtained a permanent injunction in the U.S. District Court for the Eastern District of Michigan, which was affirmed by the Sixth Circuit. *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 833-834 (6th Cir. 1983). The nationwide permanent injunction permanently forbade Here's Johnny Portable Toilets, Inc. from utilizing "HERE'S JOHNNY" when selling or advertising its "johns."

Notwithstanding that this permanent injunction remained in place with no sign of dissolving for decades, Toilets.com filed an ITU application for "HERE'S JOHNNY," averring that it had bona fide intent to use the slogan in direct violation of the permanent injunction. The Carson Foundation filed an opposition with the Board, which held, on summary judgment:

Because the permanent injunction enjoins applicant from making the use required to obtain its federal trademark registration, as a matter of law, applicant cannot make lawful use of its mark in commerce. Therefore, it is a legal impossibility for applicant to have a bona fide intent to use its mark in commerce.

94 U.S.P.Q.2d 1942, 2010 WL 1233881 at \*9. In other words, Toilets.com lacked bona fide intent because it could not—and did not—credibly assert that it intended to "make lawful use of its mark in commerce" in the future.

Unlike the situation with permanently enjoined Toilets.com, it is possible—

and indeed likely<sup>6</sup>—for Appellant to “make lawful use of its mark in commerce.” That is, the prospect of legal commercial sales of CBD-containing teas before a Statement of Legal use must be filed is not a “legal impossibility”—or even an improbability. Appellant’s intended commercial use of the “FOR JOY” mark may currently run afoul of the FDCA, but objective evidence supports Appellant’s bona fide belief that such commercial use will become legal before its window to demonstrate legal use in commerce expires. *See* Section IV.CIV.D below. For example, (i) Appellant could apply for FDA approval under existing regulatory pathways, (ii) the FDA has explicitly stated that it is exploring the creation of a regulatory pathway for CBD-containing beverages, and (iii) there is widespread expectation that federal law governing cannabis and its derivatives will shift in the immediate future. *Id.*

### 3. JJ206 Embodies Unstable Trademark Policy

#### *a. Affirmance of the Per Se Rule of JJ206 Would Engender a Midnight Stampede to the USPTO Upon Marijuana Legalization*

“Marijuana” is federally illegal,<sup>7</sup> yet marijuana commerce thrives in an ever-increasing number of U.S. states due to local law and regulations governing its

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<sup>6</sup> *See* Section IV.D.1, below.

<sup>7</sup> Appellant’s amended identification of goods does not include any “marijuana” or derivatives thereof and therefore does not contain any goods that fall within the CSA’s prohibition of “marijuana.” Appx56; *accord* Appx66.

cultivation, sale, medical use, and recreational use. Legalization at the federal level is widely anticipated.<sup>8</sup> But in the meantime, the Federal Government has permitted this intra-state commerce marijuana commerce to flourish—leading to awkward tensions between federal law, state law, and federal enforcement. As recently articulated by Justice Clarence Thomas:

Once comprehensive, the Federal Government’s current approach is a half-in, half-out regime that simultaneously tolerates and forbids local use of marijuana. **This contradictory and unstable state of affairs strains basic principles of federalism and conceals traps for the unwary. ...**

[O]ne can certainly understand why an ordinary person might think that the Federal Government has retreated from its once-absolute ban on marijuana.

*Standing Akimbo, LLC, et al., v. United States*, 594 U.S. \_\_\_\_, 141 S. Ct. 2236, 2236-2237 (2021) (denying cert. for state-legal Colorado medical marijuana dispensary regarding I.R.S. investigation on 26 U.S.C. §280E compliance and referencing the Federal “Government’s recent laissez-faire policies”; emphasis added). By reversing *JJ206*, this Court can at least partially rescue the USPTO from the unstable thicket the Supreme Court has explicitly recognized and found problematic.

One “trap[] for the unwary” that threatens the USPTO is the deluge of cannabis-related trademark applications that will inundate and overwhelm its

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<sup>8</sup> See Section IV.D.1IV.D.1, *infra*.

website on the date marijuana becomes federally legal—that is, unless *JJ206* is overruled. Currently, *JJ206* precludes marijuana companies from obtaining ITU application allowances even if they can objectively substantiate their bona fide anticipation of federal marijuana legalization and bona fide intent to exploit such future legal market. Notwithstanding current federal prohibition, this is a multi-billion dollar industry experiencing exponential growth—with many market participants already having established valuable, distinctive brands through extensive (albeit federally-illegal, but state-legal) commercial use of their marks. *See., e.g.*, Appx141-143. Further, sophisticated marijuana businesses are wary of the current jurisprudence that threatens to ostensibly eliminate any common law or state law trademark rights they might have earned over the years. *E.g., Kiva Health Brands LLC v. Kiva Brands Inc.*, 439 F. Supp. 3d 1185, 1194-1199 (N.D. Cal. 2020) (rejecting, on summary judgment, the would-be senior user’s affirmative defense of “prior use” because defendant used the mark for federally-illegal marijuana products and the Lanham Act trumps state-level trademark rights); *id.* at 1196 (relying on *JJ206*), 1198 (same).

In view of the above, it can be expected that both established and emerging marijuana companies will seek to maximize federal trademark protections as soon as the USPTO permits it. If *JJ206* stands, the time the USPTO will permit it is plain—the moment that marijuana is federally legalized. At the stroke of midnight

on legalization day, trademark counsel for virtually all sophisticated marijuana companies will take part in the *midnight stampede*: A substantial swath of the trademark bar will simultaneously attempt to (i) obtain federal trademark protection for their clients’ established cannabis-related branding, (ii) obtain federal trademark protection for new marks their clients intend to use in cannabis commerce, and/or (iii) obtain federal trademark protection for coveted cannabis-related branding established by their clients’ competitors—*i.e.*, federal trademark rights that remain available because the competitors’ established marks could not be provisionally secured due to *JJ206*.

This surge of Internet traffic embodying this *midnight stampede* is likely to crash the USPTO website—or at least substantially slow it and temporarily limit access to would-be applicants. In turn, many arbitrarily selected would-be ITU filers are likely to be delayed in completing their filings—leading to a morass of priority issues among cannabis business applicants. The *midnight stampede* that *JJ206*’s “[in]flexibility” would likely provoke is anathema to “the proper operation of the trademark registration system” that Congress specifically intended when it declined to promulgate a narrow definition of “bona fide.” *Berger*, 787 F.3d at 1376; *see also Chevron*, 467 U.S. at 842-43 (“the agency[] must give effect to the unambiguously expressed intent of Congress”).

*b. JJ206 is at Odds with Widely Applicable USPTO Policy for Examining ITU Applications*

In the context of not-yet-legal commerce, an ITU applicant's bona fide intention to engage in legal commerce with a mark can be logically split into two components: (A) a sincere intent to actually use the mark in commerce (legal or not), and (B) a sincere belief that such commercial use will be legal during applicant's window to demonstrate such commercial use. The *per se* rule of *JJ206* presumes—as a matter of law—that component (B) is entirely impossible. This is untenable as a matter of logic and policy.

In *ex parte* proceedings, like the one at bar, the USPTO's express policy is to refrain from even inquiring about an applicant's sworn statement of sincere intent unless there is "clear evidence" that such forward-looking intent to does not exist. Specifically, the TMEP provides:

**The USPTO will *not* evaluate the good faith of an applicant in the ex parte examination of applications.** Generally, the applicant's sworn statement of a bona fide intention to use the mark in commerce will be sufficient evidence of good faith in the ex parte context. Consideration of issues related to good faith may arise in an inter partes proceeding, but **the USPTO will not make an inquiry in an ex parte proceeding unless evidence of record clearly indicates that the applicant does not have a bona fide intention to use the mark in commerce.**

TMEP §1101 (citing *M.Z. Berger*; bold and underline emphasis added). *JJ206* undermines this clear, delineated policy that spares its examining attorneys the unenviable task of judging whether ITU applicants have sincere intent or are lying

about it—including the often integral task of expertly interpreting unfamiliar regulations from a wide range of federal agencies to assess legality of commerce at the time of ITU application filing.

Moreover, any honest review of *JJ206* begs the question: *At what point might the sincerity of an ITU applicant's (B) anticipation of pending legality be plain enough that the per se rule becomes an unequivocal absurdity?*

Any theoretical justification for the *per se* rule evaporates when considering hypotheticals that the USPTO's *independently-operating* examining attorneys might be faced with. *See, e.g.*, TMEP §1216.01. Sticking to the “FOR JOY” fact pattern at hand, there are at least three ways in which Appellant's CBD-infused product might become fully legal: (i) Appellant could receive FDA approval under the current regulations; (ii) the FDA could establish a new regulatory pathway for Appellant's CBD-containing foods and beverages; or (iii) the pertinent statute—the FDCA—may be amended. Under each of these hypotheticals, the legal fiction and illogical nature of *JJ206* is rendered inescapable.

Regarding (i), an ITU applicant could sincerely believe that its anticipated commercial use would become legal if, for example, (a) the applicant planned to file for FDA approval under existing regulations, *see* Section IV.C below; (b) the



applicant actually filed for FDA approval<sup>9</sup>—which the Examining Attorney suggested might be sufficient<sup>10</sup>; or (c) the applicant received a promising formal response from the FDA, but final FDA approval had not yet been obtained. Yet, under *JJ206*, the ITU applicant would be precluded—as a matter of law—from having such bona fide anticipation of the legal status change in each of these circumstances. *JJ206*, 120 U.S.P.Q.2d 1568, 2016 WL 7010624 at \*2 (“if the goods on which a mark is intended to be used are unlawful, there can be no bona fide intent to use the mark in lawful commerce.”); Appx8 (“The reliance in Applicant’s last argument on a ‘reasonable amount of time’ is inapposite.”); Appx201 (“applicant’s bona fide intent to use the mark in commerce must be lawful at the time of filing”; emphasis added).

Regarding (ii) amendments to FDA regulations, an ITU applicant could

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<sup>9</sup> In a recent non-precedential decision, the Board appears to be moving the goalposts, indicating that the actual submission of an FDA application would render use in commerce at the time of filing an application to be legal. *Compare In re AgrotecHemp Corp.*, Ser. No. 88979905, at p. 4, available at <https://ttabvue.uspto.gov/ttabvue/v?pno=88979905&pty=EXA&eno=11> (TTAB Feb 10, 2022) (“Because Applicant has not made of record an NDA or ANDA for its goods, it was unlawful for Applicant to introduce such goods into interstate commerce as of the application filing date, and remains so.”) *with* Appx21 (“An unapproved new drug cannot be distributed or sold in interstate commerce unless it is the subject of an **FDA-approved** new drug application (NDA) or abbreviated new drug application (ANDA).”; emphasis added).

<sup>10</sup> Appx200 (“Applicant has not argued or demonstrated that it is seeking or has sought FDA approval for the sale of its CBD-based beverages.”).

sincerely believe that its anticipated commercial use would become legal if, for example, (a) the FDA publicly indicated its commitment to exploring such regulatory pathways—*which happened here*, (Appx91, Appx93, Appx96); (b) the FDA submitted a proposed rule for public comment; (c) a hearing was held on the proposed rule; (d) the final rule was approved and published in the Federal Register, but would not become effective until a specified future date; or (e) the new regulations became effective but the applicant had not fully followed them yet<sup>11</sup>. Here, again, for each of these circumstances, *JJ206*'s *per se* rule would preclude the applicant would be precluded as a matter of law from having bona fide intent in each of these circumstances.

Regarding (iii) amendments to statute, an ITU applicant could have a good faith belief that its anticipated commercial use would become legal if, for example, (a) the President and Congressional leaders publicly pledged their commitment to passing particular legislation; (b) Congress passed a bill and the President indicated support; (c) Congress passed a bill by veto-proof majorities in both houses; or (d) the President already signed the legislation into law, but the law would not become effective until a specified future date. Yet, once again, under *JJ206*, the applicant's ITU application would be precluded as a matter of law in each of these

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<sup>11</sup> This is akin to an ITU application for a pharmaceutical for which FDA approval has been applied for, but not yet granted. *See* Section IV.C, below.

circumstances without regard to whether *actual* bona fide intent can be objectively demonstrated.

By rejecting the *per se* rule of *JJ206* and adhering to the controlling precedent of *M.Z. Berger*, this Court can render these hypotheticals academic. Consistent with *M.Z. Berger*, an ITU applicant should be deemed to have the requisite bona fide intent if it can—like Appellant here—objectively demonstrate (A) its bona fide intent to actually use the mark in commerce, and (B) its bona fide belief that such commerce will become legal within applicant’s window to file a Statement of Use. Additionally, consistent with its longstanding policy, the USPTO should presume that *ex parte* ITU trademark applicants—in commercial endeavors where the legal status is in flux—possess good faith intent unless evidence beyond the current legal status of the intended commerce “clearly indicates that the applicant does not have a bona fide intention to use the mark in commerce.” TMEP §1101 (emphasis added).

*c. Because ITU Applications with issued Notices of Allowance Automatically Expire on a Date Certain Absent an Affirmative Demonstration of Legal Commercial Use, Overturning JJ206 Will Have No Ill Effects*

No cognizable harm to the trademark system or otherwise could plausibly result from rejecting the fallacious *per se* rule that bona fide intent for future legal use in commerce is an “impossibility” if the anticipated use is not legal at the moment the ITU application is filed. To wit, because an ITU applicant intending to legally sell currently-illegal goods in the future gains nothing if her anticipated legal

change is not ultimately realized, no rational ITU applicant would ever file an ITU for a product which cannot be legally sold at the time of filing absent (B) a bona fide belief that the law will change in the near future.

Under current USPTO regulations, the owner of an allowed, published ITU is given a maximum three years from the date of the Notice of Allowance to demonstrate legal commercial use of the mark.<sup>12</sup> When this time period for filing a Statement of Use expires, the ITU application is deemed abandoned—and the entire effort is forfeited. 37 C.F.R. §2.88(k). Thus, if an ITU applicant's sincerely anticipated legal status shift does timely not come to fruition, no trademark registration will issue, the applicant will have gained nothing, and the failed application will not have constrained commerce (let alone legal commerce) in any respect. In other words, ITU applicants whose bona fide anticipation of impending legality turns out to be wrong will suffer the exact same fate as their fellow ITU applicants who find themselves unable to enter the legal commercial marketplace for any other reason—material sourcing problems, manufacturing difficulties, distribution issues, labor shortages, an inability to raise capital, abandonment of the entrepreneurial enterprise, or virtually anything else.

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<sup>12</sup> An ITU applicant is given six months to show legal commercial use, but may file up to five Extensions of Time—each extending the deadline for six months, each requiring payment of a fee, and each requiring re-assertion of bona fide intent. 37 C.F.R. §2.88(a); 37 C.F.R. §2.89.

Conversely, if an applicant’s anticipation of the impending legal shift is ultimately correct and the applicant is able to “eventually use the mark in a real and legitimate commercial sense” before applicant’s window to submit a Statement of Use closes, applicant’s initial bona fide intent to use the mark in legal commerce will have been fully vindicated. *M.Z. Berger*, 787 F.3d at 1374 (quoting H.R.Rep. No. 100–1028, at 8–9; emphasis added), 1376 (same). Under such circumstances, the USPTO should duly register the mark after the applicant timely submits an acceptable Statement of [legal] Use in commerce.

In sum, a rejection of *JJ206* will not harm the Federal Trademark system, improperly constrain commerce, or inure any other ill effects. This argument, too, was wholly ignored by the Board when it declined to meaningfully reconsider the *per se* rule of *JJ206*. Compare Appx86 and Appx184-185 with Appx1-9.

**C. The USPTO Disparately Applies the *Per Se* Rule of *JJ206* and the Board Entirely Failed to Address this Argument**

The USPTO gives pharmaceutical industry applicants free reign to file ITU applications for pharmaceuticals whose sale would be “unlawful at the time of the application” under the FDCA. Appx6. Yet, this is exactly what the USPTO has denied Appellant by harshly enforcing *JJ206*’s *per se* rule against it. This “violates the principle of treating similarly situated parties the same.” *Harper v. Virginia Dept. of Taxation*, 509 U.S. 86, 95 (1993) (internal citations and punctuation omitted). Indeed, “[g]overnment is at its most arbitrary when it treats similarly situated people

differently.” *Etelson v. Office of Pers. Mgmt.*, 684 F.2d 918, 926 (D.C. Cir. 1982).<sup>13</sup>

More specifically, as Appellant explained, below:

Names for such pharmaceuticals are often reserved years in advance, often times before any FDA approval process has even begun. ... It would be per se illegal for a drug manufacturer to sell its products in interstate commerce prior to obtaining FDA approval—which is ostensibly never already granted at the time of ITU filing and might never be granted at all.

Appx183-184; *see* Appx210-211. This factual allegation is undisputed in the record.

Appx1-9 (ignoring the factual allegation entirely); *see also* Appx200 (Examining Attorney reciting the factual allegation without disputing it).<sup>14</sup>

As explicitly argued to the Board below, the “USPTO unambiguously allows

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<sup>13</sup> *Cf. Cathedral Candle v. U.S. Intern Trade Com'n*, 400 F.3d 1352, 1366 (Fed. Cir. 2005) (“[W]e believe the Supreme Court intends for us to defer to an agency interpretation of the statute that it administers if the agency has conducted a careful analysis of the statutory issue, if the agency's position has been consistent and reflects agency-wide policy, and if the agency's position constitutes a reasonable conclusion as to the proper construction of the statute...”).

<sup>14</sup> As an example, the Court may take judicial notice of the Pfizer Inc.’s ITU trademark applications for the “DEVRAIZ” mark: A first ITU application for this mark (Ser. No. 86311615) was filed on June 17, 2014, was issued a Notice of Allowance on December 16, 2014, and was abandoned for not filing a Statement of Use within the statutory timeframe on January 22, 2018. *See* <https://tsdr.uspto.gov/documentviewer?caseId=sn86311615&docId=NOA2018012223656#docIndex=1&page=1>. A second ITU application for the *exact same mark* (Ser No. 90398297) was subsequently filed on December 21, 2020 and was also issued a Notice of Allowance on September 14, 2021. *See* <https://tsdr.uspto.gov/documentviewer?caseId=sn90398297&docId=ALW20210914013109#docIndex=1&page=1>.

ITUs for pharmaceuticals to be allowed notwithstanding their immediate and current illegality—which an applicant anticipates may change with appropriate FDA approval.” Appx184. Accordingly, Appellant is similarly situated to pharmaceutical industry ITU applicants: Both *actually* anticipate legally using their mark in future commerce—such commerce that, if engaged in at the time of ITU application filing, would be unlawful under the FDCA.

Ultimately, the FDA’s own public comments preclude any argument that the USPTO should somehow treat CBD-related products differently because they contain cannabis-derived compounds:

[W]e treat products containing cannabis or cannabis-derived compounds as we do any other FDA-regulated products — meaning they’re subject to **the same authorities and requirements** as FDA regulated products containing any other substance....

While products containing cannabis and cannabis-derived compounds remain subject to the FDA’s authorities and requirements, **there are pathways available for those who seek to lawfully introduce these products into interstate commerce.**

Appx91 (emphasis added); *see also* Appx184. For example, like pharmaceutical industry ITU applicants, Appellant could—pursuant to current FDA regulations—apply for FDA approval of its CBD-infused product as a pharmaceutical (*i.e.*, CBD) prepared in an oral delivery solution (*i.e.*, tea) to treat a disease condition (*e.g.*, epilepsy—an indication already approved for CBD-based Epidiolex®, Appx194).

“The arbitrary-and-capricious standard requires an agency to ‘provide an adequate explanation to justify treating similarly situated parties differently.’” *Direct Communications*, 753 F.3d at 1142 (10th Cir. 2014) (quoting *Comcast Corp.*, 526 F.3d at 769). In other words, “an agency must treat similar cases in a similar manner unless it can provide a legitimate reason for failing to do so.” *Independent Petroleum Association of America v. Babbitt*, 92 F.3d 1248, 1258 (D.C. Cir. 1996) (emphasis added).<sup>15</sup>

Yet the Board, despite the issue being squarely before it, provided no such “adequate explanation” or “legitimate reason.” Nor did the Board deny that it was treating similarly-situated ITU trademark applicants differently. When it comes to Appellant’s disparate treatment by the USPTO, the Board’s silence speaks volumes. *E.g.*, Appx4-5 (incorrectly stating “Applicant makes three broad arguments” and ignoring disparate treatment); *see generally* Appx1-9. “The problem here is not that the Board’s reasoning is illogical or irrational; the problem is that there is no reasoning at all.” *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293, 1303 (Fed. Cir. 2016) (Reyna, J. concurring).

This failure to address the argument presented and provide an “adequate

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<sup>15</sup> *See also F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012) (explaining the reasoning behind the “the void for vagueness doctrine”: “precision and guidance are necessary so that those enforcing the law do not act in an arbitrary or discriminatory way. ”); *accord. In re Sang-Su Lee*, 277 F.3d 1338, 1345 (Fed. Cir. 2002).



explanation” or a “legitimate reason,” alone, is arbitrary and capricious. It precludes affirmance.

**D. APPLICANT’S BONA FIDE INTENT IS OBJECTIVELY ESTABLISHED AND UNDISPUTED**

Absent “clear evidence” that an applicant does not possess sincere intent, USPTO policy is that “good faith” should not be evaluated. TMEP §1101. Accordingly, if the Court fully rejects *JJ206* as argued above, it need not wade through the undisputed, objective evidence addressed in this Section. Nonetheless, even assuming, *arguendo*, this Court considers the current legal status of proposed commerce as relevant to the “objective inquiry based on the totality of the circumstances,” the undisputed, objective evidence<sup>16</sup> in the *ex parte* record compellingly supports Appellants’ bona fide (and reasonable) intent to use the “FOR JOY” mark in legal commerce in the future. *M.Z. Berger*, 787 F.3d at 1375. In other words, Appellant is a “person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in [legal] commerce.” 15 U.S.C. 1051(b).

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<sup>16</sup> See *RXD Media, LLC v. IP Application Dev.*, 377 F. Supp. 3d 588, 594 (E.D. Va. 2019) (“Evidence ‘is ‘objective’ in the sense that it is evidence in the form of real life facts and by the actions of the applicant, not by the applicant's testimony as to its subjective state of mind.’ *Research in Motion Ltd. v. Corp.*, 92 U.S.P.Q.2d 1926, 2009 WL 4694941, at \*6 (T.T.A.B. 2009).”)

**1. All Objective Evidence of Record is Undisputed and Supports that Appellant Has a Bona Fide Intent to Use the Mark “FOR JOY” in Legal Commerce**

The record objectively demonstrates Appellant’s bona fide intent because it establishes that Appellant has (A) bona fide intent to actually use “FOR JOY” in future commerce, and (B) an objectively reasonable, bona fide belief that such commercial use will become fully legal within Appellant’s timeframe to file a Statement of Use.

It does not appear that there is any dispute that (A) Appellant actually intended to use the mark “FOR JOY” in commerce—i.e., when “commerce” is not limited to legal commerce. Nonetheless, undisputed objective evidence of record supports Appellant’s bona fide intent here, including its public-facing website and investor pitch deck. *E.g.*, Appx67-70, Appx121-123.<sup>17</sup>

The Board has, in effect, ruled that Appellant lacks (B) a bona fide belief that such intended commercial use will become fully legal before Appellant’s final deadline to file a Statement of Use. But this conclusion was premised exclusively on the *per se* rule of *JJ206*—and made absent any consideration of the objective evidence of record. *See generally* Appx1-9. *Cf. Berger*, 787 F.3d at 1376 (“[W]e

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<sup>17</sup> *M.Z. Berger*, 787 F.3d at 1376 n.5 (“The PTO has promulgated a rule specifying that an applicant's ongoing efforts to make use of a mark ‘may include ... product ... development, ... promotional activities, ... or other similar activities.’ 37 C.F.R. § 2.89(d).”)

hold that whether an applicant had a ‘bona fide intent’ to use the mark in commerce at the time of the application requires objective evidence of intent.”).

The objective evidence of record is undisputed and supports Appellant’s belief that it “would be permitted to legally sell CBD-infused teas per the recitations in [its] trademark application” “prior to the expiration of the period of time during which Joy Tea would be permitted to allege and demonstrate legal use in commerce” was sincere, bona fide, and in good faith—as well as objectively reasonable. Appx118-119 at ¶4 (explaining Appellant’s bona fide intent in detail); *see also* Appx16 (initial sworn statement of bona fide intent).

First, prior to filing the instant Application, the Appellant had demonstrated its bona fide intent to use the mark in future legal commerce and its related bona fide anticipation of legal status in an investor presentation. Appx119 at ¶5; Appx122. To wit, Appellant—an emerging start-up company—pitched to prospective investors that the anticipated shift in legal status gave it a competitive advantage as more established firms hesitate to operate in the “legal gray space ... before full legalization.” *Id.*

Second, Appellant’s behavior in filing its ITU application objectively supports its bona fide intent because Appellant would not have rationally filed the ITU application if it did not believe that it could timely file a Statement of [legal] Use. *RXD Media*, 377 F. Supp. 3d at 594; *see also* Section IV.B.3.c, above. As a

matter of logic, if Appellant did not have a bona fide belief that legal use in commerce would be possible within the relevant time frame, Appellant would have had no reason to file the application.

Third, shortly before the instant application was filed, the FDA expressly stated that “there are pathways available for those who seek to lawfully introduce” [products containing cannabis-derived compounds] into interstate commerce.” Appx91. Under such FDA regulatory pathways, CBD-containing products are just as legal as unapproved pharmaceuticals. *See* Section IV.C, above.

Fourth, shortly before the instant application was filed, the FDA expressly stated that regulatory changes to specifically approve sales of CBD-containing food products are authorized by statute and actively being considered:

Although such products are generally prohibited to be introduced in interstate commerce, the FDA has authority to issue a regulation allowing the use of a pharmaceutical ingredient in a food or dietary supplement. We are taking new steps to evaluate whether we should pursue such a process.

Appx93 (emphasis added).

Fifth, Federal law, regulations, and rules regarding marijuana, hemp, CBD, other cannabis-derivatives, and other related products and services are rapidly evolving—and in the liberalizing direction Appellant reasonably anticipates. This is evidenced by, for example, the “2018 Farm Bill, which was signed into law on December 20, 2018,” and which changed the law such “that cannabis plants and

derivatives such as CBD that contain no more than 0.3% THC on a dry-weight basis are no longer controlled substances under the CSA.” *[USPTO Trademark] Examination Guide 1-19 Examination of Marks for Cannabis and Cannabis-Related Goods and Services after Enactment of the 2018 Farm Bill*, at p.1 (May 2, 2019)<sup>18</sup>, see also Appx7 (citing same). The FDA is actively considering promulgating CBD-related regulations in response. Appx93.

Sixth, market movement in cannabis-related stocks evinces that— notwithstanding the current federal law—many people anticipate changes in federal law toward marijuana legalization in the immediate future and have been willing to invest in this belief. This was true prior to Appellant’s filing. See Appx128-131 (“This is a pure-play ETF for legal cannabis”); Appx135-138. Additionally, large companies had invested billions of dollars in acquiring stakes in cannabis companies by that time. Appx141-143. As another example, when the Democratic party took control of the Senate in early 2021, the market’s anticipation of impending cannabis legalization further increased. *E.g.*, Appx147-148.

And seventh, US public opinion in favor of legalizing cannabis has been rapidly increasing, and reached 67% support in a poll taken in September 2019, the month prior to the filing of the instant application. Appx161-164. Popular support typically portends a change in policy and law.

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<sup>18</sup> [www.uspto.gov/sites/default/files/documents/Exam%20Guide%201-19.pdf](http://www.uspto.gov/sites/default/files/documents/Exam%20Guide%201-19.pdf).

**All of this record evidence stands undisputed.** Thus, ““based on an objective view of the circumstances, [Appellant has] a good faith intention to eventually use the mark in a real[, legal,] and legitimate commercial sense.”” *Berger*, 787 F.3d at 1374 (quoting H.R.Rep. No. 100–1028, at 8–9; emphasis added), 1376.

## **2. The Record Contains No Evidence that Appellant Lacked Bona Fide Intent**

No evidence of record—let alone substantial evidence—suggests that Appellant filed its ITU application “merely to reserve a right in [the] mark.”<sup>15</sup> U.S.C. § 1127. *Contra* Appx9; *cf. Berger*, 787 F.3d at 1377–78 (relying on testimony from applicant indicative of a mere reservation and a dearth of objective evidentiary support of bona fide intent). And, no evidence of record even suggests that Appellant might have lacked bona fide intent to use its “FOR JOY” mark in future legal commerce or lacked a bona fide believe that the intended commerce would become legal. Indeed, the Board specifically declined to make any such factual finding: Other than relying on the erroneous *per se* rule of *JJ206*, the Board did nothing more that falsely characterize Appellant’s objectively reasonable and demonstrated anticipation of meaningful legal status change as mere subjective wishful thinking without any analysis of the record evidence. *Compare* Appx3 (“may, perhaps, become lawful in the future”) *with Berger*, 787 F.3d at 1374 (quoting H.R.Rep No. 100-1028 at 8-9, ““good faith intention to eventually use the mark””).

Thus, as a factual matter, Appellant’s bona fide intent is undisputed. Because

no substantial evidence supports the Board’s findings, this Court should reverse without remanding the matter. *See Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1366-67 (Fed. Cir. 2016).

**V. CONCLUSION AND STATEMENT OF RELIEF SOUGHT**

For the above-mentioned reasons, Appellant respectfully requests from this Court reverse the judgment of the Board and instruct the USPTO to approve Appellant’s “FOR JOY” ITU trademark application for publication on the Principal Register.

Dated: February 18, 2022

Respectfully submitted,

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**ADDENDUM**

Opinion and Order by the TTAB (Appx1-9)



THIS OPINION IS NOT A  
PRECEDENT OF THE TTAB

Hearing: July 20, 2021

Mailed: September 1, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

*In re Joy Tea Inc.*

Serial No. 88640009

Laurence M. Sandell and Robert Kimmer of Mei & Mark LLP,  
for Joy Tea Inc.

Tasneem Hussain, Trademark Examining Attorney, Law Office 118,  
Michael W. Baird, Managing Attorney.

Before Kuhlke, Coggins, and Dunn,  
Administrative Trademark Judges.

Opinion by Coggins, Administrative Trademark Judge:

Joy Tea Inc. A

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FOR JOY (in standard characters) for

Tea; Tea extracts; Tea-based beverages; Tea-based beverages also containing CBD; Tea-based iced beverages; Tea-based milk tea; Barley tea; Beverages made of tea; Beverages with a tea base; Black tea; Buckwheat tea; Chai tea; Chamomile tea; Chamomile-based beverages; Citron tea; Coffee and tea; Earl Grey tea; Fermented tea; Fruit teas; Ginger tea; Ginseng tea; Green tea; Herb tea; Herbal tea; Herbal food beverages; Iced tea; Instant tea; Jasmine tea; Kombucha tea; Lime tea; Lime blossom tea; Mixes for making tea; Mixes in the nature of concentrates, syrups or

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powders used in the preparation of tea based beverages; Oolong tea; Peppermint tea; Red ginseng tea; Roasted brown rice tea; Rooibos tea; Rose hip tea; Rosemary tea; Sparkling tea; Syrups for making tea; Tieguanyin tea; White tea; White lotus tea (Baengnyeuncha); all of the foregoing being legal under both state and federal laws and containing ingredients solely derived from hemp with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis in International Class 30.<sup>1</sup>

The Trademark Examining Attorney refused registration under Sections 1 and 45 of the Trademark Act, 15 U.S.C. §§ 1051 and 1127, on the ground that Applicant does not have a bona fide intent to use the mark in lawful commerce because the goods are not in compliance with several sections of the Federal Food, Drug, and Cosmetic Act including 21 U.S.C. §§ 321(ff) and 331(ll), as well as whether the goods contain or may contain cannabidiol (CBD).

When the refusal was made final, Applicant requested reconsideration. The Examining Attorney denied the request for reconsideration, and Applicant appealed to this Board. The appeal proceeded with briefing and an oral hearing. We affirm the refusal to register.

Hemp is a component of the cannabis plant that is regulated under the FDCA as a drug. July 22, 2020 Office Action at 5-31 (material from the U.S. Food and Drug Administration

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<sup>1</sup> Application Serial No. 88640009 was filed on October 2, 2019, under Section 1(b) of the Trademark Act, 15 U.S.C. § 1051(b), based upon Applicant's bona fide intention to use the mark in commerce.

Citations to the briefs in the appeal record refer to the TTABVue docket system. Citations to the prosecution file refer to the .pdf version of the TSDR system record. *In re Consumer Protection Firm PLLC*, 2021 USPQ2d 238, \*3 n.3 (TTAB 2021).

Trademark Act Section 1(b), 15 U.S.C. §1051(b), states that “[u]nder the bona fide intention, under circumstances showing the good faith of such person, to use the mark in commerce.” The issue in this appeal is narrow and simple: whether an applicant for a federal trademark registration can have a bona fide intent to use its mark in commerce on goods that are currently prohibited under federal law but that may, perhaps, become lawful in the future. Or, as Applicant phrases the issue, “whether an applicant for a federal trademark registration can have a bona fide intent to use its mark in commerce on goods that are currently prohibited under federal law but that may, perhaps, become lawful in the future.”

Applicant argues that the Board’s decision is “arbitrary and capricious” because it is based on a “belief—especially an objectively reasonable belief—that its intended future commerce will be legal.” Applicant also argues that the Board’s decision is “arbitrary and capricious” because it is based on a “belief—especially an objectively reasonable belief—that its intended future commerce will be legal.”

The Board has previously addressed this issue, if not the specific arguments that Applicant now makes.

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In *In re JJ206, LLC*, 120 USPQ2d 1568 (TTAB 2016), a case involving the refusal under Trademark Act Sections 1 and 45 of an intent-to-use application which identified cannabis-related goods illegal under the federal Controlled Substances Act (CSA), the Board noted that to qualify for a federal trademark registration, it has been consistently held that the use of a mark in commerce must be lawful, and that any goods for which the mark is used must not be illegal under federal law. *See JJ206*, 120 USPQ2d at 1569 (citing *In re Brown*, 119 USPQ2d 1350, 1351 (TTAB 2016), and *Gray v. Daffy Dan & Bargaintown*, 823 F.2d 522, 3 USPQ2d 1306, 1308 (Fed. Cir. 1987)). The Board has consistently followed that if the goods on which a mark is intended to be used are unlawful, there can be no bona fide intent to use the mark in lawful commerce. *See JJ206*, 120 USPQ2d at 1569 (citing *John W. Carson Found. v. Toilets.com, Inc.*, 94 USPQ2d 1942, 1947-48 (TTAB 2010)). In *UZZI fab [the] h[igh]ly f[unctional] U[se] g[oods] i[n] b[ox] Y[ou] f[or] G[Y] Wh[ite] c[on]t[ain]e[r] U b X [the] Applicant's identified goods constitute illegal drug [i.e., cannabis-related] paraphernalia under the CSA, Applicant's use and intended use of the applied-for marks on these goods is unlawful, and cannot serve as the basis for federal registration.* *JJ206*, 120 USPQ2d at 1572.

As the Board has consistently followed that if the goods on which a mark is intended to be used are unlawful, there can be no bona fide intent to use the mark in lawful commerce. In support of its position, Applicant makes three broad arguments: first, the UZZI brand is a well-known trademark; second, the UZZI brand is a well-known trademark; and third, the UZZI brand is a well-known trademark. In support of its position, Applicant makes three broad arguments: first, the UZZI brand is a well-known trademark; second, the UZZI brand is a well-known trademark; and third, the UZZI brand is a well-known trademark.

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intent in *ex parte* *bona fide* intent for future legal use  
in commerce cannot exist where current use is not legal i

with the recited goods in *future*

See 4 TTABVue 3, 5, 9, 10.

Applicant posits an inherent conflict between TRADEMARK  
MANUAL OF EXAMINING PROCEDURE (TMPE) Sections 907 and 1101. 4 TTABVue 4.  
Specifically, Applicant points to TMPE § 1101 which states, in part, that the Office  
*not* evaluate the good faith of an applicant in the *ex parte* examination of  
§ 907 provides, in part, that for an intent-to-use application  
based on Trademark Act Section 1(b) . . . , if the record indicates that the mark or  
the identified goods or services are unlawful, actual lawful use in commerce is not  
possible. Thus, a refusal under Trademark Act Sections 1 and 45 is . . . appropriate  
for th[is] non-use-based application[], because the applicant does not have a *bona fide*  
intent to lawfully use the mark in commerce Section 907 provides examples of such  
situations, including when identified goods involve the sale or transportation of a  
controlled substance in violation of federal law.

We see no conflict in the practice applicable to examination of intent-to-use  
applications. Applicant ignores further guidance in § 1101 which explains that while  
[generally] will be sufficient evidence of good faith in the *ex parte* context

make an inquiry in an *ex parte* proceeding [if] evidence of record

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clearly indicates that the applicant does not have a bona fide intention to use the mark in commerce. In the present situation, where some of S y goods are prohibited under federal law, the record clearly indicates that it is not possible for S y w ' ' w —' w ' — ' ' —' —' w z —' ' ' ' —y ' ' y —y ' —' x w ' ' z —' z w ' y See *M.Z. Berger & Co. v. Swatch AG*, 787 F.3d 1368, 114 USPQ2d 1892, 1898 (Fed. Cir. 2015) (quoting 15 U.S.C. § 1127). It has been the consistent position of the Board and the USPTO that a *bona fide* use of a mark in commerce means a lawful use in commerce. *John W. Carson Found. v. Toilets.com, Inc.*, 94 USPQ2d at 1948 (citing *In re Midwest Tennis & Track Co.*, 29 USPQ2d 1386, 1386 fn. 2 (TTAB 1993), and *Clorox Co. v. Armour-Dial, Inc.*, 214 USPQ 850, 851 (TTAB 1982)).

In *M.Z. Berger*, the court held that at the time of the application the circumstances must indicate that the applicant's intent to use the mark was firm and not merely intent to reserve a right in the mark. 114 USPQ2d at 1898. It is therefore not possible to have a bona fide intent to use a mark on goods which are unlawful at the time of the application. If it were otherwise, S y w intent to use a —z ' mark on the currently unlawful goods would result in the mere reservation of a right in the mark until such time, if ever, at which the currently unlawful goods become lawful. To be clear, bona fide intent to use a mark on goods also requires lawful use something currently unavailable for some of Ap y w ' z —' —z '.

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This is consistent with guidance given by the Trademark Examination Operation (TMEO) after enactment of the Agriculture Improvement Act of 2018, Pub. L. 115-334 (the 2018 Farm Bill), which amended the Agricultural Marketing Act of 1946 to change, inter alia, certain federal authorities relating to the production and sale of hemp. For applications filed before the effective date of the 2018 Farm Bill that identified cannabis-related goods, the TMEO allowed applicants to amend their filing basis and filing dates to the effective date of the 2018 Farm Bill as provided in *Examination Guide 1-19 Examination of Marks for Cannabis and Cannabis-Related Goods and Services after Enactment of the 2018 Farm Bill* (May 2, 2019), see [www.uspto.gov/sites/default/files/documents/Exam%20Guide%201-19.pdf](http://www.uspto.gov/sites/default/files/documents/Exam%20Guide%201-19.pdf), to overcome non-compliance with the CSA as a ground for refusal if the goods were derived from hemp. In articulating the guidance, the TMEO stated that "[a]pplications did not have a valid basis to support registration at the time of filing [under the CSA] if the goods were derived from hemp." *Examination Guide 1-19* at ¶ 2. It also stated that "[a]pplications for goods derived from hemp that were filed before the effective date of the 2018 Farm Bill will be refused as unlawful under the FDCA, and CBD is an active ingredient in FDA-approved drugs and is a substance undergoing clinical investigations . . . registration of marks for foods [and] beverages . . . containing CBD will still be refused as unlawful under the FDCA, even if derived from hemp, as such goods may not be introduced lawfully into interstate commerce." *Id.* at ¶ 7.

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Here, the involved application was filed under Trademark Act Section 1(b) based on Applicant's stated bona fide intent to use the mark FOR JOY in commerce in connection with food to which CBD has been added. Because such goods are illegal

in commerce. Therefore, it is a legal impossibility for [A]pplicant to have a *bona fide*

*John W. Carson Found. v. Toilets.com, Inc.*, 94

USPQ2d at 1948.

-based

products in commerce in the future because it reasonably anticipates that the legal

The

reliance

We must determine the eligibility of [CBD]-related marks for federal registration by reference to the [FDCA] as it is written, not as it might be enforced [or amended] at any point in time by any particular [FDA Commissioner]. The [FDCA] in its current form makes Applicant's intended uses of its mark[] unlawful, and its mark[ is] thus ineligible for federal registration. *PharmaCann*, 123 USPQ2d 1122, 1128 (TTAB 2017). *See also M.Z. Berger & Co. v. Swatch AG*, 114 USPQ2d at 1898

the applicant's intent must be demonstrable and more than a mere subjective

Until such a change is made, Applicant cannot have a bona fide intent to use the mark in commerce.



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As mentioned above, it has been consistently held that the use of a mark in commerce must be lawful, and that any goods for which the mark is used must not be illegal under federal law. *See JJ206*, 120 USPQ2d at 1569. This idea was reexamined in *PharmaCann*, where the Board provided an extensive analysis of unlawful use refusals. *See* 123 USPQ2d at 1123-1128. Based on prior decisions of this Board and multiple courts, including *M.Z. Berger* which held that an applicant's intent must reflect an intention to use the mark consistent with the [Trademark] Act's definition of use in commerce *M.Z. Berger*,

114 USPQ2d

, the holding in *JJ206* that if the goods on which a mark is intended to be used are unlawful, there can be no bona fide intent to use the mark in lawful commerce. USPQ2d at 1569. To do so would violate the longstanding prohibition against reservation of a mark. *See*

Decision: The refusal to register A FOR JOY under Sections 1 and 45 of the Trademark Act is affirmed on the ground that Applicant does not have a bona fide intent to use the mark in lawful commerce because the goods are not in compliance with the FDCA.

**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME  
LIMITATION TYPEFACE REQUIREMENTS AND TYPE STYLE  
REQUIREMENTS PURSUANT TO FED. R. APP. P. 32(A)(7)(B)**

I hereby certify that this principal brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because the brief contains 10,885 words, according to the word-count function of the word processing system used to prepare the brief (Microsoft Word 2019 (Mac)).

Dated: February 18, 2022

/s/ Laurence M. Sandell  
Laurence M. Sandell

**CERTIFICATE OF SERVICE**

I hereby certify that I electronically filed the foregoing and the addendum thereto with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit through the appellate CM/ECF system on February 18, 2022.

/s/ Laurence M. Sandell  
Laurence M. Sandell