



July 2021



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The July 2021 issue of Sterne Kessler's Markt to Market® newsletter discusses fluid trademarks and the Cannabis Administration and Opportunity Act. Plus, check out the answer key to last month's Watching the Pot™ crossword puzzle!

Sterne Kessler's [Trademark & Brand Protection practice](#) is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact [Monica Riva Talley](#) or [Tracy-Gene G. Durkin](#).

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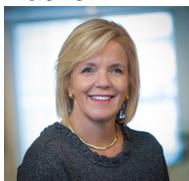
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BOMBING ATOMICALLY – FUTURA AND THE FUTURE OF FLUID TRADEMARKS

By: [Shana L. Olson](#), [Ian Soule](#), and Richa Patel

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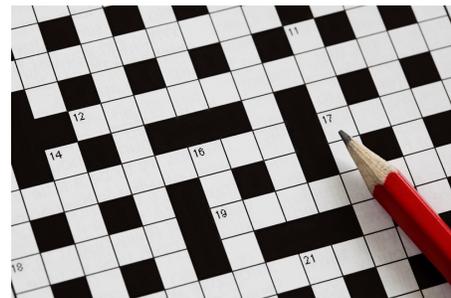
WATCHING THE POT™

Cannandrum Crossword Puzzle Answer Key

By: [Lauriel F. Dalier](#) and [Deborah Sterling, Ph.D.](#)

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This month, Google has celebrated July 4th, the start of the 2020 summer Olympics, and Ángela Peralta's 175th birthday, to name a few, through its iconic Google Doodles found atop the Google search page. Google is one of many companies that frequently makes modifications to its marketing materials while still making sure that its brand is undeniably recognizable. Similarly, vodka manufacturer Absolut sells its products in bottles with various backgrounds including city landscapes or fruit-centered designs, while retaining its distinctive bottle shape. MTV fills its block-“M” glyph with images of entertainers or other eye-catching designs while maintaining contrast within its logo with the smaller “TV” text in a solid color. Even the ubiquitous banana brand Chiquita Brands International uses various icons within its oval sticker while still maintaining its classic blue and yellow branding scheme.

By making frequent changes to create various versions of a mark, these companies are creating what has been referred to as a “fluid trademark.”¹ Official legal protection does not exist for fluid trademarks, per se, but fluid trademarks are undoubtedly part of the modern age of marketing. To adapt to the fast-paced world of technology, marketing has moved toward becoming similarly fast-paced by using frequently changing logos and branding to draw in and retain consumers. But doing so may create additional issues because a fluid trademark may not offer the same intellectual property value that a static mark provides and, if used incorrectly, fluid trademarks may harm consumer brand recognition and could even lead to the underlying mark being considered abandoned for non-use. A more insidious threat may be that third parties might “style-bite” with impunity and profit off of a fluid trademark without any legal recourse for the original creator.

Street artists have been known to use undeniably recognizable, yet fluid, designs. Berlin’s anonymous collective 1UP Crew² writes “1UP” and while the group’s designs change with each painting, the bubble-like 3-D forms and tags are readily recognizable, especially to their over 800K Instagram followers. Similarly, graffiti writers and street artists that move to the fine-art world may lean on motifs and styles that become their own. An example includes Detroit-based Jason “REVOK” Williams’s³ spirograph and instrument frame drag series.⁴ Each piece in his respective series is distinctive and recognizable as a REVOK art piece.

Recently, Futura (aka Leonard McGurr), a pioneering street artist with a fluid, yet recognizable, signature stylized atom design, filed a complaint against the outdoor apparel company The

North Face for use of an arguably similar atom design in connection with the FUTURELITE brand. Futura deploys his signature atom design in his own artwork, and has collaborated with companies such as Nike, Uniqlo,⁵ BMW,⁶ the New York Mets,⁷ Levi's, Supreme, Vans, and Hennessey.⁸ Futura even collaborated with The North Face in 2004 to create a camouflage-print jacket.⁹ In 2019, The North Face came out with a new line of clothing called "FUTURELIGHT" utilizing a logo with a stylized atom design that is arguably similar to Futura's. Futura then sued The North Face for unfair competition.¹⁰ In the lawsuit, Futura argued that his atom design is a fluid trademark, and cited secondary sources that support the concept of fluid trademarks.¹¹ The North Face responded by arguing that the design does not serve the "source identifier" purpose of a trademark because the inconsistent design is aesthetically functional, merely ornamental, and purely artwork.¹²

The complaint was dismissed without prejudice by the District Court for the Central District of California, in part based on the court's view that Futura's claims in the alleged fluid trademark does not support a claim for which relief can be granted.¹³

On June 14, Futura filed his Second Amended Complaint and on June 21, he posted on Instagram addressing his loss in court and promising to continue fighting for IP protection for artistic reinterpretation.¹⁴ Soon after, The North Face announced that it would discontinue the use of the logo out of respect to the artist.

Despite this victory in principle, reading between the lines of the district court's order, the court dismissed the secondary sources Futura cited as supporting the theory of fluid trademarks—the court was unwilling to extend the theory and create legal precedent where none exists, and noted that the sources generally characterize fluid trademarks as fluid marks that are *based on registered and valid trademarks*. In contrast, Futura's base mark of the atom is *not* registered. The court noted that legally recognizing fluid trademarks "would give new meaning to federal trademark law with far-reaching consequences."¹⁵ Perhaps most importantly, the court asserted that trademark law is not the right type of protection for Futura's atom design and style, holding that the protection Futura seeks "is not within the realm of trademark law." Artists like Futura with multiple versions of a signature design should be mindful of other avenues to protect their intellectual property in addition to traditional trademark protection. While copyright protection can provide some protection for artists in certain situations (as in the case of REVOK), like trademark law, there is no specific protection for "fluid" copyrights under the law.

For now, there are a few key takeaways for artists to keep in mind, especially those with fluid signature marks. First, consider registering a base mark, assuming that the resulting fluid marks have a central design element. Once registered, continue to use the base mark with the goods and/or services covered in the registration to prevent abandonment. For example, a base mark can be registered in Class 25 if the mark is used with clothing, or it can be registered in Class 41 for art exhibitions or for education-related services. Once the base mark has developed strength and is recognized by consumers, spin-off versions of the mark that include the base mark help reinforce the connection between the mark variations and the source. Second, while artists may not by nature be litigious, ensuring proper enforcement of the fluid mark is also key to maintaining strong trademark protection. Finally, on the front end of collaboration, additional contracting negotiations may be warranted, including establishing terms of use for parties wanting to use the mark or create other iterations of the base mark, even during initial collaboration negotiations.

A departure from the current landscape of trademark law by providing protection for fluid marks would require either legislative or judicial action, but such protection would provide meaningful protection for companies and artists using fluid marks. Providing some sort of rubric would provide for a more realistic application of trademark protection in a new fast-paced and creative marketing and artistic age. On the other hand, the future of fluid trademark theory must account for predictability in enforcement and some degree of certainty in application. While the future of fluid trademarks is indeed, *fluid*, artists have never been shy to explore uncharted waters.

[1] Perry J. Viscounty, Jennifer L. Barry & David B. Hazlehurst, Fluid Trademarks: All Fun, or Some Risk?, Intellectual Prop. Today (February 2014), www.lw.com/thoughtLeadership/fluid-trademarks-all-fun-or-some-risk.

[2] 1Up (@1up_crew_offical) , Instagram, https://www.instagram.com/1up_crew_official.

[3] Jason Revok (@_revok_) , Instagram, https://www.instagram.com/_revok_.

[4] In 2018 REVOK was ultimately successful in having fast-fashion retailer H&M in taking down an unsanctioned ad using one of his instrument frame drag graffiti pieces painted in New York in view of copyright assertions. See Sonia Rao, H&M's battle with the artist Revok shows how street art is being taken seriously (March 16, 2018),

<https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/03/16/hms-battle-with-the-artist-revok-shows-how-street-art-is-being-taken-seriously/>.

[5] *The North Face Apparel Corp., et al.*, Case No.: 2:21-cv-00269-SB at 2

[6] BMW meets FUTURA 2000: Three exclusive originals and a limited edition of the BMW M2 Competition (January 29, 2020),

<https://www.press.bmwgroup.com/canada/article/detail/T0305035EN/bmw-meets-futura-2000:-three-exclusive-originals-and-a-limited-edition-of-the-bmw-m2-competition>.

[7] Leith Estiler, Futura to Release 'Pointman' Bobblehead & Apparel with New York Mets (July 17, 2019), <https://hypebeast.com/2019/7/futura-new-york-mets-collaboration-details>

[8] Nick Schonberger, A History of Futura's Collaborations (August 14, 2012),

<https://www.complex.com/style/2012/08/a-history-of-futuras-collaborations/>.

[9] *Id.*

[10] *The North Face Apparel Corp. et al.*, Case No.: 2:21-cv-00269-SB at 3

[11] *Id.* at 4, 5.

[12] *Id.* at 4.

[13] *Leonard McGurr v. The North Face Apparel Corp., et al.*, Case No.: 2:21-cv-00269-SB at 1, 3, 6

[14] Futura (@futuradosmil), Instagram (June 21, 2021) www.instagram.com/p/CQY8uT7nqnV.

[15] *The North Face Apparel Corp. et al.*, Case No.: 2:21-cv-00269-SB at 6.

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If implemented, the Food and Drug Administration (FDA) would be recognized as the primary federal regulatory authority on the manufacturing and marketing of cannabis products, and the Alcohol and Tobacco Tax and Trade Bureau (TTB) would regulate taxation of cannabis products and trade practices of cannabis enterprises. The agencies would have dual jurisdiction regarding certain aspects of product labeling, packaging, advertising, and other consumer information.

The proposed legislation also provides for the establishment of the Center for Cannabis Products in FDA, adding a new chapter to the Federal Food, Drug, and Cosmetic Act (FFDCA) for regulating cannabis in foods, dietary supplements, drugs, and cosmetics. The Center for Cannabis Products would regulate all cannabis-ingredient products except those directed at treatment and prevention of disease in people and animals, which would be regulated by other FDA Centers and subject to FDA drug approval requirements. Under this discussion draft, cannabis ingredient foods that are not classified as drugs would be regulated as dietary supplements. And manufacturers of such products would be permitted to claim beneficial attributes of products the way that dietary supplements do currently, provided they supply reliable scientific evidence and include on the label of such products a notice indicating the FDA has not evaluated the statements.

A few other things to consider: while the legislation would end the federal prohibition on cannabis, certain federal standards would be established, including a minimum age of 21 to purchase recreational marijuana products and a maximum weight of 10 ounces per transaction. In addition, individual states would still control cannabis policies within their states, with some exceptions as to interstate commerce such as prohibiting transportation of cannabis across state’s borders into a state for purposes of lawful sale. The legislation also makes available

crucial services to cannabis businesses, including bank accounts and loans.

The very detailed proposals and seemingly altruistic goals of the legislation are yet another positive example of the desperate desire and need for guidance as to the regulatory roadmap from those interested in and already participating in the cannabis industry. Because of the regulatory maze, those businesses already familiar with this bureaucratic entanglement are likely to have an advantage and thus, likely to expand into this industry themselves, including in branding and efforts to register their brands at the federal level. Still, no need to feel beaten out by the “big guys” yet – they, like anyone interested in this field, are beholden to the current laws, including federal trademark laws which still currently prohibit federal registration for cannabis-ingredient consumables or those that might fall under the FFDCA.

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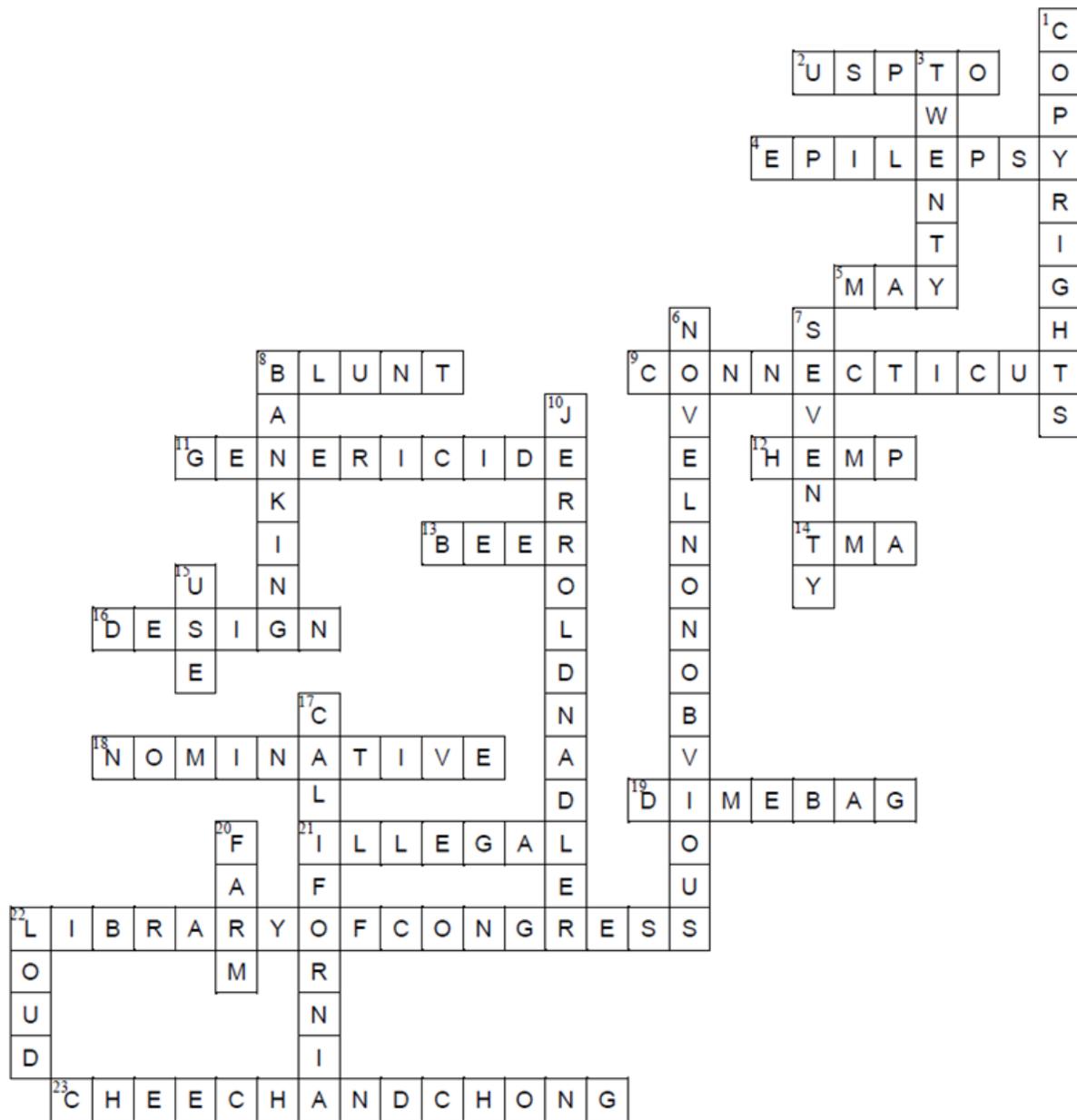
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ACROSS

- 2 This agency (abbrev.) registers trademarks and patents.
- 4 In 2018, the U.S. FDA approved Epidiolex®, a cannabidiol oral solution, for the treatment of seizures associated with two rare and severe forms of _____.
- 5 House Judiciary Committee Chairman (10 Down) reintroduced the MORE Act in _____ 2021.
- 8 Not sharp or a hollowed-out cigar filled with ground cannabis.
- 9 On June 22, 2021, _____ became the 19th state to legalize use of marijuana for people aged 21 and over.
- 11 Use of a trademark as a verb could put it at risk of being subject to _____.
- 12 In the US, the legal allowable amount of total THC in industrial _____ is 0.3% on a dry weight basis.
- 13 _____ (hops) is in the same family of flowering plants as cannabis.
- 14 Enacted December 27, 2020, this act (abbrev.) codifies the Letter of Protest process and authorizes new procedures for third parties to challenge applications and registrations.
- 16 Trademarks can be comprised of a word, _____, phrase, or combination thereof, and indicates the source of the goods/services.
- 18 One type of fair use of another's trademark is _____ fair use.
- 19 Coin + plastic container = _____ (2 words).
- 21 It is _____ to market CBD by adding it to food or labeling it as a dietary supplement.
- 22 The U.S. Copyright Office is part of the (3 words) _____.
- 23 _____ (3 words) Hint: Marin and Tommy.

DOWN

- 1 What protects intellectual property created by artists?
- 3 The patent term for utility patents covering a cannabis product is _____ years.
- 6 To be patentable inventions must be _____ and _____ (two words).
- 7 Copyrights owned by the author last for _____ years after the death of the author.
- 8 Reintroduced in March 2021, the SAFE Banking Act aims to provide a safe harbor for _____ institutions providing services to cannabis clients.
- 10 The Marijuana Opportunity, Reinvestment and Expungement (MORE) Act, sponsored by House Judiciary Committee Chairman _____ (first and last name), cleared the chamber 2020 but did not advance in the Senate under GOP control.
- 15 In the U.S., trademark rights arise from _____.
- 17 First state to ban marijuana (1913).
- 20 The _____ Bill removed hemp from the Controlled Substances Act (CSA).
- 22 Great volume of cannabis with very strong odor.

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