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Puff Puff? I'll Pass: Protecting The Recreational Cannabis Market From Counterfeit Products Under False Advertising Law

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PUFF PUFF? I’LL PASS: PROTECTING THE RECREATIONAL CANNABIS MARKET FROM COUNTERFEIT PRODUCTS UNDER FALSE ADVERTISING LAW

WYNETTA D. MCINTOSH

I. INTRODUCTION.....	55
II. THE FATE OF THE FAKE: COUNTERFEIT VAPING CARTRIDGES AND THEIR IMPLICATIONS ON THE RECREATIONAL CANNABIS MARKET	57
A. The Problem of Cartridge Device Protection.....	57
B. Why Trademark Protection Fails	59
III. A NEED FOR FEDERAL PROTECTION: FINDING ANOTHER WAY THROUGH 15 U.S.C. § 1125(A)	62
A. Federal Trademark Protection: False Designation of Origin	62
B. Federal Trademark Protection: False Advertising.....	65
IV. THE SOLUTION: PURSUING A FALSE ADVERTISING CLAIM.....	68

I. INTRODUCTION

It was the summer of 2019, in an emergency room in Long Island, NY, when an eighteen-year-old boy was in a panic, fighting for his life.¹ The teenager showed up in the emergency room gasping for breath, vomiting, and dizzy.² He initially denied knowing the cause of his sickness, but after the patient’s older brother “rummaged through [the patient’s] room and found hidden vials of marijuana for vaping,” it was clear to the doctor what the cause indeed was.³

The use of illegitimate marijuana vaping products had been in the recent news, as patients who were mostly otherwise healthy, and were in their late teens and early twenties, had been arriving at emergency rooms with “severe shortness of breath, often after suffering for several days of vomiting, fever and fatigue. Some [had] wound up in the intensive care unit or on a ventilator for

1. Sheila Kaplan & Matt Richtel, *The Mysterious Vaping Illness That’s ‘Becoming an Epidemic’*, N.Y. TIMES: HEALTH (Sept. 4, 2020), <https://www.nytimes.com/2019/08/31/health/vaping-marijuana-ecigarettes-sickness.html>.

2. *Id.*

3. *Id.*

weeks.”⁴ So, while the Long Island doctor was unsure where the teenager purchased his vaping products, the doctor was sure that the teenager was not the first individual “with [a] mysterious and life-threatening vaping related illness [that] summer.”⁵ Luckily, the teenager survived.⁶ Unfortunately, the ongoing cases of life threatening, vaping related illnesses have survived as well.

Indeed, over the past year or so, people across the United States have been experiencing similar lung illnesses, and even death, after using electronic devices to “vape” THC.⁷ THC is “the main psychoactive compound in marijuana that produces the *high* sensation.”⁸ While THC is typically consumed through smoking the marijuana plant directly, it can also be consumed in other forms such as “oils, edibles, tinctures, capsules, and more.”⁹ After conducting a thorough investigation into these reoccurring incidents, the Center for Disease Control and Prevention (CDC) now suspects that the illnesses have resulted from the use of counterfeit versions of legitimate vaping products.¹⁰ As a result, the CDC has urged consumers to stop buying e-cigarettes or vaping products that come from informal sources, such as friends and family, unknown, illegitimate persons, or online dealers.¹¹ Oftentimes, the vaping cartridges coming from these unlicensed and illegitimate sources are filled with “the wrong additive, or contaminant at the wrong amount,” carrying an extreme risk of lung complications.¹²

In light of recent counterfeit cannabis vaping products making consumers ill, this comment will analyze whether companies who are licensed to sell cannabis products are afforded any intellectual property protections for the legitimate marijuana vaping cartridges that they produce. In Part II, this

4. *Id.*

5. *Id.*

6. *Id.*

7. Josiah Bates, *CDC Says for First Time that some THC Products Could be Behind Vaping Deaths and Illnesses*, TIME (Oct. 1, 2019), <https://time.com/5688229/cdc-thc-vaping-deaths/>.

8. Kimberly Holland, *CBD vs. THC: What's the Difference?*, HEALTHLINE (July 20, 2020), <https://www.healthline.com/health/cbd-vs-thc>.

9. *Id.*

10. *Outbreak of Lung Injury Associated with E-Cigarette Use, or Vaping*, CENTERS FOR DISEASE CONTROL AND PREVENTION (Feb. 25, 2020), https://www.cdc.gov/tobacco/basic_information/e-cigarettes/severe-lung-disease.html; See Erin Schumaker, *Confusion Surrounds the Vaping Crisis: Here's what we know and don't*, ABC NEWS, (Sept. 19, 2019), <https://abcnews.go.com/Health/vaping-deaths-linked-thc-devices-experts-root/story?id=65691076>.

11. *Outbreak of Lung Injury Associated with E-Cigarette Use, or Vaping*, CENTERS FOR DISEASE CONTROL AND PREVENTION (Feb. 25, 2020), https://www.cdc.gov/tobacco/basic_information/e-cigarettes/severe-lung-disease.html.

12. David Downs, *Vape Pen Lung Injury: Here's what you need to know*, LEAFLY (Jan. 10, 2020), <https://www.leafly.com/news/health/vape-pen-lung-disease-advice-consumers>.

Comment will discuss the rising incidents of counterfeit vaping cartridges and what, if any, brand protection merchants have been afforded. Part III will discuss the Lanham act, which provides three different means in which an individual or entity can bring a claim of unfair competition. Finally, in Part IV, this Comment concludes that the best option that merchants have in protecting their cannabis brand is to bring a false advertising claim through 15 U.S.C. § 1125(a).

II. THE FATE OF THE FAKE: COUNTERFEIT VAPING CARTRIDGES AND THEIR IMPLICATIONS ON THE RECREATIONAL CANNABIS MARKET

A. The Problem of Cartridge Device Protection

Whether it be in an attempt to quit smoking, a venture for a safer means of consumption, or an effort to boost one's social image,¹³ over the past few years, many consumers in the United States and across the globe have made the switch from smoking cigarettes and the like, to smoking from electronic devices. This process has recently been popularized into a phenomenon known as "vaping."¹⁴ Vaping is the process of inhaling a vapor through an electronic, battery-powered device, typically shaped as a tube or a pen.¹⁵ While the process is not terribly different from the usual practice of smoking, there are some notable variances. First, a liquid-filled cartridge, that typically contains nicotine, flavorings, and chemicals, is heated into a vapor.¹⁶ Next, the cartridge is attached to an electronic, usually battery-powered device, popularly known as a Vape Pen.¹⁷ Finally, an individual inhales the vapors from the cartridge that is attached to the Vape Pen, smoking in a similar manner as one would when consuming a cigarette.¹⁸

Although vaping began as a process to consume tobacco, it can also be used as a means to consume other products. In fact, as the number of states legalizing cannabis has increased over the past few years, the process of smoking marijuana through the means of vaping has also become increasingly popular. And with increasing popularity comes competition. While some merchants work hard for their product to be the most recommended or consumed, others

13. Sarah Miller, *Why Do People Vape? Reasons Have Changed*, LIVE SCIENCE (March 1, 2017), <https://www.livescience.com/58071-why-people-vape.html>.

14. *Vaping: What You Need to Know*, TEENS HEALTH FROM NEMOURS (Sept. 2019), <https://kidshealth.org/en/teens/e-cigarettes.html>.

15. *Id.*

16. *Id.*

17. *Id.*

18. *Id.*

instead choose to profit off of those popularized companies¹⁹ Unfortunately, when it comes to cannabis vaping products, certain competition has caused many consumers to fall ill, as counterfeit products have infiltrated the legitimate cannabis market.²⁰

Though there have been few reports on products sold by legitimate dispensaries causing lung complications, counterfeit product dealers have garnered a negative reputation that has spilled over into the legitimate market. These lung complication incidents and the media frenzy that followed will undoubtedly interfere with successful marketing and profit of legitimate brands. More specifically, counterfeit marijuana vaping *cartridges* have been the cause of confusion and illness amongst Americans. Counterfeit cartridges have not only caused issues within legitimate cannabis markets, but they have also crossed state lines, particularly affecting and infecting areas where recreational cannabis is not yet legal.²¹

Typically a merchant will turn toward the protection of trademark law when they discover their brand is in danger of being tarnished in such a manner. With trademark law protections merchants can, at minimum, establish rights through the consistent use of their product in commerce.²² Merchant use of a trademark in commerce, however, must be lawful.²³ In other words, if the use of a trademark in commerce violates any already existing federal law(s) or statute(s), such use will not be “recognized as the basis for establishing trademark rights.”²⁴ Otherwise—courts have held—the government would be put in the “anomalous position” of giving trademark protections to sellers so that they can protect their actions that violate the laws of the very same government.²⁵

Unfortunately, while eleven states and the District of Columbia have legalized recreational marijuana use, and twenty-eight states have legalized the medical use of the drug, 21 U.S.C. § 812(c)(10) still lists marijuana as a Schedule I Drug.²⁶ Indeed, on a federal level, the creation, manufacture,

19. Emily Earlenbaugh, *How to spot a fake vape cartridge*, LEAFLY (Jan. 10, 2020), <https://www.leafly.com/news/health/how-to-spot-a-fake-vape-cartridge>.

20. Hitendra S. Chand, Thivanka Muthumalage, Wasim Maziak, and Irfan Rahman, *Pulmonary Toxicity and the Pathophysiology of Electronic Cigarette, or Vaping Product, Use Associated Lung Injury*, 5 (January 2020).

21. *Id.*

22. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:8 (5th ed. 2019).

23. *Creagri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 (9th Cir. 2007).

24. *Clorox Co. v. Armour-Dial, Inc.*, 214 U.S.P.Q. (BNA) ¶ 850 (T.T.A.B. June 29, 1982).

25. *See In re Stellar Int'l*, 159 U.S.P.Q 48, 51 (T.T.A.B. 1968).

26. *Map of Marijuana Legality by State*, DISA GLOBAL SOLUTIONS (last updated Jan. 2020), <https://disa.com/map-of-marijuana-legality-by-state>; 21 U.S.C. § 812(c)(10).

distribution, dispensary, and possession of marijuana, with intent to distribute, dispense, or manufacture is still illegal.²⁷ While the electronic vaping device itself is relatively neutral, and could likely be protected under trademark law, the marijuana vape cartridge is not. Therefore, some sort of federal protection for marijuana vaping cartridges must be recognized in order to protect the recreational cannabis market from counterfeit vaping cartridges, and to have more control of this issue on a national level.

B. Why Trademark Protection Fails

Trademark law has served the purpose of protecting brands of individuals and entities, preventing competition that could severely impact the reputation and success of said brand. In the United States, trademark law recognizes “an intellectual property right. . . created and acquired by use.”²⁸ While it is possible to acquire a trademark through federal registration in the United States, registration does not create the trademark itself and is not actually required for protection of a brand.²⁹ Use of a designation as a trademark, on the other hand, both “creates common law rights under state law” and “creates a basis for federal registration.”³⁰ Therefore, the easiest and most effective way for an individual or entity to establish trademark right is through the consistent use of their designation.

When an individual or entity has cause to believe that their trademark rights are being infringed, they can turn to section 43(a) of the Lanham act—codified as 15 U.S.C. § 1125.³¹ This section not only sets out the procedures for federally registering a mark, but also establishes remedies for trademark owners whose rights to such marks have been violated.³² Generally, this section governs the federal law of unfair competition, which is a term that “encompasses a range of harms related to the misrepresentations of the nature, quality, or source of a good or service.”³³

In regards to recreational marijuana, because it is not federally legal, and federal trademark registration “is only available for goods or services that are

27. 21 U.S.C. § 841(a).

28. McKenzie Subart, *One Chuck, Two Chuck: Analyzing Whether Federally Registered Trademarks Should be Distinguished from Common Law Trademarks in the Context of Convers, Inc. v. International Trade Commission*, 23 MARQ. INTELL. PROP. L. REV. 213, 213-14 (2019); JBLU, Inc. v. United States, 813 F.3d 1377, 1381 (Fed. Cir. 2016).

29. Subart, *supra* note 25, at 213-14; JBLU, 813 F.3d at 1381.

30. Subart, *supra* note 25, at 213-14; 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:8 (5th ed. 2019).

31. 15 U.S.C. § 1125.

32. *Id.*

33. Kali Murray, *Competitor Regulation of Sponsored Content in the New Sports Content Media Economy*, 25 MARQ. SPORTS L. REV. 253, 262 (2014).

[lawfully] in interstate or international commerce,” the United States Patent and Trademark Office (USPTO) has refused to offer federal trademark registration for the plant itself, and any goods related to marijuana.³⁴ Additionally, state registration of a designation does not offer much more protection than a merchant’s mere use of the designation in commerce.³⁵ While state registration does establish tangible evidence of the trademark, this is only effective in the state where the trademark is actually and legitimately used—states where marijuana is legalized.³⁶

Because recreational marijuana is not legal on a federal level, and states that have legalized the recreational use of the drug have only been able to offer minimal, if any, trademark protection, it is hard for dispensaries to regulate their products so that consumers are not misled by false branding, and so that those same consumers do not fall ill due to consumption of illegitimate products. Moreover, the lack of federal trademark protection creates an issue for cannabis merchants who are in dire need of protecting their brand across state lines, particularly in states where recreational marijuana has not yet been legalized.

While it is nearly impossible to get interstate trademark protection for marijuana itself, limited suggestions have been made for marijuana distributors who desire to protect their brands from being tainted. One option that cannabis merchants could be granted is to apply for trademark registration of their particular mark in other states.³⁷ While this may initially seem like a simple fix, when merchants attempt to apply for registration of their mark in states outside of their own, they would inevitably run into the issue of the lack of protection in states that have not yet legalized recreational marijuana. Because these other states have not yet legalized recreational marijuana, it would be difficult and nearly impossible to establish use of recreational marijuana products in commerce.

Another suggestion would be to register the brand under dual-use.³⁸ Under dual-use registration, merchants can gain trademark protection for ancillary products outside of the marijuana itself—such as apparel, food, or drinks³⁹—so long as they include a caveat that those ancillary products are “not for use with

34. Nicholas J. Landau & James W. Wright, Jr., *Cannabis Patents, Trademarks, and Other Forms of Intellectual Property Face Difficulties*, 31 NO. 7 INTELL. PROP. & TECH. L. J. 8, 9 (2019).

35. Alexander P. Montgomery, *Protecting your brand in the Cannabis Industry: 5 practical tips*, BOS. BUS. J. (Oct. 9, 2019), <https://www.bizjournals.com/boston/news/2019/10/09/protecting-your-brand-in-the-cannabis-industry-5.html>.

36. Landau & Wright, *supra* note 31, at 9.

37. *Id.*

38. *Id.*

39. Montgomery, *supra* note 32, at 1.

Cannabis products.”⁴⁰ Registration of ancillary products “gets [the] trademark on the federal trademark register, prevents the subsequent registration of a similar trademark for related goods or services, and can be used against third parties (including marijuana companies) that adopt a similar trademark to sell those goods/services or anything related to them.”⁴¹

Ultimately, while registering ancillary products may give merchants protection for the specific logo, name, or color arrangement of their product, it would not offer protection for the cannabis itself, which is what is at issue in the counterfeit vaping cartridge cases. The downfall of simply registering ancillary products in hopes to protect a cannabis brand was proven through the lack of trademark protection for a strain of cannabis known as “Charlotte’s Web.”⁴² This particular strain was used for individuals who needed consume THC for health related reasons, but who did not need too high of dosages, which accompanied other strains of the drug.⁴³

Charlotte’s Web specifically offered low levels of THC, which lessened traditional side effects of cannabis while still reducing the rate and severity of epilepsy seizures.⁴⁴ Unfortunately, because the merchant of Charlotte’s Web was unable to successfully apply for federal trademark protection, many products with higher THC levels began appearing in cannabis markets with the Charlotte’s Web logo.⁴⁵ These counterfeit versions of the Charlotte’s Web strain not only caused consumer confusion, but also put consumers at risk of harm.⁴⁶ Moreover, the risk that the counterfeit Charlotte Web caused to the health of consumers very closely relates to the risk consumers face with the availability of counterfeit vaping products, sold by illegitimate merchants who profit off the names of safe, legitimate cannabis merchants.

Therefore, while registration of ancillary products seems like a quick fix for the USPTO’s refusal to protect cannabis brands, such registration cannot offer protection for the product that truly needs protection: the cannabis itself.⁴⁷ Indeed, in order for a merchant to protect the reputation of their marijuana vaping product, they would need to be afforded protection of the THC cartridges themselves. Registering other products would defeat the purpose of

40. Landau & Wright, *supra* note 31, at 9.

41. Montgomery, *supra* note 32, at 1.

42. Sam Crocker, *Cultivating a Better Strain of Trademark Law: Why the Unlawful Uses Doctrine Should Be Modified for State-Legal Marijuana-Related Marks*, 44 J. CORP. L. 591, 597 (2019).

43. *Id.*

44. *Id.*

45. *Id.*

46. *Id.*

47. Landau & Wright, *supra* note 31, at 9.

applying for the trademark,⁴⁸ and this route of protection would not be durable in the long run.

Therefore, the inability for protection under federal law, and the limited, unreliable alternatives, marijuana cartridge distributors are left with little to no options for protecting their brands. Some form of reliable, federal protection is needed in order to not only ensure that merchants are covered on an interstate level, but to also prevent future illnesses of individual consumers.

III. A NEED FOR FEDERAL PROTECTION: FINDING ANOTHER WAY THROUGH 15 U.S.C. § 1125(A)

In addition to offering remedies for improper trademark use, Section 43(a) of the Lanham act considers two other types of competition law. This section will focus on those two additional avenues. Part A deals with the first of these two considerations—a remedy for a false association claim. Section 43(a) contemplates that such a claim is available for any “false, deceptive, or misleading relationship between business parties.”⁴⁹ In other words, such a claim can be brought when a manufacturer or seller deceives consumers about the origins of the product that they are selling.

Part B deals with the second of the two claims—a False Advertising claim.⁵⁰ Such a claim “contemplates any description or representation of fact in a commercial advertisement or promotion that misrepresents the nature, qualities, or geographic origin of the defendant’s or another person’s goods, services, or commercial activities.”⁵¹ I will discuss both considerations below, which will exemplify that False Advertising is the more realistic avenue.

A. Federal Trademark Protection: False Designation of Origin

When considering which avenue of federal competition law can be used to protect the recreational marijuana market from counterfeit products, it is clear upon definition that a false designation of origin claim would be unsuccessful. “[T]he touchstone of a Section 1125(a) unfair competition claim is whether the defendant’s actions are ‘likely to cause confusion.’”⁵² While consumers can be confused in many ways, under a false designation of origin claim, confusion arises as the manufacturer or seller of a good lies about the maker of the good

48. *Id.*

49. Murray, *supra* note 30, at 263.

50. Murray, *supra* note 30, at 263.

51. *Id.*

52. Matrix Essentials, Inc. v. Emporium Drug Mart, Inc., 988 F.2d 587, 592 (5th Cir. 1993).

or which country the good originated from.⁵³ Under 15 U.S.C. § 1125(a), this is also known as “product infringement.”⁵⁴

A section 43(a) claim false designation claim “requires proof that a defendant used a ‘false designation of origin’ of ‘goods or services.’”⁵⁵ In other words, the plaintiff must show that the origin of the goods, as presented, is false.⁵⁶ The Supreme Court of the United States has defined goods as “merchandise and tangible goods offered for sale at the marketplace.”⁵⁷ Further, the Court has held that “origin” does not simply refer to geographic location, but it also refers to the source of actual production. As to the later, the originator of the “goods” is “the producer of the tangible product sold in the marketplace.”⁵⁸

Several jurisdictions have held that in order to be successful in a false designation of origin claim, a plaintiff must establish a prima facie case. Generally, a plaintiff must show that the “(1) defendant[s] used a false designation of origin or false description or representation in connection with goods or services, (2) Defendants caused such goods or services to enter into commerce, and (3) plaintiff believes it will be damaged as a result.”⁵⁹ Furthermore, a claim for false designation of origin can take one of two basic forms: “‘passing off’ claims and ‘reverse passing off’ claims.”⁶⁰ “Passing off” claims occur when a merchant sells a good or service that they produced under the name or mark of another merchant’s good or service.⁶¹ “Reverse passing off” claims happen when a merchant receives credit for a good or service produced by another.⁶² This can happen when an individual re-sells a product produced by another, after removing any identifying features such as the legitimate label or trademark. In this instance, the merchant is misrepresenting someone else’s good or service as his or her own.⁶³

Here, a reverse passing off claim would likely be unsuccessful because counterfeit marijuana vaping merchants are not directly receiving credit for legitimate recreational marijuana products. Not only are these dealers typically

53. 15 U.S.C. § 1125(a).

54. *Resource Devs., Inc. v. Statue of Liberty-Ellis Island Found. Inc.*, 926 F.2d 134, 139 (2nd Cir. 1991).

55. *McArdle v. Mattel Inc.*, 456 F.Supp.2d.769, 783 (E.D. Tex. 2006).

56. *Id.*

57. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 24 (2003).

58. *Dastar*, 539 U.S. at 24.

59. *Web Printing Controls Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1204 (7th Cir. 1990).

60. *PS Promotions, Inc. v. Stern*, 2000 U.S. Dist. LEXIS 3075 (N.D. Ill. Mar. 6, 2000).

61. *Id.*

62. *Id.*

63. *Dastar*, 539 U.S. 23 at 27-28.

unidentifiable, but also the counterfeit dealers are not using the legitimate product in any way. They are not removing the labels from an original product nor are they replacing them with new ones that align with their own product. Instead, counterfeit dealers are illegitimately producing the cartridges, and are attempting to pass them off as “the real thing.”

Indeed, the Supreme Court of the United States has determined that a reverse passing off claim will not succeed if the plaintiff merely shows that the defendant has reproduced a product that was freely available for public consumption. A claim of this sort is more successful upon a showing that an individual or entity has purchased the products of another and has attempted to “merely repackage them as its own.”⁶⁴ Because this sort of activity is not occurring with the counterfeit vaping cartridges, a “reverse passing off” claim would likely be unsuccessful in court.

While still weak, a more realistic avenue for false designation of origin would likely be a passing off claim. As mentioned earlier, a “passing off” claim simply means that a merchant is selling a product that they produced and are attempting to pass it off as another. Here, counterfeit cartridge dealers are attempting to “pass off” the illegitimate cartridges that they produce as “the real thing.” These counterfeit dealers have produced the product themselves, and have also attempted to produce labeling which causes their cartridges to be mistaken as ones from legitimate companies.⁶⁵ Undoubtedly, this activity has caused confusion among consumers. Below are two cartridges side-by-side; one sold by a legitimate company and the other by a fraudulent company:



64. *Dastar*, 539 U.S. 23 at 31-32.

65. Earlenbaugh, *supra* note 19.

(“On the left, a real vape cart package
from the licensed brand Cookies.
On the right, a fake copycat.”)⁶⁶

Just by looking at these two cartridges side-by-side, it is easy to tell how a consumer could be misled to believe that the counterfeit version is actually legitimate.

While a passing off claim may be more reliable than a reverse passing off claim, in theory, in order to bring such a claim before the court, the plaintiff must have the good at issue trademarked. In fact a passing off claim requires a plaintiff to prove that their *trademark* has been simulated by another and passed off as the original, causing a likelihood of confusion among consumers. Obviously, as mentioned earlier, because such plaintiffs would be unable to register their cartridges due to the illegality of marijuana, they subsequently would not have standing for a passing off claim. Therefore, a false designation of origin claim would likely be unsuccessful for a recreational marijuana merchant attempting to protect their brand.

B. Federal Trademark Protection: False Advertising

Another avenue for bringing a claim for unfair competition under the Lanham act is to claim that there is a false or misleading representation of *fact* as to the good.⁶⁷ A claim of this nature is also known as a false advertising claim.⁶⁸ When making such a claim, a plaintiff argues that another merchant is presenting the plaintiff’s product in a manner such that would likely cause deception to consumers. In other words, there is a misrepresentation of fact as to the product or service at issue. A merchant’s competitor, for example, could advertise their product in such a way that they misrepresent a plaintiff’s product as harmful.

Even if a mark is not federally registered, if it is being used at a state level, it may still fall under a Lanham Act false advertising claim.⁶⁹ In other words, courts have not mentioned that a good must be trademarked in order to bring a Lanham Act false advertising claim.⁷⁰ Instead, some circuits have held that in order to have standing to bring a claim, a plaintiff must demonstrate “a reasonable interest to be protected against the advertiser’s false or misleading claims, and a reasonable basis for believing that this interest is likely to be

66. *Id.*

67. Murray, *supra* note 30, at 263.

68. *Resource Devs.*, 926 F.2d at 139.

69. *Pearson Educ., Inc. v. Boundless Learning, Inc.*, 919 F.Supp.2d 434, 437 (S.D.N.Y. 2013).

70. *Id.*

damaged by the false or misleading advertising.”⁷¹ The Second Circuit, specifically, has held consistently that standing exists when a defendant “has drawn a direct comparison” between their product and the plaintiff’s product.⁷² Generally, when bringing a Lanham Act false advertising claim, a plaintiff must show:

- (1) [D]efendant made false or misleading statements as to his own products (or another’s);
- (2) actual deception, or at least a tendency to deceive a substantial portion of the intended audience;
- (3) deception is material in that it is likely to influence purchasing decisions;
- (4) the advertised goods travel in interstate commerce; and
- (5) a likelihood of injury to plaintiff.⁷³

Additionally, the Lanham Act provides for two types of false advertising claims: (1) when the advertisement is literally false, or (2) although literally true, the advertisement is “likely to deceive or confuse consumers.”⁷⁴ The second circuit has held that when asserting a “literally false” claim, a plaintiff must “demonstrate that the false or misleading representation involved an inherent or material quality of the product.”⁷⁵ Moreover, this circuit has determined that in order “[t]o establish literal falsity, a plaintiff must show that the advertisement either makes an express statement that is false or a statement that is ‘false by necessary implication,’ meaning that the advertisement’s ‘words or images, considered in context, necessarily and unambiguously imply a false message.’”⁷⁶ If the message is literally false, the court *may* regulate the use of the message without referring to the advertisement’s impact on consumers.⁷⁷

An application of the second circuit law was exemplified in *Chanel, Inc. v. RealReal, Inc.*⁷⁸ In this case, a luxury fashion company popularly known as Chanel brought action against a luxury consignment retailer for, among other things, false advertising under the Lanham Act.⁷⁹ Chanel alleged that the consignment retailer, The RealReal, was selling counterfeit Chanel bags.⁸⁰ The

71. *Id.*

72. *Id.*

73. *False Advertising*, CORNELL LAW SCHOOL LEGAL INFORMATION INSTITUTE (Last Visited Dec. 28, 2019) https://www.law.cornell.edu/wex/false_advertising.

74. *Pearson*, 919 F.Supp.2d at 437-38.

75. *Chanel, Inc. v. RealReal, Inc.*, 449 F.Supp.3d 422, 442 (S.D.N.Y. 2020).

76. *Id.*

77. *Id.*

78. *Id.* at 422.

79. *Id.* at 428-30.

80. *Id.*

RealReal, on the other hand, represented itself as “the world’s largest online marketplace for authenticated, consigned luxury goods.”⁸¹ Chanel denied any affiliation with the company and asserted that although the consignment company alleged to have a stringent authentication process, this process failed to identify the counterfeit goods.⁸² The Second Circuit held that there was a “plausible allegation of literal false advertising” here because The RealReal represented that all of their products were authenticated and “100% the real thing,” when the Chanel bags were indeed inauthentic.⁸³

As it pertains to the vaping cartridges at hand here, it is likely that a legitimate vaping cartridge merchant would have standing in court against counterfeit merchants. Legitimate merchants certainly have a “reasonable interest” to be protected against counterfeit products. Not only does the sale of counterfeit merchandise take away from sales of the legitimate products, but consumers are also getting ill because of the counterfeit products. The counterfeit products are essentially creating a bad name for the legitimate businesses because, as they are strategically masked as legitimate, a consumer likely would not know the difference. A legitimate merchant, therefore, would have a reasonable interest to be protected against these counterfeit products. They would also have a “reasonable basis” for believing their interest would be damaged because of the sales and negative reputation that the counterfeit products are creating. Moreover, there is a clear connection here between both the legitimate and counterfeit products, because the counterfeit is literally being passed off as the legitimate.

As to which specific false advertising claim a legitimate merchant can bring here, it would likely be categorized as a claim that is “literally false.” When presenting their products in commerce, counterfeit vaping dealers are creating labels that resemble legitimate merchant products as closely as possible, so that they can appeal to consumers. When dispensing products like the one pictured above, counterfeit vaping distributors are posing as legitimate companies in order to make a profit off of those companies’ names and likeness. Unfortunately, in the process, counterfeit distributors are making people sick because there is a heightened THC level and other harmful additives in these counterfeit products.⁸⁴ Undoubtedly, such activity would have a huge impact on the productivity of legitimate recreational cannabis companies.

Similarly to *Chanel*, when counterfeit cartridge merchants are using the labels of the legitimate brands, they are falsely communicating to consumers

81. *Id.*

82. *Chanel*, 49 F.Supp.3d at 429-30.

83. *Id.* at 444.

84. Downs, *supra* note 12.

that their illegitimate products are “the real thing.” Undoubtedly, because these products are merely imitations, marketing them under the guise of a legitimate brand is inherently “literally false” advertising. Moreover, by producing a label that closely resembles the legitimate brand, counterfeit cartridge dealers are making a statement that is “false by necessary implication.” In other words, the label images on the counterfeit product, considered in context with their advertisement as legitimate vaping cartridges, “necessarily and unambiguously” imply that they are the real thing. Therefore, a court could logically come to the conclusion that the advertising of the counterfeit cartridges is “literally false.” Indeed, counterfeit cartridge dealers are representing to consumers that their products are “the real thing” when they are in fact not.

IV. THE SOLUTION: PURSUING A FALSE ADVERTISING CLAIM

With trademark law proving inadequate to protect legitimate cannabis brands across state lines—and a claim for false designation of origin proving improper for the particular nature of the counterfeit claims being brought—it seems that the most effective and legitimate means for cannabis merchants to bring a trademark infringement action is through a claim of false advertising. Indeed:

There is . . . a fundamental distinction to be drawn between trademark infringement and unfair competition. Trademark infringement rests on a relatively narrow principle compared to unfair competition. The essential element of a trademark is the exclusive right of its owner to use a word or device to distinguish his product. On the other hand, a claim of unfair completion considers the total physical image given by the product and its name together. Thus, unfair competition exists if the total impression of the package, size, shape, color, design, and name upon the consumer will lead him to confuse the origin of the product.⁸⁵

The issue with counterfeit marijuana vaping cartridges is that the total physical image—both the label design and the use of the legitimate name on the label—create a deception such that consumers believe they are buying the real product. Indeed, the only way illegitimate distributors are able to profit off of the image and likeness of the legitimate brands is by making their illegitimate products resemble the legitimate products as closely as possible. Considering the “total physical image” of the product, alongside the name listed on it, the

85. *Jean Patou, Inc. v. Jacqueline Cochran, Inc.*, 201 F Supp 861, 863 (S.D. N.Y. 1962).

entire package leaves a convincing impression that the product originated from the legitimate merchant.

To provide brand protection to legitimate cannabis merchants, and to protect the health and safety of society at large, it is up to the government to either loosen restrictions on federal registration requirements, or provide relief under a false advertising claim. Offering trademark protection or relief for marijuana vaping products would obviously be the ideal option, as it would make those products publicly distinguishable from counterfeit pens, limiting the risk of consumption of counterfeit products and ultimate illness. Trademarks are, after all, beneficial for consumers because they can signal to consumers that the good originates from a particular source and are consistent in their quality.⁸⁶

Unless and until recreational marijuana is federally legalized however, this avenue appears to be quite unrealistic. Considering that such protection will likely not be provided to recreational cannabis merchants at this time, allowing relief through false advertising claims would make a huge impact on the lives of both merchants and consumers. Providing at least some civil relief would not only put the public on greater notice of the potential risk of counterfeit products being on the market, but also can give consumers the opportunity to take the proper precautions such that they do not purchase these products. While federal trademark registration is preferable, through either channel—federal registration or civil relief under the Lanham Act—legitimate merchants have the opportunity to readily distinguish their products from counterfeit pens, in order to prevent illnesses and even death.

Additionally, when merchants are able to distinguish themselves, they can personally benefit in this expanding cannabis market as with increased popularity and likeness comes increased sales. Furthermore, increased sales are likely to incentivize quality production, which also keeps people from getting sick.⁸⁷ Ultimately, the goal is to maintain a fair and competitive, a safe market for consumers, and federal protection of some sort is necessary to the furtherance of these goals.

86. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 2:14-15 (4th ed. 2014).

87. *See In re Int'l Flavors & Fragrances, Inc.*, 183 F.3d 1361, 1367 (Fed. Cir. 1999).

