



THE TIPSHEET

State Bar of Texas Intellectual Property Law Section

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MESSAGE FROM THE CHAIR



It has been exciting to serve as your Chair. For those of you who are not familiar with our section, our mission is based on three pillars – Educate, Connect and Serve. We held our IP Litigation and Advanced IP CLEs earlier this month and covered topics such as tackling counterfeits, enterprise technology licensing, copyright and social justice, and the circuit split on the discovery rule. Several people commented on the myriad of informative content and practical takeaways. We also look forward to continuing to connect, ensuring that we have social events and stellar opportunities for you to build out your professional network. Our reception late last year during the INTA leadership meeting was a great example of the amazing synergies that we discover when we come together. By continuing our education and connecting with our peers, we can elevate our current practices and build new ones.

And let us not forget our mission to serve...

We are continuing to partner with the United States Patent and Trademark Office to bring intellectual property legal services to underserved communities throughout our state who have minimal to no IP lawyers in their area. Our next pro bono tour is in the planning stages for next fall. It is a great opportunity for IP attorneys of all levels of experience to give back and play our part in the IP ecosystem. If you are interested, please reach out.

It's an unprecedented time in our firms, our companies, our communities, and the world at large. We have tremendous challenges and opportunities in IP law as we seek to navigate emerging technologies such as generative AI and quantum computing. As a section, we are committed to equipping you to meet these challenges head-on and enabling you and your clients to maximize these opportunities. Please do not hesitate to contact me or any council member if you have any ideas, suggestions or ways that we can serve you better.

Onward and upward!

Devika Kornbacher, Chair
Intellectual Property Section, State Bar of Texas

PSYCHEDELIC TRADEMARKS: THE USPTO'S NEXT LAWFUL USE TRIP

By: Chelsie Spencer

As an alternative substances and intellectual property attorney, I have the pleasure of being on the forefront of the intersection of IP with a variety of alternative substances, such as cannabis, kratom, and more importantly for today's purposes: psychedelics. While psychedelic substances generally remain scheduled in Schedule I of the federal Controlled Substances Act ("CSA"), more states are adopting permissive state medical regimes that permit certain usage of psychedelics. Even the state of Texas has passed legislation permitting clinical trials for treatment of posttraumatic stress disorder ("PTSD") in veterans with psilocybin therapies. Sound familiar? As with cannabis, so goes psychedelics.

With federal cannabis rescheduling on the horizon, the next United States Patent and Trademark Office ("USPTO" or the "Office") battle for alternative substances lies in the registrability of psychedelics. Psychedelic drugs typically have pharmacological profiles which impact a user's conscious experience. Psychedelic therapy incorporates psychedelic drugs, such as psilocybin, LSD, 3,4-methylenedioxymethamphetamine ("MDMA"), etc., as adjunctive therapy to existing psychotherapeutic approaches for a range of mental disorders. Application of psychedelic therapies to illnesses such as addiction, anxiety, depression, and PTSD, have proved quite promising. For example, a recent study incorporating psilocybin as an adjunctive treatment for alcohol use disorder found that a mere two doses of psilocybin led to an 83% decline in heavy drinking among participants. At the conclusion of the eight-month trial, nearly half of the psilocybin recipients no longer drank alcohol at all. This is but one example in a plethora of ongoing clinical research that demonstrates clear benefits of psychedelic assisted therapy.

With the United States Food and Drug Administration ("FDA") currently considering various psychedelic formulations for approval, pharmaceutical companies, such as Pfizer, are investing heavily in psychedelic drug research and development. With such large market players as the pharmaceutical industry, the global psychedelic drug market is projected to reach 11.82 billion by 2029. In such a competitive market, brand protection is essential; yet, absent FDA approval of a specific psychedelic formulation as an approved prescription drug, psychedelic companies are wholly precluded access to federal trademark registration.

The USPTO has long followed its agency created Lawful Use Rule (the "Rule"). According to the USPTO, "use in commerce" under the Lanham Act (the "Act") means "lawful use in commerce" – despite the fact that those words do not appear anywhere in the statutory text. Thus, psychedelic companies are currently precluded from registration of psychedelic goods, as the USPTO deems the CSA an express bar to registration. But how sound is the USPTO's basis for lawful use denials?

The Rule has its roots in a USPTO rule adopted in 1947 requiring prior approval for labels on certain meat products, wine, and distilled alcoholic liquors, which then morphed into our current Rule 2.69 in 1955. The Trademark Trial and Appeal Board applied the Rule for the first time in a cancellation

proceeding in 1957 – and the Rule has stood ever since that application, without ever having been subject to direct judicial scrutiny.

We don't have to speculate what "use in commerce" under the Act means. Indeed, Congress told us exactly what it means: sale or transport in interstate commerce of a good or service bearing the mark. Nothing in the text or the plain meaning of the statute indicates that Congress ever intended for the USPTO to become the final arbiter of a myriad of other federal statutes to review the underlying legality of a product. Yet, the USPTO has become subject matter experts in a variety of federal statutes ranging from the Federal Insecticide, Fungicide, and Rodenticide Act to the Federal Indian Arts and Crafts Act.

The application of the Rule has resulted in the denial of a myriad of trademark applications over a span of 70+ years, including those for drug companies undertaking psychedelic therapy development. The Office will not issue a notice of allowance ("NOA") for any psychedelic drug company's intent to use application based on a bona fide good faith belief that either psychedelics will be rescheduled or that their particular formulation will receive FDA approval, which is quite frankly, disparate treatment by the Office based solely on subject matter. Pharmaceutical companies file slews of intent to use applications with the Office for a variety of potential names on non-approved drug products in the formulation stage, receive their NOAs, and later select which name to proceed with once the drug receives FDA approval. Why should psychedelics, or even cannabis for that matter (which has a greater claim to rescheduling in the immediate future), be treated any differently?

For now, a hodgepodge reliance on state level registrations and state law claims sounding in unfair competition remain the only vestiges of protection available to alternative substance companies dealing with Schedule I substances. But why? Congress specifically delineated the express bases for refusal of a registration in the Lanham Act itself, so we know precisely what Congress considered non-registerable – and it did not include lawful use in that very specific list.

In my opinion, the climate is ripe for a direct challenge to the Lawful Use Rule at the Federal Circuit and ripe for the Supreme Court to accept certiorari as the final arbiter. Unfortunately, the most promising challenge, *In Re JOY TEA INC.*, No. 22-1041 (Fed. Cir. 2022), was dismissed due to Plaintiff's bankruptcy, and I've yet to convince a client of mine to take on the USPTO. So big pharma, if you're reading this, give me a call.

Chelsie Spencer is a managing attorney with Ritter Spencer Cheng PLLC. Her practice focuses on alternative substances and intellectual property. She can be reached at (214) 295 -5074 or cspencer@ritterspencercheng.com.

MCDONALD'S MAINTAINS EU TRADEMARK REGISTRATION FOR BIG MAC IN APPEAL

By: Robbert Keij

In January 2019 EUIPO's Cancellation Division held that McDonald's did not submit sufficient evidence to show genuine use of its Big Mac trademark in the European Union in a case against the Irish fast food chain Supermac's. This decision was recently overturned by EUIPO's Board of Appeal.

Supermac's is an Irish fast food chain that was founded by Pat McDonagh in 1978. McDonagh earned the nickname 'Supermac' while he was playing Gaelic football in college. Hence, the name Supermac's. Nowadays the chain has over 100 locations in Ireland. Supermac's has several Irish trademark registrations, but when it applied for EUTM applications for its word mark and logo for restaurant services in class 43, it received oppositions from McDonald's. The oppositions are still pending and are based on several prior registrations, including McDonald's EUTM registration for Big Mac covering food products in classes 29 and 30 and restaurant services in class 42.¹

In order to defend itself, Supermac's filed a non-use revocation action before the Cancellation Division against McDonald's EUTM registration for Big Mac. McDonald's EUTM registration for Big Mac was older than five years and therefore subject to the obligation of use. Supermac's presumably filed the non-use revocation action to narrow down the list of goods as much as possible, to increase the chances of success in the oppositions. Big Mac is the name of the sandwich, so it is questionable whether there is use on e.g., restaurant services.

The evidence filed by McDonald's before the Cancellation Division consisted of three affidavits signed by company representatives claiming significant sales of Big Mac sandwiches, marketing materials, as well as printouts of McDonald's websites and Wikipedia.

When submitting proof of use, the evidence must establish the place, time, extent and nature of use of the subject trademark for the goods and/or services for which it is registered. This means that the evidence needs to show that the trademark owner has tried to acquire a commercial position for the mark in relation to the goods covered by the registration in the European Union during the relevant time frame.

The Cancellation Division ruled that the evidence filed by McDonald's did not sufficiently show the extent of use. The main reason for this was the fact that EUIPO generally gives less weight to affidavits signed by company representatives than to independent evidence.

As far as the probative value of this kind of evidence is concerned, statements drawn up by the interested parties themselves or their employees are generally given less

¹ Nowadays restaurant services pertain to class 43, but this application was filed prior to the introduction of Nice classes 43-45

weight than independent evidence. This is because the perceptions of a party involved in a dispute may be more or less affected by its personal interests in the matter.

Furthermore, the remaining evidence (printouts, etc.) do not show potential or actual sales and therefore do not sufficiently show the extent of use. The Cancellation Division concludes:

It follows, that an overall assessment of the evidence does not allow the conclusion, without resorting to probabilities and presumptions, that the mark was genuinely used during the relevant period for the relevant goods or services (15/09/2011, T 427/09, Centrotherm, EU:T:2011:480, § 43). It is up to the EUTM proprietor to show such use in a manner which allows a reasoned conclusion to be made that the use is not merely token.

It seems that the members of the Cancellation Division were well aware of the widespread use of Big Mac in the European Union, but they had to rule based on the evidence in front of them. Based on this evidence the revoked McDonald's EUTM registration for Big Mac for all goods and services.

The main takeaway from this decision is that trademark owners always need to file independent evidence showing the extent of use, e.g., invoices or verified turnover figures. Statements from company representatives are given less weight than in many other jurisdictions, such as the United States.

Appeal

It will not come as a surprise that McDonald's filed appeal against this decision. In appeal, McDonald's filed a large amount of supplemental evidence, such as receipts, consumer surveys and news articles.

According to article 95(2) EUTMR, the Office may disregard evidence that was not submitted in due time. In other words: evidence that is not filed in first instance before the given deadline, may be disregarded. However, according to article 27(4) EUTMDR the Board of Appeal has a discretionary power to accept supplemental evidence if it is likely to be relevant to the outcome of the case and they have not been produced in due time for valid reasons. Generally speaking, the Board of Appeal will accept supplemental evidence when at least some relevant evidence has been filed in first instance. This is not any different in the present case. The Board of Appeal considers that the supplemental evidence supplements and builds on the evidence submitted before the Cancellation Division and that it may also be relevant to the outcome of the case. They emphasize that it may not be excluded that the supplemental evidence may have affected the decision in first instance if said evidence would have been available.

Before assessing the additional evidence, the Board of Appeal assesses the evidence filed before the Cancellation Division. The Board of Appeal states that the affidavits cannot be disregarded as merely internal documents deriving from the EUTM proprietor and without their full assessment in relation to their attachments (consisting of miscellaneous advertising materials and package patterns). According to the Board, the attachments to the affidavits show clear use of the Big Mac trademark in

relation to sandwiches, they contain price information in euro currency and show that the sandwiches can be consumed at McDonald's restaurants. These documents therefore do show the extent of use. Furthermore, the Wikipedia extract filed before the Cancellation Division is also taken under consideration by the Board of Appeal due to its references to reputable sources such as the Associated Press and CNN. Finally, the Board of Appeal holds that the additional evidence filed by McDonald's also shows the extent of use. Unlike the Cancellation Division, the Board of Appeal therefore rules that the materials sufficiently show the extent of use.

Interestingly enough, the Board of Appeal does not only conclude that the Big Mac mark was used on meat products and sandwiches in classes 29 and 30, but also on restaurant services in class 42. The reason for this is the fact that the use of Big Mac is so widespread that it is even used as a benchmark for comparing the cost of living in several countries ('the Big Mac Index'). Furthermore, the advertising materials filed by McDonalds show that Big Mac is promoted as an integral part of the restaurant services. Hence, the mark was put to genuine use for those services as well. McDonald's therefore gets to maintain its EUTM for Big Mac for the most important goods and services.

Even though the Board of Appeal has given more weight to the affidavits from McDonald's employees than the Cancellation Division did, it is still important to be careful with affidavits from company representatives. The main reason that the Board of Appeal did not disregard the affidavits appears to be the fact that there were several exhibits attached to them. These exhibits contained marketing and promotional materials. Without those exhibits, it is questionable whether the Board of Appeal would have treated them differently than the Cancellation Division did. Furthermore, it is interesting that the Board of Appeal has concluded that Big Mac was put to genuine use for restaurant services. It is obviously hard to deny that the mark is used on such a large scale, but at the end of the day it is just the name of the sandwich.

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UPCOMING EVENTS AND ANNOUNCEMENTS

Intellectual Property Litigation and Advanced Intellectual Property Law Annual Courses: The IP Section in partnership with TexasBarCLE presented its annual Intellectual Property Litigation and Advanced Intellectual Property Law courses via live webcast on January 31, 2024–February 2, 2024. A webcast replay of the Intellectual Property Litigation course will occur on February 28, 2024 and the Advanced Intellectual Property Law course on February 29, 2024–March 1, 2024. The Intellectual Property Litigation course provides 6.5 hours of CLE credit (1 hour of Ethics CLE) and the Advanced Intellectual Property Law Annual Course provides 13 hours of CLE credit (2.5 hours of Ethics CLE). Visit TexasBarCLE.com for more information and to register for these courses.

Inventor of the Year: Nominations are now being accepted for the IP Section's Inventor of the Year Award. The Inventor of the Year award honors a recipient whose invention(s) has significantly impacted the Texas economy. Nominees must have at least one United States patent, either expired or existing. The nomination form is available online at www.texasbariplaw.org/awards. All nominations are due by April 15, 2024, and the 2024 Texas Inventor of the Year will be recognized at the Annual Meeting of the State Bar of Texas in Dallas on June 20–21, 2024.

Fritz Lanham Annual Trademark Award: Nominations are now being accepted for the IP Section's 2024 Fritz Lanham Trademark Award (formerly the Annual Trademark Award). The purpose of the award is to recognize lawyers and businesses for their accomplishments on brand-related projects. The award may be given to anyone of the following: 1) Individual lawyer or legal team for significant accomplishments in the legal community related to trademarks; or 2) Business or brand team for significant achievements related to promotion of a brand or marketing innovation. Attorney nominees must be licensed in Texas. If a business or brand team is nominated, the company should have a headquarters or significant business operations based in Texas. The nomination form is available online at www.texasbariplaw.org/awards. The 2024 Fritz Lanham Trademark Award will be recognized at the Annual Meeting of the State Bar of Texas in Dallas on June 20–21, 2024.

2024 Diversity Scholarship Application: The Intellectual Property Law Section of the State Bar of Texas (IP Law Section) will award three \$5,000 scholarships to eligible law students. Any student enrolled in an ABA-accredited law school in Texas during any part of the application submission period may apply. Students who have been accepted to law school but have not yet started classes at the time the application is filed are not eligible. Students who have graduated at the time the scholarship is awarded are eligible. Although students in their first year of study are welcome to apply, given the greater experience in intellectual property of those in their second and third years, student should be advised that often priority is given to those in their second and third years of study. Those that have previously applied but were not awarded the scholarship are highly encouraged to re-apply.

The purpose of the scholarships is to encourage law students who have not traditionally been represented in Intellectual Property practice to enter the Intellectual Property profession in Texas by providing financial assistance to help defray the expenses of a law-school education. Selection criteria for the scholarships include but are not limited to:

- Scholastic merit;
- Financial need;
- Membership in a socio-economic group traditionally under-represented in the practice of Intellectual Property law;
- Diverse background, including diverse, marginalized or underserved populations or geographic regions;
- Demonstrated commitment to promoting diversity and inclusion in the legal profession;
- Demonstrated experience and interest in the practice of law in Intellectual Property;
- Texas roots;
- First generation in a family to go to college or law school;
- Science and/or engineering undergraduate education or experience;
- Contributions to or participation in minority or diversity programs;
- Challenges faced due to a disability;
- Community service; and
- Extracurricular activities both inside and outside law school, including legal externships or internships in the field of Intellectual Property.

This application should be completed and returned by email to Juanita DeLoach at juanita.deloach@btlaw.com and Marylauren Ilagan at marylauren.ilagan@olaplex.com (entire applications only, *i.e.*, applications including the recommendations, essays, and transcripts).

This application form is available online at www.texasbariplaw.org/awards or from the student's law school's Financial Aid or Dean's office. **Applications must be postmarked or emailed by no later than May 1, 2024.** The scholarships will be awarded on or before June 2024. The recipients will be recognized at the IP Section luncheon at the next Annual Meeting, to be held, in Dallas, Texas. Recipients must be able to provide the State Bar with an executed IRS W-9 form.

2023–2024 IP SECTION OFFICERS & COUNCIL

The council members for the Section were elected at the Annual Meeting last summer. In addition, much of the Section’s work is performed by committees, which help carry out its mission of educating, connecting, and serving the Section’s members. The council members and committee chairs are as follows:

NAME	POSITION	EMAIL
Devika Kornbacher	Chair	devika.kornbacher@cliffordchance.com
Joseph F. Cleveland, Jr.	Past Chair	jcleveland@belaw.com
Thomas Kelton	Chair-Elect	Thomas@fogartyip.com
Craig Stone	Vice Chair	Craig.Stone@p66.com
Nick Guinn	Treasurer	nick@gunn-lee.com
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Tim Hudson	Trade Secret Committee Chair	tim.hudson@btlaw.com
Beth Knuppel	Patent Committee Chair	beth.knuppel@kirkland.com
Stephanie Dowdy	Public Relations Committee Chair	stephanie.dowdy@terumbobct.com
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Niky Bagely	Diversity Committee Chair	niky.bagley@toyota.com
Rick Sanchez	Membership Committee Chair	rsanchez@whitakerchalk.com

CALL FOR SUBMISSIONS

The TIPSHEET welcomes the submission of articles for potential publication in upcoming issues, as well as any information regarding IP-related meetings and CLE events. If you are interested in submitting an article to be considered for publication or adding an event to the calendar, please email erin.choi@weil.com.

Article Submission Guidelines

STYLE: Journalistic, such as a magazine article, in contrast to scholarly, such as a law review article. We want articles that are current, interesting, enjoyable to read, and based on your opinion or analysis.

LENGTH: We accept a wide range of articles, with most falling into the 500-2500 word range.

FOOTNOTES AND ENDNOTES: Please use internal citations.

PERSONAL INFO: Please provide a one-paragraph bio and a photograph, or approval to use a photo from your company or firm website.

If you have any questions, please email jbelle@gunn-lee.com.