

A Taxonomy of Legal Stratagems Derived from Marijuana Firms and Trademark Law

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The United States Patent and Trademark Office refuses to register trademarks related to marijuana because the drug is illegal under federal law. Given the primacy of federal registration, this refusal is a significant problem for many marijuana firms. There is, however, a subset of these companies that recognize this refusal as an opportunity to create competitive advantage through strategic use of the law.

This article presents two contributions to the literature. First, it presents a review of distinct strategies employed by marijuana sellers attempting to competitively differentiate themselves in the absence of federal registration. Second, the paper integrates this analysis of marijuana trademarks into the expanding literature on how sophisticated firms disrupt legal systems to their advantage. To this end, the aforementioned approaches to protect marijuana brands are generalized to create a widely applicable taxonomy of strategic legal behaviors.

Initially, marijuana firms registered marks for goods related to marijuana (e.g., cigarette lighters). This did not protect the brand apropos the drug, but it gained sufficient related protection to discourage risk-averse competitors from adopting their mark. Firms likewise coopted extant legal regimes for unexpected purposes. Examples include exploiting legal uncertainty about marijuana derivatives and broadly worded state trademark statutes to secure a limited scope of registrations. Next firms proactively attempted to change the law, such as the proposed state marijuana trademark bill in California. Lastly, companies readied themselves for future legal change. By establishing *some* trademark protection in the current market, forward-thinking firms may reap substantial rewards if marijuana laws continue to relax and the resultant markets continue to grow.

When viewed at a macro scale, these approaches establish a taxonomy of stratagems employable when progressing through Bird's five stages of implementing legal strategy¹ and Siedel and Haapio's process of reframing legal obstacles as opportunities.² Initially, firms may creatively circumvent legal impediments to create competitive advantage (e.g., registering marijuana marks in the field of cigarette lighters). Next, gains may be made by acting within ambiguous and unexplored areas of the law (e.g., exploiting uncertainty surrounding marijuana derivatives). This also includes selective litigation to create beneficial precedent. In the final two classes of legal strategy, firms attempt to amend the law to their needs, and take actions today in preparation for future legal change. Innocuous actions today may create substantial advantage after significant changes in the law occur.

Drawing from the study of marijuana and trademark protection, this article produces a significant tool in recognizing and implementing legal strategies. The four classes of stratagems are adaptable and implementable across a variety of fields. As such, these taxonomy provides needed real-world guidance within the law and strategy literature, which heretofore largely describes overarching themes of using law to create strategic advantage or presents industry-specific examinations.

¹ Robert C. Bird, *Pathways of Legal Strategy*, 14 STAN. J.L. BUS. & FIN. 1, 12–38 (2008)

² George J. Siedel & Helena Haapio, PROACTIVE LAW FOR MANAGERS: A HIDDEN SOURCE FOR COMPETITIVE ADVANTAGE 1–20 (2011).