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Via Electronic Mail

NOTICE FROM THE MYERS LAW GROUP REGARDING IMPORTANT FEDERAL LEGISLATION

Dear Valued Client:

This letter is to notify you of the new legislation Congress recently approved, namely the Agriculture Improvement Act of 2018, also known as the “Farm Bill.” The President signed the legislation into law on Thursday, December 20, 2018. The law provides important agricultural policies, including a change that involves the cannabis plant. Below is a summary of the law that may impact your company.

- **Hemp (Cannabis Sativa L) production, processing, and sale will be legalized with restrictions:** Hemp and hemp-derived products will be formally removed from the Controlled Substances Act (CSA). Before, small-scale hemp (labeled as “industrial hemp”) cultivation was allowed for study purposes. The Farm Bill will now allow broad hemp cultivation, and the transfer of hemp-derived products across state lines for commercial and other purposes. There is no restriction on the sale, transport, or possession of hemp-derived products as long as they are produced according to the law. However, the law will impose the following restrictions:
 - **The hemp cannot contain more than 0.3 percent THC (delta-9 tetrahydrocannabinol).** If the cannabis plant contains more than 0.3 percent THC on a dry weight basis, it will not be protected by the law as it would be considered non-hemp cannabis.
 - **Cultivators are required to obtain a license.** Of course, there will be state and federal regulatory power over hemp cultivation and production. The law provides that state departments of agriculture must coordinate with the state’s governor and chief law enforcement officer to formulate a plan that will be submitted to the Secretary of the United States Department of Agriculture (“USDA”). A state cannot license and regulate hemp until the USDA Secretary approves such state plan. If a state chooses not to devise a plan, the USDA will establish a regulatory program in those states where hemp cultivators must apply for licenses and comply with a federally-run program.

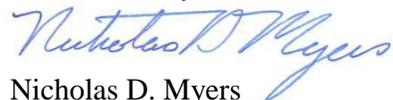
The law also details all possible violations, including their respective punishments, how violators can become compliant, and which actions will be considered felonies.

- **Hemp farmers will be recognized as a farmer under the Federal Crop Insurance Act.** This will give protection to hemp farmers who in the normal course of agricultural production encounter crop losses, which will be vital as these farmers account for climate changes to this “new” product. Hemp farmers will be able to participate in the programs for Risk Management Agency (RMA), Natural Resources Conservation Service (NRCS), and Farm Service Agency (FSA) depending on eligibility.
- **Cannabidiol (CBD) will only be legal under specific circumstances:** CBD, which is derived from hemp, will not be entirely legal as the Drug Enforcement Administration (DEA) still considers CBD to be a Schedule I controlled substance under federal law. However, there are exceptions in certain situations. *The Farm Bill ensures that any cannabinoid that is derived from hemp will be legal, if and only if that hemp is produced in a manner consistent with the Farm Bill, federal and state regulations, and by a licensed grower.* All other cannabinoids produced in any other manner will remain a Schedule I substance under federal law and thus illegal. The only other exception to this is Epidiolex, a form of pharmaceutical CBD that is already approved by the FDA.
- **The Farm Bill will not apply to any state legalized cannabis programs.** These programs will remain illegal under federal law.

In the light of the foregoing, we recommend that if you or your company are considering filing trademarks for products containing CBD, that you should file them with the United States Patent and Trademark Office, State of California, and any other applicable states immediately. While there could be delays in the implementation of this legislation and/or the guidelines for trademark examination set by the federal and state trademark authorities for CBD related goods and services, by having a trademark application, you secure a filing date and priority against third-parties who may later try and register the same or similar mark.

Should you wish to proceed with filing any trademark applications and/or have any questions pertaining to the Farm Bill, please contact us so we can address your concerns.

Most Sincerely,



Nicholas D. Myers