

Top Issues in 2020: Hemp

BANKING

Even though the 2019 Farm Bill legalized hemp, the banking industry has been slow to accept clients who operate in the hemp industry, creating a significant bottleneck in the industry. In 2020, banks are likely to continue to expand financial services for the hemp industry as more banks establish guidelines for safely backing hemp companies. Also, watch for the development of federal bills which make it easier for banks to represent cannabis companies.

CANNABIS M&A

The Merger and Acquisition space is ripe for consolidation, with a continued trend towards the acquisition of smaller companies by larger companies across the market. Additionally, larger more established companies continue to enter the hemp market, despite an already oversupply and low prices, leading to strategic acquisition by experienced agribusinesses – especially as hemp becomes a more mature market.

PROTECTING IP RIGHTS

Brand and trade secrets protection are critical for the long-term success of a hemp business. The U.S. Patent and Trade Office (USPTO) continues to deny trademarks for ingestible CBD products, but certain non-ingestible products may receive federal trademark status. The USPTO is facing a backlog of applications that mention CBD, and the agency is likely to see a continued onslaught of applications from businesses who seek to protect their intellectual property as the industry develops.

FDA REGULATIONS

Businesses are eagerly awaiting action by the U.S. Food & Drug Administration (FDA) to allow the legal placement of hemp and CBD in food, beverage, and supplement products. FDA may take action to further regulate CBD in 2020 as the agency's working group continues to evaluate the evolving research on hemp.

USDA-APPROVED HEMP PROGRAMS

USDA published its Interim Hemp Rule in the fall of 2019. States will have one year after the rule is finalized to submit state hemp plans to USDA for approval. Business owners will therefore have opportunities in 2020 to engage their state legislatures to enact policies that help the hemp industry grow.

HOW WE CAN HELP

Michael Best helps clients plan for the future while navigating today's shifting terrain of federal, state, and local regulations and enforcement. We have deep experience in regulatory compliance and defense, coupled with the capability to deliver a broad range of legal services.

Primary Contacts



David M. DiGiacomo
Co-Leader, Cannabis
dmdigiacomo@michaelbest.com
T. 303.536.1178



Cameron F. Field
Co-Leader, Cannabis
cffield@michaelbest.com
T. 608.283.2259



Shawn T. Stigler
Co-Leader, Cannabis
ststigler@michaelbest.com
T. 303.596.0968