



September 5th, 2023

Dear Cannabis Advisory Committee Members and DCC staff,

On behalf of Origins Council, representing 800 small and independent cannabis businesses in partnership with regional trade associations in Trinity, Mendocino, Humboldt, Nevada County, and Big Sur, we are writing to offer comments on the agenda for the September 5th, 2023 CAC cultivation subcommittee meeting.

Origins Council and our Regional Partner organization have been advocating for strong and credible appellations standards since the inception of the appellations program. We would like to thank the DCC and CAC Committee Members for this hearing and the opportunity to provide recommendations on some of the most important issues facing the appellations program. Below are our comments on the proposed agenda items.

Agenda Item #1: How should an appellation be indicated on the labeling and advertising of cannabis goods? Options may include specific terms, such as requiring “appellation” after the appellation name, or requiring a seal or logo.

- 1. Establish a standardized appellation seal** - DCC should establish a standardized appellation seal to provide consumers with a clear visual image that verifies appellations products. Additionally, there should be an option for each appellation to customize a unique interior field in the state’s seal.
- 2. Require prominent appellation labeling** - labeling regulations should require that the appellation name is prominently and legibly displayed on the label.

Agenda Item #2: What is an appropriate transition time for businesses who do not meet the appellation of origin requirements to cease using the term in labeling and advertising?

- 1. Allow a one-year transition for geographic brands that were in use before February 21, 2020** - clarification is needed on the legal priority of appellations over conflicting geographic trademarks. Existing geographic brands should be given a year to transition their brand if there's a conflict with an appellation name.

CDFA first proposed this regulation on February 21, 2020. To ensure that there's not a rush to register trademarks that conflict with potential appellations, this one-year transition should only apply to geographic brands that were in use before February 21, 2020.

Agenda Item #3: What other regulatory steps, if any, should DCC consider to strengthen appellation-of-origin requirements in the context of packaging and labeling?

- 1. Strengthen penalties for appellation misuse** - currently, DCC proposes to classify violations of appellation requirements as "minor" violations, carrying a \$100-\$500 fine. This is far too weak to deter counterfeit appellation products, which are an extremely common issue in other industries with appellation standards. The DCC should strengthen penalties for appellation misuse, with a potential lesser penalty for first-time violators.
- 2. Establish and enforce recordkeeping requirements demonstrating compliance with appellation production requirements** - for appellations to be credible, there needs to be verification that the appellation cannabis was produced within the stated geographical area. DCC should require licensees to retain documentation that demonstrates compliance with this requirement, and should establish penalties for non-compliance with recordkeeping requirements.
- 3. Use of an Appellation on Downstream Brands and Manufactured Products** - The DCC should carefully consider the approach to regulating the use of a cannabis appellation on downstream brands and manufactured products outside of the control of the appellation producers. Considerations center around impacts to the quality, reputation or characteristics of the appellation products as well as consumer confusion issues. We recommend that the DCC conduct policy research on these issues and collaborate with CDFA to convene a stakeholder working group to explore these issues in depth, prior to promulgation.