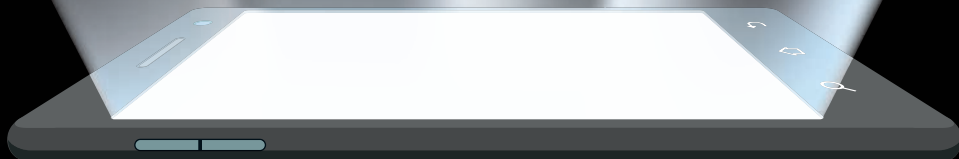


*Carlton Daniel takes on a very modern
trade mark quandary*

#ToTradeMarkOrNot?



A strong grasp of innovative social media strategies is key to any modern brand's success in building reputation and sales.

In less than 10 years, social media has revolutionised the global marketing industry. Hashtags are a key social media tool, since they enable brands to obtain real-time indicators of a campaign's success and to gauge public opinion. However, using hashtags raises serious questions about the legal protections available under English law.

PRACTICE TO DATE

What if a third party is misusing a brand name in a hashtag? To date, there have been no reported cases of a trade mark owner successfully suing for infringement based on the use of its brand in a hashtag by a third party.

In fact, if the brand name is protected as a registered trade mark under the Trade Marks Act 1994 (the Act) there is no need to register the mark separately with the # symbol to obtain protection in the blogosphere. The brand owner will be able to take action under Section 10(1) of the Act if the hashtag uses the same word as the mark in connection with the goods/services for which the mark is registered. For example, to prevent use of "#RIO2016" in a damaging hashtag in relation to sport, the International Olympic Committee could use its registered trade mark "RIO 2016". The courts will ignore the # when considering whether the hashtag keyword is identical to the registered mark.

What is the position where the hashtag consists not only of the brand, but also of other words/symbols? In this case, a mark owner may be able to take infringement action under Section 10(2) of the Act. This section requires the use of an identical or similar mark in relation to identical or similar goods/services, provided there is a likelihood of consumer confusion. Case law is clear that any additional words that are descriptive will largely be disregarded for the purposes of assessing whether the keyword is "identical" or "similar". For example, if "BRAND" is an existing registered trade mark, the owner can prevent use of the hashtag #brand-is-unsafe, since the courts will not have a problem disregarding the use of the additional non-distinctive elements (assuming the criticism is shown to be untrue). This is similar to the way in which the courts have approached the .com element to domain names when considering trade mark infringement. Even if any words used in addition to referencing a brand in a hashtag are not purely descriptive, there will usually be an argument that there is at least a similarity of marks. Thus, the owner would only need to show identity or similarity of services, together with the requisite confusion, to stop misuse.

For those brands with a reputation, the L'Oréal case (C-487/07) reminds us that the door remains open for a claim under Section 10(3).

Therefore, as a general rule, if a brand that is a registered trade mark is being used within a hashtag, the owner of that mark can likely rely on its existing registrations to prevent third parties from infringing its IP rights.

Social media platforms such as Twitter have also responded to concerns raised by brand owners on the infringement issue. Platform terms tend to prevent users from using a hashtag followed by a company name if such use will mislead or confuse others in relation to the origin of a product or service.

However, the Act permits reference to trade

marks for legitimate purposes. For example,

competitors for comparative advertising, such as #cheaperthan brand, will be permissible provided that the comparison meets the requirements of the Misleading and Comparative Advertising Directive (2006/114/EC). In

short, key considerations are that a comparison must be objective, it must compare relevant features of the goods/services, and must not be misleading. (See, for example, the O2 case, C-533/06.)



WHAT IS A HASHTAG?

Hashtags are a combination of words or phrases to help users find messages about specific topics. The symbol # is placed in front of a keyword or phrase, and social media platforms, such as Twitter, Instagram and Facebook, group together entries on the same topic.

An action in passing off should not be discounted either – one does not necessarily require a registered trade mark to prevent third-party use of a mark with a reputation if the third party-use is a misrepresentation to the public likely to cause damage, whatever form that misrepresentation takes. The common law is wonderfully flexible in its approach in that respect.

A hashtag that refers to a brand and damages a company's reputation may also give rise to a claim for defamation or malicious falsehood.

REGISTRATION

Although the Act does not specifically address the registrability of hashtags, a careful reading of the Act, together with the relevant case law, makes it clear that many hashtags will be protectable as registered trade marks. Given their importance, it is not surprising that attempts from brands to register hashtags as trade marks are becoming more frequent. Notwithstanding the comments above, demonstrating that existing brands need not be registered separately in order to protect them from unauthorised use in social media, many brands will still wish to protect new keywords that may (or may not) incorporate an existing mark.

For example, earlier this year, Coca-Cola applied to register the hashtags #cokecanpics and #smilewithacoke in the US. Under current UK trade mark practice, keywords that are not distinctive (eg purely descriptive or laudatory words) and do not serve as an origin guarantee for the goods/services to which they relate will struggle to be accepted as trade marks by the UK IPO. In other mediums, an applicant may seek to make such keywords distinctive by incorporating them within a logo or using stylisation. The scope of protection for such marks is narrow.

However, most social media platforms only permit plain text, and thus protective registration of any keywords as stylised/logo trade marks in order to prevent online infringements within hashtags will often be ineffective. Another way in which the owners of such keywords have sought protection is by long-standing and consistent use to build up a reputation for a phrase, which overcomes the non-distinctiveness problem in becoming, in fact, distinctive of the trader's offering. However, even in the case of relatively well-known slogans (as hashtags can typically be characterised) the courts have struggled to accept these for registration (for example, in the Kit Kat "HAVE A BREAK" case, C-353/03).

RISKY BUSINESS?

Consider, too, the commercial merits of seeking protection for a brand's hashtags. While many registrations of simple marks can be quick and simple, where one is seeking to register a mark that is not inherently distinctive it can be an uphill struggle, which means that it is a timely and expensive process. Many hashtags are used for a relatively short time. Would a heavy investment in a registration for #IceBucketChallenge be worth it?

Social media can also go spectacularly wrong. Using #McDStories, McDonald's sought to encourage users to share their positive experiences. In an example of "bashtagging", the hashtag began trending with negative stories about user visits to its establishments. A trade mark for the hashtag would be of

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little assistance in this scenario, and, in any case, would likely come too late.

In addition, using registered trade marks within hashtags also runs the more general risks of brand dilution and can contribute to making a mark generic. It can also be risky if a brand abandons use of a mark if the hashtag is no longer trending. Consistent failure to police a brand's use in this way can lead to a mark being liable for revocation.

The question #ToTradeMarkOrNot? is therefore as much of a commercial consideration as a legal one. For many established brands, it will not be necessary to invest the time and expense of obtaining separate trade mark registrations as hashtags. Further, many hashtags would seem unsuitable for protection as registered marks. What is important is that, together with their trade mark professionals, brands develop strategies that will protect their brand's image and goodwill, while appreciating the influence of social media and the benefits and risks such use engenders. ■



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