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HASHTAGS

Hashtags can be used cleverly in marketing—or by others who want to attack brands. Attorneys from Squire Patton Boggs discuss brand owners' options for using hashtags well and for dealing with others who use them for smearing brands, focusing on U.K. law.

#ToTradeMarkorNot?



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Brand owners must embrace social media as part of their overall marketing strategy. Over the last 10 years, social media has revolutionized the global marketing industry.

Hashtags are a key social media tool and have played a big part in this revolution. But hashtags can be a mixed blessing for brands.

There are well documented instances of brands having had hashtags used against them to smear their brand. This article will examine the hashtag phenomenon and consider what a brand can do when a hashtag is used against them to encourage #brandbashing.

What Are Hashtags?

Hashtags are words or phrases used in social media to help users locate content on specific topics. Users create them, simply by placing the # symbol in front of the words or phrase.

Social media platforms, including Twitter, Instagram and Facebook, group together content by topic. Sometimes, the hashtag creates a clickable link but otherwise users can search against a hashtag and this will bring up all of the posts that mention the subject in real time.

For example, if you wanted to post about the Star Wars movie, you would include #StarWars to join the conversation. Hashtags that become very popular are often trending topics.

Although hashtags began as a means of organizing huge amounts of content on social media platforms, they now perform a more sophisticated role. Hashtags are a way for brands to create conversations, connect with followers and promote their brand to vast numbers of potential new customers.

Hashtags allow brands to obtain real-time indicators of a marketing campaign's success and to gauge public opinion. Most of the big brands recognise, and regularly take advantage of, the golden marketing opportunities hashtags present.

But hashtags can be misused. As well as creating strings of positive conversation, they can be used to stir up brand abuse. There are instances of brands having hashtags they themselves have created used against them by online users creating abusive posts.

For example, using #McDStories, the global brand McDonald's sought to encourage Twitter users to share their positive McDonald's experiences. Within a short time, the hashtag began trending with negative stories about user visits to McDonald's establishments.

In addition to this sort of "bash tagging," unchallenged use of a registered trade mark within hashtags creates the more general risk of brand dilution and, ultimately, the prospect of the mark becoming generic. Generic marks are liable to revocation; that is, being taken off the trade mark's register, leaving the brand owner without effective trade mark protection.

What legal protection do brands have against misuse of the brand in hashtags?

Preventing a Brand Name Being Used in a Hashtag

If a third party is using a brand name in the hashtag, then the brand owner may be able to prevent use of the hashtag by relying on its registered trade marks.

In the U.K., section 10(1) of the Trade Marks Act 1994 (the Act) allows a brand owner to prohibit use by a third party of a sign which is identical to the registered trade mark where it is being used for the same goods or services for which the mark is registered.

It is not necessary for the brand name to have been registered separately with the # symbol to obtain protection in the blogosphere. The courts are willing to ignore the # when considering whether the hashtag is identical to the registered mark.

For example, to prevent use of "#RIO2016" in a damaging hashtag in relation to sport, the International Olympic Committee could use their registered trade mark "RIO 2016."

Where a hashtag consists not only of the brand name, but also other words/symbols (so that it is not identical to the brand), the trade mark owner may be able to rely on a different provision of the Act, namely section 10(2). This section allows a trade mark owner to prohibit the use of a sign which is identical or similar to the registered trade mark where it is being used for the same or similar goods/services for which the mark is registered.

The trade mark owner must be able to show that there is a likelihood of consumers being confused about

whose goods/services the hashtag refers to—is it the trade mark owner's products or those of a third party purporting to be the trade mark owner?

Case law on this section of the Act is helpful to brand owners. It is clear that any additional words in the hashtag that are purely descriptive will be largely disregarded for the purposes of assessing whether it is identical or similar to the registered trade mark.

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.

Where 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. The owner would only need to show the identity or similarity of the goods/services referred to by the hashtag with their own, together with the requisite confusion, to stop misuse.

Well-known brands are also protected under section 10(3) of the Act which allows them to stop a third party from using an identical or similar sign to the registered trade mark in relation to identical, similar or dissimilar goods/services to those for which the trade mark is registered, where the trade mark has a reputation and the sign without due cause, takes unfair advantage of, or is detrimental to the distinctive character or repute of the mark—see the L'Oreal case (C-487/07).

Section 10(3) empowers brand owners to stop third parties from getting a "leg up" for their business by free-riding on the brand's reputation or from denigrating the brand without justifiable grounds. This would exactly cover an abusive hashtag campaign and gives broad protection in that no consumer confusion need to be shown and the third party can even be using the hashtag for goods/services entirely different from those of the brand owner.

To date, there have been no reported cases in the U.K. of a trade mark owner successfully suing for trade mark infringement based purely on the use of their brand in a hashtag by a third party. However, if a brand that is a registered trade mark is being used within a hashtag, there is no reason why the trade mark owner cannot seek to rely on its existing registrations to prevent continued use of the hashtag.

Limitations of Registered Trade Marks

Brand owners should be aware that having registered trade marks is not necessarily the "golden bullet" to tackling undesirable hashtags. Certain behaviour around the use of brand names in hashtags cannot be challenged.

An example is comparative advertising. This is where a competitor seeks to compare its product with that of the brand owner in the hope that consumers will find the competitor's products compare favorably with the brand. Crucially, the brand is used in the ad to make the comparison. Comparative advertising is regulated by the Misleading and Comparative Advertising Directive (2006/114/EC).

Ads that satisfy the criteria in MCAD are lawful and can't be prohibited by the brand owner even though the

brand name is used in the ad—see, for example, the O2 case (C-533/06). So, the hashtag #cheaper-than-brand used by a competitor for comparative advertising purposes would be permissible provided the MCAD criteria are satisfied.

Other Options for Brand Owners

Brand owners without registered trade mark protection will have to rely on other causes of action to prevent hashtag use of their brand.

One option might be a claim for passing off. Passing off is sometimes regarded as akin to unregistered trade mark protection. The principle underlying this cause of action is that “a man is not to sell his own goods under the pretence that they are the goods of another man”—*Perry v Truefitt* [1842].

Passing off has no statutory basis but is the result of judicial decisions. To succeed, a brand owner would need to show that its brand has a reputation and that a third party has misrepresented (and caused consumers to be confused into believing) that its products originate from the brand owner, causing the brand owner damage.

An example might be a competitor creating the hashtag #Ilovebrand to start a discussion about their (the competitor’s) own products. However, this cause of action would not help in the case of a hashtag that was being used to invite brand abuse as consumer confusion here would be unlikely.

Another option for brand owners might be a claim for defamation or malicious falsehood. Malicious falsehood is more commonly known as “trade libel” and regularly used by businesses against competitors seeking to denigrate their products in ad campaigns.

The brand owner would have to show that use of the brand within the hashtag taken as a whole damages the brand by the malicious use of false words. An example might be #branddumpstoxicwasteinsea (assuming, of course, that this allegation was untrue).

An alternative avenue for brand owners could be a complaint to the social media platform itself. Some platforms, including Twitter, have responded to hashtag concerns of brand owners and amended their platform terms to expressly prohibit #company-name if such use would mislead or confuse other users about whose products are being referred to (in other words, the origin of the products).

Registration of Hashtags as Trade Marks

Although the Act does not specifically address the registerability of hashtags, from a careful reading of it, together with the relevant case law, it is clear that many hashtags will be registrable as trade marks. Given their importance, it is not surprising that the number of applications to register hashtags as trade marks is increasing.

Notwithstanding the comments above that existing brands need not be registered separately with the # in order to protect them from unauthorized use in social media, many brands will still wish to protect new keywords which may (or may not) incorporate an existing mark.

For example, Coca Cola recently applied to register two trade mark applications in the US for the hashtags #cokecanpics and #smilewithacoke. Under current UK

trade mark practice, keywords which are not distinctive (e.g. purely descriptive or laudatory words) and don’t serve as an origin guarantee for the goods/services to which they relate will struggle to be accepted as trade marks by the UK Intellectual Property Office.

In other mediums, an applicant may seek to make such keywords distinctive by incorporating them within a logo or using stylization. The scope of protection for such marks is narrow because the competitor must be using a similar stylization in order to be prevented from using the brand.

In addition, most social media platforms only permit plain text and thus protective registration of any keywords as stylized trade marks in order to prevent online infringements within hashtags will be ineffective.

Another way in which the owners of descriptive keywords have sought protection is by long-standing and consistent use to build-up a reputation for a phrase. The phrase, although not inherently distinctive, becomes distinctive through use, rendering it registrable as a trade mark.

However, it can be an uphill struggle to successfully demonstrate to a trade mark examiner or court that a word or slogan has acquired distinctiveness through use. Recent case law is testament to that—see for example, the Kit Kat “HAVE A BREAK” case (C-353/03).

What is usually a relatively quick and cheap application process can become expensive and time consuming. Also, it is likely that by the time these proceedings are concluded, the hashtag(s) concerned will no longer be brand relevant. Many hashtags are used only for a relatively short time. For example, would a heavy investment in a registration for #IceBucketChallenge really have been worth it?

So What Should Brand Owners Do?

#ToTradeMarkOrNot? There is no easy answer to this question. Both legal and commercial considerations need to be borne in mind.

Brand owners with registered trade marks for their brands are in the best position. Unless a hashtag is likely to become core to the business and have longevity, they need not obtain separate registered protection for a hashtag alone but seek to rely instead on their wider trade mark portfolio. This will save time and money.

Brand owners without registered trade mark protection should review the desirability of that position. They may want to look to the forthcoming reforms to trade mark law in the EU to seek protection for the first time.

The reforms will impact on both the Community Trade Mark regime and the national trade mark systems of each member state of the EU. The CTM reforms come into force in March 2016. Fees for trade registrations and renewals are likely to be reduced as part of the reforms and brand owners may want to take advantage of that.

Careful consideration should be given to registering hashtags alone instead of obtaining wider brand protection. In any event, many hashtags may be unsuitable for protection as registered trade marks.

The decisions on these issues should be made, not in isolation, but in the context of the brand’s wider brand strategy. It is not a one-size-fits-all approach. Much will depend on the popularity of the brand, the direction in

which the brand is to grow and whether the brand has deep pockets.

Brands should work closely with their trusted advisors to devise a cost-effective strategy which will pro-

vide proper and consistent protection for the brand's image and goodwill across all mediums, including social media.