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TOP INTELLECTUAL PROPERTY LAWYERS

Millennials changed marketing; will they change our approach to trademarks, too?



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A simple search for “millennials” and “marketing” instantly yields a plethora of results on “how to market to millennials,” “what millennials want from a brand,” and more. Brands are actively attempting to appeal to millennials — those born between 1981 and 1996 who tend to use more communications, media and other digital technologies. Procter & Gamble has gone so far as to submit trademark applications for common digital acronyms dubbed by millennials, including NBD (“No Big Deal”), FOMO (Fear of Missing Out), LOL (“Laugh Out Loud”), and NSFW (“Not Suitable For Work”) for laundry detergent and fabric softeners. The U.S. Patent and Trademark Office has yet to grant the registration for any of these pending intent-to-use applications. However, this is not the first time a company has attempted to register common words or slang; there are several live trademarks for LOL — one of which includes BuzzFeed’s yellow circle “LOL” word mark that is used as

a logo on the digital entertainment site.

Here are a few ways millennials have impacted trademark law already.

Hashing It Out with the PTO

Hashtags are the primary online organizational tool used to categorize content on social media. This has resulted in some of digital advertising’s most influential marketing tools. Coca-Cola’s #ShareACoke campaign, Audi’s #WantAnR8 campaign, and Calvin Klein’s #MYCALVINS generated enormous followings. Yet, hashtags can have complex trademark implications. Companies have sought out trademark protection for hashtags to protect their company image, brand and likeness. For example, in *Chanel, Inc. v. WGACA, LLC*, the Southern District of New York sided with women’s luxury brand, Chanel, in finding that the brand “adequately alleges that WGACA’s extensive unauthorized use of the Chanel brand and trademarks constitutes false advertising or endorsement” and “extensive use of Chanel’s trademarks” by WGACA — such as its “use of pictures from Chanel

advertising campaigns, the #WGACACHANEL hashtag on social media, and the prominence and large volume of Chanel trademarks that WGACA displays in stores and online” — may “form the basis for a Lanham Act violation.”

Lawyer Monthly has reported that in 2010, only seven companies submitted hashtag trademark applications. Between 2015 and 2016, the number of applications grew by a 64 percent.

To cut to the chase, hashtag trademarks function like any other trademark application. To register a hashtag as a trademark, the mark must identify the source of the trademark owner’s goods or services and cannot be descriptive or generic for the goods and services in connection with which it is being used. For example, the Trademark Manual of Examining Procedure Section 1202.18 notes that if an applicant sought to register #SKATER for skateboarding equipment, it would be considered merely descriptive and would be refused. If a mark consists of the hash symbol or the term “hashtag” combined with wording that is distinctive for the goods or services, the hashtag should be disclaimed. For example, #INGENUITY for business consultation services is registrable with a disclaimer of the hash symbol. However, when a mark containing the hash symbol or the term “hashtag” is arbitrary or suggestive, then no descriptive or generic refusal or disclaimer is required (i.e., #SLUGGERTIME for clothing or #DADCHAT for counseling services). Additionally, the PTO has noted that the trademark requested shall be used in connection with the goods or services unrelated to the context of social media. This prevents companies from trademarking all words that merely promote their products and services.

Despite attempts to clarify the nuances involved in hashtag reg-

istration, the PTO has not been entirely consistent with their registrations. The PTO registered #LetsBowl for bowling balls without raising a descriptive objection but found #WeatherWednesday to be too descriptive for an online weather newsletter. See Aaron Rubin and Diana Roumiantseva, “#Trademarks? Hashtags as Trademarks Revisted” (July 18, 2016).

Courts have also been inconsistent. In *Fraternity Collection, LLC v. Fagnoli*, a Mississippi district court held that the use of the tag #FraternityCollection or #FraternityCollection by a competitor of the clothing brand, Fraternity Collection was sufficient to bring forth a claim for trademark infringement. While in *Eksouzian v. Albanese*, a California court concluded that a competitor’s use of another brand’s hashtag did not contemplate infringement because the hashtag was “merely a functional tool.” *Id.*

Only time will tell whether there is any advantage to registering a hashtag. It is seldom that we have found value in such an application — one where an evaluation of the mark in use in commerce, on social media, etc. provides a legal justification for the application. Nevertheless, it has become the trendiest of topics in trademark law, so there is no doubt we haven’t seen the last of #trademarks.

Emoji’s and the Use of Trademarks

According to the Emoji Research Team, 92 percent of the online population uses emojis. These popular digital icons may represent an expression, idea, activity or emotion. Emojis can take the form of anything, including smiley characters, people, animals, hand gestures, accessories, transportation vehicles and even animations. Apple has not made licensing options of their emojis publicly available, however there

are a number of open-source emoji platforms that include license options, such as: emojiindex, Joy Pixels, and Twemoji (Twitter). Additionally, while “traditional” emoticons — ;) :o) :) *-) and :-(- — have all been registered as trademarks by different entities for use on and for various goods and services, we are just embarking on the future of modern emoji use.

There is no doubt an emoji “could” function as a trademark, the real questions are how and when. In *Emojis and the Law*, Santa Clara University School of Law professor Eric Goldman, explains that emojis are given trademark rights in “market niches” where the trademark registrant uses the emoji in commerce. A trademark applicant must present the emoji to promote its marketplace offerings or distinguish the goods or services in the marketplace. Users who use emojis in noncommercial communications will not be subject to trademark infringement. Multiple registrants can have overlapping trademark rights in the same emoji character, but the promotion efforts or commercial use behind the emoji must differ, so as to not cause confusion associated with the emoji’s commercial purpose. As the use of emojis in trademark applications increase, the likelihood of trademark disputes amongst emoji users will increase.

Goldman also notes that placing intellectual property protections on emojis could inhibit speech and the way people communicate with each other. He notes that “emoji trolling” is likely to occur — where an owner registers an emoji and thereafter pursues users who incorporate the emoji into their digital footprint. Subsequently, the registrant may abusively assert their trademark rights against the user in an attempt to claim settlement proceeds. Although these lawsuits could be frivolous and trivial, the practice of trolling would cause additionally, unnecessary strain on our already overworked legal system. However, courts are still largely unfamiliar

to emoji trademark prosecutions and it is likely that case law will expand on the issue as more emojis become registered marks and owners begin to assert their rights.

The Decline of National Brands and the Rise of Private Labeling

Millennials do not appear to be brand loyalists. Studies suggest this is because millennials have more sporadic and inconsistent exposure to national brand marketing strategies, whereas the generations prior were consistently primed by the national brands. *See* Neil Howe, “Are Millennials Killing Name Brands?” (November 20, 2018). As a result, they have single-handedly changed the e-commerce landscape by increasing production and sales under private labels. According to the Cadent Consulting Group 2017 Marketing Spending Study, millennials will grow to be the largest percent of purchase power over the next decade and are drawn to private label goods more than their predecessors. It appears millennials are attracted to private label goods because of the quality, competitive pricing and unique experience associated with the goods.

Private labeling allows manufacturers or suppliers to license their products to third-party sellers who distribute the product under their own brand or trademark (i.e., the private label). In December, Costco reported that sales of its Kirkland Signature private-label brand grew to \$39 billion in 2018, up from \$35 billion the previous year. Last fall, Target added a new in-house brand called Smartly, which features more than 70 household products priced at around \$2. The most popular new kid on the block, is of course, Brandless, where most products are priced at \$3. Their own website boasts, “And we’ll never make you choose between 12 different kinds of quinoa. We have one, you can trust it’s a good one, and it’s organic (natch!).” For the non-millennials reading this article, that means “naturally.” Let’s not forget Amazon, which has made billions

allowing resellers to sell “private label” goods manufactured by others (generally, at a cheaper cost and generally, manufactured in China).

The key to private labeling is that the manufacturer’s trademarks are entirely unknown to the consumer. Most of us will never know whether Costco sources vodka from Grey Goose for its popular vodka, because the only mark you will see on the bottle is the Kirkland mark. This allows the seller to save money on complicated distribution and license agreements; a savings that is then passed down to the buyer. However, private labels need to be protected like any other brand. Costco Wholesale Corporation currently owns 89 “Kirkland Signature” trademark registrations for nearly every good imaginable, from contact lenses to gas — proof that private labels can easily become name brands.

Subscription Boxes and Competing Trademarks

Similarly, millennials have championed subscription boxes where consumers pay a flat fee each month and receive different items per each monthly subscription box deliverable. According to McKinsey, the estimate overall market size for subscription boxes is \$10 billion or more. Stitch Fix is the largest subscription e-commerce company, surpassing \$1 billion in sales in 2018. These subscription services include “bundled” prepackaged boxes with an assortment of products from a variety of retailers (including both private label and major brands).

Subscription based companies must be mindful about how they market the products within the box. While “bundling” items is quite common and not necessarily unlawful, companies must avoid marketplace confusion. Companies can also run into trouble if the placement of the products in the box suggests a relationship between the subscription services and the retailers whose products

are included in the service. Additionally, brand owners may not want their products associated with “inferior” competitors or products that could affect their reputation. Finally, the subscription box brands should actively avoid any likelihood of confusion associated with the brands they use.

Conclusion

Millennials are arguably responsible for some of the major technological advances and innovations of our time, and as they have pushed digital modernization, aggressive advertising efforts to seek the attention of social media users have also increased. This in turn has given rise to a new way of marketing, and with that, changes in trademark law, and new ways of thinking about brand protection.

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