Striking the right balance between honouring a brand and violating a trade mark

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Social media has many good attributes both on a personal and business level, and it has also evolved into a connector of cultures and movements - think of the various challenges that have taken social media by storm.

Image source: Getty/Gallo

The #10yearchallenge encouraged you to share throwback pictures where even celebrities participated posting decade-old pictures of themselves. Recently, the #woolieswaterchallenge was trending, where we saw South Africans of all colours and backgrounds speaking in different accents and official languages after drinking Woolworth's water.

However, with all its positive effects, it has brought along some of its own challenges for businesses on the trade mark front.

A few years ago, in the case of Olivier Wasem & Sammy Wasem v Facebook, Inc. & Ferrari SpA, the luxury car maker and the social media platform were sued for hijacking a fan page with a following of millions of Ferrari enthusiasts, created by the Wasems.

The father-and-son team alleged that Ferrari had attempted to create a Facebook page on its own but failed to attract fans. Ferrari became aware of the Wasem's fan pages and approached them to form a partnership. After years of working

together under a partnership agreement, Ferrari and Facebook – seemingly working in concert - removed the Wasems as administrators of the pages, taking away their ability to control or manage the page they created.

The Wasems sued Ferrari and Facebook for damages for, inter alia, the breach of the partnership agreement (against Ferrari) and breach of contract (against Facebook). In retaliation, Ferrari lodged proceedings for trade mark infringement. It seems that in the end the Ferrari case was not heard in court, although it would have been interesting to see how the California Superior Courts would have decided this matter.

#woolworthswaterchallenge

In South Africa, we have not yet been faced with a social media dispute such as the Ferrari case, but the #woolieswaterchallenge allowed us to catch a small glimpse of how unauthorised use of a brand by fans can be dealt with by a trade mark owner.

After the #woolieswaterchallenge went viral, Woolworths tweeted the boys who started the challenge, saying: “Your video is exquisite and we’d love to amalgamate with you ??...”

In our view, Woolworths’ approach in choosing to collaborate with the young boys was prudent from a business perspective. The decision kept the public happy and encourages creativity among the youth. Woolworths also scored with the consumers by choosing collaboration over litigation and it now (presumably) gets to exercise some control over the posts by the #woolieswater boys.

Could it though have been possible for Woolworths to institute legal proceedings against the #woolieswater boys?

From a South African legal perspective, Sections 34 (1)(a) and (b) of the Trade Marks Act No. 194 of 1993 (“the Act”) provide that a registered trade mark can be infringed through the use, in the course of trade, of a confusingly similar trade mark in connection with goods/services similar to those covered by the registered trade mark.

However, use of trade marks on fan pages, at least traditionally, is not “use in the course of trade” – as a fan page is not used to trade in any goods or services but rather to create a platform for fans with similar interests to share their experiences, exchange information and keep each other updated with news or stories surrounding the subject of similar interest. So, in this sense, a trade mark owner would find it difficult to succeed on traditional trade mark infringement proceedings against a fan making unauthorised use of its trade mark on a fan page.

In addition, a fan page usually includes the words “fan page” and this arguably clearly indicates to the public that the page is not an official page of the business or trade mark owner. Similarly, the #woolieswater boys did not use the Woolworths/Woolies trade mark in the course of trade and so trade mark infringement proceedings on the basis of Sections 34 (1)(a) and (b) would, in all likelihood, have been unsuccessful.

Could use of trade marks by fans be regarded as diluting the trade mark in terms of Sections 34 (1) (c) of the Act? In terms of this section, a registered trade mark can be infringed if it is used by a third party in a way that is detrimental to the trade mark’s repute – i.e. in a way that “dilutes” the brand’s advertising value/selling power and causes economic damage to the brand owner. As the boys’ video and the #woolieswaterchallenge was well received by the public, it would have been difficult to argue that use of the Woolworths/ Woolies trade mark by the boys tarnished (one form of dilution) the brand and, in any event, it would have been difficult to establish economic damage to the retailer (if anything, the video had the opposite effect).

Potential risk

Using a trade mark that belongs to another party is always potentially risky - you may not be as lucky as the #woolieswater boys, depending on how you use the trade mark and how your use is received by the public. In the #woolieswaterchallenge case, the public reaction was very positive, so much so that various other spin offs of the original #woolieswater video have

subsequently been created by social media users of different backgrounds, cultures and race.

The way in which South Africans received and reacted to the #woolieswaterchallenge brought to mind Sachs J's judgement in the case of Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International and Another, where the judge said "…Humour is one of the great solvents of democracy. It permits the ambiguities and contradictions of public life to be articulated in non-violent forms. It promotes diversity. It enables a multitude of discontents to be expressed in a myriad of spontaneous ways. It is an elixir of constitutional health."

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