

BRAND ENFORCEMENT ON SOCIAL NETWORKING SITES

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CHAPTER 1

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My practice includes all aspects of intellectual property with emphasis on patent, trademark, copyright, and trade secret litigation. I have handled over 200 intellectual property disputes, including approximately 20 patent infringement cases, many of the cases as local counsel. My practice also includes assisting companies to increase their market share and protect their competitive advantage by identifying and protecting valuable branding, technological innovation, software, and other property and by procuring patent, trademark, and copyright registrations and through employment agreements and non-compete agreements. I also advise clients on licensing, acquisitions, due diligence, and eCommerce, including the emerging field of branding in cyberspace and trademark issues related to the Internet. We also assist clients in recovering domain names taken by cybersquatters.

While I have represented a number of Fortune 500 corporations, I focus on growing companies, who benefit from broad intellectual property counseling. I also represent a number of solo inventors and start up companies from inception of their business plan through their first couple rounds of funding. I also offer to serve as Virtual General Counsel and Virtual IP Counsel for companies that require in-house counsel but have not grown to that level.

In addition to intellectual property, I have significant experience litigating commercial and business disputes, including non-compete, partnership, fiduciary duty, and breach of contract disputes, 7 of which I have tried to a verdict, judgment, or arbitration award. I have represented a number of clients in obtaining and resisting requests for injunctive relief in cases involving non-competes, trade secrets, trademarks, and patents.

My practice also includes serving as local counsel to out of state parties involved in patent, trademark, copyright, IP, and commercial litigation in state and federal courts in Dallas, Texas and the Northern and Eastern District of Texas federal courts. My local counsel practice includes representing both plaintiffs and defendants. We have successfully achieved dismissals, as local counsel, for out of state defendants on venue and lack of personal jurisdiction grounds, recently we obtained a voluntary dismissal in a trademark case on those grounds and won an appeal at the Federal Circuit Court of Appeals affirming a dismissal in a patent case under the first to file rule. See our [local counsel](#) page - www.kk-llp.com/localcounsel.asp - for additional information, including the Local Patent Rules for the Texas Northern and Eastern District Courts.

I have been selected for inclusion in [Core24](#), an exclusive network of Dallas-Fort Worth professional service providers selected for their track record.

HONORS

D Magazine, "Best Lawyers – Intellectual Property," [2007](#), [2008](#), 2009
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Former Chair, Unfair Competition Committee of the IP Section, State Bar of Texas (2004-2007); Former Chair, Computer Law Section, Dallas Bar Association (2004-2007)

SPEECHES AND PUBLICATIONS

["Pre-Suit Investigations in Infringement Cases,"](#) *Texas Lawyer*, February 2008

["Investigate Before Litigating,"](#) *Executive Legal Advisor*, January 2008

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Defending a large semiconductor manufacturer in a patent-infringement lawsuit to a successful judgment upheld on appeal to the Federal Circuit

Representation of clients in patent-infringement litigation involving semiconductors, optical lenses, software method patents, bar-code readers, eyeglass devices, and Internet processes

Representation of several Fortune 500 corporations in patent-infringement litigation versus the Lemelson Medical, Education & Research Foundation, Limited Partnership

Representation of clients involved in trade-secret misappropriation, breach of fiduciary duty, and breach of non-competition agreement litigation, including obtaining temporary restraining orders and preliminary/temporary injunctions

Representation and counseling of clients involved in software development disputes involving breach of contract and copyright issues

Representation of business-software publishers in copyright enforcement programs against companies using and/or distributing pirated software

Counseling start-up and small company clients regarding intellectual-property protection and assets

Preparation and prosecution of patent applications for clients involving a variety of technologies, including semiconductors, medical devices, games, molecular gas separation processes, mechanical apparatus, and furniture

"Software Copyright Infringement and Enforcement," presentation to Dallas Bar Association Computer Law Section, April 22, 2002 Fifth Circuit Survey (June 1997-May 1998), Intellectual Property Law, Texas Tech Law Review, Vol. 30, September 1999

COMMUNITY ACTIVITIES

Executive Officer of Events, Federalist Society, Lawyers' Division
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ADMITTED TO PRACTICE

Federal Circuit Court of Appeals, 2002
Fifth Circuit Court of Appeals, 2002
U.S. Patent & Trademark Office, 2001
U.S. District Court, Southern District of Texas, 1999
U.S. District Court, Eastern District of Texas, 1999
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Thompson & Knight LLP, Associate, 1997-2004
The Boeing Company, Systems Engineer, 1990-1994
U.S. Army National Guard, Non-Commissioned Officer, 161st Infantry
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BRAND ENFORCEMENT ON SOCIAL NETWORKING SITES

I. INTRODUCTION

In today's Web 2.0 world, businesses are facing new ways to broadcast their presence and advertise their goods and services. The Internet has become an effective tool for effective brand marketing. Businesses are exploring new ways to advertise online that goes beyond merely buying ad space on popular search engines and other informational sites to actively engaging with their consumers in conversations and sharing information.

Web 2.0 has opened doors to social networking sites. Today, social networking sites are seeing exponential growth in memberships. Facebook, for example, is estimated to have more than 350 million active users. Twitter now boasts around 32.1 million users. MySpace attracts about 115 million people to its site each month. With such a wide consumer base at their fingertips, how have businesses used these social networking sites to their advantage? Better yet, how can brands protect themselves on these social networking sites and what mechanisms do these social networking giants have in place to assist businesses in policing their brands?

II. SOCIAL MEDIA AS A MARKETING TOOL

Facebook, the largest of the social networking sites, is a good example of how social networking sites have become an effective marketing tool for businesses. Facebook has developed its website to allow for Pages, customizable mini-sites geared toward organizations, products, or public personalities to join the conversation with Facebook users. A Page essentially allows fans to become brand advocates. It allows users to post comments, view news and information about a certain product, and learn more about a company.

Businesses have jumped on this viral form of advertising. Facebook now has more than 1.6 million active Pages. More than 700,000 local businesses have created Pages to reach their target demographics. In fact, it is estimated that Pages have created more than 5.3 billion fans.

The Page form on Facebook requires the creator of the Page to be the official representative of an organization, business, celebrity, or brand. As such, the representative becomes the Page Organizer, able to add and remove content, manage the information appearing on the site, and increase the viral effects of the advertising. For example, each Page (depending on the type of organization selected) comes equipped with pre-selected formatting options, such as tabs for Discussion Boards, Events, Information about the organization, and Photos. The Info tab, for example,

lets you share key information about your company such as website, mission, overview of the business, and products. Fans can post comments on a company's Wall, view videos, and read about upcoming events or promotions. Every time a Page has activity, such as postings or announcements, this activity becomes visible on the NewsFeed. Information about your Fans regarding their activities on your Page also become available for viewing by their friends, causing others to become a Fan of your Page. This is what causes the viral nature of advertising on Facebook. Businesses can capitalize on this market and gain valuable information from tools such as the Facebook Insights tool, which includes data on Fans' engagement with posts from a business's Page.

Similar to using Facebook, businesses have "opened up shop" on Twitter and MySpace, finding both websites valuable marketing tools for their goods and services. Some businesses have even allowed for official Twitter accounts and have allowed for individuals within the company to post Tweets of daily or weekly promotions and events. Nevertheless, questions arise as to what a business will be able to do once the angry "Fan" or follower posts negative comments on your wall, if a disgruntled former employee opens a page in your name, or if someone poses as a representative of your business claiming your company name or brand as their username.

III. SOCIAL NETWORKING SITES AND THEIR TERMS OF USE

The simplest and most cost-effective way to protect one's brand on social networking sites is to utilize the site's dispute resolutions mechanism. Most of the social networking giants have procedures in place for submitting complaints about copyright infringement, trademark infringement, and privacy concerns.

a. Facebook

The Facebook Statement of Rights and Responsibilities asks users to agree that they are the rightful owners of all the content and information they post on Facebook. Furthermore, they are asked to agree that they will not create accounts for anyone without their permission. Users are not allowed to post content or take any action on Facebook that infringes or violates other's rights or otherwise violates the law and Facebook reserves the right to take down content or remove a webpage that is found to be infringing on those rights. Facebook provides its users with tools to help address intellectual property issues. Most of these tools are forms that are submitted electronically.

b. MySpace

MySpace encourages that trademark owners first attempt to resolve disputes directly with the allegedly

infringing user. If this does not work, the trademark owner may contact MySpace at trademark@support.myspace.com.

MySpace reserves the right to investigate and take appropriate legal action against anyone who “violates or attempts to violate the privacy rights, publicity rights, copyrights, trademark rights, contract rights or any other rights of any person.” MySpace considers copyright infringement, patent infringement, or theft of trade secrets as illegal activity that is prohibited on the MySpace site. Also listed under this category is impersonating or attempting to impersonate another member, person, or entity, or selling or transferring your profile, email address, or URL. Furthermore, the MySpace Terms of Use Agreement has an additional intellectual property section that warns against uploading or transmitting material that infringes any person or entity’s copyright, patent, trademark, or trade secret. Pursuant to the Digital Millennium Copyright Act, MySpace has adopted a complaint mechanism setting up a Copyright Agent, who receives complaints of copyright violations.

c. Twitter

The Twitter Rules specifically state that they do not monitor user’s content and will not censor such content except in limited circumstances. Twitter does not allow impersonation of others that does or is intended to confuse, mislead, or deceive others. However, ways for monitoring such impersonation has proved to be a problem for Twitter since their biggest concern is fake accounts. Twitter also reserves the right to reclaim usernames on behalf of businesses or individuals that hold legal right or trademarks in those user names. To prevent name squatting, Twitter suspends accounts that are inactive for more than 6 months.

IV. PRACTICAL STEPS TO PROTECT YOUR BRAND

Often, relatively simple steps can be taken to protect one’s brand on social networking sites. Prevention is often less expensive than dealing with the problem after infringement has occurred. It is wise for companies who are contemplating having a presence on social networking sites or who simply want to prevent others who are not authorized to have a presence from using their marks to come up with a strategy for protecting their trademarks.

Register your brand. One of the easiest proactive steps a company can take is to register their brand. When Facebook launched its username option, it made provisions for owners of registered trademarks to reserve usernames that are representative of their marks. Even companies that were not Facebook users could fill out a Preventing the Registration of a Username form to reserve use of their mark.

Similarly, with sites like Twitter, simply registering your name, even if your company chooses not to maintain an active account, may be a good prevention strategy to keep the cybersquatter, or username-squatter, from using your brand.

Have a monitoring system in place. Once brand owners have registered their name, or even if they have not, it is advisable to implement a monitoring program. A few employees or even outside contractors can regularly check social networking sites for damage to their brand. Such a monitoring program can include checks for bad press, trademark infringement, and the sale of counterfeit goods, among other things. A company can create a plan for what social networking sites it will regularly monitor. Some websites, such as eBay, make searches simple for the brand owner. A user can designate favorite searches that will regularly return results for their designated brands, products, or sellers. Other websites such as icerocket.com, Google.com/alerts, and technorati.com search blogs, Twitter, MySpace, and news groups.

Take an active role in social networking sites. Often, the best way to protect your brand online is to join in the online community. There is nothing more effective than creating your own positive buzz. Posting interesting information on your Facebook, MySpace, or Twitter page can generate feedback from fans and spread the word about your product. Creating an account on a social networking site can also be an effective way to rehabilitate your brand after it has been damaged.

Analyze the type of strategy you want to take. It is important to develop a well-thought out strategy when dealing with trademark infringement. Depending on the seriousness of the infringing activity, whether it was done to cause harm to your brand, or simply a misguided fan who creates his own fan page for your products, the approach you take can vary on a case by case basis. Certainly, a company will not want to take a harsh approach to an innocent infringer because bad press about their harsh approach may hurt the company more than the infringing activity itself. A soft approach may be better suited for this type of infringement. On the other hand, if the activity is clearly intended to harm the company, a strong approach may be warranted.

V. LANHAM ACT CONSIDERATIONS

Under the Digital Millennium Copyright Act (DMCA), web site operators, including advertisers, that post unauthorized copyrighted works of others may be liable for copyright infringement. However, the DMCA provides a “safe harbor” for online services providers who take certain steps such as establishing a notice and take down procedure and register a Copyright Agent that receives copyright infringement complaints. The DMCA safe harbor does not,

however, provide protection from claims of trademark infringement. While few cases concern Web 2.0 social networks, a few landmark cases discuss secondary trademark liability for websites that can be applied to social networking sites.

Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 546 U.S. 844 (1982)

Ives contended that the generic manufacturers' use of lookalike capsules induced pharmacists to illegally substitute a generic drug for the brand name drug. Inwood Labs created generic drugs that had the same size, shape, and coloring as the Ives drugs and included them in catalog entries comparing them to the Ives drugs. Ives contended that although Inwood Labs did not themselves apply the Ives trademark to the products produced and distributed, they alleged that Inwood Labs contributed to the infringing activities of pharmacists who mislabeled generic drugs. The court found that liability may be imposed where a manufacturer or distributor intentionally induces another to infringe a trademark or continues to supply a product to someone who the defendant knows or has reason to know is engaged in trademark infringement.

Tiffany (NJ) Inc. v. eBay, Inc., 576 F. Supp. 2d 463 (S.D.N.Y. 2008)

Tiffany tried to hold eBay liable for direct and contributory trademark infringement on the grounds that eBay allowed and facilitated counterfeit items to be sold on its website. Tiffany essentially wanted eBay to police its site for counterfeit Tiffany products and take them down. However, the court held that it was Tiffany's responsibility, as the trademark owner, to police its own brand. Further the court stated that where liability is premised on the conduct of a user of a venue, an initial threshold showing must be made that the defendant had direct control and monitoring over the means of infringement. Liability must be premised on specific knowledge, not generalized knowledge.

In the *Tiffany* case, eBay had taken down the counterfeit seller every time Tiffany had sent them notice. However, in *Louis Vuitton Malletier v. Akanoc Solutions, Inc.*, No. C 07-03952 JW (N.D. Cal. Dec. 23, 2008), the jury returned a verdict granting plaintiffs \$32 million in judgment against the internet web hosting companies because they had received multiple notices from the trademark owners regarding counterfeit products on hosted sites, but failed to take action.

For social networking sites, it is unlikely that courts will find secondary trademark liability for merely being aware that infringing conduct may take place. Specific knowledge is required for a finding of secondary liability. However, as in the *Louis Vuitton* case, if the social networking website receives multiple notices regarding counterfeit products or infringing use

of the marks, courts may rule on the side of the trademark owner and hold the social networking sites liable. However, it is the brand owner's responsibility to monitor such use.

VI. RECENT CASES INVOLVING SOCIAL MEDIA AND INTELLECTUAL PROPERTY RIGHTS

Courts have begun to take notice of social networking sites in various aspects, from calculating damages, to the 1st Amendment right of anonymous speech as it relates to the internet, to other issues involving intellectual property rights.

Curtis James Jackson, p/k/a 50 Cent v. Grupo Industrial Hotelero, S.A., 2009 U.S. Dist. LEXIS 116770 (S.D. Fla. Apr. 29, 2009)

This case involves an action by Plaintiff, 50 Cent against Defendant, Grupo Industrial Hotelero, S.A. for common law unfair competition and trademark infringement. Defendant used Plaintiff's likeness and the G-Unit mark to promote and draw attention to the Coco Bongo nightclub without regard to Defendant's trademark rights and the right to control and direct the use of his image and likeness. The advertisement was seen on Defendant's official Internet website as well as on a video distributed via youtube.com and google.com. The court considered the wide distribution of the video and advertisements via the social networking sites in its calculation of damages: "The presence and distribution of the Coco Bongo nightclub website on the internet is extensive and sophisticated through both its appearance on various search engines and its having been directly linked to numerous other websites, including travel-oriented websites and social networking sites."

Independent Newspapers, Inc. v. Brodie, 407 Md. 415 (Ct. App. Md. 2009)

This case involved a question as to the process by which a claimant could discover the identifying information about anonymous Internet posters. The court examined First Amendment protection of the right of an individual to speak anonymously. However, the court explained that the anonymity of speech may be limited by defamation consideration. The court also reviewed several standards employed by different courts regarding the speaker's right to anonymous Internet speech with the plaintiff's right to seek judicial redress from defamatory remarks.

Minnesota Public Radio v. Virginia Beach Educational Broadcasting Foundation, Inc., 519 F. Supp. 2d 970 (D. Minn. 2007)

In this trademark infringement case, the court considered the activity of Defendant on its MySpace page to determine if it would be subject to personal

jurisdiction in Minnesota. The court used the *Zippo* sliding scale test to determine if the nature and quality of a defendant's presence on the Internet establishes minimum contacts with the forum state. *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Pa. 1997). The court found that Defendant's presence on the Internet fell in the middle of the *Zippo* sliding scale since visitors to Defendant's MySpace page could listen to streaming live audio, post comments, and subscribe to Defendant's blog. However, the evidence did not disclose intent on the part of Defendant to target its services to Minnesota residents. Even acquiring friends on MySpace from Minnesota was not found to be an active solicitation of those friends, therefore the court found that it lacked personal jurisdiction over Defendant.

VII. EMERGING REGULATION OF SOCIAL MEDIA

Case law pertaining to trademark infringement on social networking sites is sparse. Most cases settle early or are resolved via dispute resolution mechanisms within the social networking website, such as the following cases revolving around the social networking site, Twitter.

LaRussa v. Twitter

Tony LaRussa is a well-known baseball manager who currently manages the St. Louis Cardinals. LaRussa sued an unknown party for registering a username on Twitter using Tony LaRussa's name and making comments about the Cardinals players that were in poor taste. LaRussa claimed trademark infringement, cybersquatting, and violation of the right of publicity. However, the case settled shortly after the complaint was filed, the username was disabled, and Twitter transferred the domain name to LaRussa.

Oneok, Inc. v. Twitter, Inc.

Oneok is an energy services company who owns a registered trademark for ONEOK. Oneok filed a complaint in the Oklahoma Northern District Court claiming trademark infringement after an unknown user registered the username Oneok on Twitter and posted information about the company. The complaint alleges that Oneok, Inc. had asked Twitter to transfer the username to the company and to give the company information of who the user for the Twitter account was. However, Twitter allegedly refused. The complaint was dismissed by Oneok the day after the complaint was filed. The username was transferred to the company.

a. Courts' Prior Views of Domain Name Issues (in the Web 1.0 World of Websites)

Knight-McConnel v. Cummins, 2004 U.S. Dist. LEXIS 14746 (S.D.N.Y. July 29, 2004)

In this case, Defendant had devoted a significant amount of time writing on her own website about Plaintiff, calling her a securities fraud, a criminal, and insane. Defendant also had a link on her website to Plaintiff's website that she included without Plaintiff's permission. Plaintiff sued Defendant for defamation and privacy violations. Plaintiff further claimed that Defendant was violating federal intellectual property law by linking her website to the plaintiff's website without permission or authorization, and for using the plaintiff's name in the post-domain path of the URL. The court found that "Defendant's use of the plaintiff's name in the post-domain path of a URL and placement of URLs using the plaintiff's name in the post-domain paths on chat forums, discussion boards, and search engines do not give rise to any source confusion." The post-domain path of a URL looks like this: www.facebook.com/apple and can be of various lengths and include numbers, letters, and symbols.

Interactive Prods. Corp. v. a2z Mobile Office Solutions, Inc., 326 F.3d 687 (6th Cir. 2003)

In a similar case, the 6th Circuit held that the post-domain path is not likely to give way to a likelihood of confusion. The court held that the post-domain path was being used in a non-trademark way and that the post-domain path of a URL "merely shows how the website's data is organized within the host computer's files" and does not suggest an association between page and mark holder.

It is also unlikely, in conformity with these cases, that the post-domain path of a URL would be deemed a domain name as used under the Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d). Technically, the post-domain path is not a registered domain with a registrar and is merely, as the *Interactive Products* court explained, the way a website's data is organized within the host computer's files. Therefore, it is unclear whether the registration of usernames on social networking sites could gain protection under the Anti-Cybersquatting Consumer Protection Act and whether the use of usernames alone would give rise to a likelihood of confusion.

b. Emerging Regulation of Social Media

On November 12th and 13th, the FDA held a public hearing to discuss potential new rules concerning social media and FDA regulated products. Speakers included representatives from Yahoo!, Google, WOMMA, Johnson & Johnson, WebMD, and PHRMA, among others. The FDA believes that special characteristics of Web 2.0 and other emerging technologies require the agency to provide additional

guidelines for pharmaceutical companies, advertisers, and medical professionals.

Surveys by the Pew Internet & American Life Project indicate that 61% of American adults look online for health information. A smaller, but still substantial portion use social networking as a source of health information. One concern facing different groups was the space-limitations of certain social networking sites. Allan Coukell, director of the Pew Prescription Project voiced his suggestion: “If a marketing tool, such as a space-limited microblog, or tweet, is unable to satisfy basic consumer protective measures such as the fair balance requirement, that tool should be considered inappropriate for the promotion of pharmaceutical products.” A possible solution would be for the FDA to encourage the “1-click rule” ensuring the full fair balance Important Safety Information is readily available by clicking on a link on any branded message.

The Federal Trade Commission (FTC) has also introduced revisions to the FTC’s Testimonial and Endorsement Guides effective on December 1st, 2009. The Guides clarify that advertising messages, regardless of the type of media used, presented as the opinions of findings of a party other than the advertiser will be considered endorsements for the purposes of the FTC. This has significant impact on bloggers who may be given compensation for reviewing certain products or who have other material connections with the manufacturer of a product. These bloggers will need to disclose that they receive payment or other compensation in exchange for the review or that they received the product free of charge.

The FTC Guides also make clear that employees of companies will always have a material connection with the company that needs to be disclosed. Therefore, businesses who use social networking sites and who designate employees to operate such sites, need to make sure that the relationship is disclosed. Employee policies should cover social media use, remind employees of responsibilities, and the non-disclosure of private company information.

An excellent example of such an employee policy is the new Social Media Policy adopted by Coca-Cola on December 2nd, 2009. This policy was developed to help associates participate in social networking sites, represent the company, and “share the optimistic and positive spirits of our brands.” The policy encourages employees to approach online worlds in the same way that they approach physical ones – by using sound judgment and common sense. The policy warns that deviation from the rules may be subject to disciplinary review or other appropriate action.

The policy adopts five core values: (1) transparency in every social media engagement; (2) protection of consumers’ privacy; (3) respect of copyrights, trademarks, rights of publicity, and other

third-party rights in the online social media space including with regard to user-generated content; (4) responsibility in the use of technology; and (5) utilization of best practices, listening to the online community, and compliance with applicable regulations. The policy also covers expectations for associates’ behavior on personal or unofficial social networking activities where they may refer to Coca-Cola and expectations for online spokespeople. The Coca-Cola Company warns the latter to keep records of all communications regarding the company, to fully disclose affiliation with the company, and a reminder that information published online is permanent.

Another valuable source of rules regarding social networking sites is the Word of Mouth Marketing Association’s (WOMMA) Ethics Code. The WOMMA Ethics code was cited 18 times in the recent FTC Guidelines for Endorsement and Testimonials. The Ethics Code and other valuable information can be found at www.womma.org.

VIII. CONCLUSION

Presence on social networking sites can hold tremendous value for companies. However, protecting one’s brand is not easy. Below is a checklist of what a company should do and think about when embarking on Web 2.0.

- **Register your brand.** The simplest of actions can prevent time and expense trying to reclaim your mark once someone else has registered it.
- **Have a monitoring system in place.** Websites such as KnowEM.com (checks trademark “availability” on social networking sites), TweenBeep.com (receive alerts when people are tweeting about your company) and Adgooroo.com (provides reports about who’s bidding on keywords that tie to your trademarks) are effective tools that can be used internally and with minimal expense.
- **Take an active role in social networking sites.** It may be beneficial to create your own positive press and benefit from the viral effects of promoting your brand on social networking sites.
- **Determine your pain tolerance.** What type of infringement and to what extent are you willing to tolerate it and when will you be motivated to act? Will you send out stern cease and desist letters or take a more gentle approach?
- **Implement an Employee Policy that addresses social networking conduct.**

¹ Roxana Sullivan is an associate and Darin Klemchuk is a partner with Klemchuk Kubasta LLP, an intellectual property boutique located in Dallas. Ms. Sullivan focuses her practice on securing and protecting trademark rights. Mr. Klemchuk is an IP trial lawyer, with significant experience enforcing patent and trademark rights.