



**KLEMCHUK LP**  
PROTECTING INNOVATION

# BRAND ENFORCEMENT ON SOCIAL NETWORKING SITES

BY:  
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# Social Media as a Marketing Tool

- Facebook has 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.



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# Viral Advertising on Facebook



- Pages: Customizable mini-sites geared towards organizations, products, or public personalities
  - Fans become brand advocates
  - Allows users to post comments, view news and information about a certain product, and learn more about a company
- 1.6 million active Pages
- More than 700,000 local businesses have created Pages to reach their Target demographics
- It is estimated that pages have created more than 5.3 billion fans
- Every time a Page has activity, such as postings or announcements, this activity becomes visible on the NewsFeed of its fans



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# Viral Advertising on Facebook



- Facebook requires the creator of a Page to be the official representative of an organization
  - How is this monitored?
- How can businesses prevent third-parties from creating a Page or creating a profile on Twitter or Myspace or some other form of social media site that uses the company's trademark?
- How can businesses protect their brand on social networking sites?



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# Practical Steps to Protect Your Brand



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# Register Your Brand

- May be as easy as registering your brand as a username
- Don't have to maintain an active account



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# Have a monitoring system in place.

- Have a few employees or outside contractors regularly check social networking sites for unauthorized use of your brand.
- Check for bad press, trademark infringement, and the sale of counterfeit goods.
- eBay: Can set up a favorite searches to monitor certain vendors who may have sold counterfeit goods.
- Icerocket.com, Google.com/alerts, and technorati.com search blogs, Twitter, Myspace, and news groups.

The Google logo, featuring the word "Google" in its signature multi-colored font (blue, red, yellow, blue, green, red) with a trademark symbol.The eBay logo, featuring the word "eBay" in its signature multi-colored font (red, blue, yellow, green) with a trademark symbol.

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# Take an active role in social networking sites.

- Join the online community.
- Create your own positive buzz.
- Can facilitate conversations, promote its products/services, and build up one's brand.
- Creating an account can be an affective way to rehabilitate your brand after it has been damaged.
- Relatively inexpensive way to advertise and reach consumers that may not otherwise be reached with traditional forms of advertising.
- Can share positive information about your mission, overview of the business, and products.



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Analyze the type of strategy you want to take –  
Determine your pain tolerance.



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- Analyze the seriousness of the offense before acting.
- Taking a tough role against a fairly harmless infringer can backfire and cause negative press.

Ex.: Northface v. South Butt

May be more effective to send a gentle letter explaining the importance of the marks

- Make use of dispute resolution mechanisms found in Terms of Use Agreements
- Tougher approach may be necessary...



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# Lanham Act Considerations

- DMCA may be helpful in copyright infringement cases
- Many social networking websites have provisions compliant with DMCA requirements
- DMCA does not provide protection from claims of trademark infringement



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# Relevant Cases

*Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 546 U.S. 84 (1982).

- 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's responsibility, as the trademark owner, to police its own brand.
- 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.

*Louis Vuitton Malletier v. Akanoc Solutions, Inc.*, No. C 07-03952 JW (N.D. Cal. Dec. 23, 2008).

- 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.



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# Other Cases

*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).

- Court considered 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.”



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# Other Cases

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

- 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 the nature and quality of defendant's presence on the Internet.
- Court found Defendant's presence 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.
- Acquiring "friends" on Myspace from Minnesota was not found to be an active solicitation of those friends.



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# Implement an Employee Policy that address social networking conduct.



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# Federal Trade Commission (FTC) Testimonial and Endorsement Guides

- Effective Dec. 1, 2009
- Guides clarify that advertising messages, regardless of the type of media used, presented as opinions or findings of a party other than the advertiser will be considered endorsements for the purpose of the FTC.
- If bloggers receive samples or promotions from a company in return for press, then the blogger must disclose this information.



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# What this means for social networking sites/users:

- FTC Guides make clear that employees of companies will always have a material connection with the company, so any communication about the company or its goods/ services will be considered an endorsement. Therefore the relationship needs to be disclosed.



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**Employee policies should cover social media use, remind employees of responsibilities, and the non-disclosure of private company information.**

Examples: Social Media Policy adopted by Coca-Cola on Dec. 2, 2009

- Covers expectations for associates' behavior on personal or unofficial networking activities where they may refer to Coca-Cola and expectations for online spokespeople.
- Spokespeople are 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.

See also: WOMMA (Word of Mouth Marketing Association) Ethics Code

- WOMMA Ethics Code was cited 18 times in the recent FTC Guidelines for Endorsements and Testimonials.



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# Final Points

- Register your brand.
- Have a monitoring system in place.
- Take an active role in social networking sites.
- Determine your pain tolerance before reacting.
- Implement an Employee Policy that addresses social networking conduct.



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