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INTELLECTUAL PROPERTY

Social media continued to present opportunities and challenges for the business community in 2012. The authors discuss ten points that companies should keep in mind this year regarding the interplay of social media and intellectual property law.

This article is part of a Social Media Law & Policy Report series on social media developments in 2013 in selected industries and practice areas.

Ten Things You Need to Know About Social Media and Intellectual Property in 2013



BY PETER BRODY AND MARIEL GOETZ

In 2012, social media continued to present opportunities as well as challenges for the business community, as companies confronted the need to learn how to use social media effectively for their businesses while also preventing and combatting intellectual property infringement on these platforms. Learning from 2012's lessons, here are the top 10 things you need to know about social media and intellectual property in 2013.

1. Be on the lookout for the next Pinterest. The first step in being prepared for 2013's social media challenges is understanding the myriad websites, platforms, and mobile applications that constitute social media.

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Broadly defined, social media is any online resource that facilitates the exchange of information, images, opinions, interests, experiences, and any other content among a community of users. Social media giants Facebook, Twitter, YouTube, and LinkedIn are the most familiar examples, but new players such as Pinterest and Instagram took the social media-sphere by storm in 2012, and it is anyone's guess which new platform will be 2013's "it" form of social media. Designate a point person within your company to track what is popular to make sure you are staying in touch with your customers and keeping up with competitors in this ever-changing landscape.

2. Determine the level of social media interactivity that works best for your business. Social media is by definition interactive, and "user generated content" (UGC) is at the crux of social media and its success. When your company is developing its own social media sites or designing its social media marketing strategy, think carefully about the level of interactivity that is ap-

propriate for your business. Allowing unbridled commentary may not make sense if comments are disproportionately negative; defamatory, inappropriate, or otherwise objectionable content posted to your social media page or site may raise liability concerns. Most social media sites allow you to choose from a range of options, including disabling comments or providing for approval before a comment will be posted. On the other hand, one appeal of social media is that it can provide an authentic way for brands and customers to connect, changing the nature of advertising from a one-way message controlled by the brand to an organic conversation between the brand and its customers that can be more effective in attracting business and building brand loyalty. In some sectors, users expect participation to be relatively un-moderated, so aggressive filtering can create backlash. Finally, “safe harbor” protections against liability for a poster’s infringement of another’s intellectual property may be compromised by an active editorial approach. Thus, a company must consider what it is hoping to get out of its social media presence and weigh the risks and benefits accordingly when deciding just how interactive it wants to be.

3. Determine an appropriate policy regarding ownership of user generated content. If you do decide to make your social media sites interactive, bear in mind that users of social media are used to posting photo, music, and video content constantly, and much—but not all—of that content has been created by the users. Who then owns that content? Before launching a new social media site related to your business, assess whether and to what extent you want to claim ownership over user generated content. The options range from the user retaining full ownership of that content to the user transferring ownership completely to the site. Although claiming ownership of UGC gives you more flexibility in how you use that content, it also could increase the risk of liability for a range of offenses such as defamation and copyright infringement. In 2012, numerous companies with small and large social media businesses attracted unwelcome attention by changing their UGC ownership rights arrangements or being overly aggressive in the rights they claimed over users. Others experienced litigation stemming from unauthorized use of UGC. To avoid public relations disasters or unnecessary litigation in 2013, carefully think through what ownership arrangement best suits your present and future business purposes before getting involved with user generated content.

4. Proactively address ownership and use of business-related social media accounts by employees. As social media has become more and more essential for businesses to compete effectively, the number of intellectual property disputes regarding ownership of social media accounts has risen. Whether it’s Twitter “followers,” LinkedIn “connections,” or Facebook “likes” or “friends,” these intangible assets are becoming increasingly valuable to businesses, and 2012 saw the progression of several lawsuits highlight this fact. For example, *PhoneDog LLC v. Kravtiz*, N.D. Cal., No. 3:11-cv-03474-MEJ, involved a dispute between a marketing company and a former employee who, during his time at PhoneDog, had used a Twitter account named “@PhoneDog_Noah.” The employee built up a significant following, and when he left the company, he changed the name of his Twitter handle to “@

noahkravitz” while keeping the 17,000 followers of the “@PhoneDog_Noah” account. The company sued the former employee, alleging misappropriation of trade secrets and arguing that the Twitter following was akin to traditional customer lists, which had long been subject to trade secret protection. Although the case settled in December 2012 (see related article), *PhoneDog* and other cases like it underscore the need for companies, in their corporate social media policies or employment agreements, to spell out ownership of business-related social media accounts used by employees. Explaining appropriate uses of such accounts in your social media policy is equally important, as is determining the extent to which employees are permitted to use their personal social media accounts during the work day or on company computers.

5. Develop a social media-oriented IP infringement detection strategy. The sheer number of people using social media and the vast amount of content being posted on these sites present unique challenges for the IP owner. How can owners monitor this huge space to make sure their IP rights are not being abused? With the new media also come novel forms of IP abuse, such as Twitter hacking and impersonation scandals, which continued in 2012. Celebrities are not the only targets; corporate executives and political leaders also have been impersonated or had their legitimate Twitter accounts hacked, sometimes with disastrous consequences. Along with other IP infringement monitoring, be sure your company is checking for uncharacteristic tweets or other social media activity purporting to originate from the company or its management. More broadly, in developing and refining your social media infringement detection strategy in 2013, balance legal concerns with business goals and practical considerations. Monitoring the entire social media universe is impossible. There is far too much material being generated for IP owners to track every time their brand is mentioned on Facebook, in a blog post or in a comment to a news article, or every YouTube video that includes copyrighted material. At the same time, in areas such as U.S. trademark law, IP owners have an obligation to enforce their rights or risk losing them. The solution is for organizations to develop a focused strategy to detect the types of IP abuse that are most important to their businesses, prioritizing detection of the most clear-cut forms of abuse, and to diligently execute that strategy—if needed, with the help of outside services focused on social media infringement in particular.

6. Be prepared to address social media-based infringement in new ways. Enforcement is a particular area in which social media may require a different approach. Because of the ease of sharing correspondence on social media, brand owners have to assume that their cease and desist letters will “go viral.” Several high-profile gaffes in 2012 illustrate how well-intentioned enforcement efforts can backfire because of the power of social media. Tone is critical, and the letters should be drafted with that in mind. Taking too harsh an approach with fans of your brand, for example, can backlash if they publicize the organization’s enforcement efforts in a negative light. One user’s status update can lead to a social media campaign against the organization, which can generate momentum and bad publicity in a matter of hours. On the other hand, infringing content can also spread quickly, so it is im-

portant for organizations to take swift action when faced with clear abuse. In 2012, Jack Daniel's showed us how brand owners can protect their rights effectively while avoiding backlash on social media: when it learned a book was being published with a cover that strikingly resembled the famous label for Jack Daniel's Whiskey, the company's lawyers sent the author a friendly letter noting it was flattered by the author's "affection for the brand," but had to minimize such uses of its trademark to ensure it would not be weakened in the future. The letter was so reasonably worded that it spread like wildfire on blogs and other social media and, rather than generate backlash, became a PR success for the brand. Learn from Jack Daniel's in 2013 and craft your letters with the expectation that they will resurface on Facebook.

7. Don't forget about social media evidence in IP litigation. If your company is involved in litigation, chances are social media evidence will be relevant in one way or another. Although the best known uses of social media evidence tend to be in employment discrimination, disability, or personal injury cases where a party's lifestyle or physical or mental condition is directly at issue, there are areas of IP litigation where social media evidence can be important. Whether it is using corporate tweets as evidence in a false advertising case or LinkedIn connections to show a business relationship between two individuals in a trade secret or patent dispute, be prepared to ask for—and hand over—social media postings during discovery in litigation matters. Remember that a user's restrictive privacy settings do not immunize his or her postings from discovery; anything potentially relevant, whether or not it's viewable by members of the public, is discoverable. It also is critical to preserve social media evidence, just like other types of evidence, when litigation is anticipated. Content of your organization's blogs, Facebook pages and other social media accounts likely continually evolves, with some posts being regularly deleted in the normal course. But when faced with litigation, failure to preserve such information could violate discovery obligations. Remind employees about social media sources in particular when issuing litigation holds, and, if necessary, use forensic collection tools designed to capture social media information for discovery (ensuring that metadata—important for authentication purposes—remains intact).

8. Be sensitive to rights of publicity. Expectations of privacy have changed in the post-social media world, but state laws protect individuals' rights of publicity—the right to control and license the use of a person's image, likeness, or name. A class action against Facebook related to the social media giant's "Sponsored Stories" feature—a preliminary settlement of which was announced in December 2012—highlighted the need for social media platforms and companies that engage in social media marketing to tread carefully when using others' photos or names in marketing campaigns. Tweets or posts that might suggest a celebrity endorsed

your products or services also are risky and should be avoided.

9. Be mindful of the FTC's endorsement rules. With the growing importance of crowdsourcing, online review sites, and other "organic" social media advertising, employees and affiliate marketers may try to give their brand a boost by posing as regular consumers and posting favorable comments on sites like Amazon and Yelp (or posting negative comments about competitors' brands). This practice, sometimes described as "astroturfing," is unlawful and has been a particular target of the Federal Trade Commission in recent years. In 2013, address this problem in your corporate social media policy as well as in contracts with marketing vendors, and be sure employees understand that even well-intentioned online comments can constitute endorsements that must comply with the FTC's Endorsement Guides. Always keep in mind the FTC's material connections rule: in general, anyone endorsing a product, including bloggers and affiliate marketers, must disclose "material connections"—any connection with the product's maker that might affect a consumer's purchasing decision. Being an employee or having another financial relationship with the company, receiving a product for free, or earning a commission for purchases based on a review can constitute a material connection which must be disclosed to consumers, so keep this in mind when developing social media-based marketing campaigns that involve product reviews or other endorsements.

10. Be aware of the America Invents Act's implications for your social media activity. The recently enacted Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (AIA) has changed patent law in several ways as it relates to social media. More than ever, in order to protect your inventions and innovations, it is important to carefully monitor what you post on social media. The definition of prior art has been broadened such that certain disclosures made via social media may serve as prior art against you if you plan on filing for patent rights. Additionally, with the change from a first-to-invent rule to a first-to-file rule, a detailed disclosure may result in another entity filing for a patent on your invention before you are able to do so. Furthermore, although the AIA has made it somewhat easier to invalidate business method patents (by providing the ability to challenge them in special procedures at the U.S. Patent and Trademark Office, for example), companies should still be wary of patent infringement claims arising out of some technique or process that it implements on its social media platform. If you are considering a "new" business process through the use of social media, query whether you can be sure it is not infringing the business method patents of others. It may make sense to use a vendor from which you have obtained a strong patent infringement indemnity. This is likely the cheapest and easiest option unless your company is active in the patent space and experienced with performing patent searches.