

# Blakes Bulletin

## Intellectual Property Social Media Series—Brand Protection

### Communication on Web Goes 2.0 Ways

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#### MOVING UP TO WEB 2.0

The initial embodiment of the Internet was a one-way medium comprising static websites and search engines in which a user surfed from one website to another, often through the use of links. This Web 1.0 phase of the Internet enabled broadcast, point-to-point, and hub-and-spoke communication. Most of Web 1.0 can be characterized as a one-way street, with the user simply consuming content provided to him or her.

The current Web 2.0 phase of Internet activity is more dynamic and interactive, combining sources of content with increased functionality. This collaborative approach is not new on the Internet but has been greatly facilitated and expanded through new platforms. The creation and posting of material online is as much a part of the user's experience as the locating and viewing of it.

Users and content providers are now on a two-way street. Web 2.0, and particularly social media, allow user participation and interaction as content can be contributed to and edited by the author and the audience – users become creators and distributors of the message. Open communication, collaboration and the sharing and re-use of web content are key features.

Key components of the Web 2.0 environment are social media and user-generated content (UGC). UGC is content created by Internet users outside of professional practices and provided to a website on which it is published by someone other than the operator of the website. UGC may be entirely original to a user, may be obtained by a user from a third-party source without any original contribution, or may be a combination of remixed, or mashed up, content.

The widespread and increasing popularity of Web 2.0 has led many businesses and other organizations to utilize UGC on their own websites and on the social media websites of others. Websites that host or enable the creation and distribution of UGC include blogs, file-

sharing sites, wikis, social networking sites, aggregation sites and virtual worlds.

#### TYPES OF SOCIAL MEDIA

Social media can take many forms and are generally grouped into several categories, including blogs and microblogs, content communities and file-sharing sites, wikis and other collaborative projects, social networking sites, and virtual communities, including virtual game worlds.

A "blog", or "web log", is an interactive website, or part of a website, where users can easily post information, opinions, graphics and links to other websites on an ongoing basis. A blog is essentially an electronic medium for immediate citizen journalism but is also used increasingly by traditional journalists.

A blog may be external, accessible by the public or a segment thereof, or internal to an organization. Many businesses operate blogs, for purposes like customer feedback and contest submissions. TWITTER is a "microblog" social networking site through which users may send "tweet" communications of no more than 140 characters to "followers".

A "file-sharing site" is an example of a content community which provides and receives digital files over a network, usually through a peer-to-peer model, where the files are stored and served by user's personal computers. The most prominent example is YOUTUBE, on which users share multimedia UGC.

A "wiki" is a collaborative website which can be edited directly by anyone with access to it, such as the WIKIPEDIA online encyclopaedia. Wikis are increasingly used to engage contributors so they visit the website and view advertising thereon, such as ANCESTRY.COM, or to facilitate co-operation among businesses, including product development and marketing, like QUIRKY.COM.

A social networking site is a website whose primary purpose is networking among users, especially those who share common interests. The most prominent ones are FACEBOOK, MYSPACE and, in the business

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community, LINKEDIN. Some sites combine the functionality of social networking with other aspects of social media. For example, TUMBLR combines social networking with blogs. There are numerous other large regional, linguistic, subject matter and demographic-focused social networking sites. Increasingly, these sites are used by advertisers to reach users.

An "aggregation site" or a "social bookmarking site" gathers, links to and indexes content by themes based upon user recommendations, coupled with a social network to share content. Examples include DIGG and STUMBLEUPON.

Virtual worlds are three-dimensional simulated environments comprising content from both the operator and users. They permit multiple users to participate at once and in real time to communicate as well as develop and alter customized content. Some, such as SECOND LIFE, enable business functions, including the creation and sale of real estate, goods and services (see our May 2008 *Blakes Bulletin on Information Technology*).

### IMPACT OF SOCIAL MEDIA

Despite widespread usage by individuals and businesses, as well as large amounts of media coverage, there is still skepticism about the value of social media. To many, social media are the purview of a small minority of young people, typically university students. Viewed through that prism, many question whether social media are a shift in communication or merely a passing fad. In order to understand how prevalent social media are, one only needs to look at the numbers.

FACEBOOK alone has over 500 million active users. In terms of sheer population, that is significantly more than the number of people who live in the United States, and behind only China and India.

Almost 50% of Canadians are on FACEBOOK and over 900,000 Canadians signed up in May 2010 alone. FACEBOOK is the second most visited site in the world, behind only GOOGLE. In Canada and the United States, FACEBOOK is visited more often than GOOGLE.

Over two million Canadians are on LINKEDIN. TWITTER is one of the top 10 most visited sites in Canada. In recent months, TWITTER has seen the number of "tweets" grow by an average of 16% per month.

The idea of social media as an arena of young people is not evidenced by the numbers in recent reports. The average age of a social network user is 37. 61% of FACEBOOK users are aged 35 or older and the average age of a TWITTER user is 39. LINKEDIN, with its business focus, has a predictably high average-user age of 44.

Not only is the scope of social media usage enormous, it is growing. A June 2010 study found that Americans spend nearly a quarter of their online time on social networking sites and blogs, a 43% increase from the previous year.

Businesses have also jumped on board the social media bandwagon. A recent report by the Retail Council of Canada indicated that just over two-thirds of Canadian retailers are using social media sites to reach their customers.

Businesses have come to realize that consumers are increasingly turning to social media for product review. Over one-third of people who use social media have employed it as an outlet to rant, or rave, about a company or product. Nearly 50% of social media users say that reviews by friends or people they "follow" on social networking sites sway their interactions with companies or products.

### THE SOCIAL MEDIA SERIES

Social media are not limited to the operators of sites like FACEBOOK and YOUTUBE. Businesses and other organizations increasingly host social media functionality on their own websites and participate in social media through the websites of others. With such participation comes a host of different legal risks and other issues which this series on social media considers. In this first instalment of the series, we consider trade-mark and branding issues on social media.

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### Impersonation in Social Media

TARIQ REMTULLA

There are many potential pitfalls for companies that choose to be active on social networking sites. One such pitfall is social media impersonation.

#### BACKGROUND

There are three main types of pages on social networking sites: personal pages; branded pages; and community pages. Personal pages are operated by individuals.

Branded pages are operated by organizations and are used to provide general information about the organization and promote the goods and services offered by a business or the goods or services of another organization, e.g., «[www.facebook.com/blakes](http://www.facebook.com/blakes)». Businesses use branded pages to gain valuable feedback about goods and services, drive additional sales and open a dialogue that can both strengthen brand loyalty and attract new customers.

A community page is a new type of web page developed by FACEBOOK, dedicated to a topic or experience that is operated collectively by the community connected to it. The content of community pages is derived from WIKIPEDIA and FACEBOOK users' status updates.

#### USERNAMES

In the context of social networking sites, a username refers to that portion of a uniform resource locator (URL) that follows the domain name of the social networking site, e.g., in the URL «[www.facebook.com/blakes](http://www.facebook.com/blakes)», "blakes" is the username. Usernames allow businesses to easily promote their branded pages. Many companies refer to their social networking usernames on business cards, promotional materials and on their own websites.

Some social networking site operators often have restrictions on who can register a given username, e.g., if the username is a trade-mark, the person attempting to register the username may need to establish ownership of the trade-mark before the operator will allow the username to be registered by the individual or entity.

A business that is able to register the usernames containing its exact brand names, as well as the most intuitive and common permutations and acronyms, on each major social networking site is more likely

to control the most logical social media space on the Internet through which to interact with relevant audiences. Control of these usernames also prevents competitors, disgruntled employees and unauthorized persons from registering or gaining access to these names that they could then use to post potentially harmful content.

#### USERNAME SQUATTING

Username squatting involves registering a username with the intent to mislead others as to the identity behind the username. Users who register trade-marks and trade names or names of famous people as usernames, without holding rights in the mark or name, engage in username squatting.

A trade-mark owner that disputes another person's registration of a domain name can often use the dispute resolution procedure of the relevant domain registry. However, there is no analogous forum for handling disagreements over social network username registrations. In the event of a username dispute, a trade-mark owner must complain to the appropriate social network operator. If the operator refuses to take any action, the only recourse may be litigation.

Moreover, since there is generally no cost associated with registering a username, there is no barrier to entry for username squatters, meaning that organizations are increasingly discovering there is always some individual or entity willing to register another party's trade-mark or trade name as a username. The problem of username squatting is serious. A recent survey concluded that 93 of the top 100 global brands are being username-squatted in some way on TWITTER.

A recent and well-documented example of username squatting involved a FORTUNE 100 company. A TWITTER account, «@*trademark*GlobalIPR», became operational in May 2010. The account appears to be connected with the company, even though it is not. This unauthorized account even displays the company logo. By August 2010, the unauthorized account had over 180,000 followers, compared to the legitimate TWITTER account of the company, «@*trademark*\_America», which had less than 20,000 followers. A Google search of "*trademark* Twitter" returns the unauthorized account at the top of the search results. Initially, the company chose not to complain to TWITTER as it felt people

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would realize that the unauthorized account was not connected with it. However, the company subsequently took active steps to inform the public that the account was unauthorized and that it did not endorse or support any of the comments made by the author of the "tweets" on the unauthorized account.

### RECOURSE AGAINST SQUATTERS

Each social network operator has terms of service (TOS) which govern the relationship between the operator and users who interact with the social network site. These TOS typically address, among other things, intellectual property rights, including username squatting. The reporting procedure for username squatting generally involves the completion of an online form by the trade-mark owner. Upon receiving a complaint, the operator may investigate and determine whether or not there has been a violation of the TOS. If a violation has occurred, the user's account may be suspended. The operator may reclaim the username and/or delegate it to a complainant with rights in the username.

As username squatting increases, operators are beginning to develop new policies and procedures to deal with it. For example, TWITTER is in the process of testing a "Verified Account" feature for individuals and organizations who deal with account impersonation or identity confusion on a regular basis. Accounts that have a "Verified Account" badge in the top-right portion of the user's profile page are verified to be legitimately connected with the individual whose name, or organization whose trade-mark, is or includes the username, so followers know if they are following a legitimate account.

Unlike with domain names, the TOS generally do not permit the purchase or sale of usernames. Therefore, even though it may be easier for a trade-mark owner to deal directly with the username squatter and purchase a username, this may not be permissible under most operators' TOS. For example, TWITTER has an explicit Name Squatting Policy that states "[a]ttempts to sell, buy, or solicit other forms of payment in exchange for usernames are... violations and may result in permanent account suspension." Accordingly, in the event that TWITTER determines that a trade-mark owner has purchased a username from a username squatter, the operator could reclaim the username and not allow anyone to use it.

### COMMUNITY PAGES

Community pages also pose risks to trade-mark owners who may not have control over the content and may not be able to remove content from such pages.

Currently, if objectionable or inappropriate content is posted on a trade-mark owner's branded page on a social networking site, the owner can request the site operator to take it down. However, on community pages, the trade-mark owner's only recourse may be to post comments or provide a link to the owner's branded page or official website.

Trade-mark owners are also troubled by the fact that visitors looking for their branded pages may not be able to find them easily and may instead be diverted to a community page that profiles the owner. This would not only have the effect of reducing the traffic to a trade-mark owner's branded page, but visitors may mistakenly believe that a community page is the owner's branded page.

### SUMMARY

The social media context provides new and exciting opportunities for companies to raise the profile of their brands. However, organizations face unique and challenging issues in protecting their brands on social networking sites. Organizations that have a presence on social networking sites should register appropriate and intuitive usernames. As there is generally no cost associated with registering usernames, organizations should seek to register as many usernames as is appropriate to adequately protect their brands. Even those organizations that do not wish to have a presence on social networking sites should nonetheless consider defensively registering usernames to prevent username squatting.

If an organization comes across a username squatter, it should immediately report the violation to the social network operator. This may result in the squatter's account being suspended and a transfer of the username to the trade-mark owner. It is important for organizations to be familiar with the TOS of the most important social networking sites as these dictate the primary recourse in the event the organization must deal with a squatter. Most importantly, companies must remain vigilant to protect their brands in social media.

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### Social Media – Branding Issues

GARY DANIEL

Social media raise several new trade-mark challenges. While some would argue that Web 1.0 raised many of the same issues, there are others unique to, or treated differently in, the context of Web 2.0.

#### THE NEW PARADIGM

In general terms, the unauthorized use of a trade-mark, be it in print, broadcast or other traditional media, raises long-understood issues of trade-mark infringement, passing-off, and depreciation of goodwill.

In that respect, the unauthorized use of trade-marks is similar if, in the context of social media, a person uses a mark which suggests that it is the trade-mark owner or is licensed or endorsed by the owner. What makes social media different from traditional media is the way in which power and control over use of the trade-mark can quickly shift from its owner to others.

In contrast to traditional media, with its high cost of paid advertising or other access to media that would display the trade-mark to large numbers of people, the cost to set up a blog or a page on a social networking site like TWITTER is negligible. As well, the ability to “go live” in modern social media is almost instantaneous.

While the phenomenon of unauthorized third parties registering domain names containing trade-marks of well-known brand owners is not a new one, the inter-connections of social networking sites and other social media exacerbate the effect on brand owners. For example, the use of a well-known trade-mark in conjunction with a video posted on a site such as YOUTUBE can go “viral” very quickly, resulting in a large number of visits to a particular page. Given the way the algorithms of some search engines operate, the large number of hits on that page may quickly cause it to leap to the top of Internet searches, based on the assumption that websites with the greatest number of visits in relation to a search term have the closest relationship to it.

There are many examples of how brand owners can start to lose control over their brands through social media. Whereas in the past, brand owners which were substantial businesses typically had the resources to control the media in which their trade-marks appeared, social media have effected a game-changing shift.

#### SCRABULOUS

A good example of the issues between brand owners and third parties involves the SCRABULOUS interactive electronic game, which appeared first in social media. SCRABULOUS had substantially the same board layout, rules and other indicia, such as the number of tiles, as the well-known board game SCRABBLE. Worldwide rights to the SCRABBLE trade-mark were split between Hasbro, which owns the rights in Canada and the United States, and Mattel, which owns the rights elsewhere.

At one point, SCRABULOUS was the most popular game on social networking sites such as FACEBOOK, with tens of millions of games played. The SCRABULOUS developers did not, and it appears never intended to, sell a tangible board game. The only manifestation of SCRABULOUS was on social media websites. The number of games of SCRABULOUS played in the relatively short period of time in which the game was available in social media exceeded the number of individual SCRABBLE board games sold throughout the many decades of their availability.

Hasbro negotiated with the SCRABULOUS developers with the view to getting them to take the game down. When negotiations failed, Hasbro sued. While the SCRABULOUS game was ultimately taken down and changed, the resulting publicity of Hasbro’s attempt to enforce its intellectual property rights generated a firestorm of controversy. Fans of SCRABULOUS made viral videos in support of SCRABULOUS. Supporters threatened to boycott the other products of Hasbro and Mattel. Thus, in the social media world, the benefits of enforcing trade-mark and other intellectual property rights had to be balanced against the potential cost of harm to the brand owner’s goodwill caused by outraged consumers.

In the past, an infringer who received a demand letter from a brand owner alleging infringement may have felt isolated. In the early days of the Internet, brand owners had to consider the possibility of a demand letter to an infringer in respect of domain names and websites being posted on the website. Web 2.0 takes this concern one step further as the recipient of the demand letter can “push” communications to the followers of multiple social media pages almost instantaneously. Now, where the recipient of such a demand letter feels aggrieved, there are instantaneous and free media for it to respond with its point of view.

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### GENERIC USES

Another situation where social media have an effect on trade-marks relates to marks that run the risk of becoming descriptive or generic. Owners of trade-marks that may fall into this category must be vigilant to remind people that the term in question is a trade-mark.

Historically, the owner of a trade-mark that risked becoming generic through common usage would advertise to remind consumers that the term was a trade-mark, not a common word. Brand owners would also often write to editors of reference sources such as dictionaries to object to "definitions" of their trade-marks or, at a minimum, to require an additional entry to point out that the word in question was a trade-mark. With the advent of user-generated content, for example in reference wikis such as WIKIPEDIA, the "venues" at which a trade-mark may become wrongly used or defined as a common term rather than as a trade-mark are increasing. Whereas in the past, changes to dictionaries took a great deal of time, as definitions were revised infrequently and only after significant consideration and input, the definition of a term on WIKIPEDIA can change overnight. The challenges for brand owners to educate the marketplace about the word in question as a trade-mark owned by them are increasing.

### SUMMARY

While traditional trade-mark law continues to apply to social media, the overall shift in control of brands from brand owners to users is one of the significant impacts of social media. This shift is particularly acute for trade-mark owners since trade-mark law is based on preventing confusion among relevant prospective purchasers, including consumers. In contrast to many areas of the law, how the public perceives a trade-mark affects substantive rights in the mark. Therefore, owners must be even more vigilant in protecting their trade-marks in social media.

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