A Primer On Spotting IP Issues Associated with Social Media Websites and Content

- Intellectual Property Watch, October 30, 2010

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Most businesspeople and generalists understand that social media can be an important but risky part of doing business. This article seeks to identify how to spot potential intellectual property law issues associated with social media websites and content that can arise for a company.

I. Common Aspects of Social Media Websites

There are certain fundamental aspects that internet sites (whether they be social media websites or any other kind) have in common.

First, an internet site resides at a domain name or Uniform Resource Locator (URL). The domain name or URL is like the street address of a website. Social media websites such as Facebook and Twitter will also have specific URL pages for specific users.

Social media may be integrated into company websites directly by allowing for users of the websites to comment or share information in response to postings on the websites (like blogs) or products offered for sale (like product reviews or commentaries). Social media may also be integrated in less direct fashions, such as through sharing links which allow a user to tell his or her friends on a social media website like Facebook that the user “likes” the product, article or website, or by providing a link in a “tweet” on Twitter.

Websites are used for the sale of products, content or the display of other kinds of information.

In addition to merely displaying data or other information in response to an inquiry, websites can also obtain, process, reformat and/or display data obtained from other sources. For example, the US Patent and Trademark Office provides text and image versions of US patents at its website, http://www.uspto.gov. Other websites may use this same information and reformulate the data (sometimes along with other data) in different forms, such as at http://www.google.com/patents and http://www.pat2pdf.org.

All of these types of websites can create intellectual property rights and potentially infringe upon others’ intellectual property rights.

II. Relevant Intellectual Property Laws

Intellectual property is considered property of the mind. Expressions of ideas, identifying information, inventions and business relationships can all be protected (and potentially infringed) through different kinds of intellectual property laws and related legal theories.

- **Copyright law** protects original expressions of ideas from being copied by others.
- **Trademark law** protects identifying information (e.g., your company brand) from being used in a confusingly similar manner by more than one company in a related line of business.
- **Patent law** protects new, useful and nonobvious ideas from being used by others.
- **Business torts law** protects against wrongful conduct such as misappropriating another's property, unfairly competing, or tortiously interfering with someone else's business expectation or contract.
- **Trade Secret law** allows for the protection of secret formula, patterns, or compilations of information.
- **Contract law** protects business partners as the parties to the contact agree.

Social Media websites and content can impact an organization potentially with respect to each of these areas of intellectual property law.

A. Copyright Law

Copyright law provides legal protection for original expressions of ideas being reproduced without authorisation. Copyright protection covers a large variety of original works, including:

- "literary works," like books and magazines, computer software and related works,
- "musical works," like songs and the accompanying lyrics,
- "dramatic works," like plays, • "pantomimes and choreographic works," like dance movements and ballets,
- "pictorial, graphic, and sculptural works," like paintings, pictures, jewelry, toys and statues,
- "motion pictures and other audiovisual works," including movies, television broadcasts and DVDs,
- "sound recordings," including MP3 files,

- “architectural works,” like designs for buildings, and original compilations of data.

On the internet, copyright law can be used to protect original content, articles, data compilations and other information on a website. Publication of content on a company’s website or other websites can be protected by copyright law, but failure to timely register a claim to a copyright can limit the company’s damages.

Similarly, copyright law can potentially be used to prevent others from data mining content from a company’s website and using its original content without permission.

In particular, manipulating, parsing, reorganising, and merging public data with other data can lead to potentially copyrightable data. Copyright law can be an effective way to protect a company’s data and other original content.

In addition, if careful analysis is not done upfront on how a website obtains, manipulates and presents data and other information, that website can be the subject of a copyright infringement action by others. Here again, this is an area where consulting counsel in the first instance can save a company a lot of expense and aggravation over the long haul.

In the context of social media websites, blog postings, answers to requests, “tweets”, pictures taken or created and posted on a user’s page, or other content driven expression are all potentially copyrightable. A company needs to be careful how it, its employees and others post the company’s content and content of others.

Some social media websites claim copyright ownership over all items posted on their websites. Other social media websites recognise that the copyright remains with the author (presumably the individual or company posting the content at issue). Before a company allows for its information to be posted on social media websites, it should make sure to carefully review the terms and conditions of such websites to make sure that the company is not unwittingly giving up its copyrights to the content.

Companies also need to be careful of posting the copyrighted content of others without permission. Clearing rights to post others’ copyrighted material is an important step for any company.

Ownership of copyrights is also a difficult area for many people to fully understand. In preparing copyright applications, companies are often lulled into thinking that because the form appears so simple, they do not need expert advice on how to fill it out. However, this is an instance where the apparent simplicity can lead to disastrous results. See, e.g., “Joint Authorship of Doo-Wop Song Found Based on Disputed 10 per cent Contribution to Lyrics”, Journal of Intellectual Property Law & Practice, November 1, 2009.

Identifying authors of a particular work and source materials from which a work was derived can be complicated. Also, making sure that a particular work made either with the assistance

of or by another is a “work for hire” and/or properly assigned is another area where errors often occur. Many purported copyright owners do not appreciate that not every kind of “work” qualifies as a “work for hire”.

Making sure appropriate contracts are entered into when a copyrightable work is being prepared is important, and it is worth consulting a trained copyright lawyer in the first instance.

B. Trademark Law

In general, trademarks are used to identify a single source of products and services sold on a website.

A trademark is a symbol, a word, or another readily recognisable item, such as a brief musical snippet, that uniquely identifies the source or origin of goods. In other words, a trademark identifies where a particular product comes from.

Trademark law protects against likelihood of confusion; that is, whether consumers are likely to think that the sources of two goods or services are the same.

Web pages commonly use word or logo forms of trademarks. In the multimedia world that the internet has become, it is not surprising to also visit websites where sound marks (e.g., “Hedwig’s Theme” from the Harry Potter movie playing on a Harry Potter website) are used to identify the source of the website.

Similarly, domain names for websites can also be based on a company’s trademark, e.g., http:/www.amazon. com, http://www.panasonic.com, http://www.jvc.com, etc.

In social media, not only is a company’s trademark used in the main URL address, such as the use by Facebook of its trademark in its URL address http://www.facebook.com, but users’ trademarks may be used to identify specific user pages on such social media websites. For example, Starbucks has a Facebook page to advertise a specific coffee product.

On the internet, trademark law can potentially be used to protect competitors from selling goods or services with confusingly similar marks. It may also be used to prevent the use by others of domain names and user pages that incorporate a company’s trademarks and search engines and other software that use a company’s trademarks to divert potential customers to competitors’ websites, products or services.

These are important business tools that cannot be ignored when operating a business on the internet. The role of social media in this potential attraction or diversion is increasing every day as more companies create “fan” pages, social media websites create and implement more widgets to interconnect with other web outlets, and more and more opportunities to use trademarks in URL addresses are created, with not only additional high level domain names (.com, .org, .biz, .net, .tv, etc.), but also with individual user pages on social media and other

websites.

To start with, as with other businesses, the selection and use of appropriate trademarks for an internet-based business is quite important. Selection of certain kinds of marks with popular descriptive terms in them can direct the flow of internet traffic to a company's website.

However, adoption of that same kind of trademark can also result in consumers, who are looking for that company's products or services, being diverted to a competitor's website in a fair and reasonable manner.

Consider, for example, one of the leading "pop-up" cases from the Second Circuit involving the mark "1-800-Contacts". On one hand, whenever a consumer searches for "contacts," a website containing this mark will be returned. Thus, many potential internet consumers may potentially be driven to the website.

On the other hand, when consumers search for the mark "1-800-Contacts," consumers may be diverted to a competitor's website since search engines can sell the key word "contacts" to competitors with minimal risk of being accused of trademark infringement.

Thus, while selecting a mark that includes the product being offered as part of that mark may direct traffic to the website, there may also be great difficulty in trying to stop others from redirecting traffic to their websites.

Another important consideration at the time of selecting a mark is whether others are already using the mark. Thus, it is prudent to do a "clearance search" prior to implementing a new mark.

Trademark law can also be useful in preventing others from adopting domain names which incorporate a company's registered trademark. These third party domain names using a company's marks can be harmful to its reputation (depending upon their content) or can divert potential business leads away from the company.

While procedures like lawsuits and ICANN proceedings exist to force third parties that misappropriate a company's registered trademarks to return the domain names to the company, the easiest way to avoid such costly procedures is for the company to register the various, obvious derivatives of its marks to be directed to its website in the first instance.

Spending fifty dollars today can save a company thousands of dollars in the future. In order to ensure that a company's trademarks remain enforceable, best practices dictate that a proper system of monitoring and enforcing those trademarks be set up and maintained. Such a system typically includes the use of watch services to review filings with the US Patent and Trademark Office, periodic internet searches, following up with cease and desist letters, and if necessary, enforcement proceedings. Using "alerts" from search engines can also help identify unauthorized use of a company's trademark on the internet.

For social media websites and other internet venues, the role of whose duty it is to police and enforce against violations differs internationally, as evidenced by the seemingly contradictory results in the U.S. and France in actions brought against eBay for its alleged failings in protecting against the sale of counterfeit items. See, e.g., eBay: A Tale of Two Defenses, IP Law360, August 22, 2008.

Companies should set up appropriate policing mechanisms to see how their important trademarks are used on e-commerce and social media websites, and when appropriate follow such websites notice and take down procedures to protect against abuses.

While these procedures may at times seem like expensive diversions to a company, the cost of not instituting such procedures can be diverted sales, brand tarnishment, and potentially a loss of trademark rights.

C. Patent Law

Since at least the *State Street* decision in 1998, patent protection has been important with respect to the internet. Although over the past few years, critics have sought to limit so-called "business method" patents, the recent Supreme Court decision in Bilski v. Kappos has confirmed that such patents are here to stay, and thus cannot be ignored as a class.

Patents are issued for a limited time (20 years from earliest filing date) for new, useful and non-obvious ideas to the first and true inventor.

While patent offices around the world are struggling with this issue, at least in the United States, novel and non-obvious techniques for manipulating data can potentially be subject to patent protection. Similarly, in the United States, other novel and non-obvious business method techniques can also potentially be subject to patent protection. In the context of the internet in particular, at least in the United States, patents can be used to prevent others from copying novel and non-obvious aspects of a website such as:

- How data is accessed and manipulated;
- Novel and nonobvious functions of your software;
- New business methods implemented by your Web site;
- New functionality of your software programs;
- New techniques used to block misappropriation of your data.

Because of the difficulties that the US Patent and Trademark Office has had in grappling with manpower issues, confidential subject matter and the flood of applications in this area, it should be recognized upfront that obtaining patents in this area can be more costly, time-consuming and difficult than for patents in other, more traditional subject matters.

With respect to social media websites, patents can potentially cover ways that social media websites operate, ways that a company's website interacts with a social media website such as through advertisements or linkages, or other operability that may be developed in the future.

As new business models are developed and implemented, patent protection for new and non-obvious practical applications and particular implementations are being sought and obtained, and will be the subject of future litigations in years to come.

D. Business Torts Law

In addition to federal trademark law, there are a host of related state law causes of action (e.g., unfair competition, tortious interference, trespass to chattels, misappropriation, etc.) that can be used to address trademark-like injuries.

Unfair competition is a flexible cause of action directed to address unfair or fraudulent business practices. A cause for unfair competition can potentially address a wide range of conduct by competitors that affects a company's business.

Examples of cases in which unfair competition claims have been invoked include false or deceptive advertisements, misstatements about a competitor's products, and other false and misleading statements which injure a business or its reputation.

When actual or potential customers are diverted by improper means from a company's website, a cause of action for tortious interference with contract and/or tortious interference with prospective business relations may be appropriate. However, since this is a state law claim, it important to make sure to consider the correct law and the scope of potential defences available under that law.

Tortious interference claims can address the circumstances where a company's trademarks are misused by other websites and cause inappropriate diversion of customers or prospective customers from the company's website.

Conversion and misappropriation claims apply when property is taken. An interesting legal theory exists whereby a misappropriation claim may be present when goodwill is taken by improper acts, such as adopting another's business name in a jurisdiction where that entity does not do business, but nonetheless has fame and goodwill based on that entity's operation in other venues.

Trespass to chattel claims apply when someone improperly intrudes upon another's property. These types of causes of action have been used, for example, to stop third parties from robot mining data from a website.

E. Trade Secret Law

Trade secret law protects a secret formula, pattern or compilation of information. One of the

most famous trade secrets is Coca Cola's secret formula, or the Colonel's secret recipe for Kentucky Fried Chicken. Other examples of trade secrets can include a secret manufacturing process, a list of customers or trade routes who purchase or would likely be interested in purchasing a particular product or service, or the source code for a computer program.

Most companies protect some aspect of their businesses using trade secret protections. Some are better than others at doing so.

Social media and the internet can put at risk a company's trade secrets. Since the sine qua non of a trade secret is that it is kept secret, the speed and ease in which information can be rapidly (and permanently) distributed with a click of a button in social media and internet poses a clear risk for any company seeking to maintain a trade secret. A simple posting of a company's secret information can destroy the secret and leave that information to be available to anyone.

Consider, for a second, a company that considers its customer list to be a trade secret and seeks to protect such information. A salesperson who identifies those customers as "friends" on Facebook, or "connections" on LinkedIn, or some other similar status on another social media website, could destroy the secret nature of such a list. It also can lead to that salesperson, in essence, appropriating that information should he or she leave to go to work for a competitor.

F. Contract Law

Contract law can be used to fill gaps in intellectual property law, and obtain protection that might not otherwise be clearly available.

The best time to work out the scope of rights with a business partner is at the beginning of the relationship. At that time, parties are more willing to give and take with each other since the prospect of a successful and profitable business relationship is around the corner. Thus, at that time, provisions can be included in agreements that help ensure that intellectual property will be recognized and respected.

However, care must be taken on how the contract clauses are drafted in order to avoid the risk of such clauses becoming unenforceable.

Arm's length agreements can be useful ways of establishing royalty rates for intellectual property. Care must be taken in specifying what is being paid for pursuant to the agreement, such as the services, goods, rights to use intellectual property, etc.

Non-compete clauses, so long as properly drafted considering appropriate state law, can provide protection that other areas of intellectual property law might not otherwise provide. For example, non-compete clauses can protect a company from key employees leaving and stealing business or trade secrets. Again, care must be taken to come within the parameters of the particular state law that governs the contract.

Agreements which license rights to use a company's trademarks can include remedies that are broader than the law might otherwise provide. Consequently, the uses that a company tolerates by agreement can affect the uses that the company can object to in future disputes. The failure to include certain necessary clauses in trademark licenses can have adverse results on the enforceability of such marks in future contracts.

Shrink wrap/click through agreements can be used to prevent misuse of a company's data by users. However, enforceability of such agreements may be an issue, depending upon the terms, conditions, choice of law and method and document by which the user acknowledges acceptance.

Contracts can also be used to fill other gaps that other forms of intellectual property law might otherwise leave open.

III. Conclusion

For internet business, like other business, the use of intellectual property law needs to be carefully considered.

A strategic plan should be developed on how to identify a company's intellectual property, turn it into a tangible asset and properly enforce and protect it.

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