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SOCIAL MEDIA AMPLIFY CONSUMER INVESTMENT IN TRADEMARKS*

DEBORAH R. GERHARDT**

New ways to use brands in social media are pressuring traditional conceptions of trademark law. Contrary to much trademark doctrine, every brand is built by a community, not by its proprietor alone. I previously described this phenomenon as consumer investment in trademarks. Internet technology amplified the effects of the consumer investment model, enabling consumers to gain more power over the marks of others. This Article shows that social media have turned the volume of consumer voices up another notch and explores the consequences for trademark law. Sites like Facebook offer consumers a platform for the expression of personal identity through trademark preferences. Social media also give consumers unprecedented power to affect brand value by publishing positive and negative commentary. If corporate brand owners want to take advantage of social media, they must let go of much of their control by opening their brands to constant consumer feedback. This trend is changing traditional notions of what it means to acquire goodwill in a mark. Brand owners no longer work alone to craft the story of a trademark. Instead, modern brand narratives are written in collaboration with consumer communities. This new trend of trademark co-authorship through social media will require rethinking some entrenched concepts of trademark law. Ironically, one way for trademark owners to reassert control of their story is by linking their brand narrative to marks belonging to others. This phenomenon occurs every time one brand owner tells its audience to “like it” on Facebook or “follow it” on Twitter. In social media, many brand owners use the marks of others for commercial benefits without express authorization. The ubiquity of this trend requires rethinking when unauthorized uses should

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result in trademark liability. New social media norms will require tolerance of expressive, informational and even some commercial use of marks that happen without the owner's permission. Consequently, social media are creating multiple challenges for everyone attempting to apply trademark doctrine to new practices in cyberspace.

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INTRODUCTION

Social media have set a stage for a chorus of new voices to contribute to trademark meaning. In early 2011, the Tupperware Brands Corporation ("Tupperware") created a Facebook page to promote an image of environmental sustainability and good citizenship.¹ It promised to donate a dollar to the Boys and Girls Clubs of America every time a Facebook member clicks on an icon to show she "likes" its page.² It also provided a discussion forum for public comments—both positive and negative. Instead of relying on its marketing department and sales representatives to tout its message, Tupperware invited consumers to participate in rewriting a modern version of its brand narrative. In an effort to steer the

1. See *infra* notes 114–16 and accompanying text.

2. *Tupperware Brands Chain of Confidence*, FACEBOOK, <http://www.facebook.com/chainofconfidence> (last visited May 6, 2012).

direction of this message, Tupperware used two marks belonging to others (Facebook and the Boys and Girls Clubs) to bolster its image. This example illustrates new online norms that are pressuring traditional trademark doctrine to change. This pressure is bound to increase as across the Internet, more and more social media sites reflect a profusion of similar uses.

Much trademark doctrine leans too heavily on the assumption that brands are created by trademark owners and imposed on a silent and easily confused public audience. The consumer investment model offers a different perspective.³ With this balancing tool, trademark doctrine can be brought back in line with commercial reality. Because so many brands fail, the model is built on the foundation that consumers must invest a mark with meaning and resources (like time, creative energy and money) in order for a brand to succeed. Because of this investment, the model provides that consumers should be entitled to some return, at least in the form of a safe zone to use the marks they helped create as informational tools.

The Tupperware example demonstrates that the model can now be extended further. In addition to openly recruiting consumer participation in the brand narrative, other brands are referenced to update the Tupperware story. Facebook is used to modernize and “coolify”⁴ the products, and as a platform for telling an energy efficient story. The Boys and Girls Clubs give Tupperware’s reputation a charitable dimension and invites the ethic of generosity into its community. In this way, corporations are acting more and more like consumers. To build a personal reputation, individuals have always relied on brands, such as the names of the schools we attended. Now, through social media, many personal brand preferences have become part of our online reputations. Modern corporate branding mimics this consumer trend, and we see many organizations like Tupperware using the brands of others to bolster their image, grow their community, sell their products and positively affect their brand value. Much of this piggy-backing on other brands in social media occurs without express permission. This trend requires rethinking notions of trademark law thought to require brand owners to police their mark and stop all unauthorized brand uses, especially those that result in a commercial benefit to a person who uses a brand without its owner’s permission.

3. See *infra* notes 30–34 and accompanying text.

4. *Tupperware*, *supra* note 2.

Part I first defines the terms “social media” and “social networking” as used in this analysis. Next, it briefly outlines how the expansion of trademark doctrine led to creation of the consumer investment model as a mechanism to keep consumer interests in play when trademark issues are decided. It also shows that the model is more relevant than ever as online social networks amplify consumer power over brands. Previously, marketing departments viewed consumers as a passive audience to their carefully controlled brand narrative trumpeted over television, radio or print advertisements. Now, consumer participation is essential to the rise and fall of a brand. Even the richest corporate brand owners cannot escape the effects of consumer power of brands in social media. Part I illustrates this new dynamic through the short life of Disney’s “SEAL Team 6” trademark applications. After that, Part I explores how social networking on the Internet creates new opportunities for consumers to invest in brands. It demonstrates how consumers are using brands in new ways, such as props to bolster their reputation in online profiles. As we will see in the following Part, individuals are not the only ones using the brands of others in social media.

Part II shows how corporate brand owners are permitting consumers to help write their brand stories through social media. Brand owners are acting just like consumers, using the brands of others to bolster their corporate reputations and connect with their audience. Many of these commercial uses of third-party brands are unauthorized. Consequently, the nature of online social networking has resulted in brand owners being forced to loosen control over a wide array of trademark use.

Part III explains how these new trends will affect trademark law. As consumer investment in trademarks expands through social media, courts will be confronted with the task of rethinking trademark doctrine that is premised on trademark owners having sole control of the brand narrative. The multitude of unauthorized uses of brands in social media will require a re-examination of the duty to police. It should also prompt reflection on the scope of actions that may be the subject of trademark infringement liability. If the trademark litigation docket is to be kept within reasonable bounds, these new norms will require toleration of consequential expressive, informational and even some commercial use of marks that are not authorized by brand owners. Trademark law would benefit substantially from a clear statutory safe harbor exempting unauthorized uses that communicate truthful information.

I. SOCIAL MEDIA AND CONSUMER POWER OVER BRANDS

Before turning to social media and the consumer investment model, it will be useful to situate the discussion within the larger framework of social network analysis that is used to study connections among individuals and groups in society.⁵ This structural approach preceded the Internet by decades.⁶ It gave us the famous small world phenomenon, better known as six degrees of separation.⁷ This idea of the close connectedness of distant individuals seemed much more startling in the pre-Internet environment. Social scientists apply social network analysis in fields as diverse as epidemiology, software development and economics.⁸ These studies describe social networks as composed of “nodes” connected by “ties.”⁹ The nodes may be individual people or groups such as a corporation, government body or a community.¹⁰ The ties can consist of anything that flows between individuals or groups.¹¹ A tie can be a good, a service, information, friendship, a technological tool, such as a website, or a brand.

Not all participants in a social network act in the same way. Ties tend to be “asymmetrically reciprocal,” meaning that the content and intensity on each side of the tie is generally different.¹² For example, when friendship is a tie between two people, one person may be more deeply attached than the other. Similarly, when two people (nodes) use an Internet social network site like Facebook as a tie, one person may communicate more than the other, making the relationship asymmetrically reciprocal. When brands act as ties, the trademark owner may invest more resources in repeating a consistent story and may contribute more to the conversation than any other individual. Despite this asymmetry, consumers continue to serve as nodes in the social network, building ties with each other and the brand owner by contributing stories to the brand narrative. Although the ties may be asymmetrically reciprocal, sometimes, as seen in the SEAL Team 6

5. See LINTON C. FREEDMAN, *THE DEVELOPMENT OF SOCIAL NETWORK ANALYSIS 2* (2004).

6. See *id.* at 10–42.

7. RYAN T. CRAGUN, DEBORAH CRAGUN & PIOTR KONIECZNY, *INTRODUCTION TO SOCIOLOGY 72*, (2010), available at http://upload.wikimedia.org/wikipedia/commons/1/16/Introduction_to_Sociology-v2.0.pdf (explaining the small world hypothesis).

8. FREEDMAN, *supra* note 5, at 5.

9. BARRY WELLMAN, *SOCIAL STRUCTURES: A NETWORK APPROACH 4* (Barry Wellman & S.D. Berkowitz eds., 1988).

10. *Id.*

11. *Id.* at 40.

12. *Id.*

example below, the aggregate effect of individual contributions in a social network may have a decisive effect on a mark.

In current popular discourse, the term “social network” has developed a different meaning from that used by social scientists. Dictionary.com defines it as “Any website designed to allow multiple users to publish content themselves.”¹³ To distinguish between these two concepts, this Article will use “social media” to refer to website services that offer individuals other than the brand owners a platform for participating in conversations about brands. “Social media” will include services like Facebook, Twitter and Google+ that allow individuals to use brand preferences as props in constructing their online reputations. Social media will also encompass online stores (like Amazon.com and eBay) and review sites (like CNET) that enable consumers to form ties through brands by sharing comments about products and services. The term “social network” will be used to refer to a system that links groups or individuals through ties. The discussion will focus on the role of trademarks as ties and pay particular attention to how trademarks function as ties when consumers use them to share information over the Internet. While “social network” will be broad enough to embrace all interpersonal connections that use trademarks as ties, the term “social media,” as defined here, requires a connection to cyberspace.

Corporate reputation is deeply embedded in brand perceptions. Therefore, trademark owners do what they can to control the qualities and stories associated with their trademarks. To protect the value of this intellectual property, trademark claims are often asserted to prevent harm from unauthorized use. As the Internet creates new opportunities to use brands for expressive and informational purposes, courts sometimes find themselves stuck in a pre-Internet box of brand perception in which the trademark owner is thought to have exclusive rights to control the brand by stamping out all unauthorized uses, especially those that involve commercial transactions.¹⁴ This view is premised on the doctrinal assumption that brand value is solely created by the trademark owner.¹⁵

13. *Social Network*, DICTIONARY.COM, <http://dictionary.reference.com/browse/social+network> (last visited May 6, 2012).

14. *See, e.g.*, 800-JR Cigar, Inc. v. GoTo.com, Inc., 437 F. Supp. 2d 273, 282–84 (D.N.J. 2006).

15. *Cf.* Deborah R. Gerhardt, *Consumer Investment in Trademarks*, 88 N.C. L. REV. 427, 450–58 (2010) (challenging the assumption that trademark meaning is authored solely by brand owners).

The consumer investment model is predicated on the idea that trademarks are frequently used as ties to create and maintain social connections.¹⁶ This phenomenon is not new. Nonetheless, the Internet has created many new opportunities for social networking using trademarks as ties. In view of these recent trends and in deference to the current lay meaning of social networks, this analysis will focus on the effects that Internet-based social networking has had on trademark practices and how these new practices are likely to influence trademark law. Many of the examples will come from Facebook because by 2011, it became the most used social media site.¹⁷

A. *The Consumer Investment Model Is Needed To Shrink Bloated Trademark Doctrine To Conform with Contemporary Marketing Practices*

Until the 1920s, federal trademark rights extended only so far as necessary to protect unfair competition that led to consumer confusion.¹⁸ Such a view permitted use of the same brand on non-competing products or services if the context made it clear that they came from different sources.¹⁹ Under the old trademark regime, a bail bondsman named James could sell his services as “James Bond” with little risk of liability. Because the bail bondsman does not compete with the novel and movie franchise, consumer confusion would not be likely. Beginning in the 1920s, courts expanded the foundation for trademark liability to include confusion about sponsorship or affiliation.²⁰ The Lanham Act codified both bases as grounds for infringement.²¹ Under this broader standard, the bail bondsman has a much more difficult time disproving consumer confusion. Still, he might escape liability because the services he offers are so different from Ian Fleming’s novels and films that consumers would not believe they are affiliated.

16. *Id.* at 466–67.

17. In July 2010, Facebook announced that it had over 500 million users. Robin Wauters, *Zuckerberg Makes It Official: Facebook Hits 500 Million Members*, TECHCRUNCH (July 21, 2010), <http://techcrunch.com/2010/07/21/Facebook-500-million/>.

18. Gerhardt, *supra* note 15, at 445.

19. *See, e.g.*, *Borden Ice Cream v. Borden’s Condensed Milk Co.*, 201 F. 510, 514 (7th Cir. 1912) (“The phrase ‘unfair competition’ presupposes competition of some sort. In the absence of competition the doctrine cannot be invoked.”).

20. *See* Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 423–24 (2010).

21. Lanham Act, Pub. L. No. 79-489, ch. 540, § 43, 60 Stat. 427, 441 (1946) (codified as amended at 15 U.S.C. § 1125(a) (2006)).

Because liability in such cases turned on unpredictable consumer perceptions, practical certainty was elusive. The likelihood of succeeding in trademark litigation was difficult to predict. It also became difficult to advise clients about the risks of registering trademarks with the United States Patent and Trademark Office (“USPTO”) because likelihood of confusion with another mark was a bar to registration.²² Discontent with the uncertainty of liability based on consumer confusion, corporate America lobbied for broader trademark protection.²³ Congress responded with new legislation. In 1995, it enacted a federal dilution law to protect famous marks against uses that diminished their distinctiveness.²⁴ In 1999, Congress created liability for cybersquatting so that an Internet domain name could be seized and transferred to the brand owner if it incorporated a trademark in bad faith.²⁵ This legislation substantially broadened opportunities for stopping the unauthorized use of trademarks, because no longer was consumer deception—or even confusion—a predicate for trademark liability.²⁶ Trademark doctrine began to tip so far in favor of brand owners that courts began to find liability from all sorts of unauthorized uses of marks, especially if such uses resulted in a commercial benefit.²⁷

If someone begins offering “James Bond” bail bond services in 2012, he may still escape liability for trademark infringement if consumer confusion is not found, but he would have a much tougher time avoiding liability under the federal dilution statute because his business could be found to lessen the distinctiveness of the famous James Bond marks.²⁸ If he used the name “James Bond” in his

22. 15 U.S.C. § 1052(d) (2006).

23. See H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1030 (“Presently, the nature and extent of the remedies against trademark dilution varies from state to state and, therefore, can provide unpredictable and inadequate results for the trademark owner.”).

24. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985, 985–86 (codified at 15 U.S.C. § 1125(c) (2006)). The federal dilution statute was substantially revised in the Trademark Dilution Revision Act of 2006. See Deborah R. Gerhardt, *The 2006 Trademark Dilution Revision Act Rolls Out a Luxury Claim and a Parody Exemption*, 8 N.C. J.L. & TECH. 205, 216 (2007).

25. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, § 3002(a), 113 Stat. 1536, 1501A-545 to -548 (codified at 15 U.S.C. § 1125(d) (2006)).

26. Gerhardt, *supra* note 15, at 477.

27. See, e.g., 800-JR Cigar, Inc. v. GoTo.com, Inc., 437 F. Supp. 2d 273, 292 (D.N.J. 2006) (denying summary judgment to defendant based in part on the claim that defendant’s unauthorized use of plaintiff’s marks in key word advertising resulted in a commercial benefit to the defendant).

28. See 15 U.S.C. § 1125(c) (2006).

website's domain name, he would risk liability for cybersquatting.²⁹ With dilution and cybersquatting as part of a trademark owner's arsenal of weapons to protect brands, mark owners have much more power to silence unauthorized uses even if those uses do not in any way diminish sales of their products or services. In view of this trend, balancing forces are needed to preserve the rights of non-mark owners to use brands for descriptive, informational and expressive purposes.

Toward this goal, I proposed the consumer investment model in 2010 as a theoretical framework for bringing consumer interests back into trademark law.³⁰ The model demonstrates that because consumers invest marks with meaning and economic value, trademark law should provide them with a return in the form of permitted uses.³¹ At a minimum, it supports a view of trademark law that gives consumers the freedom to use marks to express themselves and find information.³² Consumers contributed to trademark value long before social networking on the Internet became ubiquitous. The phenomenon has exploded in the twenty-first century. Internet-based social networks are creating whole new areas of unauthorized use, and in doing so, provide interesting new applications for the consumer investment model.

Social media have given consumers unprecedented opportunities to saturate trademarks with new meaning. Empowered by Internet technology, consumers can infuse a brand with buzz, investing it with magnetism and economic value, or they can force a trademark into oblivion even against the wealthiest content owners.³³ One commentator observed that "the separate nature of many brand relationships—the 'them' and 'us'—is obsolete."³⁴

B. Consumer Criticism on Social Media Convinces Disney To Withdraw "SEAL Team 6" Trademark Applications

The quick demise of Disney's plans for the "SEAL Team 6" mark provides an excellent example of how social networks are facilitating unprecedented public power over brands. A brief look at

29. *See id.* § 1125(d).

30. Gerhardt, *supra* note 15, at 433.

31. *Id.* at 467.

32. *Id.* at 459.

33. Susan Fournier & Jill Avery, *The Uninvited Brand*, 54 BUS. HORIZONS 193 *passim* (2011).

34. Jack Yan, *Social Media in Branding: Fulfilling a Need*, 18 J. BRAND MGMT. 688, 691 (2011).

the historical moment in which Disney filed the application is necessary to understand why the life of this trademark was so short. On May 1, 2011, President Obama announced the assassination of Osama bin Laden in Pakistan and his burial at sea.³⁵ The American reaction to the death of bin Laden was spontaneous, jubilant and patriotic.³⁶ In Washington, D.C., people gathered on Pennsylvania Avenue in front of the White House to shout “U-S-A!”³⁷ At the time of the announcement, the Philadelphia Phillies were in the ninth inning of a game against the New York Mets when the crowd began to chant “U-S-A” and did not stop until the game was over.³⁸ At the site of the former World Trade Center towers in New York, a crowd gathered to sing “God Bless America,” and someone remarked how throughout this event, “everyone was uniting.”³⁹

The moment was unusual. In a harshly divided political climate, agreement on this issue transcended political differences. Although not all Americans celebrated the death of bin Laden or thought it was handled appropriately, public opinion polls showed near unanimous support for the military action. *USA Today* and the *Gallup Corporation* found that “[o]verwhelming majorities of all subgroups of the American population approve of Sunday’s action [death of bin Laden], including 97% of Republicans and 95% of Democrats.”⁴⁰ A *Washington Post/Pew Research* poll showed that “[n]early all Republicans (96%), as well as 82% of Democrats and 88% of independents give the military a great deal of credit.”⁴¹

35. Peter Baker & Helene Cooper, *Qaeda Leader Reported Dead in ‘Targeted Assault,’* N.Y. TIMES, May 2, 2011, at A1.

36. *In Pictures: World Reaction to Bin Laden Death*, BBC (May 2, 2011, 12:40 AM), <http://www.bbc.co.uk/news/world-13257633> (first four pictures); see also *Nation Reacts to Osama Bin Laden’s Death*, WASH. POST (May 5, 2011), http://www.washingtonpost.com/politics/nation-reacts-to-osama-bin-ladens-death/2011/05/02/AFEpl8VF_gallery.html#photo=32 (including pictures 32–62, reflecting the American reaction).

37. *Osama Bin Laden Dead: Crowds Gather Outside White House*, BBC (May 2, 2011, 1:27 AM), <http://www.bbc.co.uk/news/world-us-canada-13256890>.

38. Cindy Boren, *Bin Laden Death Prompts “U-S-A” Chant at Mets-Phillies Game, WWE Event*, WASH. POST (May 2, 2011, 12:45 AM), http://www.washingtonpost.com/blogs/early-lead/post/bin-laden-death-prompts-u-s-a-chant-at-mets-phillies-game/2011/05/02/AFDOWEWF_blog.html.

39. *Jubilant Crowds Celebrate at Ground Zero in New York*, BBC (May 2, 2011, 5:33 AM), <http://www.bbc.co.uk/news/world-us-canada-13257569> (showing faint singing at start of video, with the uniting comment in the last ten seconds of video).

40. Frank Newport, *Americans Back Bin Laden Mission; Credit Military, CIA Most*, GALLUP (May 3, 2011), <http://www.gallup.com/poll/147395/Americans-Back-Bin-Laden-Mission-Credit-Military-CIA.aspx>.

41. *Public “Relieved” by bin Laden’s Death, Obama’s Job Approval Rises*, PEW RESEARCH CENTER (May 3, 2011), <http://pewresearch.org/pubs/1978/poll-osama-bin-laden-death-reaction-obama-bush-military-cia-credit-first-heard-news>.

The covert fighting forces of the United States Navy are known as SEAL Teams.⁴² Since the 1960s, the Navy created different numbered SEAL teams to handle especially dangerous missions.⁴³ Because their missions are so highly classified, the unit names and the identities of the members who belonged to them were closely guarded secrets.⁴⁴ The team that carried out the mission against bin Laden was from the elite unit known as SEAL Team 6.⁴⁵ Before 2011, the Navy never publicly acknowledged the existence of these special forces. Off the public radar, they trained intensely and carried out the most dangerous covert military operations.⁴⁶

On May 2, 2011, the news media reported that SEAL Team 6 conducted the bin Laden mission, and the nation learned the unit name for these anonymous heroes.⁴⁷ On May 3, 2011, Disney Enterprises, Inc. filed three federal trademark applications stating it intended to use the mark “SEAL TEAM 6” for educational and entertainment services,⁴⁸ clothing,⁴⁹ toys, games, Christmas Tree ornaments and stockings.⁵⁰ By May 14, 2011, the news media found Disney’s trademark applications and pounced on them.⁵¹ In response to a short piece about the trademark application published by the *Huffington Post* on May 14, 2011, over 900 readers posted comments, and over 43,000 people indicated through Facebook that they “liked it.”⁵² On May 16, 2011, Jon Stewart reported on *The Daily Show*:

42. SEAL stands for Sea, Air, and Land Teams. HOWARD E. WASDIN & STEPHEN TEMPLIN, *SEAL TEAM SIX: MEMOIRS OF AN ELITE NAVY SEAL SNIPER*, at xv, 3 (2011).

43. *See id.* at 51–54, 91.

44. *See id.* at 151 (explaining how a SEAL team member is barred from discussing his assignment and his employment on his own to members of the public).

45. Anna Mulrine, *SEAL Team Six: 10 Questions on the Operation That Killed Osama bin Laden*, CHRISTIAN SCI. MONITOR (May 2, 2011), <http://www.csmonitor.com/USA/Military/2011/0502/SEAL-Team-Six-10-questions-on-the-operation-that-killed-Osama-bin-Laden/When-did-President-Obama-authorize-the-strike>.

46. WASDIN & TEMPLIN, *supra* note 42, at 3.

47. Elisabeth Bumiller, *In Bin Laden’s Compound, Seals’ All-Star Team*, N.Y. TIMES, May 5, 2011, at A14.

48. U.S. Trademark Application Serial No. 85,310,970 (filed May 3, 2011).

49. U.S. Trademark Application Serial No. 85,310,957 (filed May 3, 2011).

50. U.S. Trademark Application Serial No. 85,310,966 (filed May 3, 2011).

51. *See, e.g.*, Nick Carbone, *Capitalizing on the Commendation: Disney Trademarks “SEAL TEAM 6,”* TIME (May 15, 2011, 1:42 PM), <http://newsfeed.time.com/2011/05/15/capitalizing-on-the-commendation-disney-trademarks-seal-team-6/>; David Morgan, *Disney Trademarks “Seal Team 6,”* CBS NEWS (May 14, 2011, 11:37 AM), http://www.cbsnews.com/8301-31749_162-20062914-10391698.html.

52. *Disney Trademarks ‘Seal Team 6,’ Name of Unit That Killed Bin Laden*, HUFFINGTON POST (MAY 14, 2011, 1:40 PM), http://www.huffingtonpost.com/2011/05/14/disney-trademarks-seal-te_n_862010.html (reflecting the amount of posts and “likes” from January 2012).

Putting a trademark on Seal Team 6, it's like trying to copyright the guys who stormed the beaches of Normandy, or the Statue of Liberty, or putting a patent on Patton; it belongs to all of us, not to mention Disney filed this claim only two days after the story was released.⁵³

Immediately, the story went viral. *The Daily Show* sent out two messages on Twitter, and 148 people republished them in their own Twitter feeds.⁵⁴ By July 13, 2011, *The Daily Show's* SEAL Team 6 segment had been viewed 94,000 times.⁵⁵

The reaction to the trademark applications reverberated through traditional media as well. On May 19, 2011, a newspaper editorial in the *Washington Times* characterized Disney's "SEAL Team 6" trademark applications as greedy and unpatriotic and argued that "[t]he patent office ought to reject this crass and unpatriotic attempt to convert such noble sacrifice into tawdry knickknacks."⁵⁶ Public outrage fueled the critical fire. On a news website, Disney was criticized with comments such as, "I certainly hope they fail in this effort. Disney has NO business cashing in on what our brave men and women do for pennies a month."⁵⁷ Another post read: "Disgraceful action by Disney to turn a real crisis in America to a form of entertainment on the screen. We are at war!! Dumb. This is not a game!!"⁵⁸ By May 26, 2011, seven different Facebook pages or groups advocated a boycott of Disney in reaction to the trademark

53. *The Daily Show with Jon Stewart* (Comedy Central television broadcast May 16, 2011), available at <http://www.thedailyshow.com/watch/mon-may-16-2011/well--that-was-fast---comcast-nbc-merger>.

54. THE DAILY SHOW TWITTER (MAY 16–17, 2011), <http://twitter.com/#!/TheDailyShow> (to access these comments, search www.snapbird.org for *Daily Show* tweets using the keyword "Disney").

55. *The Daily Show with Jon Stewart*, *supra* note 53.

56. Editorial, *Disney Cashes in on SEAL Team 6*, WASH. TIMES (May 19, 2011), <http://www.washingtontimes.com/news/2011/may/19/disney-cashes-in-on-seal-team-6/>. Readers sent in letters to editorial boards, reflecting a similar attitude. Charlie Heiserman, Letter to the Editor, *Disney Buying Trademark Is a Bit Goofy*, COLUMBIAN (May 24, 2011), <http://www.columbian.com/news/2011/may/24/letter-disney-buying-trademark-bit-goofy/>; Warren D. Vandergriff, Letter to the Editor, *SEAL Team 6 Deserves Praise*, CHATTANOOGA TIMES FREE PRESS (May 31, 2011), <http://timesfreepress.com/news/2011/may/31/letters-editor/?print>.

57. Fastboat, Comment to Editorial, *Disney Cashes in on SEAL Team 6*, WASH. TIMES (May 20, 2011, 8:29 AM), <http://www.washingtontimes.com/news/2011/may/19/disney-cashes-in-on-seal-team-6/>.

58. Guest, Comment to Editorial, *Disney Cashes in on SEAL Team 6*, WASH. TIMES (May 20, 2011, 10:59 AM), *supra* note 57.

applications.⁵⁹ One person commented on Facebook that “[i]f anyone should profit from the heroic work of our military, it should be the military families and retired service members—not a soul[less] and clearly tasteless multinational corporation.”⁶⁰ A critical *Fox News* report did not permit comments but had over 6,000 “likes” on Facebook.⁶¹ A *Wall Street Journal* article featured comments showing anger over the greed and arrogance of Disney and prompted over 2,000 “likes” on Facebook.⁶²

On May 13, 2011, the Navy applied to register “SEAL Team” as a collective mark indicating membership in “an organization of the Department of the Navy that develops and executes military missions involving special operations strategy, doctrine, and tactics.”⁶³ The Disney trademark application still may have matured to registration because the Navy’s collective mark did not involve the sales of any goods or services, and therefore the USPTO may have found that confusion was not likely.⁶⁴ Nonetheless, on May 25, 2011, Disney withdrew its trademark applications for “SEAL Team 6.” Disney claims that it took this action “[i]n deference to the Navy’s application.”⁶⁵ However, if it were truly concerned about the Navy’s interests, it would not have filed the applications at all. The historical record suggests that consumer perceptions influenced Disney’s decision. The USPTO database indicates that Disney has filed over 4,700 trademark applications.⁶⁶ For one reason or another, Disney

59. Copies of the page that reflect this comment are on file with the North Carolina Law Review.

60. Copies of the page that reflect this comment are on file with the North Carolina Law Review.

61. Jana Winter, *Navy Fights Mickey Mouse for SEALs Trademark*, FOX NEWS (May 25, 2011), <http://www.foxnews.com/politics/2011/05/25/navy-seals-fights-mickey-mouse-trademark/>.

62. Ethan Smith & Julian E. Barnes, *Walt Disney Surrenders to Navy’s SEAL Team 6*, WALL ST. J., May 26, 2011, at B1. A screenshot capturing the amount of “likes” at that time period is on file with the North Carolina Law Review.

63. U.S. Trademark Application Serial No. 85,320,305 (filed May 13, 2011). However, the Navy abandoned the “Seal Team” mark on December 26, 2011. *Id.*

64. The USPTO does not have dilution as a tool to bar registration at this stage but could have barred the application based on likelihood of confusion. *See* 15 U.S.C. § 1052(d) (2006).

65. *Disney Pulls Bid To Trademark Bin Laden Strike Team*, AFP NEWS (May 25, 2011), <http://www.google.com/hostednews/afp/article/ALeqM5hhaZkyDuII8uTn0OsI1rdOJf7ajQ?docId=CNG.ca725a65a63adb97bed7fa9f6ac97972.341>.

66. To find the number of trademark applications owned by Disney, I conducted a “structured” search for “Disney” in the “Owner Name” field in the USPTO Trademark Electronic Search System (“TESS”) trademark database. UNITED STATES PATENT AND TRADEMARK OFFICE, <http://www.uspto.gov/trademarks/index.jsp> (last visited May 6, 2012).

eventually abandoned over 2,290 of them.⁶⁷ Only 15 of these 2,290 applications were abandoned within six months of the application date, and only five (including the three SEAL Team 6 marks) were abandoned within three months.⁶⁸ These facts demonstrate that it is highly unusual for Disney to abandon a trademark application so quickly. A Nexis search for all six of the quickly abandoned marks showed media reports about the “SEAL Team 6” marks, but none of the others.⁶⁹ This information suggests that the “SEAL Team 6” applications mark the first time that Disney withdrew trademark applications so quickly in response to significant public pressure. Such a media storm over a trademark application never happened to Disney before the age of social media.

The quick demise of Disney’s “SEAL Team 6” trademark applications provides a fascinating insight into how social networking has shifted the trademark balance of power. Criticism for mark owners is nothing new. But social media not only work as a mirror of public perception, they are a perfect platform for spreading critical fire. Social media can amplify consumer voices like nothing we have seen before. The intensity of the criticism on popular social media sites like Facebook spread the story and made it possible for many consumers to express their contempt.

This dynamic can benefit brand owners like Disney if they are listening and care what their audience thinks. By responding to consumer criticism, they empower consumer voices and recreate the brand as a focal point for a real interactive community. Not wanting to alienate a broad audience, Disney realized that abandoning the “SEAL TEAM 6” trademark applications was necessary in order to stop the negative narrative. In this way, consumers steered a huge corporation in a different direction. That power could not have been exerted without Internet search technology to find the information in the first place and social media to reflect strong public criticism and immediately communicate this message to Disney.

67. To find the number of abandoned Disney marks, I used a “structured” search in the USPTO TESS trademark database for “Disney” in the “Owner Name” field, used the “and” operator and entered “Dead” in the “Live/Dead Indicator” field. <http://www.uspto.gov/trademarks/index.jsp> (last visited May 6, 2012). These were last searched in January, 2012.

68. See Trademark Applications, *supra* notes 48–50; U.S. Trademark Application Serial No. 786,474,314 (for “Animal Nation,” filed June 9, 2005, and abandoned twenty-seven days later); U.S. Trademark Application Serial No. 73,801,993 (for “Ducktales,” filed May 22, 1989, and abandoned thirty-five days later). These were last searched in January, 2012.

69. The results of this search are on file with the North Carolina Law Review.

Not long ago, trademark applications for future products were seen only by trademark lawyers. In the twenty-first century, Internet search technology has made them easy for anyone to find, and social media have made them potential targets for public comment. As a result, brand owners are confronting something they have never seen before. Even before a product is launched, consumers can publish their immediate reaction to a brand, and public perception can prompt a takedown. In the sections that follow, I will explore how this dynamic affects existing brands as well. Social media hold vast potential to facilitate public organization around brand meaning. Consumer investment in trademarks has become such a powerful force that even coffers as rich as Disney's are not enough to create a protectable trademark when public opinion demands a different result.

C. Social Media Provide New Ways for Consumers To Invest in Trademarks

Trademarks are repositories of meaning that consumers use to construct a sense of personal identity and reputation.⁷⁰ By listing schools and employers in résumés, we rely on brands to communicate qualifications. The marks signal specific messages about individual talent and experience. It is not just the Ivy League education that students may want when they apply to an elite college or graduate school. They (and their parents) know that an Ivy League brand in a résumé will reap professional benefits for the rest of their lives. Before the Internet, these educational brands were especially important in a printed résumé distributed on fine quality paper at moments of professional or educational transition. Through online profiles, these brands are always present on professional websites and in social media sites like Facebook. To the consumer, they have become more valuable, serving as a constant and efficient means to display credentials and reconnect with former classmates and colleagues.

In this way, social media sites expand the résumé effect of using brands to define one's sense of self and construct a public persona. In addition to efficiently transmitting information about schools attended and employers, social media provide users with opportunities to create a much more detailed public profile. Many of the meaningful details are provided by trademarks. Brands serve as

70. Gerhardt, *supra* note 15, at 460.

permanent ties on social media sites, creating constant opportunities to connect with people who attended our schools or worked for the same employers long after those institutions are no longer part of our daily lives.

Social media also provide a stage for public demonstration of private preferences. Most of my friends do not know my preferred charities or that I carry Burt's Bees lip balm in my bag, but they will find out if I "like" these brands on Facebook because these preferences would become part of my online profile. With social media, even the private act of reading links personal reputation with corporate brands. When a user posts a link to an article, she sends a message about the quality and perspective of information she prefers. The Internet provides potential employers with a host of publicly available information, including brand preferences, outside the scope of what job applicants choose to include on their résumés.⁷¹

In a world with social media, we routinely choose many brands to construct our personal reputations in addition to those that appear on our formal résumés. Trademarks have historically facilitated social networking by providing consumers with symbols they can use to connect to a community with similar preferences. For a Beatles fan, the band's name gives him an informational tool to find books, music and merchandise. He might also use the mark expressively to show his appreciation and loyalty. If he bought licensed merchandise, like a T-shirt or bumper sticker, his expression will echo the brand owner's message. Alternatively, he may print a T-shirt with the message "Still Pissed at Yoko." He may display a Beatles bumper sticker on his car or have the band's name tattooed on his body. Generally, these expressive uses require him to make a purchase and then communicate his passion for the Beatles by displaying his allegiance. Without going on the Internet, his message will be heard only by those who see him in person.

Social media have empowered consumers to use trademarks to gain more information, make a broader expressive impact and connect to a larger, more dispersed community. With the click of a mouse, the Beatles fan may indicate on Facebook that he "likes" the band. This stated preference automatically becomes part of his personal profile. In January 2012, the Beatles Facebook page had

71. Jennifer Preston, *Social Media History Becomes a New Job Hurdle*, N.Y. TIMES, July 21, 2011, at B1 (reporting a job offer was denied after an Internet search revealed that the prospective employee sought to purchase OxyContin on Craigslist).

23,751,315 fans.⁷² In becoming fans, these Facebook members took a bit of the Beatles magic and made it part of their own online image. In this way, social media provide an unprecedented platform for anyone to create a public persona using brands as props. In social media, the brand can be recruited as a powerful tie in seconds without buying anything. If a Beatles fan posts a message on the official page, his thoughts will be accessible by a much larger audience than he encounters in his daily life. This use of brands occurs repeatedly by consumers seeking to connect to a much broader community linked by a common interest in a trademarked product or service. In the realm of social media, a consumer does not have to buy anything to use the mark of another to make these connections and bolster his online reputation.

Long distance friends, family and business associates may not see us often enough to keep up with our brand preferences, but Facebook has changed all that. For example, the Beatles fan may meet professional acquaintances at a conference and not have the opportunity to share musical tastes. Ties may be cultivated through social media and brands after everyone returns home. In an effort to extend his professional network, he may become Facebook friends with these new contacts. If he has joined the Beatles community on Facebook or uses Twitter to spread Beatles news, his new acquaintances will learn something important about his personal life that he has chosen to broadcast as part of his public persona. And they do not need to go to the trouble to look at his profile. His preferences will be accessible on the friends' news feed as he circulates updates. His appreciation for the band will also be apparent to his Facebook friends if they visit the Beatles page because his photo will be displayed in the margin along with a those of any other friends who also like the Beatles.

A major difference between social networking in physical space and cyberspace is the vast potential opportunity for consumers to create communities linked by brand preferences.⁷³ The Internet gives consumers the ability to reach beyond their close circle of friends and family to build networks among acquaintances and strangers based on

72. In January 2012, the Beatles Facebook page was "liked" by 23,751,315 people. *The Beatles*, FACEBOOK, <http://www.facebook.com/thebeatles> (last visited May 6, 2012).

73. In response to the perceived desire for connections based on shared interests, Facebook launched Community Pages in the spring of 2011, designed to be "dedicated to a topic or experience that is owned collectively by the community connected to it." Alex Li, *Connecting to Everything You Care About*, FACEBOOK BLOG (Apr. 19, 2010, 3:03 PM), <http://blog.facebook.com/blog.php?post=382978412130>.

common interests.⁷⁴ Many of these communities use brands as “social glue,” connecting consumers to each other through social media.⁷⁵ Not all of these pages are consumer controlled. Some Facebook group sites that appear to be consumer driven are actually controlled by the brand owner. Pages for branded products may be created by any Facebook user, but only an “authorized representative” of the brand may contribute content to them.⁷⁶

However, the Internet does enable consumers to share ideas about brands that trademark owners would never authorize. Facebook permits users to organize a boycott of a branded product and express one’s allegiance to the protest. In the wake of the BP oil spill in the Gulf of Mexico, hundreds of thousands of Facebook users took the time to “like” a Boycott BP site.⁷⁷ Those who visit it will see an array of critical consumer commentary and links to relevant news articles. This site empowers critical consumers to show that a decade of resources sunk into crafting the BP brand as environmentally friendly was destroyed as the Gulf Oil disaster unfolded, and its “green positioning was revealed as nothing more than a marketing game.”⁷⁸

Consumer investment in trademarks is growing through the use of online social media. Social media create new platforms that intensify “participatory, collaborative, and socially-linked behaviors whereby consumers serve as creators and disseminators of branded content.”⁷⁹ None of these themes would emerge without the participation of brand owners themselves. The next Part will explore how social networking is affecting trademark practices from their perspective.

74. Eric Goldman, *Online Word of Mouth and Its Implications for Trademark Law*, in *TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH* 404 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008).

75. Fournier & Avery, *supra* note 33, at 195.

76. *Facebook Pages Terms*, FACEBOOK (last revised Feb. 29, 2012), http://www.facebook.com/terms_pages.php (“Any user may create a Page; however, only an authorized representative of the subject matter may administer the Page. Pages with names consisting solely of generic or descriptive terms will have their administrative rights removed.”).

77. *Boycott BP*, FACEBOOK, <http://www.facebook.com/pages/Boycott-BP/119101198107726> (last visited May 6, 2011).

78. Fournier & Avery, *supra* note 33, at 198.

79. *Id.* at 194.

II. SOCIAL MEDIA AND COLLABORATIVE CORPORATE BRANDING

In social media, corporate brand owners are acting like consumers, using the marks of others as social networking ties, often without authorization. This general dynamic reflects another reason why the consumer investment model works so well in the Internet environment. It defines a “consumer” broadly—as anyone other than the trademark owner—including both individuals and other corporate brand owners.⁸⁰ Social media provide strong empirical support for this definition, for in this realm corporations mimic individuals, using the brands of others to enhance their reputations and express their story.

This new landscape creates an array of challenges for brand owners. Before the rise of social media, marketing campaigns were created by a marketing team, pre-recorded and repeated to a silent consumer audience.⁸¹ Television, print and radio advertisements were vehicles for telling a uniform, controlled story. To modernize brand strategies for social media, many companies are abandoning that model or using it in connection with more participatory advertising techniques.⁸² The result is more collaborative branding where individual consumers, other corporations and trademark owners all contribute to a brand’s story.⁸³

Two emerging trends reflect less brand owner control and increased consumer investment in trademarks. First, trademark owners are encouraging consumers to step out of the audience and participate in the brand narrative, even though brand owners cannot always control the trajectory of that path. As a result, branding

80. Gerhardt, *supra* note 15, at 500 n.2.

81. Fournier & Avery, *supra* note 33, at 206 (“We’ve moved from a world where the brand set the agenda, to a world where consumers decide if—and when—brands are invited in . . . Our brand assets are mercurial; they are slipping from our grasp.”).

82. See Yan, *supra* note 34, at 690 (“Organizations must consider their contact with audiences along the lines of the operator answering the telephone or the flight attendant seeing to the passenger.”); Natasha Singer, *On Campus, It’s One Big Commercial*, N.Y. TIMES, Sept. 11, 2011, at B1 (“[T]he real change on campus is that companies are marketing through students, not to them . . . Traditional marketing techniques—like national advertising campaigns on MTV or in Rolling Stone—don’t resonate with college students the way they used to, says Matt Britton, chief executive of Mr. Youth, a marketing agency in Manhattan.”).

83. Fournier and Avery’s article takes this argument quite far by calling the new trend “open source” branding. Fournier & Avery, *supra* note 33, at 194. However, in true open source models, the subject of the collaborative effort is offered to the public at no cost. See *The Open Source Definition*, OPEN SOURCE INITIATIVE, www.opensource.org (last visited May 6, 2012). Because the brand owners still charge handsomely for their branded products, the metaphor is not yet an exact fit.

strategies have begun to resemble conversations instead of canned performances. Second, in an effort to regain some control, or at least channel consumer energy in a particular direction, mark owners are linking their brand meaning to marks of third parties over which they have little, if any, control. This Section will explain these two trends, and the next Section will show how they are putting new pressures on trademark doctrine.

A. *Inviting the Audience to the Drafting Table*

The popularity of social media is tempting brand owners to create an online presence in order to attract technologically savvy consumers and keep them interested.⁸⁴ This temptation carries with it substantial risk. When trademark owners use social media to build consumer communities, they are entering unfamiliar and potentially hostile territory in which they do not have absolute control over their intellectual property.⁸⁵ To succeed in this realm, trademark owners must shift their perspective. In social media, brand owners find themselves forced to accept a wide array of uses over which they have little, if any, control. To have a presence on Facebook and Twitter, which have become so popular with consumers, trademark owners can no longer think of themselves as sole authors of the story associated with their brand. Social media forces them to let go of that myth as brand reliance on consumer investment becomes more open than ever before, and brands become linked with many stories authored by consumers and other brand owners.

In this way, effective use of social media transforms brand owners from proselytizers into “learning organization[s].”⁸⁶ Brand narratives once authored by a corporate marketing department now evolve through social media in which “consumers gain an equal if not greater say than marketers in what the brand looks like and how it behaves.”⁸⁷ This strategy may be necessary for brand owners to participate in online social networks that use their brand as a tie, but a “[b]rand[] cannot be controlled centrally or in a top-down manner

84. See *infra* notes 104–06.

85. Copyright control is also at issue. YouTube creates all sorts of community connections through video clip commentary. Even the conservative publishing industry is dipping its toe in social networking and letting go just a bit of control over its copyrighted content. The Barnes & Noble Nook e-Reader permits a book to be loaned for a couple of weeks. David Pogue, *Moving Forward in E-Readers*, N.Y. TIMES, June 9, 2011, at B1.

86. Yan, *supra* note 34, at 692.

87. Fournier & Avery, *supra* note 33, at 194.

in these circumstances.”⁸⁸ Consequently, this loosening of brand control invites significant risks.

The marketing scholar Susan Fournier recently observed that “critical consumers networked together can wreak havoc on a brand.”⁸⁹ The marketing landscape is littered with examples of brands forced to take unexpected turns in response to consumer feedback. Frito-Lay tried to infuse their Sun Chips brand with a green narrative about personal health and environmental sustainability by creating 100% biodegradable chip bags.⁹⁰ When consumers complained on Facebook that the new bags sounded like chain saws, the company withdrew the biodegradable bags and went back to the lab to develop a quieter version.⁹¹ And as we saw in the SEAL Team 6 example, if consumers reject the brand or have critical feedback, the brand may be irreparably damaged, even if its owner does nothing to compromise the mark’s integrity.⁹²

In the fall of 2011, Netflix decided to keep its streaming service as Netflix but divide its DVD delivery service into a new site and brand called “Qwikster.”⁹³ In response to livid consumer opposition, Netflix stated on its blog that it heard the consumer message that “two websites would make things more difficult, so we are going to keep Netflix as one place to go for streaming and DVDs. This means no change: one website, one account, one password . . . in other words, no Qwikster.”⁹⁴ Like we saw in the SEAL Team 6 story, consumer reaction voiced through social media brought down Qwikster even before the service associated with it was launched.

If the risks to a brand are so great, lucrative benefits must exist as a counterbalance to make social media marketing worthwhile. The benefits are apparent in the quick success of social media brands themselves where the branding strategy looks a lot like community development. Success for social media marks is dependent on the

88. Yan, *supra* note 34, at 691.

89. Fournier & Avery, *supra* note 33, at 200.

90. Bruce Horowitz, *Frito-Lay Sends Noisy, ‘Green’ SunChips Bag to the Dump*, USA TODAY (Oct. 5, 2010, 8:52 AM), http://www.usatoday.com/money/industries/food/2010-10-05-sunchips05_ST_N.htm.

91. *Id.*

92. *See supra* Part I.B.

93. Stu Woo, *Under Fire, Netflix Rewinds DVD Plan*, WALL ST. J., Oct. 11, 2011, at A1.

94. Reed Hastings, *DVD’s Will Be Staying at Netflix.com*, NETFLIX (Oct. 10, 2011, 5:00 AM), <http://blog.netflix.com/2011/10/dvds-will-be-staying-at-netflixcom.html>.

ability to attract members and keep them engaged.⁹⁵ In 2011, Facebook was considered the most valuable social media site because it hosted the most active users.⁹⁶ Social media marks demonstrate that brand value is a direct function of how much consumers invest in it. Facebook's user base expanded substantially over the past seven years: first passing the 1 million mark in 2004, 12 million in 2006, 50 million in 2007, doubling to 100 million in 2008, reaching 350 million in 2009, 500 million in 2010 and 750 million in 2011.⁹⁷ During the same period, projections of the company's value grew from an estimated \$52 million in 2006, \$150 million in 2007, \$777 million in 2009 and \$4.2 billion in 2011. These numbers show that this immense value was not built solely by Mark Zuckerberg and his team. Without large investments of consumer resources, especially time, Facebook would not have achieved such dominance.⁹⁸ In 2011, "Americans spent more time with Facebook than with the next four largest Web brands combined."⁹⁹ Other electronic service sites like Google, Groupon, Foursquare, eBay, Craigslist and CNET also demonstrate that consumer investment of resources is critical to the success of an online mark.¹⁰⁰

Twenty-first century branding strategies embrace the idea that a product or service that enables consumers to participate in a like-minded community will be more successful. Some new products are being designed to create independent social networks to facilitate connections among fans. For example, the 2011 version of the Nintendo DS has built-in software that signals its owner when

95. Cf. Michael Santoli, *Bubble Trouble*, BARRON'S, July 25, 2011, at 19, 19-21 (discussing the potential overvaluation of social media stocks).

96. Matt Rosoff, *These 19 Social Networks Are Bigger Than Google+*, BUS. INSIDER (June 27, 2011), <http://www.businessinsider.com/these-19-social-networks-are-still-bigger-than-google-2011-7#>.

97. *Introducing Timeline*, FACEBOOK, <http://www.facebook.com/about/timeline> (last visited May 6, 2012); see also Richard Ozerman, *Facebook Goes Beyond College, High School Markets*, TECHCRUNCH (Apr. 26, 2006), <http://techcrunch.com/2006/04/26/facebook-goes-beyond-college-high-school-markets/> (describing the enormous gains Facebook stood to receive after expanding beyond the school networks); Brian Womack, *Facebook Revenue Will Reach \$4.27 Billion, EMarketer Says*, BLOOMBERG (Sept. 20, 2011, 3:44 PM), <http://www.bloomberg.com/news/2011-09-20/facebook-revenue-will-reach-4-27-billion-emarketer-says-1-.html> (reporting the huge gains in revenue for Facebook).

98. Someni Sengupta & Ben Sisario, *Facebook as Tastemaker*, N.Y. TIMES, Sept. 23, 2011, at B1.

99. *Id.*

100. For a description of some of these review sites, see, for example, Shayndi Raice, *Is His Company Worth \$100 Billion?*, WALL ST. J., July 14, 2011, at B1.

another gamer is nearby.¹⁰¹ The Blu electronic cigarette, introduced in 2011, delivers water vapor with nicotine.¹⁰² In an effort to profit from the camaraderie of people who gather to share a cigarette away from smoke-free buildings, the Blu cigarette packs, “[w]hen they get within 50 feet of one another, . . . vibrate and flash a blue light.”¹⁰³

Owners of established brands encourage their fans to connect through social media in order to attract conversations about their brands among younger, technologically savvy consumers.¹⁰⁴ Current branding strategy relies heavily on the idea that the best brand press comes straight from other consumers.¹⁰⁵ Trademark owners can give online users the opportunity to endorse their brand by permitting individuals to express opinions about their products. Expressions of support can take many forms. If a brand owner has a Facebook page, Facebook members may indicate that they “like” a branded product or service. For example, Facebook members may write comments on the Coca-Cola wall. Some social media sites, like Facebook, give brand owners total control over the commentary that appears on the official page. In contrast, Coca-Cola touts the fact that its page was developed by consumers and although the Coca-Cola Company now controls it, the original creators were hired to manage it.¹⁰⁶

101. The introduction of the Nintendo 3DS claimed that it was

[s]ocial and wired like no Nintendo system before it, Nintendo 3DS brings fellow players together in exciting new ways with StreetPass™ communication. Set your Nintendo 3DS to Sleep Mode and carry it with you wherever you go to exchange game data like Mii™ characters, high scores, and custom characters with other users you pass on the street. You control what data you exchange, and you can exchange data for multiple games at once, making virtual connections with real world people you encounter in your daily life.

Nintendo 3DS Overview, NINTENDO, <http://www.nintendo.com/3ds/hardware#/8> (last visited May 6, 2012).

102. Joshua Brustein, *A Social Networking Device for Smokers*, N.Y. TIMES, May 11, 2011, at B1.

103. *Id.*

104. Jenna Wortham, *A Start-Up Matures, Working with AmEx*, N.Y. TIMES, June 23, 2011, at B1 (“American Express also hopes that by pairing with a start-up that appeals to the hip and technologically skilled, it can appeal to a younger crowd.”).

105. Stuart Elliott, *The Tupperware Party Moves to Social Media*, N.Y. TIMES, May 5, 2011, at B3 (“[R]ecommendations about a brand or product ‘from someone you have confidence in is the absolutely best form’ of marketing.” (quoting Rick Gonings, Chairman and Chief Executive of Tupperware Brands)).

106. See *Coca-Cola: House Rules*, FACEBOOK, https://www.facebook.com/cocacola?v=app_153692631322774 (last visited May 6, 2012); *Coca-Cola: Page Creators*, FACEBOOK, https://www.facebook.com/cocacola?sk=app_132920893413852 (last visited May 6, 2012); *Dusty and Michael*, FACEBOOK, <https://www.facebook.com/DustyandMichael?sk=info> (last visited May 6, 2012).

The owner of a Facebook page may delete critical commentary,¹⁰⁷ but if it does, it risks alienating its fan base and defeating the goal of creating an authentic online community. Brand managers that use social media in a “top-down” strategy risk “making themselves look separate, going against transparency and oneness [and consequently] weakened through appearing ‘above’ one’s supporters.”¹⁰⁸ Genuinely collaborative social media may create a strong sense of community between brand owners and fans to facilitate meaningful conversations in which brands can respond to consumer concerns. Like most relationships, “[a]uthenticity is the critical currency in establishing transparency.”¹⁰⁹ If a brand owner can muster up the courage to respond to criticism, it will gain credibility with consumers. Alternatively, it can censor consumer speech on its page and deal with the fallout that will inevitably appear somewhere else on the Internet. In the world of social media, “[w]hat [h]appens in Vegas [s]tays on YouTube.”¹¹⁰ Ignoring consumer concerns may be the greater harm driving brand owners to assume the risks and potential benefits of inviting consumers to step out of the audience and take a seat at the drafting table of brand development. The following Section demonstrates that other corporate brand owners may be present as well.

B. Writing a Brand Story with Marks Belonging to Others

Consumer investment must become part of the theoretical framework we use to evaluate trademark law because it is becoming a ubiquitous feature in the marketing landscape. Instead of focusing on product and service qualities, many advertisements promote brands as shared experiences and community-building tools. Companies unaccustomed to this approach may create a sense of community instantly by linking their brand to a social media mark, like Facebook, which is owned by someone else. For example, as publishers struggle to compete with a host of alternative electronic entertainment, they are attempting to boost sales by linking private reading to electronic social media. In advertisements for the 2011 Nook e-Reader, Barnes and Noble promoted its social networking features that permit

107. *Facebook Pages Terms*, *supra* note 76 (“Any user may create a Page; however, only an authorized representative of the subject matter may administer the Page.”).

108. Yan, *supra* note 34, at 693.

109. Fournier & Avery, *supra* note 33, at 198.

110. ERIK QUALMAN, *SOCIALNOMICS* 33 (2009).

Facebook and Twitter friends to “follow” what a Nook owner is reading.¹¹¹

Even brands that embraced consumer investment by relying on traditional social networking are now turning to online social media to keep their brands alive. Tupperware has relied on consumer sales representatives to demonstrate and sell their products for years.¹¹² By using in-person social connections for decades, Tupperware has demonstrated its faith in active consumer investment and social networking between its sales force and their friends. It avoided traditional advertising models in which consumers merely observe or listen to a corporate message.¹¹³ Shared personal experiences among friends were essential to the brand’s success. In order to keep consumers buying and selling its products, the company sought to encourage online consumer investment through social media such as Facebook and Twitter.¹¹⁴ When Tupperware was poised to launch its new interactive Facebook site, its advertising executive, Julie Levinthal, described the move as “the coolification of the brand” designed to transform the reputation from “June Cleaver, 1950’s brand, which it’s not.”¹¹⁵ These strategies do far more than display advertisements. They are “meant to create an interactive community and destination for people who sell Tupperware, buy Tupperware or want to become part of the sales force. It’s about moving from brand awareness to helping people become brand advocates.”¹¹⁶

The Tupperware example also illustrates a new type of consumer investment in trademarks. It is not just individuals who are using the brands of others on the Internet. Brand owners are also constructing their online reputations using marks belonging to other companies. This phenomenon of piggy-backing on third-party brands for commercial purposes takes many forms. Some social media marks are built on a collection of third-party brands. The website Makeup Alley hosts reviews of branded cosmetic products. It has “quietly come to be the standard bearer for the unvarnished truth about beauty products online.”¹¹⁷ Consumers know that a product may not meet

111. Pogue, *supra* note 85.

112. Elliott, *supra* note 105.

113. *Id.* (“Tupperware Brands runs no traditional advertising, preferring to spend its marketing dollars on public relations, events and celebrity endorsers and promotions.”).

114. *Id.*

115. *Id.* (internal quotation marks omitted).

116. *Id.* (internal quotation marks omitted).

117. Catherine Saint Louis, *Someone Just Like Me Said, “Buy It,”* N.Y. TIMES, July 28, 2011, at E1.

expectations touted in an advertisement, and product reviews in magazines may not be the best source for unbiased product information because the writers and editors may not be invited to the next big fashion event if they write a critical review.¹¹⁸ Therefore, as one Makeup Alley reader noted, “[I]f you’re looking for an unconflicted source, you’ll probably look to a fellow consumer.”¹¹⁹ Brands like Makeup Alley are built on the ability to leverage consumer conversations about famous brands. Trademark law’s tolerance for such unauthorized but commercial use of third-party brands is essential for business models like this site to exist and prosper.

In an environment where brand criticism is inevitable and easy to publicize, one way for a brand owner to maintain some control is to participate in consumer conversations.¹²⁰ To do so, the brand owner may step into an existing community by linking itself to a popular brand owned by someone else. Relying on third-party social media marks to create a brand community is interesting because not only does it require consumer investment, it links the value of a brand with the narrative of a third-party’s social networking mark. By creating a page on Facebook, a corporate brand owner like Tupperware can benefit from both the narrative of a cool social media brand like Facebook and its membership base. In this way, social media have created a fascinating new dynamic for trademark doctrine, because suddenly, many corporations are routinely using the brands of others for commercial purposes. When a company asks for its fans to “follow it” on Twitter or “like it” on Facebook, it is using the brand of a separate social media company for the commercial purposes of modernizing its reputation and attracting technologically savvy consumers.

Through social media, trademark owners may raise the stature of their brands through cross-licensing arrangements in which brands owned by multiple parties will appear in a single advertisement.¹²¹

118. *Id.*

119. *Id.* (internal quotation marks omitted).

120. Fournier & Avery, *supra* note 33, at 205 (“Significant investments are being made in eavesdropping infrastructures, such that companies can intervene in consumer conversations when the opportunity seems ripe.”).

121. The idea of piggy-backing on other marks is not new. Sometimes it is authorized through a written cross-licensing agreement. Walk down the aisles of any grocery store and you will see multiple examples of Disney, Marvel and DC Comics characters on General Mills and Post food packages. See Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1727–28 (1999). This type of cross-licensing is prevalent in the realm of social media.

The partnership between Facebook and Zynga (owners of the popular game Farmville) has been “enormously lucrative for both companies.”¹²² Companies selling more traditional products and services are also trying to get into this cross-branding game. In the spring of 2011, American Express launched an advertising campaign called “social currency” in which members share stories about items they purchased through rewards points.¹²³ The ads claim to feature real Twitter posts such as, “Just ordered the Wii on @amazon using Rewards Points.”¹²⁴ To give consumers a feeling of connection to the American Express brand, the company is relying on two sets of brands belonging to other corporations. First, it uses the social networking service marks Facebook and Twitter to tout its online presence on a platform where its consumers already spend time. Second, the ads incorporate more traditional product (Wii) and service (Amazon) marks. Through this cross-branding strategy, American Express is linking its narrative to the stories of marks owned by separate corporations.

The theme of using a third-party’s brand in social media presents itself in many other variations. One popular variation on this piggy-backing theme is featuring a name brand product as a charitable incentive. In the spring of 2011, Tupperware attempted to attract fans by promising that the celebrity Kelly Clarkson would donate one dollar to the Boys and Girls Clubs of America every time a Facebook member indicated they “like” the Tupperware page.¹²⁵ An alternative variation is to offer someone else’s product as a prize. Apple, Inc. does not negotiate a license with everyone who offers an iPod as a prize or incentive.¹²⁶ Yet Apple products are often featured in raffles, membership drives and contests.¹²⁷ Another variation is to offer

122. Sengupta & Sisario, *supra* note 98.

123. Beth Snyder Bulik, *AmEx Campaign Positions Reward Points as Social Currency*, ADVERTISING AGE (Mar. 16, 2011), <http://adage.com/article/news/amex-campaign-positions-rewards-points-social-currency/149431/>.

124. The ad was posted by American Express on YouTube. American Express, *New AmEx Commercial: “Tweet Stories,”* YOUTUBE, <http://www.youtube.com/watch?v=oWiRQmlAlqg&NR=1> (last visited May 6, 2012).

125. Brian Mansfield, *Kelly Clarkson Teams with Tupperware for ‘Chain of Confidence,’* USA TODAY (May 13, 2011, 11:58 AM) <http://content.usatoday.com/communities/idolchatter/post/2011/05/kelly-clarkson-teams-with-tupperware-for-chain-of-confidence/1#.T3ua1tmVO9s>; see *Dusty and Michael*, *supra* note 106. Since then, Tupperware continues to donate one dollar each time a consumer hits “like.” *Tupperware*, *supra* note 2.

126. See *infra* text accompanying note 158.

127. A Google search on August 5, 2011, for the terms “win an Apple iPod” resulted in 28,200,000 responsive results (phrase was searched without quotation marks).

discounts for someone else's products and services.¹²⁸ Online coupon services, like LivingSocial and Groupon, built their marks by providing consumers with discounts for branded products and services.¹²⁹ Through these communities, consumers can save money on branded products they already use or explore new options at a lower cost. Deeper discounts are available to those who succeed in convincing their friends to take advantage of the bargain as well.¹³⁰ The website Foursquare, launched in 2009, offers its members the opportunity to check in to restaurants, museums, concerts and other locations, and multiple check-ins can lead to discounts.¹³¹ In May 2010, the Pew Research Center found that only four percent of U.S. consumers would share their location.¹³² To grow the size of its community, Foursquare partnered with American Express to offer discounts to members of both groups.¹³³ "To start, American Express will offer deals at Sports Authority and the clothing retailer H&M, along with a few restaurants in New York, like Union Square Café and the barbecue joint Blue Smoke."¹³⁴ All of these coupon services use third-party social media marks to grow their business models as well. They provide ready-made links so that consumers can easily tell their Facebook friends or Twitter followers about a deal they just landed.

Sometimes, elaborate cross-licensing supports a cross-branding campaign, such as the American Express advertisement. However, for the use of social media brands, contests, and charitable donations, third-party brands are often used without permission of the brand owner. Social media creates a stage on which both corporations, as well as individual consumers, may make unauthorized use of marks belonging to others as props in constructing their online reputation. Piggy-backing on other marks through social media sites has become

128. Elizabeth Olson, *A Magazine Bets that Readers Play Tag*, N.Y. TIMES, June 23, 2011, at B1.

129. Fournier & Avery, *supra* note 33, at 195 ("Groupon's value proposition is based on the online interconnectedness of consumers and the combined power that social networks can afford.").

130. On July 22, 2011, Groupon offered ten dollars in "Groupon Bucks" for members who succeeded in getting someone else to purchase a Groupon. It imposed no limit on how much a current member could earn under this plan. *See Refer a Friend and Earn \$10 in Groupon Bucks!*, GROUPON, http://www.groupon.com/visitor_referral (last visited May 6, 2012).

131. *See* FOURSQUARE, <https://foursquare.com/> (last visited May 6, 2012).

132. Wortham, *supra* note 104.

133. *Id.*

134. *Id.*

so common that, in many instances, marks are used without obtaining a license or questioning if one is necessary.

Third-party use of social media brands has the potential for providing financial benefits to both consumers and other brand owners. Yet there is clearly a cost to the trademark owner. The individual narrative of each mark becomes inextricably linked with those in the cross-branding arrangement. Some loss of content control happens as well. For example, the Coca-Cola Facebook page does not offer the creative freedom of a private website. It must adhere to the look and feel of Facebook.¹³⁵

The success of social media brands demonstrates that the consumer investment model is an important tool to understanding trademark value. Social media present a new and interesting twist to this theme. Instead of relying on an outdated paradigm in which the trademark owner believes it created the mark on its own and should therefore reap all the benefits, social media brands reflect the consumer investment model in which no brand succeeds without significant investment from consumers. In addition to relying on the time and expressive work of consumers, many social media brands also become successful because they provide a forum for businesses to use the brands of others to engage through social media and bolster their online reputations.

III. NEW NORMS IN SOCIAL MEDIA FORETELL CHANGE TO TRADEMARK DOCTRINE

The consumer investment model provides a framework for recognizing that because consumers contribute to brand value, trademark doctrine should tolerate some return on their investment by shielding at least their expressive and informational uses from liability. In social media, businesses are also increasingly using the brands of others for informational, brand-building and commercial purposes. As consumers and businesses invest in the brands of others, trademark doctrine will have to adjust to a new commercial reality. The consumer investment model may provide a tool for balancing important informational interests to sort out which uses trademark law should permit. The model would support trademark liability for counterfeit goods and other situations in which consumers are confused or deceived about the source of a product or service. Such cases compromise investments of time, money and meaning made by

135. See *Facebook Pages Terms*, *supra* note 76.

consumers and brand owners. However, other examples may dictate a different result. At present, trademark law does not provide any clear answers on the extent to which one business may use the mark of another.

In this murky sea of unauthorized trademark use, Congress should define the boundaries of safe harbors. If it does not enact clarifying legislation, courts will have to decide these issues on a case by case basis using current doctrine. Applying a view of trademark doctrine that seeks to stamp out all unauthorized uses may lead to results that make no sense in view of current practices. Some courts find liability whenever the mark of another is used in a way that results in a commercial benefit to someone else.¹³⁶ Contemporary trademark doctrine contains a strong current of intolerance for such unauthorized uses. William Landes and Richard Posner explained that “[i]f the law does not prevent it, free riding may destroy the information capital embodied in a trademark, and the prospect of free riding may therefore eliminate the incentive to develop a valuable trademark in the first place.”¹³⁷ They made this point in the context of passing off—where a competitor uses a famous brand to trick consumers into believing that its counterfeit products come from a well-known source. Some courts have extended this thinking to stop “free riding,” even against noncompetitive uses.¹³⁸ Other courts have used this formula as a way to avoid inquiring into consumer perceptions. Most famously, the U.S. Court of Appeals for the Fifth Circuit adopted the following standard in *Boston Professional Hockey*

136. *Bd. of Supervisors for La. State Univ. Agric. & Tech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 474 (5th Cir. 2008) (affirming summary judgment for the plaintiff based on a finding that “a likelihood of confusion existed because the shirts, which are relatively inexpensive, are not purchased with a high degree of care by consumers”); *Joel v. Various John Does*, 499 F. Supp. 791, 792 (E.D. Wis. 1980) (granting a temporary restraining order against sales of “Billy Joel” merchandise “[h]aving reviewed the pertinent authorities” but without taking evidence on whether there was actual confusion). *But see Abraham v. Alpha Chi Omega*, 781 F. Supp. 2d 396, 417 (N.D. Tex. 2011) (“It is clear that the presence of the marks trigger the purchase of Paddle Tramps’s merchandise at issue.”); *Bi-Rite Enters., Inc. v. Button Master*, 555 F. Supp. 1188, 1195 (S.D.N.Y. 1983) (“[M]arks that are exploited only for their functional value and not to confuse the public receive no protection When a mark without copyright protection is exploited for its intrinsic functional value, Congress has implicitly determined that society’s interest in free competition overrides the owner’s interest in reaping monopoly rewards.”).

137. WILLIAM LANDES & RICHARD POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY* 168 (2003).

138. *See, e.g., 800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 278, 280 (D.N.J. 2006).

*Ass'n v. Dallas Cap & Emblem Manufacturing, Inc.*¹³⁹: “The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.”¹⁴⁰ Under this standard, any time a trademark triggered a sale for someone else, the trademark owner would win even if it presented no evidence of consumer confusion. Many courts and advocates rely on *Boston Hockey* to assert strong trademark rights against alleged infringers.¹⁴¹

Trademark law was not intended to be so broad that any time a mark triggered a sale, liability could be imposed. Such a formulation ignores consumer perceptions. The consumer investment model is one lens through which we can see the doctrinal deficiencies. It requires balancing consumer interests before determining trademark liability. Because consumers invest marks with value, others should be able to use the brand for informational purposes even if the use results in a commercial benefit as long as no confusion or deception occurs.

For example, when the *Raleigh News & Observer* runs a headline that Duke University lost a basketball championship to the University of North Carolina (“UNC”), the use of the collegiate marks in a leading headline may trigger sales of more newspapers and generate more advertising revenue on its website. The use of the Duke and UNC mark provide a commercial benefit to the paper, and therefore, a strict application of *Boston Hockey*’s “triggering the sale” standard would result in trademark liability. However, the resulting commercial benefit to the *News & Observer* is not the type of harm trademark law was meant to address. The use is commercial, but it is also truthful and informational. Although it is possible that the Duke brand may be momentarily harmed and the UNC brand may benefit, the changes in brand perception would be the result of truthful informational speech, not use of the mark as the source for the newspaper or any other consumer confusion or deception. Shielding such use from liability protects the future of the brand as an information tool. Balanced against these important expressive interests, the commercial use does not unfairly compromise

139. *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975).

140. *Id.* at 1012.

141. *See, e.g., Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 677 F. Supp. 2d 1238, 1246 (N.D. Ala. 2009) (“The case is partially controlled by . . . *Boston Prof. Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.* . . .”).

investments made by the brand owner and ensures that consumers use the branded symbols they helped create as information tools.

Every time a brand owner encourages its fans to “follow it” on Twitter or “like it” on Facebook, the brand owner is using the mark of an unrelated social media company for a commercial benefit. Under the *Boston Hockey* standard, each of these uses could “trigger a sale” and therefore create a risk of trademark liability. If such use constitutes potential trademark infringement, one may wonder why the social networking sites have permitted this ubiquitous use of their brands. At first glance, these unauthorized uses look like free riding that results in a direct commercial benefit to the unauthorized user. Tupperware did not contribute to the huge investment Facebook made in developing its community. The Tupperware brand need not pay for its Facebook page, or the new opportunities to connect with the community Facebook has established.¹⁴² Its presence on Facebook is for a wholly commercial purpose. However, examined from the perspective of the social media company, it becomes clear that each use creates mutually beneficial brand growth. Facebook encourages such uses by corporate brand owners because it gives Facebook members more ties (in the form of popular brands) through which to bond with online friends. Facebook also benefits from brand value and fan loyalty it did not create. Using the brands of others for commercial purposes is a new norm in social media. For this reason, the *Boston Hockey* standard has become an anachronism. Examination of consumer perceptions should be a necessary prerequisite to trademark liability. Courts that have relied on *Boston Hockey* should abandon this precedent. The continued application of the “triggering a sale” standard could silence some expressive and commercial uses that should be protected by a safe harbor.

The notion that all unauthorized uses may be silenced has led some overzealous trademark owners to use litigation or the threat of litigation to silence critical commentary. Proof of even a small amount of confusion can result in trademark liability. Therefore, a brand owner betting it can prove that even ten percent of consumers are confused about a use has a viable trademark claim.¹⁴³ As Eric Goldman noted:

142. *Facebook Page Terms*, *supra* note 76 (“Any user may create a Page . . .”).

143. *See, e.g.*, *Henri’s Food Prods. Co. v. Kraft, Inc.*, 717 F.2d 352, 359 (7th Cir. 1983) (“Despite the survey’s flaws, we conclude that the district court did not err in considering it, and the court correctly found that the 7.6% finding is a factor weighing against infringement.”); *Humble Oil & Ref. Co. v. Am. Oil Co.*, 405 F.2d 803, 817 (8th Cir. 1969) (holding evidence that 11% of consumers were confused is not insignificant given the large

To these companies, trademark law is a cure-all tonic for their marketplace travails, and trademark doctrine is so plastic and amorphous that defendants have some difficulty mounting a proper defense. As a result, all too frequently, the threat of a trademark lawsuit causes the intermediary to capitulate and excise valuable content from the Internet.¹⁴⁴

In an overzealous effort to maintain control of the brand narrative, some trademark owners attempt to stop informational uses by consumers. For example, in *Lifestyle Lift Holding, Inc. v. Real Self, Inc.*,¹⁴⁵ a cosmetic and plastic surgery clinic sued a website providing a forum for doctors and patients to comment on cosmetic treatments.¹⁴⁶ The RealSelf website contained consumer reviews, many of which were highly critical of LifeStyle Lift.¹⁴⁷ Lifestyle Lift claimed that by hosting reviews that mentioned its name, RealSelf created confusion about whether the two companies were affiliated.¹⁴⁸ The complaint alleged claims for trademark infringement, false designation of origin

number of drivers in the Midwest); *Hansen Beverage Co. v. Cytosport, Inc.*, No. CV 09-0031-VBF(AGR_x), 2009 WL 5104260, at *16 (C.D. Cal. Nov. 4, 2009) (“The Court need not apply a categorical rule about percentages and its relationship to the likelihood of consumer confusion. Rather, the Court finds that a 12.5% net confusion rate (a rate that is based on both parties’ evidence), though not independently sufficient to show consumer confusion, informs the Court of likelihood of consumer confusion.”); *Goya Foods, Inc. v. Condal Distribs., Inc.*, 732 F. Supp. 453, 457 (S.D.N.Y. 1990) (finding 7% confusion to be “statistically meaningful” evidence of actual source confusion); *Mut. of Omaha Ins. Co. v. Novak*, 648 F. Supp. 905, 911 (D. Neb. 1986), *aff’d*, 836 F.2d 397 (8th Cir. 1987) (providing surveys showing 10% confusion established “precisely what the trademark laws are intended to avoid”); *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 716 (S.D.N.Y. 1973), *modified*, 523 F.2d 1331 (2d Cir. 1975) (finding confusion of 7.7% to 8.5% of those surveyed considered “strong evidence of the likelihood of confusion”); 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:185, at 32-402 to -403 (4th ed. 2011).

144. Eric Goldman, *Lifestyle Lift Tries To Use TM Law To Shut Down User Discussions; Website Countersues for Shilling*—Lifestyle Lift v. RealSelf, TECH. & MARKETING L. BLOG (Mar. 3, 2008), http://blog.ericgoldman.org/archives/2008/03/lifestyle_lift.htm.

145. After the complaint and answer, the parties settled out of court. *See infra* note 151.

146. Complaint at 3, *Lifestyle Lift Holding, Inc. v. Real Self, Inc.*, No. 2:08-CV-10089 (E.D. Mich. Jan. 7, 2008), *available at* <http://www.citmedialaw.org/sites/citmedialaw.org/files/2008-01-07-Lifestyle%20Lift%20Complaint.pdf>.

147. Answer at 9, *Lifestyle Lift Holding, Inc. v. Real Self, Inc.*, No. 2:08-CV-10089 (E.D. Mich. Mar. 3, 2008), *available at* <http://www.citmedialaw.org/sites/citmedialaw.org/files/2008-03-03-RealSelf%20Answer%20and%20Counterclaims.pdf> (“RealSelf is the operator an internet website, www.realself.com, which allows consumers of anti-aging solutions and personal beauty services to engage in an internet-based community discussion.”).

148. Complaint, *supra* note 146, at 4.

and unfair competition.¹⁴⁹ RealSelf denied liability and asserted that Lifestyle Lift had littered its website with fake positive reviews.¹⁵⁰ RealSelf counterclaimed for breach of its terms of service contract and asserted false advertising and unfair competition claims. Soon after the initial pleadings were filed, the case settled, and Lifestyle Lift's litigation strategy backfired.¹⁵¹ Media reports indicated that Lifestyle Lift had, in fact, "ordered employees to pretend they were satisfied customers and write glowing reviews of its face-lift procedure on Web sites One e-mail message . . . told employees to 'devote the day to doing more postings on the Web as a satisfied client.'"¹⁵² Soon after the New York Attorney General began investigating the fake reviews, Lifestyle Lift agreed to pay \$300,000 in penalties to the state.¹⁵³

Although the informational use of marks by consumers has become a reality of the Internet marketplace, its place in trademark law is still not adequately protected. Trademark bullying may be deterred when litigation strategies like this one fail to take down truthful information. However, no opinion was issued in the case and brand owners may question whether Lifestyle Lift's strategy would succeed if one does not post fake reviews. Sites that host consumer reviews may have rational concerns about whether fighting such litigation would be worth the cost of hiring attorneys to appear in federal court. Many commentators assert that such informational uses, sometimes referred to as nominative fair use, are beyond the scope of a trademark owner's reach.¹⁵⁴ Unfortunately, not all jurisdictions have adopted this defense. A well-defined safe harbor for genuine consumer commentary would substantially improve trademark doctrine.

Another trademark principle worth re-examining is the duty to police unauthorized brand uses. As one judge bluntly stated, "[t]rademark law requires that the trademark owner police the quality of the goods to which the mark is applied, on pain of losing

149. *Id.* at 2.

150. Answer, *supra* note 147, at 10.

151. Order of Dismissal, *Lifestyle Lift Holding, Inc. v. Real Self, Inc.*, No. 2:08-CV-10089 (E.D. Mich. May 12, 2008), available at <http://www.citmedialaw.org/sites/citmedialaw.org/files/2008-05-12-Lifestyle%20Lift%20v.%20Real%20Self,%20Inc.%20Stipulated%20Dismissal.pdf>.

152. Claire Cain Miller, *Company Settles Case of Reviews It Faked*, N.Y. TIMES, July 15, 2009, at B5.

153. *Id.*

154. See William McGeeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 88-97 (2008).

the mark entirely.”¹⁵⁵ This bold assertion cannot be supported empirically. Not every unauthorized use must be stopped to avoid such dire consequences.¹⁵⁶ “The owner of a mark is not required to constantly monitor every nook and cranny of the entire nation and to fire both barrels of his shotgun instantly upon spotting a possible infringer.”¹⁵⁷ However, failure to police can weaken a brand. Many third-party uses on other goods and services of varying quality may lessen a brand’s distinctiveness and dilute its meaning. As the unauthorized use of brands on the Internet increases, keeping a mark distinctive and strong can become a daunting and expensive task. So how much policing is enough? What this duty means in the context of social media is an evolving question that has created much practical uncertainty.

For example, after years of permitting iPod giveaways, Apple, Inc. recently attempted to reassert control over the unauthorized use of its brands.¹⁵⁸ Should Apple be able to use trademark law to stop a fitness center from offering new members the chance to win an iPod? The fitness center is using Apple’s brand for the commercial benefit of attracting new paying members. Under the *Boston Hockey* trademark liability standard, if the use triggers a membership sale, it could result in trademark liability even if new members would not be confused about whether the fitness classes are offered by Apple. Requiring Apple to sue over all such uses that result in a commercial benefit would result in a huge drain on the company’s resources. Imposing a duty to police in this circumstance is wholly unjustified. It creates doctrinal cover for trademark bullying even if the act at issue poses no risk that the third-party use will be evidence of abandonment or even a loss of the mark’s distinctiveness and strength.¹⁵⁹ The ubiquity of such innocuous use raises important questions about whether new norms have created the necessity of re-

155. Nitro Leisure Prods., LLC v. Acushnet Co., 341 F.3d 1356, 1367 (Fed. Cir. 2003) (Newman, J., dissenting).

156. See, e.g., 2 MCCARTHY, *supra* note 143, § 11:91, at 11-250.

157. 3 MCCARTHY, *supra* note 143, § 17:17, at 17-42 (quoting Engineered Mech. Servs., Inc. v. Applied Mech. Tech, Inc., 584 F. Supp. 1149, 1151 (M.D. La. 1984)).

158. Philip Elmer-Dewitt, *Apple Tries To Put the Kibosh on iPad and iPhone Giveaways*, CNN MONEY (June 1, 2011, 4:03 PM), <http://tech.fortune.cnn.com/2011/06/01/apple-tries-to-put-the-kibosh-on-ipad-and-iphone-giveaways/>.

159. See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 642 (defining trademark bullying to include four elements: “(1) unreasonable interpretation of rights (2) intimidation tactics, (3) the trademark holder is a large corporation and (4) the accused infringer is a small business or individual”).

examining trademark law's duty to police.¹⁶⁰ Assuming no deception occurred, the consumer investment model supports a safe harbor for such uses. Because the public's investment of resources and meaning fueled the popularity of Apple's brand, consumers should have the right to use the brand name to describe the contest prize even if the informational use may lead to a commercial benefit for another business.

Another principle of trademark law, the first sale doctrine, may provide the fitness center with a defense. Someone who buys a branded product may sell it or give it away, and the reseller may advertise that he sells a branded product or service without getting a license.¹⁶¹ However, the reseller must be cautious not to confuse consumers into thinking they are an authorized dealer or are connected with the brand owner.¹⁶² If confusion about source, sponsorship or affiliation may result, the reseller risks liability for trademark infringement or false advertising.¹⁶³ The consumer investment model would support liability if the fitness center engages in false advertising or conduct that could lead to confusion about whether it is affiliated with Apple. If the fitness center unfairly deceives or confuses consumers (perhaps by offering counterfeit iPods or used iPods claimed to be new), then the consumer investment model would support liability. In such situations, Apple's interest aligns with the public interest. When consumers are deceived about the source or quality of a brand, their informational investment is harmed in much the same way that the brand owner's interests are harmed. However, if a use is primarily informational and no confusion is likely, the investment consumers put into making the mark famous requires tolerance of such unauthorized use. Because the fame of Apple's brands was built in partnership with enthusiastic consumers, it is not surprising that consumers and businesses would want to celebrate the brand by offering an iPod as a contest prize.

Courts will be repeatedly confronted with litigants testing the boundaries of trademark law in social media. If all commercial benefits cannot be controlled by the brand owner, where are courts to draw the line? Another issue to be tested is when informational and

160. *FDIC v. Homestead Mortg. Co.*, No. 04-74842, 2010 WL 5420279, at *15-16 (E.D. Mich. Dec. 27, 2010); *Saul Zaentz Co. v. Wozniak Travel, Inc.*, 627 F. Supp. 2d 1096, 1110 (N.D. Cal. 2008) ("The constructive knowledge standard imposes on a trademark owner the duty to police its rights against potential infringers.").

161. 4 MCCARTHY, *supra* note 143, § 25:41, at 25-111.

162. *Id.* § 25:41, at 25-111.

163. *See* 15 U.S.C. § 1125(a)(1) (2006).

expressive uses justify toleration of some conduct that would normally support trademark liability. The Supreme Court has recognized that some consumer confusion may be tolerated in order to preserve the ability to use descriptive words, even if one company asserts trademark rights in them.¹⁶⁴ The consumer investment model provides a theoretical foundation for arguing that if consumer interests are taken into account as part of the trademark policy balance, some confusion may be tolerated in order to preserve Internet functionality and other informational interests.

Some recent authority suggests that courts may be willing to adjust trademark doctrine in this way. For example, the dispute in *Tiffany (NJ) Inc. v. eBay Inc.*¹⁶⁵ resulted from eBay's efforts to profit from sales of genuine Tiffany products available on its site despite its knowledge that many members of the eBay community were trying to sell counterfeit Tiffany items.¹⁶⁶ The court found that eBay's informational use of Tiffany's mark on its website and as a sponsored link (through advertisements it bought from several search engines) was not a sufficient basis to impose trademark liability.¹⁶⁷ The U.S. Court of Appeals for the Second Circuit decided it "need not address the viability of the [nominative fair use] doctrine,"¹⁶⁸ yet applied the doctrine's two basic principles in stating

that eBay's use of Tiffany's mark on its website and in sponsored links was lawful. eBay used the Tiffany mark to describe accurately the genuine Tiffany goods offered for sale on its website. And none of eBay's uses of the mark suggested that Tiffany was affiliated itself with eBay or endorsed the sale of its products through eBay's website.¹⁶⁹

The auction site's efforts to avoid the sale of counterfeits helped absolve it from vicarious liability. Only the false advertising claim was remanded for additional fact finding. This case reflects a doctrinal approach that is worlds away from the simplistic *Boston Hockey* view. Under that standard, eBay would have lost because its use of the Tiffany mark triggered commercial benefits for eBay. The Second Circuit's more thoughtful approach inquired into consumer

164. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 119 (2004) ("[T]he common law of unfair competition also tolerated some degree of confusion from a descriptive use of words contained in another person's trademark.").

165. 600 F.3d 93 (2d Cir. 2010), *cert. denied*, 131 S. Ct. 647 (2010).

166. *Id.* at 98.

167. *Id.* at 109.

168. *Id.* at 102.

169. *Id.* at 103.

perceptions and balanced informational interests before concluding that eBay's conduct did not support liability. This analysis is flexible enough to be consistent with modern advertising practices in social media. The consumer investment model supports the Second Circuit's approach. Some unauthorized uses—even for commercial purposes—might escape liability if a small measure of consumer confusion is outweighed by another overriding consumer interest.

CONCLUSION

Social media have shifted the trademark balance of power. Brands were once used to tell a set story to a passive audience. All that has changed. In social media, the brand owner no longer has exclusive control. The audience participates in shaping the brand narrative. Both consumers and businesses contribute to these stories by using the brands of others for an array of informational, expressive and commercial purposes. Critical consumer speech can force a mark owner to change product or service features or abandon a brand entirely. Social media have also empowered people to use the brands of others as props in their own narratives. On individual online profiles, the brands of our schools, employers and favorite products and services have become ubiquitous in defining our reputations. Social media also provide consumers with easily accessible opportunities to use brands for favorite products and services as ties in social networking. This increased use of brands is made possible by open Internet architecture, social media platforms and, most importantly, loosening the reins of brand owner control.

Corporate America is also embracing this trend, adopting new advertising norms for social media. Many brand owners are encouraging consumers to use social media to participate in the brand narrative. In building a broader community around their brand, they are also relying on marks belonging to others such as brands for social media, charitable organizations or products that may be used as a contest prize. These new norms have required corporate brand owners to loosen their tight grip on brand control. This changed balance of power creates new risks. Consumers may steer a mark away from a planned marketing path or take it down altogether.

Welcoming consumers to participate in developing the story of a brand has its benefits. Social media give brand owners an open window into the world of consumer perceptions and a platform to respond. Rather than serving as a prop in a story experienced by a silent audience, the brand becomes a tie in a social network where brand owners can connect with the public. In this way, brands that

once offered the impression of a community can now create an authentic community with meaningful reciprocal communications. This new landscape may benefit the brand owner's bottom line. Patrons who believe that brand owners are listening, reflecting and responding to consumer feedback may deepen their allegiance.

Trademark doctrine was not based on a foundation that can easily accommodate these new norms. Rather, it was founded on the idea that the owner controls the story about the quality of goods or services associated with a brand. For trademark doctrine to evolve with advances in communication technology, the consumer investment model is a necessary doctrinal addition. It will give courts a mechanism to balance consumer informational interests, bringing public concerns back into trademark law. Keeping consumer interests as a balancing force in trademark doctrine has become of greater importance since new advertising norms have given consumer voices much more deference.

To practically achieve this goal of bringing public interests back into trademark doctrine, courts and legislatures could begin with the following changes to trademark law. First, the outdated and simplistic *Boston Hockey* standard should be expressly overruled. Not every unauthorized use of a trademark that triggers a sale should be the basis of trademark liability. Second, a clear statutory safe harbor should be created for nominative fair use. Third, the malleable likelihood of confusion standard should not be available to silence consumer commentary. In *Lifestyle Lift*, the plaintiff posted fake reviews on the defendant's website and then tried to use trademark litigation to silence genuine ones. Consumer interests will be much better protected if trademark law is available to sanction false and deceptive speech without shutting down stages for sharing genuine critical opinions. Calibrating the appropriate balance will not be easy. As illustrated in *Tiffany*, the Internet business that does not create deceptive content—but may inadvertently host it—should not be held responsible. In order for truthful consumer information to be available, a clear exclusion from liability should be applied when an Internet-based seller has made significant efforts to keep deceptive information contributed by others off its site.¹⁷⁰ Liability should be

170. Baseball manager Tony LaRussa sued Twitter when he learned that someone had set up an account in his name, but a month later, he dropped the suit without receiving any compensation from Twitter. See Complaint at 3, *La Russa v. Twitter, Inc.*, No. CGC-09.488101 (2009), available at <http://www.citmedialaw.org/sites/citmedialaw.org/files/2009-05-06-La%20Russa%20Complaint.pdf>; Brad Stone, *Keeping a True Identity Becomes a Battle Online*, N.Y. TIMES, June 18, 2009, at B1. For additional examples of

available against the person who posted the content, but not against the Internet service hosting it, especially if it did what it could to take down content that it had reason to know was deceptive. Adopting these doctrinal bright lines would go far in keeping the Internet open for meaningful consumer discussion using the branded symbols that, thanks to social media, create so many ties in today's social networks.

impersonation, see generally Lisa P. Ramsey, *Brandjacking on Social Networks: Trademark Infringement by Impersonation of Markholders*, 58 BUFF. L. REV. 851 (2010).