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INTELLECTUAL PROPERTY

Non-Traditional Advertising During Economic Turbulence

In the current economic crisis, many companies have lower budgets with which to advertise their products or services. Although the full impact of the recession on advertising and marketing spending has yet to be seen, insiders and industry analysts are predicting further decreases in advertising spending in newspapers, magazines, TV and radio with a concurrent rise in spending and usage in non-traditional media.

Indications are that use of emerging media and non-traditional advertising and marketing will continue to grow as these forms of marketing may allow companies to squeeze more out of their advertising dollar. This is due partly to the facts that (a) non-traditional advertising can be significantly less expensive than traditional advertising, and (b) consumers in increasing numbers are choosing the new media, especially via PDAs, mobile phones and computers, to receive information for business, education as well as low-cost entertainment content and connectivity.

In this new economic reality, as companies consider developing non-traditional marketing and promotional campaigns, they should be aware that there are a wide array of issues to consider (some old and some new) including intellectual property, clearance and claim substantiation rules and other laws and regulations.

This article will focus on intellectual property clearance of non-traditional advertising, specifically trademark and copyright, and related laws such as rights of publicity.

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Non-Traditional Marketing

Non-traditional marketing, an umbrella term for promotions that do not involve purchasing advertising time from traditional media outlets such as television or radio, has gained momentum as the economy worsens. Interestingly, certain of these methods, such as viral marketing and guerilla marketing, have been around for decades while others, such as user generated content (UGC), have been recognized as a marketing technique only within the last decade.

UGC encompasses various kinds of media content that is produced by end-users. All digital media technologies are included, such as question-answer databases, digital video, blogging, podcasting, mobile phone photography, wikis, and applications on social networking sites.

Viral marketing refers to techniques that use social networks to achieve marketing goals through self-replicating viral processes, analogous to the spread of pathological and computer viruses. It can be delivered by word of mouth or enhanced by the network effects of the Internet, e-mail, games and mobile communications.

Guerilla marketing is an unconventional, highly targeted, promotional campaign designed to get maximum attention from utilizing minimum financial resources. It may take the form of unexpected encounters in unexpected places, public relations stunts and giveaways, as well as new creative use of mobile digital technologies.

These forms of marketing and other non-traditional forms overlap, as advertisers invest in Web, video and mobile advertising and use marketing material and promotions to spread the word about their products or services, drive viewers to their Web sites and otherwise promote their companies.

Charting a Safe Flight Path

Copyright. The Copyright Act grants owners of original works of authorship—such as literary, musical, audiovisual and other artistic works—exclusive rights to reproduce, distribute, publicly display and perform the works, and to prepare derivative works. 17 U.S.C. §§101 et seq. Copyright ownership vests initially in the author(s) of an original work the moment it is fixed in a tangible medium. Availability on the Internet, even for free, does not place a work in the "public domain." Additionally, ownership of a copy of a work does not allow a user to "share" by creating other copies (such as by forwarding) nor does it allow users to use the copy in creating other works (such as including a song downloaded from the Web).

There is a "fair use" exception to infringement under the Copyright Act; however, this exception is limited in its application for purposes such as criticism or comment, and courts engage in

JOY J. WILDES *and* BROOKE ERDOS SINGER *are counsel at Davis & Gilbert.* SHIRIN KEEN, *an associate at the firm, contributed to this article.*

a complicated fair use analysis, involving at least four factors including whether the use is of a commercial nature. Thus, merely giving away content for free, utilizing non-traditional advertising venues or having others distribute the advertising does not take it out of the realm of commercial speech.

In non-traditional campaigns, as with traditional advertising, all use—such as music, artwork and written content included in the advertisement—should be vetted for copyright issues. This means advertisers should make sure they either own the elements of authorship in the work or have obtained a license that covers all possible uses. With regard to UGC, companies should both obtain rights from the creator of the UGC, and independently clear the underlying content to protect against intellectual property claims from third parties. Unless created by an employee, works made for hire and transfers of ownership must be memorialized in writing. 17 U.S.C. §§201, 204. Also, when licensing content for non-traditional marketing, it is especially important for the license to cover all possible media or territories to which the work may migrate.

Special consideration should be given when using music whether it is a focal point or merely in the background of the non-traditional advertising. Unless music is in the public domain, prior to using it in advertising, proper permission should be obtained, and the music may not be used without a license, even if it is freely available on the Internet.

Rights needed may be in the form of a synchronization license (authorization for use of a composition in relation with a visual image, e.g., a motion picture, music video, television program or commercial—usually controlled by the music publisher), a mechanical license (authorization to reproduce the sound recording—music publishers are often required to grant a mechanical license), a master use rights license (authorization to use an existing recording—usually controlled by the record label), and a public performance license (authorization to perform a copyrighted work publicly, including when it is transmitted to the public—usually obtained from performing rights organizations or directly from the copyright owner).

When accepting UGC, online service providers may consider safe harbors against some forms of secondary liability for copyright infringement as long as certain threshold requirements (the service provider must have a compliant notice and take-down process and repeat infringer policy, and must not interfere with copyright owners' standard technical measures) and the safe harbor requirements (the service provider must not have actual knowledge of infringement, must not receive a financial benefit directly attributable to the infringing activity in a situation where it has the right and ability to control the activity, and must expeditiously remove infringing material upon notification) are met. See Digital Millennium Copyright Act (DMCA) 17 U.S.C. §512. Certain risks may be reduced by structuring promotion or advertising with these rules in mind; however, if the company is actively involved in the creation or dissemination of the UGC, the immunity will not be available.

Trademark

A trademark is a word, phrase, line, product configuration, slogan or logo that functions as a source identifier for particular goods or services. 15 U.S.C. §1125(a) Trademark ownership confers certain exclusive (though not absolute) rights to the trademark owner, including the right to use, license and prevent others from using the trademark in connection with those goods and services. A trademark cannot be a generic or merely descriptive term in the category for which it is used. Notably, a domain name used only as a URL is not a trademark; to accrue trademark rights the domain name must otherwise be used as a trademark either on the site or elsewhere.

At the outset, all of the customary practices pertaining to use and clearance of trademarks apply to non-traditional marketing campaigns. First, trademark searches for names and trademarks should be conducted and evaluated. Once it is determined that a mark or name is available for use, it must be used properly in order to retain ownership. Namely, the trademark should be used as a proper adjective that modifies a product or service, not as a noun, and should not be pluralized or used possessively. Proper markings ("™" for unregistered marks and ® for registered marks) should be affixed next to each use of a company's trademarks or at a minimum, the first or most prominent use on a page.

In this new economic reality, as companies consider developing non-traditional marketing and promotional campaigns, they should be aware that there are a wide array of issues to consider (some old and some new) including intellectual property, clearance and claim substantiation rules and other laws and regulations.

Perhaps most important, the trademarks must be controlled by the trademark owner. If unfettered use of trademarks is allowed to be made by non-controlled third parties, an abandonment of one's trademark rights may be deemed to have occurred. If this happens, the trademark will no longer be the exclusive province of the company, but will enter the public domain, and available for anyone's use. Notably, the terms aspirin and escalator were once trademarks in the United States until such abandonment occurred.

Also, there are circumstances where use of another's trademarks is considered permissible fair use, namely when the trademark is used in an incidental manner or descriptive (regular language) manner. In the United States, it is also permissible to use a competitor's trademark to fairly compare the products and services (so long as the trademark is used properly and all claims associated with the use of the competitor's trademark can be appropriately substantiated). 15 U.S.C. §1115(b)(4). However, the purchase of a competitor's trademark as a keyword in search engine advertising may not be considered fair use and should be carefully evaluated.

In addition to use of existing trademarks, companies sometimes utilize fictitious company names, logos, taglines or brands within their advertising. Although these are not real marks nor is there any intention to own the fictitious terms, trademark clearance checks should be conducted to ensure that these fictitious uses do not infringe existing trademarks.

Other IP Considerations

The right of publicity, arguably an intellectual property right under state common or statutory law, is generally defined as an individual's right to control and profit from the "commercial use" of his/her name, voice, likeness and persona (collectively, "image"). Obtaining rights of an individual's image in non-traditional advertising should include all of the potential uses of the advertising including on the Internet and in a viral campaign. See, e.g., *Doe v. Szul Jewelry Inc.*, No. 604277/07, 2008 N.Y. Misc. LEXIS 3091 (N.Y. S. Ct. N.Y. County, May 8, 2008) (parameters of model's consent for use of her image in a video unclear where it did not explicitly allow the video to be released virally; motion to dismiss on right of publicity claims by defendant advertiser denied and case settled thereafter).

For claims such as those based on a right of publicity, another online immunity statute, the Communications Decency Act (CDA), 47 U.S.C. §230, protects a user or provider of an interactive computer service from being treated as the publisher or speaker of content provided by another. The CDA protects Web-site publishers from being held liable for torts and a variety of statutory claims due to UGC. In order to qualify for the protection, the publisher should be careful not to actively direct the content or edit the violating portions.

Although the CDA does not protect against federal intellectual property claims (trademark and copyright), it has been found to preempt rights of publicity claims even though they are a form of intellectual property. See *Perfect 10 Inc. v. CCBill LLC*, 488 F.3d 1102, 1119 (9th Cir. 2007). Additionally, although the CDA preempts claims for personal torts such as defamation and invasion of rights of privacy due to UGC, non-traditional and traditional advertising should still be cleared for such concerns whenever they include a reference to specific people or entities.

Technology and creativity, combined with the quagmire of the recession, have resulted in a surge in the use of non-traditional marketing and advertising. Advertisers should invest the time and resources to properly vet intellectual property (and other) issues before launching into this treacherous terrain. Old and new legal rules should still be followed in order to navigate safely through this often uncharted course—in order to land new customers, and not a lawsuit.