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## Protect Your Brands from Counterfeit Sellers' Use of Social Media to Bolster "Fake" Credibility

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Sales of counterfeit products account for up to \$600 billion or about 7% of total world trade annually. Counterfeit goods are not merely knock-off designer purses purchased from a street-vendor, but also include pharmaceuticals, toys, cosmetics, and automobile parts such as airbags and brake pads. Many of these products are sold online. A recent study shows that one in six products sold online is counterfeit. A knock-off designer purse or toy may look relatively harmless, but they may have been made with toxic dyes or lead paint. Substandard automobile airbags, untested brake pads or drugs and cosmetics made of unregulated chemicals may cause serious injuries to consumers and severely damage brand owners' reputations.

The avenues for selling counterfeit goods have grown significantly along with technological advances. Counterfeit sellers set up online presences at auction or e-commerce marketplace websites and ship counterfeit products directly to consumers. They register domain names incorporating one or more targeted trademarks or confusingly similar variations thereof, and set up rogue websites that have the same look and feel as the brand owner's sites. Often, counterfeit sellers use the Internet and social media to generate web traffic and to divert consumers to rogue e-commerce websites to sell counterfeit goods.

With the popularity of social media, we see a new trend of counterfeit sellers impersonating brand owners on social media by creating rogue social media accounts and linking them to the rogue websites to establish a façade of legitimacy for those websites and social media accounts. Since consumers often take brand owners' social media accounts at face value, and view brand owners' use of social media accounts as a way to promote their brands and to interact or communicate with their consumers, unsuspecting consumers often cannot determine the authenticity of websites and social media accounts that are set up by counterfeit sellers to bolster their "fake" credibility, and believe they are dealing with the brand owners or authorized sellers, when in fact they are not. These accounts copy the brand owner's official logos and marks, product images and copyright protected contents from the genuine websites and/or social media accounts without authorization, and list the rogue website address in the "About" or "Bio" section of the accounts. To complete the illusion, the rogue websites also include the ubiquitous social media icons at the landing page and hyperlink to these social media accounts in the same way as the brand owners' official websites hyperlink to the official social media accounts, which then link back to the official company or product websites, completing the circle.

The following are two examples of counterfeit sellers' use of social media accounts to bolster sales of counterfeit products at unauthorized websites. As background, Beachbody, LLC is a leader in the field of in-home health, wellness, weight loss, and fitness solutions, and its P90X® Extreme Home Fitness DVDs and in-home fitness kit is well-known and has achieved great success since its introduction in 2003. P90X® in-home fitness kits are sold via limited channels such as via telephone orders through their television infomercials, online at Beachbody's websites at P90X.com and Beachbody.com, Amazon.com, and through in-person sales via independent Beachbody Coaches. Beachbody has spent a substantial amount of time and money advertising and promoting the P90X® brand through various means, such as its Beachbody.com and P90X.com websites and through its own infomercials on television, YouTube, Facebook, and other social media. Beachbody encourages its users and fans to follow its social media accounts at Facebook, Twitter, YouTube and Google+ from its flagship company website at Beachbody.com. Beachbody has established verified Facebook and Twitter accounts for its P90X® in-home fitness kits as platforms to interact with fans and P90X® users. These social media accounts have significant followings and receive great fanfare. In our enforcement of Beachbody's intellectual property rights in the P90X® products, we have encountered several "fake" websites and Facebook accounts that use Beachbody's official BEACHBODY® and/or P90X® logos and marks, product images and copyright protected contents from the genuine Beachbody.com and P90X.com websites and Beachbody's official Beachbody® and P90X® Facebook pages. For example, a counterfeit seller created a "Beachbody Australia" website at BeachbodyWorkout.com.au, which incorporates our client's BEACHBODY mark without authorization, and allegedly identified himself as Beachbody's Australian official website for selling Beachbody products. This counterfeit seller also created a Facebook page titled "Beachbody Australia" and posted Beachbody product information and identical contents from Beachbody's official Facebook accounts on this "fake" Facebook page. Each post includes a link and URL to the BeachbodyWorkout.com.au website. In another example, a counterfeit seller created a website at P90X-Sale.com, in which the domain name incorporates Beachbody's P90X® mark with a descriptor "Sale" and the website copied the identical contents from Beachbody's P90X.com website. This counterfeit seller also created a Facebook page titled "P90X-Sale" and uses the profile name P90X-Sale to post promotional contents, such as "Before and After" pictures of P90X users who have achieved weight loss and fitness results, and product images and promotional links and URL urging Facebook users to buy referencing the P90X-Sale.com website. Consumers who are fans of Beachbody and its P90X® in-home fitness kits who come across these websites and visit the associated Facebook pages may be misled to believe the websites are legitimate. We have contacted Facebook to remove these accounts based on violation of Beachbody's IP rights, and sent cease and desist letters, and/or initiated domain name dispute resolution proceedings against the registrants.

As shown in the examples above, brand owners are challenged every day to combat anonymous online counterfeit sellers, especially in the event of counterfeiting on social media. This article offers some practical tips to brand owners on how to protect their intellectual property rights through preventive measures, active enforcement and monitoring to combat counterfeiting on social media and the Internet.

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## PREVENTIVE MEASURES

### Tip #1: Register Your Intellectual Property

The most important step that a brand owner can take to protect its brand is to register its trademarks and copyrights with the applicable trademark and copyright offices. This fundamental step in intellectual property protection provides a springboard from which enforcement measures may originate and is a particularly cost-effective approach. It requires brand owners to review their intellectual property portfolios, identify gaps, and submit the appropriate applications for federal registration.

The lack of formal recognition by the trademark and copyright offices of IP rights may not be fatal to enforcing one's rights. In many jurisdictions, trademark rights vest upon use of the mark, and copyrights are effectuated upon creation of the work. Although trademark and copyright registrations are preferable, as they more strongly support enforcement efforts, and allow for a federal copyright cause of action in the U.S. and international enforcement actions, such registrations are not mandatory to enforce a brand owner's rights.

### Tip #2: Proactively Register Your Brands as Account Names on Social Networking Sites

Social networking sites have become an effective marketing tool for businesses, and if brand owners have not already created official accounts for their companies and/or their major brands on the popular social networking sites, such as Facebook and Twitter, they should register and create their online presence as soon as possible, and make sure that these official account names incorporate the brand or company names. If brand owners find that the desired account names have already been registered and are used by counterfeit sellers to promote and sell counterfeit products, the brand owners can submit complaints to the social networking sites to recover the account names. A caveat is that under the trademark policy of some social networking sites, account names are registered on a first-come first-serve basis, and account names can incorporate a brand owner's mark or company name as long as the account names do not cause any likelihood of confusion with the brand owner's goods and services, such as creating a fan account or parody account. For accounts created to promote sales of counterfeit products, most social networking sites have procedures in place for brand owners to submit complaints about trademark infringements and/or violations of Terms of Use. Some social networking sites also provide options for brand owners to reclaim account names for their promotional uses.

### Tip #3: Establish Official Presence at Your Social Media Accounts

Brand owners should identify their official social media accounts so that consumers can easily distinguish the official accounts from the rogue accounts. Some social networking sites allow brand owners to verify their official social media accounts to show consumers that the accounts are bona fide. For example, both Facebook and Twitter allow brand owners to have their accounts be displayed as verified by showing a blue and white check mark next to the account names. Some social networking sites provide additional features and/or pages for brand owners of official accounts to display "house rules" or supplemental Terms of Use specific to the accounts. Most social networking sites only allow individuals to set up individual/personal accounts that do not include these additional features. Counterfeit sellers can usually only register individual accounts without these additional features. If the social networking sites do not offer a way to show the accounts as bona fide, brand owners should make sure the company websites include hyperlinks to the official social media accounts and that the associated social media accounts also include distinctive designations in the "About" section or Bio stating that they are the official accounts of the brand owners.

## ACTIVE ENFORCEMENT AND MONITORING

### Tip # 4: Monitor Your Brand Online

Brand owners should actively monitor registrations of new domain names, social networking account names, websites, social networking sites, auctions, torrent activities, online advertisements, sponsored links and online content that reference their brand names. Running targeted keyword searches using the brand names or a variation thereof usually results in a list of rogue sites, social media sites and sponsored links for review. For example, on Google, running a targeted search using "site:Facebook.com [brand name]" will provide a list of search results of the use of the particular brand name on Facebook, including potential uses of a brand name as a Facebook account name. Domain registration and social media watches are sometimes provided by vendors as part of trademark monitoring packages. However, it may be cost prohibitive to review each search or watch report daily. The scope and frequency of the review varies depending on the brand. Monitoring can be modified to fit any budget, from self-monitoring to engaging an outside vendor to run and review searches.

### Tip # 5: Enforce Your Brand Proactively on the Internet and Social Media Sites

Brand owners may enforce their IP rights against online infringers by sending cease and desist letters and/or notice and takedown letters to remove infringing contents at the rogue websites. They can also submit trademark and/or copyright infringement complaints or complaints for violation of Terms of Use to the social networking sites to remove the rogue social media accounts. Most social media sites have dispute resolutions mechanisms for brand owners to submit these complaints electronically.

Brand owners can target the Internet service provider (ISP) that hosts the rogue site to remove or shut down the infringing site. In the demand letter to the ISP, brand owners can point to the terms and conditions to which the site owner agreed when registering with the ISP. Often, the terms and conditions include language stating that the domain owner agrees to refrain from posting information on its site that infringes on the intellectual property rights of third-parties.

Similarly, brand owners can also request that social networking sites remove or shut down infringing social media accounts. Some social networking sites have procedures for reporting accounts that are registered by repeat offenders. Such offenders will usually be barred from creating new accounts.

The facts of each case will dictate the best enforcement approach. Given the emergence of the use of rogue social media sites to bolster the façade of legitimacy of these rogue websites, when monitoring the Internet, brand owners should also check to see if associated social media accounts are created to "compliment" these rogue sites. Often the counterfeit sellers use the rogue domain names as the social media account names or usernames to emphasize the unauthorized affiliation and association.

### Tip #6: Incorporate Anti-Copying Mechanisms to Track Rogue Websites and Social Media Accounts

By incorporating anti-copying mechanisms such as watermarks or tags on copyright-protected images at the brand owners' websites and official social media accounts, brand owners may prevent counterfeit sellers from accessing and easily copying contents to create rogue sites and/or social media accounts. Brand owners may also be able to track unauthorized use of its online contents through use of these tags.

In conclusion, the measures set out in this article are not exhaustive. Brand owners must consider educating consumers as to the effects of purchasing counterfeit products, and work hand in hand with ISPs, social media sites, search engines, and law enforcement agencies to combat counterfeit sellers.

## Endnotes

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