Legal Issues in Developing and Protecting an Athlete’s and Entertainer’s Brand

October 11, 2019 | 3:15 pm – 4:45 pm

Program Description

As more and more, high-profile entertainers, artists and athletes take on social activism and business endeavors, and broadcast to the world their personal likes and dislikes, they become a personal brand unto themselves. This session will explore the legal issues involved in protecting their brand, including intellectual property, sponsorship and social media related issues, but also from a business perspective, how one establishes and monetizes their personal brand, including aligning and connecting with other brands and capturing potential revenue streams.

Lead Facilitator

Jennifer Ko Craft, Partner, Dickinson Wright, Las Vegas, NV

Speakers

- Brad Griffiths, Senior Director, The Marketing Arm, Los Angeles, CA
- Perry Rogers, CEO, PR Partners, Las Vegas, NV
- Alan Friedman, Partner, Fox Rothschild, New York, NY

Program Materials

1. Power Point Presentation: Celebrity Brand Building: Avoiding the Risks While Reaping the Rewards: Social Media Posting and Brand Enhancing Trademarks, By Alan R. Friedman, Esq., Rothschild, New York, NY, September 12, 2019
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Celebrity Brand Building

Avoiding the Risks While Reaping the Rewards: Social Media Posting and Brand Enhancing Trademarks

Alan R. Friedman, Esq.

September 12, 2019
Robust Social Media Posting Is a Must for Celebrities and Influencers

• Keeps Them in Touch With Their Followers
• Expands Their Visibility to New Fans and Followers
• Opens up New Sources of Income Through Endorsements
• Keeps Them Current and Top-of-Mind for New Opportunities
BUT . . . BE CAREFUL WHAT YOU POST
"Reposting" Can Get You Sued

Boob Sweat Solution #1: Apply Deodorant

Put deodorant under and around your breasts might seem silly, but antiperspi...
“Retweeting” Can Get You Sued

It appears I got this wrong. My apologies to Mrs. La Liberte and Joseph.

People online twist the real story behind photo of woman yelling at boy
They say “a picture says 1000 words!” Maybe it should be 2000 words. 1000 for each person featured in the picture. Maybe another 1000 or two to give it some

4:23 PM - 2 Jul 2018

625 Retweets 1,410 Likes
Posting Photos of Yourself Can Get You Sued


Nicki Minaj Hit With Lawsuit By Photo Agency
By Maia Shaney
July 11, 2019

“Nicki Minaj or someone acting on her behalf copied seven different photos — including ones depicting Minaj in a multi-colored Oscar De La Renta gown outside of the Harper’s Bazaar Party in New York City, in a plaid Burberry outfit in New York City, at a NYFW party in New York, and in a cheetah print outfit — and distributed them for display to her 91 million Instagram followers.”

Splash News makes the claim that her timeline isn’t just any timeline, Nicki Minaj’s feed is designed to make money. Because photographers are paid to license their work in magazines, etc., they feel Nicki should cough up $150K for pictures of herself. The suit continues:

United States District Court
Central District of California

Case No. 2:19-cv-5822
COMPLAINT FOR COPYRIGHT INFRINGEMENT

Plaintiff, Splash News and Picture Agency, LLC, for its Complaint against defendants Onika Tanya Maraj, professionally known as Nicki Minaj, and Does 1 through 10, alleges as follows:

1. This is an action for copyright infringement brought by plaintiff, the holder of the copyright to the photographs described below, against all defendants for uses of plaintiff’s photographs without authorization or permission.

Fox Rothschild LLP
ATTORNEYS AT LAW
COPYRIGHT ISSUES
Copyright Myths

❖ Posting on social media is always protected as a “fair use”
  ✓ WRONG – The fair use doctrine is never an absolute.

❖ If I give credit or a link, it’s not infringement
  ✓ WRONG – Attribution is nice but no defense; only permission/license or fair use works.

❖ If I am in the photo, I can use the photo
  ✓ WRONG – Unless you took the photo (e.g., a “selfie”), you are not its “Author” or “Owner.”

❖ If I take the posting down, I won’t be sued
  ✓ WRONG – Removal may diminish monetary damages, but it is not a defense to liability.
So Sue Me: What’s The Worst That Can Happen?

- Copyright Infringement Can Result In:
  - Statutory Damages Of Up To $150,000 PER PHOTO,
  - Or Profits Attributable To Infringement,
  - Plus The Plaintiff’s Legal Fees.
  - Plus The Cost and Inconvenience Of Defending The Suit.

- Frequent Settlement Demands Of At Least $25,000 for unauthorized posting of a single photograph.
What Should A Celebrity/Influencer Do Before Posting?

• If possible, get permission from Copyright Owner.
  – Best to get in writing (email is fine)
  – Best to get before use (permissible after but probably more expensive)

• If permission is not an option, fall within “Fair Use” doctrine . . .
  but not always easy to tell what is/isn’t a “Fair Use.”

• If permission is not an option and unclear if use is a “Fair Use,”
  post something else.
Fair Use? Is It Or Isn’t It?

Leibovitz v. Paramount Picture Corp., 137 F.3d 109 (2d Cir. 1998).


The Fair Use Factors (17 U.S.C. § 107)

• Purpose and character of use, including whether it is of a commercial nature or for nonprofit educational purposes – **[Is challenged use “transformative”?]**
• Nature of the copyrighted work
• Amount and substantiality of portion used in relation to copyrighted work as a whole.
• Effect of use on the potential market for or value of the copyrighted work.
A Case Study: Xclusive-Lee, Inc. v. Gigi Hadid (1:19-cv-00520)

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

XCLUSIVE-LEE, INC.,

Plaintiff,

v.

JELENA NOURA “GIGI” HADID,

Defendant.

Civil Action No.: 19-cv-520

COMPLAINT AND JURY DEMAND

COMPLAINT FOR COPYRIGHT INFRINGEMENT

Plaintiff, XCLUSIVE-LEE, INC. ("Xclusive" or "Plaintiff"), brings this complaint in the United States District Court for the Eastern District of New York against JELENA NOURA “GIGI” HADID ("Hadid" or "Defendant"), alleging as follows:
Xclusive-Lee, Inc. v. Gigi Hadid: Motion to Dismiss (Fair Use)

- Hadid **Argued** That All Four Factors Favored “Fair Use”
  1. Characterized Instagram post as “not commercial in nature.” [Did not argue that use was “transformative.”]
  2. The Picture was a quick shot in public setting. [Plus, Hadid contributed to its elements by smiling and posing.]
  3. Used a cropped version of the Photograph.
  4. Claimed Xclusive did not lose any (much less “significant”) revenue.

- Invoked “other relevant considerations.” [Not fair to allow celebrity stalking paparazzi to bar subject of photo from posting.]

– By deciding smile and pose (instead of looking away/shielding her face), Hadid argued that she reached a “meeting of the minds” with Photographer that she could use the photograph.
Xclusive-Lee, Inc. v. Gigi Hadid: Motion to Dismiss (Failure to Register Copyright)

- Hadid’s Motion to Dismiss succeeded . . . but on a technicality.
  - Lawsuit failed because Copyright Office had not issued a copyright registration for the Photograph (see 17 U.S.C. § 411).
  - Court did not rule on Fair Use or Implied License arguments.
SOCIAL MEDIA: ENDORSEMENT ISSUES
Social Media Endorsements Are Big Business

• Brands Frequently Enlist Celebrities and Influencers to Post About Their Products and Services
• Endorsements Can Be a Source of Substantial Income and Recognition.
  –Some Endorsers Receive Over Six Figures per Post
• But, as with anything rewarding, there is also some risk.
The FTC Is Watching: FTC (Social Media) Endorsement Guide

• Endorsements must not be misleading and must reflect endorser’s honest opinion.
• Endorsements must disclose any material connection between endorser and the brand.
• Endorsements reflecting above-average results must disclose generally expected results.
• Advertisers must train and monitor their endorsers and periodically search web for improper endorsements.
In 2018, FTC Sent Letters To Ellen DeGeneres, DJ Khaled And Others
Complying Is Neither Difficult Nor Optional

- Transparency is critical. Here are two ways that work: Including a “# Ad” with the post or referencing the sponsorship in a prominent location.
Trademarks: Establishing and Protecting A Celebrity’s Brand
Trademarks: A Few Basic Points

• Almost anything can be trademarked: Names, Phrases, Logos/Symbols, Designs and any combination of the foregoing.

• Trademarks serve multiple purposes:
  – Market and grow brand awareness
  – Delineate the source of origin of goods or services
  – Enhance the demand for and value of the trademarked product
A Few More Basic Points

• Trademark ownership provides potentially important benefits:
  – Exclusive right to use Mark to promote goods and services.
  – Exclusive right to license Mark to third parties.
  – Right to stop unauthorized uses of Mark and recover damages.
  – Ability to build the economic value of the Mark.

• Additional rights apply to trademarks registered with USPTO, but registration is not required.
Two Brand Developers Extraordinaire

Donald Trump

Paris Hilton

November 21, 2011
PARIS HILTON HAS A TRADEMARK EMPIRE, AND THAT'S HOT*

Paris Hilton is frequently referred to as “famous for being famous”. But let’s give credit where credit is due – she has evolved into a very clever and successful businesswoman. Want proof? How about more than 20 registered trademarks!
Who Owns the Rights to Personalized Marks, the Brand or the Endorser?

• Two interesting scenarios have recently surfaced with athletes:
• Federer’s shift from Nike to Uniqlo has raised issues over the ongoing use of his well-known logo:

ORIGINAL POST (July 4, 2018): Having just signed a huge sponsorship deal with UNIQLO — reportedly priced somewhere between $300 million USD and $410 million USD — tennis legend Roger Federer is clashing with Nike over his trademark. Federer had been signed to Nike for the majority of his career, with the U.S.-based brand still owning the rights to his signature “RF” logo.
Who Owns the Rights to Personalized Marks, the Brand or the Endorser?

• The expiration of Kawhi Leonard’s Nike deal has raised issues over the ongoing use of his well-known logo.

Claims . . . and Counterclaims
Not Everything Can Be Trademarked

• Common reasons for refusal to register proposed trademarks:
  – Likelihood of confusion with existing registered trademark
  – Merely descriptive/does not denote distinctive goods or services) [e.g., “creamy” for yogurt or “Best Bagels” for bagels]
  – Proposed mark is primarily a surname . . . But:
    • Surnames with “secondary meaning” as a source of goods or services may be accepted.
    • Celebrities can often obtain trademarks to protect integrity of brands associated with their name.
Cardi B's Request to Trademark 'Okurr' Denied

Earlier this year, Cardi B attempted to trademark her signature catchphrase "okurr." However, the request has been denied, per CNN. According to the outlet, the U.S. Patent and Trademark Office found that the phrase is too commonplace for a trademark to be registered.

Trademark Act Sections 1, 2, 3, and 45 - Informational - Widely-used Commonplace Expressions

Registration is refused because the applied-for mark is a slogan or term that does not function as a trademark or service mark. U.S.C. §§3051-1053, 1127. In this case, the applied-for mark is a commonplace term, message, or expression widely used in the relevant public. In re Eagle Crest, Inc., 96 USPQ2d at 1229; In re Aerospace Optics, Inc., 78 USPQ2d 1 at 1 (TTAB 1998) (holding DRIVE SAFELY not registrable for automobiles and automobile parts because it is a commonplace term) (holding PROUDLY MADE IN USA not registrable for electric shavers because the mark would be perceived in terms of the quality of the goods). Terms and expressions that merely convey an informational message are not registrable. In re Eagle Crest, Inc., 96 USPQ2d at 1229; In re Aerospace Optics, Inc., 78 USPQ2d 1 at 1 (TTAB 1998) (holding PROUDLY MADE IN USA not registrable for electric shavers because the mark would be perceived in terms of the quality of the goods).

The attached evidence from Redbubble, Esty, Trepucul, Society6, Refinery 29, People, USA Today, way of saying "OK" or "something that is said to affirm when someone is being put in their place." Because consumer identifying the source of applicant's goods and/or services but rather as only conveying an informational message.

An applicant may not overcome this refusal by amending the application to seek registration on the Supplemental Register. See TMEP §1302.04(d).

Although applicant's mark has been refused registration, applicant may respond to the refusal(s) by submitting evidence.
United States Patent and Trademark Office (USPTO)
Office Action (Official Letter) About Applicant’s Trademark Application

U.S. Application Serial No. 88446266
Mark: TOM TERRIFIC

SECTION 2(a) REFUSAL – FALSE CONNECTION

Registration is refused because the applied-for mark consists of or includes matter which may falsely suggest a connection with Tom Seaver. Trademark Act Section 2(a), 15 U.S.C. §1052(a). Although Tom Seaver is not connected with the goods provided by applicant under the applied-for mark, Tom Seaver is so well-known that consumers would presume a connection. See id.

SECTION 2(c) REFUSAL – NAME OF LIVING INDIVIDUAL

Registration is refused because the applied-for mark consists of or comprises a name, portrait, or signature identifying a particular living individual whose written consent to register the mark is not of record. Trademark Act Section 2(c), 15 U.S.C. §1052(c); TMEP §1206; see In re Nieves & Nieves LLC, 113 USPQ2d 1639, 1649-50 (TTAB 2015); In re Hauff, 97 USPQ2d 1174, 1175-76 (TTAB 2010).

In this case, the applied-for mark TOM TERRIFIC is the nickname of Tom Seaver.
After Encountering Unfavorable Press

BU Law Prof: Tom Brady Fumbles Trademark Request

Patriots QB wants to register “Tom Terrific,” baseball legend Tom Seaver’s nickname.

Tom Brady Attempts To Trademark The Nickname He Doesn’t Even Want, That’s Already Used By A Famous NY Met With Dementia

Tom Brady’s ‘Tom Terrific’ moniker isn’t his to trademark

From the Inteception dept
Tue, Jun 11th 2019 3:23pm — Timothy Geoghe

We’ve talked for some time about the increasing trend in professional sports for athletes to seek trademarks on anything and everything that might possibly be branded. This trend has actually spilled over into some professional sports teams themselves attempting to get trademarks for the athletes that play for the team. It is all vehicle very irritating and smells purely of the kind of money-grab that was absolutely not the point of trademark law to begin with, but at least we can say for most of these cases that the slogans and nicknames for which trademarks are sought are fairly unique.

This is most certainly not the case for Tom Brady, who’s company, TB12 Capital, has applied for a trademark on one of his nicknames, “Tom Terrific,” offered for trading cards, sports merch, and clothing. There’s only one problem: Tom Terrific is indeed a well-known nickname... of former NY Met Tom Seaver.

The hardly humble New England Patriots quarterback is seeking to trademark the moniker “Tom Terrific” — the same nickname bestowed upon legendary Mets Hall of Fame pitcher Tom Seaver.

Brady’s recent trademark application was discovered by a Philadelphia law firm and instantly sent Mets fans into a tizzy.

Seaver firmly popularized the nickname Tom Terrific in the sporting world. He never trademarked the nickname, of course, because that wasn’t the trend decades ago. And he most certainly will not be trademarking it now, given that he is suffering from dementia and is not well. Brady’s trademark, if granted, would seem to limit what Seaver, the original Tom Terrific, can do with his own nickname that will be under the control of Brady, a lesser (predecessor?) Tom Terrific. On the question of public confusion, the reaction by New Yorkers is instructive. It’s also entertaining.In the reactions’ massive amounts of New-York-
A Few Takeaways?

• Celebrities/Influencers can enhance their Brands through Social Media posting and Trademark registrations.
• However, as with most things that promise reward, there is risk.
• We can help our clients minimize the risk in a variety of ways. Here are two:
  1. Advise clients of the ground rules now, so future posts and trademark applications avoid the pitfalls we’ve discussed.
  2. Conduct “pre-publication” review of their posts . . . at least of posts involving endorsement deals or that use unlicensed content.
Alan R. Friedman, Esq.
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(w) 212-878-1426 or (w) 424-285-7040
Guides Concerning the Use of Endorsements and Testimonials in Advertising

§ 255.0 Purpose and definitions.

(a) The Guides in this part represent administrative interpretations of laws enforced by the Federal Trade Commission for the guidance of the public in conducting its affairs in conformity with legal requirements. Specifically, the Guides address the application of Section 5 of the FTC Act (15 U.S.C. 45) to the use of endorsements and testimonials in advertising. The Guides provide the basis for voluntary compliance with the law by advertisers and endorsers. Practices inconsistent with these Guides may result in corrective action by the Commission under Section 5 if, after investigation, the Commission has reason to believe that the practices fall within the scope of conduct declared unlawful by the statute.

The Guides set forth the general principles that the Commission will use in evaluating endorsements and testimonials, together with examples illustrating the application of those principles. The Guides do not purport to cover every possible use of endorsements in advertising. Whether a particular endorsement or testimonial is deceptive will depend on the specific factual circumstances of the advertisement at issue.

(b) For purposes of this part, an endorsement means any advertising message (including verbal statements, demonstrations, or depictions of the name, signature, likeness or other identifying personal characteristics of an individual or the name or seal of an organization) that consumers are likely to believe reflects the opinions, beliefs, findings, or experiences of a party other than the sponsoring advertiser, even if the views expressed by that party are identical to those of the sponsoring advertiser. The party whose opinions, beliefs, findings, or experience the message appears to reflect will be called the endorser and may be an individual, group, or institution.

(c) The Commission intends to treat endorsements and testimonials identically in the context of its enforcement of the Federal Trade Commission Act and for purposes of this part. The term endorsements is therefore generally used hereinafter to cover both terms and situations.

(d) For purposes of this part, the term product includes any product, service, company or industry.

(e) For purposes of this part, an expert is an individual, group, or institution possessing, as a result of experience, study, or training, knowledge of a particular subject, which knowledge is superior to what ordinary individuals generally acquire.
Example 1: A film critic’s review of a movie is excerpted in an advertisement. When so used, the review meets the definition of an endorsement because it is viewed by readers as a statement of the critic’s own opinions and not those of the film producer, distributor, or exhibitor. Any alteration in or quotation from the text of the review that does not fairly reflect its substance would be a violation of the standards set by this part because it would distort the endorser’s opinion. [See § 255.1(b).]

Example 2: A TV commercial depicts two women in a supermarket buying a laundry detergent. The women are not identified outside the context of the advertisement. One comments to the other how clean her brand makes her family’s clothes, and the other then comments that she will try it because she has not been fully satisfied with her own brand. This obvious fictional dramatization of a real life situation would not be an endorsement.

Example 3: In an advertisement for a pain remedy, an announcer who is not familiar to consumers except as a spokesman for the advertising drug company praises the drug’s ability to deliver fast and lasting pain relief. He purports to speak, not on the basis of his own opinions, but rather in the place of and on behalf of the drug company. The announcer’s statements would not be considered an endorsement.

Example 4: A manufacturer of automobile tires hires a well-known professional automobile racing driver to deliver its advertising message in television commercials. In these commercials, the driver speaks of the smooth ride, strength, and long life of the tires. Even though the message is not expressly declared to be the personal opinion of the driver, it may nevertheless constitute an endorsement of the tires. Many consumers will recognize this individual as being primarily a racing driver and not merely a spokesperson or announcer for the advertiser. Accordingly, they may well believe the driver would not speak for an automotive product unless he actually believed in what he was saying and had personal knowledge sufficient to form that belief. Hence, they would think that the advertising message reflects the driver’s personal views. This attribution of the underlying views to the driver brings the advertisement within the definition of an endorsement for purposes of this part.

Example 5: A television advertisement for a particular brand of golf balls shows a prominent and well-recognized professional golfer practicing numerous drives off the tee. This would be an endorsement by the golfer even though she makes no verbal statement in the advertisement.

Example 6: An infomercial for a home fitness system is hosted by a well-known entertainer. During the infomercial, the entertainer demonstrates the machine and states that it is the most effective and easy-to-use home exercise machine that she has ever tried. Even if she is reading from a script, this statement would be an endorsement, because consumers are likely to believe it reflects the entertainer’s views.

Example 7: A television advertisement for a housewares store features a well-known female comedian and a well-known male baseball player engaging in light-hearted banter about products each one intends to purchase for the other. The comedian says that she will buy him a Brand X, portable, high-definition television so he can finally see the strike zone. He says that he will get her a Brand Y juicer so she can make juice with all the fruit
and vegetables thrown at her during her performances. The comedian and baseball player are not likely to be deemed endorsers because consumers will likely realize that the individuals are not expressing their own views.

**Example 8:** A consumer who regularly purchases a particular brand of dog food decides one day to purchase a new, more expensive brand made by the same manufacturer. She writes in her personal blog that the change in diet has made her dog’s fur noticeably softer and shinier, and that in her opinion, the new food definitely is worth the extra money. This posting would not be deemed an endorsement under the Guides.

Assume that rather than purchase the dog food with her own money, the consumer gets it for free because the store routinely tracks her purchases and its computer has generated a coupon for a free trial bag of this new brand. Again, her posting would not be deemed an endorsement under the Guides.

Assume now that the consumer joins a network marketing program under which she periodically receives various products about which she can write reviews if she wants to do so. If she receives a free bag of the new dog food through this program, her positive review would be considered an endorsement under the Guides.

**§ 255.1 General considerations.**

(a) Endorsements must reflect the honest opinions, findings, beliefs, or experience of the endorser. Furthermore, an endorsement may not convey any express or implied representation that would be deceptive if made directly by the advertiser. [See §§ 255.2(a) and (b) regarding substantiation of representations conveyed by consumer endorsements.]

(b) The endorsement message need not be phrased in the exact words of the endorser, unless the advertisement affirmatively so represents. However, the endorsement may not be presented out of context or reworded so as to distort in any way the endorser’s opinion or experience with the product. An advertiser may use an endorsement of an expert or celebrity only so long as it has good reason to believe that the endorser continues to subscribe to the views presented. An advertiser may satisfy this obligation by securing the endorser’s views at reasonable intervals where reasonableness will be determined by such factors as new information on the performance or effectiveness of the product, a material alteration in the product, changes in the performance of competitors’ products, and the advertiser’s contract commitments.

(c) When the advertisement represents that the endorser uses the endorsed product, the endorser must have been a bona fide user of it at the time the endorsement was given. Additionally, the advertiser may continue to run the advertisement only so long as it has good reason to believe that the endorser remains a bona fide user of the product. [See § 255.1(b) regarding the “good reason to believe” requirement.]

(d) Advertisers are subject to liability for false or unsubstantiated statements made through endorsements, or for failing to disclose material connections between themselves and their endorsers [see § 255.5]. Endorsers also may be liable for statements made in the course of their endorsements.
**Example 1:** A building contractor states in an advertisement that he uses the advertiser’s exterior house paint because of its remarkable quick drying properties and durability. This endorsement must comply with the pertinent requirements of Section 255.3 (Expert Endorsements). Subsequently, the advertiser reformulates its paint to enable it to cover exterior surfaces with only one coat. Prior to continued use of the contractor’s endorsement, the advertiser must contact the contractor in order to determine whether the contractor would continue to specify the paint and to subscribe to the views presented previously.

**Example 2:** A television advertisement portrays a woman seated at a desk on which rest five unmarked computer keyboards. An announcer says, “We asked X, an administrative assistant for over ten years, to try these five unmarked keyboards and tell us which one she liked best.” The advertisement portrays X typing on each keyboard and then picking the advertiser’s brand. The announcer asks her why, and X gives her reasons. This endorsement would probably not represent that X actually uses the advertiser’s keyboard at work. In addition, the endorsement also may be required to meet the standards of Section 255.3 (expert endorsements).

**Example 3:** An ad for an acne treatment features a dermatologist who claims that the product is “clinically proven” to work. Before giving the endorsement, she received a write-up of the clinical study in question, which indicates flaws in the design and conduct of the study that are so serious that they preclude any conclusions about the efficacy of the product. The dermatologist is subject to liability for the false statements she made in the advertisement. The advertiser is also liable for misrepresentations made through the endorsement. [See Section 255.3 regarding the product evaluation that an expert endorser must conduct.]

**Example 4:** A well-known celebrity appears in an infomercial for an oven roasting bag that purportedly cooks every chicken perfectly in thirty minutes. During the shooting of the infomercial, the celebrity watches five attempts to cook chickens using the bag. In each attempt, the chicken is undercooked after thirty minutes and requires sixty minutes of cooking time. In the commercial, the celebrity places an uncooked chicken in the oven roasting bag and places the bag in one oven. He then takes a chicken roasting bag from a second oven, removes from the bag what appears to be a perfectly cooked chicken, tastes the chicken, and says that if you want perfect chicken every time, in just thirty minutes, this is the product you need. A significant percentage of consumers are likely to believe the celebrity’s statements represent his own views even though he is reading from a script. The celebrity is subject to liability for his statement about the product. The advertiser is also liable for misrepresentations made through the endorsement.

**Example 5:** A skin care products advertiser participates in a blog advertising service. The service matches up advertisers with bloggers who will promote the advertiser’s products on their personal blogs. The advertiser requests that a blogger try a new body lotion and write a review of the product on her blog. Although the advertiser does not make any specific claims about the lotion’s ability to cure skin conditions and the blogger does not ask the advertiser whether there is substantiation for the claim, in her review the blogger writes that the lotion cures eczema and recommends the product to her blog readers who suffer from this condition. The advertiser is subject to liability for misleading or unsubstantiated
representations made through the blogger’s endorsement. The blogger also is subject to liability for misleading or unsubstantiated representations made in the course of her endorsement. The blogger is also liable if she fails to disclose clearly and conspicuously that she is being paid for her services. [See § 255.5.]

In order to limit its potential liability, the advertiser should ensure that the advertising service provides guidance and training to its bloggers concerning the need to ensure that statements they make are truthful and substantiated. The advertiser should also monitor bloggers who are being paid to promote its products and take steps necessary to halt the continued publication of deceptive representations when they are discovered.

§ 255.2 Consumer endorsements.

(a) An advertisement employing endorsements by one or more consumers about the performance of an advertised product or service will be interpreted as representing that the product or service is effective for the purpose depicted in the advertisement. Therefore, the advertiser must possess and rely upon adequate substantiation, including, when appropriate, competent and reliable scientific evidence, to support such claims made through endorsements in the same manner the advertiser would be required to do if it had made the representation directly, i.e., without using endorsements. Consumer endorsements themselves are not competent and reliable scientific evidence.

(b) An advertisement containing an endorsement relating the experience of one or more consumers on a central or key attribute of the product or service also will likely be interpreted as representing that the endorser’s experience is representative of what consumers will generally achieve with the advertised product or service in actual, albeit variable, conditions of use. Therefore, an advertiser should possess and rely upon adequate substantiation for this representation. If the advertiser does not have substantiation that the endorser’s experience is representative of what consumers will generally achieve, the advertisement should clearly and conspicuously disclose the generally expected performance in the depicted circumstances, and the advertiser must possess and rely on adequate substantiation for that representation.1

1 The Commission tested the communication of advertisements containing testimonials that clearly and prominently disclosed either “Results not typical” or the stronger “These testimonials are based on the experiences of a few people and you are not likely to have similar results.” Neither disclosure adequately reduced the communication that the experiences depicted are generally representative. Based upon this research, the Commission believes that similar disclaimers regarding the limited applicability of an endorser’s experience to what consumers may generally expect to achieve are unlikely to be effective.

Nonetheless, the Commission cannot rule out the possibility that a strong disclaimer of typicality could be effective in the context of a particular advertisement. Although the Commission would have the burden of proof in a law enforcement action, the Commission notes that an advertiser possessing reliable empirical testing demonstrating that the net impression of its advertisement with such a disclaimer is non-deceptive will avoid the risk of the initiation of such an action in the first instance.
Advertisements presenting endorsements by what are represented, directly or by implication, to be “actual consumers” should utilize actual consumers in both the audio and video, or clearly and conspicuously disclose that the persons in such advertisements are not actual consumers of the advertised product.

**Example 1:** A brochure for a baldness treatment consists entirely of testimonials from satisfied customers who say that after using the product, they had amazing hair growth and their hair is as thick and strong as it was when they were teenagers. The advertiser must have competent and reliable scientific evidence that its product is effective in producing new hair growth.

The ad will also likely communicate that the endorsers’ experiences are representative of what new users of the product can generally expect. Therefore, even if the advertiser includes a disclaimer such as, “Notice: These testimonials do not prove our product works. You should not expect to have similar results,” the ad is likely to be deceptive unless the advertiser has adequate substantiation that new users typically will experience results similar to those experienced by the testimonialists.

**Example 2:** An advertisement disseminated by a company that sells heat pumps presents endorsements from three individuals who state that after installing the company’s heat pump in their homes, their monthly utility bills went down by $100, $125, and $150, respectively. The ad will likely be interpreted as conveying that such savings are representative of what consumers who buy the company’s heat pump can generally expect. The advertiser does not have substantiation for that representation because, in fact, less than 20% of purchasers will save $100 or more. A disclosure such as, “Results not typical” or, “These testimonials are based on the experiences of a few people and you are not likely to have similar results” is insufficient to prevent this ad from being deceptive because consumers will still interpret the ad as conveying that the specified savings are representative of what consumers can generally expect. The ad is less likely to be deceptive if it clearly and conspicuously discloses the generally expected savings and the advertiser has adequate substantiation that homeowners can achieve those results. There are multiple ways that such a disclosure could be phrased, e.g., “the average homeowner saves $35 per month,” “the typical family saves $50 per month during cold months and $20 per month in warm months,” or “most families save 10% on their utility bills.”

**Example 3:** An advertisement for a cholesterol-lowering product features an individual who claims that his serum cholesterol went down by 120 points and does not mention having made any lifestyle changes. A well-conducted clinical study shows that the product reduces the cholesterol levels of individuals with elevated cholesterol by an average of 15% and the advertisement clearly and conspicuously discloses this fact. Despite the presence of this disclosure, the advertisement would be deceptive if the advertiser does not have adequate substantiation that the product can produce the specific results claimed by the endorser (i.e., a 120-point drop in serum cholesterol without any lifestyle changes).

**Example 4:** An advertisement for a weight-loss product features a formerly obese woman. She says in the ad, “Every day, I drank 2 WeightAway shakes, ate only raw vegetables, and exercised vigorously for six hours at the gym. By the end of six months, I had gone from 250 pounds to 140 pounds.” The advertisement accurately describes the woman’s
experience, and such a result is within the range that would be generally experienced by an extremely overweight individual who consumed WeightAway shakes, only ate raw vegetables, and exercised as the endorser did. Because the endorser clearly describes the limited and truly exceptional circumstances under which she achieved her results, the ad is not likely to convey that consumers who weigh substantially less or use WeightAway under less extreme circumstances will lose 110 pounds in six months. (If the advertisement simply says that the endorser lost 110 pounds in six months using WeightAway together with diet and exercise, however, this description would not adequately alert consumers to the truly remarkable circumstances leading to her weight loss.) The advertiser must have substantiation, however, for any performance claims conveyed by the endorsement (e.g., that WeightAway is an effective weight loss product).

If, in the alternative, the advertisement simply features “before” and “after” pictures of a woman who says “I lost 50 pounds in 6 months with WeightAway,” the ad is likely to convey that her experience is representative of what consumers will generally achieve. Therefore, if consumers cannot generally expect to achieve such results, the ad should clearly and conspicuously disclose what they can expect to lose in the depicted circumstances (e.g., “most women who use WeightAway for six months lose at least 15 pounds”).

If the ad features the same pictures but the testimonialist simply says, “I lost 50 pounds with WeightAway,” and WeightAway users generally do not lose 50 pounds, the ad should disclose what results they do generally achieve (e.g., “most women who use WeightAway lose 15 pounds”).

**Example 5:** An advertisement presents the results of a poll of consumers who have used the advertiser’s cake mixes as well as their own recipes. The results purport to show that the majority believed that their families could not tell the difference between the advertised mix and their own cakes baked from scratch. Many of the consumers are actually pictured in the advertisement along with relevant, quoted portions of their statements endorsing the product. This use of the results of a poll or survey of consumers represents that this is the typical result that ordinary consumers can expect from the advertiser’s cake mix.

**Example 6:** An advertisement purports to portray a “hidden camera” situation in a crowded cafeteria at breakfast time. A spokesperson for the advertiser asks a series of actual patrons of the cafeteria for their spontaneous, honest opinions of the advertiser’s recently introduced breakfast cereal. Even though the words “hidden camera” are not displayed on the screen, and even though none of the actual patrons is specifically identified during the advertisement, the net impression conveyed to consumers may well be that these are actual customers, and not actors. If actors have been employed, this fact should be clearly and conspicuously disclosed.

**Example 7:** An advertisement for a recently released motion picture shows three individuals coming out of a theater, each of whom gives a positive statement about the movie. These individuals are actual consumers expressing their personal views about the movie. The advertiser does not need to have substantiation that their views are representative of the opinions that most consumers will have about the movie. Because the consumers’ statements would be understood to be the subjective opinions of only three people, this advertisement is not likely to convey a typicality message.
§ 255.3   Expert endorsements.

(a) Whenever an advertisement represents, directly or by implication, that the endorser is an expert with respect to the endorsement message, then the endorser’s qualifications must in fact give the endorser the expertise that he or she is represented as possessing with respect to the endorsement.

(b) Although the expert may, in endorsing a product, take into account factors not within his or her expertise (e.g., matters of taste or price), the endorsement must be supported by an actual exercise of that expertise in evaluating product features or characteristics with respect to which he or she is expert and which are relevant to an ordinary consumer’s use of or experience with the product and are available to the ordinary consumer. This evaluation must have included an examination or testing of the product at least as extensive as someone with the same degree of expertise would normally need to conduct in order to support the conclusions presented in the endorsement. To the extent that the advertisement implies that the endorsement was based upon a comparison, such comparison must have been included in the expert’s evaluation; and as a result of such comparison, the expert must have concluded that, with respect to those features on which he or she is expert and which are relevant and available to an ordinary consumer, the endorsed product is at least equal overall to the competitors’ products. Moreover, where the net impression created by the endorsement is that the advertised product is superior to other products with respect to any such feature or features, then the expert must in fact have found such superiority. [See § 255.1(d) regarding the liability of endorsers.]

Example 1: An endorsement of a particular automobile by one described as an “engineer” implies that the endorser’s professional training and experience are such that he is well acquainted with the design and performance of automobiles. If the endorser’s field is, for example, chemical engineering, the endorsement would be deceptive.

Example 2: An endorser of a hearing aid is simply referred to as “Doctor” during the course of an advertisement. The ad likely implies that the endorser is a medical doctor with substantial experience in the area of hearing. If the endorser is not a medical doctor with substantial experience in audiology, the endorsement would likely be deceptive. A non-medical “doctor” (e.g., an individual with a Ph.D. in exercise physiology) or a physician without substantial experience in the area of hearing can endorse the product, but if the endorser is referred to as “doctor,” the advertisement must make clear the nature and limits of the endorser’s expertise.

Example 3: A manufacturer of automobile parts advertises that its products are approved by the “American Institute of Science.” From its name, consumers would infer that the “American Institute of Science” is a bona fide independent testing organization with expertise in judging automobile parts and that, as such, it would not approve any automobile part without first testing its efficacy by means of valid scientific methods. If the American Institute of Science is not such a bona fide independent testing organization

If the motion picture studio had approached these individuals outside the theater and offered them free tickets if they would talk about the movie on camera afterwards, that arrangement should be clearly and conspicuously disclosed. [See § 255.5.]
(e.g., if it was established and operated by an automotive parts manufacturer), the endorsement would be deceptive. Even if the American Institute of Science is an independent bona fide expert testing organization, the endorsement may nevertheless be deceptive unless the Institute has conducted valid scientific tests of the advertised products and the test results support the endorsement message.

Example 4: A manufacturer of a non-prescription drug product represents that its product has been selected over competing products by a large metropolitan hospital. The hospital has selected the product because the manufacturer, unlike its competitors, has packaged each dose of the product separately. This package form is not generally available to the public. Under the circumstances, the endorsement would be deceptive because the basis for the hospital’s choice – convenience of packaging – is neither relevant nor available to consumers, and the basis for the hospital’s decision is not disclosed to consumers.

Example 5: A woman who is identified as the president of a commercial “home cleaning service” states in a television advertisement that the service uses a particular brand of cleanser, instead of leading competitors it has tried, because of this brand’s performance. Because cleaning services extensively use cleansers in the course of their business, the ad likely conveys that the president has knowledge superior to that of ordinary consumers. Accordingly, the president’s statement will be deemed to be an expert endorsement. The service must, of course, actually use the endorsed cleanser. In addition, because the advertisement implies that the cleaning service has experience with a reasonable number of leading competitors to the advertised cleanser, the service must, in fact, have such experience, and, on the basis of its expertise, it must have determined that the cleaning ability of the endorsed cleanser is at least equal (or superior, if such is the net impression conveyed by the advertisement) to that of leading competitors’ products with which the service has had experience and which remain reasonably available to it. Because in this example the cleaning service’s president makes no mention that the endorsed cleanser was “chosen,” “selected,” or otherwise evaluated in side-by-side comparisons against its competitors, it is sufficient if the service has relied solely upon its accumulated experience in evaluating cleansers without having performed side-by-side or scientific comparisons.

Example 6: A medical doctor states in an advertisement for a drug that the product will safely allow consumers to lower their cholesterol by 50 points. If the materials the doctor reviewed were merely letters from satisfied consumers or the results of a rodent study, the endorsement would likely be deceptive because those materials are not what others with the same degree of expertise would consider adequate to support this conclusion about the product’s safety and efficacy.

§ 255.4  Endorsements by organizations.

Endorsements by organizations, especially expert ones, are viewed as representing the judgment of a group whose collective experience exceeds that of any individual member, and whose judgments are generally free of the sort of subjective factors that vary from individual to individual. Therefore, an organization’s endorsement must be reached by a process sufficient to ensure that the endorsement fairly reflects the collective judgment of the organization. Moreover, if an organization is represented as being expert, then, in conjunction with a proper exercise of its
expertise in evaluating the product under § 255.3 (expert endorsements), it must utilize an expert or experts recognized as such by the organization or standards previously adopted by the organization and suitable for judging the relevant merits of such products. [See § 255.1(d) regarding the liability of endorsers.]

Example: A mattress seller advertises that its product is endorsed by a chiropractic association. Because the association would be regarded as expert with respect to judging mattresses, its endorsement must be supported by an evaluation by an expert or experts recognized as such by the organization, or by compliance with standards previously adopted by the organization and aimed at measuring the performance of mattresses in general and not designed with the unique features of the advertised mattress in mind.

§ 255.5 Disclosure of material connections.

When there exists a connection between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement (i.e., the connection is not reasonably expected by the audience), such connection must be fully disclosed. For example, when an endorser who appears in a television commercial is neither represented in the advertisement as an expert nor is known to a significant portion of the viewing public, then the advertiser should clearly and conspicuously disclose either the payment or promise of compensation prior to and in exchange for the endorsement or the fact that the endorser knew or had reason to know or to believe that if the endorsement favored the advertised product some benefit, such as an appearance on television, would be extended to the endorser. Additional guidance, including guidance concerning endorsements made through other media, is provided by the examples below.

Example 1: A drug company commissions research on its product by an outside organization. The drug company determines the overall subject of the research (e.g., to test the efficacy of a newly developed product) and pays a substantial share of the expenses of the research project, but the research organization determines the protocol for the study and is responsible for conducting it. A subsequent advertisement by the drug company mentions the research results as the “findings” of that research organization. Although the design and conduct of the research project are controlled by the outside research organization, the weight consumers place on the reported results could be materially affected by knowing that the advertiser had funded the project. Therefore, the advertiser’s payment of expenses to the research organization should be disclosed in this advertisement.

Example 2: A film star endorses a particular food product. The endorsement regards only points of taste and individual preference. This endorsement must, of course, comply with § 255.1; but regardless of whether the star’s compensation for the commercial is a $1 million cash payment or a royalty for each product sold by the advertiser during the next year, no disclosure is required because such payments likely are ordinarily expected by viewers.

Example 3: During an appearance by a well-known professional tennis player on a television talk show, the host comments that the past few months have been the best of her career and during this time she has risen to her highest level ever in the rankings. She responds by attributing the improvement in her game to the fact that she is seeing the ball
better than she used to, ever since having laser vision correction surgery at a clinic that she identifies by name. She continues talking about the ease of the procedure, the kindness of the clinic’s doctors, her speedy recovery, and how she can now engage in a variety of activities without glasses, including driving at night. The athlete does not disclose that, even though she does not appear in commercials for the clinic, she has a contractual relationship with it, and her contract pays her for speaking publicly about her surgery when she can do so. Consumers might not realize that a celebrity discussing a medical procedure in a television interview has been paid for doing so, and knowledge of such payments would likely affect the weight or credibility consumers give to the celebrity’s endorsement. Without a clear and conspicuous disclosure that the athlete has been engaged as a spokesperson for the clinic, this endorsement is likely to be deceptive. Furthermore, if consumers are likely to take away from her story that her experience was typical of those who undergo the same procedure at the clinic, the advertiser must have substantiation for that claim.

Assume that instead of speaking about the clinic in a television interview, the tennis player touts the results of her surgery – mentioning the clinic by name – on a social networking site that allows her fans to read in real time what is happening in her life. Given the nature of the medium in which her endorsement is disseminated, consumers might not realize that she is a paid endorser. Because that information might affect the weight consumers give to her endorsement, her relationship with the clinic should be disclosed.

Assume that during that same television interview, the tennis player is wearing clothes bearing the insignia of an athletic wear company with whom she also has an endorsement contract. Although this contract requires that she wear the company’s clothes not only on the court but also in public appearances, when possible, she does not mention them or the company during her appearance on the show. No disclosure is required because no representation is being made about the clothes in this context.

**Example 4:** An ad for an anti-snoring product features a physician who says that he has seen dozens of products come on the market over the years and, in his opinion, this is the best ever. Consumers would expect the physician to be reasonably compensated for his appearance in the ad. Consumers are unlikely, however, to expect that the physician receives a percentage of gross product sales or that he owns part of the company, and either of these facts would likely materially affect the credibility that consumers attach to the endorsement. Accordingly, the advertisement should clearly and conspicuously disclose such a connection between the company and the physician.

**Example 5:** An actual patron of a restaurant, who is neither known to the public nor presented as an expert, is shown seated at the counter. He is asked for his “spontaneous” opinion of a new food product served in the restaurant. Assume, first, that the advertiser had posted a sign on the door of the restaurant informing all who entered that day that patrons would be interviewed by the advertiser as part of its TV promotion of its new soy protein “steak.” This notification would materially affect the weight or credibility of the patron’s endorsement, and, therefore, viewers of the advertisement should be clearly and conspicuously informed of the circumstances under which the endorsement was obtained.
Assume, in the alternative, that the advertiser had not posted a sign on the door of the restaurant, but had informed all interviewed customers of the “hidden camera” only after interviews were completed and the customers had no reason to know or believe that their response was being recorded for use in an advertisement. Even if patrons were also told that they would be paid for allowing the use of their opinions in advertising, these facts need not be disclosed.

**Example 6:** An infomercial producer wants to include consumer endorsements for an automotive additive product featured in her commercial, but because the product has not yet been sold, there are no consumer users. The producer’s staff reviews the profiles of individuals interested in working as “extras” in commercials and identifies several who are interested in automobiles. The extras are asked to use the product for several weeks and then report back to the producer. They are told that if they are selected to endorse the product in the producer’s infomercial, they will receive a small payment. Viewers would not expect that these “consumer endorsers” are actors who were asked to use the product so that they could appear in the commercial or that they were compensated. Because the advertisement fails to disclose these facts, it is deceptive.

**Example 7:** A college student who has earned a reputation as a video game expert maintains a personal weblog or “blog” where he posts entries about his gaming experiences. Readers of his blog frequently seek his opinions about video game hardware and software. As it has done in the past, the manufacturer of a newly released video game system sends the student a free copy of the system and asks him to write about it on his blog. He tests the new gaming system and writes a favorable review. Because his review is disseminated via a form of consumer-generated media in which his relationship to the advertiser is not inherently obvious, readers are unlikely to know that he has received the video game system free of charge in exchange for his review of the product, and given the value of the video game system, this fact likely would materially affect the credibility they attach to his endorsement. Accordingly, the blogger should clearly and conspicuously disclose that he received the gaming system free of charge. The manufacturer should advise him at the time it provides the gaming system that this connection should be disclosed, and it should have procedures in place to try to monitor his postings for compliance.

**Example 8:** An online message board designated for discussions of new music download technology is frequented by MP3 player enthusiasts. They exchange information about new products, utilities, and the functionality of numerous playback devices. Unbeknownst to the message board community, an employee of a leading playback device manufacturer has been posting messages on the discussion board promoting the manufacturer’s product. Knowledge of this poster’s employment likely would affect the weight or credibility of her endorsement. Therefore, the poster should clearly and conspicuously disclose her relationship to the manufacturer to members and readers of the message board.

**Example 9:** A young man signs up to be part of a “street team” program in which points are awarded each time a team member talks to his or her friends about a particular advertiser’s products. Team members can then exchange their points for prizes, such as concert tickets or electronics. These incentives would materially affect the weight or credibility of the team member’s endorsements. They should be clearly and conspicuously disclosed, and the advertiser should take steps to ensure that these disclosures are being provided.