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The Influencers and the Influenced: Effects of Social Media Influencers on Enforcement of Trademark Law in the U.S. and Europe

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**THE INFLUENCERS AND THE INFLUENCED: EFFECTS OF
SOCIAL MEDIA INFLUENCERS ON ENFORCEMENT OF
TRADEMARK LAW IN THE U.S. AND EUROPE**

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INTRODUCTION

Some TikTok stars are earning more money than America's top chief executives.¹ Charli D'Amelio began posting videos of herself dancing on the app back in 2019 and made \$17.5 million in 2021.² With 133 million TikTok followers, a clothing line, and product promotions, D'Amelio earned more than the CEOs of Exxon Mobil Corp., Delta Air Lines Inc., and Starbucks Corp., among others.³ Together, the platform's highest-paid "stars" collectively raked in \$55.5 million in 2021, a 200% increase from the year before.⁴

As social media continues to shape consumer interactions and brand partnerships, social media influencers (SMIs) have become key players in the evolution of how platforms, communications, and technologies are being regulated.⁵ The 2021 case *Petunia Products, Inc. v. Rodan & Fields, et al.* exemplifies how courts are adapting to increased SMI involvement in brand development and platform engagement.⁶ In the United States, product manufacturers have been known to launch trademark infringement suits against each other but generally not against individuals.⁷ The District Court for the Central District of California refused to dismiss direct trademark infringement claims against model, actor, and SMI Molly Sims.⁸ *Petunia Products* could have been the first U.S. case in which an influencer was held liable for promoting a

¹ Joseph Pisani & Theo Francis, *These TikTok Stars Made More Money Than Many of America's Top CEOs*, WALL ST. J. (Jan. 13, 2022), <https://www.wsj.com/articles/these-tiktok-stars-made-more-money-than-many-of-americas-top-ceos-11642078170>.

² *Id.*

³ *Id.*

⁴ Abigail Freeman, *Top-Earning TikTok-ers 2022: Charli and Dixie D'Amelio and Addison Rae Expand Fame — And Paydays*, FORBES (Jan. 7, 2022), <https://www.forbes.com/sites/abrambrown/2022/01/07/top-earning-tiktokers-charli-dixie-damelio-addison-rae-bella-poarch-josh-richards/?sh=72758a113afa>.

⁵ *Advertising Regulations Harm Social Media Influencers, Followers, and Marketers Alike*, HUB (Apr. 15, 2019), <https://hub.jhu.edu/2019/04/15/itay-fainmesser-social-media-influencers-regulations/>.

⁶ *See generally* *Petunia Prods., Inc. v. Rodan & Fields, LLC*, No. 821CV00630 CJC (ADS), 2009 WL 4261189 (S.D. Cal. Aug. 6, 2021); Jasmine Jackson, *Cruelty-Free Makeup Co. Drops 'Brow Boost' TM Suit*, LAW360 (July 29, 2022), <https://www.law360.com/articles/1515912/cruelty-free-makeup-co-drops-brow-boost-tm-suit> (since writing this Comment in 2021, the trademark case against Rodan & Fields and SMI Molly Sims has been dropped after the companies reached an "undisclosed settlement" though there will not be a decision on the merits, the issues and analysis remain salient).

⁷ Michael Seror & Michael Worth, *Social Media Influencers Could Become the Targets of Trademark Infringement Lawsuits*, JD SUPRA (Aug. 18, 2021), <https://www.jdsupra.com/legalnews/social-media-influencers-could-become-6765870/>; Samantha Handler, *Influencers Risk Trademark Suits After Judge Rejects Dismissal*, BL (Aug. 12, 2021), <https://news.bloomberglaw.com/ip-law/influencers-risk-trademark-suits-after-judge-rejects-dismissal>.

⁸ Handler, *supra* note 7.

product that infringes a trademark.⁹ It suggests a shift in trademark infringement enforcement to potentially hold SMIs directly liable, resembling a trend already evident in European courts.¹⁰

In the July 2019 case *FERRARI S.p.A. v. Philipp Plein International AG*, the Court of Genoa clarified its stance on the use of third-party trademarks by influencers.¹¹ The Italian court ultimately held that SMIs' use of third-party trademarks is lawful if the owner has authorized them to do so or if the images are not used only for commercial or advertising purposes.¹² In both *FERRARI S.p.A.* and *Petunia Products*, the courts tackled an issue that has been gaining prominence¹³ in the most digital era yet¹⁴—how to deblur the lines between what is private, public, and commercial on social media.

This Comment explores the emerging issue of SMI regulation through a comparative lens. Part I delves into the expanding reach and impact of social media influencers worldwide as well as their use of the most powerful platforms to engage with audiences young and old. Understanding just how deep fan loyalty has become and how some SMIs are capitalizing on these relationships offers a context for examining the perceived need for new rules to regulate their online conduct. Part II analyzes regulations in the United States and their transitional trajectories against the backdrop of the *Petunia Products* case. With these in conjunction, it becomes clearer that the United States needs to adapt its practices to safeguard the public and trademark owners more efficiently. Part III presents a comparative overview of similar procedures in some European countries. Finally, Part IV looks toward the future of dealing with Federal Trade Commission (FTC) enforcement and trademark infringement in the United States.

⁹ Marie-Andrée Weiss, *Brow-Raising TM Case Could Reshape Influencer Contracts*, LAW360 (Sept. 10, 2021), <https://www.law360.com/articles/1420414/brow-raising-tm-case-could-reshape-influencer-contracts>.

¹⁰ See Trib. Genova, 2 aprile 2020, n. 15049 (It.), https://www.iplawwatch.com/wp-content/uploads/2020/11/Ferrari_plein-Milano-judgement.pdf.

¹¹ *Id.*

¹² *Influence or Advertising? How Philip Plein's Use of Ferrari's Logos on Instagram Landed the Parties in Court*, FASHION LAW (July 24, 2020) [hereinafter *Influence or Advertising?*], <https://www.thefashionlaw.com/influence-or-advertising-how-philipp-pleins-use-of-ferraris-logos-on-instagram-landed-the-parties-in-court/>.

¹³ Benedikt Kammel, *Ferrari Sues Influencer over Racy Instagram Posts*, BLOOMBERG (Aug. 2, 2019), <https://www.bloomberg.com/news/articles/2019-08-02/at-ferrari-a-battle-over-bikinis-sneakers-and-a-garden-hose>.

¹⁴ Justin Grome, *The Business Benefits of Living in the Most Digital Era Yet*, FORBES (Jan. 24, 2022), <https://www.forbes.com/sites/forbesbusinesscouncil/2022/01/24/the-business-benefits-of-living-in-the-most-digital-era-yet/?sh=595cf5fb67b8>.

This Comment contends that, by creating stronger more narrowly tailored government regulations like those in some E.U. Member States, the United States could, and should, offer increased protection for trademark owners as the grip of those influencers with the highest followings continues to tighten over consumers. Evolving FTC guidelines to speak more specifically about SMI trademark infringement would open additional necessary avenues through which some influencers' deceptive, misleading, or improper practices should be challenged.¹⁵

I. THE RISE OF THE SOCIAL MEDIA INFLUENCER

Social media has become the largest expenditure category for many companies' promotion budgets.¹⁶ As such, consumers are turning more and more toward those who are influencing social channels with their posts, pictures, and promotions.¹⁷ Within this booming field, SMIs are independent third-party endorsers who shape audience attitudes through their social media activity, facilitating connectedness and highlighting recommendations.¹⁸ SMIs rely on a variety of platforms to produce regular media content and practice peer-to-peer engagement with the public.¹⁹ Some SMIs have become famous outside of social media but then use social media platforms to advance their influence further.²⁰ Other SMIs are "born and raised" on social media platforms and derive all of their fame from them.²¹ Regardless of their celebrity status outside of social media, influencers have heightened capabilities to associate with their respective audiences because of platforms' easy methods of interaction.²²

¹⁵ Linda Friedman, *Online Use of Third Party Trademarks: Can Your Trademark be Used Without Your Permission?*, A.B.A. (Feb. 20, 2016), https://www.americanbar.org/groups/business_law/publications/blt/2016/02/03_friedman/.

¹⁶ THOMAS DUENING ET AL., *TECHNOLOGY ENTREPRENEURSHIP* 240 (2021).

¹⁷ See Simon Kemp, *TikTok Hits 1 Billion Users – Faster than Facebook (and More New Stats)*, HOOTSUITE (Oct. 21, 2021), <https://blog.hootsuite.com/simon-kemp-social-media/>.

¹⁸ Carsten Schwemmer & Sandra Ziewiecki, *Social Media Sellout: The Increasing Role of Produce Promotion on YouTube*, *SOC. MEDIA & SOC'Y* 1, 2 (2018).

¹⁹ Sofia Ranchordás & Catalina Goanta, *The Regulation of Social Media Influencers: An Introduction in THE REGULATION OF SOCIAL MEDIA INFLUENCERS* 1, 6 (Sofia Ranchordás & Catalina Goanta eds., 2020).

²⁰ *Id.* at 7.

²¹ *Id.*

²² Andrew Arnold, *Why YouTube Stars Influence Millennials More than Traditional Celebrities*, *FORBES* (June 20, 2017), <https://www.forbes.com/sites/under30network/2017/06/20/why-youtube-stars-influence-millennials-more-than-traditional-celebrities/#269674ab48c6>; see generally Celie O'Neil-Hart & Howard Blumenstein, *Why YouTube Stars are More Influential than Traditional Celebrities*, *THINK WITH GOOGLE* (July 2016), <https://www.thinkwithgoogle.com/consumer-insights/youtube-stars-influence/>.

There are four main tiers of SMIs based on follower count: mega (more than one million), macro (500,000 to one million), micro (10,000 to 50,000), and nano (less than 10,000).²³ On average, in 2021, mega influencers made \$6,786, and macro influencers made \$5,043 per post.²⁴

The beginning of the isolating COVID-19 pandemic in 2020 also marked the start of a year that would ironically bring everyone closer together through social media.²⁵ The platforms that, in one sense, offered a lifeline of informative updates also became avenues to shared experiences and a modern sense of interconnectedness.²⁶ In a 2020 study, over fifty percent of social media users were found to have preferred getting product information from influencers rather than straight from the brand or advertiser source.²⁷ Creators also generally upped their social media output in 2019 and 2020.²⁸

Americans spent an average of eighty-two minutes per day on social media in 2020.²⁹ In July 2021, there were 4.48 billion social media users around the world, making up more than half of the total global population.³⁰ Approximately 233 million Americans were using some type of social media in 2021, which equates to seventy-two percent of the public.³¹

The influencer marketing market is expected to reach \$16.4 billion in 2022, which is a noticeable increase from \$1.7 billion in 2016.³² As of June 22, 2021,

²³ Kelly Ehlers, *Micro-Influencers: When Smaller is Better*, FORBES (June 2, 2021), <https://www.forbes.com/sites/forbesagencycouncil/2021/06/02/micro-influencers-when-smaller-is-better/?sh=1036bf0c539b>.

²⁴ Marta Biino, *How Much Money Nano, Micro, and Macro Influencers Earn Per Post*, BUS. INSIDER (Mar. 22, 2022), <https://www.businessinsider.com/how-much-influencers-are-paid-per-sponsored-post-tiktok-youtube-2022-3>.

²⁵ See Rani Molla, *Posting Less, Posting More, and Tired of it All: How the Pandemic has Changed Social Media*, VOX (Mar. 1, 2021), <https://www.vox.com/recode/22295131/social-media-use-pandemic-covid-19-instagram-tiktok>.

²⁶ *Id.*

²⁷ Ana Gotter, *Influencer Marketing in 2020: 5 Guidelines for Maximizing the Results of Working with Influencers*, AD ESPRESSO (Feb. 11, 2020), <https://adespresso.com/blog/influencer-marketing-guidelines/#FTC>.

²⁸ Werner Geyser, *The State of Influencer Marketing Benchmark Report*, INFLUENCER MKTG. HUB (Jan. 6, 2021), <https://influencermarketinghub.com/influencer-marketing-benchmark-report-2021/>.

²⁹ Molla, *supra* note 25.

³⁰ *Global Social Media Stats*, DATAREPORTAL, <https://datareportal.com/social-media-users> (last visited Oct. 26, 2021).

³¹ Jay Baer, *Social Media Usage Statistics for 2021 Reveal Surprising Shifts*, CONVINC & CONVERT, <https://www.convinceandconvert.com/social-media-research/social-media-usage-statistics/> (last visited Oct. 26, 2021); *Social Media Fact Sheet*, PEW RSCH. CTR. (Apr. 7, 2021), <https://www.pewresearch.org/internet/fact-sheet/social-media/>.

³² Jacinda Santora, *100 Influencer Marketing Statistics for 2021*, INFLUENCER MKTG. HUB, <https://influencermarketinghub.com/influencer-marketing-statistics/> (last updated Sept. 7, 2021); Rohit Chopra,

the influencer marketing industry made up roughly fifteen percent of global advertising spending.³³ Influencer marketing is preferred by some advertisers for its scalability, or the ability to adjust the size of a campaign, which can provide a significant advantage over social activity using official brand accounts.³⁴ Creating a larger campaign just means working with more influencers, which expands the industry even further.³⁵

With adolescents spending seventy-six percent longer on social media apps in 2020 than in 2019, it makes sense that children and teenagers are closely following the advice given by SMIs, even aspiring to future careers like the influencers they admire.³⁶ According to a Facebook-commissioned online study, sixty percent of consumers worldwide would follow a brand on Instagram if it was being promoted by a creator who shared the consumer's values and interests.³⁷ At the reach of a screen or button, influencers have become trusted peers because they exude authenticity, access, and relatability.³⁸

SMI content is different from traditional television or billboard advertisements³⁹ because "social media blurs the boundaries between private and public life, between the personal and commercial activity."⁴⁰ Endorsements by SMIs become intertwined with narrations of everyday life in social media posts.⁴¹ Additionally, even though some influencers may be unaware of their infringing or deceptive practices, many influencers lawlessly promote on social media, rarely disclosing compensation or connection to brands.⁴² Even some

Regarding the Endorsement Guides Review Commission File No. P204500 2 (Feb. 12, 2020), https://www.ftc.gov/system/files/documents/public_statements/1566445/p204500_-_endorsement_guides_reg_review_-_chopra_stmt.pdf.

³³ *IP for Social Media Influencers and Content Creators*, MICHELSON INST. INTELL. PROP. (June 22, 2021), <https://michelsonip.com/how-to-protect-your-digital-content/>.

³⁴ Geyser, *supra* note 28.

³⁵ *Id.*

³⁶ *Id.*

³⁷ *How CPG Brands Can Leverage Influencer Marketing to Drive Results*, META FOR BUS. (June 22, 2020) [hereinafter *CPG Brands*], <https://www.facebook.com/business/news/insights/how-cpg-brands-can-leverage-influencer-marketing-to-drive-results>.

³⁸ Ranchordás & Goanta, *supra* note 19, at 5.

³⁹ Arielle Percival, *Social Networks, Counterfeit, and Contributory Trademark Infringement: Are Social Media Giants Still Protected Ten Years After Tiffany?*, 52 U. PAC. L. REV. 877, 885 (2021).

⁴⁰ Rosasana Ducato, *One Hashtag to Rule Them All? Mandated Disclosures and Design Duties in Influencer Marketing Practices*, in *THE REGULATION OF SOCIAL MEDIA INFLUENCERS* 232–33 (Sofia Ranchordás & Catalina Goanta eds., 2020).

⁴¹ *See id.*

⁴² Jack Garson, *How to Be an Influencer and Not Get Sued*, FORBES (May 7, 2019), <https://www.forbes.com/sites/jackgarson/2019/05/07/how-to-be-an-influencer-and-not-get-sued/?sh=48a4f9f3645a>.

non-influencer users are pretending to be sponsored by incorporating illusory product placements in their posts.⁴³ In turn, many consumers have come to believe that SMIs are merely praising products or services rather than endorsing them.⁴⁴ Also, important is that digital marketing, unlike traditional advertisements, is algorithmically catered to social media preferences and browsing history, which muddles consumers' experiences even further.⁴⁵

Deeper conviction and fan loyalty can be built when influencers have larger followings and more productive activity on their accounts.⁴⁶ Analytics regarding an influencer's activities on platforms, therefore, can dictate the scope of their relationships with brands.⁴⁷ Relevant data includes an SMI's number of followers, subscribers, views, likes and dislikes, as well as reposts.⁴⁸ Data also reflects the depth of the influencer's reach (the total number of people who see the SMI's content) and impressions (the total number of times social media browsers have displayed the SMI's content).⁴⁹

Brands will either focus on a reach or niche SMI, closely resembling the macro versus micro tiers, respectively.⁵⁰ Whereas the reach method caters to mass appeal toward a larger audience, the niche approach focuses on targeted groups, cost-effectiveness, engagement, authenticity, and accessibility.⁵¹ Brands also have a variety of business models for their collaborations with social media influencers.⁵² The affiliate marketing strategy facilitates monetary payments to content publishers when users click their customized URLs.⁵³ For example, an SMI may receive payment for posting a discount code and corresponding link. An exchange of goods or services occurs when a brand offers a SMI goods or services for a post, review, mention, or story.⁵⁴ Endorsement deals provide a

⁴³ Laurence Scott, *A History of the Influencer, from Shakespeare to Instagram*, NEW YORKER (Apr. 21, 2019), <https://www.newyorker.com/culture/annals-of-inquiry/a-history-of-the-influencer-from-shakespeare-to-instagram>.

⁴⁴ Garson, *supra* note 42.

⁴⁵ *Social Media Marketing: Are You Following Copyright Law?*, HANOVER INS. GRP. (2020), <https://epicbrokers.com/wp-content/uploads/2021/02/Hanover-CIS-SocialMedia-Marketing-20210208.pdf>.

⁴⁶ Ranchordás & Goanta, *supra* note 19, at 6.

⁴⁷ *Id.* at 8; Kayla Carmicheal, *Social Media Impressions vs. Reach: What's More Important*, HUBSPOT (Nov. 22, 2019), <https://blog.hubspot.com/marketing/impressions-vs-reach>.

⁴⁸ Carmicheal, *supra* note 47.

⁴⁹ Ranchordás & Goanta, *supra* note 19, at 8; Carmicheal, *supra* note 47.

⁵⁰ *Influencer Marketing: Social Media Influencer Market Stats and Research for 2021*, BUS. INSIDER, <https://www.businessinsider.com/influencer-marketing-report?r=DE&IR=T> (last updated Jan. 6, 2021).

⁵¹ *Id.*

⁵² Ranchordás & Goanta, *supra* note 19, at 10–11.

⁵³ *Id.* at 10.

⁵⁴ *Id.*

framework by which the SMI, as somewhat of a brand ambassador, enters into an often exclusive contract with the brand to produce ads.⁵⁵ Finally, SMIs could be the producer or provider of goods or services themselves, which may complicate their exact roles.⁵⁶ SMI marketing can potentially develop deeper levels of trustworthiness and authenticity in the eyes of consumers.⁵⁷ This bond, however, is easily erased when an influencer loses credibility, especially as consumers continue to become more skeptical on social media.⁵⁸

A. *Social Media Platforms and How SMIs Use Them*

Platforms' terms of use usually deny access to infringers and prohibit content if it violates others' rights.⁵⁹ In addition, most have takedown procedures whereby trademark and copyright owners can request that content, including user-generated material, be removed.⁶⁰ Top social media platforms for influencer marketing in 2021 were YouTube, Twitter, Instagram, TikTok,⁶¹ and Facebook.⁶² In a study conducted by Pew Research Center, a majority of eighteen to twenty-nine-year-olds said that they used Instagram or Snapchat, with half using TikTok, whereas only two percent of adults sixty-five and older use Snapchat.⁶³ Facebook and YouTube remain more well-liked with older populations.⁶⁴

1. *Instagram*

Instagram has been deemed the “network of choice for influencer marketing campaigns” with a continuous increase in overall SMI marketing across 2020

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *CPG Brands*, *supra* note 37; *see Percival*, *supra* note 39 (“The brand benefits from this form of advertisement because by picking an influencer whose audience (i.e., the influencer’s ‘followers’) is within a desired demographic, the brand’s product or service reaches consumers in an authentic (because the follower trusts the influencer’s referral), more direct, and immediate manner.”).

⁵⁸ Peter Suci, *Can We Trust Social Media Influencers*, FORBES (Dec. 20, 2019), <https://www.forbes.com/sites/petersuci/2019/12/20/can-we-trust-social-media-influencers/?sh=1e29bd1e63e8>.

⁵⁹ Friedman, *supra* note 15.

⁶⁰ *Id.*

⁶¹ Dana Kachan, *Top 5 Social Media Platforms for Influencer Marketing in 2021*, HACKER NOON (Sept. 10, 2021), <https://hackernoon.com/top-5-social-media-platforms-for-influencer-marketing-in-2021>.

⁶² *See Geysler*, *supra* note 28 (where Facebook was being used at comparable rates to TikTok).

⁶³ Brook Auxier & Monica Anderson, *Social Media Use in 2021*, PEW RSCH. CTR. (Apr. 7, 2021), <https://www.pewresearch.org/internet/2021/04/07/social-media-use-in-2021/>.

⁶⁴ *Id.*

and 2021.⁶⁵ On the platform, influencers can use IGTV to create videos up to sixty minutes long which could include full tutorials of products, “how-to” series, or in-depth reviews.⁶⁶ Instagram users can also schedule posts for up to six months in advance—a feature catering to brand relationships, especially those with endorsement deals.⁶⁷ In 2020, Instagram introduced badges in Live: purchasable virtual stickers, which reflect fan support and generate creator profits.⁶⁸ Other features, including In-Stream video ads, Live Shopping, Brand Collabs Manager, and Branded Content ads, are driving value for creators and aiding collaboration between SMIs and brand partners.⁶⁹

Though these new developments are making it even easier for brands and influencers to work together,⁷⁰ Instagram has been enforcing measures to protect trademarks on its platform for years.⁷¹ In 2015, French luxury fashion brand Chanel lodged a complaint against Chanel Bonin regarding her Instagram profile.⁷² Bonin started the account “@chanel” on the app in 2011, about three years before the clothing company began using its “@chanelofficial” handle.⁷³ In some of her posts, Bonin included products bearing the “Chanel” and “CC Monogram” marks.⁷⁴ There were also comments under her pictures that referred to her account as “the Chanel account.”⁷⁵ Even though it is uncertain whether Chanel instigated the proceedings against Bonin through the platform, Instagram seemingly still played a role in the dispute by temporarily disabling Bonin’s account and deactivating her posts that contained Chanel’s trademarks.⁷⁶ Today,

⁶⁵ Geyser, *supra* note 28.

⁶⁶ Gotter, *supra* note 27.

⁶⁷ *Id.*

⁶⁸ *Bringing Badges in Live to More Creators*, INSTAGRAM FOR BUS. (Oct. 20, 2020), https://business.instagram.com/blog/bringing-badges-in-live-to-more-creators?ref=igb_blog_branded_content_updates.

⁶⁹ *Doing More to Support Creators on Instagram*, INSTAGRAM FOR BUS., (May 27, 2020), https://about.instagram.com/blog/announcements/supporting-creators-on-instagram?ref=igb_blog_branded_content_updates; *More Branded Content Capabilities on Instagram*, INSTAGRAM FOR BUS. (Nov. 20, 2020), <https://business.instagram.com/blog/more-branded-content-capabilities-on-instagram>.

⁷⁰ Press Release, Instagram, New Ways for Creators and Brands to Connect and Collaborate on Instagram (Oct. 22, 2021), <https://business.instagram.com/blog/creators-brands-collaborate-content/>.

⁷¹ See Anurita S. Varma, *Buy It, Wear It, Love It ... Just Don't Copy It: Chanel's Aggressive Actions to Protect Its Trademarks*, MONDAQ (Feb. 10, 2017), <https://www.mondaq.com/unitedstates/trademark/567540/buy-it-wear-it-love-it-just-don39t-copy-it-chanel39s-aggressive-actions-to-protect-its-trademarks>.

⁷² *Id.*

⁷³ *Id.*

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ *Id.*

to her 41.2 thousand Instagram followers, Bonin still goes by “@chanel”⁷⁷ raising the question of whether the brand or influencer actually prevailed. Instagram warns, however, that it will disable accounts of users who “repeatedly post content that infringes someone else’s intellectual property rights.”⁷⁸

2. YouTube

YouTube was the most lucrative platform for brand deals in 2021, with businesses paying creators and influencers an average of \$4,500 per post to advertise their products and services.⁷⁹ Seventy percent of the platform’s users watch videos on their mobile devices, and cumulatively, its users watch over one billion hours of content on YouTube per day.⁸⁰ The platform offers users the ability to submit trademark complaint forms, but it still recommends that trademark owners speak directly with creators to solve any issue, as the platform does not mediate trademark disputes.⁸¹

3. TikTok

As social media users’ attention spans are progressively shrinking,⁸² TikTok has become a dominant short-form video force, making it the most downloaded app of 2020.⁸³ Kids aged four to fifteen in the United States, United Kingdom, and Spain spend an average of seventy-five minutes per day on the platform.⁸⁴ TikTok engagement rates are much higher for influencers of all reaches compared to those on Instagram and YouTube.⁸⁵ Eighty-seven percent of SMIs on the app receive higher audience shares from TikTok over other platforms.⁸⁶

⁷⁷ Chanel Bonin (@chanel), INSTAGRAM, <https://www.instagram.com/chanel/?hl=en> (last visited Feb. 14, 2022).

⁷⁸ *Help Center: Repeat Infringer Policy*, META, <https://help.instagram.com/126382350847838> (last visited Feb. 8, 2022).

⁷⁹ Biino, *supra* note 24.

⁸⁰ Chris Kubbernus, *16 Social Media Statistics You Need to Know for 2021*, KUBBCO (Jan. 6, 2021), <https://www.kubbco.com/16-social-media-statistics-you-need-to-know-for-2021/>.

⁸¹ *YouTube Help: Trademark*, GOOGLE, <https://support.google.com/youtube/answer/6154218?hl=en> (last visited Feb. 8, 2022).

⁸² See Margaret Davis, *TikTok is Bad for Your Brain: Constant Social Media Streaming Narrows Collective Attention Span, Adversely Affects Mental Health*, SCI. TIMES (Oct. 25, 2021), <https://www.sciencetimes.com/articles/34138/20211025/tiktok-bad-brain-constant-social-media-streaming-narrows-collective-attention.htm>.

⁸³ Kubbernus, *supra* note 80.

⁸⁴ Geysler, *supra* note 28.

⁸⁵ *Id.*

⁸⁶ *What Vision Do Advertisers and Influencers Have of Marketing With Influencers on TikTok?*, SOCIALPUBLI (2021), <https://socialpubli.com/es/blog/estudio-tiktok-2021/>.

Since 2020, 86.5% of influencers on TikTok also recognized an increase in their own use of the app with over sixty percent doubling their time.⁸⁷ Though numerous TikTok content creators have audiences spanning tens of millions, like Loren Gray with 54.4 million⁸⁸ or Khabane Lame with 131.9 million,⁸⁹ many do not have registered trademarks for their channel names or brand assets.⁹⁰

4. Facebook

In 2021, 1.82 billion people used Facebook at least once a day.⁹¹ A Facebook campaign that combines regular and influencer advertisements is eighty-five percent more likely to increase shopping activity over merely using regular advertisements alone.⁹² Facebook published an influencer marketing guide in 2021 that contained marketing notes, statistics, suggestions, and insights.⁹³ According to its policies, advertisements “must not contain deceptive, false, or misleading claims.”⁹⁴ The regulations also prohibit third-party infringement as advertisements “must not contain content that infringes upon or violates the rights of any third party, including copyright, trademark, privacy, publicity, or other personal or proprietary rights.”⁹⁵

Facebook Live, one of Facebook’s in-app features, allows users to broadcast live videos across multiple platforms at the same time. In Watch Parties, SMIs can now tag branded content partners, expanding influencer reach and collaboration efforts.⁹⁶ Facebook reserves the right to remove or reclaim a

⁸⁷ *Id.*

⁸⁸ Loren Gray (@lorengray), TIKTOK, <https://www.tiktok.com/@lorengray> (last visited Feb. 14, 2022).

⁸⁹ Khabane Lame (@khaby.lame), TIKTOK, <https://www.tiktok.com/@khaby.lame> (last visited Feb. 14, 2022).

⁹⁰ Tim Lince, *Most TikTok Influencers at Risk of Brand Infringement; Urged to Consider Trademark Protection*, WORLD TRADEMARK REV. (Feb. 27, 2020), <https://www.worldtrademarkreview.com/anti-counterfeiting/most-tiktok-influencers-risk-of-brand-infringement-urged-consider-trademark>.

⁹¹ Kubbernus, *supra* note 80.

⁹² *Grow Brand Awareness and Sales with Influencer Marketing*, META FOR BUS. (Dec. 13, 2021), https://www.facebook.com/business/news/insights/grow-brand-awareness-and-sales-with-influencer-marketing-au?ref=search_new_8.

⁹³ Andrew Hutchinson, *Facebook Publishes New Guide to Influencer Marketing and Its Rising Benefits*, SOCIAL MEDIA TODAY (Dec. 8, 2021), <https://www.socialmediatoday.com/news/facebook-publishes-new-guide-to-influencer-marketing-and-its-rising-benefit/611205/>.

⁹⁴ *Advertising Policies*, FACEBOOK, https://www.facebook.com/policies_center/ads (last visited Jan. 10, 2021).

⁹⁵ *Id.*

⁹⁶ Emmi, *Influencer Marketing Strategies in 2020: 5 New Guidelines for Maximizing your Efforts*, INFLUENCE MEDIA (Mar. 3, 2021), <https://www.influencemedia.co/influencer-marketing-strategies-in-2020-5-new-guidelines-for-maximizing-your-efforts-2/>.

username if a trademark owner believes the username does not convey the user's actual name.⁹⁷ Under the terms of use, users can also create a page to express brand support, remaining conscious not to cause any confusion with the brand's official page or violate another party's rights.⁹⁸

Ultimately, constant use of social media creates constant challenges for intellectual property law.⁹⁹ The surge of user-generated content online, along with a multitude of domain name registration options and increased advertiser competitors have made the burden on trademark owners to police others' use of their marks much heavier.¹⁰⁰

II. THE UNITED STATES' APPROACH TO REGULATING INFLUENCER MARKETING

A. *Trademark Laws in the United States*

Unlike patents and copyrights, trademarks are governed by both federal and state law, with the Lanham Act being the primary federal statute.¹⁰¹ The Act defines a trademark as

[A]ny word, name, symbol, or device, or any combination thereof – (1) used by a person, or (2) which a person has a bona fide intention to use in commerce . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.¹⁰²

A trademark not only identifies a source but it also becomes part of a product, with the two working in tandem to reflect a brand.¹⁰³ To be legally protectable,

⁹⁷ Friedman, *supra* note 15.

⁹⁸ *Id.*

⁹⁹ Yucheng Wang, *Social Media Brings New Challenges on Intellectual Property Law*, U. ILL. CHI. L. REV. (June 20, 2017), <https://lawreview.law.uic.edu/news-stories/social-media-brings-new-challenges-on-intellectual-property-law/>.

¹⁰⁰ Friedman, *supra* note 15.

¹⁰¹ PETER MENELL ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 38 (2019) [hereinafter *NEW TECHNOLOGICAL AGE*].

¹⁰² 15 U.S.C. § 1127.

¹⁰³ Stacey Dogan & Mark Lemley, *The Merchandising Right: Fragile Theory or Fair Accompli?*, 54 EMORY L.J. 461, 474 (2005).

a word mark¹⁰⁴ must be distinctive,¹⁰⁵ a requirement typically tested using the *Abercrombie* spectrum of distinctiveness, which categorizes various types of marks by strength and need for secondary meaning.¹⁰⁶ Fanciful (i.e., GOOGLE for online services), arbitrary (i.e., APPLE for computers), and suggestive (i.e., NETFLIX for streaming services) marks are “inherently distinctive” and can be immediately protected as trademarks.¹⁰⁷ Marks that are descriptive (i.e., COLD AND CREAMY for ice cream) are conversely not legally protectable instantly upon first use but may become protectable if they acquire secondary meaning.¹⁰⁸ This means that the term acquires a secondary, source-identifying value while retaining its primary descriptive meaning.¹⁰⁹ Generic terms (i.e., BREAD for a loaf of bread) are publicly understood as common names for products or services and are not protectable.¹¹⁰ Federal registration of a trademark, administered by the United States Patent and Trademark Office (USPTO), provides constructive notice and use, prima facie evidence of mark validity, and a basis for filing trademark protection abroad, amongst other benefits.¹¹¹

Because trademarks are designed to ensure that products come from where they are purported to originate, the laws concerning them aim to safeguard consumers.¹¹² The underlying purposes of trademark law are to protect consumers from deception and confusion,¹¹³ safeguard authenticity of goods,¹¹⁴ and deter unfair competition.¹¹⁵ These purposes are accomplished by facilitating

¹⁰⁴ See also *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977) (where distinctiveness of non-word marks and trade dress is traditionally measured by the Seabrook factors: (1) the design or shape was a common, basic shape or design; (2) design or shape was a unique or unusual in a particular field; and (3) the design or shape was a “mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods”).

¹⁰⁵ 15 U.S.C. § 1127 (a trademark must “identify and distinguish”).

¹⁰⁶ *Fact Sheet: Introduction to Trademarks*, INT’L TRADEMARK ASSOC. (Nov. 5, 2020), <https://www.inta.org/fact-sheets/trademark-strength/>; *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

¹⁰⁷ J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 3:1 (5th ed.) (inherently distinctive trademarks “are so distinctive in and of themselves that they are irrefutably presumed to have achieved customer recognition as a symbol of origin immediately upon first use as a mark”).

¹⁰⁸ *Id.*

¹⁰⁹ PETER MENELL ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE: 2020 893 (2020) [hereinafter NEW TECHNOLOGICAL AGE: 2020].

¹¹⁰ *Id.*

¹¹¹ *Why Register Your Trademark?*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/trademarks/basics/why-register-your-trademark> (last visited Feb. 8, 2022).

¹¹² NEW TECHNOLOGICAL AGE, *supra* note 101, at 873.

¹¹³ MCCARTHY, *supra* note 107, § 2:2.

¹¹⁴ NEW TECHNOLOGICAL AGE: 2020, *supra* note 109, at 893.

¹¹⁵ See *id.*

the flow of truthful information and reducing consumer search costs.¹¹⁶ The security trademark law creates “superimpos[es] ethical and moral norms on the competitive process,” which, in turn, reflect “society’s concept that certain forms of competitive behavior are unacceptable and unfair.”¹¹⁷

Trademark infringement is thus not only illegal but also ethically and morally “unfair” to competitors and consumers alike.¹¹⁸ Infringement may also lead to an injunction, the fundamental Lanham Act remedy,¹¹⁹ that could result in required turnovers of SMI domains, accounts, or even entire online operations.¹²⁰ Any trademark user bears the responsibility of respecting the intellectual property owner’s rights in addition to following applicable laws and terms of use.¹²¹ An infringing use is one that is likely to cause confusion, which both state and federal trademark laws protect against.¹²² The Lanham Act also creates a cause of action against cyberpiracy¹²³ when a person, with a bad faith intent to profit from the use, registers or uses a domain name either identical or confusingly similar to an already-owned trademark.¹²⁴ Using another’s trademark can be permitted, however, if the use qualifies as fair use.¹²⁵ In line with the First Amendment, the fair use doctrine allows for use of another’s trademark in a non-trademark sense to describe another product or in its trademark sense to refer to the trademark owner or its product.¹²⁶ Under a likelihood of confusion analysis, however, the fair use doctrine reflects societal norms by defining this likelihood by what consumers *perceive* to be confusing.¹²⁷ Further, trademark law creates societal norms by establishing standards that shape consumer beliefs.¹²⁸ In this way, trademark law actually leads, rather than follows, consumer expectations.¹²⁹

¹¹⁶ Dogan & Lemley, *supra* note 103, at 12.

¹¹⁷ MCCARTHY, *supra* note 107, § 2:9.

¹¹⁸ *Id.*

¹¹⁹ NEW TECHNOLOGICAL AGE: 2020, *supra* note 109, at 1153.

¹²⁰ Andrew Contiguglia, *Top 5 Legal Concerns for Influencers on Social Media*, CONTIGUGLIA (June 17, 2020), <https://contiguglia.com/blog/legal-concerns-for-influencers-on-social-media/>.

¹²¹ Friedman, *supra* note 15.

¹²² *Id.*

¹²³ 15 U.S.C. § 1125(d).

¹²⁴ Friedman, *supra* note 15.

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ Dogan & Lemley, *supra* note 103, at 34.

¹²⁸ *Id.*

¹²⁹ *Id.*

B. False Advertising Laws in the United States

Using another's trademark misleadingly can still give rise to liability regardless of whether there is a trademark infringement claim or federal trademark registration.¹³⁰ Section 43(a) of the Lanham Act provides a cause of action for false advertising.¹³¹ A false advertising claim may arise if an advertisement makes false or misleading statements about the trademark owner or its product in an unfavorable comparison or disparagement.¹³²

C. Consumer Protection Laws in the United States

While Section 43(a) of the Lanham Act provides a private right of action for false or misleading advertising, the Federal Trade Commission (FTC) regulates "unfair or deceptive acts or practices" through its rules, guidelines, and enforcement actions under the Federal Trade Commission Act (FTC Act).¹³³ Using another's trademark or referencing a company in advertising may violate Section 5 of the FTC Act,¹³⁴ which prohibits misleading, deceptive, and unfair advertising.¹³⁵

The FTC created regulations regarding influencer marketing and began enforcing them in 2017.¹³⁶ Its Endorsement Guides, which do not have the force of law, focus on requiring influencers to clearly and conspicuously disclose any material (including personal, familial, employment, or financial) connection with a brand or seller.¹³⁷ They require that disclosure on media platforms be

¹³⁰ Friedman, *supra* note 15.

¹³¹ *Id.*; 15 U.S.C. § 1125(a)(1)(B) ("Any person who . . . uses in commerce any . . . false or misleading description of fact, or false or misleading representation of fact, which . . . in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.").

¹³² *Id.*

¹³³ *Id.*

¹³⁴ 15 U.S.C. § 45.

¹³⁵ Practical Law Commercial Transactions, *Social Media Influencer Marketing Campaigns: Legal Issues Checklist*, THOMSON REUTERS, [https://1.next.westlaw.com/Document/15a70d01e924511e79bef99c0ee06c731/View/FullText.html?context-](https://1.next.westlaw.com/Document/15a70d01e924511e79bef99c0ee06c731/View/FullText.html?contextData=)

[ta=\(sc.Default\)&transitionType=Default&firstPage=true&OWSessionId=2c0a14ebccb6407aa947c5acded4b27f&isplc=true&fromAnonymous=true&bhcp=1&contextData=\(sc.Default\)](https://1.next.westlaw.com/Document/15a70d01e924511e79bef99c0ee06c731/View/FullText.html?contextData=(sc.Default)&transitionType=Default&firstPage=true&OWSessionId=2c0a14ebccb6407aa947c5acded4b27f&isplc=true&fromAnonymous=true&bhcp=1&contextData=(sc.Default)) (last visited Sept. 28, 2022).

¹³⁶ Mark Waxman, *A Primer: Developments in U.S. Influencer Marketing Regulations*, CHIEF MARKETER (Feb. 26, 2020), <https://www.chiefmarketer.com/a-primer-what-marketers-need-to-know-about-influencer-marketing-regulations/>.

¹³⁷ 16 C.F.R. § 255.5 (2012); *The FTC's Endorsement Guides: What People are Asking*, FED. TRADE COMM'N (Aug. 27, 2020), <https://www.ftc.gov/tips-advice/business-center/guidance/ftcs-endorsement-guides->

easily findable and understandable while enabling the consumer to obtain sufficient context to make a judgment on the value of the endorsement.¹³⁸ An endorsement encompasses tags, likes, and pins, amongst other various methods of support.¹³⁹ On January 25, 2022, the FTC also released a guide for marketers regarding soliciting and paying for online reviews.¹⁴⁰ The policy behind the FTC's efforts is to ensure that all parties involved in social media activities are staying "on the right side of the law."¹⁴¹

To mitigate deceptive advertising, the FTC, under Section 5 of the FTC Act, carries out investigations and brings cases surrounding endorsements made on behalf of an advertiser.¹⁴² Although there are no fines for FTC Act violations, such conduct could result in law enforcement action orders requiring defendants to surrender any resulting money made.¹⁴³ The lack of more serious penalties is a main contributor to noncompliance issues.¹⁴⁴ Incentives to comply, other than not wanting to set a bad example,¹⁴⁵ need enhancement.

The FTC is currently ramping up regulations as the trend of influencer marketing steepens in the United States, which will lead to amplified influencer accountability for social media activities.¹⁴⁶ The FTC's Endorsement Guides remain under review, with the likelihood of stricter penalties looming.¹⁴⁷ In February 2020, the FTC accepted relevant comments from the public regarding the publications.¹⁴⁸ Questions included whether or not free or discounted products bias consumer reviews and if technology changes should require Endorsement Guide adaptations.¹⁴⁹ Accompanying the request for comments,

what-people-are-asking#ftcactapply; David Klein, *UK and US Social Media Laws*, MONDAQ (Apr. 8, 2021), <https://www.mondaq.com/unitedstates/social-media/1056702/uk-and-us-social-media-influencer-laws>.

¹³⁸ Waxman, *supra* note 136.

¹³⁹ *Id.*

¹⁴⁰ *Soliciting and Paying for Online Reviews: A Guide for Marketers*, FED. TRADE COMM'N (Jan. 2022), <https://www.ftc.gov/tips-advice/business-center/guidance/soliciting-paying-online-reviews-guide-marketers>.

¹⁴¹ Waxman, *supra* note 136.

¹⁴² *The FTC's Endorsement Guides: What People are Asking*, FED. TRADE COMM'N (Aug. 27, 2020), <https://www.ftc.gov/tips-advice/business-center/guidance/ftcs-endorsement-guides-what-people-are-asking#ftcactapply>.

¹⁴³ *Id.*

¹⁴⁴ Waxman, *supra* note 136.

¹⁴⁵ *Id.*

¹⁴⁶ Klein, *supra* note 137.

¹⁴⁷ *Id.*

¹⁴⁸ *FTC Extends Comment Deadline for Endorsement Guides Review to June 22*, FED. TRADE COMM'N (Mar. 27, 2020), <https://www.ftc.gov/news-events/press-releases/2020/03/ftc-extends-comment-deadline-endorsement-guides-review-june-22>.

¹⁴⁹ *FTC Seeks Public Comment on its Endorsement Guides*, FED. TRADE COMM'N (Feb. 12, 2020), <https://www.ftc.gov/news-events/press-releases/2020/02/ftc-seeks-public-comment-its-endorsement-guides>.

FTC Commissioner Rohit Chopra stated, “[M]isinformation is plaguing the digital economy, and recent no-money, no-fault FTC settlements with well-known retailers and brands to address fake reviews and undisclosed influencer endorsements may be doing little to deter deception.”¹⁵⁰

The FTC may also issue an administrative complaint if it has reason to believe that an advertiser is “engaging in unfair or deceptive practices in commerce.”¹⁵¹ First-time violations are treated as exceptions, but any following violations may lead to a civil penalty of up to \$16,000 daily.¹⁵² The FTC must still determine whether new requirements should be introduced for media platforms and whether to activate civil penalty liability.¹⁵³ With such a variety of channels open to SMIs, consumers, and brands, the FTC is wise to start developing rules that are geared towards the most powerful technologies like Instagram and TikTok.¹⁵⁴

On November 5, 2019, the FTC released “Disclosures 101 for Social Media Influencers.”¹⁵⁵ The resource “provides influencers with tips from FTC staff about what triggers the need for a disclosure and offers examples of both effective and ineffective disclosures.”¹⁵⁶ In addition, it highlights nuances of brand-influencer relationships that necessitate disclosures and emphasizes that SMIs should never assume that followers are cognizant of an influencer’s connection to its sponsor.¹⁵⁷

Since at least 2009, when the FTC revised its Endorsement Guides,¹⁵⁸ endorsers have been made aware that they could be held liable for false or deceptive statements made in advertising.¹⁵⁹ Even though current guidance is

¹⁵⁰ Chopra, *supra* note 32.

¹⁵¹ Curtiss Dosier, *Influencer Marketing: The FTC’s Evolving Policies on Paid Promotion Disclosure*, KNOBBE MARTENS (Mar. 3, 2017), <https://www.knobbe.com/news/2017/03/influencer-marketing-ftcs-evolving-policies-paid-promotion-disclosure>.

¹⁵² *Id.*

¹⁵³ Chopra, *supra* note 32.

¹⁵⁴ *See id.*

¹⁵⁵ *FTC Releases Advertising Disclosures Guidance for Online Influencers*, FED. TRADE COMM’N (Nov. 5, 2019) [hereinafter *Disclosures Guidance*], <https://www.ftc.gov/news-events/press-releases/2019/11/ftc-releases-advertising-disclosures-guidance-online-influencers>; *See generally Disclosures 101 for Social Media Influencers*, FED. TRADE COMM’N, https://www.ftc.gov/system/files/documents/plain-language/1001a-influencer-guide-508_1.pdf.

¹⁵⁶ *Disclosures Guidance*, *supra* note 155.

¹⁵⁷ *Id.*

¹⁵⁸ *Advertisement Endorsements*, FED. TRADE COMM’N, <https://www.ftc.gov/news-events/media-resources/truth-advertising/advertisement-endorsements> (last visited Feb. 15, 2022).

¹⁵⁹ 16 C.F.R. § 255.5 (2012); Megan Bannigan, *Infringing Influencers? Federal Judge Says Sponsored Blogger Can Face Trademark Infringement Liability*, IP WATCHDOG (Aug. 17, 2021),

focused on false advertising, SMIs need to be at least conscious of the consequences their posts might have on intellectual property.¹⁶⁰ Consumer confusion, which is at the heart of a trademark infringement claim, is also at the core of what the FTC is regulating through its attempts to nurture more honest and transparent social media activity.¹⁶¹ In addition, both the FTC and the court in *Petunia Products* are shifting policies to maintain influencer accountability where products or money given to an SMI would affect the weight or credibility that a viewer gives to the review or promotion.¹⁶² It becomes justifiable then to say that

[U]nder the letter of the law it does not seem inherently wrong to hold at the pleading stage that paid endorsers are potentially liable under trademark law for the words they choose to say to consumers on behalf of would-be infringers, particularly when the endorsers actively facilitate consumers' purchase of a product.¹⁶³

Though there is no federal statute providing a private right of action for consumers, state law stipulates that consumers may sue false advertisers or contact the state's attorney general to investigate and enforce against deceptive practices.¹⁶⁴ States' attorneys general and public officials can also send demand letters or file lawsuits seeking injunctive relief or monetary compensation on the public's behalf.¹⁶⁵ Additionally, business competitors can send demand letters and file lawsuits.¹⁶⁶ Consumers and competitors may also file claims with the National Advertising Division (NAD) of the Better Business Bureau, "which initiates an industry self-regulatory dispute proceeding, where non-compliance with a determination by the NAD may result in a referral of the case to the [FTC]."¹⁶⁷

<https://www.ipwatchdog.com/2021/08/17/infringing-influencers-federal-judge-says-sponsored-blogger-can-face-trademark-infringement-liability/id=136816/>.

¹⁶⁰ Bannigan, *supra* note 159.

¹⁶¹ *See id.*

¹⁶² *See* Garson, *supra* note 42; Timothy Shields, *The Legal Risks that Social Media Influencers Encounter*, KELLEY KRONENBERG (Mar. 16, 2021), <https://www.kelleykronenberg.com/category/blog/technology-data-privacy-and-social-media/the-legal-risks-that-social-media-influencers-encounter/>.

¹⁶³ Bannigan, *supra* note 159.

¹⁶⁴ *Selling Under the Influence: How Brands Can Avoid Influencer Advertising Mistakes in the Cross-Border Context*, CURTIS (Jan. 22, 2021) [hereinafter *Selling Under the Influence*], <https://www.curtis.com/our-firm/news/selling-under-the-influence-how-brands-can-avoid-influencer-advertising-mistakes-in-the-cross-border-context>.

¹⁶⁵ *Influencer Marketing Guide*, DLA PIPER 139 (2021), https://sweden.dlapiper.com/sites/default/files/node/field_download/Global%20Influencer%20Guide%20-%20January%202021%20UPDATE%20v3.pdf.

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

Where FTC guidelines are more so focused on the disclosure aspect of influencer marketing,¹⁶⁸ the *Petunia Products* case redefines how and when SMIs are held directly liable for trademark infringement.¹⁶⁹

D. Precedence on the Precipice – Petunia Products Inc. v. Rodan & Fields, et al.

In *Petunia Products*, a California district court began redefining the bounds of SMI liability in trademark infringement.¹⁷⁰ Petunia Products Inc. first registered the trademark “BROW BOOST” back in 2006¹⁷¹ under Class 3,¹⁷² which includes cosmetics and cleaning preparations, in connection with its “Billion Dollar Brows” eyebrow priming and conditioning product.¹⁷³ In April 2020,¹⁷⁴ Petunia brought trademark infringement, false advertising, and unfair business practices claims against skincare company Rodan & Fields (R+F) and SMI Molly Sims.¹⁷⁵ Sims used the hashtag “#BROWBOOST” to promote the R+F “Brow Defining Boost” gel, which performed a similar function¹⁷⁶ to Petunia’s product,¹⁷⁷ to her 587,000 Instagram followers.¹⁷⁸ In the blog post, she also included an R+F link directing visitors to “learn more about how to purchase Brow Defining Boost” and a heading entitled “Shop the Product.”¹⁷⁹

¹⁶⁸ See generally *Disclosures 101 for Social Media Influencers*, *supra* note 155.

¹⁶⁹ See generally *Petunia Prods.*, 2009 WL 4261189.

¹⁷⁰ See Tiffany Hu, *Trademark Cases to Watch in 2022*, LAW360 (Jan. 3, 2022), <https://www.law360.com/articles/1449932/trademark-cases-to-watch-in-2022>.

¹⁷¹ BROW BOOST, Registration No. 3100739.

¹⁷² See *Get Ready to Search – Classification and Design Search Codes*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/trademarks/search/get-ready-search-classification-and-design#Classification%20find%20trademarks%20used%20on%20goods%20and%20services%20related%20to%20yours> (last visited Feb. 15, 2022) (noting the USPTO categorizes goods and services relating to trademarks into forty-five classes which are used on an application for trademark registration).

¹⁷³ Hu, *supra* note 170; Weiss, *supra* note 9.

¹⁷⁴ Weiss, *supra* note 9.

¹⁷⁵ *Petunia Prods.*, 2009 WL 4261189, at *5.

¹⁷⁶ *Id.* at *2.

¹⁷⁷ See *Brow Defining Boost – Light*, RODAN & FIELDS, <https://www.rodanandfields.com/en-us/shop/brow-defining-boost/p/ENEBS> (last visited Feb. 15, 2022) (stating that Rodan & Fields’ Brow Defining Boost “gives the appearance of fuller, thicker + fluffier brows over time for a younger look”).

¹⁷⁸ Victoria Arnold, *Influencer Liability Ruling Opens Door for Direct Infringement Claims, but Brands Must Tread Carefully*, WORLD TRADEMARK REV. (Aug. 30, 2021), https://www.worldtrademarkreview.com/anti-counterfeiting/influencer-liability-ruling-opens-door-direct-infringement-claims-brands-must-tread-carefully?utm_source=The%2Bcounterfeiting%2Bparadox%253B%2Binfluencer%2Bliability%253B%2Bonline%2Bmarkets%2Bto%2B

¹⁷⁹ Weiss, *supra* note 9.

In the Ninth Circuit, to succeed on a trademark infringement claim, a plaintiff must show that the defendant used the plaintiff's trademark in commerce and in a way that was likely to confuse customers as to the product's source.¹⁸⁰ At the core of her request to dismiss Petunia's claims, Sims raised what seemed to be a First Amendment defense¹⁸¹ that the "breathtaking scope" of liability proposed against her would have "dramatic implications for inhibiting legitimate commentary" in conjunction with a fair use defense.¹⁸² Sims argued that liability for trademark infringement should not extend to third parties, like her, sponsoring products without previously having established if they were in violation.¹⁸³ Sims also maintained that her R+F product sponsorship did not constitute infringement because it was not commercial use, rather just mere advertising.¹⁸⁴ The court rejected Sims' arguments and found that her blog post was a "paid advertisement," thus rendering any chance of protected consumer commentary into commercial use.¹⁸⁵ Under the likelihood of confusion analysis,¹⁸⁶ the court also found that Petunia sufficiently argued likelihood of confusion.¹⁸⁷ Since Sims wrote a blog post sponsored by R+F promoting a product that competed with, sounded like, and was marketed through similar channels as those for Petunia's product, the court found it was possible that a consumer would infer affiliation between R+F and Petunia Products.¹⁸⁸

Had *Petunia Products* been affirmed, rather than dropped due to settlement, the inclination to name influencers as additional defendants in order to collect further damages would have been corroborated, making heightened protection measures through the FTC even more crucial for brand-influencer relationships.¹⁸⁹

¹⁸⁰ *Id.*

¹⁸¹ See *Petunia Prods.*, 2009 WL 4261189, at *5 (where the district court found that Sims' blog post reflected more than mere commentary, so was unprotected by the First Amendment).

¹⁸² Hu, *supra* note 170.

¹⁸³ *Petunia Prods.*, 2009 WL 4261189, at *4; Arnold, *supra* note 178.

¹⁸⁴ *Petunia Prods.*, 2009 WL 4261189, at *5; Arnold, *supra* note 178.

¹⁸⁵ *Petunia Prods.*, 2009 WL 4261189, at *6.

¹⁸⁶ *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 348 (9th Cir. 1979) (considering eight factors (the *Sleekcraft* factors) to determine whether a use creates a likelihood of confusion: (1) strength of the mark, (2) proximity or relatedness of the goods, (3) similarity of the sight, sound and meaning of the marks, (4) evidence of actual confusion, (5) degree to which the marketing channels converge, (6) types of goods and degree of care consumers are likely to exercise when purchasing them, (7) intent of defendants in selecting the infringing mark, and (8) likelihood that the parties will expand their product lines).

¹⁸⁷ *Petunia Prods.*, 2009 WL 4261189, at *6.

¹⁸⁸ *Id.* at *7.

¹⁸⁹ See Arnold, *supra* note 178; Seror & Worth, *supra* note 7.

III. EUROPE'S APPROACH TO REGULATING INFLUENCER MARKETING

The European Union (E.U.) is more active than the United States in regulating SMIs.¹⁹⁰ Social media marketing has become a billion-Euro business based on a digital form of word-of-mouth advertising.¹⁹¹ Utilizing SMIs across the continent has been described as “a well-known effective marketing technique which relies on the endorsement of information by trusted individuals within small communities or networks built on the basis of mutual trust and repeated interactions.”¹⁹² Under the European Union's Unfair Commercial Practice Directive (UCPD), “traders” are obliged to disclose any commercial nature of their practice if not immediately recognizable contextually.¹⁹³ In that scenario, an SMI must be performing a commercial practice by creating posts likely to distort consumers' transactional behavior.¹⁹⁴ Many European countries, including France, Germany, Italy, and Spain, have already implemented much stricter regulations than those in the United States, with fines for infringements amounting to as much as €300,000 and prison time.¹⁹⁵

The European Competition Network (ECN) is made up of the European Commission (EC) and national competition authorities in E.U. Member States and aims to enforce EC competition laws against companies engaging in harmful cross-border commercial activities.¹⁹⁶ The ECN created UCPD¹⁹⁷ in 2005, enabling national enforcers to help curb unfair business practices including disseminating untruthful information or partaking in aggressive marketing techniques.¹⁹⁸ As a part of its “New Deal for Consumers” initiative, the ECN amended the UCPD in 2019 to align with modernization and stronger enforcement of E.U. consumer protection rules.¹⁹⁹ In its amendment, the ECN focused on creating individual remedies for consumers harmed by unfair commercial practices and enforcing transparency in online marketplaces to

¹⁹⁰ Garson, *supra* note 42.

¹⁹¹ Ranchordás & Goanta, *supra* note 19, at 4–5.

¹⁹² *Id.*

¹⁹³ *Id.* at 3; Ducato, *supra* note 40, at 239; Directive 2005/29/EC, 2005 O.J. (L 149).

¹⁹⁴ Ducato, *supra* note 40, at 239.

¹⁹⁵ Garson, *supra* note 42.

¹⁹⁶ *European Competition Network*, EUROPEAN COMM'N, https://ec.europa.eu/competition-policy/european-competition-network_en; *Competition Policy*, EUROPEAN COMM'N, https://ec.europa.eu/competition-policy/index_en (last visited Oct. 27, 2021).

¹⁹⁷ Directive 2005/29/EC.

¹⁹⁸ *Unfair Commercial Practices Directive*, EUROPEAN COMM'N, https://ec.europa.eu/info/law/law-topic/consumer-protection-law/unfair-commercial-practices-law/unfair-commercial-practices-directive_en (last visited Oct. 27, 2021).

¹⁹⁹ *Id.*

lessen consumer confusion.²⁰⁰ The original UCPD also addressed the misinforming nature of intellectual property infringement in the marketplace.²⁰¹ A commercial practice, according to the UCPD, is misleading if it “causes or is likely to cause the average consumer to take a transactional decision that he would not have taken otherwise”²⁰² and involves any marketing that would cause confusion with a competitor’s mark.²⁰³

Also included in the UCPD is an amendment to the directive concerning misleading and comparative advertising (Directive 84/450/EEC).²⁰⁴ The modifications stipulate that comparative advertising is prohibited if it “discredit[s] or denigrate[s] the trademarks, trade names, other distinguishing marks, goods, services, activities, or circumstances of a competitor” or if it “take[s] unfair advantage of the reputation of a trademark, trade name or other distinguishing marks of a competitor or of the designation of origin of competing products.”²⁰⁵ Equally disallowed are practices that “present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name” or create confusion between marks.²⁰⁶ This acknowledgment of consumer confusion as a result of intellectual property infringement or malpractice is absent in the United States’ FTC Endorsement Guidelines discussed above.²⁰⁷

European Advertising Standards Alliance (EASA) is an aggregate of self-regulatory bodies.²⁰⁸ EASA is comprised of twenty-eight national advertising self-regulatory organizations, thirteen European and non-European advertising industry organizations, and corporate members.²⁰⁹ If consumers believe that an advertisement in another country is non-compliant, they can file complaints either in their own country’s self-regulatory body or directly with the EASA.²¹⁰ That receiving body will then investigate according to its regulations and forward the outcome to

²⁰⁰ *Communication from the Commission to the European Parliament, the Council, and the European Economic and Social Committee*, COM (2018) 183 final (Nov. 4, 2018), <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1573718927782&uri=CELEX%3A52018D0183>.

²⁰¹ Directive 2005/29/EC.

²⁰² *Id.* art. 6.1.

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ *Id.* art 3a(1)(f).

²⁰⁶ *Id.* art 3a(1)(g).

²⁰⁷ *See generally Disclosures 101 for Social Media Influencers*, *supra* note 155.

²⁰⁸ *Selling Under the Influence*, *supra* note 164.

²⁰⁹ *Id.*

²¹⁰ *Id.*

the originating country.²¹¹ Ultimately, advertising legislation is formed at the E.U. level but is interpreted and enforced by the member states.²¹² Because of this, however, some inconsistencies may arise over member states permitting advertisements that others might not.²¹³

A. *Relevant Trademark Law in Europe*

Nationally, trademarks in Europe can be registered either at industrial property offices of E.U. member countries or at the E.U. level in the European Intellectual Property Office as a European Union Trade Mark (EUTM).²¹⁴ These avenues coexist and complement one another.²¹⁵

The Court of Justice for the European Union (CJEU) has noted that the essential function of a trademark is to guarantee origin identity of a trademarked product by distinguishing it without any possibility of confusion.²¹⁶ Under Article 5(1) of the Trademark Directive (TMD),²¹⁷ protection against confusion is mandatory in all E.U. Member States.²¹⁸ The likelihood of confusion, according to the CJEU, arises either when the public confuses the sign and the mark in question or when the public incorrectly assumes a connection between the sign's proprietors and those of the mark.²¹⁹

As a whole, European trademark law is not as broad as U.S. trademark law, as E.U. minimum standards do not allow room for subjective interpretation.²²⁰ Additionally, all of the Member States listed below are civil law countries in which statutes reflect national laws that are non-extendable by a judge's discretion.²²¹ Despite these boundaries, common sanctions thread throughout the

²¹¹ *Id.*

²¹² *Id.*

²¹³ *Id.*

²¹⁴ *Trade Mark Protection in the EU*, EUROPEAN COMM'N, https://ec.europa.eu/growth/industry/strategy/intellectual-property/trade-mark-protection-eu_en (last visited Jan. 10, 2021).

²¹⁵ *Id.*

²¹⁶ Martin Senftleben, *Adapting EU Trademark Law to New Technologies – Back to Basics?*, in *CONSTRUCTING EUROPEAN INTELLECTUAL PROPERTY: ACHIEVEMENTS AND NEW PERSPECTIVES* 138 (C. Geigered ed., Edward Elgar Publishing 2011).

²¹⁷ Council Directive 2008/95, arts. 1–19, 2008 O.J. (L 299) 25 (EC).

²¹⁸ Senftleben, *supra* note 216.

²¹⁹ *Id.*

²²⁰ Robert C. Pozen & Jordan Hirsch, *U.S. and EU Trademark Protection*, HARV. BUS. SCH. (Aug. 2008), https://edisciplinas.usp.br/pluginfile.php/4115991/mod_resource/content/1/US%20and%20EU%20trademark%20protection.pdf.

²²¹ *Id.*

European countries to specifically hold both influencers and brands accountable for non-compliance.²²²

B. France

In France, all influencers' advertising posts must comply with intellectual property laws.²²³ According to the French Authority of Professional Regulation of Advertisement (the Autorité de Régulation Professionnelle de la Publicité or ARPP), SMIs both express views and give advice, acting both editorially and collaboratively.²²⁴ ARPP represents advertisers, agencies, and the media and sets out industry codes of practice which, like the FTC's Endorsement Guides, emphasize the importance of distinguishability in SMI communications.²²⁵

Under French Consumer Law, an influencer and a brand can be held liable together, often being held jointly accountable.²²⁶ Both are at risk of severe penalizations for any failure to disclose compensation paid to an SMI.²²⁷ Influencers in violation can be fined up to €300,000 and can be imprisoned for up to two years, while brands can be fined up to €1.5 million.²²⁸ In addition, both parties could be forbidden from carrying out a trade or business activity for up to five years.²²⁹ ARPP and the French Law on Confidence in the Digital Economy (LCEN) create a legal obligation for influencers to post transparently about any collaborations they may have with brands.²³⁰

Petunia Products has even made its way to France.²³¹ The team at a French intellectual property law firm spoke about the case in a 2021 blog post noting the replacement of advertising agencies with influencers and that trademark

²²² Kurt E. Anderson, *Recent Developments in Influencer Marketing and Unfair Competition*, INT'L TRADEMARK ASS'N 15 (Feb. 15, 2020), <https://www.inta.org/wp-content/uploads/public-files/advocacy/committee-reports/Recent-Developments-in-Influencer-Marketing-and-Unfair-Competition.pdf>.

²²³ *Influencer Marketing Guide*, *supra* note 165, at 46.

²²⁴ *Recommandation Communication Publicitaire Digitale V4 (Recommandation Digital Advertising Communication)*, AUTORITÉ DE RÉGULATION PROFESSIONNELLE DE LA PUBLICITÉ [PRO. ADVERT. REGUL. AUTH.], https://www.arpp.org/nous-consulter/regles/regles-de-deontologie/communication-publicitaire-digitale/#toc_1_3 (last visited Oct. 27, 2021).

²²⁵ Annabelle Gauberti, *Snapshot: Intellectual Property for Fashion Goods in France*, LEXOLOGY (Apr. 8, 2020), <https://www.lexology.com/library/detail.aspx?g=16730216-8f29-4e5c-8488-07117df4341d>.

²²⁶ Anderson, *supra* note 222.

²²⁷ Garson, *supra* note 42.

²²⁸ Anderson, *supra* note 222.

²²⁹ *Id.*

²³⁰ *Influencers: Be Careful Not to Promote Counterfeit Products*, DREYFUS (Sept. 15, 2021), <https://www.dreyfus.fr/en/2021/09/15/influencers-be-careful-not-to-promote-counterfeit-products/>.

²³¹ *Id.*

infringement cases against SMIs are “flourishing.”²³² In these types of cases, a French judge would consider both the influencer’s awareness of the infringement and the extent it could confuse the public mind to determine liability under trademark law.²³³

C. Germany

Germany is “one of the most active jurisdictions in protecting consumers from misleading advertising through influencers” and has registered a “surprisingly high number” of cases against SMIs.²³⁴ Some cases speak towards the impairment consumers experience when faced with influencer marketing.²³⁵ While others “depict[] the social media user as a consumer who is particularly careful, if not even biased, regarding influencers,” pointing to a case law division.²³⁶ The latter set of cases relies on notions that SMIs with higher followings presumably act with commercial intent, that younger generations are technologically savvy and thus disclosures are unnecessary, and that these instances need evaluation on a case-by-case basis.²³⁷ Such a dichotomy between legal impressions highlights the frictions between SMIs and regulatory frameworks, as well as the ever-present uncertainty surrounding how to approach rule-making in this modern territory.²³⁸

In November 2021, Germany’s Federal Supreme Court (BGH) shed light on cases regarding SMI posts relating to third-party products.²³⁹ The Ministry of Justice has also amended the Unfair Competition Act surrounding the applicability of its provisions depending on whether the advertising is paid for or not.²⁴⁰ The BGH’s recent decisions reflect allegations of misleading advertising in which the German Competition Association sued prominent German influencers.²⁴¹ Ultimately, it was found that influencers “regularly act[]

²³² *Id.*

²³³ *Id.*

²³⁴ *Selling Under the Influence*, *supra* note 164; Ducato, *supra* note 40, at 252.

²³⁵ Ducato, *supra* note 40, at 258.

²³⁶ *Id.*

²³⁷ *Id.* at 258–59.

²³⁸ *Id.* at 257–58.

²³⁹ Gabriel Wittmann, *Supreme Court Sheds Light on Influencer Advertising Ahead of New Unfair Competition Act*, WORLD TRADEMARK REV. (Nov. 18, 2021), <https://www.worldtrademarkreview.com/supreme-court-sheds-light-influencer-advertising-ahead-of-new-unfair-competition-act>.

²⁴⁰ *Id.*

²⁴¹ *Id.*

inter alia for the benefit of the company with advertising posts.”²⁴² If SMIs receive consideration for their posts, their actions benefit the advertisement companies.²⁴³ If they do not receive such consideration, then posts are only vulnerable if they are “excessively promotional in [their] overall impression (i.e., if the promotion of the third-party business is more than merely collateral),” which is determined on a case-by-case basis.²⁴⁴ SMIs’ financial incentives in marketing campaigns are therefore playing an increasingly decisive role in Germany’s advertising regulatory practices.²⁴⁵

D. Italy

In Italy, both legislation and self-regulation shape influencer marketing laws.²⁴⁶ The Italian Consumer Code, which contains key SMI provisions, emphasizes honesty and transparency in advertisements, and the Italian Civil Code includes unfair competition rules.²⁴⁷ Istituto dell’Autodisciplina Pubblicitaria, the advertising self-regulatory body, is a non-profit organization recognized by the Italian Supreme Court as it is considered to be the authoritative source for the best marketing and advertising practices in the country.²⁴⁸

In 2017, Italy became the first European country to intervene in the field of influencer marketing when it “invited” SMIs to indicate the commercial nature of their business relationships in promotional posts through its Italian Competition Authority (AGCM).²⁴⁹ AGCM, a non-governmental administrative authority, can issue cease and desist letters as well as fines ranging from €5,000 to €5,000,000 to both brands and SMIs alongside a publication of its decision.²⁵⁰ A national court will establish any infringer’s liability for damages suffered by competitors if there is misleading conduct that

²⁴² *Id.*

²⁴³ *Id.*

²⁴⁴ *Id.*

²⁴⁵ *Id.*

²⁴⁶ Anderson, *supra* note 222.

²⁴⁷ *Id.*

²⁴⁸ *Id.*

²⁴⁹ Ducato, *supra* note 40, at 245.

²⁵⁰ Anderson, *supra* note 222; Ducato, *supra* note 40, at 245.

violates the unfair competition provisions of the Civil Code.²⁵¹ Civil court proceedings, however, have yet to be used between competitors in Italy.²⁵²

At issue in *FERRARI S.p.A. v. Philipp Plein International AG* was fashion designer Phillip Plein's Instagram post which included videos of shoes in his collection placed on the hood of a Ferrari with the car's logo prominently displayed.²⁵³ This, the Court found, created the possibility that consumers could mistakenly believe that the two brands were in partnership.²⁵⁴ Even though the urgent proceeding against him had begun and he had received Ferrari's cease and desist letter, Plein continued to use the automobile company's logo on Instagram while promoting a jumpsuit he designed.²⁵⁵

The Court first deemed Ferrari's trademarks as well-known and, subsequently, that they were eligible for more extensive protections under Article 20.1.c of the Italian Code of Industrial Property and Article 9.2.c of the Regulation (EU) 2017/1001, which grants trademark owners the right to prevent third parties from using their marks for commercial purposes.²⁵⁶ It then went on to affirm the principle that "the unauthorized use of third-party trademarks by an influencer is lawful to the extent that the images depicting the trademarks are not perceived by the general public as having commercial or promotional purposes, but as scenes that describe the influencer's real life (or the lives of others)."²⁵⁷ On the other hand, when consumers can conceivably only attribute those images to a commercial or promotional meaning, the use of the third-party trademark is unlawful.²⁵⁸ This occurs, the Court stated, when trademarks are posted without authorization:

²⁵¹ Anderson, *supra* note 222.

²⁵² Luigi Mansani & Maria Luigia Franceschelli, *Social Media Influencers in Italy*, HOGAN LOVELLS, <https://engagepremium.hoganlovells.com/influencer/tool/influencers-tool-guides-for-your-region-social-media-influencers-in-italy> (last visited Oct. 27, 2021).

²⁵³ *Influence or Advertising?*, *supra* note 12.

²⁵⁴ *Id.*

²⁵⁵ Fabiana Bisceglia, *Influencers: To What Extent are They Allowed to Lawfully Portray Third-party Trademarks in Their Social Media Content Without Authorization?*, GLOB. ADVERT. LAWS. ALL. (June 19, 2020), <https://www.mondaq.com/unitedstates/trademark/955728/influencers-to-what-extent-are-they-allowed-to-lawfully-portray-third-party-trademarks-in-their-social-media-content-without-authorization> (discussing how urgent proceedings may only be ordered under the Italian legal system if there is prima facie evidence that the petitioner's demands are well-grounded and if the petitioner is suffering damages with the possibility of increasing pending a full proceeding on the merits).

²⁵⁶ *Id.*; Regulation (EU) 2017/1001, 2017 O.J. (L 145).

²⁵⁷ Bisceglia, *supra* note 255.

²⁵⁸ *Id.*

a) together with statements or captions that have a clear promotional purpose; b) in a context mainly intended for commercial communications, such as a website or social media pages – as in the case at stake; c) in images that *per se* are aimed at highlighting a product for promotional purposes and not at describing scenes of the influencer’s life or the lives of other people (e.g., “*scenes where people eat, rest, walk, party on, talk, etc.*”).²⁵⁹

The Court found that Plein visibly led consumers to confusedly think that he had partnered with Ferrari, evidenced by the shoes matching the color of the car in one of the posts.²⁶⁰ In a proceeding 2020 case,²⁶¹ the Court of Milan ultimately prohibited Plein from using Ferrari’s trademarks, ordered the prompt removal of the posts, and issued penalties of €300,000 in damages as well as €10,000 for each infringement.²⁶²

E. Spain

National laws and self-regulation are both in force in Spain.²⁶³ The Spanish Advertising Act 34/1988 (LGP) and the self-regulatory body “Autocontrol” provide advertising rules where the latter also includes a highly respected code of conduct and arbitration court for dispute resolution.²⁶⁴ Non-members of Autocontrol are not bound by its decisions unless they accept its arbitral authority.²⁶⁵ The Spanish Act 3/1991 on Unfair Competition (LCD) and Spanish Royal Legislative Decree 1/2007 on the Defense of Consumers and Users (LPCU) also provide a legal framework for advertisements.²⁶⁶

Regulations in Spain do not include provisions that explicitly address influencer advertising.²⁶⁷ On November 28, 2019, however, the Plenary of the Advertising Jury Autocontrol held that an SMI’s Instagram post violated the “authenticity of advertising” principle in Section 13 of the Advertising Code of Conduct because it evidenced a collaboration with a company but failed to clearly warn viewers that it was an advertisement.²⁶⁸ Presently, there is no case

²⁵⁹ *Id.*

²⁶⁰ *Influence or Advertising?*, *supra* note 12.

²⁶¹ Trib. Genova, 2 aprile 2020, n.15049 (It.), https://www.iplawwatch.com/wp-content/uploads/2020/11/Ferrari_plein-Milano-judgement.pdf.

²⁶² *Influence or Advertising?*, *supra* note 12.

²⁶³ *Influencer Marketing Guide*, *supra* note 165, at 100.

²⁶⁴ *Id.*

²⁶⁵ *Id.*

²⁶⁶ *Id.* at 101.

²⁶⁷ *Id.* at 100.

²⁶⁸ *Id.*

law regarding influencer marketing, which could be a result of Spanish High Court decisions not typically being published.²⁶⁹ The International Trademark Association, however, has recognized that either the brand or the influencer can be held liable and vulnerable to civil actions or administrative sanctions for infringement under the Unfair Competition Act, General Advertising Act, as well as under Spanish consumer and intellectual property laws.²⁷⁰ “Liability for the content lies with the party with editorial control, which ordinarily is the influencer,” but can also include the brand or even the social media platform subject to Spanish e-commerce laws.²⁷¹ Fines can reach up to €601,012.10 or 5 times the product value.²⁷²

IV. STEPS IN THE RIGHT DIRECTION: HOW INFLUENCERS, BRANDS, AND PLATFORMS CAN ADAPT

A. *What Should Influencers Do?*

The most important step mega, macro, and even micro SMIs can take presently is to negotiate and better understand contractual agreements.²⁷³ Many relationships created between business associates and influencers are informal, like brief exchanges on Instagram direct messages, and therefore are weak in that they may not be legally binding as actionable contracts.²⁷⁴ Informal language usually used in these instances muddy interactions even further where material misstatements or omissions, whether intended or not, may translate to heightened influencer liability.²⁷⁵ SMIs must take responsibility to adhere to the FTC’s regulations to tell the truth, not be misleading to consumers, and substantiate their advertising claims.²⁷⁶

Strong indemnification clauses are becoming increasingly important in sponsorship agreements, but even these do not completely mitigate the threat of lawsuits.²⁷⁷ Influencers should also take heightened precautions in ensuring that

²⁶⁹ *Id.* at 104.

²⁷⁰ Anderson, *supra* note 222.

²⁷¹ *Id.* at 8.

²⁷² *Id.*

²⁷³ Garson, *supra* note 42.

²⁷⁴ Carey Kulp, *Influencer “Fails” – Avoid These Three Legal Mistakes in Affiliate Marketing*, VOLPE KOENIG (Sept. 9, 2021), https://www.vklaw.com/ImagineThatIPLawBlog/influencer-fails-avoid-these-three-legal-mistakes?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration.

²⁷⁵ Contiguglia, *supra* note 120.

²⁷⁶ *Id.*

²⁷⁷ Handler, *supra* note 7.

they are not infringing upon another's trademark, or other intellectual property, which can be done starting with a trademark search on the Trademark Electronic Search System (TESS) or the employment of a legal professional.²⁷⁸ Continuously monitoring what people are saying online and taking action against threats of legal jeopardy are also fundamental.²⁷⁹ Before sharing consumer comments, ratings, or feedback, an SMI should get written consent from the consumer before including it in advertising.²⁸⁰ To use branded content or a direct reference to products or services offered by other companies, an influencer must obtain special authorization from the company.²⁸¹ SMIs should remain cautious about everything they post to avoid liability and navigate the arbitrarily inconsistent monitoring and enforcement measures taken by social media sites.²⁸² Additionally, influencers should proactively protect their own brands through trademark registration as this can differentiate and strengthen their portfolios and reach.²⁸³ For example, Kim Kardashian owns a trademark for her name for advertising and endorsement services.²⁸⁴ To expand their influencer marketing capabilities and personas, SMIs should at least acquire the same handle across their social media accounts.²⁸⁵

B. What Should Brands Do?

In the United States, “a brand can be secondarily liable if it had constructive knowledge of its agent's use of [another's] intellectual property.”²⁸⁶ Every time a company works with an SMI, it becomes liable for the content the SMI is posting, which may include infringing material.²⁸⁷ An increase in influencer indemnification demands can mean pricey financial exposure for brands and companies employing SMIs as well as more difficult hurdles in sponsorship agreement negotiations.²⁸⁸ Greater oversight is crucial in not only catching possibly prohibited activity but also in maintaining loyal relationships with followers.²⁸⁹ These connections are financially and

²⁷⁸ Seror & Worth, *supra* note 7.

²⁷⁹ Contiguglia, *supra* note 120.

²⁸⁰ *Id.*

²⁸¹ *Id.*

²⁸² *Id.*

²⁸³ Kulp, *supra* note 274.

²⁸⁴ *Id.*

²⁸⁵ Lince, *supra* note 90.

²⁸⁶ *Selling Under the Influence*, *supra* note 165.

²⁸⁷ Garson, *supra* note 42.

²⁸⁸ Seror & Worth, *supra* note 7; Arnold, *supra* note 178.

²⁸⁹ Arnold, *supra* note 178.

reputationally beneficial as SMIs could very easily turn their fan bases against brands, leading to public relations nightmares.²⁹⁰

Influencer Marketing Agreements should cover everything from compensation to content and placement of disclosures in posts.²⁹¹ Developing and implementing social media policies that contain roles, responsibilities, regulations, legal and security risks, accountability, and steps for reporting concerns are fundamental actions in stabilizing these partnerships.²⁹² Because platforms, like TikTok, have a primarily young audience, it is also prudent for brands to develop an extra-legal clause in their SMI contracts to avoid any age-related content issues.²⁹³ Granting influencers the proper licenses or assignments to use or display trademarks and other intellectual property is also crucial.²⁹⁴ These should include proper termination clauses that address possible infringement.²⁹⁵

Under the same notion, brands should take prompt, but not overly aggressive, action against influencers as claims may escalate quickly and swiftly backfire.²⁹⁶ There must be genuine and thorough conversations between brands and influencers to cover, in depth, the relevant guidelines and precedence surrounding posts on social media.²⁹⁷ These mutual considerations result in legally fortified media presences, as well as stronger, more authentic brand voices understood amongst diverse audiences.²⁹⁸ Committing to thorough and consistent trademark practices like clearances and policing can deter infringement claims, such as those faced by Rodan & Fields, or forced rebranding.²⁹⁹ Truly infringing uses must be challenged, questionable uses should be monitored, and harmless uses can be ignored.³⁰⁰

²⁹⁰ *Id.*

²⁹¹ David Klein, *Social Media Influencer Marketing and FTC Enforcement*, KLEIN MOYNIHAN TURCO (Mar. 16, 2020), <https://kleinmoynihan.com/social-media-influencer-marketing-and-ftc-enforcement/>.

²⁹² See Garson, *supra* note 42.

²⁹³ Lince, *supra* note 90.

²⁹⁴ *Latest Developments on Influencer Marketing in Spain*, OSBORNE CLARKE (Feb. 25, 2020), <https://www.osborneclarke.com/insights/latest-developments-influencer-marketing-spain>.

²⁹⁵ *Id.*

²⁹⁶ Arnold, *supra* note 178.

²⁹⁷ Gotter, *supra* note 27.

²⁹⁸ *Id.*

²⁹⁹ Sarah Albertsein et al., *Court Holds that Influencers can be Liable for Use of a Brand's Infringing Trademark*, JD SUPRA (Sept. 23, 2021), <https://www.jdsupra.com/legalnews/court-holds-that-influencers-can-be-8414623/>.

³⁰⁰ Friedman, *supra* note 15.

C. *What Should Platforms Do?*

With the resources and influence to do so, e-commerce platforms, or those social media networks that incorporate commerce aspects, should do more to support both brands and SMIs.³⁰¹ Amazon has taken a prominent role by filing a lawsuit against influencers who were promoting counterfeit products online and undermining the otherwise legitimate work of different influencers.³⁰² By increasing educational services regarding SMI marketing and intellectual property regulation, potential risks could be more easily mitigated, and the platforms, brands, and influencers would reap the rewards of more cost-effective results.³⁰³

Social media platforms are also capable of generating their own messages as well as dictating customer behavior by either human curation or the use of algorithms to decide how content is displayed.³⁰⁴ Even though SMIs have the First Amendment right to free speech, sites still have control over influencers' communications as they can edit, combine, and draft additions to user content.³⁰⁵ Lawsuits against platforms' decisions to remove or host content are generally unsuccessful as the State Action Doctrine³⁰⁶ and Section 230 of the Communications Decency Act (47 U.S.C. § 230) stand as federal law barriers.³⁰⁷ The latter grants immunity to providers of interactive computer services, which include social media platforms, for hosting others' content and for restricting access to "objectionable" material if done so "voluntarily" and "in good faith."³⁰⁸ Because the First Amendment protects against state action, courts have previously held that the right is not implicated by actions of private platform companies, which are unlikely to ever be viewed as state actors.³⁰⁹ Section 230 is unlikely to change as an adaptation would restrict First Amendment protections given to SMIs and therefore be unconstitutional.³¹⁰

³⁰¹ Arnold, *supra* note 178.

³⁰² *Id.*

³⁰³ *Id.*

³⁰⁴ Contiguglia, *supra* note 120.

³⁰⁵ *Id.*

³⁰⁶ See Michael Patty, *Social Media and Censorship: Rethinking State Action Once Again*, 40 MITCHELL HAMLINE L. J. PUB. POL'Y & PRAC. 99, 113 (2019) (noting that the U.S. Constitution only applies to actions or omissions of state, not private actors).

³⁰⁷ Contiguglia, *supra* note 120.

³⁰⁸ *Id.*

³⁰⁹ *Id.*

³¹⁰ *Id.*

CONCLUSION

To properly protect intellectual property during this digital era, federal regulations need to incorporate more specific provisions tailored to mega and macro influencers' improper uses of trademarks on social media. As platforms make it more feasible for brands and SMIs to collaborate, procedures at the government level and beyond should make it easier for trademark owners to protect their intellectual property rights.

By comparing *Petunia Products* in the United States to *FERRARI S.p.A.* in Italy, it becomes evident that courts around the world are having to rethink developments in trademark infringement as social media plays a more prevalent role in how intellectual property is viewed, used, and advertised. Included in this is even how photographs on platforms are used as tools to reflect endorsements, sponsorships, and promotions. With the ability to share life moments so easily with people globally, there becomes an instant, far-reaching correlation between trademark infringement and platforms. Although the differentiations between what is private, public, and commercial have been discussed in trademark cases for years, social media is creating new nuances that have further obscured conceptual confines. It is between these dimensions that courts are now trying to define how influencers, who are benefitting from lucrative posts, should be held liable for their actions.

As trademark protection expands beyond its traditional core—broadening the connection to, sponsorship, and affiliation with trademark owners³¹¹—it becomes even more crucial to delineate boundaries in enforcement. European courts and regulatory bodies have already implemented harsher penalties to match influencers' growing compensations and prominent positions in commerce. U.S. trademark owners are just as susceptible as those in Europe to the rapidly expanding scope of SMI advertising,³¹² so now is the time for U.S. courts and regulatory bodies to incorporate mega and macro influencer liability into existing consumer protection policies and practices. These systems should consider younger populations that are dominating some social media platforms. Imposing stringent rules only against those influencers who have followings of 500,000 or more or that are surpassing a certain profit threshold would target more problematic practices. This approach would also consequently push micro and nano influencers to start thinking about their actions differently, hopefully

³¹¹ NEW TECHNOLOGICAL AGE: 2020, *supra* note 109, at 899.

³¹² Anderson, *supra* note 222.

encouraging increased recognition of intellectual property rules to avoid infringement.

Whereas some influencers are genuinely unaware of their merchandising missteps, others do not feel the need to follow FTC guidelines.³¹³ Investigative measures to uncover factors like partnership specifics, knowledge of infringement, post profitability, and social media prowess can differentiate accountability levels between influencers. Mega and macro SMIs should be held liable for trademark infringement by the FTC through fines or discontinuations of their brand partnerships to increase overall influencer compliance with current and future regulations.³¹⁴

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³¹³ Ava Farshidi, *Evaluating the FTC Endorsement Guidelines Through the Career of a Fashion Blogger*, 9 HARV. J. SPORTS & ENT. L. 185, 204 (2018).

³¹⁴ *Id.* at 205.