

Bugnion SpA

# New distinctive signs in the social media environment

The virtual world of social media sites is no longer the new frontier of intellectual property, but has become one of the normal arenas in which companies manage the legal issues arising from the unauthorised use of IP rights

Social media, such as Facebook and Twitter, have acquired an increasing commercial role, which now appears to be equally important as their original purpose of social interaction. Companies are using internet and mobile-based publishing technologies as marketing tools and alternative communication platforms for engaging with customers (or potential customers), sharing information and clearly identifying and establishing groups, which is useful for enabling tailored commercial strategies.

Due to the rapid global expansion of social networking sites, and particularly their use from a commercial perspective, new types of distinctive sign – in addition to those already provided for by law (ie, trademarks, trade names, and domain names) – have been created and identified. The status of a ‘distinctive sign’ can be conferred on a social media account that distinguishes a space inside a third-party website in which the account owner can determine content, layout and functions. In addition, a name identifying a Facebook group or community can constitute a distinctive sign under certain conditions.

There is no reason to deny such status to these signs, provided that the following three conditions are fulfilled:

- The use of such signs must be relevant from a commercial point of view (it is not necessary to promote and sell goods or services, but the ‘social’ activity must be linked to economic elements, such as banner advertisements or pay-per-click links). This requirement is not met if the account or the group has been created for discussion or for the purpose of genuine, non-commercial criticism. Article 21 of the Constitution provides that “all have the right to express freely their own thought by word, in writing and by all other means of

communication”. In this sense, freedom of speech and expression should allow third parties to use a company’s trademark within a social media account or as the name of a Facebook community if:

- such use is actually for purposes of criticism;
  - such use does not create confusion with the trademark owner’s goods or services; and
  - the news reported is supported by evidence.
- The signs in question must be distinctive (ie, not merely descriptive or generic).
  - The signs must be new (ie, not identical or confusingly similar to earlier third-party signs that have been used or registered for the same or similar business activity).

The nature of the owner, entrepreneur or physical entity is not important, since what matters is the use of the signs and their economic impact.

On the other hand, the proprietor of an earlier trademark can act against third parties using its sign within a social media account or as the name of a Facebook group on the above conditions according to the principle of the unity of distinctive signs, as provided in Article 22 of the Industrial Property Code. On the other hand, the owner of a social media account (eg, the administrator of a Facebook group), on the above-mentioned conditions, benefits from exclusive rights, and can prohibit third parties from using identical or confusingly similar signs not only with the same function, but also as a trademark, on condition that the earlier sign has gained a certain degree of goodwill and reputation in the virtual market. In such cases, the owner of the earlier sign

must rely on Article 2598 of the Civil Code, since this right is not expressly regulated in IP law.

This issue seems to be merely theoretical, since it is unusual that a new and original sign could be used only for a social media account or as a Facebook community identifier without also being registered as a trademark. Nevertheless, it cannot be excluded that this may occur in practice.

On July 7 2011 the Court of Turin acknowledged the nature of a distinctive (although “atypical”) sign in relation to the name identifying a Facebook group, because of the economic and promotional relevance of the group itself.

An employee of Syprem, a company dealing in sports clothing, created a Facebook group using the company name. After the termination of his employment contract, he changed the name of the group to ‘Syemme’, which corresponded to the name of a company managed by his wife, which operated in the same field as Syprem. In addition, he removed the group’s administrators and changed the postal address.

The members of the Facebook community were informed by the former employee about the name change via email; they were transferred to a new group, which was apparently identical to the previous one, via a link in the email. In addition, they were redirected to a new company dealing in the same products as Syprem in the same city. In the ‘info’ section of the group’s webpage, there appeared an invitation to visit [www.syemme.com](http://www.syemme.com) – identified as Syprem’s new website. This conduct was considered to have misled users and made them believe that there was an economic and legal connection between Syprem and Syemme.

The court considered such conduct illegal under Article 2598 of the Civil Code

(which prohibits acts of unfair competition, including the adoption of names or distinctive signs that might be confused with those legitimately used by others), and pursuant to Article 20 of the Industrial Property Law (according to which the owner of a registered trademark is entitled to prohibit third parties from using in the course of trade a sign that is identical or confusingly similar to its registered trademark, if there exists a risk of confusion among the public). As a result, the court granted preliminary injunctions by ordering the defendant to change the group's name from 'Syemme' to 'Syprem' immediately, restore the previous administrators and refrain from acting on behalf of the group in question.

At the time that the account was created, the defendant adopted the name 'Syprem' in the interests of his then employer; after leaving the company, he tried to take advantage of the members of the group in favour of his wife's company by misleading consumers into believing that the group referred to the same company.

In general, where an employee creates an authorised social media account in the company's name and uses it to communicate information about the company, the company is considered to be the effective owner of the account, provided that the account is used for commercial or economic purposes.

Likewise, the company is considered to own the contacts ('followers' or 'fans'), which could be analogous to a list of customers (or potential customers). In addition, ownership of posted content is attributed to the company. In this case, the employee initially acted in the name and interests of his employer. As stated in the Court of Turin's decision, it is irrelevant whether an employer's social network policy regarding the creation and management of Facebook communities is different from Italian law, since in such case the latter prevails.

On the contrary, in the absence of company authorisation, adopting a new sign corresponding to a company's trademark in the social media environment could constitute an infringement of the company's exclusive rights, since such use can be defined as unauthorised use 'in commerce'. However, if the employee is well intentioned, it would be preferable for the company to 'confirm' the activity conducted in good faith by the employee, thereby assuming a positive and proactive approach.

In such case the exception of non-commercial and fair use of the name should



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not apply. Of course, instead of letting employees create a company account, a company that believes its business objectives could be furthered through a social media identity should create an official Facebook page for its business.

A related issue is the impact of such conduct on employment contracts, since it may undermine the fiduciary relationship between the employer and employee, and constitute grounds for termination of the contract if such use is unfair and disrespectful of the company's exclusive rights.

Companies should draw up a clear social media policy to which each employee must adhere. Such a policy should state, for example, that unauthorised and unsupervised use of the company's distinctive signs as an account or group name is prohibited, as well as the criteria using these signs in personal social media. A strict corporate policy will educate employees (in particular, key marketing personnel) in understanding the consequences related to commercial use of the company's brand with regard to a social network or any sort of web-based community.

To prevent others from using them and to promote their businesses, companies should register their most valuable trademarks and brands (as well as their key variations) as usernames on the main social media sites.

Moreover, companies should include social networking sites in their monitoring services of the online marketplace in order not only to discover any misuse or infringement of their trademarks, but also to detect public perceptions – both positive and negative – of the company's reputation and trademarks.

The virtual world of social media sites is no longer the new frontier of intellectual property, but has become one of the normal arenas in which each company should establish a presence, implement its commercial strategies and manage the legal issues arising from the unauthorised use of IP rights. [WTR](#)