BUSINESSES THAT HATE FAN SITES MAY FAN HATE SITES

FAYETTEVILLE, Ark. – Companies attempting to protect their trademarks on the Internet risk losing valuable information and alienating their most loyal customers, according to University of Arkansas researcher Steve Kopp.

“If a company does not actively protect its trademark, it risks losing it,” explained Kopp, associate professor of marketing in the Sam M. Walton College of Business. “But there are a lot of ways to go about it. A company that goes straight to the legal cease-and-desist option risks losing their best customers.”

Kopp and Tracy Suter, assistant professor of marketing at Oklahoma State University, studied approaches to managing intellectual property online. Their results will appear in an upcoming issue of the Quarterly Journal of Electronic Commerce.

Trademark protection is a critical problem for companies. Firms that do not take an active role in protecting their trademarks risk losing them. This problem has increased dramatically since the explosive growth of the Internet.

“In many ways, a legal approach is all catch-up,” explained Kopp. “The law cannot possibly keep pace with developing technologies. Napster is a case in point. Before the case could be litigated a new file-sharing technology had emerged that made Napster technology obsolete.”
They succeeded in damaging Napster, but they did nothing to stop the infringement on intellectual property.”

Many companies, uncertain of the best approach to take amid rapidly changing technologies, have relied on legal responses. This approach can actually damage the company’s trademark, particularly when it is applied to fan sites.

Fan sites are developed by people who are enthusiastic about a particular product or company. When that company attempts to protect its trademark through traditional means – the standard “cease-and-desist” – the results can seriously damage the corporate image. Many enthusiasts are not swayed by arguments of trademark infringement.

Kopp points to the “Q-tip controversy” as a classic case of a company potentially damaging its own trademark in an attempt to protect it. When an enthusiastic customer created the “One and Only Q-tips” website, he was threatened with legal action by Chesebrough-Ponds. The customer responded replacing the site with a description of the “corporate tyranny” that forced the fan site’s demise, a Chesebrough-Ponds executive’s name and address for sending complaints, a list of their products and a request that consumers choose their competitors’ products.

More effective, or at least less damaging, strategies for dealing with fan sites may include informing the web site creator of the appropriate uses of the trademark, providing additional information to ensure the site is accurate or providing server space to host the site. According to Kopp, some companies even allow specific images or logos to be used only on web sites.

While there were more than 4,400 fan sites online in 2000, their opposite—hate sites—may even be more numerous. Almost every company and product has a detractor on the Internet. Large companies, such as Wal-Mart or Microsoft, may be the target of dozens of hate sites.

“Consumer hate sites include well-intentioned grassroots efforts, organized activist sites run by ad hoc watchdog groups, benign first-person diatribes and venomous, malicious attacks,” Kopp said. “There are hate sites for the Walt Disney Company, Barney the purple dinosaur, Macintosh computers, Chase Manhattan Bank, alternative rock music, ex-wives, ferrets, zucchini and the New York Yankees.”

While hate sites pose obvious problems for a company, they can also provide opportunities. Many companies monitor their hate sites because they provide feedback about products that they may not find elsewhere.
“We found a tremendous variety of approaches to online trademark protection,” said Kopp. “Some companies just buy out the hate site. This is the strategy used by the George W. Bush campaign in the 2000 presidential campaign. They bought the domain name georgewbushsucks.com and just directed it to their home page.”

Other companies are even more pro-active. Kopp cites the case of Dunkin’ Donuts. After a disgruntled customer created a hate web site, the company contacted everyone that wrote in to the site with a complaint and offered them coupons for free donuts. Because the company was responsive to complaints, the web site owner agreed to sell the domain name to the company.

“This is a fundamental intellectual property issue,” explained Kopp. “The trademark has become more valuable than we used to think. But protecting it may not be merely – or even – a legal issue. It all depends on the nature of the company and what they are trying to protect.”

A report of their research is available from the Information Technology Research Center in the Sam M. Walton College of Business.