



FTC Gets Serious About ‘Fake’ Reviews, Endorsements

January 24, 2011

In a cybermarket full of every product and service imaginable, advertisers go to great lengths to make their products stand out by grabbing consumers’ attention and interest. In recent years blogs have become a popular forum for sharing tips and information, and advertisers have used blogs to promote their products.

While advertisers are perfectly entitled to tout their products’ positive attributes, they must do so honestly and transparently. An advertiser that poses as an ordinary consumer reviewer risks paying the price through FTC enforcement.

The FTC brought its first case focusing solely on “fake” product reviews against Reverb Communications, a public relations firm that was hired to promote a video game developer’s iPhone apps on iTunes. The FTC alleged that Reverb engaged in deceptive advertising by having employees pose as ordinary, independent consumers in posting reviews of the apps. The reviews did not disclose the relationship between the PR company and its client, nor did they disclose that Reverb received a portion of the sales for every game it sold iTunes. In its settlement with the FTC, Reverb agreed to remove all endorsements that misrepresented the reviewer as an independent consumer,



and agreed not to post any similar items without proper disclosures in the future.

The case against Reverb demonstrates the FTC's intention to enforce its endorsement guidelines, the policy under which people who post reviews online are required to disclose any relationship with the seller, especially a financial connection. The FTC used the Reverb case to stress that that online marketers must abide by long-held truth-in-advertising principles and must make clear any affiliation with the seller.

Advertisers must diligently monitor the FTC's ever-expanding collection of guidelines to ensure that their advertising practices strike the proper balance between effectively promoting their products and avoiding FTC action.

FTC Beat is authored by the [Ifrah Law Firm](#), a Washington DC-based law firm specializing in the defense of government investigations and litigation. Our client base spans many regulated industries, particularly e-business, e-commerce, government contracts, gaming and healthcare.

The commentary and cases included in this blog are contributed by Jeff Ifrah and firm associates Rachel Hirsch, Jeff Hamlin, Steven Eichorn and Sarah Coffey. We look forward to hearing your thoughts and comments!