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## FTC Settles Case About Fake iTunes Reviews

Jody Coultas (Wolters Kluwer Law & Business) · Thursday, September 2nd, 2010

In response to an investigation by the Federal Trade Commission into suspicious customer reviews posted on an online store's website, a public relations firm and its sole owner agreed to remove the reviews from the website and refrain from misrepresenting their status in customer reviews.

The pubic relations firm provided sales, marketing, and public relations services for video game developers that sold games on Apple Inc.'s online retail store iTunes. Customers are able to post written reviews and rate purchases that are visible to other customers on iTunes. Between November 2008 and May 2009, employees of the public relations firm posted positive reviews of the developers' games using account names that would give customers the impression that the posts were generated by an impartial party. The reviews did not disclose that the reviewer was an employee of the public relations firm or that their employer would receive a percentage of the purchase price of the game.

Upon learning of the postings, the FTC filed an administrative complaint alleging that the public relations firm's iTunes postings violated the law by withholding information about the source of the postings. In guidelines issued last year, the FTC noted that online posts by a person connected to a seller should disclose connections the reviewer shares with the seller of the product. The provisions apply to employees of both the seller and the seller's advertising agency.

Under the settlement agreement, the public relations firm must remove the potentially deceptive postings from iTunes and to refrain from further postings. However, the firm will not have to pay a fine.

"Companies, including public relations firms involved in online marketing need to abide by long-held principles of truth in advertising," said Mary Engle, Director of the FTC's Division of Advertising Practices. "Advertisers should not pass themselves off as ordinary consumers touting a product, and endorsers should make it clear when they have financial connections to sellers."

The agreement is subject to public comment until September 27, 2010.

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