

New York Times Article Discusses Potential Liability for Celebrity Endorsements

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A recent [New York Times article](#) discussed the FTC's scrutiny of companies who engage celebrities to endorse their products in social media. The article serves as a timely reminder that this form of advertising, unless conducted carefully, can result in liability and monetary penalties for the celebrity and the advertiser.

The FTC is concerned that consumers will believe these celebrity endorsements aren't ads and that the celebrities haven't been compensated in exchange. "In a traditional ad with a celebrity, everyone assumes that they are being paid," according to Mary K. Engle, associate director of the advertising practices division at the FTC. "When it's not obvious that it is an ad, people should disclose that they are being paid."

[As we noted in March](#), the FTC's updated ".com Disclosures" guides provide some "does and don'ts" for this form of advertising. Notwithstanding the typically short length of these postings, the guides provide that celebrity endorsements in social media must contain clear and conspicuous language indicating that the endorsements are sponsored. While the .com Disclosures are not law, they do highlight the FTC's thinking on what federal law requires with this form of advertising.

Celebrities and companies who engage in this form of advertising would be wise to understand the .com Disclosures and related laws — or to consult with legal counsel who does — so that they can avoid legal liability and reap the benefits that can come with this form of advertising.