



## COMMITTEE REPORT

Anticounterfeiting Committee–  
Policy Global Project Team

# **Anticounterfeiting and Return on Investment**

AUGUST 2025





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## Executive Summary

Counterfeiting poses a considerable threat to businesses, impacting operations, brand equity, and consumer trust and safety. The intricacies of global supply chains and the obscurity of illicit trade complicate the quantification of the impact of counterfeiting, making it challenging for companies to conduct a robust cost-benefit analysis of their anticounterfeiting measures. To navigate these challenges, a conservative approach to evaluating brand protection activities is recommended, emphasizing the importance of meticulous documentation of data sources and estimation rationales. Such documentation is crucial, as it may be essential in legal contexts. Moreover, framing brand protection as a strategic business imperative enables organizations to prioritize security as part of their annual goals, addressing the multifaceted nature of counterfeiting as a market disruptor.

To enhance brand protection, the integration of online and offline investigative strategies is vital. Online platforms serve as critical sources for early threat detection, investigative lead generation, and market trend analysis, allowing companies to proactively address counterfeit risks. By leveraging the digital footprints of counterfeiters, organizations can trace illicit activities back to their physical origins, thereby facilitating targeted enforcement actions, such as raids and cease-and-desist orders. This comprehensive approach not only aids in disrupting counterfeit operations but also reinforces the legal framework necessary to protect intellectual property rights effectively.

Measuring the return on investment (ROI) of brand protection initiatives is essential for demonstrating their value to stakeholders. Companies should focus on both quantitative metrics, such as revenue protection and market share retention, as well as qualitative outcomes, including customer loyalty and brand reputation. The distinction between “soft” and “hard” benefits is crucial; while soft benefits encompass the potential impact of removing illicit listings, hard benefits relate to actual legal recoveries. By capturing both types of benefits and ensuring cross-functional collaboration within the organization, companies can develop a holistic understanding of their anticounterfeiting programs and articulate their value effectively.

A proactive, integrated approach to brand protection that combines online and offline investigations is essential for mitigating the risks posed by counterfeiting. By emphasizing collaboration across departments and continuously reviewing and adapting strategies, organizations can safeguard their brands, uphold consumer trust, and maintain a competitive edge in the marketplace. The ongoing development of effective ROI measurement frameworks will further enhance the efficacy of brand protection efforts, ensuring that all stakeholders are adequately protected and informed about the value of these initiatives.



## Impactful Brand Protection

Quantifying the business impact of counterfeiting on operations presents significant challenges, which complicate the assessment of the cost-benefit analysis of the company's anticounterfeiting measures. These challenges primarily stem from the obscurity associated with illicit trade, the intricacies of global supply chains, and the numerous interrelated business factors that influence supply and demand fluctuations.

In acknowledgement of these challenges, it is recommended that a company adopt a conservative approach in evaluating brand protection activities. While certain calculations rely on known quantities or statistically valid extrapolations of data, others – such as the total volume of counterfeit products with a specific geographic area or over an e-commerce channel – are considerably challenging to quantify, necessitating the use of estimates. When utilizing best estimates in calculations, these are conducted with caution, and it is imperative that data sources and the reason(s) behind the estimations are meticulously documented as these calculations may be utilized in a legal matter or criminal proceeding.

Furthermore, the cumulative activities of all counterfeiters targeting a company's brands can be regarded as unethical competition, which undermines market share, disrupts brand equity, induces price instability, diminishes consumer confidence in products, and violates intellectual property rights. By framing brand protection anticounterfeiting measures within a business context, a company can appropriately prioritize security standards as an integral component of its annual goal-setting and objective formulation process.

Finally, the integration of “offline to online” and “online to offline” investigations is essential for effective brand protection, as it enables companies to utilize extensive information available to identify potential threats and subsequently transition to physical actions in the real world. This approach fosters a comprehensive and targeted strategy for combating counterfeiting and other related issues.

### Key Reasons for the Importance of Online to Offline Investigations in Brand Protection:

**1**

**Early Threat Detection:** Continuous monitoring of online platforms, such as social media, marketplaces, and forums, allows for the timely identification of suspicious activities associated with counterfeit products, unauthorized sellers, or detrimental perceptions of the brand. This proactive approach enables companies to take necessary measures before issues escalate.

**2**

**Investigative Lead Generation:** The digital footprints left by individuals or entities marketing, offering or selling counterfeit products online—including contact information, shipping addresses, and social media profiles—can yield valuable leads for offline investigations, thereby assisting in pinpointing the origins of counterfeit goods and the identities of those involved in infringement.

**3**

**Collaboration with Law Enforcement:** Online evidence can be compiled and presented to law enforcement agencies, thereby strengthening the case against offenders and facilitating legal actions, including the seizure of counterfeit products.

**4**

**Understanding Market Trends:** Analyzing online discussions and customer feedback allows companies to discern emerging threats and to gauge public perception of their brand. This understanding enables them to adapt their protection strategies effectively.

**5**

**Identifying Physical Locations:** By tracing online activities, investigators can often identify physical locations linked to counterfeit operations, such as warehouses or retail establishments, which facilitates targeted raids and the seizure of illicit goods.

## Mechanisms of Online to Offline Investigations:

### → Digital Footprint Analysis:

Monitoring online behaviors through social media accounts, sponsored advertisements, ecommerce listings, and domain registrations to identify potential suspects or counterfeiters.

### → Data Collection and Analysis:

Employing data analytics tools to compile information regarding suspicious activities, including IP addresses, transaction details, and communication patterns.

### → Undercover Operations:

Engaging with suspected counterfeiters through online platforms to collect further evidence and verify their identities.

### → Coordination with Physical Surveillance:

Once online leads are established, conducting physical surveillance on identified locations to gather additional evidence and confirm illegal activities.

## Examples of Online to Offline Brand Protection Activities:

- Monitoring online marketplaces for counterfeit listings and reporting them to the respective platforms
- Identifying and reaching out to individuals selling counterfeit products on social media
- Investigating suspicious websites to determine their ownership and geographical location
- Collaborating with law enforcement to execute raids on suspected counterfeit manufacturing facilities

Offline to online investigations are essential for comprehensive brand protection, as they enable organizations to construct a holistic understanding of counterfeiting activities by correlating digital traces discovered in online environments—such as suspicious product listings on e-commerce platforms—with their physical origins, including manufacturing facilities, distribution centers, and the individuals involved. This comprehensive approach facilitates more targeted and effective enforcement actions in both the digital and physical realms.



**Key points that underscore the importance of combining offline and online investigations include:**

**1**

**Uncovering the Source of Infringement:** While online monitoring techniques are adept at identifying counterfeit products marketed through digital channels, offline investigations are pivotal in tracing these infringements back to their original manufacturers or suppliers. This connection allows for more impactful legal actions directed at the root causes of counterfeiting.

**2**

**Building Stronger Legal Cases:** The synergy between digital evidence—such as online listings and IP addresses—and physical evidence obtained through offline investigations, including confiscated counterfeit products and the locations of warehouses, equips companies to construct more robust legal cases for prosecution.

**3**

**Identifying Key Players:** Online investigations facilitate the revelation of the digital identities and networks of counterfeiters, whereas offline investigations enable the linkage of these profiles to real-world individuals. This connection allows for more precise targeting of enforcement efforts against those perpetuating counterfeiting activities.

**4**

**Supply Chain Disruption:** Through diligent offline investigations, organizations can pinpoint critical junctures within the counterfeit supply chain, such as warehouses or distribution centers, and take decisive action to disrupt their operations.

**5**

**Effective Resource Allocation:** By leveraging online data to identify high-risk areas and sellers, companies can optimize their investigative resources, ensuring that offline operations are conducted in a targeted and efficient manner.

By effectively combining online and offline investigative techniques, companies can diligently monitor their brand reputation, identify potential threats at an early stage, and take the requisite actions to safeguard their intellectual property and maintain customer trust in the digital age.





# Goal of Calculating Return on Investment

In the ever-evolving battle against counterfeiting, capturing and recording return on investment (ROI) is crucial to the success of any brand protection effort. A single counterfeit incident has the potential to cause significant damage, including lost revenue, consumer trust, and reputational harm. Given the high stakes, it is essential for rights holders to evaluate their anticounterfeiting programs to ensure that all stakeholders are adequately protected from the rights owner's business itself, its supply and distribution chain partners, through to the consumers of its products.

To accurately evaluate the ROI of brand protection efforts, practitioners responsible or tasked with anticounterfeiting for a brand or product should focus on several key goals. First and foremost, the ROI must reflect the value delivered to consumers, customers, and the enterprise. Practitioners should also increase awareness internally to the organization of counterfeiting issues and the overall risk to the organization. Creating visibility of the impact and value of recommended anticounterfeiting actions is crucial, as it generates demand for support and funding. Finally, identifying successful anticounterfeiting efforts and recognizing what changes may be necessary to respond to new counterfeit attacks is essential.

While quantitative metrics such as financial returns and incident reduction rates are important for capturing the response to and prevention of counterfeit attacks, rights holders should not overlook qualitative metrics that define “what success looks like” for the issue trying to be resolved. For example, a rights holder may consider a program or issue “resolved” once ownership of the buy button (i.e., the first vendor listed for a particular product on an e-marketplace site) is consistently won.

Capturing and recording ROI is a critical competency for any anticounterfeiting effort. By focusing on key goals such as accurately reflecting value delivered, increasing awareness, creating visibility, and identifying successful efforts, practitioners can ensure that their brand protection efforts are effective and that all stakeholders are adequately protected.

# Importance of Partnering Cross-Functionally

It is vital in any anticounterfeiting activity that is seeking to reduce or prevent illicit activities that brand protection teams and practitioners understand what success looks like. Many times this might involve stopping a current threat to legitimate business operations that is hindering sales, reputation, and at times, consumer/customer safety. The importance of partnering in a cross-functional way cannot be underestimated in this context.

The individual and/or team tasked with this responsibility must understand first how the customer/consumer is being impacted, then the effect on the company/brand reputation, and, finally, the impact on legitimate business operations (e.g., commercial sales, supply chain disruption, etc.). This should be done in a collaborative manner involving cross-functional partners internally and if applicable, externally to the company. Often other teams (e.g., commercial sales, marketing, legal, etc.) can have a multiplier effect in partnering to help mitigate the situation.

Together, these cross-functional partners can implement a plan to mitigate the situation. It is recommended that the first goal is to make the illicit situation “stop.” The harm that can result from not reactively mitigating something that can potentially cause detriment to the reputation of a company/brand can have much more extended effects than simply decreasing legitimate sales, especially if it is a safety-related situation. A landscape of the situation should be first taken into consideration in both offline and online channels to ensure removal of counterfeit products as quickly as possible.

After such mitigation, it is important for rights holders or their representatives to continue the internal or external partnership(s) to monitor for decreases in illicit reporting (e.g., consumer complaints) and legitimate online and offline sales. Trust ratings should steadily increase during this time-period, but lasting effects may continue anywhere from three to six months and adjustments made to the mitigation strategy need to be additionally implemented.



Ultimately, once a counterfeiting situation is mitigated, a full report of what happened, when it happened, why it happened, and how it was mitigated, should be crafted and documented to appropriate internal leadership and any relevant external parties. Steady monitoring of customer/consumer complaints should be timely reviewed to ensure the situation has subsided and an increase in legitimate sales should ultimately result from an effective mitigation strategy.

## Overview of Financial Benefits

### *General Recommendations*

As brand protection practitioners develop effective measures to evaluate return on investment, it is essential to consider three key aspects that align with a conservative approach to recognizing value recovery: (i) soft versus hard benefits, (ii) the total cost of actions, and (iii) the realization of net financial value.

The distinction between soft and hard benefits refers to estimations and assumptions versus recorded settlements. Practitioners often strive to determine the impact of removing illicit listings, sellers, or websites. However, accurately quantifying the precise effects these removals have on a product or brand can be challenging. Thus, when they are documented, the values associated with these enforcement actions should generally be classified as “soft” benefits for the business. This contrasts with “hard” benefits, such as legal settlements or criminal restitution.

Moreover, investigations and enforcement actions in anticounterfeiting activities require time and involve various tactics and strategies, each incurring financial costs. It is highly recommended to effectively track these costs from the inception of a case to the destruction of counterfeit goods, as this information should contribute to the assessment of net financial benefits.

Finally, once a counterfeit issue has been mitigated and removed from the marketplace, it is advisable to capture calculations that consider the company’s gross profit. The ultimate goal of any brand protection team or practitioner should be to facilitate legitimate product sales. Therefore, after addressing a counterfeit situation and witnessing an increase in sales, it is crucial to consider the costs of goods sold in relation to those legitimate sales.

### *Value Recovery*

#### **Online**

Online anticounterfeiting programs play a pivotal role in safeguarding brand integrity and enhancing overall business performance. By implementing robust strategies to combat counterfeiting, companies can reap a multitude of soft ROI benefits that contribute to their long-term viability and success.

**1. Enhanced Brand Reputation:** A strong anticounterfeiting initiative demonstrates a company’s commitment to quality and authenticity. This proactive stance not only helps in mitigating risks associated with counterfeit goods but also reinforces consumer trust. For instance, well-known brands in the luxury and watch industries have implemented stringent anticounterfeiting measures that have significantly bolstered their reputations as leaders in luxury and authenticity, attracting discerning customers who value genuine products.

**2. Increased Customer Loyalty:** Consumers are more likely to remain loyal to brands that protect their interests. By ensuring that customers receive authentic products, companies foster a sense of security and satisfaction, leading to repeat purchases.

**3. Strengthened Market Positioning:** By effectively combating counterfeiting, companies can differentiate themselves in a crowded marketplace. This differentiation can lead to a stronger market presence, as customers increasingly gravitate towards brands that prioritize authenticity. For example, well-known sports clothing, footwear and accessories brands often use of advanced tracking technologies to verify the authenticity of its products not only protect market share but also position themselves as a leaders in brand innovation.

**4. Revenue Protection:** Beyond the immediate financial implications of counterfeiting, effective anticounterfeiting strategies can help safeguard revenue streams. Latest estimates from the OECD suggest that counterfeiting costs the global economy over \$467 billion annually.<sup>1</sup> By minimizing the impact of counterfeit goods, companies can protect their sales and profits, ensuring their financial health in an increasingly competitive environment.

**5. Operational Cost Savings:** Implementing anticounterfeiting measures can lead to long-term operational efficiencies. For example, companies may reduce the costs associated with product returns, customer service inquiries, and legal disputes related to counterfeit products. By investing in preventive measures, brands can save money that would otherwise be spent on damage control.

**6. Legal Compliance and Risk Mitigation:** Securing the internal/external supply chain and actively participating in anticounterfeiting efforts can reduce legal risks. Companies that engage in these practices demonstrate compliance with global anticounterfeiting laws, thus avoiding potential fines and litigation costs. This can be particularly crucial in industries such as pharmaceuticals and electronics, where the stakes are high, and compliance is closely monitored.

The soft ROI of online anticounterfeiting programs encompasses a range of tangible and intangible benefits that significantly contribute to a brand's long-term success. By investing in these initiatives, companies not only protect their revenue but also enhance their reputation, foster customer loyalty, and maintain a competitive edge in the market. The strategic implementation of anticounterfeiting measures is not just a protective action; it is a vital investment in a brand's future.

This is a suggested calculation for the total quantity of illicit listings removed over “x” time:

#### Important Data Points:

1. Enforcements Submitted
2. Enforcements Removed
3. Compliance Rate (non-applicable to calculation)
4. Test Purchases Completed (non-applicable to calculation)
5. Investigation Reports (non-applicable to calculation)

Variable	Field Name	Description
<b>A</b>	Total Quantity Removed	Total Number of Listings Removed per Platform
<b>B</b>	Average Monetary Value of Product Removed	Average of Total Value of Counterfeit Product Removed (per unit)
<b>C</b>	Discontinuation of Illicit Sales in Illegitimate Channels	Variable A * B = C
<b>D</b>	Estimated Average Selling Price difference	Average selling price of illicit listings (per unit)
<b>E</b>	Sales in illegitimate channels	Variable C * D = E
<b>F</b>	Substitution Rate %	Total % of customers who will buy a legitimate item once the infringing version is made unavailable
<b>G</b>	Sales Recovery	Variable E * F = G
<b>H</b>	Gross Profit %	Company's revenue (sales) minus the cost of goods sold (COGS), in percentage terms
<b>I</b>	Gross Profit ROI	Variable G * H = I

<sup>1</sup> OECD/EUIPO (2025), Mapping Global Trade in Fakes 2025: Global Trends and Enforcement Challenges, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/94d3b29f-en>.

**Example:****Total quantity of illicit listings removed over Q1 2025:****Data Points:**

1. Enforcements Submitted: 1000
2. Enforcements Removed: 950
3. Compliance Rate (non-applicable to calculation): 95%

Variable	Field Name	Figures
<b>A</b>	Total Quantity Removed	950
<b>B</b>	Average Monetary Value of Product Removed	\$20
<b>C</b>	Discontinuation of Sales in Illegitimate Channels	\$19,000
<b>D</b>	Estimated Average Selling Price difference	60%
<b>E</b>	Sales in illegitimate channels	\$11,400
<b>F</b>	Substitution Rate %	50%
<b>G</b>	Sales Recovery	\$5,700
<b>H</b>	Gross Profit %	78%
<b>I</b>	Gross Profit ROI	\$4,446

**Note:** This is a suggested calculation. Rights holders will need to conduct their own research to identify realistic and accurate data to use for their own calculations of ROI.

**Offline**

Offline enforcement actions are often biproducts of extensive investigations, inclusive of online investigative activities. Rights holders may utilize a range of offline enforcement actions to combat counterfeit activities. These may include:

**1. Raids and Seizures:** Coordinating with law enforcement agencies, rights holders can execute raids on facilities suspected of producing or distributing counterfeit goods. These actions not only remove illicit products from the market but also serve as a deterrent to would-be infringers.

**2. Cease & Desist Notices:** Sending formal cease and desist letters to infringing parties communicates the rights holder's intent to protect their IP. This proactive approach often results in the immediate cessation of infringing activities without the need for lengthy legal battles. However, it is important to consider potential backlash, especially on social media. If not well considered, such actions can lead to negative publicity and reputational damage. Engaging with internal stakeholders and preplanning a communication strategy, should a negative reaction occur, can help mitigate these risks.



**3. Civil Litigation:** Engaging in civil litigation allows rights holders to seek damages for losses incurred due to counterfeiting. Successful cases can result in significant financial recoveries, including statutory damages that can be substantially higher than actual damages to deter future violations.

**4. Criminal Prosecution:** In cases of egregious counterfeiting, rights holders may collaborate with law enforcement to pursue criminal charges. This not only punishes infringers but also raises public awareness about the consequences of counterfeiting, enhancing the perceived value of legitimate products.

Results of offline enforcements actions have profound implications for rights holders, not only monetarily, but also in restoring customer/consumer positive sentiment. Direct and indirect benefits can be classified into many categories, but here are some major ones:

- **Revenue Protection:** By removing counterfeit products from the marketplace, rights holders can safeguard their sales and maintain revenue levels.
- **Market Share Retention:** Protecting brand integrity through enforcement helps maintain a loyal customer base. Counterfeit goods can erode market share by misleading consumers and diluting brand reputation. By investing in enforcement, rights holders can preserve their competitive edge.
- **Encouraging Innovation:** A strong enforcement framework fosters an environment where innovation thrives. When rights holders feel secure in their IP, they are more likely to invest in research and development, leading to new products and services that drive economic growth.

Furthermore, the potential for financial recovery through litigation and prosecution can yield significant benefits. Successful civil cases can yield significant awards that not only cover damages but also serve to deter future infringement. Furthermore, criminal prosecutions can result in fines and penalties that further compensate rights holders and signal to the market that counterfeiting will not be tolerated.

Investing in IP enforcement is not merely a defensive strategy; it is a proactive investment in the long-term success of rights holders' brands. The multifaceted benefits—ranging from revenue protection and market share retention to fostering innovation—underscore the critical need for a robust enforcement strategy. By prioritizing IP enforcement against counterfeiting, rights holders can ensure the protection of their investments and contribute to a healthy, competitive marketplace.

This is a suggested calculation for a counterfeit product seizure and/or counterfeit manufacturing disruption:

Variable	Field Name	Description
<b>A</b>	Total Finished Goods	Enter the total number of products seized
<b>B</b>	Value of Total Finished Goods	Local price per genuine product unit
<b>C</b>	Value of Product Sales	Variable A * B = C
<b>D</b>	Cost to Investigate/Bring Action	Total cost of action, including investigation and enforcement
<b>E</b>	Gross Profit %	Company's revenue (sales) minus the cost of goods sold (COGS), in percentage terms
<b>F</b>	Gross Profit ROI	Variable (C-D) * E = F

**Example:****Data Points:**

1. Seized Finished Goods: 50,000
2. Cost of Investigation: \$50,000
3. Local Price Per Unit: \$5

Variable	Field Name	Figures
<b>A</b>	Total Finished Goods	50,000
<b>B</b>	Value of Total Finished Goods	\$5
<b>C</b>	Value of Product Sales	\$250,000
<b>D</b>	Cost to Investigate/Bring Action	\$50,000
<b>E</b>	Gross Profit %	78%
<b>F</b>	Gross Profit ROI	\$156,000

This is a suggested calculation for a Legal Settlement:

Variable	Field Name	Description
<b>A</b>	Legal Settlement	Total Value of Legal Settlement
<b>B</b>	Costs Associated with Settlement	Total cost of legal fees
<b>C</b>	Financial Benefit	Variable A – B = C

**Example:****Data Points:**

1. Legal Fees: \$500,000

Variable	Field Name	Figures
<b>A</b>	Legal Settlement	\$1,500,000
<b>B</b>	Costs Associated with Settlement	\$500,000
<b>C</b>	Financial Benefit	\$1,000,000

## Reporting and Continuous Review

There is no “one size fits all” strategy to capture return-on-investment for anticounterfeiting activities. Counterfeiting situations are often unique and involve complex structures and investigations. The value derived from these can generally be followed by the formulas above, however, they should be crafted in a way that fits each organization’s needs.

After an organization decides on an effective way of capturing the quantitative and qualitative ROI, it is recommended that those operating procedures be reviewed every two to three years, because illicit activity, and the associated illicit practices often change in the global marketplace.

Additionally, new brand protection tactics, whether reactive or preventative, can change how value is derived from anticounterfeiting activities. For instance, business operation changes such as a business or product segment being spun off into its own separate operating entity may have an significant impact on anticounterfeiting ROI with product lines changing or being added/removed from responsibility.

Furthermore, through consistent communication and partnership, brand protection teams or the individuals responsible for anticounterfeiting activities have an easier time in delivering time-bound financial wins and ROI reports. Taking the business partner or stakeholder “on the journey” from the onset can have exponential value. This ultimately leaves a lasting positive impression that can help any brand protection professional, individual, or representative maintain or even grow the level of value they bring to a brand or company, but most importantly, to the people being protected, the end consumers of the product.



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