

Addressing the Sale of Counterfeits on the Internet



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Executive Summary

In 2020, the global pandemic not only changed the way people live and work, but also catapulted the importance of e-commerce and small business in a way that, unfortunately, highlighted the sale of counterfeit goods as a bigger problem than ever. Counterfeiting remains a significant issue plaguing oblivious consumers and brand owners in all industries. On January 24, 2020, the Department of Homeland Security published a report to the President of the United States entitled *Combating Trafficking in Counterfeit and Pirated Goods*, which calls out the global impact of counterfeiting and piracy. The study found that in the United States, e-commerce year-over-year retail sales grew by 13.3 percent in the second quarter of 2019 while total retail sales increased by only 3.2 percent as brick-and-mortar retail continued its relative decline.¹ While online activity continues to dominate our day-to-day lives, it creates a huge opportunity for counterfeiters and illicit activity.

The impact of counterfeiting is growing exponentially—mostly due to the proliferation of counterfeiting on the Internet. Because more people are spending more time at home, their shopping habits have forever changed the retail landscape, and consumers are relying on the Internet more than ever. Criminals prefer to sell counterfeits on the Internet for many reasons. They can hide behind the anonymity of the Internet—if they use the dark web, even their IP addresses can be hidden. The Internet gives them the reach to sell to consumers globally—outside of the national limits of law enforcement. This international reach forces brand owners to prosecute cases outside of their local jurisdictions. Counterfeiters can display genuine goods on their website and ship counterfeit goods to the consumer, making it difficult for brand owners to determine, without making costly purchases from the site, whether a site is selling counterfeits. Criminal networks are often involved with counterfeiting, leading to hundreds of sites selling the same products on various servers and making it an arduous task for the brand owner to stop such counterfeiters. Brand owners must work with authorities to take down the counterfeit rings.

The availability of counterfeits on the Internet through marketplace sites, search engines, independent websites and now, increasingly, social media sites is a significant concern for trademark owners and other Internet stakeholders. The Organization for Economic Cooperation and Development (OECD) noted in its recent study on “The Economic Impact of Counterfeiting and Piracy” that the Internet has provided counterfeiters with a new and powerful means to sell fake products. On January 30, 2018, the U.S. Government Accountability Office released a report finding that just under half of the goods that they purchased from third-party sites were counterfeit. This is further supported by trends shown in global customs seizure statistics indicating a shift towards using mail and consolidated shipping services to deliver counterfeit goods, which in turn is attributed to the growth of websites selling counterfeits.

As the impact of selling counterfeits on the Internet grows, so do the profits associated with these transactions. For example, profits may include listing fees, selling fees, processing

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U.S. Department of Homeland Security (Jan. 24, 2020). *Combating Trafficking in Counterfeit and Pirated Goods*.

fees, shipping fees, advertising revenue, and fees associated with storing the counterfeit goods. With counterfeiters using legitimate business in third-party intermediaries to sell counterfeit goods, the counterfeit industry directly impacts the growth of legitimate brand owners. Legitimate businesses do not want to profit from criminal activities, so the third-party intermediaries have been working to put in place measures to curb counterfeiting on their sites.

While the link between the increased sales of counterfeits on the Internet and the harms caused to businesses and the public is clear, the solution to the issue is complex and remains challenging. As a result, how to address the sale of counterfeits on the Internet has become a hotly debated topic within industry and among policymakers alike. Who is responsible for curbing the problem and what legal, policy, and/or voluntary measures are needed have been widely discussed in industry and government forums.

Fighting counterfeit sales over the Internet has been a priority for INTA. INTA's Anti-Counterfeiting and Enforcement Committee studied this issue and presented its analysis and initial recommendations to the Association's Board of Directors in 2008. Completed in 2009, the work resulted in the development of voluntary best practices for brand owners and Internet-related companies, aimed at facilitating the protection of trademarks on the Internet. In 2012, INTA launched The Unreal Campaign, a consumer awareness program aimed to educate young consumers about the dangers of counterfeit goods. In the fight to remove counterfeit goods online, it is important not to overlook the harm caused to purchasers of fake goods.

Following an update to the study in 2017, a second project team in 2020 under the INTA Anticounterfeiting Committee was given the assignment of updating the best practices document for addressing the sale of counterfeits over the Internet. A Cross-Advocacy Group Project Team was created to review the practices consisting of rights holders and e-commerce platforms, service providers, and firms from the Anticounterfeiting Committee, Internet Committee, and Enforcement Committee. The Cross-Advocacy group agreed on new recommendations to update *Addressing the Sale of Counterfeits on the Internet* and sent these to the Anticounterfeiting Committee to draft revised recommendations. This task was completed during the global pandemic, when shopping online became essential for consumers worldwide. Consideration was given to the current practices of search engines, online marketplaces, payment service providers (PSPs), and brand owners, as well as of social media, logistics, registrars, and registry companies. The discussion centered on practical ways for brand owners and companies involved in online marketing, sales, and distribution of goods to cooperate in addressing the problem of counterfeit goods' being sold over the Internet. The recommendations have been updated based on feedback from leading companies in each of the areas addressed. In order to ensure input from a wide scope of stakeholders, the Anticounterfeiting Committee had sent the final draft to the Cross-Advocacy Group Project Team before sending it to the Advocacy Council, Executive Committee, and INTA Board of Directors for their input. The recommendations in this document may be referenced as 'best practices', consistent with prior versions and relevant discussions, with the intent to provide guidance to various stakeholders who have a role to play in addressing the sale of counterfeits on the Internet.

Key Recommendations

1. **Search engine advertising services** should have a clear and effective complaint process publicly available to report ads for counterfeit products and facilitate efficient filtering and takedown processes in an ongoing, proactive fashion.
2. **Search engines** should terminate a counterfeit seller's account and remove the search results leading to the illegal counterfeiting content by de-listing the content from their index. Additionally, search engines should prioritize search results for the promotion of authentic goods over counterfeit goods.
3. **Online marketplaces** should implement proactive removals and take more meaningful and proportionate action against repeat offenders. Online marketplaces should utilize "know your customer" measures to verify the identities and addresses of sellers and improve disclosure policies to facilitate access by brand owners and law enforcement authorities to information about counterfeiters, including seller identities.
4. **Payment service providers** should have in place policies prohibiting the use of their services for the purchase and sale of goods that are determined to be counterfeit under applicable law.
5. **Brand owners** should take steps on an ongoing basis to educate online marketplaces, other intermediaries, and the public as to the correct use and appearance of their trademarks as well as to actively monitor offers on online marketplace, shopping, and social media platforms, with the aim of identifying counterfeits, and should notify the platforms (or payment service providers (PSPs) or other intermediaries) if there is an issue.
6. **Social media sites** should use a proactive filtering program to facilitate the removal of postings that advertise the sale of counterfeit merchandise. Social media sites should verify the identity of their users offering for sale counterfeit merchandise, and provide these details upon request to brand owners whose rights have been violated.
7. **Registrars and registries** should adopt, publish, and enforce IP rights (IPR) policies and effect appropriate due diligence to address and minimize misuse of their services, and the appropriate use of such services should be clearly communicated and indicated on their websites and should be included in the contracts and terms of service that they agree to with their customers.
8. **Logistics companies** should have comprehensive and detailed "know your customer" measures for consignors and consignees, before providing logistics services. Logistics companies should share information with enforcement agencies and brand owners actively investigating counterfeiting activities, as well as mechanisms in place to refuse to provide services to consignors/consignees found to be involved in counterfeiting activities.

To be sure, these measures are a starting point for discussion, are not necessarily exhaustive in scope, and will need to evolve in order to adapt to the changing virtual and technological environment. INTA will be looking for opportunities to promote adoption of the best practices and gain member feedback on their usefulness. The Association sees the

best practices as a valuable first step toward bringing together the stakeholders—online marketplaces, shopping services, search sites, PSPs, registries, social media sites, logistics companies, and brand owners—so that they can continue to cooperate effectively in the effort to combat the sale of counterfeits on the Internet.

Addressing the Sale of Counterfeits on the Internet

The Issue

In the global environment, the sale of counterfeit goods remains a significant issue facing consumers, industry, and governments alike. The continuous change that is inherent in the Internet raises the problem to heightened levels as counterfeiters find simplified means and additional channels online to promote and sell counterfeit goods to consumers.

A number of key factors continue to spur the growth of counterfeit sales online:

- The worldwide reach of the Internet means that sellers of counterfeits can reach consumers all over the world and are not limited to “brick and mortar” establishments. Likewise, consumers who have access to the Internet are more exposed to, and have more opportunities to purchase, knowingly or unknowingly, counterfeits from sellers within or outside their respective countries.
- Payments can be made entirely online. Therefore, it is not only consumers who can purchase counterfeits using the Internet; retailers, wholesalers, resellers, or anyone else with a credit card or digital currency can shop for counterfeits online.
- The anonymity gained from operating via the Internet lets counterfeiters more easily dupe consumers into thinking they are buying genuine goods.
- Counterfeiters can reach individual consumers and make small international sales that are less likely to result in significant losses if the goods are seized by customs or other authorities and that are harder for authorities to track and seize.

The Impact

Increased sales of and access to counterfeits pose serious threats to the economy and to public health and safety. As the Organisation for Economic Co-operation and Development (OECD) noted in a 2007 study, the Internet even at that time was a significant factor in the distribution of counterfeits and even then was becoming an increasingly important vehicle for sales of all kinds of merchandise. The report also noted that public health and safety were being put at grave risk by counterfeit goods, such as pharmaceuticals, airplane and automotive parts, and electronic goods that were made with substandard and/or toxic materials.¹

Due to the global pandemic, this is even more true today than it was in 2007. Criminal organizations continue to abuse the Internet, facilitating counterfeiting activities. The OECD report showed that criminal networks and organized crime were thriving via counterfeiting and piracy activities. U.S. authorities have reported that sales of counterfeit goods, including fake medicine, have been used to support the Middle Eastern terrorist group Hezbollah. Counterfeiting proceeds have been linked by other investigators to Al-Qaeda, ETA (Euskadi Ta Askatasuna), the Mafia, Chinese Triad gangs, the Japanese Yakuza crime syndicates, Russian organized criminals, and international illegal drug cartels.²

1 OECD, *The Economic Impact of Counterfeiting and Piracy* (2007), Executive Summary, available at <https://www.oecd.org/sti/38707619.pdf>; id. at 82-84, available at http://www.keopeek.com/Digital-Asset-Management/oecd/trade/the-economic-impact-of-counterfeiting-and-piracy_9789264045521-en#page84.

2 Carratu International, Plc, *Rise in Counterfeit Market Linked to Terrorist Funding*, PRWeb (June 28, 2002), available at <http://www.fraudaid.com/Scamspeak/conprods.htm>; United Nations Office on Drugs and Crime, *Focus on: the Illicit Trafficking of Counterfeit Goods and Transnational Organized Crime*, modified Jan. 13, 2014, available at http://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit_focussheet_EN_HIRES.pdf (last visited Jan. 16, 2015).

The Discussions

While the link between the increased sales of counterfeits on the Internet and the harms caused to businesses and the public is clear, the solution to the issue is complex and challenging. As a result, how to address the sale of counterfeits on the Internet has become a hotly debated topic within industry and among policymakers alike. Who is responsible for curbing the problem and what legal, policy, and/or voluntary measures are needed? These questions have been widely discussed in industry and government forums. Measures to address the issue have been under consideration at the international level for many years, and some, such as the Anti-Counterfeiting Trade Agreement (ACTA)—a plurilateral trade agreement with the objective of raising standards in combating counterfeiting and piracy—have been extensively debated.

Fighting counterfeit sales over the Internet has long been a priority for INTA. After several years of in-depth study and debate, INTA's Anti-Counterfeiting and Enforcement Committee (ACEC) presented its analysis and initial recommendations to the Association's Board of Directors in 2008. As a result, two task forces were formed to examine and develop recommendations on practical ways for brand owners, online marketplaces, search engines, and PSPs to address the sale of counterfeits over the Internet.

One task force was composed of online marketplace and search engines; the other, of PSPs. Brand owners who were victims of online counterfeiting participated in both task forces.

The task forces explored ways for brand owners and online service providers to work cooperatively to address the sale of counterfeits over the Internet. The end result was the development of voluntary best practices for brand owners and Internet-related companies, aimed at facilitating the protection of trademarks on the Internet. These best practices were presented to the INTA Board in May 2009.

Since the INTA best practices document was completed, other understandings as to best practices have been published by others—for example, *Memorandum of Understanding on the Sale of Counterfeit Goods via the Internet* (May 4, 2011/June 21, 2016), resulting from the Stakeholders' Dialogues facilitated by the European Commission;³ *Best Practices Guidelines for Ad Networks to Address Piracy and Counterfeiting* (July 15, 2013), agreed to by several leading U.S. online advertising networks;⁴ and *Principles of Participation for Members* (November 2019) of the Center for Safe Internet Pharmacies.⁵ However, as is recognized in a report from ICC-BASCAP (International Chamber of Commerce, Business Action to Stop Counterfeiting and Piracy), *Roles and Responsibilities of Intermediaries: Fighting counterfeiting and piracy in the supply chain* (March 2015),⁶ there is a continued need for adoption of consistent principles and practices to address the issue of online sales of counterfeits and to expand the players adhering to them.

3 <http://ec.europa.eu/growth/industry/intellectual-property/enforcement/>

4 <http://www.2013ippractices.com/bestpracticesguidelinesforadnetworkstoaddresspiracyandcounterfeiting.html>

5 <https://safemedsonline.org/wp-content/uploads/2014/03/CSIP-Principles-of-Participation-for-website-6Nov2019.pdf>

6 <http://www.iccwbo.org/Advocacy-Codes-and-Rules/BASCAP/International-engagement-and-Advocacy/Roles-and-Responsibilities-of-Intermediaries/>

The Update

In 2020, a new task force was given the assignment of updating the best practices for addressing the sale of counterfeits over the Internet. This task was completed during the global pandemic, when shopping online became essential for consumers worldwide. Consideration was given to the current practices of search engines, online marketplaces, PSPs, and brand owners, as well as of social media, logistics, and registry companies. The discussion centered on practical ways for brand owners and companies involved in online marketing, sales, and distribution of goods to cooperate in addressing the problem of counterfeit goods' being sold over the Internet. Based on feedback from leading companies in each of the areas addressed, the best practices were updated and expanded to create the Recommended Practices described below.

The second part of this article consists of brief comments regarding some of the issues considered for each of the different players, followed by the updated practices agreed to.

Search Engines

Search engines crawl and index trillions of webpages on the Internet in real time. They use complex and robust algorithms to identify web results relevant to the query that a user enters into a search field.

Search engines do not host these webpages and have no relationship with their owners, but technology companies running search engines can do quite a bit to assist brand owners in the fight against counterfeits. For instance, if webpages are engaged in illegal activity, including counterfeiting, a search engine should work with the brand owner to deindex the webpage from its search results.

Another area of concern is paid advertisements appearing in search engine results pages. These ads provide a way for advertisers to communicate information to users relevant to their queries. Some bad actors exploit such advertising services to promote the sale of counterfeit goods. Search engine platforms generally have policies to address counterfeit advertisements. Some have even developed complex engineering methods to detect and root out advertisers that use tactics indicating fraud, including by counterfeiters. To the extent that a counterfeiter evades such proactive measures, search engines should provide brand owners an easy-to-use reporting process and swift action on valid reports.

Online Marketplaces

Sales of counterfeit goods via online marketplaces are a large and growing problem. It is often easy to make counterfeit goods appear real online simply by using a brand owner's own marketing product photographs and descriptions.

Many online marketplaces provide verification seals and badges in addition to high search placement for their highest-volume customers, making a seller seem more trustworthy than it is. In many instances, counterfeiters have the ability to remain anonymous when posting items for sale, as virtually every aspect of the sales process can be performed using false or incomplete names. This anonymity makes identification and capture by law enforcement or the brand owner extremely difficult. Some online marketplaces are often lax in verifying that sellers are using valid contact details, and are hesitant to share this information with brand owners.

Counterfeit networks often operate multiple, seemingly unrelated stores across the same online marketplace to disguise the size of the operation. Through this tactic, if one store is removed, the counterfeiting business can continue without much financial impact. Online marketplaces frequently are in the best position to stop counterfeiters, as they have a direct relationship and may know the true identities of counterfeit sellers. Reputable online marketplaces may also have their own incentives to stop counterfeit activity, including potential liability for contributory infringement and reputational concerns, while bad actors tend to overlook illicit activity in order to keep sales growing.

Payment Service Providers

Significant successes have been achieved through cooperative efforts between rights holders and PSPs over the years. Curtailing the ability for counterfeiters to receive payment for online sales through mainstream payment processors not only makes it more difficult for them to carry on business but also deters and warns potential customers. Since the best practices were initially released, payment processor services have been removed from many sites selling counterfeits and several different programs have been set up to assist in reporting sellers of counterfeits to PSPs. However, improvement is needed, including clear, easily located policies by PSPs regarding where and how to report businesses selling counterfeits using the PSP's services, and adoption and application of Recommended Practices by more PSPs.

Brand Owners

Reference has been made to the harms that counterfeits cause to public health and safety and to the economy. Especially at stake are the brand owners' businesses and reputation. Brand owners and their associations have promoted the discussion on how to address the sale of counterfeits on the Internet. In that regard, best practice documents generally are welcome as a "good first pragmatic step" by most brand owners. Some rights holders, however, are concerned that any description of best practices might, in fact, lower standards that have already been accepted in some jurisdictions. Brand owners acknowledge that it is necessary to balance the interests of different players. At the same time, they request that the enforcement of intellectual property rights on the Internet should not be unreasonably burdensome for rights holders, whether financially or resource-driven, and should always strive to better protect consumers.

Social Media

The sale of counterfeit goods offered on or linked to social media platforms has risen alarmingly over the past few years. In 2020, it was recorded that more than 3.8 billion people use some form of social media.⁷ The ease of use makes it a hotbed for illicit activity as users are able to create profiles and reach a global audience with nothing more than an email address in most cases. The anonymity of social media presents a new level of challenges for brand owners and law enforcement when pursuing counterfeit sellers.

Counterfeit products are actively sold through targeted paid advertising on social media platforms. Targeted advertising is, not surprisingly, already a common practice on the top-ranking sites. When clicking on an ad, users can be tricked by websites selling goods that appear to be authentic and legitimate, but when examined more closely the product turns out to be counterfeit.

Most social media sites have policies in place in which the user agrees to respect the intellectual property rights of others as part of the terms of service. For some major social media platforms, the process for reporting counterfeit activity is clearly outlined and easy to follow; however, too few have fully defined policies for combating the sale of counterfeit goods.

Registrars and Registries

Registrars and registries provide various levels of customer contact information through the Internet's database of domain name owners, called Domain Name Registration Data Access Protocol queries. All registrars are subject to a certain level of information sharing on Domain Name Registration Data through their established contracts with the Internet Corporation for Assigned Names and Numbers (ICANN). The information submitted to this database is, however, often false. Checks to ensure the legitimacy of the data have traditionally been sporadic and inadequate, allowing rampant database fraud. In practice, it has been found that a number of rogue websites have been set up that imitate original brand websites and/or offer counterfeit goods for sale. In considering the nature of these rogue sites, it is apparent that certain registrars and registries have become a safe haven for infringers as they lack effective protective mechanisms, which, working within the confines and parameters of the applicable legislation, do not provide effective provision for registrars and registries to provide personal information that has been obtained from parties where counterfeiting has been shown to have taken place.

Logistics Companies

Development of an effective policy and framework for logistics providers to comply with important anticounterfeiting practices may be the missing link in the global fight against counterfeiting. The current trend toward having shipments of counterfeits ordered over the Internet and sent by international courier or mail is creating significant problems for stakeholders in effective enforcement. Logistics companies and postal services should engage in the fight against counterfeiting. Legal proceedings seeking recognition of secondary liability of logistics providers or legislation imposing liability on them may be avoided if effective practices are implemented. The updated best practices are intended to be adopted by logistics providers as minimum standard practices for addressing the proliferation of counterfeit goods.

Future Considerations

Addressing the sale of counterfeits online will continue to be a challenging and complex task. Unquestionably, use of the Internet is continuously changing the way commerce and business are being conducted around the world. Continued technological advances and innovations mean that the Internet will evolve and allow sellers and buyers to interact in multiple ways in the virtual world. Furthermore, differences in business models and operations of Internet service providers, search engines, other online players, and logistics companies, as well as of brand owners, make developing one solution to tackle the entire problem a challenge.

To be sure, these measures will need to evolve in order to adapt to the changing virtual and technological environment. INTA will be looking for opportunities to promote adoption of the best practices and gain member feedback on their usefulness. The Association sees the best practices as a valuable first step toward bringing together the stakeholders—online marketplaces, shopping services, search sites, PSPs, registries, social media sites, logistics companies, and brand owners—so that they can continue to cooperate effectively in the effort to combat the sale of counterfeits on the Internet.

Best Practices for Addressing the Sale of Counterfeits on the Internet

Best Practices for Search Engines

Search Engine Advertising

1. Applicable terms of service or other policies should expressly and clearly prohibit advertisements promoting goods that infringe upon a rights holder's intellectual property by advertisers using (a) search engine advertising services or (b) paid social campaigns that target social media users based on their Internet and other activity. Search engine advertising services should enforce these terms and policies.
2. Search engine advertising services should have a clear and effective complaint process publicly available to report ads for infringing products or ads using infringing images. At a minimum, such process shall specify the information required to be reported by the brand owner, which shall not be unduly burdensome. Search engine advertising services should furnish timely and effective responses to such reports that conform to their stated process requirements. Search engines and social media sites hosting paid social campaigns that advertise goods that infringe upon a rights holder's IP should remove those campaigns based on the Digital Millennium Copyright Act (DMCA) notices filed in good faith by a rights holder.
3. Search engines should be required to verify the identity of their customers advertising for sale counterfeit merchandise. They should also require customers to maintain and disclose identity/source/location/authenticity records to the search engine upon request. The contact details of customers advertising for sale counterfeit merchandise should be provided upon request to brand owners whose rights have been violated. Search engines should tighten repeat offender policies by strengthening and streamlining procedures for identifying repeat offenders; implementing proactive removals as informed by brand owner feedback, the platform's own software; and taking more meaningful and proportionate action against repeat offenders.
4. Brand owners and search engine advertising services should work collaboratively in an open, consultative exchange to target counterfeit ads.
 - Examples of such collaboration may include brand owners' sharing with search engine advertising services new tactics or trends by counterfeiters targeting the trademark owners' brands.
5. Determining the most appropriate technique(s) for targeting counterfeit ads may vary depending on the facts, bearing in mind that:
 - The brand owner may have greater insights into its marks, common abuses of the marks, counterfeits of the marks, and recidivist counterfeiters.

- The search engine advertising services may have greater insights into technological issues, such as filtering and blocking too broadly, staying current with technologies, correct identification of any user, volume of users, business resistance to resource intensive solutions, and identifying recidivist counterfeiters reported by multiple brands.
6. Intermediaries should update their own internal processes to include technological developments that facilitate more efficient filtering and takedown processes in an ongoing, proactive fashion.
 7. Search engine advertising services should take steps on an ongoing basis (through forums such as INTA) to educate brand owners as to their policies and procedures for dealing with counterfeiting abuse.

Search Engine Services

1. Search engines should provide a timely and effective process for brand owners to notify them of the illegal sale of counterfeit goods and of any court order that a brand owner has obtained against a defendant in which the court has adjudicated that the defendant is engaged in the illegal sale of counterfeit goods. Search engines should remove the search results leading to the illegal counterfeiting content from their index and provide a process to respond to such reports of illegal counterfeiting both proactively and reactively. Once a result has been reported and delisted for the illegal sale of counterfeit goods, search engines should also (i) proactively address additional search results for the reported website, (ii) review/delist those results, and (iii) consider the degradation of the website in the search results as well.
2. To the extent that there are legal frameworks applicable to the removal of content on search engines and to the extent the legal grounds implicate behavior used by counterfeiters (e.g., DMCA and copyright), search engines should provide an efficient process for parties to submit removal requests.
3. Some bad actors, including counterfeiters, use deceptive or deliberate manipulation of search optimization tactics in violation of webmaster guidelines to improve their ranking. Search engines should provide a process for parties to notify them about these sites appearing in search results and using Web spam tactics. Search engines should take action in relation to such sites consistent with their Web spam guidelines including action by the search engine against its customer (counterfeit seller) for violating its guidelines (termination of the counterfeit seller's account and delisting/removal from the search engine index).
4. Search engines should make available their webmaster guidelines, as well as information about legitimate search engine optimization, prioritizing search results for the promotion of authentic goods over counterfeit goods. These methods can help brand owners improve the quality of their websites and make them more relevant to users. Specifically, they can be used to provide users information about the harms of counterfeit versions of a brand owner's product and promote the benefits of authentic goods.

Best Practices for Online Marketplaces

1. Online marketplaces should tighten repeat offender policies by strengthening and streamlining procedures for identifying repeat offenders; implementing proactive removals as informed by brand owner feedback, the platform's own software, and seller programs; and taking more meaningful and proportionate action against repeat offenders. Online marketplaces should provide transparent, accessible, and easily understandable information to brand owners about their policies to combat counterfeiting and their mechanisms for reporting suspected counterfeit products offered on the platform.
2. Online marketplaces should employ preventive measures to reduce the sale of counterfeits by anonymous counterfeiters, such as requiring sellers to share identification information to the maximum extent permitted by applicable privacy law and requiring participation in information verification systems. Online marketplaces should also proactively scan listings to remove high-confidence counterfeits and employ mechanisms to facilitate the takedown of counterfeit goods, including click-through notices, online help pages, email communication, online chat, filters, and/or other communications.
3. Subject to applicable privacy laws, online marketplaces should improve disclosure policies to facilitate access by brand owners and law enforcement authorities to information about counterfeiters, including seller identities and sales information. Providing seller contact details upon request in conjunction with a valid notice & takedown for counterfeit should be implemented in order to increase seller transparency across online marketplaces. This also includes providing reasonable cooperation with law enforcement with responsibility for anti-counterfeiting enforcement in investigations and complying with court orders or subpoenas in connection with anti-counterfeiting enforcement efforts, as consistent with local national laws, including privacy-related laws and other due process principles.
4. Online marketplaces are encouraged to explore and implement new technologies to combat counterfeits, such as application program interfaces (APIs) that allow brand owners to conduct automatic scanning and retrieval of listings and seller information, thereby greatly improving the efficiency of monitoring and review efforts.
5. Upon receipt of a valid takedown request, and in an effort to (1) recall and destroy previously sold counterfeit goods when feasible (i.e./ when holding inventory of the goods) and (2) alert the public to a potential health and safety risk to the consumer, online marketplaces should immediately notify previous purchasers of counterfeit goods from the seller that the goods are counterfeit when possible.
6. Online marketplaces should implement commercially reasonable automated "know your customer" measures to verify the identities and addresses of sellers and make sure they are not operating under multiple false accounts. To assist with these measures, online marketplaces should leverage current technology and require that online marketplace sellers provide accurate and updated email and mailing

addresses for the seller or the seller's authorized agent, and for any third parties who will be fulfilling the seller's orders. Online marketplaces should require that sellers respond to takedown-related requests at the given addresses within a mutually agreed-upon period of time. Further, online marketplaces should suspend or permanently remove sellers who repeatedly violate these terms.

7. Online marketplaces should operate an effective notice and takedown program and should implement internal mechanisms to make sure the listings for counterfeits do not return. The notice and takedown programs should (i) be prominently available on the online marketplace's website and should provide email contact information or other online contact channels to brand owners who have submitted takedown requests using the system and (ii) provide a mechanism for brand owners to report, preferably through an online form, sellers and/or listings connected to potential counterfeit goods. At a minimum, the reporting mechanism shall request:

- The identity and contact information of the brand owner and/or agent reporting the allegedly counterfeit product;
- The identity and online location of the listing;
- The content to report including the allegedly counterfeit product;
- The trademark registration or serial number(s) of the mark(s) believed to have been counterfeited; and
- The seller posting such listing, to the extent such information is available to the brand owners.

Following receipt of a valid takedown request, online marketplaces should temporarily suspend the reported listing(s) in order to prevent further sales of counterfeit goods while the claim is under review. Once the request has been processed by the online marketplace, either remove the noticed listing or promptly notify the brand owner that the listing will not be removed and provide a brief explanation. Online marketplaces are encouraged to undertake reasonable efforts to memorialize the contents of a listing before being removed from the platform.

8. Understanding that a party accused of infringing any IP can and should have recourse to challenge the scope and validity of the asserted right, online marketplaces should accept removals based on a wide range of IP rights, including copyrights and design rights, which have become necessary as counterfeiters shift away from using discernible trademarks in their listings in order to avoid takedown.

9. Online marketplaces should interface on a regular basis with brand owners upon request to learn about infringements to a particular trademark and how counterfeiters are getting around current restrictions. Where commercially reasonable and proportionate, online marketplaces should provide tools that allow verified brand owners with a history of good faith takedowns to trigger counterfeit listing removals. Platforms may employ appropriate policies and procedures to deter the use of these tools to limit lawful secondary sales or other abuse. Further, online

marketplaces should establish a process for buyers to return suspected counterfeit products at no cost to the buyer, including by providing a return code for “suspected counterfeit product.” It is recommended that the return code data be shared with the brand owner or brand owner representative.

Best Practices for Payment Service Providers

1. Payment service providers (PSPs) should have in place policies prohibiting the use of their services for the purchase and sale of goods that are determined to be counterfeit under applicable law. Such policies should include a “chargeback reason code” permitting the payee to receive a refund without returning the goods to the merchant where the goods have been determined to be counterfeit by the brand owner, a customs agency, a law enforcement agency, or another neutral expert.
2. PSPs and related financial institutions should adopt appropriate due diligence processes and educational initiatives to minimize the offering of online payment processing services to purveyors of counterfeit goods.
3. PSPs should have procedures for brand owners to report websites (in accordance with best practices for brand owners 5(a) through 5(d), set forth below) that use a PSP’s network to process payments for the sale of allegedly counterfeit goods and should make those procedures readily identifiable by rights holders and others online. An example of an efficient reporting procedure includes, but is not limited to, a single email address or online reporting form through which brand owners can submit allegations of counterfeit sales activity.
4. PSPs should join initiatives adapted to facilitate cooperation with brand owners and law enforcement authorities and proper handling of complaints from brand owners to PSPs regarding online sale of counterfeit goods.
5. Upon receipt from the brand owners of at least best practices for brand owners 5(a) through 5(d) (set forth below), and after a reasonable period of time for review, PSPs should provide (or may request that others provide, as appropriate) reasonable feedback to the brand owners with respect to their findings. PSP report procedures should not require brand owners to conduct test transactions, as PSPs are in the best position to identify merchant payment channels using their own test transaction protocols.
6. PSPs may reserve the right to allow the website owner/operator to respond to the allegations and/or cure the alleged violation prior to responding to the brand owner or making a determination on appropriate remedies.
7. If a PSP observes blatant violations of the PSP’s policies and applicable trademark laws through the use of its payment service, the PSP should impose appropriate remedies in accordance with its own internal procedures, including termination of service in appropriate cases.
8. PSPs should have in place policies for deterring counterfeiters for whom services are terminated from using another merchant account, including providing for appropriate action against the merchant permitting use of the other merchant account.

Best Practices for Brand Owners

1. Brand owners should take steps on an ongoing basis to educate online platforms, other intermediaries, and the public as to their trademarks.
2. Brand owners should take steps to actively monitor offers on online marketplace, shopping, and social media platforms, with the aim of identifying counterfeits, and should notify the platforms and PSPs of the specific counterfeit goods alleged to infringe trademark rights.
3. Brand owners should provide online platforms and other intermediaries with a list of keywords commonly used by sellers for the purpose of trying to sell counterfeits, to assist such platforms and other intermediaries with measures for addressing the sale of counterfeits on the Internet. The platform should retain this list of keywords, as well as capture corroborating data; such as a cached listing or a screen grab before it is taken down.
4. Before submitting a notice, brand owners should take measures that are reasonable under the circumstances to verify that the material is not authorized by the brand owner and preserve dated website documentation of such unauthorized material.
5. In working with platforms and other intermediaries on combating online sales of counterfeits, brand owners (directly, or through its authorized agent, such as an online vendor or law firm) should take the following steps:
 - a) Stay up to date on an online marketplace's policies addressing counterfeit goods and how the marketplace is organized to accept reports on users or listings connected to potentially counterfeit goods.
 - b) Provide accurate identification of the material alleged to be infringing. Before submitting a notice, a brand owner should take reasonable measures to verify that the material is not authorized and preserve dated documentation of such unauthorized material.
 - i. Use the reporting forms provided by the online marketplace and providing complete information to ensure a valid submission.
 - ii. Provide information identifying where the alleged illegal material is located, such as specific identification of the content at issue, (by direct URL). For example, instead of providing seller details, brand owners should provide pinpoint links to each alleged infringement and specifically identify the location and identity of the goods it seeks to remove.
 - iii. Leverage search engine optimization to provide clarity regarding the appropriate or legitimate source of their product.
 - c) Provide relevant trademark registrations and/or applications, in appropriate jurisdictions, which may impact the online marketplace's ability to take appropriate action against online counterfeit goods in certain jurisdictions as requested by the platform. Where multiple counterfeit goods are reported in a single report, provide supporting brand ownership information that aligns with each allegation of counterfeiting.

- d) Provide a statement made under penalty of perjury that the notifier is the brand owner or is authorized to act on the brand owner's behalf and has a good-faith belief that the use of the material in the manner complained of is not authorized by the brand owner.
- e) Confirm that the brand owner (or its authorized agent) has a good-faith belief that the user of the marketplace is engaged in the sale of counterfeit goods.
- f) Keep a copy of the submission for their records, or provide the proof of receipt of the submission to the online marketplace, and other correspondence with the online marketplace in case the issue requires further discussion or action.
- g) Promptly provide supporting collateral requested from an online marketplace in response to any requests for additional information about an instance of counterfeit goods.
- h) In cases where the alleged counterfeit goods are reinstated on the online marketplace due to a complete and valid appeal, do not repeatedly submit notices for the removal of such content (unless the notice is valid).

Best Practices for Social Media Sites

1. Social media sites' applicable terms of service, content, and other guidelines should expressly and clearly prohibit the sale of counterfeit or unlawful products. Social media sites should actively enforce these terms and guidelines by warning that, if reported, an infringing account can be closed, and the user will be banned from the site indefinitely.
2. Social media sites should have a proactive filtering program enacted for the removal of postings that advertise the sale of counterfeit merchandise in publicly available pages or groups. Brand owners should also receive a list of keywords/hashtags/search terms from the social media site that are used in the filtering. Keyword search sharing should be bilateral.
3. Social media sites should have a clearly visible and effective process publicly available for brand owners to deal with the sale and offering of counterfeit products. Such process or notice of claimed infringement shall specify, at a minimum, the information required to be reported by the brand owner or user, which shall not be unduly burdensome; when, to whom, and how such information is to be reported; and the process by which and time frame within which the social media site or its agent shall act upon such reports. Social media sites should conform to their stated process requirements. An effective notice and takedown system will remove listings that promote the sale of counterfeit merchandise in a timely manner, the industry standard being the removal of posts within 24 to 48 hours.
4. Social media sites should be required to verify the identity of their users offering for sale counterfeit merchandise. They should also require users to maintain and disclose identity/source/location/authenticity records to the platform upon request. The contact details of social media users offering for sale counterfeit merchandise should be provided upon request to brand owners whose rights have been violated.
5. Social media sites should be more active in educating and raising the user's consciousness of the risks of buying and supporting the sale of counterfeit goods on their sites. Social media users who accept a site's terms of service should be made aware that counterfeit items posted for sale are subject to removal and may result in the permanent loss of the user's ability to access the platform.
6. Social media companies should collaborate with anticounterfeiting organizations and consider placing anticounterfeiting campaigns on their sites to raise the user's consciousness of the risks and consequences of buying counterfeit goods. This can also be enacted as a message when a user is completing a purchase or before leaving the site.

Best Practices for Registrars and Registries

1. Registrars and registries should adopt, publish, and enforce IPR policies and effect appropriate due diligence to address and minimize misuse of their services. They should clearly communicate and indicate their IPR policies on their websites and include these policies in their contracts and terms of service.
2. Registrars and registries should, furthermore, consistently enforce the terms of service with their customers.
3. Registrars and registries should facilitate and support legal actions and investigations into the sale of counterfeit goods and commit themselves, upon request, to disclose and provide any rights holder reporting a website for IP infringement with the unmasked Registration Data Access Protocol, which includes the details of the owner and/or operator of a website showing or displaying counterfeit goods. Additionally, rights holders reporting infringement should also be provided details for other sites registered to the suspected infringer or hosted on the same IP address as the site reported as infringing (the information should include the identity and contact details of alleged infringer and their user names, in accordance with applicable laws). Registrars and registries are urged to balance their own interest with the interests of consumers.
4. Registrars and registries should have in place reasonable policies and procedures for strengthening and/or tightening procedures for identifying and taking more effective action against repeat offenders, such as the consistent application of termination services, and should improve disclosure policies to facilitate access by brand owners and law enforcement authorities to information about counterfeiters, including repeat offender identities and sales information (i.e., domain-related transaction information). Registrars and registries should publish these policies and procedures in order to create public awareness.
5. Registries should consider the addition and implementation of search and enforcement APIs, which allow brand owners to conduct automatic scanning and retrieval of listings, thereby greatly improving the efficiency of monitoring and review efforts. Registries are encouraged to explore new technologies (artificial intelligence, blockchain, machine learning, etc.) to combat counterfeit sales.

Best Practices for Logistics Companies

1. Logistics companies should procure comprehensive and detailed identity and contact information for consignors and consignees before providing logistics support.
2. Logistics companies should have simple procedures in conformity with the applicable laws of the respective jurisdiction for the sharing of information with enforcement agencies and brand owners investigating counterfeiting activities.
3. Logistics companies should have in place mechanisms to refuse to provide services to consignors/consignees found to be involved in counterfeiting activities.
4. Logistics companies should implement effective routines of conducting random inspections to
 - a. Check the authenticity of the goods sought to be transported;
 - b. Verify the authenticity of the contact and location details provided by consignors and consignees; and
 - c. Confirm whether the nature of goods actually being transported matches the description of goods (as declared) by the consignor.
4. Logistics companies should have easily accessible contact points for brand owners and enforcement agencies to contact.
5. Logistics companies should cooperate with brand owners on matters such as:
 - a. Arrange for the immediate delivery up of any counterfeit merchandise to the brand owner, for immediate destruction;
 - b. Training logistics employees in the identification of counterfeit goods and trade channels; and
 - c. Establishing reward schemes in cases of suo moto alerts and information by the logistics companies.
6. Logistics companies should require consignors to mention the brand or trademark on the packaging and invoices in the case of branded goods.

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