International Trademark Association Comments for the “Call for Evidence” on the “EU Toolbox Against Counterfeiting”

March 2, 2022

The International Trademark Association (INTA) would like to thank the European Commission (EC) for the opportunity to provide comments on the EU Toolbox against counterfeiting (EU Toolbox). INTA applauds this initiative to set out principles for coherent joint action, cooperation, and a balanced approach toward data sharing among right holders, intermediaries, and law enforcement authorities.

INTA is a global association of brand owners and professionals dedicated to supporting trademarks and complementary intellectual property (IP) to foster consumer trust, economic growth, and innovation, and committed to building a better society through brands. Members include nearly 6,500 organizations, representing more than 34,350 individuals (trademark owners, professionals, and academics) from 185 countries, who benefit from the Association’s global trademark resources, policy development, education and training, and international network.

The global nature of INTA’s membership makes it all the more important to work towards establishing a coordinated and coherent response at the European Union (EU) level. INTA commends the efforts to date of European institutions to enhance and continuously improve IP enforcement through measures such as legislation and voluntary practices. INTA believes this is a prime opportunity for the EC to work toward harmonizing its approach to IP enforcement and education.

Below are the key recommendations provided by INTA members for consideration in the development of the EU Toolbox.

I. Creating a streamlined anticounterfeiting portal

While materials on anticounterfeiting are generally available to stakeholders by EU Member States, INTA believes it would be beneficial for the EC to create an online portal as a singular, comprehensive repository for these resources at the European level. The creation of such a portal would align with the declared purpose of the EU Toolbox to increase and improve accessibility to all stakeholders.

A user friendly anticounterfeiting portal could contain the following:

- Organizational charts displaying public anti-counterfeiting authorities (and corresponding roles) in the EU;
- Relevant legislation of EU and EU member states;
- Public directory for stakeholders to access the contact information of public and private sector representatives;
- Checklists for easy handling of counterfeit cases (both online and offline);
- Examples of Best Practices for collaboration between public and private sector which could include recommendations from INTA’s Addressing the Sale of Counterfeits Online;
- Trainings and recorded webinars from the public and private sectors;
- Facts and figures/trends from authorities for better risk assessment by the private sector;
- Updates on new tools and technologies to prevent and detect counterfeiting activities; and
- Organization of workshops and forums for information sharing.
The anticounterfeiting portal could become a one stop-shop so that stakeholders in the EU who do not have significant resources would easily be able to access this information. This would be especially useful for small and medium sized enterprises (SMEs) that might have limited knowledge of intellectual property rights enforcement.

II. Using technology to combat counterfeits

While it is clear that new technologies have an important role in combating counterfeiting, INTA supports a flexible approach that contemplates that certain technological advancements may, in fact, be used not only by those who fight counterfeiting to protect consumers and brand owners, but may be adopted by counterfeitters as well. It is very important to keep thinking ahead and evolving technical applications to meet new challenges.

The EU Toolbox seeks to provide guiding principles and best practices for online intermediaries, including domain name registrars and registries. With specific regard to registrars, registries, and the Domain Name System, INTA notes the following:

- Registrars, registries, and domain names are a critical part of the infrastructure of the Internet, and online counterfeiting remains a major concern for brand owners and consumers. Therefore, the Domain Name System is a legitimate arena to combat counterfeiting.
- As the European Commission recently recognized in its Study on Domain Name System (DNS) Abuse, domain name abuse is intimately tied to counterfeit goods in the EU marketplace.1

INTA members are optimistic about the role of new technologies (e.g., blockchain, artificial intelligence, machine learning, etc.) to combat counterfeiting. Such initiatives incentivize innovation and attract new entities to develop and implement cost-effective, fair and targeted anti-counterfeiting solutions. This is of great importance to the goals of the EU Toolbox which aim to minimize potential negative economic, social, or environment impacts from the implementation of such technology. To be effective, such technological initiatives should achieve a symbiotic balance between online platforms and enforcement measures. Use of machine learning technology aimed at preventing ads for counterfeit products is one example of intermediaries taking action in this space. More advances like this are needed and should be encouraged.

The adoption of new technologies in the EU Toolbox should be accomplished using a flexible framework with the input of relevant stakeholders. This is important because technologies develop over time, giving counterfeiters the ability to adapt their criminal activities and to create new opportunities to thwart prevention and detection. Thus, adoption of new and innovative means to identify and reduce the distribution of counterfeit goods should be encouraged.

INTA recognizes that online purchasing is increasingly common and, thus, the EU Toolbox should adopt commercially reasonable measures that foster both consumer trust, economic growth for brand owners, and varying technologies available to intermediaries. For example, the importance of preserving consumer access to lawful secondary markets for safe and genuine goods as well as feasibility issues for verifying seller identification and automated tools should be taken into consideration. Likewise, the abilities and responsibilities of smaller intermediaries often differ from those of larger entities. The EU Toolbox should consider these varying interests including, in relation to the first point about technology, the ability of certain intermediaries to effectively self-enforce anti-counterfeiting measures. A question to consider is to how to balance the gaps in terms of incentivizing the development and use of new technologies and costs.

III. Addressing information sharing

INTA emphasizes support for the objective of facilitating “effective and efficient information sharing between all key actors,” especially in light of the General Data Protection Regulation (the “GDPR”). This is particularly important in the Domain Name System. While registrars and registries have an important role in effective anti-counterfeiting efforts, the GDPR has made it more difficult for brand owners to identify who is behind websites that advertise or sell counterfeit goods. Thus, discerning the identity of malicious actors who use domains for infringement purposes remains a significant challenge to intellectual property owners. This is because the Registration Data System also known as WHOIS has been significantly modified to mask critical contact information. This is the result of measures taken by the Internet Corporation for Assigned Names and Numbers

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1 https://op.europa.eu/en/publication-detail/-/publication/7d16c267-7f1f-11ec-8c40-01aa75ed71a1

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ICANN and registrars and registry operators to comply with GDPR. ICANN’s policy process has not resolved the over correction of masking WHOIS information including non-personal, legal data as well as personal data. This is contrary to the balancing objectives of the GDPR.

INTA supports the EU Toolbox’s objective to share information more effectively by advocating for a standardized system for accessing non-public registrant data, personal and legal, where that registrant might be suspected of engaging in counterfeiting activity. The Proposal for a Directive of the European Parliament and of the Council on measures for a high common level of cybersecurity across the Union (“NIS2”) contemplates the requirement for an accurate and accessible domain name registration data system. While the Directive is aimed toward cybersecurity breaches, the principle of access for fighting any abuses that cause consumer harm should be supported including access for intellectual property rights holders who are fighting infringement and counterfeiting. Accordingly, the EU Toolbox should emphasize a more robust and transparent system that allows for greater verification of information submitted to registrars, outlines best practices for registrars to self-monitor violations of its terms of use, provides greater transparency into such violations including formal communication between registrars and trademark rights owners, and specifies a process for repeat domain name abusers. For example, although ICANN’s accreditation process allows for more centralized registrar accreditation, not all accredited registrars are created equal. It has been demonstrated that certain domain name registrars attract more infringing uses than others and information submitted to registrars is not always accurate, despite ICANN’s accreditation system.

Another measure could include the institution of a centralized process for watching and notifying those registrars that are the subject of greater infringing uses. This could include a formalized process for timely removing known infringing domains subject to reasonable escalation procedures, specified consequences of inaction, and a consumer-driven reporting process with service level agreements. Another way to address the issue might involve promoting voluntary action by registrars, including self-policing measures. For example, registrars may be encouraged to develop a “watch list” of known infringing domains and their owners, including identifying information, either privately or publicly. Such a list should also be subject to reasonable due process including the right of appeal.

In order for the EU Toolbox to be effective, it would become necessary to reconcile the need of information sharing and exchanging goal with the limitations represented by data privacy rules. In this regard, some key areas of difficulty that may be identified are: (a) the use of information obtained with respect to goods seized by Customs for broader investigations on the individuals or companies involved in the shipping of counterfeit goods (and possibly networks behind them); and (b) high hurdles to identifying domain name ownership and hence to investigate sites offering counterfeit goods for sale. As an example, in the case of the EU Study on the subject of domain name abuse, how would the results of such a study as they relate to anti-counterfeiting be included into the EU Toolbox? These interrelated aspects may become a roadblock for enforcement. If the EU Toolbox could offer some level of solution for such situations, it would increase its effectiveness.

Moreover, this initiative should encourage information sharing among the relevant enforcement authorities, including between Customs, the European Anti-Fraud Office (OLAF), EUROPOL, and the World Customs Organization (WCO). The various databases used by the different authorities need to be interoperable, to allow sharing of data across platforms eg between the EUIPO’s IP Enforcement Portal (IPEP), the Anti-Counterfeit and Anti-Piracy Information System (COPIS) and the WCO IPR CENcomm group.

IV. Educating consumers

Consumer awareness campaigns are extremely important to educate the public, especially young consumers, about the danger of counterfeits and to emphasize the link between counterfeiting and organized crime. INTA recommends including a consumer awareness campaign as part of the EU Toolbox.

INTA would be glad to offer cooperation under its Unreal Campaign. The Unreal Campaign is INTA’s initiative to educate those aged 14 to 23 about the importance of trademarks and brands and the dangers of purchasing counterfeit products through illustrative, relatable presentations, largely at schools, youth-oriented events, virtual platforms, and social media engagement. INTA’s Study “Gen Z Insights: Brands and Counterfeit Products” published in 2019, showed that 79% of young consumers have purchased counterfeit products in 2018 and that Gen Zers live in a world where the sale of counterfeit products is ubiquitous.
The EU Toolbox should also include resources relevant to consumers generally. For example, the EU Toolbox could be promoted to the public at large where it could be a center for those who wish to alert rights owners and/or the authorities to suspected counterfeits. Such a reporting mechanism would not shift the responsibility of fighting counterfeits to consumers. Rather, it is a fact that very often consumers have information about the counterfeits found both online and offline. Creating a common reporting system could effectively capture such data.

V. Strengthening consumer protection aspects related to counterfeits

Additionally, European agencies may consider working closely together with the authorities in charge of Consumer Protection. Currently, Consumer Protection is an EU imperative and there are an increasing amount of resources and sanctioning power after the Omnibus Directive. It is important to continue to emphasize that counterfeits pose a significant risk to consumer health and safety.

VI. Reviewing past MOUs and resources

The EU Toolbox should take the existing initiatives and framework related to the Memorandum of Understanding (MOU) a step further by creating a centralized and cohesive system in the fight against counterfeits in the EU market.

Since the 2020 Commission IP Action Plan called for formation of the EU Toolbox, the EC’s 2020 report examining the working of the MOU ('2020 Working Report') and the MOU have been instructive. For one, the 2020 Working Report revealed, inter alia, that signatories to the MOU suggested new actions, including enhancing tripartite collaboration – the very sort envisioned by the EU Toolbox. Therefore, a review of the MOU and the 2020 Working Report provide ideas on how the EU Toolbox can function.

The 2011 MOU initiative was due to the growth of e-commerce. With the COVID-19 pandemic, online sales saw a dramatic increase – jumping to $26.7 trillion and surpassing offline retail sales. With many businesses switching to or enhancing their online presence, counterfeiters also followed suit and increased their illegal activities online.

Even offline counterfeits will have some online presence or use the services of intermediaries— for example, transportation, logistics providers, manufacturers, suppliers, financial, and payment gateway services. In this way, the online mechanisms, technological tools, and strategies will take center stage in the fight against counterfeits. For these reasons, the 2020 Working Report on the MOU is a relevant source from this Call for Evidence.

VII. Conclusion

Fighting counterfeits at source demands a long-term, concerted effort by rights owners with the cooperation of authorities in and out of the EU depending on leads to the end source(s). Aside from EU agencies and authorities, bilateral inter-governmental discussions and co-operation may be needed with jurisdictions identified to have large-scale end-source counterfeits. To that end, rights owners and other industry stakeholders may wish to advocate for such action, with much of counterfeiters taking place online and crossing borders.

As it is stated that there will be no impact assessment, the EC should consider the creation of a public ad hoc Working Plan for the EU Toolbox. This will be important in order to create a strong EU Toolbox for the establishment of concrete initiatives and set predicted timing. The EC could consider implementing the below tools to measure the progress of the implementation of the EU Toolbox initiative:

- Action plan(s);
- Key success measures / KPIs;
- Work in progress tracking (with corresponding timings).
INTA looks forward to providing support to the EC to develop and establish initiatives under the EU Toolbox against counterfeiting. INTA thanks the EC for its consideration of this submission and remains available to discuss these recommendations in further detail.

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