

Knock it Off: Counterfeit Goods and the Building Blocks of an Effective Brand Protection Program

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Counterfeiting has grown to enormous proportions resulting not only in losses for individual businesses, but also losses for the economy and safety hazards. The total financial loss suffered by companies around the world is conservatively estimated at \$400 billion, with \$250 billion lost in the United States alone. U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) and U.S. Customs and Border Protection (CBP) estimate 750,000 American jobs are lost due to counterfeit goods.¹ Criminals use counterfeiting to launder money and fund other criminal activity, including terrorist groups.² To make matters worse, counterfeiting rings continually develop new strategies to evade detection by the authorities. This article provides an overview of the current problems facing brand owners and recommendations to protect your brand.

A. The Counterfeiting Problem Extends Beyond Luxury Goods

First, it is important to understand that counterfeiting affects a wide variety of industries. When most people think of counterfeit goods, they commonly think of a knock-off handbag or other luxury good. While such goods certainly account for a substantial portion of the counterfeits, for a substantial portion of the counterfeits seized each year, counterfeit personal care items, pharmaceuticals, software, automotive parts and even food products are also knocked off. Given the wide range of counterfeited products, manufacturers of all products must be vigilant in developing a plan to protect their brands. For example,

the Department of Homeland Security's most recent report on the "top seized products," pharmaceuticals were fifth on the list, while handbags came in sixth place.³ Some examples of counterfeit medications include counterfeits of the diet pill "Alli" that contained no active ingredients

for weight loss, but did contain controlled substances known to cause dangerous reactions with other medications.⁴ Personal care items like sunscreen, toothpaste and batteries are also targets.⁵ The government categorizes these pharmaceutical and personal care items as "health,

1. U.S. Customs and Border Protection, press release, May 29, 2002 available at <http://www.cbp.gov/xp/cgov/newsroom/news_releases/archives/legacy/2002/5_2002/05292002.xml>.
2. "The group accused of the Madrid train bombings in 2004, which killed 191 people, had used proceeds from the sale of pirated CDs to fund their activities. The U.S. authorities have also said that another group sells counterfeit goods, including fake Viagra, to support Hezbollah, the militant group in Lebanon." Counterfeit goods are linked to terror groups (2007) available at <<http://www.nytimes.com/2007/02/12/business/worldbusiness/12iht-fake.4569452.html>>.
3. U.S. Customs and Border Protection Office of Trade, Intellectual Property Rights: Fiscal Year 2015 Seizure Statistics at 15, available at <<https://www.cbp.gov/sites/default/files/assets/documents/2017-Jan/2015%20IPR%20Annual%20Statistics.pdf>>.
4. FDA News Release, FDA Warns Consumers About Counterfeit Alli (January 18, 2010) available at <<http://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm197857.htm>>.
5. Intellectual Property Rights: Fiscal Year 2015 Seizure Statistics, *supra* note 3.
6. *Id.*

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safety, and security” seizures.⁶ Even our pets are not safe from counterfeit goods. The U.S. Food and Drug Administration recently issued a video warning consumers of the increase in counterfeit pet medications being sold online.⁷ According to the FDA warning, pet medications are offered at low prices online, but the FDA has found that the medications shipped to consumers are medications that have not been approved by the FDA, are expired or “even fake.”⁸ The FDA warned: “if it sounds too good to be true, it probably is.”⁹

Food products may also be counterfeit. On Dec. 20, 2016, counterfeit Del Monte Corn was discovered in a raid in Hanoi, Vietnam.¹⁰ Counterfeit Heinz Ketchup was found by police in New Jersey on Dec. 29, 2016.¹¹ The Grocery Manufacturers Association works to address counterfeiting in food products, providing best practices specific to the food manufacturing supply chain as well.¹² Government reports worldwide verify that counterfeiters produce a wide variety of products posing a wide variety of problems. Counterfeits often pose serious safety concerns for unsuspecting consumers. Counterfeits may also include materials that are dangerous to our environment. Counterfeits negatively impact the economy. Counterfeiting reduce sales for genuine products resulting in lower profits and fewer jobs. Counterfeits are sold primarily sold through back channels without paying appropriate taxes. Moreover, counterfeits may be, and often are, manufactured in violation of child labor laws and work safety regulations.¹³ Counterfeiting causes widespread problems that can be substantially reduced through effective brand protection programs.

B. A Multifaceted Brand Protection Program

The sections that follow address strategies available to establish a multifaceted brand protection program for any industry. We have categorized six areas of focus:

(1) Trademark Maintenance in the United States and Abroad; (2) Effective Identification of Counterfeits; (3) Border Control and Customs Fil-

ings and Training; (4) Monitoring Domain Names and Internet Sales; (5) Enforcement Through Cease and Desist Letters and Litigation; and (6) Enforcement Through Public Relations and Education.

The sections that follow provide background information and recommendations for each category.

Trademark Maintenance in the United States and Abroad

At the outset, it is important to develop and maintain a trademark portfolio to ensure secured rights in trademarks in key jurisdictions.

i. What Should I Register?

Identifying specific trademarks for registration involves strategic business decisions that vary from business to business. At a bare minimum, words and logo designs that are used as house marks, such as a company name or brand name, as well as the words and logo designs used for key products should be registered. As an example, NIKE® is a house mark used on various products offered by Nike Inc. However, in addition to that brand name, various product lines feature additional marks, such as NIKE AIR® running shoes. Nike also uses the famous Nike “swoosh” logo design and the phrase “just do it”® as trademarks. Each of these examples represents a different type of trademark that can be registered; because

the marks may be used separately or together, individual registrations are important to protect them fully.

Brand owners spend a significant portion of their annual budgets on advertising to build brand recognition and establish trust with consumers in the quality of their brands and associated products. Low quality counterfeits often result in bad reviews. Reports of dangerous counterfeit products may make consumers hesitant to buy the product at all, undermining the goodwill of the brand. When counterfeit products not only disappoint individual consumers, but also create more widespread distrust, that goodwill can be lost entirely. Trademark filing and maintenance secure enforceable rights to protect that value.

In order to deter counterfeiting efforts, in addition to traditional trademarks, it is important to consider distinctive designs and patterns featured on product packaging. Under certain circumstances, distinct combinations of color and other design elements applied to product packaging may be registered, including unique trademarks like the green and yellow colors and their placement on a John Deere® tractor. Once secondary meaning develops through years of use, extensive advertising, and sales, consumers recognize these designs, making the designs a target for counterfeiters.

7. Purchasing Pet Drugs Online: Buyer Beware, <<https://www.stopfakes.gov/Consumer-Guide-to-Counterfeits--Pirated-Goods>>; See also, Counterfeit Product Alert Merial: Frontline Flea and Tick Products, <<https://thecounterfeitreport.com/product/109/Frontline-Flea-and-Tick-Products.html>>; Counterfeit Product Alert Bayer: Advantage Pet Products, <<https://thecounterfeitreport.com/product/108/Advantage-Pet-Products.html>>
8. *Id.*
9. *Id.*
10. Counterfeit Product Alert Del Monte: Canned Corn Products, <<https://thecounterfeitreport.com/product/561/Canned-Corn-Products.html>>.
11. Counterfeit Product Alert Heinz: Simply Heinz Ketchup, <<https://thecounterfeitreport.com/product/166/Simply-Heinz-Ketchup.html>>.
12. Grocery Manufacturers Association, Brand Protection and Supply Chain Integrity: Methods for Counterfeit Detection, Prevention and Deterrence A Best Practices Guide, <http://www.gmaonline.org/file-manager/Collaborating_with_Retailers/GMA_Inmar_Brand_Protection.pdf>.
13. Daniel Bukszpan, Counterfeiting: Many Risks and Many Victims (2010), <<http://www.cnbc.com/id/38229835>>

Certain design elements may also qualify for copyright protection; from the photos on the bags of pet food, to trademarked characters like Tony the Tiger® and the Energizer Bunny®, to the “hibiscus flower design” on a bottle of Hawaiian Tropic® sunscreen, copyrights combined with trademarks strengthen brand owners’ rights and provide alternative forms of relief. As counterfeiters attempt to mirror product packaging with different but similar word marks, securing rights in several different elements used on the product and product packaging will enhance options for enforcement at a later date.

ii. Where Should I Register My Marks?

It is logical to register trademarks where products are sold, but a comprehensive filing strategy should also consider where the goods are manufactured, where the brand owner intends to sell the product in coming years, and where counterfeits are most likely to be made for export to the brand owner’s key markets. A brand owner should take into account alternative channels of trade through distributors, resellers, and online retailers that expand the reach of the brand owner’s direct sales. For example, if the brand owner sells products to a company in Thailand but that company resells those products to end users in Myanmar and Vietnam, the brand may gain recognition in those countries before the brand owner makes direct sales. That said, the brand owner may be able to register the mark in these additional countries. Local laws establishing the requirements for registration vary from country to country. Many countries do not require use for registration; they are “first to file.” An experienced trademark attorney can

14. When identifying countries of interest, it is also important to consider the supply chain and related contractual agreements. Contracts with entities in foreign jurisdictions (whether manufacturers, distributors, authorized resellers or customers with retail outlets) should incorporate recognition of the brand owner’s trademark rights and terms that require cooperation to register the marks if necessary. For example, contractual provisions in an agreement with a manufacturer should address seconds and overruns of the products to provide for contractual actions if the local manufacturer runs a second shift to make additional products and sell them out the back door. In many cases, when manufacturing overseas, the manufacturer turns out to be the counterfeiter. However, contractual provisions can deter that behavior and provide remedies in the event such counterfeits are discovered.

lay out a plan for foreign filings and protective licensing provisions to lay the groundwork to enforce against counterfeits around the world.¹⁴

Similarly, many brand owners face trademark disputes with business partners after discovering that a business partner (such as a manufacturer or distributor) registered the brand owner’s marks in the manufacturing country or others. Even an employee of a business partner may register marks discovered through their employment. The remedies available to secure ownership of the trademarks after a specious registration vary from country to country. In “first-to-file” countries such as China, rights are given to the first-to-file a trademark application. In these countries—even with evidence of foul play—it can be very difficult to recover trademark rights after another individual or entity files for the marks. Therefore, rights should be secured before introducing the brand to that market, even if only through a business partner.

If local laws prevent you from registering your mark in countries where your business partners are located due to local use requirements, monitor for application filings or use of the mark for similar products to identify potential counterfeits. Several companies provide a service to monitor new trademark applications. These companies receive government data on all the trademark filings in virtually every industrialized country. If any of the filings resemble your trademark, you will receive an email with the details. A brand owner can establish a trademark watch directly or through a trademark attorney that can provide legal analysis of any notices received.

China: The World’s Largest Producer of Counterfeit Goods

The vast majority of the counterfeits seized by the U.S. government each year originate in China. In the most recent report issued by the Department of Homeland Security and U.S. Customs and Border Control, 87 percent of the counterfeit goods seized originated in China.¹⁵ As a result, brand owners doing business in China must be particularly careful.

As noted above, trademark provisions should be incorporated into any sourcing or manufacturing agreements. Additionally, because trademark rights in China are based on a “first-to-file” registration system, it is important to register marks early, including any applicable Chinese character translations. As home to a quarter of the world’s population, China is not only a source of exported counterfeits, but also a major market for American and other foreign goods. Brand owners may find that they secured rights in English or native language marks in China, but someone else has filed a Chinese language version for the same products. While many brand owners register the Chinese translation featured on packaging, the counterfeit mark may not be directly copied. Due to the linguistic complexities of Chinese, trademark squatters and counterfeiters frequently manipulate the form, sound, or meaning of marks in Chinese characters to call to mind a foreign brand. These products are not construed as counterfeits in China. Therefore, a strong global filing strategy includes adopting a recognizable Chinese character mark and filing to register key brands in Chinese characters.

Likewise, brand owners should utilize border control to prevent import and export of counterfeits and pursue the source of any counterfeit goods identified from China. Brand owners with most or all of their sales in the United States may still need strong enforcement programs in China to get to the source of the problem. The key steps set out below with regard to customs in the United

States are similar to the steps taken in China. Of course, the options available to a brand owner are limited if the counterfeiters secured rights to the mark in China first. An attorney experienced in global trademark filing and enforcement can assist brand owners in developing a strategy for China and expanding protection to other countries as needed.

2. Effective Identification of Counterfeits

Trademark owners themselves are in the best position to identify counterfeit products. Counterfeits are usually identified either through “tells” such as identification of errors or unique aspects of genuine products¹⁶ that—upon close examination—are missing from the counterfeit.

As part of an effective brand protection strategy, when counterfeit goods are found in the marketplace, the brand owner will need to confidently confirm for law enforcement that the product is actually fake. This may be accomplished by documenting differences and errors on the labels, tags, packaging, and quality of the products.

As “tells” are identified over time, the brand owner should compile comprehensive guidelines to train not only employees within the company, but also customs and law enforcement officials, to spot counterfeit goods. These guidelines can also be used to train business partners, private investigators, and consumers to spot counterfeits.

3. Customs Filings and Training

U.S. Customs and Border Protection (CBP) is the primary federal agency responsible for securing America’s borders, including protection of intellectual property rights. When identified, CBP excludes, detains, or seizes imported merchandise that infringes trademarks and copyrights at the border. Owners of trademarks and copyrights concerned about imports or exports of infringing goods should record their trademarks and copyrights with CBP. Brand owners can record registered trademarks or copyrights

electronically.¹⁷ While recording is not required, agents use the database of recorded marks to identify counterfeits, so recording facilitates meaningful enforcement. Due to the volume of containers crossing the border as well as efforts by counterfeiters to evade detection, educating CBP about your marks substantially increases the likelihood that counterfeits will be stopped at the border.

Each year, about 12 million shipping containers enter U.S. ports.¹⁸ Those identified as “high risk”—only about 5 percent—are subjected to further screening, such as scanning or x-ray screening.¹⁹ An even smaller percentage of those high-risk containers are opened as part of the screening process.²⁰ Not only are counterfeits entering the United States in containers at major ports, at our land borders, another 10 million containers arrive by truck and 3 million containers arrive by rail.²¹ An additional quarter billion more cargo, postal and express consignment packages arrive through air travel.²² There has been an increase in inspections and seizures at air freight and mail entry points in recent years. In 2015, 14,897 seizures were made through air freight and 10,834 seizures were made through mail entry points.²³ While cargo shipping containers are often larger shipments compared to air freight and mail shipments, the number of seizures made at ports was down to 1,287 in 2015, marking a shift to alternative

shipping methods.²⁴ Instead of losing an entire cargo container of products, counterfeiters can mail smaller quantities through air freight or mail counterfeits directly to consumers from overseas.

This shift in shipping methods illustrates just one of many tactics used to evade detection. Counterfeiters are continually changing their processes to avoid loss of product in seizures. For example, labels may be produced separately and applied to the counterfeit goods at a separate location to complete the counterfeit. In 2015, CBP “seized 550 shipments containing labels and tags bearing counterfeit trademarks and/or pirated copies intended to be applied to articles after importation to create non-genuine products, which if genuine would be worth an estimated MSRP of \$33,335,825.”²⁵ Additionally, it is common to have inaccurate customs documentation; if the importers are dealing in counterfeits, they are not likely to provide accurate names and addresses. To help CBP officers recognize brands and identify counterfeits, brand owners should prepare and share guidelines and information for specific counterfeit goods. CBP enforcement employs a risk-based targeting model to determine shipments most likely to contain infringing goods. These are the high-risk shipments identified for additional screening as discussed above. CBP recommends including the following information:

15. Intellectual Property Rights: Fiscal Year 2015 Seizure Statistics, *supra* note 3.
16. For example, counterfeits of a luxury handbag normally sold in brown dust bags were seized in white dustbags. See Counterfeit Product Alert Coach: Handbags, <<http://thecounterfeitreport.com/product/159/Coach-Handbags.html>>. To the extent possible, unique and identifying characteristics of the products should be incorporated into the guidelines to help identify counterfeit goods.
17. Intellectual Property Rights e-Recordation (IPRR), <<https://iprr.cbp.gov>>.
18. Congressional Budget Office Report, “Scanning and Imaging Shipping Containers Overseas: Costs and Alternatives” at 1 (June 2016).
19. *Id.*
20. *Id.* at 2.
21. Intellectual Property Rights: Fiscal Year 2015 Seizure Statistics, at 6 *supra* note 3.
22. *Id.*
23. *Id.* at 14.
24. *Id.* at 14.
25. *Id.* at 8.

(1) Information about the company; (2) The intellectual property owned by the company; (3) Contact information; (4) Registration number; (5) Recordation number; (6) U.S. International Trade Commission investigation number.

Product identification guides prepared in connection with exclusion orders enforced by CBP will not be placed on the agency’s intranet. Rather, the information therein will be incorporated as appropriate in the field instructions that implement the order including (1) Physical characteristics of the product; (2) Photos of genuine and suspect versions of the goods; (3) Manufacturing information; (4) An appropriate legal disclaimer, which can be found at www.cbp.gov/ipr.

The manual can be provided along with a training session. CBP will work with brand owners to set up training events. Large companies that have several brands counterfeited often take advantage of these training events. This allows the brand owner to interact face to face with the officers and import specialists who will actually inspect shipments and look for intellectual property rights infringements. For other brand owners looking for ways to contact and interact with CBP, there are trade associa-

tions (e.g. International Anti-Counterfeiting Coalition²⁶), affinity groups (e.g. Personal Care Products Counsel²⁷), and brand owners of certification marks like Underwriters Laboratories (UL)²⁸ that arrange group opportunities for brands to interact with CBP officials, educating them about how to identify fake products and the dangers often associated with counterfeits. CBP is one of many important partners in a comprehensive brand protection program.

4. Monitoring Counterfeiting on the Internet

i. Monitoring Domain Names

With the proliferation of e-commerce, counterfeiters now use the internet to sell their products directly to consumers. If a brand owner discovers that a domain incorporating a similar mark is being used to offer counterfeit goods, the brand owner has a number of options available to challenge the domain name registration through a Uniform Domain-Name Dispute-Resolution Proceeding (UDRP), Uniform Rapid Suspension (URS) proceeding, or proceeding under the Anti-Cybersquatting Consumer Protection Act (ACPA).²⁹ That said, many websites

are set up as independent retailer websites offering various counterfeit goods. When researching a suspicious domain, check ICANN’s records for the period of time for the registration. Counterfeiters have even begun setting up temporary websites for the holiday season, when more consumers are searching for discount products to provide as gifts to friends and family. Entities will create domains to operate for a few months to catch the increased traffic. In the event you discover a domain that has been registered for a short period of time and will be expiring soon, the entity is more likely to be a transient counterfeiter.

As you proceed in enforcement efforts against this type of seller, you must be as creative as the counterfeiters and layer your approach. Enforcement efforts in counterfeit cases are often a game of “whack-a-mole.” Taking down one site may lead to the seller reappearing shortly thereafter under a new domain, company name and/or seller account. Without any way to verify the relationship between the two entities, you are then forced to begin your investigation anew. Meanwhile, the seller continues to profit from counterfeit goods with only minor disruption. Involving a law firm or investigative firm to verify the counterfeiting activity and trace the source of the counterfeit goods early on can target the source of the counterfeit goods, resulting in a more comprehensive program.

ii. Monitoring Online Retailers

Online counterfeiting appears in many forms. Independent websites, online marketplaces and social media websites are becoming popular and cheap methods for counterfeiters to attempt to sell fake goods. It is estimated that one in six products sold online is counterfeit.³⁰ In 2004, Tiffany® purchased 186 random items from eBay and found that only 5 percent of the items were genuine.³¹

While some brand owners including Tiffany®, Coach® and Microsoft® have filed suit against online retailers alleging contributory liability for trademark infringement,³² most online retailers now offer takedown

26. For additional information regarding the International Anti-Counterfeiting Coalition, see the association website at <<http://www.iacc.org>>.
27. For additional information regarding Personal Care Products Counsel, see the association website at <<http://www.personalcarecouncil.org>>.
28. For additional information regarding Underwriters Laboratories, see <<http://www.ul.com>>.
29. For an overview of options available to address infringing domains, see Douglas M. Isenberg, URS vs. UDRP: THE HEAVYWEIGHT IS WINNING, 71 INTA Bulletin No. 13 (August 1, 2016) <http://www.inta.org/INTABulletin/Pages/Internet_7113.aspx>.
30. Shopping Report, Mark Monitor (November 19, 2014), <https://go.markmonitor.com/2014ShoppingReport_Resources>.
31. *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 485 (S.D.N.Y. 2008), *aff’d in part, rev’d in part*, 600 F.3d 93 (2d Cir. 2010).
32. The Second Circuit was the first circuit to consider contributory liability for an online retailer in *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 96 (2d Cir. 2010). In *Tiffany*, the Second Circuit established a high burden to prove intent in order to establish a claim against an online retailer. Reliance on *Tiffany* has rendered many attempts to establish contributory liability unsuccessful. See, e.g., *Tre Milano, LLC v. Amazon.Com, Inc.*, No. B234753, 2012 WL 3594380, at *12 (Cal. Ct. App. Aug. 22, 2012). That said, where facts are particularly egregious, courts are willing to find contributory liability. Compare, *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 505 (6th Cir. 2013) (considering liability of a flea market operator for its vendors rather than an online retailer). Additionally, the Ninth Circuit has adopted an intent standard that is lower than that applied by the Second Circuit in *Tiffany. Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 943 (9th Cir. 2011).

policies and procedures to remove counterfeit goods. As part of a brand protection program, brand owners should become familiar with the takedown policies and requirements in place for major outlets, such as Amazon, eBay, and Alibaba. For example, eBay established the Verified Rights Owner (VeRO) program, allowing intellectual property owners to register and then gain the right to close down auctions.³³ An auction can be closed down immediately based on the rightful trademark owner's good faith belief that the item is a fake. *Id.* The more familiar you are with these policies, the easier the process will be going forward of submitting requests to have items removed. There are research companies and private investigative firms that specialize in online searching and identification of sites selling counterfeit products. Once identified, sellers can be taken down, but this does not get to the heart of the problem. More advanced programs include purchases to identify shipping information, research into connecting multiple fake sites and sellers to common entities, and using programs from trade associations working with payment processors to trace sellers to their bank accounts and shut off payments.³⁴

Enforcement Through Cease and Desist Letters and Litigation

Once investigation verifies the entity producing or offering the counterfeit goods, traditional enforcement may be used to resolve the infringement. Normally, enforcement begins with cease and desist correspondence outlining the claim and requested relief.³⁵

A strong cease and desist letter will include multiple bases for action and call out stronger penalties and potential criminal nature of counterfeiting. Tracing the products from the seller to the source and on up the chain takes quick action to follow up on demands. Additionally, as discussed above, entities may be liable for contributory infringement for facilitating the counterfeit sales, including online retailers, landlords,³⁶ and ISPs that fail to respond to takedown de-

mands.³⁷ Identifying all the related parties stops the current counterfeiting activity, but also leads to more takedowns and deters counterfeiters from re-entry into the market.

In some instances, if investigation identifies a manufacturing operation, warehouse, or other stock of counterfeit goods, the statute further provides for *ex parte* seizure of the counterfeit goods; this may be the first step, rather than a cease and desist notice. Through these police raids at the start of litigation, brand owners can secure the counterfeit items and avoid having the goods in question sold while the parties negotiate.

Litigation Involving Online Resellers

Several brand owners are beginning to enforce trademark rights directly against online resellers. Gucci®, Yves Saint Laurent® and other luxury brands sued Alibaba Group Holding Ltd. alleging contributory

and vicarious liability for counterfeit goods sold on Alibaba. One example cited in the lawsuit was a bogus "high quality leather" tote bag offered for \$2 to \$5 that resembled a real Gucci bag costing \$795. *Gucci America Inc. v. Alibaba Group Holdings Ltd.*, (S.D. N.Y., No. 15-03784). The lawsuit sought a halt to counterfeit sales, plus treble and punitive damages. Weigel, a partner at Gibson, Dunn & Crutcher, representing the Kering brands (which owns several luxury brands including Gucci® and Yves Saint Laurent®) called the matter a "test case" that could change the behavior of Hangzhou, China-based Alibaba toward "tens of thousands" of sellers of alleged knockoffs on its platforms.³⁸ While Alibaba secured dismissal of racketeering claims last fall, the trademark claims survived dismissal. In 2015, eBay® and PayPal® also faced racketeering and trademark infringement claims.³⁹ While this option for enforcement

may be reserved for larger brand owners, groundbreaking cases like these showcase increased scrutiny of online retailers and the sale of counterfeit products.⁴⁰

In a recent turn of events, last fall Amazon itself filed suit against counterfeiters.⁴¹ In August, Amazon started imposing steeper fees and requiring additional paperwork from suspicious sellers in response. The fees, which ranged from \$1,000 to \$1,500, were assessed to sellers who were dealing counterfeit items. The timing of these suits also ties in with the holiday season, which is usually the highest revenue-generating period for Amazon. The company likely wants to make sure its customers know anything they buy from the e-commerce company is genuine.

Public Relations and Education

Nontraditional means of enforcement can also prevent confusion among consumers. Press releases and public relations campaigns can

address negative press or reviews based on the quality of counterfeit goods. Brand owners can use media to "out" known counterfeit goods and inform consumers of the risk of purchasing the counterfeit goods.

Many brand owners provide information on their websites including authorized seller lists that help educate the public. For goods with controlled distribution models (such as luxury goods and pharmaceuticals), educating consumers on the "tells" through online guidelines and training materials similar to the CBP training materials can decrease purchases of counterfeits from unauthorized distributors. For example, Colgate® posts information on its website to educate consumers and enable them to identify counterfeit products. In the information provided, Colgate® notes differences consumers can look for when purchasing Colgate® products. Colgate® states that the company does not manufacture toothpaste in a 5 oz. volume, requesting notification if consumers identify products in this

volume.⁴² By providing consumers additional information, brand owners can empower consumers to avoid counterfeit purchases and decrease the overall volume of counterfeits sold.⁴³

Conclusion

Counterfeit goods continue to be a significant problem for brand owners, consumers, the U.S. government and jurisdictions around the world. Traditional legal action combined with new and evolving strategies render brand protection programs more effective. The strategies outlined within this article will help minimize the effect of counterfeit goods and address enforcement when necessary.



33. Additional information about the VeRO program can be found online at eBay, Reporting Intellectual Property Infringements, <<http://pages.ebay.com/help/tp/programs-vero-ov.html>>; Emily Favre, ONLINE AUCTION HOUSES: HOW TRADEMARK OWNERS PROTECT BRAND INTEGRITY AGAINST COUNTERFEITING, 15 J.L. & POL'Y 165 (2007).
34. The International Anti Counterfeiting Association (IACC) offers two programs to assist brand owners. The RogueBlock program, the IACC's payment processor initiative, is a collaborative effort of the IACC and the payment industry to create a streamlined, simplified procedure for members to report online sellers of counterfeit or pirated goods directly to credit card and financial services companies. For additional information, see <<http://www.iacc.org/online-initiatives/rogueblock>>. The IACC also offers MarketSafe. Through the program, the IACC and program participants work to identify and take down infringing listings on Alibaba platforms via an expedited removal procedure. For additional information, see <<http://www.iacc.org/online-initiatives/marketsafe>>.
35. Counterfeit goods are a specific subset of trademark infringement. These goods are more likely to cause confusion because the mark used is not only similar, but "identical with, or substantially indistinguishable from, a mark registered for those goods or services." 15 U.S.C. §1116(d). Likewise, "knockoff" goods or "look-alike" goods are "any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1).
36. Michael Kors recently sued landlords for contributory liability in a part of New York considered a "safe haven" for counterfeiters in Koreatown. *Michael Kors, L.L.C. v. 314 Fifth Avenue, Inc. et al.* Case No. 1:17-cv-00018 (S.D. N.Y. January 3, 2017).
37. *Louis Vuitton Malletier, S.A. v. Akanoc Solutions, Inc., et al.*, No. C 07-03952 JW (N.D. Cal. Aug. 28, 2009) (finding two ISPs liable for \$32.4 million in damages for contributory trademark and copyright infringement when they failed to take down sites selling counterfeit goods).
38. Jonathan Stempel, Gucci, YSL, others suing Alibaba back down on mediation threat (Nov. 12, 2015), <<http://www.reuters.com/article/us-alibaba-kering-counterfeit-lawsuit-idUSKCN0T121T20151113>>.
39. *Wimo Labs, LLC v. eBay*, Case No. 8:15-cv-1330 (C.D. Cal. Aug. 20, 2015).

40. Brand owners may also consider filing before the International Trade Commission (ITC). Remedies provided through the ITC, such as ITC Exclusionary Orders, can assist brand owners in defending against counterfeiters importing knockoff product into the United States. For example, Nike, which now owns Converse, sued to enforce its Chuck Taylors trade dress both in New York district courts and before the ITC. See *In Re Certain Footwear Products*, investigation number 337-TA-936, U.S. International Trade Commission.
41. See *Amazon.com, Inc. and Fitness Anywhere LLC v. Cheng Hak Yung*, King County Superior Court, Washington, Case No. 16-2-27556-7 SEA and *Amazon.com, Inc. v. Toysnet*, King County Superior Court, Washington, Case No. 16-2-27563-0 SEA.
42. Colgate World of Care Product Safety Guidelines, <<http://www.colgate.com/app/Colgate/US/Corp/HomePage/ProductSafety.cvsp#IdentifyingCounterfeitProducts>>.
43. Many brand owners are reluctant educate consumers out of fear that consumers will not take the time to understand the problem, but will instead avoid the brand and buy a competitive brand. As a result, numerous programs work to educate consumers about the dangers of buying counterfeits without calling out specific brands by name. The government runs the website www.stopfakes.gov, which provides information to educate consumers regarding counterfeit goods. In 2009, the IACC launched the "Get Real" Global PSA Campaign in collaboration with then New York City Mayor Michael R. Bloomberg, The City of New York Mayor's Office of Special Enforcement, then Los Angeles Sheriff Lee Baca, the Global Anti-Counterfeiting Group (GACG) and other associations groups in France (Union des Fabricants), Canada (Canadian Intellectual Property Council) and Mexico. The PSAs were placed in high-traffic locations such as New York's Times Square. <<http://www.iacc.org/resources/about/awareness>>. For information regarding the International Trademark Association's Global Congress on Combating Counterfeiting and Piracy, which works to raise awareness of the problem of counterfeiting and piracy, to develop strategies and identify solutions to the problem, see <<http://www.inta.org/Advocacy/Pages/Anticounterfeiting.aspx>>.