



Before the
United States Patent and Trademark Office
Washington, D.C.

In re:

Secondary Trademark Infringement Liability in the
E-Commerce Setting: Request for Comments

Docket No. PTO-T-2020-0035
85 FR 72635

**COMMENTS OF
INTERNET ASSOCIATION**

Internet Association¹ (IA) appreciates the opportunity to provide comments on behalf of the association and its members in response to the PTO's request for comments on the application of secondary trademark infringement liability to e-commerce.²

IA represents over 40 of the world's leading internet companies. IA is the only trade association that exclusively represents leading global internet companies on matters of public policy. IA's mission is to foster innovation, promote economic growth, and empower people through the free and open internet. The internet creates unprecedented benefits for society, and as the voice of the world's leading internet companies, we ensure stakeholders understand these benefits.

While a small percentage of bad actors have used the internet to sell counterfeit goods, internet companies, including IA's members, are at the forefront of protecting consumers from counterfeits. The experiences of IA's members demonstrate that existing trademark doctrine strikes the right balance between protecting consumers and brand owners from counterfeit goods, while also allowing the online economy to thrive.

I. COUNTERFEITING IS NOT UNIQUE TO THE INTERNET

In the last two decades, U.S. internet services have become a significant driver of the U.S. economy. The internet sector contributes 10.1 percent of the U.S. GDP and 4.0 percent of jobs (non-farm employment). IA estimates the internet sector supported another over 13.1 million indirect jobs and that the sector invested over \$60 billion into the economy.³ Since the mid-90s, consumers have increasingly been shopping online. In 2017, global e-retail sales amounted to \$2.3 trillion and projections show a growth of up to \$4.48 trillion in 2021.⁴

Unfortunately, a small percentage of bad actors misuse online services to offer counterfeit goods. But counterfeiting did not begin with the internet. Spurious trademarks are as old as trademarks themselves; by the early 1980s, long before the commercial internet, 30 percent of businesses responding to an ITC questionnaire reported that their goods had recently been subject to

¹Members, Internet Association, <https://internetassociation.org/our-members/> (last visited Dec. 22, 2020).

²These comments address questions 1, 4, 5 and 6 in the PTO's request for comments.

³Christopher Hooton, *Measuring the U.S. Internet Sector: 2019*, Internet Association (Sept. 26, 2019), <https://internetassociation.org/publications/measuring-us-internet-sector-2019/>

⁴Nina Angelovska, *Top 5 Online Retailers: 'Electronics and Media' Is The Star of E-commerce Worldwide*, Forbes (May 20, 2019, 11:45 AM), <https://www.forbes.com/sites/ninaangelovska/2019/05/20/top-5-online-retailers-electronics-and-media-is-the-star-of-e-commerce-worldwide/>



counterfeiting.⁵ Nor did counterfeiting through brick and mortar stores end with the growth of online services. Some of the most significant recent secondary liability trademark cases in the United States involved physical storefronts, not online companies.⁶

Even as the sale of goods has moved increasingly online, physical markets continue to play the dominant role in facilitating the trade in counterfeit goods, including markets in China, Russia, and Vietnam, among other places. The Organisation for Economic Co-operation and Development (“OECD”) releases periodic reports on several topics related to economic progress and world trade. On March 18, 2019, the OECD released a report titled *Illicit Trade: Trends in Trade in Counterfeit and Pirated Goods*, which provides a comprehensive, “quantitative analysis of the value, scope and magnitude of world trade in counterfeit and pirated products.”⁷ This report reveals that more than half of the value of internationally distributed counterfeit and pirated products are conveyed by sea, followed by 16 percent by air, 11 percent by mail, 8 percent by express courier, and 7 percent by road.⁸ The report also explains that the digital transformation has resulted in a “move from offline to online sales” for small parcels that are captured by the “mail” and “express courier” statistics that together comprise less than 20 percent of the value of counterfeited goods sold internationally.⁹ The vast majority of counterfeit and pirated products, meanwhile, “continue to follow complex trading routes, misusing a set of intermediary transit points.”¹⁰

Efforts to stem the flow of counterfeit goods cannot focus on online marketplaces alone. They must also take into account the dominant role that physical marketplaces continue to play.

II. IA’S MEMBERS INVEST MILLIONS OF DOLLARS A YEAR TO COMBAT COUNTERFEITING

Nobody benefits when counterfeit goods are sold online: Not consumers, not online services or their users, and not trademark owners. IA’s member companies depend on consumers’ trust. People who receive fake goods through a particular service are less likely to continue using that service in the future. Nor are brand owners likely to partner with an online service to sell the brand’s products if the brand believes that the service doesn’t take counterfeiting seriously. So internet companies have a strong incentive and shared interest with brand owners in stopping counterfeiting.

In many ways, online services make the detection and punishment of counterfeiting easier. Physical counterfeiting often happens under the radar or in foreign jurisdictions without effective IP enforcement systems. And the distribution of counterfeit goods in the physical world is often done by individuals and small groups that are hard to catch and pin down. But online services can and do terminate repeat infringers from their platforms. Their technology allows them to identify and block counterfeiters more effectively than we can in the physical world.

IA members have made protecting consumers from counterfeit goods a top priority, going far beyond what the law requires to collaborate with brand owners and others to stem the flow of counterfeits. IA

⁵ *The Effects of Foreign Product Counterfeiting on U.S. Industry*, United States International Trade Commission, at ix (Jan. 1984), <https://www.usitc.gov/publications/other/pub1479.pdf> (“Of a total of 274 responses, 82 were affirmative.”).

⁶ See, e.g., *Luxottica Grp., S.p.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303 (11th Cir. 2019) (contributory trademark infringement case against the owners of a mall); *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 499 (6th Cir. 2013) (contributory liability case against a flea market operator).

⁷ *Illicit Trade: Trends in Trade in Counterfeit and Pirated Goods*, OECD, at 11 (Mar. 18, 2019), <https://www.oecd-ilibrary.org/docserver/g2g9f533-en.pdf?expires=1608660670&id=id&acname=guest&checksum=ADC423225FD0EB5F444F7F5BE78CD0E3>.

⁸ *Id.* at 34.

⁹ *Id.* at 19.

¹⁰ *Id.* at 11.



member companies have taken the lead by implementing clear policies, proactively partnering with enforcement entities, and creating transparent and innovative counterfeit reporting and prevention tools that allow third parties to identify and remove counterfeit items listed for sale on their services in a timely manner.

Internet services have created close relationships with law enforcement to combat counterfeit goods, including active engagement with U.S. Customs and Border Protection, the National Intellectual Property Rights Center, under the Department of Homeland Security, and other federal and state enforcement agencies. Services regularly report misconduct and help in supporting ongoing investigations, and several have proactively created training programs to ensure that law enforcement officials understand how the services work, and to provide information about evolving internet-based investigative techniques, and other emerging trends. IA member companies also encourage users to report illegal activities to appropriate authorities and have created links to facilitate such reporting.

IA's members have implemented transparent and innovative practices. The following are a few examples, but IA could list many more.

A. eBay

As threats against consumers and rights holders evolve, eBay continuously seeks to improve its efforts to fight against counterfeiters and bad actors. eBay invests millions of dollars annually to fight unlawful listings, proactively deploying sophisticated technologies and investing heavily in partnerships with rights holders and governments across the globe to help protect consumers and support rights holders against bad actors. eBay partners with more than 40,000 rights holders through its Verified Rights Owner (VeRO) program, which allows rights holders to quickly and easily report instances of alleged intellectual property infringement.¹¹ eBay also works closely with governments and law enforcement around the globe to help ensure the safety of consumers and protect rights holders.

In addition to those partnerships, eBay has multiple teams and tools in place focused on enforcing its policies and proactively identifying and addressing any generally suspicious or potentially harmful seller behavior. These efforts help eBay flag potentially problematic sellers, including sellers of counterfeit goods, and remove or prevent them from obtaining an eBay account in the first place. eBay's policies, teams, partnerships, and tools help create a global commerce platform that enables sellers, including hundreds of thousands of American entrepreneurs and small businesses, to sell their inventory, and buyers to find and purchase items, virtually anytime and anywhere. eBay's core purpose, since its founding in 1995, is to safely connect buyers and sellers through its marketplace and help American entrepreneurs, including small and micro-businesses, reach markets around the world. eBay's commitments to consumer safety and rights owner protection are longstanding and are at the center of its corporate values.

B. Etsy

Etsy has made addressing intellectual property infringement a priority. Its Intellectual Property Policy reflects a commitment to the expeditious removal of the allegedly infringing material with responsible communication of such to its members and third parties.¹² Etsy's Legal Response and Enforcement team reviews and responds to notices of alleged infringement on its site. In 2019, Etsy processed 33,920 properly submitted takedown notices, removing or disabling access to 470,533 listings from 96,876 sellers. It closed 13,906 shops for repeat infringement—more than double the amount of the previous

¹¹ *Verified Rights Owner Program*, eBay, <https://pages.ebay.com/seller-center/listing-and-marketing/verified-rights-owner-program.html> (last visited Dec. 22, 2020).

¹² *Intellectual Property Policy*, Etsy, <https://www.etsy.com/legal/ip/> (last visited Dec. 22, 2020).



year. When a shop on Etsy is closed for infringement, Etsy also closes shops related to the seller and prevents them from opening new shops. Of all the sellers whose shop content was taken down for IP reasons, 51 percent were in North America, 24 percent in Europe, and 18 percent in Asia.¹³

C. Amazon

Amazon strictly prohibits the sale of counterfeit products, invests heavily in prevention, and takes proactive steps to drive the number of counterfeits offered in Amazon's online stores to zero. In 2019, Amazon's global proactive efforts successfully prevented over 2.5 million suspected bad actor accounts from offering a single product for sale in their stores, blocked over 6 billion suspected bad listings from being published on its stores, and blocked and suppressed more than 100 million suspected fake reviews. Its efforts have also ensured that 99.9 percent of all Amazon page views by customers landed on pages that have never received a valid counterfeit-related complaint from rights owners or other customers. Amazon continuously monitors the more than 45 million pieces of feedback received from customers each week searching for any indication of an issue. Every claim of potential counterfeit is investigated thoroughly, and in the rare instance where a bad actor gets through, Amazon takes swift action, including removing the allegedly infringing items, permanently banning bad actors, pursuing legal action, and working with law enforcement when appropriate.

Furthermore, in 2017, Amazon launched the Brand Registry, a free service that gives rights holders advanced tools to protect their brands. More than 350,000 brands are enrolled in Brand Registry, and those brands are finding and reporting 99 percent fewer suspected infringements than before the launch of Brand Registry.¹⁴ In 2018, Amazon launched Transparency, which effectively eliminates counterfeits for enrolled products. This service relies on unit-level serialization, where brands apply a unique 2D code (similar to a QR code) to every unit they manufacture, allowing Amazon, other retailers, law enforcement, and customers to determine the authenticity of each unit of that product in the supply chain. Since Transparency's launch in 2018, over 7,500 brands have enrolled, protecting over 25,000 products, and preventing over 400,000 counterfeits from being sold. In 2019, Amazon announced Project Zero, a new program that empowers brands to help Amazon drive counterfeits to zero by combining Amazon's advanced technology with the sophisticated knowledge that brands have of their own intellectual property, including how best to detect counterfeits of their products.¹⁵ Other programs like IP Accelerator, the Utility Patent Neutrality Program, and the Counterfeit Crimes Unit have also recently launched to attack the issue from multiple angles. In short, Amazon's policies and innovative tools help buyers to feel confident in their purchases on Amazon stores.

D. Facebook

As part of its IP protection program, Facebook has established dedicated channels for rights holders to report infringing content, including a specific counterfeit channel.¹⁶ Reports of alleged infringement are handled by a global IP Operations team that provides around-the-clock multilingual coverage, promptly removing reported content—often within minutes. Facebook's Commerce & Ads IP Tool goes further, offering rights holders a dashboard they can use to easily search for and report ads, Marketplace posts,

¹³ *Id.*

¹⁴ *Amazon brand registry*, Amazon, <https://brandservices.amazon.com/> (last visited Dec. 22, 2020).

¹⁵ *Amazon project zero*, Amazon, <https://brandservices.amazon.com/projectzero> (last visited Dec. 22, 2020).

¹⁶ *Counterfeit Report Form*, Facebook, <https://www.facebook.com/help/contact/counterfeitform> (last visited Dec. 22, 2020); *Counterfeit Report Form*, Instagram, <https://help.instagram.com/contact/instagramcounterfeitform> (last visited Dec. 22, 2020).



and group sale posts they believe infringe their IP rights.¹⁷ The tool, built based upon feedback from rights holders, provides functionalities like searching Marketplace globally and searching all currently active ads by keyword. Facebook also maintains comprehensive repeat infringer policies to disable profiles, pages, and groups on Facebook, along with accounts on Instagram, where appropriate.

Additionally, IP infringements are strictly prohibited in Facebook’s and Instagram’s respective Terms of Service and Terms of Use,¹⁸ as well as more specialized policies relating to ads¹⁹ and commercial posts.

²⁰ Consistent with these policies, Facebook has collaborated closely with rights holders and invested heavily to build numerous measures to combat counterfeits. This enforcement is done both in response to rights holders’ IP reports as well as proactively—that is, before a rights holder ever needs to see an infringement and often before it even goes live. As part of its commitment to making its platforms safer for people and businesses to connect, share, buy, and sell, in 2019 Facebook launched a new dedicated website²¹ describing its range of IP protection and anti-counterfeiting measures.

Facebook has launched several other proactive measures that target counterfeits. These include a pre-publication review of ads and Marketplace posts, that uses technologies such as artificial intelligence and machine learning to identify suspicious indicators like keywords and discounts and, based on these indicators, to proactively block suspected counterfeits before they go live. Facebook also takes measures proactively to disable and/or reduce the visibility of suspected counterfeits on its organic products as well, such as Facebook Pages and groups, and Instagram content, hashtags, and accounts.

III. EXISTING TRADEMARK LAW BALANCES THE NEED TO PROTECT BRAND OWNERS WITH THE RECOGNITION THAT ONLINE SERVICES OFTEN HAVE INSUFFICIENT INFORMATION TO APPROPRIATELY ENFORCE ANOTHER COMPANY’S TRADEMARKS

The existing legal framework recognizes both the importance of protecting brand owners from bad actors who violate their rights and the difficulties that online services face in identifying those bad actors.

Trademark owners already have extraordinary remedies against counterfeiting. A host of federal, state, and local agencies, including the U.S. Department of Justice (“DOJ”), U.S. Customs and Border Protection (“CBP”), and state and local police departments and district attorneys’ offices have staff dedicated to enforcing criminal anti-counterfeiting laws.²²

Brand owners can also bring civil suits against counterfeiters, where they can hope to recover their lost profits, the counterfeiters’ profits, statutory damages, and attorneys’ fees. In 2020 alone, there were more than 800 damages awards in trademark cases, including at least 10 cases where the awarded

¹⁷ *What tools does Facebook provide to help me enforce my intellectual property rights in advertisements and sale posts?*, Facebook, <https://www.facebook.com/help/835772913244854> (last visited Dec. 22, 2020); *Commerce & Ads IP Tool Application*, Facebook, <https://www.facebook.com/help/contact/423912757973851> (last visited Dec. 22, 2020).

¹⁸ *Terms of Service*, Facebook, <https://www.facebook.com/terms.php> (last visited Dec. 22, 2020); *Terms of Use*, Instagram, <https://help.instagram.com/581066165581870> (last visited Dec. 22, 2020).

¹⁹ *Advertising Policies*, Facebook, <https://www.facebook.com/policies/ads> (last visited Dec. 22, 2020);

²⁰ *Commerce Policies*, Facebook, <https://www.facebook.com/policies/commerce> (last visited Dec. 22, 2020).

²¹ *How Facebook helps protect against counterfeits*, Facebook for Business, <https://www.facebook.com/business/tools/anti-counterfeiting/guide> (last visited Dec. 22, 2020).

²² See, e.g., U.S. Dep’t of Justice Office of Public Affairs, *22 Charged With Smuggling Millions of Dollars of Counterfeit Luxury Goods From China Into the United States*, Justice News (Aug. 16, 2018), <https://www.justice.gov/opa/pr/22-charged-smuggling-millions-dollars-counterfeit-luxury-goods-china-united-states>.



damages were \$5 million or more.²³

Trademark owners pursue civil remedies for counterfeiting in two ways.

First, companies and individuals who themselves sell counterfeit goods (whether through brick and mortar storefronts or online) can be held liable for trademark infringement as direct infringers.

Second, online services who do not themselves sell counterfeit products can be held secondarily liable for third-party users' counterfeiting in appropriate circumstances, namely if the online company: (1) supplies a product or a service to a counterfeiter who it knows or has reason to know is directly infringing; or (2) has an actual or apparent partnership with a direct infringer and receives a direct financial benefit from the infringement.²⁴ As the Second Circuit explained in one of the leading trademark secondary liability cases, *Tiffany (NJ) Inc. v. eBay Inc.*, generalized knowledge that counterfeit products are being sold via a particular platform is not enough for contributory liability; rather, "[s]ome contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary."²⁵

These limitations make good sense. First, even when a service would not be found to be secondarily liable for infringement, as the Second Circuit recognized in *eBay*, "private market forces give eBay and those operating similar businesses a strong incentive to minimize the counterfeit goods sold on their websites."²⁶ "The risk of alienating these users [who believe they have received counterfeit goods] gives eBay [and other online services] a reason to identify and remove counterfeit listings."²⁷ This conclusion is supported by both the record in *eBay*—which showed that eBay had invested millions of dollars a year on "tools to promote trust and safety on its website," including implementing a "fraud engine" which "uses rules and complex models that automatically search for an activity that violates eBay policies"—and the experiences of IA's members.²⁸

Second, the current secondary liability regime protects service providers from liability where the service provider could not reasonably have been expected to prevent the counterfeiting from occurring. While online services like IA's members are committed to detecting and punishing counterfeiting, they are not law enforcement agencies and cannot reasonably be expected to know whether all goods and services sold through their services are authentic. Brand owners often know when a product being sold online is counterfeit; online services generally can't. For example, online services don't know whether a particular seller is authorized by the brand owner or not. Further, since many online services never possess the counterfeit goods, they cannot examine the goods for obvious signs of counterfeiting. Nor would they know what to look for concerning any particular problem. And as hard as detecting counterfeiting is for large companies, that problem is even worse for small- and medium-sized companies, who cannot

²³ According to data compiled by LexMachina, a legal analytics company.

²⁴ See, e.g., *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982) ("If a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit."); *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 943 (9th Cir. 2011) ("Plaintiffs asserting contributory trademark infringement claims must prove that defendants provided their services with actual or constructive knowledge that the users of their services were engaging in trademark infringement."); *Perfect 10, Inc. v. Visa Int'l Serv. Ass'n*, 494 F.3d 788, 807 (9th Cir. 2007) ("Vicarious liability for trademark infringement requires a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.") (internal quotations omitted).

²⁵ *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 107 (2d Cir. 2010).

²⁶ *Id.* at 109.

²⁷ *Id.*

²⁸ *Id.* at 98–99.



afford to build systems to police all possible counterfeiting on their sites.

Despite the difficulty of detecting counterfeits, the law today does *not* exempt an online service from liability where a service *does* know that a particular listing is infringing or where a service is willfully blind to infringing listings.²⁹ IA’s members work cooperatively with brand owners to take down infringing listings and to make the online environment as safe as possible for consumers.

In sum, existing trademark law puts the responsibility for identifying counterfeit goods where it belongs: on brand owners and counterfeiters, rather than online services with no practical way to ferret out every counterfeit sold by a third party using its website. But it also encourages online service providers to work proactively to remove counterfeit products once they are identified. As noted above, online service providers do just that.

IV. REMOVING PROTECTIONS FOR ONLINE SERVICE PROVIDERS IS NOT THE SOLUTION TO THE COUNTERFEITING PROBLEM.

While counterfeiting online—like counterfeiting offline—is a serious problem, changing the standard for secondary trademark liability is not the solution.

While most brand owners act in good faith, some abuse the system. For example, brand owners have brought trademark infringement lawsuits to stop the sale of parody products,³⁰ and have labeled as counterfeiting the resale of their genuine branded products.³¹

In addition, so-called “trademark bullying” is a well-recognized problem. Trademark bullies are brand owners (often large companies) who use the threat of trademark infringement lawsuits to pressure smaller companies or individuals to stop engaging in lawful activity that the brand owner does not like.³² Trademark bullying reduces competition and harms free speech, imposing real costs on both companies and consumers.³³ Because smaller companies and individuals lack the resources to fight a large brand owner, they are often forced to comply with the brand owner’s demands, no matter how frivolous.³⁴ Changing the secondary trademark liability standards could make bullying behaviors worse.

Changing the secondary liability standards for e-commerce platforms also threatens to extend to and harm the internet services that have been engines of economic growth in the United States for decades. The internet ecosystem is composed of a large variety of companies. IA’s member companies include not only eBay and Amazon, but also search engines, cloud services, payment processors, social media companies, door-to-door delivery services, event and ticket management services, and many others.

There is no one-size-fits-all solution for all of these companies. Trying to create one risks penalizing

²⁹ *Id.* at 107, 109–110.

³⁰ See, e.g., *VIP Prod. LLC v. Jack Daniel’s Properties, Inc.*, 953 F.3d 1170 (9th Cir. 2020) (declaratory judgment case brought by the maker of “Bad Spaniels” dog toy following a cease and desist letter sent by Jack Daniels); *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007) (lawsuit brought by Louis Vuitton against the maker of the “Chewy Vuiton” dog chew).

³¹ *Williams-Sonoma, Inc. v. Amazon.com, Inc.*, Case No. 3:18-cv-07548-EDL, Dkt. No. 39 at 9 (N.D. Cal. May 2, 2019) (denying Amazon’s motion to dismiss in a case brought by Williams-Sonoma but observing that Williams-Sonoma’s theory that Amazon had set up a counterfeit Williams-Sonoma website was not plausible).

³² See, e.g., Irina D. Manta, *Bearing Down on Trademark Bullies*, 22 *Fordham Intellectual Prop. Media & Entm’t L. Journal* 853 (2012); Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 *Wis. L. Rev.* 625 (2011).

³³ Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 *Wis. L. Rev.* 625, 650–653 (2011).

³⁴ See *id.* at 645–649.



companies for counterfeiting outside of their control. For example, a search engine has no direct contact with the seller of the counterfeit item, and its only contact with the purchaser is the purchaser's decision to use the search engine to run a particular query. It would make no sense to hold the search engine liable if, after running that search, the user purchases a counterfeit item.

Payment processors are another example. Payment processors offer services that individuals may use to facilitate the purchase of counterfeit goods, but they are neither the seller nor the buyer of the goods at issue, and they generally have no visibility into whether what is being purchased is counterfeit. Yet payment processors who have done nothing more than unknowingly process payments to infringers have *already* faced lawsuits³⁵—and at least one judge would have allowed a case to go forward merely because the allegedly infringing website allegedly could not “operate without the use of credit cards.”³⁶

Still, other types of intermediaries face different challenges. A company that delivers products consumers order from third parties may have no way to know whether the third-party seller of those products, in turn, bought them from a legitimate site. Cloud storage companies have no way to tell the status of documents stored on their sites. But all could be swept into overbroad legislation.

Lastly, instituting a strict legislative regime could backfire: Currently, online services are working cooperatively with rights holders and the government to stop counterfeiting. But in the face of a legislative mandate, companies may hesitate to do anything other than what the law requires to avoid the risk of future liability. For example, companies may not explore alternative counterfeiting solutions, even if those solutions would ultimately be *more* effective at getting counterfeits off of the internet than the legislative framework. That would help nobody—not the brand owner, not the online service, and not the consumer. Flexibility and collaboration, not legislative mandates, are most likely to lead to effective solutions.

Changing the secondary liability standards also does not address the true cause of counterfeiting—the actual infringer. Although several US agencies have the authority to investigate criminal counterfeiting (as noted above), only 229 counterfeit offenders were referred to the U.S. Sentencing Commission in the 2019 fiscal year.³⁷ Indeed, the U.S. Sentencing Commission reported that counterfeit offenses *decreased* by 37.4 percent between Fiscal Year 2015 and Fiscal Year 2019.³⁸ But law enforcement agencies—not online services—have the expertise and mandate to investigate criminal counterfeiting. Accordingly, IA believes that it is more appropriate to focus on enforcing the existing law against the counterfeiters themselves (an effort that IA's members are already helping with) than to change the standards for secondary liability.

Combating counterfeiting is important. But so is ensuring the continued availability of online commerce. The goal of the law must be to balance those concerns. Current law does just that.

³⁵ See, e.g., *Gucci Am. v. Frontline Processing Corp.*, 721 F. Supp. 2d 228 (S.D.N.Y. 2010) (lawsuit brought by Gucci against companies who provide online credit card processing services); see also *Nike, Inc. v. Wu*, No. 13 Civ. 8012 (CM), 2020 WL 257475 (S.D.N.Y. Jan. 17, 2020) (motion brought by Nike to hold banks in contempt based on their failure to comply with asset restraints imposed by the court on defendant counterfeiters and those acting “in concert or participation” with the counterfeiters).

³⁶ See *Perfect 10, Inc. v. Visa Int'l Serv. Ass'n*, 494 F.3d 788, 806–808 (9th Cir. 2007); *id.* at 822–823 (Kozinski, J., dissenting).

³⁷ See *Quick Facts: Counterfeit Offenses*, U.S. Sentencing Commission, https://www.uscc.gov/sites/default/files/pdf/research-and-publications/quick-facts/Counterfeiting_FY19.pdf (last visited Dec. 22, 2020).

³⁸ *Id.*



V. CONCLUSION

IA appreciates the opportunity to provide comments on behalf of its member companies and to highlight some of the proactive policies these companies have implemented. IA looks forward to continuing to engage with the PTO on these matters in the future.