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# Trademark Vigilance in the Twenty-First Century: An Update

Peter S. Sloane
*Leason Ellis LLP*, sloane@leasonellis.com

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## Cover Page Footnote

Peter Sloane is a Partner at Leason Ellis LLP in White Plains, New York and the Chair of the Trademark and Copyright Practice Group of the firm. This Article was assisted by Chelsea Russell and Christina Sauerborn, both Associates at Leason Ellis LLP.

# Trademark Vigilance in the Twenty-First Century: An Update

Peter S. Sloane*
Assisted by Chelsea A. Russell & Christina M. Sauerborn†

*The trademark laws impose a duty upon brand owners to be vigilant in policing their marks, lest they be subject to the defense of laches, a reduced scope of protection, or even death by genericide. Before the millennium, it was relatively manageable for brand owners to police the retail marketplace for infringements and counterfeits. The Internet changed everything.*

*In ways unforeseen, the Internet has unleashed a tremendously damaging cataclysm upon brands—online counterfeiting. It has created a virtual pipeline directly from factories in China to the American consumer shopping from home or work. The very online platforms that make Internet shopping so convenient, and that have enabled brands to expand their sales, have exposed buyers to unwittingly purchasing fake goods which can jeopardize their health and safety as well as brand reputation.*

*This Article updates a 1999 panel discussion titled* Trademark Vigilance in the Twenty-First Century*, held at Fordham Law School, and explains all the ways in which vigilance has changed since the Internet has become an inescapable feature of everyday life. It provides trademark owners with a road map for monitoring brand abuse online and solutions for taking action against infringers, counterfeiters and others who threaten to undermine brand value.*

* Peter Sloane is a Partner at Leason Ellis LLP in White Plains, New York and the Chair of the Trademark and Copyright Practice Group of the firm.
† Chelsea Russell and Christina Sauerborn are Associates at Leason Ellis LLP.

## INTRODUCTION

Just over twenty years ago, in the spring of 1999, the Fordham Intellectual Property, Media & Entertainment Law Journal co-sponsored a panel discussion with the Trademark Law Committee of the New York State Bar Association titled "Trademark Vigilance[1] in the Twenty-First Century: A Pragmatic Approach."[2] One of the purposes of the discussion was to consider whether the nature of trademark vigilance had changed in the age of the internet, which had only just started making inroads into everyday life.[3] In 1999, the internet, sometimes referred to back then as "cyberspace," was still a relatively new medium. Most people still shopped in brick-and-mortar stores or through catalogs and paper still dominated business communications. The internet was characterized by such archaisms as dancing babies, under construction signs, and dial-up tones.[4] Consumers were just beginning to get comfortable buying things like

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1 Trademark vigilance might generally be defined as a trademark owner's "ongoing process of detecting and fighting trademark infringement," undertaken to a protect a trademark's strength, prevent genericide, and preserve an owner's rights in the mark. Michael Wu, *Playboy Enterprises, Inc. v. Netscape Communications Corp. and Excite, Inc.: The Impact of Banner Ad Keying on the Development of E-Commerce*, 2 MINN. INTELL. PROP. REV. 161, 178–79 (2001).

2 Peter S. Sloane et al., Panel Discussion at Fordham University School of Law, Trademark Vigilance in the Twenty-First Century: A Pragmatic Approach (Mar. 8, 1999), *in* 9 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 823 (1999).

3 In addition to considering whether trademark vigilance had changed in the age of the Internet, the panel was also tasked with discussing some of the various approaches to trademark vigilance such as ordering watching services, conducting dilution searches, defining a workable scope of protection for a brand, and determining whether the trademark owner has a legal duty to police its mark. *Id.*

4 *See* Alexis Kleinman, *What the Internet Looked Like in 1999*, HUFFINGTON POST (Feb. 6, 2013), https://www.huffpost.com/entry/best-websites-90s_n_2542393 [https://perma.cc/EYX6-MYX4].

books online and blogging was only getting started[5]—social media would have to wait until the turn of the millennium.[6] Trademark lawyers at the time were worried about issues like cybersquatting, linking and framing, and meta tagging, the legal framework for which is now settled.[7] Some twenty years on, it is apparent that the evolution and expansion of the internet has dramatically impacted not just life, in all its myriad facets, but also the practice of trademark law. This Article examines how trademark vigilance in particular has changed in the years following the panel, especially in the context of the rapidly changing and ever-expanding internet, which has facilitated trade in counterfeit goods in a way not imagined two decades ago.

## I. THE EXPANSION OF THE INTERNET AND THE GROWTH OF COUNTERFEITING

### *A. The Numbers Tell the Story*

Counterfeit goods now account for over 3% of world trade and the percentage is rising, creating profit for criminals at the expense of companies and governments.[8] Yet despite a broad-ranging discussion on trademark vigilance, the 1999 panel did not even mention counterfeit goods once.[9] This may not be surprising in retrospect because trade on the internet was still relatively small at the time.

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5 *See* Clive Thompson, *A Timeline of the History of Blogging*, N.Y. MAG. (Feb. 10, 2016), https://nymag.com/news/media/15971/ [https://perma.cc/C3FQ-NT9J].

6 *See* Esteban Ortiz-Ospina, *The Rise of Social Media*, OUR WORLD DATA (Sept. 18, 2019), https://ourworldindata.org/rise-of-social-media [https://perma.cc/D6N5-DVZ7].

7 *See* Sally M. Abel, *Trademark Issues in Cyberspace: The Brave New Frontier*, 5 MICH. TELECOMM. TECH. L. REV. 91, 118, 122, 128 (1999); Martin J. Elgison & James M. Jordan III, *Trademark Cases Arise from Meta-Tags, Frames: Disputes Involve Search-Engine Indexes, Web Sites within Web Sites, as well as Hyperlinking*, NAT'L L.J. (Oct. 20, 1997).

8 *See Trade in Fake Goods Is Now 3.3% of World Trade and Rising*, ORG. FOR ECON. CO-OPERATION & DEV. (OECD) (Mar. 18, 2019), https://www.oecd.org/newsroom/trade-in-fake-goods-is-now-33-of-world-trade-and-rising.htm [https://perma.cc/VX8N-VNC8].

9 Goods have been counterfeited since the dawn of commerce. One of the world's first fakes was a wine stopper created in 27 B.C. to trick Romans into purchasing a cheap French wine. *See* TIM PHILLIPS, KNOCKOFF: THE DEADLY TRADE IN COUNTERFEIT GOODS 7 (2007).

Back then, there were less than 250 million internet users.[10] Now, over twenty years later, about 4.5 billion people use the internet, over half the world's population.[11] There are over 1 billion websites today as compared to the relatively paltry 3.1 million websites in 1999.[12]

Online commerce, or e-commerce, has grown apace. In 1999, e-commerce sales in the United States amounted to about $15 billion or .05% of total retail sales.[13] By 2017, that total reached approximately $450 billion, about 9% of all retail sales.[14] The trend over the past two years has undoubtedly continued unabated. E-commerce year-over-year retail sales in the United States grew by 17.3% in the third quarter of 2019, while brick-and-mortar retail sales declined by 5.7%.[15] The expansion of the internet over the years means that markets once inaccessible to American consumers are now within reach with the click of a button as barriers to trade have fallen.

The rapid growth in trade on the internet has fueled an enormous expansion in the sale of counterfeit goods. In 2019, the Organisation for Economic Co-operation and Development ("OECD") and the European Union Intellectual Property Office ("EUIPO") issued a report on the trends in trade and counterfeit goods.[16] The report estimated that international trade for counterfeit goods in 2016 accounted for $509 billion.[17] A recent study

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[10] *See Total Number of Websites*, INTERNET LIVE STATS, https://www.internetlivestats.com/total-number-of-websites/ [https://perma.cc/5XKX-7AH7].

[11] *See* Ying Lin, *10 Internet Statistics Every Marketer Should Know in 2020*, OBERLO (Nov. 8, 2019), https://www.oberlo.com/blog/internet-statistics [https://perma.cc/MC57-5FHC].

[12] *See Total Number of Websites*, *supra* note 10.

[13] Thomas L. Mesenbourg, *Measuring the Digital Economy* 11 (U.S. Census Bureau, Working Paper, 2000), https://www.census.gov/content/dam/Census/library/working-papers/2001/econ/umdigital.pdf [https://perma.cc/9KZ7-FTUG].

[14] Marcia Kaplan, *2017 Ecommerce Round-up: 16 Percent Growth; 'Retail Apocalypse'?*, PRACTICAL ECOMMERCE (Jan. 11, 2018), https://www.practicalecommerce.com/2017-ecommerce-round-15-percent-growth-retail-apocalypse [https://perma.cc/782Z-ULX4].

[15] Wolf Richter, *Brick & Mortar Melts Down as Ecommerce Jumps by Most Ever*, WOLF STREET (Nov. 22, 2019), https://wolfstreet.com/2019/11/22/ecommerce-sales-jump-by-most-in-history-brick-mortar-melts-down/ [https://perma.cc/8T4Q-VYUP].

[16] *See* OECD & EUIPO, ILLICIT TRADE: TRENDS IN TRADE IN COUNTERFEIT AND PIRATED GOODS 11 (2019).

[17] *Id.*

by the U.S. Government Accountability Office found that about 40% of sample goods purchased on popular e-commerce websites were counterfeit.[18]

### *B. The Changing Nature of Counterfeit Sales*

With counterfeiting on the internet so pervasive, the potential harm it causes to brands far outweighs the issues of concern to trademark owners in 1999—i.e., cybersquatting, linking and framing, and meta tagging. Indeed, the issues which worried trademark owners back then were resolved as mechanisms have been created to remedy wrongdoing and users have become conversant with the technology. To address cybersquatting, the Uniform Domain-Name Resolution Policy ("UDRP") has provided a workable procedure to combat bad faith domain name infringements.[19] While linking and framing may have confused users in the early days of the world wide web, internet and mobile users today understand that merely because content appears on a web site does not mean that it is hosted there.[20] Changes in search technology have rendered meta tags obsolete.[21] In comparison, online counterfeiting shows no signs of abating with many describing it as a "whack-a-mole" problem[22] or trying to slay the proverbial hydra-headed monster.[23]

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[18] STAFF OF S. FIN. COMM., 116TH CONG., THE FIGHT AGAINST FAKES: HOW STATUTORY AND REGULATORY BARRIERS PREVENT THE SHARING OF INFORMATION ON COUNTERFEITS 11 (2019).

[19] *See, e.g.*, NED BRANTHOVER, INTA INTERNET COMM., UDRP—A SUCCESS STORY: A REBUTTAL TO THE ANALYSIS AND CONCLUSIONS OF PROFESSOR MILTON MUELLER IN "ROUGH JUSTICE" 1 (2002), *available at* http://www.inta.org/Advocacy/Documents/INTAUDRPSuccesscontraMueller.pdf [https://perma.cc/9FHW-NMGE].

[20] 2 IAN C. BALLON, E-COMMERCE AND INTERNET LAW § 9.04[1], Westlaw (database updated January 2020).

[21] 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, J. § 25A:3 (5th ed. 2020).

[22] *See* Gaston Kroub, *Mass Counterfeiting Whack-a-Mole*, ABOVE L. (Jan. 21, 2020), https://abovethelaw.com/2020/01/mass-counterfeiting-whack-a-mole/ [https://perma.cc/3DCE-SFWG].

[23] *See* Jouzas Kaziukėnas, *Slaying the Hydra of Counterfeits*, MARKETPLACE PULSE (July 25, 2018), https://www.marketplacepulse.com/articles/slaying-the-hydra-of-counterfeits [https://perma.cc/E5DR-BXXA].

Before 1999, counterfeit goods were primarily sold in back rooms, on street corners, and in flea markets.[24] Consumers often sought out counterfeits, especially luxury apparel and accessories, as inexpensive alternatives to genuine goods they could not otherwise afford.[25] The paradigm counterfeiting scenario involved vendors hawking their wares to fans outside sports arenas or, in New York City, to tourists on Canal Street,[26] which, ironically, is just blocks away from the federal courthouse in lower Manhattan.[27] In other words, the wrongdoing was limited and relatively contained.

Today, through the use of the internet, consumers are able to purchase counterfeit goods while sitting in the comfort of their homes. A report by Incopro found that 26% of shoppers have mistakenly bought a counterfeit product.[28] Most of these consumers are unwittingly purchasing counterfeit goods because many of the tell-tale hallmarks of pirated goods are now gone. The archetype counterfeiter is no longer a bad actor trading upon a word mark or famous trade dress to confuse consumers into thinking that they are buying the genuine article.[29] Counterfeiters now have developed the

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[24] *See* Todd Datz, *Buying Fake Products Online*, CSO (Jan. 1, 2006), https://www.csoonline.com/article/2120047/buying-fake-products-online.html [https://perma.cc/J5N4-YR3X]; Cornelius Frolik, *Fake Goods Cases Exploding Statewide*, DAYTON DAILY NEWS (Oct. 29, 2012), https://www.daytondailynews.com/business/consumer-advice/fake-goods-cases-exploding-statewide/BuLp67a0sG22gMdS94agVI/ [https://perma.cc/6WEQ-MRPJ].

[25] Becca Risa Luna, *The Truth About Counterfeit Luxury Handbags*, MEDIUM (Apr. 24, 2018), https://medium.com/@beccarisa/the-truth-about-counterfeit-luxury-handbags-9bfc8cd364f2 [https://perma.cc/2EVS-E9AV].

[26] *See* Alice Hines, *Knockoff: Another Day at the Office—on Canal Street With Counterfeit Vendors*, VILLAGE VOICE (May 18, 2016), https://www.villagevoice.com/2016/05/18/knockoff-another-day-at-the-office-on-canal-street-with-counterfeit-vendors/ [https://perma.cc/5AW8-7REZ]; *see also* Casey L. Tripoli, *Fashion Forward: The Need for a Proactive Approach to the Counterfeit Epidemic*, 41 BROOK. J. OF INT'L L. 875, 875 (2016).

[27] *See Walking Directions from Canal Street to U.S. District Court—Southern District of New York*, GOOGLE MAPS, http://maps.google.com [https://perma.cc/GK7A-GATU] (search starting point field for "260 Canal St." and search destination field for "U.S. District Court—Southern District of New York").

[28] *See Is Fake the New Real? Living in a Fake Society—US*, INCOPRO, https://www.incoproip.com/reports/living-in-a-fake-society-us [https://perma.cc/WKS7-GQ7H].

[29] *See* INT'L TRADEMARK ASS'N, ADDRESSING THE SALE OF COUNTERFEITS ON THE INTERNET 3, 5 (2017), *available at* https://www.inta.org/Advocacy/Documents/2018/

technical ability and expertise to manufacture products, even sophisticated electronics, which look all but identical to the real thing.[30] Counterfeiters are consequently producing and selling a wider variety of goods than just the sports jerseys and handbags of old.[31] While consumers might actively seek out fake luxury handbags, especially with the rise of Instagram influencers trying to portray aspirational lifestyles,[32] the same cannot be said for consumers of, say, bicycle helmets.[33] Indeed, the dangers posed by counterfeit bike helmets include fractured skulls, brain damage, or death.[34]

### *C. The Damage to Brands Caused by Counterfeiting*

As the internet aids and abets the sale of counterfeit goods of all types to American consumers, the actual and potential damage to brand owners and their reputations grows more severe. Fraudulent goods are now competing for sales directly with the genuine product, so brand owners are suffering quantifiable revenue losses. Small businesses in particular can suffer massive drops in sales and fall into a death spiral once counterfeits start appearing on sites like Amazon.[35]

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Addressing_the_Sale_of_Counterfeits_on_the_Internet_021518.pdf [https://perma.cc/YUK5-GNXY].

30 *Id.*

31 The top industries affected by counterfeits include footwear, luxury handbags, electrical machinery and equipment, and watches. *See* Felix Richter, *The Industries Most Affected by Counterfeit Products*, STATISTA (Mar. 19, 2019), https://www.statista.com/chart/17410/counterfeit-and-pirated-products-by-category/ [https://perma.cc/HHF9-JUKG].

32 *See* Tatiana Walk-Morris, *Can Retailers Combat Consumer Desire for Counterfeits?*, RETAIL DIVE (Feb. 11, 2020), https://www.retaildive.com/news/can-retailers-combat-consumer-desire-for-counterfeits/571695/ [https://perma.cc/88KN-GQHV]. According to a May 2019 report from INTA titled "Gen Z Insights: Brands and Counterfeit Products," when asked about the benefits of purchasing counterfeit products, 57% of respondents said they can only afford the fake version of some brands. *See* INT'L TRADEMARK ASS'N, GEN Z INSIGHTS: BRANDS AND COUNTERFEIT PRODUCTS 5 (2019), http://www.inta.org/Communications/Documents/INTA%20Gen%20Z%20Insights_Global.pdf [https://perma.cc/K4H6-4BEB].

33 *See* Jeff Tyler, *Fake Bike Helmets: Cheap But Dangerous*, NPR (Sept. 16, 2018), https://www.npr.org/2018/09/16/647377213/fake-bike-helmets-cheap-but-dangerous [https://perma.cc/4TRS-YP7J].

34 *Id.*

35 *See* Jeff Bercovici, *Small Businesses Say Amazon Has a Huge Counterfeiting Problem. This 'Shark Tank' Company Is Fighting Back*, INC. MAG. (Mar.–Apr. 2019),

When consumers receive fake products, and are inevitably disappointed in their performance, it erodes the reputation of the counterfeited brand. Since consumers may not recognize the counterfeit as a fake, when it fails to work properly, or falls apart quickly, or does not meet their expectations, they are likely to blame the authentic brand owner.[36] Dissatisfied consumers may spread their view by word of mouth and/or by leaving negative reviews online.[37] Companies that sell to businesses should also concern themselves with counterfeiting because counterfeits have infected the B2B[38] online marketplace.[39]

The damage is even more severe when the counterfeit goods result in harm to health or welfare. The threats posed by counterfeits include defective airbags, fake airplane parts, copycat medications with no active ingredients, and contaminated baby formula.[40] Those industries where consumer trust is vital are particularly vulnerable to brand destruction from counterfeits.[41] With counterfeit goods so widespread, and the harm to brands so damaging, it is incumbent

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https://www.inc.com/magazine/201904/jeff-bercovici/amazon-fake-copycat-knockoff-products-small-business.html [https://perma.cc/8HSL-GRAB].

[36] *See* Ryan Williams, *What are the Biggest Impacts of Counterfeits on Brands?*, RED POINTS (Apr. 28, 2018), https://blog.redpoints.com/en/what-are-the-biggest-impacts-of-counterfeits-on-brands [https://perma.cc/J68B-LEZE].

[37] *See id.*

[38] B2B means "business to business," which refers to any company focused on selling products or services to other businesses rather than to consumers. *See* Adam Uzialko, *What is B2B?*, BUS. NEWS DAILY (June 26, 2019), https://www.businessnewsdaily.com/5000-what-is-b2b.html [https://perma.cc/A3TE-NEZS].

[39] Rodney Laws, *Do B2B Companies Have to Care About Counterfeit Issues?*, RED POINTS BLOG (July 23, 2019), https://blog.redpoints.com/en/b2b-counterfeits-online [https://perma.cc/R7PU-W5L5].

[40] Connie Thompson, *How Counterfeit Merchandise Poses Risks to Your Health and Safety*, KOMONEWS (May 23, 2018), https://komonews.com/news/consumer/how-counterfeit-merchandise-poses-risks-to-your-health-and-safety (non-archivable website). In addition to dangers to health and safety, consumers may not be aware that counterfeit goods are also associated with child labor, human slavery, and organized crime. *See* BASCAP & UNICRI, CONFISCATION OF THE PROCEEDS OF CRIME: A MODERN TOOL FOR DETERRING COUNTERFEITING AND PIRACY 9–12 (2013), *available at* https://iccwbo.org/content/uploads/sites/3/2017/01/ICC-BASCAP-Confiscation-of-the-Proceeds-of-IP-Crime-2013.pdf [https://perma.cc/GNQ9-E3UG].

[41] *See, e.g.*, William Davies, *The Escalation Pharma Counterfeit Problem*, PHARMATIMES ONLINE (Dec. 5, 2018), http://www.pharmatimes.com/web_exclusives/the_escalating_pharma_counterfeit_problem_1271942 [https://perma.cc/K39S-JDL3].

on trademark owners to be more proactive than ever in policing their brands.

### *D. Policing the Internet for Counterfeits*

While the Internet has allowed counterfeiting to flourish, it has also provided trademark owners with a means to police their marks. Just as counterfeiters use the Internet to hawk their wares, trademark owners use the Internet to ferret them out. The challenge, however, is that there are just too many counterfeiters for many brand owners to police them economically. Online counterfeiters can create an infinite number of different infringing websites almost as soon as one has been disabled, thus rendering traditional methods of enforcement ineffective and cost-prohibitive.[42] Exacerbating the problem is the fact that most counterfeiters are located outside the United States and move money rapidly through the Internet into jurisdictions designed to shield assets from law enforcement, which makes them essentially judgment proof.[43]

#### 1. The Role of Intermediate Service Providers

As online infringements and counterfeiting increased in the years after 1999, intellectual property owners began to look to others who were profiting from the illegal activity to help stem the tide. In 1998, Congress passed the Digital Millennium Copyright Act ("DMCA").[44] Under the DMCA, immunity was granted to new, emerging online platforms in exchange for reasonable enforcement efforts, including quickly taking down copyrighted materials upon notice.[45]

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[42] *See* Charles Feagle, *Fighting the Faceless Foe Known as the Online Trademark Counterfeiter: Forum Shopping Tactics in the Digital Age*, 26 J. INTELL. PROP. L. 303, 305 (2020).

[43] *See* Harley I. Lewin, *One Perspective on Anti-Counterfeiting: From T-Shirts in the Basement to Global Trade*, 101 TRADEMARK REP. 219, 245 (2011); *see also* Bradley J. Olson et al., *The 10 Things Every Practitioner Should Know About Anti-Counterfeiting and Anti-Piracy Protection*, 7 J. HIGH TECH. L. 106, 118 (2007).

[44] *See 1998–2012*, U.S. COPYRIGHT OFF., https://www.copyright.gov/timeline/timeline_1998-2012.html [https://perma.cc/NF4F-2LZ4].

[45] *See* Sen. Thom Tillis (R-N.C.), *Getting Back to Basics on the Digital Millennium Copyright Act*, HILL (Dec. 17, 2019, 2:30 PM), https://thehill.com/blogs/congress-blog/technology/474918-getting-back-to-basics-on-the-digital-millennium-copyright-act, [https://perma.cc/L3SN-A8BG].

In the wake of the DMCA, online marketplaces like eBay established takedown procedures to qualify for the safe harbors of the DMCA.[46] Under eBay's Verified Rights Owner ("VeRO") program,[47] a copyright or trademark owner could request the removal of suspected infringing items and materials by submitting a notice of claimed infringement.[48] While brand owners took advantage of such takedown procedures, many could not keep up with the torrent of counterfeits. Brand owners believed e-commerce platforms had an obligation to prevent the sale of counterfeit goods to the extent that the platforms were aware of such activity in general and were turning a blind eye to it (and profiting from it in the process).[49] However, Internet service providers ("ISPs"), such as eBay, were not taking any affirmative steps to police their sites and remove infringing goods. By 2004, Tiffany, the famous jewelry company, had had enough and sued eBay for various causes of action including contributory trademark infringement.[50]

In the civil action, Tiffany alleged that hundreds of thousands of counterfeit silver jewelry items were offered for sale on eBay's website from 2003 to 2006.[51] Even though it reported 46,252 listings over a one year period through the VeRO program, Tiffany complained about the resources it would have taken to comprehensively

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[46] *See Verified Rights Owner Program*, EBAY, https://pages.ebay.com/seller-center/listing-and-marketing/verified-rights-owner-program.html [https://perma.cc/5F4L-GCFA].

[47] *See id.* Created in 1998, the VeRO program is the easiest and most well-established enforcement program among online marketplaces. NATASHA TUSIKOV, CHOKEPOINTS, GLOBAL PRIVATE REGULATION ON THE INTERNET 168 (University of Califoria Press 2017).

[48] *See* Gene Quinn, *Understanding the eBay VeRO Program*, IP WATCHDOG (Mar. 18, 2016), https://www.ipwatchdog.com/2016/03/18/ebay-vero-program/id=67226/ [https://perma.cc/28L2-AJS2].

[49] *See* Sarah D. Scalet, *Auction Blocks: Criminals Unload Counterfeit and Stolen Goods on eBay*, CSO (Aug. 1, 2005, 7:00 AM), https://www.csoonline.com/article/2118390/auction-blocks—criminals-unload-counterfeit-and-stolen-goods-on-ebay.html [https://perma.cc/985U-M9YR].

[50] *See* Tiffany Inc. v. eBay, Inc., 576 F. Supp. 2d 463, 470 (S.D.N.Y. 2008), *aff'd.*, 600 F.3d 93 (2d Cir. 2010).

[51] *See Tiffany Inc.*, 576 F. Supp. 2d at 469. Despite the complaint being filed in 2004, the case was reassigned numerous times before landing on Judge Sullivan's docket in 2007. *See id.* at 470 n.2.

review all of the "Tiffany" listings on eBay.[52] Tiffany argued that eBay was on notice that a problem existed and, accordingly, that eBay had the obligation to investigate and control the illegal activities of the sellers[53] (much like flea market owners could be held liable for counterfeit sales occurring on their premises under a "landlord liability" theory).[54] The court disagreed and held that the law demands more specific knowledge as to which items are infringing and which seller is listing those items before requiring eBay to take action.[55] The court recognized that the result of applying this legal standard meant that, absent legislation, Tiffany must bear the burden of policing its trademark.[56] *eBay* has remained good law ever since.[57]

Even though online retail sales platforms like eBay do not want the legal burden of policing their sites for counterfeits, they also do not necessarily want them overrun by fake goods. In a 2018 SEC filing, Amazon stated the following:

> We also may be unable to prevent sellers in our stores or through other stores from selling unlawful, counterfeit, pirated, or stolen goods, selling goods in an unlawful or unethical manner, violating the proprietary rights of others, or otherwise violating our policies . . . . To the extent any of this occurs, it could

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52 *Id.* at 484, 517–18. In the years since *eBay*, due to the limited bandwidth of in-house counsel, and the growing severity of the counterfeiting problem, some brand owners have formed brand protection teams dedicated to dealing with counterfeits. Whether or not anti-counterfeiting is handled by the trademark department or a separate group, it is essential to work together with a company's IT security team. All must work closely with the local business to police the Internet and the marketplace on the ground. As protector of the brand, the role of trademark counsel here is to help bridge the gap between the on-the-ground defenses and the technical solutions.

53 *Id.* at 469.

54 *See id.* at 504.

55 *Id.* at 516.

56 *Id.* at 518.

57 A group of bipartisan House lawmakers recently outlined a bill called the Shop Safe Act to make e-commerce companies such as Amazon legally liable for fake goods sold on their websites. *See* Alan Rappeport, *Lawmakers Propose Making E-Commerce Companies Liable for Counterfeits*, N.Y. TIMES (Mar. 2, 2020), https://www.nytimes.com/2020/03/02/us/politics/counterfeits-bill-china-amazon.html [https://perma.cc/7RZD-QMME].

> harm our business or damage our reputation and we could face civil or criminal liability for unlawful activities by our sellers.[58]

In other words, counterfeiting harms the Amazon brand much as it does the brands being abused on its site. As a result, Amazon and other online retailers, in addition to implementing their own takedown procedures, have developed even more robust mechanisms to protect intellectual property ("IP").

a) Online Marketplaces and the Amazon Effect

Amazon provides a useful case study in an online marketplace's effect on trademark infringement and counterfeiting because it is now the largest online marketplace in the world with approximately 5.7 billion visits per month.[59] Despite all the benefits Amazon brings to businesses and consumers such as doorstep delivery and Prime membership discounts,[60] it is also widely viewed as a platform which facilitates the online sale of counterfeit goods.[61]

Among other things, listing on a well-known website like Amazon provides an air of legitimacy to the vendors of fake goods. Many consumers are entirely unaware that counterfeit goods are even sold on Amazon and just assume that anything they purchase through a reputable company like Amazon must be genuine.[62] Further,

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[58] *See* Amazon.com, Inc., Annual Report (Form 10-K) (Dec. 31, 2018), *available at* https://www.sec.gov/Archives/edgar/data/1018724/000101872419000004/amzn-20181231x10k.htm. [https://perma.cc/H8DU-GVVA].

[59] *See* Kate Merton, *The World's Top Online Marketplaces 2020*, WEBRETAILER (Feb. 18, 2020), https://www.webretailer.com/b/online-marketplaces/ [https://perma.cc/494Y-737T].

[60] *See* Lydia DePillis, *It's Amazon's World. We Just Live in It*, CNN BUS. (Oct. 4, 2018), https://www.cnn.com/2018/10/03/tech/amazon-effect-us-economy/index.html [https://perma.cc/2ZGY-PRPB].

[61] The current administration has considered adding some of Amazon's foreign operations to the annual list of notorious counterfeit markets. *See* Timothy Puko & Alex Leary, *Trump Administration Weighs Putting Amazon Foreign Sites on "Notorious Markets" List*, WALL STREET J. (Dec. 6, 2019), https://www.wsj.com/articles/trump-administration-weighs-putting-amazon-foreign-sites-on-notorious-markets-list-11575654650 [https://perma.cc/2K27-Y894].

[62] *See* Joel Hruska, *Apple Claims More Than 90 Percent of 'Genuine' Apple Chargers Sold on Amazon Are Fake*, EXTREME TECH (Oct. 20, 2016), https://www.extremetech.com/computing/237918-apple-claims-more-than-90-percent-of-genuine-apple-chargers-sold-on-amazon-are-fake [https://perma.cc/TQ9U-3HGY].

Amazon offers counterfeiters a low-cost means to avoid research and development costs, copy products, and unfairly compete for business.[63] Amazon will even take care of all the shipping logistics for the manufacturer to sell goods, regardless of their provenance, directly to consumers in the United States.[64]

Former Amazon executives and outside consultants have attributed Amazon's continued volume of counterfeit goods to its decision to prioritize a broad selection of products and inexpensive prices over adopting aggressive technologies and policies to police the authenticity problem.[65] Amazon keeps approximately 15% of sales of third party sellers whether or not the product is genuine or counterfeit.[66]

Amazon has taken notice of all the negative publicity surrounding the sale of counterfeits on its site and has taken steps to address the concern. In addition to its procedure for reporting infringements, Amazon has created the Amazon Brand Registry, which provides enrolled brand owners with tools to search for content using images, keywords, or a list of ASINs (Amazon Standard Identification Numbers) in bulk and easily report suspected brand violations.[67] The only requirements for enrollment are that the brand owner maintain an Amazon account and a valid registered trademark that appears on

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63 Wade Shepard, *Amazon and Ebay Opened Pandora's Box of Chinese Counterfeits and Now Don't Know What to Do*, FORBES (Oct. 28, 2017), https://www.forbes.com/sites/wadeshepard/2017/10/28/amazon-and-ebay-opened-pandoras-box-of-chinese-counterfeits-and-now-dont-know-what-to-do/#63eee3cf6a25 [https://perma.cc/B9R6-9873].

64 *See Fulfillment by Amazon*, AMAZON, https://services.amazon.com/fulfillment-by-amazon/benefits.html [https://perma.cc/3QFY-NUA3]; *see also Shipping from China to Amazon FBA—Everything You Need to Know*, SELLERAPP, https://www.sellerapp.com/blog/how-to-get-your-shipments-from-china-to-amazon-fba [https://perma.cc/MPQ3-LXJ4].

65 *See* Jay Greene, *How Amazon's Quest for More, Cheaper Products has Resulted in a Flea Market of Fakes*, WASH. POST (Nov. 14, 2019), https://www.washingtonpost.com/technology/2019/11/14/how-amazons-quest-more-cheaper-products-has-resulted-flea-market-fakes/?arc404=true [https://perma.cc/4PCP-M9KP].

66 *Id.*

67 *See* Dan Lindsey, *What Is Amazon Brand Registry and What Do I Need to Know About It*?, FORBES (Dec. 12, 2017, 9:00 AM), https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2017/12/12/what-is-amazon-brand-registry-and-what-do-i-need-to-know-about-it/#dfd1b0e762f3 [https://perma.cc/8BMW-C8KZ].

the goods or its packaging.[68] Brand owners can enroll in the Brand Registry by visiting the Amazon website[69] and to date more than 200,000 brands have successfully enrolled.[70] Amazon self-reports that, on average, Brand Registry enrollees are finding and reporting 99% fewer suspected infringements as compared to before the launch of the Brand Registry.[71] While brand registries like Amazon's are useful in removing fake listings, they are not necessarily helpful at getting at the source of those listings and addressing the root cause of the problem.[72]

b) Foreign Online Marketplaces

American consumers are becoming increasingly comfortable with buying goods not just online but also from foreign-based websites like China-based Alibaba,[73] the world's largest online

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[68] *Eligibility Requirements*, AMAZON.COM, https://brandservices.amazon.com/eligibility [https://perma.cc/LE9E-LVQ3].

[69] *Amazon Brand Registry*, AMAZON, https://brandservices.amazon.com [https://perma.cc/V2SE-BDNU].

[70] John Hermann, *All Your Favorite Brands, From BSTOEM to ZGGCD*, N.Y. TIMES (Feb. 11, 2020), https://www.nytimes.com/2020/02/11/style/amazon-trademark-copyright.html [https://perma.cc/A2EA-XCYP].

[71] Tara Johnson, *Amazon Brand Registry: How It Works In 2020*, TINUITI (Dec. 22, 2019), https://tinuiti.com/blog/amazon/amazon-brand-registry/ [https://perma.cc/W9ES-EMS7]; *see also Amazon Brand Registry*, *supra* note 69. Amazon also has a program called Transparency, an item-level tracing service. *See Transparency*, AMAZON, https://brandservices.amazon.com/transparency [https://perma.cc/K4BG-R7DB]. When brands enroll in Transparency, they are issued a series of codes to place on each unit so that if a shipment of products enrolled in Transparency comes to Amazon without the codes, the associated seller will be investigated and the inventory will be rejected or destroyed. *See* Kiri Masters, *The Amazon Transparency Program Is a Counterfeiter's Worst Nightmare*, FORBES (Jan. 3, 2019), https://www.forbes.com/sites/kirimasters/2019/01/03/the-amazon-transparency-program-is-a-counterfeiters-worst-nightmare/#6e943b2e76aa [https://perma.cc/NZ38-TWNK]. Amazon also has an effort named Project Zero, which aims to use machine learning to drive counterfeits on the platform to zero. *See Project Zero*, AMAZON, https://brandservices.amazon.com/projectzero [https://perma.cc/R8B9-EUGV].

[72] Anna Mae Koo & Ann Xu, *Protecting Intellectual Property Online*, IAM (Sept. 4, 2017), https://www.iam-media.com/protecting-intellectual-property-online [https://perma.cc/KB8V-S5V2].

[73] Alibaba Group Holding Limited owns and operates an array of businesses including Alibaba.com, Taobao, Alipay, AliExpress and 1688 among others. See *Alibaba*, WIKIPEDIA, https://en.wikipedia.org/wiki/Alibaba_Group [https://perma.cc/5FK7-G4XS]. Alibaba.com is the leading platform for global wholesale trade with buyers in over 190

commerce company.[74] Like Amazon, though, Alibaba faces a counterfeiting problem. Its Taobao marketplace has appeared on the U.S. Trade Representative's notorious markets list for three years in a row.[75]

Also like Amazon, Alibaba has established takedown procedures to deal with instances of trademark infringement. The "Intellectual Property Protection Platform" ("IPP Platform") allows rightsholders or their agents to upload their trademark registrations and enforce their rights against infringing product listings.[76] In 2018, Alibaba reported that 96% of removal requests submitted through the IPP Platform during business days were processed within twenty-four hours.[77] The year before, Alibaba launched the Alibaba Anti-Counterfeiting Alliance ("AACA") to support IP protection.[78] AACA members collaborate to provide proactive online monitoring and protection, product test-buy programs, offline investigations and enforcement, industry-law enforcement workshops, litigation, and public awareness campaigns.[79]

Other large foreign online shopping sites besides Alibaba.com and its sister sites include rakuten.co.jp, jd.com, and allegro.pl to

countries including the United States, offering hundreds of millions of products in over 40 different major categories, including consumer electronics, machinery and apparel. *Id.*

74 *See* Adam Levy, *The 7 Largest E-Commerce Companies in the World*, MOTLEY FOOL (Aug. 23, 2019, 5:13 PM), https://www.fool.com/investing/the-7-largest-e-commerce-companies-in-the-world.aspx [https://perma.cc/LB5C-4ELJ].

75 *See* Danielle Long, *Alibaba's Taobao Lands on USTR's Notorious Markets List for Third Year Running*, DRUM (Apr. 26, 2019), https://www.thedrum.com/news/2019/04/26/alibabas-taobao-lands-ustrs-notorious-markets-list-third-year-running [https://perma.cc/6MJZ-KWBR].

76 *See Alibaba Intellectual Property Protection Platform Instructions*, ALIBABA GRP., https://ipp.alibabagroup.com/instruction/en.htm [https://perma.cc/42JY-3CT9].

77 Tom Brennan, *Alibaba Shows Continued Success in IP Protection*, ALIZILA (May 16, 2019) https://www.alizila.com/alibaba-report-highlights-continued-success-in-ip-protection/ [https://perma.cc/86PY-VFB8]; *see also Intellectual Property Rights Protection Report*, ALIBABA GRP. (May 2019), https://www.alizila.com/wp-content/uploads/2019/05/Final_Alibaba_2018_IPR_Report.pdf [https://perma.cc/V7YV-ZSCY].

78 *See* Zhou Wenting & He Wei, *Top Brands Flocking to Alibaba's Global Anti-Counterfeiting Alliance*, CHINA DAILY (Apr. 11, 2019), https://www.chinadaily.com.cn/cndy/2019-04/11/content_37457057.htm [https://perma.cc/9J8L-L6A2].

79 *See id.*

name just a few.[80] Trademark owners whose brands may be susceptible to counterfeiting or infringement should consider monitoring such foreign sites as part of a trademark vigilance program. Even if they do not have much of a presence in the U.S. market yet, they may be worth checking as a leading indicator of potential problems in the United States in the future.

2. Changes in Distribution Methods for Counterfeits into the United States

The changing methods counterfeiters use to ship their wares to the States has made policing enormously challenging in recent years. In the past, counterfeit goods were usually shipped by sea,[81] the least expensive mode of transportation,[82] and hidden within large cargo containers.[83] The limited number of major seaports in the United States allowed for large-scale seizures of inbound counterfeit goods.[84] Today, counterfeit goods more often than not are shipped by small parcel.[85]

In 2019, in response to the alarmingly high rates of contraband uncovered by DHS and a request from the White House Office of Trade and Manufacturing Policy ("OTMP"), CBP initiated Operation Mega Flex.[86] This operation used enhanced inspection and

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80 *See Top Ranking Websites*, SIMILAR WEB, https://www.similarweb.com/top-websites/category/e-commerce-and-shopping [https://perma.cc/XC6A-F9S8].

81 *See The World's Greatest Fakes Chinese Copies Are Making Their Way Back To The U.S.*, 60 MINUTES (Jan. 26, 2004), https://www.cbsnews.com/news/the-worlds-greatest-fakes-26-01-2004 [https://perma.cc/M8P7-G6KX].

82 *See* Nate Berg, *The Environmental Cost of Shipping Stuff is Huge. Can we Fix That?*, VOX (Dec. 23, 2015, 8:30 AM), https://www.vox.com/2015/12/23/10647768/shipping-environmental-cost [https://perma.cc/WZ78-5GNH].

83 *See* Myron Levin, *Counterfeit Cigarettes Force Tobacco Firms to Fight Back*, L.A. TIMES (Nov. 24, 2003, 12:00 AM), https://www.latimes.com/archives/la-xpm-2003-nov-24-fi-counterfeit24-story.html [https://perma.cc/TN85-EDHE].

84 *See* Haylle Sok, *Major Counterfeit Goods Bust at the Port of Miami*, GLOBAL TRADE (Sept. 7, 2015), https://www.globaltrademag.com/major-counterfeit-goods-bust-at-the-port-of-miami/ [https://perma.cc/CS4L-5SAP].

85 *See Misuse of Small Parcels for Trade in Counterfeit Goods*, E.U. INTELL. PROP. OFF. OBSERVATORY, https://euipo.europa.eu/ohimportal/en/web/observatory/trade-in-fakes-in-small-parcels (non-archivable website) (last visited Mar. 31, 2020).

86 *See* Alan Rappeport, *U.S. Cracks Down on Counterfeits in a Warning Shot to China*, N.Y. TIMES (Jan. 24, 2020), https://www.nytimes.com/2020/01/24/us/politics/us-cracks-down-on-counterfeits-in-a-warning-shot-to-china.html [https://perma.cc/67PD-9GKV].

monitoring efforts to identify high-risk violators which were shipping and receiving illicit contraband through international mail facilities and express consignment hubs.[87]

The move away from bulk shipping and toward small parcels resulted from at least a couple of actions. In 2011, the U.S. Postal Service entered into a bilateral agreement with China Post that made shipping from China very inexpensive.[88] In 2016, a law went into effect which made imports of $800 or less duty free.[89] The massive number of small parcels arriving in the United States each day makes it extremely difficult for U.S. Customs and Border Protection ("CBP") to inspect a meaningful number of packages for counterfeits.[90] Furthermore, once counterfeits are found, the numbers seized are far fewer than with cargo shipments arriving by sea.[91]

3. Will the Government Intervene to Stop the Counterfeit Problem?

With counterfeiting widespread, government intervention in the United States may not be far behind. In April 2019, President Donald Trump signed a memorandum aiming to crack down on the sale

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[87] DEP'T OF HOMELAND SEC., COMBATING TRAFFICKING IN COUNTERFEIT AND PIRATED GOODS, REPORT TO THE PRESIDENT OF THE UNITED STATES 9 (2020), *available at* https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf [https://perma.cc/J92N-XMA3].

[88] *See* Alana Semuels, T*he End of Cheap Shipping from China*, ATLANTIC (Oct. 17, 2018), https://www.theatlantic.com/technology/archive/2018/10/trump-changes-terminal-dues-and-epacket-rates/573337/ [https://perma.cc/24TY-U3LC].

[89] *See* Ashley Milne-Tyte, *Customs Officials Struggle with the Uptick in Volume of Goods Shipped into the U.S.*, MARKETPLACE (Dec. 28, 2018), https://www.marketplace.org/2018/12/28/counterfeit-shipping/ [https://perma.cc/RM4T-E9RS].

[90] *See* Kasie Brill, *What We Know—and What We Don't—About Counterfeit Goods and Small Parcels*, GLOBAL INNOVATION POL'Y CTR., https://www.theglobalipcenter.com/what-we-know-and-what-we-dont-about-counterfeit-goods-and-small-parcels [https://perma.cc/W9NY-QB4C]; *see also Misuse of Small Parcels for Trade in Counterfeit Goods*, *supra* note 85.

[91] *See* OECD & E.U. INTELL. PROP. OFF., MISUSE OF SMALL PARCELS FOR TRADE IN COUNTERFEIT GOODS: FACTS AND TRENDS *in* ILLICIT TRADE 3, 42 (2018), https://doi.org/10.1787/9789264307858-en [https://perma.cc/4P95-RY93].

of counterfeit goods online.[92] The memo required a report from the Departments of Homeland Security ("DHS"), Commerce, and Justice analyzing the extent of the problem and how effective current responses are, while recommending possible regulatory or legislative changes to help in the fight against counterfeit goods.[93] The report, entitled "Combating Trafficking in Counterfeit and Pirated Goods," issued on January 24, 2020, includes a number of actions to be taken by DHS and the U.S. government as well as best practices for e-commerce platforms and third-party marketplaces.[94] Although the report makes it clear that government action alone is not sufficient, and that all relevant private-sector stakeholders have a role to play, it none-too-subtly implies that the government will make e-commerce platforms, online third-party marketplaces, and other third-party intermediaries pay a price if they fail to take a more active role in preventing the sale of counterfeits on their sites.[95]

a) The Dark Web: Navigating, Monitoring, and Taking Action Against Counterfeits

Popular and well-known sites like Amazon and Alibaba lie on the surface web. Beyond the reach of legitimate retailers on the surface web[96] lie unscrupulous traders on the dark web (to be distinguished from the deep web[97]). In the mid-1990s, the U.S.

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92 *See* Jabob Pramuk, *Trump Puts Amazon, Alibaba on Notice for Sale of Counterfeit Goods*, CNBC (Apr. 3, 2019), https://www.cnbc.com/2019/04/03/trump-to-sign-measure-to-crack-down-on-fake-goods-sold-online.html [https://perma.cc/M8JL-8L93].

93 *See id.*

94 *See Combatting Trafficking in Counterfeit and Pirated Goods*, DEP'T OF HOMELAND SECURITY (Jan. 24, 2020), https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf [https://perma.cc/V7LJ-SSUM].

95 *See* James Brumley, *Amazon's Counterfeit Product Problem Just Got Much Worse*, MOTLEY FOOL (Jan. 29, 2020, 7:15 AM), https://www.fool.com/investing/2020/01/29/amazons-counterfeit-product-problem-just-got-much.aspx [https://perma.cc/236U-GU5V].

96 The surface web is the visible part of the web with websites indexed by search engines. *See What is Surface Web, Deep Web and Dark Web?*, MEDIUM (Apr. 9, 2018), https://medium.com/@hackersleaguebooks/what-is-surface-web-deep-web-and-dark-web-cdbaf71b30d5 [https://perma.cc/V6L2-EVUT]. It comprises just 4% of the Internet. *Id*.

97 The deep web consists of websites or pages on the website not indexed by search engines and which is accessed only by permission. *Id*. It is used to store most personal information. *Id*.

government created the dark web to allow spies to exchange information completely anonymously.[98] The technology was released into the public domain for everyone to use under the theory that it would be harder to distinguish the government's spy messages if other people were using the same system too.[99] It is estimated that there are now approximately 30,000 hidden sites on the dark web.[100]

The dark web (a/k/a the darknet[101]) is not indexed by Internet search engines.[102] It is used for all sorts of illegal activities including distributing child porn, trading in illicit drugs and guns, and hiding all manners of fraud.[103] To be sure, there are some legitimate uses, such as for whistleblower sites and political activism blogs.[104] To access the dark web, it is necessary to use an anonymizing browser called Tor—an acronym derived from the original software project name The Onion Router.[105] Accessing the dark web is not for the faint of heart, though. Travelers on the dark web may easily become the victim of the cybercriminals and other scammers who populate

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98 *See* Jennifer Hale, *What Is the Dark Web?*, U.S. SUN (Jan. 17, 2020), https://www.the-sun.com/lifestyle/tech/271948/what-is-the-dark-web-drugs-and-guns-to-the-chloe-ayling-kidnapping-a-look-inside-the-encrypted-network/ [https://perma.cc/6ZSJ-6G22].

99 *See id.*

100 *Id.*

101 *See* Nathan Reiff, *What Is the Dark Net?*, INVESTOPEDIA (Jan. 11, 2020), https://www.investopedia.com/insights/what-dark-net/ [https://perma.cc/95PV-FFQ6].

102 *See* Mae Rice, *The Deep Web Is the 99% of the Internet You Can't Google*, CURIOSITY (May 22, 2018), https://curiosity.com/topics/the-deep-web-is-the-99-of-the-internet-you-dont-see-curiosity/ [https://perma.cc/6H9Z-SYZJ].

103 *See 'Dark Web' Market for Illegal Guns and Drugs Grows*, NBC NEWS (Dec. 18, 2014, 1:18 PM), https://www.nbcnews.com/tech/security/dark-web-market-illegal-guns-drugs-grows-n271041 [https://perma.cc/757Y-H5SK].

104 *See* Alex Hern, *The Dilemma of the Dark Web: Protecting Neo-Nazis and Dissidents Alike*, GUARDIAN (Aug. 23, 2017), https://www.theguardian.com/technology/2017/aug/23/dark-web-neo-nazis-tor-dissidents-white-supremacists-criminals-paedophile-rings [https://perma.cc/HCS8-DASV].

105 Dan Patterson, *How to Safely Access and Navigate the Dark Web*, TECH REPUBLIC (Mar. 11, 2019, 5:36 AM), https://www.techrepublic.com/article/how-to-safely-access-and-navigate-the-dark-web/ [https://perma.cc/FT6N-VFZJ]. Tor was open-sourced in 2004, at which point it became publicly accessible. *See* Yasha Levine, *Almost Everyone Involved in Developing Tor Was (Or Is) Funded by the US Government*, PANDO (July 16, 2014), https://pando.com/2014/07/16/tor-spooks/ [https://perma.cc/244T-RKAM].

its environs.[106] Users should mask any and all identifying information—e.g., they should place tape on their webcam to protect privacy in the event of hijacking, use a VPN to hide their IP address from prying eyes, and avoid use of an email address or even a password that they have previously used.[107]

Because of the inherent danger in policing the dark web, brand owners are encouraged to evaluate their vulnerability to counterfeiting and hacking in general when considering whether to include the dark web in their online policing efforts. Some industries, such as financial services and pharmaceuticals, are more vulnerable than others.[108] Because the dark web is such a dangerous place to travel, brand owners at risk should work with third-party vendors to provide monitoring services. Companies such as Digital Shadows,[109] ZeroFOX,[110] Skurio,[111] and Echosec Systems[112] offer products and solutions for proactive monitoring of the dark web for counterfeit goods, stolen financial data, and illegally distributed copyrighted materials.

i. Taking Action Against Dark Web Counterfeits

If and when counterfeit goods are found on the dark web, rather than send any demand letter or pursue a civil action, it is often prudent to work with law enforcement officials on further efforts to deal with them. For example, the Department of Justice ("DOJ") investigates and prosecutes a wide range of IP crimes

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106 Paul Bischoff, *Step by Step Guide to Safely Accessing the Dark Net and Deep Web*, COMPARITECH (Sept. 12, 2018), https://www.comparitech.com/blog/vpn-privacy/how-to-access-the-deep-web-and-darknet/ [https://perma.cc/RJ2F-7BMQ].

107 *See* Dorothy Allen, *Deep Web: What Is It and How to Access It?—The Ultimate Guide*, ASS'N OF INTERNET RES. SPECIALISTS (May 15, 2018), https://www.airsassociation.org/airs-articles/deep-web-what-is-it-and-how-to-access-it-the-ultimate-guide [https://perma.cc/X9XV-4PZ4].

108 *See* Jason Rivera, *Using the Dark Web to Mitigate Risk*, RISK MGMT. (Sept. 4, 2018), http://www.rmmagazine.com/2018/09/04/using-the-dark-web-to-mitigate-risk/ [https://perma.cc/QF7G-YNYH].

109 *See Minimize Digital Risk*, DIG. SHADOWS, www.digitalshadows.com [https://perma.cc/7UT4-F652].

110 *See* ZEROFOX, https://www.zerofox.com [https://perma.cc/KJ8Q-Z6U3].

111 *See* SKURIO, https://www.skurio.com [https://perma.cc/GV3U-H4LH].

112 *See* ECHOSEC SYSTEMS, www.echosec.net [https://perma.cc/2BYC-T3CS].

including cybercrimes.[113] Primary investigative and prosecutorial responsibility within the DOJ rests with the Federal Bureau of Investigation and U.S. Attorneys' Offices, the Computer Crime and Intellectual Property Section ("CCIPS") in the Criminal Division, and the Counterintelligence and Export Control Section ("CES") in the National Security Division.[114] The DOJ also has a network of 270 specially trained federal prosecutors who make up the Department's Computer Hacking and Intellectual Property ("CHIP") program.[115]

In May 2019, the DOJ announced that the major dark web marketplace "Wall Street Market" was seized and its alleged operators arrested in a joint operation between U.S. and European authorities.[116] The three men who ran the market, who were all German citizens, have been charged.[117] The market was a platform for the sale of narcotics, counterfeit goods, and hacking software to over a million customers.[118] The crackdown may have sent the dark web into turmoil, but the effect is not likely to last. Other lower-tier markets are expected to step up and fill the void.[119] Indeed, a new study written by academics from the Tuck School of Business at Dartmouth found that the shutdown of a major darknet marketplace in 2014 actually benefitted buyers and the operators of other

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113 *See* U.S. INTELL. PROP. ENFORCEMENT COORDINATOR, ANNUAL INTELLECTUAL PROPERTY REPORT TO CONGRESS 16 (Feb. 2019), *available at* https://www.whitehouse.gov/wp-content/uploads/2019/02/IPEC-2018-Annual-Intellectual-Property-Report-to-Congress.pdf [https://perma.cc/YAE4-JABH].

114 *Id.*

115 U.S. DEP'T OF JUSTICE, REPORT OF THE ATTORNEY GENERAL'S CYBER DIGITAL TASK FORCE 100 (2018), *available at* https://www.justice.gov/ag/page/file/1076696/download [https://perma.cc/EPV9-K8UN].

116 *See 3 Germans Who Allegedly Operated Dark Web Marketplace with Over 1 Million Users Face U.S. Narcotics and Money Laundering Charges*, U.S. ATT'Y'S OFF. CENT. DISTRICT CAL. (May 3, 2019), https://www.justice.gov/usao-cdca/pr/3-germans-who-allegedly-operated-dark-web-marketplace-over-1-million-users-face-us [https://perma.cc/93VG-UCVQ].

117 *See id.*

118 *See id.*

119 *See* Aaron Van Wirdum, *Following Wave of Shutdowns, Remaining Darknet Markets Fill the Void (Again)*, BITCOIN MAG. (June 17, 2019), https://bitcoinmagazine.com/articles/following-wave-of-shutdowns-remaining-darknet-markets-fill-the-void-again [https://perma.cc/N528-PSTL].

competitive marketplaces.[120] The game of "whack-a-mole" may not be much different on the dark web than the surface web, but that does not mean that brand owners should ignore the problem, especially as it continues to grow.

## II. COUNTERFEITING, INFRINGEMENT AND TRADEMARK MISUSE ON SOCIAL MEDIA

In addition to not mentioning counterfeits, the Fordham panel discussion in 1999 is also notable for the absence of any discussion about smartphones or social media. This is similarly not surprising because although smartphones have existed since the early-to-mid 1990's,[121] and caught on in the early 2000's with Blackberry devices,[122] they did not go into widespread use until the early 2010s.[123] Around the same time, and not incidentally, social media exploded.[124] The early 2010's saw the continued rise of Facebook, Twitter, and LinkedIn, as well as the creation of Instagram, Pinterest, and SnapChat.[125] Of course, it is the rapid rise of mobile computing, including not just smartphones but tablets as well, that propelled the growth of photo- and video-sharing applications like Instagram and Snapchat, both of which exist almost entirely on mobile devices.

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120 Prasad Vana & Pradeep Pachigolla, *From Darknets to Light* 4 (Working Paper, Oct. 20, 2019), https://www.gwern.net/docs/sr/2019-vana.pdf [https://perma.cc/ATE8-L7QF].

121 *See* Owen Andrew, *The History and Evolution of the Smartphone: 1992–2018*, TEXT REQUEST (Aug. 28, 2018), https://www.textrequest.com/blog/history-evolution-smartphone/ [https://perma.cc/83GE-DDVP].

122 *See The Rise and Fall of the Blackberry in Popular Culture*, BBC (Sept. 28, 2016), bbc.co.uk/newsbeat/article/37500230/the-rise-and-fall-of-the-blackberry-in-popular-culture [https://perma.cc/8973-QPDB].

123 *See* David Nield, *The Rise of the Smartphone: Mobile Technology in the 2010s*, NEW ATLAS (Dec. 15, 2019), https://newatlas.com/mobile-technology/smartphone-history-review-2010-2019/ [https://perma.cc/XB9W-WFWS].

124 *See, e.g.*, Dalvin Brown, *Remember Vine? These Social Networking Sites Defined the Past Decade*, USA TODAY (Dec. 19, 2019), https://www.usatoday.com/story/tech/2019/12/19/end-decade-heres-how-social-media-has-evolved-over-10-years/4227619002 [https://perma.cc/2Y9N-WZL8].

125 *See id.*

### *A. The Distribution of Counterfeits Through Social Media*

Counterfeiters are increasingly turning to social media to promote and sell their goods on the Internet.[126] Through these channels, especially closed groups,[127] counterfeiters can easily and directly sell to consumers and, due to the anonymity of social media, make their identities and activities harder to track.[128] Compared to websites, which nominally require some type of infrastructure (i.e., web hosting companies and domain name registrars), a counterfeiter needs little more than an email address and a payment processor to do business using a social media account. Even if an account were to be closed by the social media service, counterfeiters can open other accounts to link customers away from the platform to an e-commerce store to consummate the sale.[129]

### *B. Other Forms of Brand Abuse on Social Media*

Beyond counterfeiting, social media platforms present other potential headaches for trademark owners. The principal forms of trademark misuse on social media include: (i) misrepresentation as to source, affiliation, or sponsorship, (ii) false or misleading advertising, and (iii) dilution by blurring or tarnishment.[130] Causes of

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[126] *See* Koo & Xu, *supra* note 72; *see also* Fiona Gao, *Brands Must Deal with Counterfeits on Social Commerce—Here's How*, JING DAILY (July 15, 2019), https://jingdaily.com/counterfeits-social-commerce/ [https://perma.cc/PTD2-KLB2].

[127] In so-called "hidden listings" for the sale of counterfeits, social media is used to provide direct hyperlinks, in private groups or chats, to listings for counterfeit goods that purport to be selling unrelated legitimate items. By accessing the link, buyers are brought to an e-commerce platform which advertises an unrelated legitimate item for the same price as the counterfeit item identified in the private group or chat. The buyer is directed to purchase the unrelated item in the listing but will receive the sought-after counterfeit item instead. REPORT TO THE PRESIDENT OF THE UNITED STATES, *supra* note 87, at 23.

[128] *See* Ryan Williams, *The Growth of Fake Products on Social Media*, RED POINTS (Nov. 2, 2018), https://blog.redpoints.com/en/the-growth-of-fake-products-on-social-media [https://perma.cc/XWE3-S4G3].

[129] *Id.*

[130] *See* Linda A. Friedman, *Online Use of Third Party Trademarks: Can Your Trademark Be Used Without Your Permission?*, AM. BAR ASS'N (Feb. 20, 2016), https://www.americanbar.org/groups/business_law/publications/blt/2016/02/03_friedman [https://perma.cc/R49W-WGF6]; *see also* Susan Gunelius, *3 Types of Trademark Misuse in Social Media—Beware and Be Informed*, WOMEN ON BUS. (June 6, 2014), https://www.womenonbusiness.com/3-types-trademark-misuse-social-media-beware-informed/ [https://perma.cc/HT6M-LEYW].

action for such misuse arise under the Lanham Act,[131] state statutes,[132] and federal and state common law. Examples in the social media construct include the unauthorized use of trademarks in usernames and account names,[133] having employees post favorable reviews of products,[134] and the use of famous names and marks to promote the sale of fake and harmful products.[135]

### *C. Reporting Counterfeits and Brand Abuse on Social Media*

A rightsholder may also choose to utilize a social media platform's reporting procedures to address trademark infringement and enforce their rights. Generally speaking, the platforms tend to require the rightsholder to own a federal trademark registration before the platform will take any action to remove infringing content.[136]

### *D. Cease-and-Desist Letters in the Age of Social Media*

If the identity of the infringer is known, the rightsholder can also send a cease-and-desist letter directly to the infringer. Sending a demand letter in 2020 is not the same as it was in 1999. Recipients can use the Internet and social media in particular to post the letter,

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131 15 U.S.C. § 1051, *et seq*. (2018).

132 *See, e.g.*, N.Y. GEN. BUS. LAW §§ 368-b (trademark infringement), 368-d (injury to business reputation and dilution), *repealed by* L.1996, c. 319, § 2 (effective Jan. 1, 1997).

133 *See generally* Lisa P. Ramsey, *Brandjacking on Social Networks: Trademark Infringement by Impersonation of Markholders*, 58 BUFF. L. REV. 851 (2010).

134 *See* Michael Kling, *Fake Reviews Create Unfair Competition—Online Platforms Urged to Take Action*, GLEAN INFO (Apr. 27, 2018), https://glean.info/fake-reviews-swamp-online-platforms/ [https://perma.cc/BM4X-XWPG].

135 *See* Erin Connors, *Trademarks and Twitter: The Costs and Benefits of Social Media on Trademark Strength, and What This Means for Internet-Savvy Celebs*, 52 NEW ENG. L. REV. 189, 210–11 (2018).

136 *See, e.g.*, *Reporting a Violation or Infringement of Your Rights*, FACEBOOK, https://www.facebook.com/help/contact/634636770043106 [https://perma.cc/3E7K-94VG]; *Trademark Instagram Help Center*, INSTAGRAM, https://help.instagram.com/222826637847963?helpref=page_content [https://perma.cc/TYV7-8DW7]; *Trademark Pinterest Policy*, PINTEREST, https://policy.pinterest.com/en/trademark [https://perma.cc/QD5W-8HLV]; *Report A Trademark Issue*, TWITTER, https://help.twitter.com/forms/trademark [https://perma.cc/4LJZ-5FFY]; *Trademark Infringement*, SNAPCHAT, https://support.snapchat.com/en-US/article/infringement-trademark [https://perma.cc/GF54-5GDC]; *Report Trademark Infringement*, TIKTOK, https://www.tiktok.com/legal/report/Trademark?lang=en [https://perma.cc/2HJR-5KXF].

make it go viral,[137] and subject the writer to public scorn.[138] An overly aggressive letter may find its way to Lumen, formerly known as Chilling Effects, a database which collects legal complaints and requests for removal of online materials.[139] Many cease-and-desist letters can also be found in the searchable database of the Electronic Frontier Foundation.[140]

Being perceived as a trademark bully does not help the brand's reputation.[141] Today, sophisticated trademark owners recognize the peril in sending an overly lawyerly sounding cease-and-desist letter and tailor their writing accordingly. For example, in 2012, Jack Daniels wrote what is widely acknowledged to be one of the politest cease-and-desist letters ever written.[142] The letter, sent to an author whose book cover mimicked the design of the Jack Daniels whiskey label, refrained from using legalese or threatening language, instead opting to explain in a neighborly way that while "flattered by your affection for the brand," the company had to be diligent to ensure

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[137] In 2012, lawyers for the footwear company Crocs sent a cease and desist letter to Matty Benedetto, the creator of the YouTube channel "Unnecessary Inventions," after he posted a video featuring a parody handglove he had created, which used the Crocs name and mark on the side rivet. *See* Unnecessary Inventions, *The Crocs Gloves*, YOUTUBE (July 31, 2019), https://www.youtube.com/watch?v=fdsJdOHBYIM [https://perma.cc/PM8H-4SUA]. Mr. Benedetto posted the letter to Reddit, where it received nearly 180,000 upvotes and 4,800 comments. *See* u/rightcoastguy, *I Got a Cease and Desist for Making the Crocs Gloves*, REDDIT, https://www.reddit.com/r/pics/comments/co6h3d/i_got_a_cease_and_desist_for_making_the_crocs [https://perma.cc/94W5-9KSW].

[138] *See* Elizabeth Pearce & Karen Brennan, *When a Cease and Desist Letter Turns into a PR Crisis*, INTABULLETIN (Oct. 1, 2016), https://www.inta.org/INTABulletin/Pages/FWKM_Committee_Update_7117.aspx [https://perma.cc/ZPR7-BL67]; Karen Brennan & Keith Toms, *Continuing Legal Education Class at Midwest IP Institute: A PR Nightmare: When Cease and Desist Letters Go Wrong*, MIDWEST IP INST. (Sept. 28, 2017), https://www.archerlaw.com/wp-content/uploads/2017/08/192718.pdf [https://perma.cc/H4RU-DKM7].

[139] *See* LUMEN DATABASE, https://www.lumendatabase.org [https://perma.cc/8BLA-GU9F].

[140] *See* ELECTRONIC FRONTIER FOUND., https://www.eff.org [https://perma.cc/RVD5-F5C8].

[141] *See* Gastron Kroub, *Bagging a Trademark Bully*, ABOVE THE LAW (July 11, 2017), https://abovethelaw.com/2017/07/bagging-a-trademark-bully/ [https://perma.cc/9YE8-A3BR].

[142] *See* Megan Garber, *This Cease-and-Desist Letter Should Be the Model for Every Cease-and-Desist Letter*, ATLANTIC (July 23, 2012), https://www.theatlantic.com/technology/archive/2012/07/this-cease-and-desist-letter-should-be-the-model-for-every-cease-and-desist-letter/260170/ [https://perma.cc/CQ5B-F37S].

that its trademarks are used correctly and to make the reasonable request "that you change the cover design when the book is reprinted."[143] The story of the letter made its way to many popular publications and earned valuable unpaid advertising for the Jack Daniels brand.

### *E. The Latest Social Media Platforms*

In policing social media, trademark owners should also familiarize themselves with the latest social media platforms and the countries in which they operate. For example, TikTok is a video-sharing social network service which might be the world's fastest-growing social media app.[144] Further, influencers are popular on it and can utilize an e-commerce feature which connects their account with a Taobao store, thereby opening a pipeline for counterfeits entering the TikTok platform.[145] Even without the e-commerce feature, counterfeiters can redirect customers to WeChat, an instant messaging app, to discuss and complete the sale.[146] Importantly, there are actually two TikTok platforms to monitor here: TikTok is the international version of the Chinese app Douyin ("抖音").[147] Other popular social media networks around the world for brand owners to consider monitoring include Sina Weibo (China), Vkontakte (Russia), Orkut (Brazil), and Ibibo (India).[148]

Even with known social media platforms, new features present new risks for counterfeiting. For example, Instagram Stories, launched in 2016, allows users to post and view slideshows that

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143 *Id.*

144 *See* DeAnna James, *What in the World Is TikTok? A Beginner's Guide to the Fast-Growing Social Media App*, OPRAH MAG. (Oct. 8, 2019), https://www.oprahmag.com/entertainment/a29399102/what-is-tik-tok/ [https://perma.cc/8R5U-8MQA].

145 *See* Tim Lince, *Counterfeits on TikTok: IP Enforcement Best Practices, Steven Ustel*, WORLD TRADEMARK REV. (June 10, 2019), https://www.worldtrademarkreview.com/brand-management/counterfeits-tiktok-ip-enforcement-best-practices [https://perma.cc/DPE3-XKGW].

146 *See id.*

147 *See id.*

148 *See generally* Samuel Smith, *Top International Social Networks You Didn't Know Existed*, INTECHNIC, https://www.intechnic.com/blog/top-international-social-networks-you-didnt-know-existed/ [https://perma.cc/DH6C-EYZ5].

disappear after twenty-four hours.[149] The ephemeral nature of the stories is a boon to counterfeiters. According to a study by Ghost Data, one account posts Stories directly from a factory in China that makes counterfeit Adidas Yeezy sneakers.[150]

### *F. Foreign Language Social Media Pages*

Trademark owners should also be sensitive to differences in languages on various social media platforms. For example, international audiences tend to look at local Facebook pages to find information in their own language.[151] It is much easier for people in other countries to look at a local page than go through the process of translating a global page.[152] This is why participating in and monitoring social media in different languages is vital for brands who enter international markets and why it pays to be sensitive to where bad actors may be seeking to target consumers on the local level in their own language.

### *G. Infringing and Counterfeit Apps*

Beyond social media lies the world of apps, which present yet another ecosystem for trademark owners to monitor. According to a report released by Statista.com, mobile apps are expected to generate over $581.9 billion in revenue this year, up from the $462 billion generated in 2019.[153] Of course, where there is money to be made there is abuse to follow.

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[149] *See* Josh Constine, *Instagram Launches "Stories," a Snapchatty Feature for Imperfect Sharing*, TECH CRUNCH (Aug. 2, 2016, 10:00 AM), https://techcrunch.com/2016/08/02/instagram-stories/ [https://perma.cc/J9UZ-QTKN].

[150] Chavie Lieber, *Instagram Has a Counterfeit Fashion Problem*, VOX (May 2, 2019, 3:40 PM), https://www.vox.com/the-goods/2019/5/2/18527181/instagram-counterfeit-industry-chanel-gucci-louis-vuitton [https://perma.cc/52J3-CAKG]; *see also* Andrea Stroppa et al., *Instagram And Counterfeiting In 2019: New Features, Old Problems*, GHOST DATA (Apr. 9, 2019), https://ghostdata.io/report/Instagram_Counterfeiting_GD.pdf [https://perma.cc/8PPW-JA7V].

[151] *Social Media Localization*, VERACONTENT (Apr. 10, 2019), https://veracontent.com/services/social-media-localization/ [https://perma.cc/PEX5-MFTC].

[152] *Id.*

[153] *See Worldwide Mobile App Revenues in 2014 To 2023*, STATISTA, https://www.statista.com/statistics/269025/worldwide-mobile-app-revenue-forecast [https://perma.cc/252V-PPS2].

The McAfee Mobile Threat Report 2019 reported that almost 65,000 new nefarious apps were detected in December of 2018 alone.[154] Despite the risks, it appears that brand owners are not especially proactive in monitoring the app marketplaces. This is due to the fact that apps are a relatively new arena for infringement and misuse and that brand owners are devoting more resources to online, as opposed to mobile, policing efforts.[155] In a conference program on brand protection online, James Beeton, a Brand Protection Officer at the apparel company Superdry, stated: "What was the case five years ago, where people would use an online marketplace to sell a product is now a lot less common. Now we're monitoring social media and apps. An app might have a listing for a day and if you don't catch it on that day, it's gone. We're dealing with something much more ephemeral."[156]

Apps of note to watch include Wish, a mobile shopping app which ships products directly from manufacturers in China and other countries in Asia to keep prices low.[157] It is also among the top ten global platforms with the most counterfeits according to brand protection company Red Points.[158] Other popular shopping apps to consider watching include Zulily[159] and Mercari,[160] both of which advertise deals of up to 70% off on consumer name good brands.

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[154] *See* MCAFEE, MCAFEE MOBILE THREAT REPORT (2019), *available at* https://www.mcafee.com/enterprise/en-us/assets/reports/rp-mobile-threat-report-2019.pdf [https://perma.cc/G54B-ZHTV].

[155] *See* Karl M. Braun & Maddalena R. Zefferino, *Applifying Your Brand Protection Strategy*, AM. BAR ASS'N (2014), https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2014-15/september-october/applifying_your_brand_protection_strategy/ [https://perma.cc/JK6U-DBKW].

[156] Trevor Little & Tim Lince, *Online Brand Protection Takeaways: Tales From the Trenches*, WORLD TRADEMARK REV. (Jan. 16, 2020), https://www.worldtrademarkreview.com/anti-counterfeiting/online-brand-protection-takeaways-tales-trenches [https://perma.cc/N824-7G6E].

[157] *See* Sarah Silbert, *What Is the Wish App?*, LIFEWIRE (Dec. 20, 2019), https://www.lifewire.com/what-is-wish-app-4151583 [https://perma.cc/JR89-ZSDC].

[158] *See* Emily McCormick, *Some Wish Customers Say Cheap Makeup Gave Them Pink Eye and Other Ailments*, BLOOMBERG NEWS (July 17, 2018), https://www.bloomberg.com/news/articles/2018-07-17/some-wish-customers-say-cheap-makeup-gave-them-pink-eye-and-other-ailments [https://perma.cc/BQ5S-Z4VQ].

[159] *See* ZULILY, https://www.zulily.com/?ref=logo [https://perma.cc/JJ7U-L2GU].

[160] *See* MERCARI, https://www.mercari.com [https://perma.cc/84X5-DSR4].

Apps are not just a platform for the sale of counterfeit goods, but in many cases, it is the apps themselves which are fake. A fake Alexa app from a company named One World Software ranked sixth on the top list of utilities before Apple removed it from the App Store.[161] Although it does not appear that truly sensitive data was comprised, even though the app asked for the IP address and Echo device serial number of those who downloaded it, the counterfeit app led to negative reviews of the Alexa app and Echo product online.[162] This example demonstrates the tangible damage that fake apps can cause to brands.

## III. REMEDIES AGAINST COUNTERFEITING ON THE INTERNET

### *A. Steps for Trademark Owners to Take*

#### 1. Payment Processors

An oft-overlooked strategy in dealing with counterfeiters is to complain to payment processors who facilitate the fraudulent transactions. Most of the major credit card companies have anti-piracy policies and mechanisms for reporting fraud. For example, MasterCard has a policy for addressing merchants' online sale of counterfeit trademark products by offering referral forms for consumers, issuers, and law enforcement.[163] The payment industry has in turn partnered with the International AntiCounterfeiting Coalition ("IACC") to form RogueBlock, a streamlined, simplified procedure

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[161] *See* Richard Smith, *Are Counterfeit Apps Damaging Your Company's Brand?*, SECURITY INFOWATCH (July 17, 2019), https://www.securityinfowatch.com/cybersecurity/information-security/article/21088903/are-counterfeit-apps-damaging-your-companys-brand [https://perma.cc/32MJ-SBDS].

[162] *See id.*

[163] *See Mastercard Anti-Piracy Policy*, MASTERCARD, https://www.mastercard.us/en-us/about-mastercard/what-we-do/anti-piracy-policy.html [https://perma.cc/MQ4J-DFL2]; *see also Report Brand Abuse*, VISA, https://usa.visa.com/legal/report-brand-abuse.html [https://perma.cc/5F6L-3FX2]; AMERICAN EXPRESS, NOTICE FORM REGARDING SALES OVER THE INTERNET OF ILLEGITIMATE PRODUCTS (2020), *available at* https://www.americanexpress.com/content/dam/amex/us/staticassets/pdf/legal-disclosures/website-rules-and-regulations/Antipiracy%20Notice%20Form%20-%20Updated%20Oct%202011w.pdf [https://perma.cc/33BV-36BY].

for IACC members to report online sellers of counterfeit or pirated goods directly to credit card and financial services companies.[164]

2. Global Trademark Protection

An ounce of prevention is worth a pound of cure when it comes to minimizing counterfeits and reducing the need to police for them. Applying for and obtaining trademark registration in countries where counterfeit goods are typically manufactured is the first step in any policing program as most countries are "first to file" jurisdictions where trademark rights are dependent upon obtaining registration.[165] Without obtaining registration in those countries, there is often no remedy for brand abuse except for the most famous of marks.

a) NNN Agreements

While counterfeits can originate from any country, the OECD highlighted that China and Hong Kong continue to be the largest exporters of counterfeit goods, and together export almost 60% of fake goods traded worldwide. In addition to obtaining trademark registration, once the brand owner has found a trustworthy manufacturer, best practice calls for it to have the foreign manufacturer sign a country-specific non-disclosure, non-use, non-circumvention ("NNN") agreement.[166] A well-drafted NNN agreement which provides for specific monetary damages with each breach should incentivize the manufacturer to avoid breach and provide the courts with a basis for a pre-judgment seizure of assets.[167] It is more important than ever to take proactive steps on the local level as sellers of counterfeits goods are largely outside the reach of U.S. law.

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[164] *See IACC RogueBlock®*, INT'L ANTICOUNTERFEITING COALITION, https://www.iacc.org/online-initiatives/rogueblock [https://perma.cc/Y4TC-BXPZ].

[165] *See* Michael Ferrante, *Strategies to Avoid Risks Related to Trademark Squatting in China*, 107 TRADEMARK REP. 726, 732 (2017).

[166] *See* Steve Dickinson, et al., *China NNN Agreement*s, CHINA L. BLOG (Feb. 6, 2016), https://www.chinalawblog.com/2016/02/china-nnn-agreements.html [https://perma.cc/4B9Q-VYWK].

[167] *See id.*

3. Copyright Protection as a Work-Around

The way in which counterfeit goods are sold to consumers has also evolved. In the early days of counterfeiting on the Internet, more often than not, rights were based upon listings of counterfeits which infringed word marks. It was relatively easy to find the fakes on the web by searching the brand name and other descriptive terms like "inexpensive" or "cheap." While that can still be done today, counterfeiters have taken to using photographs of genuine products to sell their wares.[168] They now use words such as "luxury" and "top quality" instead of trademarks to describe the goods and avoid detection, while the photos confuse consumers into believing that the goods are the genuine article. Since e-commerce sales are now driven in large part by thumbnail photographs to advertise the goods, consumers inevitably gravitate toward the cheapest products when they appear otherwise indistinguishable to the eyes.

The unauthorized use of photographs by counterfeiters and infringers may provide brand owners with an alternate claim to take down sites displaying those photos using the takedown procedure established under the Digital Millennium Copyright Act of 1998 ("DMCA").[169] Under Section 512 of the DMCA, online services providers and Internet intermediaries are exempted from liability for copyright infringement under safe harbor provisions when they expeditiously remove or disable access to the allegedly infringing material upon notification of the claim. Just as the United States enacted the DMCA in implementing the WIPO Copyright Treaty of 1996,[170] other signatory countries have enacted similar provisions in their national legislation.[171] As a result, sending takedown notices to registrars and webhosts, whether located in or out of the United States, is often an effective means of policing against look-alikes. While copyright registration is not a pre-requisite under the DMCA,

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168 *See* Michael J. McCue & Anne Aikman-Scalese, *Alternative Strategies for Fighting Counterfeits Online*, WORLD TRADEMARK REV. (Feb. 7, 2017), https://www.worldtrademarkreview.com/anti-counterfeiting/alternative-strategies-fighting-counterfeits-online [https://perma.cc/LSV4-LL64].

169 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 202, 112 Stat. 2860, 2877–86 (1998) (codified at 17 U.S.C. § 512(a)–(d)).

170 *Id.*

171 *See* Daniel Seng, *The State of the Discordant Union: An Empirical Analysis of DMCA Takedown Notices*, 18 VA. J. L. & TECH. 369, 373 (2014).

and while contracting states to the Berne Convention for the Protection of Literary and Artistic Works ("Berne Convention")[172] are to afford national treatment to copyrightable works irrespective of registration, ownership of a copyright registration increases the effectiveness of takedown notices, as registration documents ownership of and priority in the work.[173] For example, although China is a member of the Berne Convention and thus must afford protection to registered works of nationals of any member country, copyright registration in China is recommended.[174] Among other things, registering copyright in China provides a record of ownership which obviates the need to provide notarized and legalized evidence of the creation and ownership of the work, which simplifies enforcement through local authorities, the Chinese courts, and Chinese e-commerce platforms.[175]

4. Requesting Government Assistance

The threat posed by counterfeiting led to the creation of the National Intellectual Property Rights Coordination Center ("IPR Center") in 2000.[176] The IPR Center is a joint enforcement collaboration

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[172] *See Berne Convention for the Protection of Literary and Artistic Works*, WORLD INTELL. PROP. ORG. (WIPO), https://wipolex.wipo.int/en/text/283698 [https://perma.cc/2PLR-ELPL].

[173] *See* Gene Quinn, *Design Patents: the Under Utilized and Overlooked Patent*, IP WATCHDOG (Sept. 10, 2016), https://www.ipwatchdog.com/2016/09/10/design-patents/id=72714/ [https://perma.cc/WLS5-PA83] (design patents offer yet another quiver in the brand owners' arsenal against knock-off and lookalike products); Core Jr, *The Design of Design Patents: What Every Designer Should Know About Protecting Your Work*, CORE77 (Aug. 20, 2012), https://www.core77.com/posts/23228/the-design-of-design-patents-what-every-designer-should-know-about-protecting-your-work-23228 [https://perma.cc/RE5S-6CZQ].

[174] Wen Peng & Tingxi Huo, *Practical Tips on Trademark Matters in China*, AM. BAR ASS'N (2017), https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2016-17/july-august/practical-tips-trademark-matters-china/ [https://perma.cc/HQY7-VHGS].

[175] *See Copyright in China*, IP AUSTL., https://www.ipaustralia.gov.au/understanding-ip/taking-your-ip-global/ip-protection-china/copyright-china [https://perma.cc/XB28-3599]; *see also* EUR. COMM'N, COPYRIGHT PROTECTION IN CHINA: A GUIDE FOR EUROPEAN SMES (2010), https://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_Copyright_guide_Aug_2010.pdf [https://perma.cc/BR8L-Z5SW].

[176] *See National Intellectual Property Rights Coordination Center*, WIKIPEDIA, https://en.wikipedia.org/wiki/National_Intellectual_Property_Rights_Coordination_Center [https://perma.cc/LQN6-3NQP].

led by DHS, which brings government agencies together to share information, leverage resources, and train investigators, prosecutors, and the public on IP rights.[177] Through an open and ongoing dialogue with industry professionals, the IPR Center utilizes both law enforcement efforts and private industry collaboration to effectively combat IP crimes including counterfeiting.[178] To report violations of IP rights, the IPR Center has a downloadable report form for rights owners to complete and submit.[179]

a) Record Your Trademarks

In order to obtain assistance from CBP in enforcement of a registered trademark, the owner must record the mark with the IPR Branch in Washington, D.C.[180] This can be accomplished by submitting the Intellectual Property Rights e-Recordation application available online.[181] Importantly, trademark owners should make sure that the registrations being recorded cover any goods likely to be counterfeited as CBP may be limited in its ability to detain and seize counterfeit goods if not covered by the recorded registrations.[182] Furthermore, when a mark is used in conjunction with a design or in stylized form, and where it is likely that the counterfeits will seek to emulate that appearance of the mark, it seems prudent to record it as such in order to assist CBP officers, agents and specialists in identifying the counterfeit goods.

b) Educate Customs

In order to better identify counterfeit merchandise, CBP must have an in-depth knowledge of the various products and the know-

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[177] *See Intellectual Property Rights*, U.S. CUSTOMS & IMMIGRATION ENF'T, https://www.ice.gov/iprcenter [https://perma.cc/J4N3-JSMD].

[178] ANNUAL INTELLECTUAL PROPERTY REPORT TO CONGRESS, *supra* note 113, at 13.

[179] *See Report Form*, NAT'L INTELL. PROP. RIGHTS COORDINATION CTR., https://www.iprcenter.gov/referral/view [https://perma.cc/SSE6-HVZ7].

[180] Electronic Code of Federal Regulations, 19 C.F.R. § 133.2 (1991).

[181] *See e-Recordation Application*, U.S. CUSTOMS & BORDER PROTECTION, https://iprr.cbp.gov [https://perma.cc/93FP-QP96].

[182] *See generally* Clayton J. Joffrion, *Primer for Trademark and Copyright Protection Through the Office of Customs and Border Protection*, 85 FLA. BAR J. 106 (2011).

how to identify them.[183] This often requires CBP to work with brand owners to test suspected counterfeits, underscoring the need for public-private information sharing.[184] The information brand owners can share with CBP include providing an IPR Product ID Training Guide[185] and producing an IPR Product Identification Webinar.[186]

The recent publication "Combating Trafficking in Counterfeit and Pirated Goods," by DHS's Office of Strategy, Policy, and Plans, should prompt CBP to pay greater attention to stopping counterfeits at the country's borders.[187] Indeed, the report stated that U.S. Immigration and Customs Enforcement ("ICE")[188] shall prioritize investigations into IP-based crimes regardless of size and will make referrals for all such investigations where appropriate.[189]

5. Consider Recording Trademarks Abroad

Recording trademark registration in the country of manufacture may also provide some prophylactic relief.[190] The International Trademark Association ("INTA") has a Customs Recordation Checklist which includes a section on recordation of trademarks

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183 U.S. S. FIN. COMM., 116TH CONG., THE FIGHT AGAINST FAKES: HOW STATUTORY AND REGULATORY BARRIERS PRESENT THE SHARING OF INFORMATION ON COUNTERFEITS (2017), *available at* https://www.finance.senate.gov/imo/media/doc/The%20Fight%20Against%20Fakes%20%20(2019-11-07).pdf [https://perma.cc/Y8QA-SRVR].

184 *See id.*

185 *See IPR Product ID Training Guide*, U.S. CUSTOMS & BORDER PROTECTION, https://www.cbp.gov/document/guidance/ipr-product-id-training-guide# [ttps://perma.cc/S8N3-R3SS].

186 *See IPR Product Identification Webinars*, U.S. CUSTOMS & BORDER PROTECTION, https://www.cbp.gov/trade/priority-issues/ipr/webinar [https://perma.cc/4WSM-BNZL].

187 U.S. DEP'T OF HOMELAND SEC., COMBATING TRAFFICKING IN COUNTERFEIT AND PIRATED GOODS (2020), *available at* https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf [https://perma.cc/K2CJ-9SHW].

188 CBP is tasked with enforcement of recorded trademarks at the border by detaining and seizing counterfeit goods, while ICE investigates IPR violations and builds cases for federal prosecution. U.S. GOV'T ACCOUNTABILITY OFF., GAO-18-216, INTELLECTUAL PROPERTY: AGENCIES CAN IMPROVE EFFORTS TO ADDRESS RISKS POSES BY CHANGING COUNTERFEITS MARKET 1–2 (2018), *available at* https://www.gao.gov/assets/690/689713.pdf [https://perma.cc/MA3D-6BTP].

189 COMBATING TRAFFICKING IN COUNTERFEIT AND PIRATED GOODS, *supra* note 187.

190 John F. Sweeney, Scott D. Greenberg, & Margaret H. Bitler, *Heading Them Off at the Pass—Can Counterfeit Goods of Foreign Origin be Stopped at the Counterfeiter's Border?* 84 TRADEMARK REP. 477, 478–79 (1994).

outside the United States.[191] In particular, the European Union IP Helpdesk provides information about recordation of trademarks in important regions[192] and jurisdictions[193] around the world.

### *B. Policing for Domain Name Infringements*

#### 1. The UDRP

The panel discussion in the spring of 1999 took place just prior to the August 1999 adoption of the UDRP by the Internet Corporation for Assigned Names and Numbers ("ICANN").[194] Until then, a private company, Network Solutions Inc. ("NSI") managed the domain name system pursuant to a contract with the U.S. government. NSI (now Verisign) maintained a policy under which the owner of a trademark registration could obtain the suspension (and only the suspension) of a domain name whose second-level domain name was identical to (and only identical to) the registered mark.[195]

Now, with the UDRP in force, trademark owners can complain to ICANN-approved registrars and obtain cancellation or transfer of identical and non-identical infringing domain names.[196] The UDRP is generally viewed as a successful mechanism for tackling domain

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[191] *See Customs Recordation Checklist*, INT'L TRADEMARK ASS'N, https://www.inta.org/trademarkadministration/Documents/Customs%20recordation%20checklist.pdf [https://perma.cc/ST2B-GLKL].

[192] *See How to Record Trade Marks with Customs*, SE. ASIA IPR SME HELPDESK (2016), https://www.southeastasia-iprhelpdesk.eu/sites/default/files/publications/How_to_record_TM_with_customs.pdf [https://perma.cc/75N4-W2CD].

[193] *See Using Customs to Enforce Your IPRs in Brazil*, LATIN AM. IPR SME HELPDESK (2017), http://www.latinamerica-ipr-helpdesk.eu/sites/default/files/factsheets/en_fs_customs_in_brazil.pdf. [https://perma.cc/7P57-CAV7].

[194] The Uniform Domain Name Dispute Resolution Policy (UDRP Policy) was adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) on August 26, 1999. *See* WORLD INTELL. PROP. ORG., UDRP PROCEDURES FOR GENERIC TOP LEVEL DOMAINS, *available at* https://www.wipo.int/amc/en/domains/gtld/udrp/index.html [https://perma.cc/9F2Z-DA4M]. The Rules for Uniform Domain Name Dispute Resolution Policy (UDRP Rules) were approved by ICANN on September 28, 2013. *See id.*

[195] *See* Tysver Beck Evans, *Domain Name Disputes*, BITLAW, https://www.bitlaw.com/internet/domain.html [https://perma.cc/S7NK-SWYN].

[196] *See Uniform Domain Name Dispute Resolution Policy*, ICANN, https://www.icann.org/resources/pages/policy-2012-02-25-en [https://perma.cc/JP77-YTXZ].

name infringement.[197] The World Intellectual Property Organization ("WIPO"), the largest UDRP provider, has adjudicated approximately 47,000 UDRP cases since 1999.[198]

2. The Expanding Use of gTLDs and ccTLDs

The expanding popularity of the Internet has driven a need for local domain names in the form of increased use of country code top-level domains (ccTLDs), such as .uk for the United Kingdom and .ca for Canada, and the creation of more specialized new top-level gTLDs, such as .biz or .info. By 2009, there were over twenty top-level gTLDs in existence. There are now approximately 1,500 active or soon to be active gTLDs.[199]

In 2001, ICANN[200] approved .biz and .info as new top-level gTLDs.[201] In trademark circles, the expansion of possible domain names for registration caused fear among brand owners, who imagined the need to register their trademarks in not just the familiar .com, .info, and .org domains, but also in a host of new spaces.

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[197] *See* Brian J. Winterfeldt, *Lessons from Historical Uniform Domain Name Dispute Resolution Policy Decisions*, WORLD TRADEMARK REV. (Feb. 28, 2018), https://www.worldtrademarkreview.com/enforcement-and-litigation/lessons-historical-uniform-domain-name-dispute-resolution-policy [https://perma.cc/G5A4-CNWV]; *see also* UDRP—A SUCCESS STORY, *supra* note 19.

[198] *See* WORLD INTELL. PROP. ORG., TOTAL NUMBER OF CASES PER YEAR, *available at* https://www.wipo.int/amc/en/domains/statistics/cases.jsp [https://perma.cc/277B-3DJ5].

[199] *See New gTLD Summary*, NTLD STATS, https://ntldstats.com (non-archivable website) (last visited Mar. 27, 2020).

[200] ICANN is a non-profit corporation that oversees a number of critical technical functions underlying the global internet, including managing the generic top-level domain name system ("gTLD") and the country code top-level domain name system ("ccTLD"). *See* Michael Karanicolas, *The New Cybersquatters: The Evolution of Trademark Enforcement in the Domain Name Space*, 30 FORDHAM INTELL. PROP. MEDIA & ENT. L.J., 399, 402–03 (2000).

[201] *See ICANN Accredits New Top-Level Domains—.biz and .info Registration Process to Begin This Summer*, ICANN (May 15, 2001), https://www.icann.org/news/icann-pr-2001-05-15-en. [https://perma.cc/8WPD-WJFL].

Today, there are now hundreds of gTLDs[202] and ccTLDs.[203] As of the third quarter of 2019, there were more than 350 million domain name registrations across all top-level domains and over l60 million country-code TLD domain name registrations.[204] The concerns of trademark owners may have been justified to some extent as new gTLDs are disproportionately used for scams and other nefarious purposes when compared to legacy gTLDs.[205] On the other hand, the new TLDs have been far less commercially successful than anticipated, as businesses still look in the first instance to register and use .com and .ccTLD names.[206] The .com TLD is used by almost half of all websites worldwide, followed far behind by .org and .ru with just under 5% each.[207]

3. The URS System and the TMCH

As a concession to brand holders during the negotiations for approving the gTLD expansion, ICANN instituted a set of rights-protection mechanisms that would apply to the new top-level domains, including the Uniform Rapid Suspension ("URS") system.[208] The URS system complements the UDRP by offering a lower-cost, faster path to relief for rightsholders experiencing the most clear-cut cases

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202 Jonathan Zhang, *The Pros and Cons of Introducing New gTLDs*, CIRCLEID (Aug. 15, 2019), http://www.circleid.com/posts/20190815_the_pros_and_cons_of_introducing_new_gtlds/ [https://perma.cc/S2R2-7345]; *see also TLDS Alpha by Domain*, INTERNET ASSIGNED NUMBERS AUTHORITY, http://data.iana.org/TLD/tlds-alpha-by-domain.txt [https://perma.cc/F5C4-GWD5].

203 *See Country Domains: A Comprehensive ccTLD list*, IONOS (Nov. 21, 2019), https://www.ionos.com/digitalguide/domains/domain-extensions/cctlds-a-list-of-every-country-domain [https://perma.cc/284G-UQML]; *see also Root Zone Database*, INTERNET ASSIGNED NUMBERS AUTHORITY, https://www.iana.org/domains/root/db [https://perma.cc/PV52-54LR].

204 *See The Verisign Domain Name Industry Brief*, VERISIGN, https://www.verisign.com/en_US/domain-names/dnib/index.xhtml [https://perma.cc/8BS5-CEXN].

205 *See Malicious Practices on the Rise in New gTLDs*, SIDN LABS (Sept. 25, 2017), https://www.sidnlabs.nl/en/news-and-blogs/malicious-practices-on-the-rise-in-new-gtlds (non-archivable website) (last visited Mar. 31, 2020).

206 *See* Andrew Allemenn, *New TLDs, Five Years In*, DOMAIN NAME WIRE (Feb. 28, 2019), https://domainnamewire.com/2019/02/28/new-tlds-five-years-in/ [https://perma.cc/3N4S-48W4].

207 *See* Machielle Thomas, *What Are the Most Popular TLDs?*, BLUEHOST (Feb. 3, 2020), https://www.bluehost.com/blog/domains/what-are-the-most-popular-tlds-13441/ [https://perma.cc/WZX7-KURW].

208 Karanicolas, *supra* note 200, at 430.

of infringement.[209] The substantive criteria of the URS are largely identical to those of the UDRP,[210] but the relief available is more limited—a URS panel may only grant a successful complainant the temporary suspension of a domain name for the remainder of the registration period.[211] Despite high hopes that the URS would prove a popular alternative to the UDRP for new gTLDs, the system is hardly used and continues to decline in importance. In 2019, just 138 cases were decided under the URS—the lowest in the six-year history of the system.[212]

The other rights protection mechanism instituted by ICANN that applies to the new top-level domains is the Trademark Clearinghouse ("TMCH"). The TMCH is a centralized database of verified trademarks that is connected to each and every new TLD launched.[213] The mechanism functions by authenticating information from rightsholders and providing the information to registries and registrars.[214] Participating brand owners benefit from the so-called Sunrise period during which they are provided with early access to registration of new gTLDs.[215] They also benefit from the Trademark Claims period, which follows the end of the Sunrise period, during which any party seeking to register a matching

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209 *See Uniform Rapid Suspension*, ICANN, https://www.icann.org/resources/pages/urs-2014-01-09-en [https://perma.cc/3EZ7-A2TQ].

210 I.e., that (i) the domain name in dispute is identical or confusingly similar to a distinctive trademark in which the complainant owns rights, (ii) the domain name has been registered and used in bad faith, and (iii) the registrant has no rights to or legitimate interests in the domain name. *See 5 Things Every Domain Name Registrant (That's You!) Should Know About ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) and Uniform Rapid Suspension (URS) System*, ICANN, https://www.icann.org/resources/pages/5-things-registrants-know-udrp-urs-2019-09-25-en [https://perma.cc/UGB5-WKV7].

211 *See Rights Protection Mechanisms for New Top-Level Domains*, WORLD INTELL. PROP. ORG., https://www.wipo.int/amc/en/domains/rpm [https://perma.cc/5PT3-GBVJ].

212 *See* Doug Isenberg, *URS Disputes Drop to a Record Low in 2019*, GIGA L. (Jan. 22, 2020), https://giga.law/blog/2020/1/22/urs-falls-2019 [https://perma.cc/JJ66-JF9T].

213 *See What Is the Trademark Clearinghouse?*, CLEARINGHOUSE, https://www.trademark-clearinghouse.com/content/what-trademark-clearinghouse [https://perma.cc/D9BZ-SBBX].

214 *See Trademark Clearinghouse*, ICANN NEW GTLDS, https://newgtlds.icann.org/en/about/trademark-clearinghouse [https://perma.cc/D6JM-QSNV].

215 *See* Brian J. Winterfeldt & Griffin M. Barnett, *Trademark Rights Protection Mechanisms in the Domain Name System: Current Landscape and Efforts to Diminish Protection*, 29 INTELL. PROP. & TECH. L.J. 17, 19 (2017).

recorded trademark receives notice of the prior rights and—should they still choose to proceed with registration—notification is sent to the original brand owner so that it is aware of possible infringement.[216]

4. The EU's GDPR and Its Harmful Effect on Policing

The implementation of the General Data Protection Regulation ("GDPR") of the European Union[217] has made it harder for trademark owners to police against infringing domain names because it has resulted in the removal of registration names and contact information from the WHOIS database.[218] The GDPR is a set of rules designed to protect the personal information of EU citizens through privacy and data protection requirements, and the GDPR fines businesses and organizations not in compliance.[219] In an effort to avoid liability under the GDPR, registrars are masking registrant details in the WHOIS database pursuant to a temporary specification developed by ICANN.[220] However, identifying the registrant is often the starting point in any online trademark enforcement action.[221] The temporary specification has now lasted more than two years and the absence of meaningful WHOIS information has made

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216 *See id.*

217 Directive 2016/679 of the European Parliament and of the Council of 27 April 2016 on the Protection of Natural Persons with Regard to the Processing of Personal Data and on the Free Movement of Such Data and Repealing Council Directive 95/46/EC (General Data Protection Regulation), 2016 O.J. (L 119/1) [hereinafter GDPR].

218 The WHOIS database addresses "who is" responsible for a domain name or an IP address as ICANN-accredited registrars and registries must provide public access to data on registered domain names. *See About WHOIS*, ICANN WHOIS, https://whois.icann.org/en/about-whois [https://perma.cc/FF7P-JZH6].

219 *See* Juliana De Groot, *What Is the General Data Protection Regulation? Understanding & Complying with GDPR Requirements in 2019*, DIGITAL GUARDIAN (Dec. 2, 2019), https://digitalguardian.com/blog/what-gdpr-general-data-protection-regulation-understanding-and-complying-gdpr-data-protection [https://perma.cc/CCH8-4YU7].

220 *See* Renato Perez, *Playing a Game of "Guess Who": The Domain Name Dispute Process Post-GDPR*, NAT'L L. REV. (Nov. 15, 2018), https://www.natlawreview.com/article/playing-game-guess-who-domain-name-dispute-process-post-gdpr [https://perma.cc/7WFP-QF69].

221 *See* Thayla Merican, *'WhoIs' The Infringer? Tracking Down A Domain Registrant In A Post-GDPR World*, MONDAQ (July 2, 2019), https://www.mondaq.com/uk/Privacy/820538/39WhoIs39-The-Infringer-Tracking-Down-A-Domain-Registrant-In-A-Post-GDPR-World [https://perma.cc/67J5-GFS2].

it more difficult to investigate cybercrimes including domain name infringements.[222]

As a result of the GDPR, the more effective means of addressing online infringements and other abuses now include sending notice and takedown letters to web hosts, who still can be identified through databases of the Internet Protocol (IP) addresses associated with the domain and website, and through arbitrations under the UDRP, URS, and country code proceedings. Such proceedings can also lead to identification of registrants, as the registrars are contractually obligated to disclose the full registration data once a complaint has been filed.[223]

### 5. A Rational Approach to Domain Name Protection and Enforcement

The sheer number of permutations of domain names to register has led many brand owners to take a more restrained approach to registration and enforcement. Indeed, brand owners should take a balanced approach in registering domains as the carrying costs to over-registration can be high.[224] Especially in lean economic times, portfolios can be pared back to let domain names which have no business or strategic value expire.[225] Enforcement should be guided by the realization that it is not cost effective to take action against all domain names potentially of interest and thus, brand owners

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[222] WhoisXML API, *Post-GDPR WHOIS Domain Search: Are Cybercrime Investigations More Difficult to Do?*, CIRCLEID (Feb. 14, 2020), http://www.circleid.com/posts/20200214_post_gdpr_whois_domain_search_cybercrime_investigations/ [https://perma.cc/CGE9-4J5L].

[223] Brian J. Winterfeldt, Griffin M. Barnett, & Janet J. Lee, *The Impact of GDPR on Online Brand Enforcement: Lessons Learned and Best Practices for IP Practitioners*, AM. BAR. ASS'N (2019), https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2018-19/march-april/impact-gdpr-online-brand-enforcement-webinar/ [https://perma.cc/R6D5-GZWN].

[224] *See* Carol Anne Been & Susan Meyer, *Domain Name Management and Enforcement*, 41ST ANNUAL FORUM ON FRANCHISING, AM. BAR ASS'N 7–8 (Oct. 10–12, 2018), https://www.greensfelder.com/media/event/341_Meyer-ABAFOF-Domain%20Name%20Management.pdf [https://perma.cc/46YR-8RET].

[225] *See* Tyler Mason, *Domain Name Principles: Managing Portfolio Growth*, BRANDSIGHT (Sept. 26, 2019), https://brandsight.com/posts/domain-name-principles-managing-portfolio-growth/ [https://perma.cc/8XD5-T56C].

should focus on taking action only where critically necessary.[226] Establishing a reasonable domain registration policy can go a long way in making a domain name policing effort cost-effective and manageable.[227]

## C. *Policing for Trademark Scams*

### 1. IDNs, Punycodes and Homograph Attacks

In 2003, a specification was written which allowed for the registration and use of Internationalized Domain Names (IDNs).[228] IDNs are domain names written in languages which use non-Latin letters or which use Latin letters with accents.[229] These domains allow speakers of foreign languages to access the Internet in their own native tongues.[230] A system called Punycode is a way to represent IDNs with the Latin character set supported by the domain name system.[231]

While Punycode is useful for encoding IDNs, it allows scammers an opportunity for deception. For example, the Punycode

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[226] *See* Douglas R. Wolf, *Is the Internet Putting Your Corporate Identity at Risk?*, FIND L., https://technology.findlaw.com/legal-software/is-the-internet-putting-your-corporate-identity-at-risk.html [https://perma.cc/DYU9-2U3V].

[227] *See Seven Steps for Creating a Successful Domain Policy*, CSC BEST PRAC. GUIDE, https://www.cscglobal.com/cscglobal/pdfs/Best%20Practices%20Domain%20Name%20Policy_EN.pdf [https://perma.cc/4TVA-H6EF].

[228] *See Guidelines for Implementation of Internationalized Domain Names*, ICANN, https://www.icann.org/resources/pages/idn-guidelines-2003-06-20-en [https://perma.cc/VRV3-5S36]. Since 2010, TLDs have also been internationalized. IDN TLDs allow for non-Latin characters to the right of the dot. They can take the form of ccTLDS such as .рф (Russia), .مصر (Egypt), and .السعودية (Saudi Arabia) or gTLDs like 网站 (website) and 网店 (web-shop).

[229] For example, internationalization allows for registration of 텔레비전.samsung (television.samsung). *See What Is Punycode*, DYNADOT, https://www.dynadot.com/community/help/question/what-is-punycode [https://perma.cc/BF4F-Q82G].

[230] English is used by only about 25% of internet users today. *See* Nikolaos Sitsanis, *Top 10 Languages Used on the Internet Today*, SPEAKT (Sept. 17, 2018), https://speakt.com/top-10-languages-used-internet/ [https://perma.cc/T3X8-8WHR].

[231] *See* Paul Ducklin, *Phishing with 'Punycode'—When Foreign Letters Spell English Words*, SOPHOS: NAKED SECURITY (Apr. 19, 2017), https://nakedsecurity.sophos.com/2017/04/19/phishing-with-punycode-when-foreign-letters-spell-english-words/ [https://perma.cc/E32F-ATMZ].

xn—roex-11a.com appears to the user as rołex.com.[232] In what is referred to as a homograph attack, due to the use of Punycode, the URLs look legitimate and the content on the webpage might appear to be the same as the genuine website.[233] However, it is actually a fake website designed to steal the user's sensitive data or to infect his or her device using techniques like phishing, forced downloads, and scams.[234]

Fortunately, many major browsers will translate the obfuscated characters in the full Punycode domain name, which makes the use of lookalike domains more apparent to the user.[235] Mobile devices are more susceptible to homograph attacks as not all messaging apps flag the address as suspicious[236] and the smaller screen size of mobile devices provides even less of an opportunity for users to notice discrepancies.[237] Beyond the URL, spear phishing attacks using IDN homographs as email addresses allow wrongdoers to receive replies to phishing emails, which opens new opportunities for fraud.[238]

a) Preventing Homograph Attacks

Tools for minimizing this threat range from the educational to the technical. Brand owners should sensitize employees, vendors,

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232 *See* Liarna La Porta, *What Is Punycode? Fake Domains that Deceive the Human Eye*, WANDERA (Nov. 2, 2018), https://www.wandera.com/punycode-attacks [https://perma.cc/UT35-JEQF].

233 *Id.*

234 *Id.*

235 *See* Joseph Sarkisian, *Punycode Phishing: How to Prevent Attacks*, WOLFANDCO, https://www.wolfandco.com/insight/punycode-phishing-how-prevent-attacks [https://perma.cc/KBF5-ZHB2]; *see also* Tomasz Andrzej Nidecki, *All That You Need to Know About Man-in-the-Middle Attacks*, ACUNETIX BLOG (Mar. 13, 2019), https://www.acunetix.com/blog/articles/man-in-the-middle-attacks/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+acunetixwebapplicationsecurityblog+%28Acunetix+Web+Application+Security+Blog%29 [https://perma.cc/V978-XQJ3].

236 *See* John Leyden, *Lookalike Domain Name Phishing Attacks Threat Signal and Telegram Users*, DAILY SWIG (Apr. 2, 2019), https://portswigger.net/daily-swig/lookalike-domain-phishing-attacks-threaten-signal-and-telegram-users [https://perma.cc/F5KZ-KTMD].

237 *See* La Porta, *supra* note 232.

238 David (@slashcrypto), *Sophisticated Spear Phishing Campaigns using Homograph Attacks*, OFFENSITY (May 22, 2019), https://www.offensity.com/de/blog/sophisticated-spear-phishing-campaigns-using-homograph-attacks/ [https://perma.cc/CG88-ZVBA].

and other partners to be cautious about relying on web and email addresses, especially in unsolicited communications. If some of the letters in the address bar or email header look strange, or the website format looks different, type it in again or visit the original company URL in a new tab to compare.[239] The letters in the address bar looking off or unusual is a key indicator that Punycode is being used to trick the user into thinking he or she is visiting a well-established brand site when in fact they are being taken to a malicious site.[240] On the technical side, corporate IT should check its infrastructure for IDN support, investigate options for displaying IDNs in Unicode and Punycode, and look for mismatched Unicode character blocks as a way to flag suspicious IDNs.

b) Other Kinds of Attacks and Scams

Even before IDNs began being used in homograph attacks, domain names deceptively similar to company names (e.g., rolex.com and ro1ex.com, where a number '1' has been substituted for the letter 'l') have been used in wire-transfer phishing attacks to trick employees into wiring money from a company's bank account to the criminals' bank account.[241] Under this scheme, the attacker registers domain names deceptively similar to the organization's (e.g., @conpany.com, @cornpany.com, @cmpany.com) to send an email purporting to be from a company executive with instructions to initiate a wire transfer.[242] Unsuspecting employees often fail to notice the misspelling in the email address and initiate the wire transfer, invariably to an account outside the United States, making the funds almost impossible to recover (unless perhaps you are a television personality with a team to prove the fraud).[243]

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239 *See* La Porta, *supra* note 232.

240 *Id.*

241 *See* Tara McGraw Swaminatha & Christopher Scott, *Wire Transfer Phishing—An Old Scam Returns: Simple Steps to Protect Your Organization*, 20 NO. 8 CYBERSPACE LAWYER NL 3 (2015).

242 *Id*.

243 Jordan Valinsky, *'Shark Tank' Judge Barbara Corcoran gets her $400,000 Back from Scammers*, CNN BUS. (Mar. 3, 2020), https://www.cnn.com/2020/03/02/business/barbara-cocoran-email-hack-money-returned/index.html [https://perma.cc/E3VF-D3YX]. *Shark Tank* judge Barbara Corcoran fell victim to an elaborate email phishing scam which swindled her out of $388,700. *Id.* Corcoran was able to have the German-based bank to

Brand impersonation spear-phishing scams utilize emails that are designed to look like they come from a trusted colleague in an attempt to glean confidential information from the recipient.[244] In the fourth quarter of 2019, the list of the twenty-five most commonly impersonated brands in phishing attacks included PayPal and Microsoft.[245] For phishers, PayPal's popularity stems from the immediate financial payback from hacking PayPal accounts, whereas compromised Microsoft Office accounts provide access to sensitive information stored in SharePoint, OneDrive, and Skype, along with the ability for the wrongdoer to launch spear-fishing attacks targeting other employees and partners.[246]

Trademark vigilance demands that brand owners familiarize themselves with these and other scams so that they can take action to prevent them and—should they occur—quickly deal with them and minimize damage to the brand. Otherwise, these brands run the risk of employees compromising their resources and systems, and consumers blaming the brands for the deception.

2. Policing the Web for Trademark Misuse

If trademark owners have limited resources, they may want to focus their attention on the activity likely to damage their brands the most. The most inherently damaging activity which can destroy a brand entirely is genericide, the process whereby a trademark is transformed through popular usage into a common noun.[247] Popular

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which her bookkeeper had wired the funds freeze the transfer before it was deposited into the scammer's bank account in China, so that her team could prove it was a fraud. *Id.*

[244] *See Spear Phishing: Top Threats and Trends*, BARRACUDA (Mar. 2019) https://assets.barracuda.com/assets/docs/dms/Spear_Phishing_Top_Threats_and_Trends.pdf [https://perma.cc/7KZW-A6RM].

[245] *See Phishers' Favorites Top 25 Q4 2019, Worldwide Edition*, VADE SECURE (2019), https://www.vadesecure.com/wp-content/uploads/VS_Infographic_Phishers_Favorites_Q4_2019_EN-2.pdf [https://perma.cc/EAY2-956K].

[246] *See* Ed Hadley, *Phishers' Favorites: PayPal Leads, Note Phishing Increases, and Smaller Banks Become Bigger Targets*, VADE SECURE (Feb. 11, 2020), https://www.vadesecure.com/en/phishers-favorites-q4-2019 [https://perma.cc/4G56-DC3M].

[247] *See* Richard Nordquist, *Genericide (Nouns)*, THOUGHT CO. (Nov. 4, 2019), https://www.thoughtco.com/genericide-nouns-term-1690891 [https://perma.cc/NCJ5-ZXWQ].

brands which have become generic over time include Aspirin, Escalator, Cellophane, and Laundromat.[248] Where genericity is in question, courts investigate whether the plaintiff diligently monitored and attempted to control use of the mark to prevent it from becoming generic.[249]

a) Monitoring Dictionaries and Other Authoritative Sources

Minimizing the risk of genericness often entails policing dictionaries and industry reference materials to ensure that those materials properly recognize the trademark as a unique one. As one court stated, "[a] serious trademark holder is assiduous in endeavoring to convince dictionary editors, magazine and newspaper editors, journalists and columnists, judges, and other lexicographically influential persons to avoid using his trademark to denote anything other than the trademarked good or service."[250]

Before the advent of the Internet, when dictionaries were published on paper in book form, there were a limited and manageable number of authoritative dictionaries such as the Oxford English Dictionary, the Cambridge Dictionary, and Merriam-Webster. Thus, it was relatively easy for brand owners whose trademarks were at risk of becoming generic to periodically review those dictionaries and write letters to the publishers to advise them of any trademark misuse. In the event of litigation, those letters could be introduced as evidence of a policing effort and program.[251]

However, with the Internet, online dictionaries and directories have proliferated. There is no longer a handful of authoritative dictionaries upon which to demonstrate the public's understanding of a term or mark. In this landscape, as part of a policing effort, it seems

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248 *See* Mary Zet, *How a Brand Name Becomes Generic*, N.Y. TIMES (June 24, 2019), https://www.nytimes.com/2019/06/24/smarter-living/how-a-brand-name-becomes-generic.html [https://perma.cc/RAA7-3FKY].

249 Jessica E. Lanier, *Effective Policing: Giving Trademark Holders a Pre-Emptive Strike Against "Genericide"*, 20 B.U. J. SCI. & TECH. L. 247, 258 (2014).

250 Ill. High Sch. Ass'n v. GTE Vantage Inc., 99 F.3d 244, 246 (7th Cir. 1996).

251 E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 524–25 n.47 (E.D.N.Y. 1975) (citing 3 R. CALLMANN, UNFAIR COMPETITION TRADEMARKS AND MONOPOLIES § 74.1 (3d ed. 1969)).

reasonable to periodically monitor a range of potentially authoritative resources (using high search engine placement as one possible metric of identifying authority). Both proper trademark usage by such resources, or attempts to correct improper usage, should be documented.[252]

In the case of Wikipedia, brand owners can exercise vigilance without an intermediary. Even though Wikipedia is not a traditional dictionary, and has no publisher per se,[253] it is arguably the most authoritative source on the meaning of terms and marks in the United States and abroad. It is created and maintained as an open collaboration project by a community of volunteer editors, and it is owned and supported by the Wikimedia Foundation, a non-profit organization funded primarily through donations.[254]

Brand owners whose trademarks are misused on Wikipedia can edit the entry themselves. However, Wikipedia has rules about avoiding opinion and sticking to verifiable facts.[255] Using anonymous accounts for misrepresentation and puffery may cause the offending content to be challenged or removed by other editors.[256] As a result, brand owners should take pains to edit any entries truthfully and avoid any appearance of impropriety.

b) Monitoring Foreign Online Publications

Trademark policing does not necessarily end at the nation's borders. True, it is axiomatic that trademarks are territorial.[257] Nevertheless, the contents of foreign-based websites are presumably accessible to consumers in the United States, especially if the

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[252] In the event of misuse, it seems old fashioned to write a letter to the publisher, so email correspondence seems like a reasonable approach. To the extent that emails may be filtered as spam, or may be deleted without being viewed by the appropriate person, it seems advisable to request that the recipient acknowledge receipt of the email and confirm that it will be properly addressed.

[253] *See generally* WIKIMEDIA FOUND., https://wikimediafoundation.org [https://perma.cc/3PZX-R9EA].

[254] *See generally id.*

[255] *See* Matthew Wall, *Wikipedia Editing Rules in a Nutshell*, BBC NEWS (Apr. 22, 2015), https://www.bbc.com/news/technology-32412121 [https://perma.cc/4CV9-PV6V].

[256] *See id.*

[257] Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 885, 887 (2004).

website is a .com, and may have some probative value in demonstrating the perception of a mark or term to American consumers. Indeed, in *In re Bayer Aktiengesellschaft,* 488 F.3d 960, 969 (Fed. Cir. 2007), the U.S. Court of Appeals for the Federal Circuit found that foreign publication evidence carried some probative value with respect to consumer perception in the United States given the growing availability and use of the Internet as a resource for news and information. Consequently, brand owners with concerns about the proper use of their marks would do well to monitor websites, whether operated in the United States or abroad, which relevant American consumers may access.

c) Educating the Public

Educating consumers is an important component of a vigilance campaign. In the past, brand owners have taken to advertising in newspapers and magazines to educate the public about the proper use of their marks.[258] More recently, the Velcro company took a different tack and produced a widely successful video which made use of social media to let consumers know that its name is a proprietary trademark.[259] The "Don't Say Velcro" video, featuring actors portraying trademark lawyers, is a humorous effort to get consumers to stop using "velcro" as a noun or verb and to use the generic term "hook and loop" instead.[260] Rather than looking at the Internet and social media as just another space to monitor, the savvy trademark owner like Velcro will look to utilize these platforms to its advantage.

Having said that, trademark owners may not need to be as doctrinaire now as the doctrine of genericide was mainly established in case law dating back to the 1950s and 1960s.[261] The rule against

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[258] *See Xerox: Avoiding a "Genericide" Headache*, WORLD IP REV. (May 17, 2016), https://www.worldipreview.com/article/xerox-avoiding-a-genericide-headache [https://perma.cc/8H8H-E3ZD].

[259] *See* Velcro Brand Co., *Don't Say Velcro*, YOUTUBE (Sept. 25, 2017), https://www.youtube.com/watch?v=rRi8LptvFZY [https://perma.cc/8F4Q-DHEC].

[260] *See* Holly Ramer, *Velcro Hopes Jingle Will Stick with Public*, CHI. DAILY L. BULL. (Sept. 27, 2017), https://www.chicagolawbulletin.com/archives/2017/09/27/1245elcro-trademark-jingle-9-27-17 [https://perma.cc/953B-ZFNX].

[261] *See* Scott Brown, Note, *"I Tweeted on Facebook Today:" Re-Evaluating Trademark Genericide of Internet-Based Trademarks*, 7 J.L. & POL'Y INFO. SOC'Y 457, 474 (2012).

using trademark as verbs and frowning on other unconventional uses of trademarks may not make sense in the age of the Internet because the public still understands the source-indicating function of trademarks when used this way.[262] Furthermore, it may simply not be practical for brand owners to take steps each time someone misuses its trademark on the Internet.

## IV. NEW TECHNOLOGIES TO AID IN DETECTING BRAND ABUSE ONLINE

One of the speakers on the 1999 panel, Bret Parker, then a trademark lawyer for Colgate-Palmolive Company, said that it was "extremely difficult to track trademark infringement on the Internet."[263] He added, "the Internet has really made infringements a lot easier for the infringer. Because searching tools are not quite there yet, it is a lot more difficult for us to spot all the infringers."[264] At the time, Internet users relied on primitive search services provided by now defunct brands such as WebCrawler, AltaVista, and Ask Jeeves.[265] Just a year later, in another panel discussion co-sponsored by the Trademark Law Committee of the New York State Bar Association and the *Fordham Intellectual Property, Media & Entertainment Law Journal*, Neal Greenfield acknowledged that trademark policing "is a very difficult art," but predicted that trademark policing on the Internet would become better.[266] Indeed, both speakers were right and the technology caught up quickly.

### *A. Changes in Online Searching*

In particular, Google changed the searching paradigm. Launched in September 1998, Google was dedicated to providing

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262 *See id.* at 502.

263 Sloane et al., *supra* note 2, at 832.

264 *Id.* at 834.

265 *See Before Google: A History of Search*, HEWLETT PACKARD ENTERPRISE (Mar. 24, 2017), https://www.hpe.com/us/en/insights/articles/how-search-worked-before-google-1703.html [https://perma.cc/4359-ZJTT].

266 Greenwald et al., *Trademark Practice in a Dynamic Economy: More Deals, More Laws, More Resources Than Ever for the Trademark Practitioner*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 331, 366 (2000).

better, more relevant search results for users.[267] Its co-founders Sergey Brin and Larry Page developed PageRank, a mathematical formula that ranks the importance of a webpage by looking at the quantity and quality of other pages that link to it.[268] Subsequent developments introduced by Google, including autocomplete, make searching easier and more effective.[269] Such predictive searching quickens the speed of searching and leads users to pose better queries.[270] As a result of such technological innovation, Google is now used by three-quarters of web searchers.[271] In fact, searching is now so effective that the European Court of Justice has declared a "Right to be Forgotten," which enables citizens of the EU Member States to de-list their names from search results.[272]

The ability to track infringements has also improved enormously through developments in technology. Twenty years ago, Parker said the following about tracking infringements: "You do not need to have a fancy computer to do it. You can do it on paper, an index, or a Microsoft Excel spreadsheet. But it is very important to keep track of the infringements when you find them, so that you can see patterns."[273] This simple approach is not feasible today given the exponential expansion of the Internet over the past twenty years. According to Daniel Shapiro, Director of Global Strategic Partnerships at Red Points, "[t]here isn't a scalable way to deal with online marketplaces that doesn't use technology. If you don't use tech to keep up with counterfeits on online marketplaces, you'll fall behind."[274]

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267 *See How We Started and Where We are Today*, GOOGLE, https://about.google/intl/en_us/our-story/ [https://perma.cc/KE5E-V2VW].

268 *See The Evolution of the Google SEO Algorithm*, ETRAFFIC (Nov. 15 2014), https://www.etraffic.co/the-evolution-of-the-google-seo-algorithm/ [https://perma.cc/Q4QY-ZBU2].

269 *See* Megan Garber, *How Google's Autocomplete Was . . . Created / Invented / Born*, ATLANTIC (Aug. 23, 2013), https://www.theatlantic.com/technology/archive/2013/08/how-googles-autocomplete-was-created-invented-born/278991/ [https://perma.cc/M62V-723F].

270 *See id.*

271 Joanna Carter, *Search Engine Marketing Statistics 2020*, SMART INSIGHTS (Feb. 18, 2020), https://www.smartinsights.com/search-engine-marketing/search-engine-statistics/ [https://perma.cc/2YB8-MEZA].

272 *See Right to Be Forgotten*, GDPR, https://gdpr-info.eu/issues/right-to-be-forgotten/ [https://perma.cc/X2AJ-7UDD].

273 Sloane et al., *supra* note 2, at 830.

274 *See* Little & Lince, *supra* note 156.

Now, there are new tools that allow vigilant brands owners to locate fakes based on not just word marks but also photos. Google Images is a free web-based product for searching images online.[275] Other image search engines that offer reverse image search capability include Microsoft Bing Image Search, Yahoo! Images, TinEye, and Yandex.[276] Searching for images online using these reverse image search tools is much more powerful in trademark enforcement than just searching for keywords alone. Among other things, searching by key words would presumably not turn up non-identical but still infringing word marks. Key word searching alone would also generally fail to take into account similarities in trade dress which might lead to the discovery of infringements or counterfeits.

Large trademark owners should take also advantage of companies devoted to protecting brands online. For example, Yellow Brand Protection, recently acquired by Corsearch, is a company whose search platform scours online channels to identify and take down key offenders.[277] Yellow Brand purports to have taken over 10 million successful actions to date.[278] In removing infringements, the company has the ability to handle automatic takedowns and takedowns which require the authorization of the brand owner.[279] The former is essential due to the limited bandwidth of in-house counsel. Other leading online brand protection solutions include MarkMonitor,[280] Incopro[281] and Red Points.[282]

Some brand owners are also adopting or currently testing forensic and tracking technologies to help verify the authenticity of their goods. These technologies include QR codes (or similar

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[275] Jonathan Terrasi, *What Is Google Images and How Does it Work?*, LIFEWIRE (Apr. 3, 2019), https://www.lifewire.com/what-is-google-images-4585165 [https://perma.cc/8BYR-8X4R].

[276] Ndifreke Atauyo, *Reverse Image Search: A Guide for Beginnings (+11 Benefits)*, LEARNING HUB (Sept. 30, 2019), https://learn.g2.com/reverse-image-search [https://perma.cc/74F2-JNW5].

[277] *See* YELLOW BRAND PROTECTION, www.yellowbrandprotection.com [https://perma.cc/KT2E-HDQM].

[278] *See id.*

[279] *Id.*

[280] *See* MARK MONITOR, https://www.markmonitor.com [https://perma.cc/ETK9-NAPD].

[281] *See* INCOPRO, https://www.incoproip.com [https://perma.cc/W2ZM-SGU3].

[282] *See* RED POINTS, https://www.redpoints.com [https://perma.cc/LX85-9WQB].

technology), RFID (radio-frequency identification) tools, and other real-time tracking tools.[283] Blockchain and IoT (Internet of Things) also offer promising end-to-end solutions for the supply chain by allowing brand owners to determine whether a component or product is genuine, where it was sourced, how it was transported and stored, and whether it was previously sold.[284]

Additionally, new technologies to combat counterfeiting and trademark misuse are regularly coming to market. For example, a company named Entrupy recently released the Legit Check Tech, a device that uses artificial intelligence to determine whether a sneaker is counterfeit.[285] This tool addresses the problem of the almost impossibility of distinguishing between genuine and counterfeit goods these days, whether based upon photographs or even in-person inspection. Legit Check Tech uses artificial intelligence to produce its results.[286]

In addition to the above-reference technologies, new products and services to aid trademark owners in policing their brands on the web will undoubtedly be developed over the coming years, which is essential to keeping up with wrongdoers who continue to find new ways to take advantage of brands.

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[283] *See How the Champagne Industry Is Using Technology to Take on Counterfeit Bottles*, NEWS18 (June 3, 2019), https://www.news18.com/news/tech/how-the-champagne-industry-is-using-technology-to-take-on-counterfeit-bottles-2170587.html [https://perma.cc/3FRM-TPFZ].

[284] *See* Akash Bhatia et al., *Stamping Out Counterfeit Goods with Blockchain and IoT*, BOS. CONSULTING GROUP, 6 (May 17, 2019), https://image-src.bcg.com/Images/BCG-Stamping-Out-Counterfeit-Goods-with-Blockchain-and-IoT-May-2019_tcm9-220027.pdf [https://perma.cc/QHL4-9F29].

[285] *See* Shoshy Ciment, *A New Device Uses AI to Identify Fake Pairs of Nike and Adidas Sneakers in Seconds. Here's how the Authentication Technology Works*, ZIPPY DIGITAL (Feb. 6, 2020), https://zippy.digital/a-new-device-uses-ai-to-identify-fake-pairs-of-nike-and-adidas-sneakers-in-seconds-heres-how-the-authentication-technology-works/ [https://perma.cc/Z2MB-62RT].

[286] *See* ENTRUPY, https://sneakers.entrupy.com/legitchecktech [https://perma.cc/TVL3-N3EV].

## V. OFF-LINE TRADEMARK VIGILANCE

### *A. Watch Notices*

Just because technology has changed does not render tried and true means of vigilance irrelevant. Phrases from the 1999 panel like "[o]fficial [g]azettes"[287] and "huge stacks of watch notices"[288] may no longer resonate, but trademark watching is just as important today as it was in the '90s. Companies like Corsearch[289] and Clarivate[290] that offer various watching services, such as those that cover U.S. and foreign trademark filings, domain names, and common law marks, still exist and thrive in today's globalized market.

American brand owners with global brands have an additional problem to tackle besides protecting marks in the United States. They are entrusted not just with making sure that counterfeiting and infringement do not reach U.S. shores, but also with guarding markets in jurisdictions around the world. Back in 1999, Parker of Colgate-Palmolive stated the following: "Apart from the watch notices that we get, we have subsidiaries in every country that is [sic] also watching their local gazettes. So that is our first line of defense."[291]

Having local businesses receive watch notices is especially important in a major foreign market like China, particularly given the many nuances of the Chinese language. Indeed, many U.S. companies now have dedicated in-house counsel in China[292] who may

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287 *See* Sloane et al., *supra* note 2, at 843.

288 *See id.* at 851. A watch notice is a notification from a service provider of the filing or publication of a mark which is potentially confusingly similar to the mark being watched. It is a helpful tool in monitoring the marketplace for infringing or similar marks. *See* Jonathan Hyman, Charlene Azema & Loni Morrowa, *If the IP Fits, Wear It: IP Protection for Footwear—A U.S. Perspective*, 108 TRADEMARK REP. 645, 680 n.104 (2018).

289 *See Trademark Watching*, CORSEARCH, https://www.corsearch.com/our-products/trademark-watching [https://perma.cc/KUJ9-55R7].

290 *See Trademark Watching*, COMPUMARK, https://clarivate.com/compumark/solutions/trademark-watching/watching/trademark-watching [https://perma.cc/HTW8-4EUP].

291 Sloane et al., *supra* note 2, at 828.

292 *See* Jack McDouall, *The Rise of the In-House Legal Counsel Role in China*, MAJOR, LINDSEY & AFRICA (May 1, 2018), https://www.mlaglobal.com/knowledge-library/articles/the-rise-of-the-in-house-legal-counsel-role-in-china?byconsultantorauthor=jack-mcdouall [https://perma.cc/9T2F-NR9L].

be well-positioned to opine on the risks from new domains and marks. Local operations can be helpful in reviewing watch notices written in other non-Latin characters such as Cyrillic, Arabic, and Hebrew. By communicating with local subsidiaries about the need to put watching services in place and developing a process for discussing the results, the legal department in the U.S. office of a brand owner can provide centralized management of trademarks which ensures a consistent approach to their global protection efforts.

### *B. Local Investigations*

Even though people increasingly buy online, rather than at brick-and-mortar stores, and online policing is where the action seems to be these days, brand owners still need to be able to manage things on the ground in foreign countries. This includes use of outside investigators who can make test buys and use a suitable pretext to learn about where the infringing or counterfeit goods are manufactured.[293] It also requires coordination with their local affiliates and outside counsel who will know the ins-and-outs of the market far better than the brand owner sitting in the United States. For example, World Trademark Review has a regular series on marketplaces around the world that are notorious for being counterfeit havens, which delve into local hotspots for counterfeits and show the importance of local knowledge.[294]

Indeed, requesting the takedown of an infringement or counterfeit product found on the Internet may not necessarily be the first step in a successful enforcement program. It may be prudent at times to investigate the activity rather than alert the target. It may also require the ability to coordinate action with local law authority and to take action within local courts and administrative agencies.

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[293] *See* Peter S. Sloane & Yijun Ge, *Managing Trademark Investigations for Nonuse in China*, LANDSLIDE, July–Aug. 2013, at 38–39.

[294] *See, e.g.*, Tim Lince, *Thirteen Counterfeit Hotspots in India That Brand Owners Must Be Aware Of*, WORLD TRADEMARK REV. (Feb. 3, 2020), https://www.worldtrademarkreview.com/anti-counterfeiting/thirteen-counterfeit-hotspots-in-india-brand-owners-must-be-aware# (subscription paywall).

### *C. Feedback from Employees and the Public*

Some of the most effective ways to spot infringements and counterfeits are not necessarily by subscribing to expensive software but rather through good old-fashioned word of mouth. Back in 1999, Parker of Colgate-Palmolive stated the following:

> It is very important for us, through our employees, our in-house attorneys in the United States and abroad, and through outside law firms to know when people are selling products that are too close to ours. We watch for these trademark infringements. It is true that our employees, approximately 38,000 employees around the world, are a very good source of information for infringements. Thus, they are a very key part of our vigilance program.
>
> In addition to employees and people at the company and our lawyers, we also get a lot of feedback from the public. Our consumer affairs department, which is based in New York, receives hundreds of thousands of contacts from the public on an annual basis—whether it is through telephone calls, e-mails, or letters. I have listened to some of these telephone calls, and they are from very interesting people. They are people who are really very interested in our products. They are very eager to let us know when they are happy or not happy. We get a lot of information about infringements through consumer affairs.[295]

These words ring true today. Those in the trademark department of large brand owners simply cannot see everything in the marketplace. Trademark owners should make it the duty of their associates, including their employees, vendors, and outside counsel, to look after their brands.

Putting the duty into practice means educating those associates about brand misuse and informing them how to report it. This might entail making sure that brand protection is discussed in the

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[295] *See* Sloane et al., *supra* note 2, at 828–29.

onboarding of new employees, holding training sessions for existing employees and other associates, including customer service representatives who often serve on the front lines, periodically writing about the issue in the company newsletter, and developing e-learning programs for law enforcement. Posting a trademark infringement report form on the company intranet allows employees a ready way to provide actionable intelligence to the legal department. Additionally, it is easier than ever for people to take photos of infringing or counterfeit products when shopping to submit with an infringement report for those in legal to review.

The public also continues to play a vital role in vigilance for many brand owners. Some manufacturers have taken to warning the public about the dangers of counterfeits through issuing press releases[296] and including an educational page on their company website.[297] Manufacturing associations can also support their membership by promoting such educational campaigns across industries. For example, "Filter It Out" is a public education campaign designed to inform consumers about the significant problem of counterfeit and deceptively labeled water filters for refrigerators, led by the Association of Home Appliance Manufacturers (AHAM), a not-for-profit trade association.[298] As Zeeger Vink, IP Director at Maus Freres, owner of the Lacoste brand, stated: "It's important for a consumer to be able to tell you where a problem is. It's free and you'd be surprised at how many people are willing to help . . . ."[299]

A well-thought-out trademark vigilance program should also look beyond just the word marks of the brand owner. The distinctive assets of the company to protect may very well include associated color schemes, trade dress, and the like. Indeed, most trademark owners would be well served by developing a brand identity guide

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[296] *See, e.g.*, *Protecting Against Counterfeit*, JERGENS (July 25, 2017), https://www.jergens.com/en-us/protecting-against-counterfeit-products [https://perma.cc/6643-CCFH].

[297] *See, e.g.*, *Counterfeit Warning*, MEE AUDIO, https://www.meeaudio.com/counterfeit [https://perma.cc/AJ8J-LEVF].

[298] *See* FILTER IT OUT, https://filteritout.org [https://perma.cc/3XZV-BCSX] (representing manufacturers of major, portable, and floor care home appliances and suppliers to the industry).

[299] Little & Lince, *supra* note 156.

to share with its associates and the public. Brand identity guidelines are written manuals that explain how a brand should be used internally and externally in all forms of communications with specific instructions related to color, fonts, and layout.[300]

Further, the style guide should be adhered to by company associates and efforts should be made to ensure that others follow it. This includes reviewing advertising copy to make sure that the company's brands are used properly. Trademark vigilance begins at home and the first thing an infringer will seek to do in litigation is to use the mistakes of the trademark owner against it.[301]

### *D. Maintaining Records*

Attention should also be paid to how records of trademark enforcement efforts are kept as systems have changed in the digital age. Before cloud-based computing, the Internet, or even networked computers, a brand owner or its attorney would keep a physical file containing correspondence reflecting its policing activities. When it came time to litigate trademark rights, it would be relatively easy to find and consult that file for relevant correspondence. Today, inasmuch as most all correspondence is digital (even written letters are scanned as .pdf files), it is important to maintain a centralized computer file for trademark policing, to ensure that the file will not be autodeleted, and to provide visibility for the file so that it will be remembered by others as people come and go in the company or outside law firm.

The same applies to cease-and-desist letters, notification letters, reservation-of-rights letters, and other similar correspondence. In fact, since such correspondence will often be saved to individual matters within a company's or law firm's electronic files, it is worth considering copying them to a general vigilance file. Such a proactive approach would make it much easier to quickly and comprehensively locate the correspondence when, for example, responding to

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300 *See* Susan Gunelius, *What Are Brand Identity Guidelines & Why Does Your Brand Need Them? (Part 1/4)*, AYTM: BLOG, https://aytm.com/blog/developing-brand-identity-guidelines-part-1/ [https://perma.cc/9Z9Q-ENUB].

301 *See, e.g.*, Elliott v. Google, Inc., 860 F.3d 1151, 1162 (9th Cir. 2017); Hershey Co. v. Promotion in Motion, Inc., No. 07-cv-1601, 2010 WL 11570674, at *11 (D.N.J. Oct. 4, 2010).

a discovery request seeking documents relating to the policing of a mark in an infringement litigation.

## VI. HAS THE DUTY TO BE VIGILANT CHANGED IN THE DIGITAL AGE?

It is a generally accepted principle that the trademark laws impose a duty of vigilance on the trademark owner. At the panel discussion in 1999, Eric Prager, then an attorney with the law firm of Darby & Darby, quoted Rudolf Callmann, one of the first treatise writers on trademark law in the United States, remarking that "trademark law not only encourages but requires one to be vigilant on pain of losing exclusive rights."[302] Professor J. Thomas McCarthy echoed Callmann in writing that "[t]he law imposes on trademark owners the duty to be pro-active and to police the relevant market for infringers."[303] He went one step further in stating that "the corporate owners of trademarks have a duty to protect and preserve the corporation's trademark assets though vigilant policing and appropriate acts of enforcement."[304]

### *A. Laches, Acquiescence, and the Strength of the Mark*

In his remarks on the panel, Prager provided context by commenting that the requirement to be vigilant is certainly vital in the context of laches, which states that if you let someone use your mark for too long, it will eventually be impossible to stop them.[305] However, this requirement to be vigilant is less necessary in the context of abandonment, where letting one or two infringers slip through the cracks will not destroy an otherwise good trademark.[306] However, Prager noted that if a trademark owner lets enough time and enough infringers carry on unchecked, the trademark will be destroyed, as happened with trademarks that are now generic terms, like aspirin

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302 Procter & Gamble Co. v. Johnson & Johnson Inc., 485 F. Supp. 1185, 1207 (S.D.N.Y. 1979).

303 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:91 (5th ed. March 2020 update).

304 *Id*.

305 *See* Sloane et al., *supra* note 2, at 837.

306 *See id.* at 837–38.

and cellophane, that once were able to function as marks but no longer do.[307]

Apart from the risk of laches and acquiescence, Prager noted that vigilance affects the strength of the trademark:

> Proactive searching on the internet . . . certainly is a good idea for preserving the strength of your mark—and there are a lot of reasons why you want to preserve the strength of your mark. The extreme is when there are lots of infringers or lots of third-party users that will ultimately dilute the distinctiveness of your mark and lead toward abandonment. However, in the short term, it is important to preserve strength, because it makes cases a lot easier when you do need to enforce. Your ability to show that you have been enforcing your marks, that you have pursued infringers when you have found out about them, is very persuasive to a judge in trying to explain why your mark is strong and worthy of the court's protection.[308]

With laches, acquiescence, and the strength of the mark at risk, the question becomes how much vigilance is the right amount. McCarthy has elucidated the issue by writing that,

> [a] program of trademark enforcement should tread a moderate course between lackadaisical and laissez-faire on the one hand, and belligerent and overbearing on the other hand. Both extremes can cause damage to the legal and commercial strength of a trademark. What is called for is a "Goldilocks" policy of an informed and balanced enforcement program.[309]

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[307] *See id.* at 838; *see also* Deven R. Desai & Sandra L. Rierson, *Confronting the Genericism Conundrum*, 28 CARDOZO L. REV. 1789, 1835 (2007) (noting that trademark holders who do not police their marks and pursue infringers may be contributing to the death of their marks via genericide).

[308] Sloane et al., *supra* note 2, at 839.

[309] MCCARTHY, *supra* note 303, § 11:91.

### *B. How Much Vigilance is Enough?*

Indeed, one thing that has not changed over time is the limited resources of trademark owners to devote to vigilance. Back in 1999, Parker spoke of prioritizing Colgate-Palmolive Company's resources, efforts, and time when it came to trademark policing. An audience member at the panel, who worked for a large non-profit, mentioned in her question to the panel the limited resources available to her for trademark vigilance and protection. With limited budgets and an expanding universe of online sellers, the effective policing approach must be reasonably tailored to market needs. David Cooper, Vice President at MarkMonitor, has stated that "[i]t ultimately isn't about volume; you need to look at where your customers interact online and then have a laser focus on that."[310]

Interestingly, all the cases cited by McCarthy in his seminal treatise *McCarthy on Trademarks and Unfair Competition* predate the turn of the millennium and the panel discussion. Research has not turned up any cases which examine the requirement for vigilance in the context of the Internet. However, a pre-Internet case offers some guidance as to how courts are likely to treat the issue. In 1984, in *Engineered Mechanical Services, Inc. v. Applied Mechanical Technology, Inc.,* the District Court for the Middle District of Louisiana had this to say about the duty:

> The owner of a mark is not required to constantly monitor every nook and cranny of the entire nation and to fire both barrels of his shotgun instantly upon spotting a possible infringer. Lawyers and lawsuits come high and a financial decision must be made in every case as to whether the gain of prosecution is worth the candle.[311]

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310 *See* Little & Lince, *supra* note 156.

311 Engineered Mech. Servs. Inc. v. Applied Mech. Tech., Inc., 584 F. Supp. 1149, 1160 (M.D. La. 1984); *see also* McDonald's Corp. v. McKinley, 13 U.S.P.Q.2d 1895 (T.T.A.B. 1989) ("[I]t is entirely reasonable for the [trademark owner] to object to the use of certain marks in use on some goods which it believes would conflict with the use of its marks . . . while not objecting to use of a similar mark on other goods which it does not believe would conflict with its own use.").

This should provide comfort to trademark owners who are struggling to weigh how much resources to devote to policing the ever-expanding and evolving Internet.

## CONCLUSION

From today's vantage point, it is readily apparent that trademark vigilance in the twenty-first century means monitoring the Internet to safeguard brands from counterfeiting and abuse. The courts had a chance to assist brand owners in their policing efforts by imposing liability on online marketplaces which failed to take proactive steps to prevent counterfeits from appearing on their sites, but the decision in *eBay* made it clear that Congress would have to act to alter the legal status quo. In the years since, online counterfeiting has only continued to grow, and while Congress has not yet passed any legislation which would shift liability, a situation which may change with the Shop Safe Act, the Executive Branch has recognized the problem in its most recent presidential report and threatened to take action. In the meantime, while new technologies will undoubtedly emerge to assist brand owners in policing the Internet, infringements and counterfeits will mutate in ways previously unforeseen. Whether or not the courts impose a new duty of vigilance on trademark owners which takes into account the reality of the Internet, trademark owners should take a considered and middle-of-the-road approach which neither ignores policing efforts entirely nor unduly taxes their resources in monitoring for abuse and enforcing their rights. Such a reasonable approach will undoubtedly serve to ensure that trademark rights are preserved and that the scope of protection for those rights is maintained.