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United States Patent and Trademark Office
Office of Policy and International Affairs

VIA ONLINE SUBMISSION

**Re: IPLAC Comments on Secondary Trademark
Infringement Liability in the E-Commerce Setting,
Response to Docket No. PTO-T-2020-0035**

Dear Ms. Lance:

The Intellectual Property Law Association of Chicago ("IPLAC") appreciates the opportunity to provide comments to the U.S. Patent and Trademark Office ("USPTO") in response to the "Request for Comments on Secondary Trademark Infringement Liability in the E-Commerce Setting" as originally published on November 17, 2020 in the Federal Register (85 Fed. Reg. 72635).¹

Founded in 1884, IPLAC is the country's first and oldest bar association devoted exclusively to intellectual property matters. Located in Chicago, a principal locus and forum for the nation's authors, artists, inventors, scholarly pursuits, arts, creativity, research and

¹ <https://www.govinfo.gov/content/pkg/FR-2020-11-17/pdf/2020-25326.pdf>



development, innovation, patenting, and patent litigation, IPLAC is a voluntary bar association of about 1,000 members with interests in the areas of patents, trademarks, copyrights, and trade secrets and the legal issues they present. Its members include attorneys in private and corporate practices before federal bars throughout the United States, the U.S. Patent and Trademark Office, and the U.S. Copyright Office. IPLAC offers the following comments and suggestions regarding the proposed changes to the rules of representation of others before the U.S. Patent and Trademark Office.

The Department of Homeland Security's (DHS) Report to the President of the United States on January 24, 2020 titled "Combating Trafficking in Counterfeit and Pirated Goods" (DHS Report)² highlights the need to "Assess Contributory Trademark Infringement Liability for E-Commerce" as an action item. To that end, IPLAC has identified the following areas that may be worthy of consideration:

1. **The SHOP SAFE Act of 2020.** In light of the COVID-19 pandemic, Congress enacted the SHOP SAFE Act of 2020, H.R.6058 -116th Congress (2019-2020) in response to the surge of counterfeits in online marketplaces to hold online third-party marketplaces liable for contributory infringement of a counterfeit mark in "connection with the sale, offering for sale, distribution, or advertising of goods that implicate health and safety".³ To avoid liability, e-commerce platforms must: (1) require sellers to be subject to service of process in the United States and (2) take ten steps which include conspicuously displaying the verified principal place of business, contact information, identity of the seller, the country of origin and manufacture of the goods, and the location from which the goods will be

² https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf

³ <https://www.congress.gov/bill/116th-congress/house-bill/6058/text>



shipped. *Id.* Currently, this requirement applies only to health and safety products. However, IPLAC believes the SHOP SAFE Act should be evaluated to possibly extend to all product categories.

2. **Predictability in a Standardized Counterfeit Takedown Process.** The existing e-commerce enforcement framework is highly unpredictable and places significant burdens on brand owners. Unlike the specific notice and counter-notice takedown procedures under the Digital Millennium Copyright Act (“DMCA”), no standard requirement or safe harbor mechanisms exist for trademark infringement online. These lack of standards means brand owners must follow a wide variety of different monitoring, notice, and takedown procedures in attempting to remove counterfeit products or services sold online. Consequently, brand owners may need to resort to costly litigation in order to remove counterfeit listings.

Standard notice and takedown procedures for counterfeiters would significantly decrease the burden on brand owners (especially those with few resources), provide clarity for e-commerce platforms, and bring much needed predictability to the online enforcement process for all parties.

3. **A Review of the Federal Legal Standard.** The legal framework for contributory trademark infringement liability in the e-commerce setting needs to balance the rights of the brand owner with competition in the marketplace. Currently, contributory liability is based on tort law principles, and analyzed under the *Inwood* test which requires a plaintiff to show that the defendant provider either: (1) intentionally induces another to infringe a trademark, or (2) continues to supply its product or service to one whom it “knows or has reason to know” is engaging in trademark infringement. *See Inwood Labs. v. Ives Labs.*,



456 U.S. 844, 102 S. Ct. 2182 (1982); *see also Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93 (2d Cir. 2010). Re-evaluation and potential codification of the contributory trademark infringement liability standard is needed given the lack of clarity around e-commerce platforms as evidenced by the DHS Report and comments.

One plausible solution is considering a reasonableness standard (rather than the current actual knowledge standard as applied, which effectively requires putting the platform on notice). A reasonableness standard would offer courts the flexibility to consider various factors relevant to varying technological capabilities of e-commerce platforms without unduly burdening either the platforms with a one-size fits all standard, or the brand owners with an undue burden to police every platform without any recourse absent the platform's knowledge or willful blindness. For instance, the reasonableness of the platform's requirements would vary for larger platforms like eBay and Amazon who have implemented successful programs with a budget which allows for additional enforcement support in contrast with startups who have limited resources. A reasonableness standard also balances the varying degrees of potential for harm which differs based on the size and type of the platform, and volume of potential trademark infringement.

Notwithstanding the foregoing, IPLAC is not definitively promoting a reasonableness standard, so much as seeking reevaluation of the current legal framework given the insufficiency of the status quo to properly address continued significant counterfeit activity on e-commerce platforms.

4. **Incentives to Address the Direct Counterfeiter.** While the requested comments are directed at addressing secondary trademark liability, the resulting solution will require an alignment of the platform and the brand owner's interests to hold the direct counterfeiter



liable. At a minimum, this requires the ability to identify the direct counterfeiter. Thus, a coordination of efforts to focus on unmasking the direct counterfeiter duly incentivizes both the brand owner and the platform by shifting the burden to the entity or person who is in control of the information. Similar to the seller identification provisions in the SHOP SAFE Act, such incentives would require the platform to: (1) proactively vet the sellers by placing the burden on the platform and the seller who is in control of providing the information during the onboarding, and (2) readily provide the identity of the counterfeiter to brand owners so the brand owner can follow-up on further enforcement actions.

IPLAC thanks the U.S. Patent and Trademark Office for considering these comments and would welcome any further dialogue or opportunity to support the U.S. Patent and Trademark Office.

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