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**Submission of the**  
**International AntiCounterfeiting Coalition**  
**to the**  
**United States Patent & Trademark Office,**  
**United States Department of Commerce**

**Future Strategies in Anticounterfeiting and Antipiracy**

**88 FR 33872 (May 25, 2023)**

**Docket No. PTO–C–2023–0006**

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**August 23, 2023**

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August 23, 2023

Mr. Ameen Imam  
Office of Policy & International Affairs  
U.S. Patent & Trademark Office  
600 Dulany Street  
Alexandria, VA 22314  
Via Regulations.gov

RE: Future of Anticounterfeiting and Antipiracy

Dear Mr. Imam:

The International AntiCounterfeiting Coalition, Inc. (“IACC”) submits these comments to the United States Patent & Trademark Office (“USPTO”), pursuant to a request for written submissions in connection with current and future strategies to address trademark counterfeiting and copyright piracy.

The IACC is the world’s oldest and largest organization dedicated exclusively to combating trademark counterfeiting and copyright piracy. Founded in 1979, and based in Washington, D.C., the IACC represents approximately 200 corporations, trade associations, and professional firms, spanning a broad cross-section of industries. IACC members include many of the world’s best-known brands in the apparel, automotive, electronics, entertainment, luxury goods, pharmaceutical, software, and other consumer product sectors.

Central to the IACC’s mission is the education of both the general public and policy makers regarding the severity and scope of the harms caused by intellectual property crimes – not only to legitimate manufacturers and retailers, but also to consumers and governments worldwide. The IACC seeks to address these threats by promoting the adoption of legislative and regulatory regimes necessary to effectively protect intellectual property rights, the development of best practices where statutes and regulations lag behind the practical realities of the marketplace, and the application of resources sufficient to implement those legal and voluntary regimes.

Whether measured in terms of lost sales to legitimate manufacturers, tax revenues and duties that go unpaid to governments, decreased employment, or diminished investment in capital improvements and research and development; counterfeiting is a significant drain on both the U.S. and global economy. Further, the production and distribution of

goods manufactured in an entirely unregulated supply chain, where the makers have every incentive to cut corners by using cheap, substandard components, and no incentive to abide by accepted standards of consumer safety, presents a clear threat to the health and well-being of consumers, and to the integrity of our national security infrastructure.

Since its founding over four decades ago, the IACC has been guided by a simple principle – the trafficking of counterfeit and pirated goods is a problem that is too large and too complex for any single company, or any single country, to address on its own. Every stakeholder in the global economy, whether governments, manufacturers, retailers, payment and logistics providers, or consumers, benefits from a secure and trusted marketplace. It follows, therefore, that each of them has a responsibility to guard against illicit activity that undermines that trust. Our approach to combating counterfeiting and piracy stresses the essential role of collaboration between and among all of these partners in both the public and private sectors.

In our consultations with IACC members and other stakeholders, respondents have identified a number of priorities which we wish to highlight in these comments, and in the upcoming roundtable sessions planned by the USPTO. Among these are the need for:

- Enhanced / comprehensive data sharing between and among stakeholders in the public and private sectors;
- Modernization of legislative and regulatory frameworks to address evolving distribution models and the practical realities of the consumer marketplace;
- Additional tools to assist rights-holders, including small- and medium-sized enterprises (SMEs);
- Increased efforts with respect to public awareness and consumer education; and
- Increased investment in specialized resources to assist legitimate businesses, small and large.

### **Enhanced / comprehensive data sharing between and among stakeholders in the public and private sectors**

Historically, intellectual property enforcement has relied heavily upon public-private partnership. This is perhaps unsurprising, given the complementary civil and criminal enforcement mechanisms available under both copyright and trademark law. Rights-holders customarily rely on civil enforcement of their rights to seek compensation for the economic harms suffered at the hands of counterfeiters and pirates, and to discourage further violations of their rights. In some cases though, e.g., where their investigations have uncovered large-scale operations, mere economic or injunctive relief may be deemed insufficient to redress the injuries involved or to discourage recidivism by bad actors. Such cases may be referred to state or federal enforcement authorities to pursue criminal charges. Enforcement authorities may likewise seek assistance from rights-holders in authenticating goods presented for inspection at the border, or which have

already found their way into the marketplace, to determine whether a violation has in fact occurred. A similar dynamic, and one that has become increasingly important with the evolution of the consumer marketplace in recent decades, exists among private sector entities – namely, rights-holders, e-commerce platforms and other online service providers, payment service providers, and those in the shipping and logistics sectors. In either context, public-private or private-private, the ultimate goal must be to ensure that the relevant parties, i.e., those with the practical ability to identify and remediate the illicit activity, have the information necessary to do so. The IACC’s efforts to facilitate this sort of collaboration have been underpinned by two precepts – “follow the money” and “know your customer.”

Over a decade ago, the IACC launched its first large-scale enforcement program, seeking to leverage the data and expertise of rights-holders and the world’s largest credit card, payment processing, and money transfer companies. Since its inception, the RogueBlock program has provided a streamlined, simplified procedure to leverage rights-holders’ intelligence to assist partners in the financial sector in the identification and removal of bad actors from their systems.<sup>1</sup> The program has sought to demonetize counterfeiters’ and pirates’ operations by disrupting their ability to receive payment for their illicit wares, while also enabling our partners to better protect their customers by identifying individuals who were violating the payment networks’ global terms of service, defrauding consumers, and in some cases stealing consumers’ sensitive personal and financial data. Operating independently, such enforcement action was simply not feasible, but by bringing rights-holders and payment networks together, we’ve been able to identify and terminate thousands of merchant accounts used to service vast networks of rogue sites. This cooperative approach has continued to pay dividends as we’ve grown to become trusted partners, leading to expanded engagement far beyond the initial scope of our program.

In 2014, we followed a similar approach in the context of e-commerce platforms with the launch of the IACC MarketSafe Program.<sup>2</sup> That program, developed in partnership with the Alibaba Group, established an enhanced framework for sharing intelligence regarding illicit sales by third-parties on various Alibaba platforms, while also providing timely and relevant data regarding counterfeiters’ evolving tactics, and advice on policy- and procedure-based approaches to address those issues. This approach has likewise guided our more recent engagement with Amazon, as we seek to leverage data from program participants’ experiences as a means to identifying opportunities to improve the efficiency and effectiveness of IP enforcement on the platform. Our ultimate goal in each of these

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<sup>1</sup> <http://www.iacc.org/online-initiatives/rogueblock> (last checked: August 23, 2023).

<sup>2</sup> <http://www.iacc.org/online-initiatives/marketsafe> (last checked: August 23, 2023).

programs has been to develop and share actionable intelligence with those stakeholders who have the ability to directly impact counterfeiters' and pirates' operations.

In addition to these targeted enforcement programs, the IACC has also continued to advocate for the broader adoption of "know your customer" policies among stakeholders in the e-commerce and shipping and logistics sectors. We strongly support the adoption of policies both by private-sector actors and governments to facilitate transparency and consumer protection in the marketplace. The recently implemented INFORM Consumers Act is viewed as a positive, though imperfect, step towards addressing these concerns. As numerous respondents opined during our consultations, there must be a level playing field whether an individual is selling to consumers online or in the traditional brick-and-mortar context; at present though, that is simply not the case. Counterfeiters and pirates have consistently sought to exploit the anonymity provided by the online marketplace and direct-to-consumer distribution models that have arisen in recent years, and in doing so, to subvert and evade enforcement efforts undertaken by public- and private-sector stakeholders. Nefarious actors will undoubtedly persist in their attempts to exploit statutory, regulatory, and policy gaps to get their fake, and often dangerous, products into consumers' hands. Unfortunately, more robust information sharing between enforcement bodies and the private sector continues to be hindered by a lack of statutory and regulatory authority, or a failure to fully implement existing authority. Those concerns are discussed at length below.

### **Modernization of legislative and regulatory frameworks to address evolving distribution models and the practical realities of the consumer marketplace**

Respondents sought to highlight several opportunities for modernizing existing statutory and regulatory frameworks to improve the efficiency and effectiveness of IP enforcement. Many of these, including provisions included in the Senate-passed National Defense Authorization Act for Fiscal Year 2024 (FY24 NDAA)<sup>3</sup>, the recently enacted INFORM Consumers Act<sup>4</sup>, the proposed SHOP SAFE Act<sup>5</sup>, pending regulations to implement Sections 116<sup>6</sup>, 302<sup>7</sup>, and 303<sup>8</sup> of the Trade Facilitation and Trade Enforcement Act of 2015

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<sup>3</sup> National Defense Authorization Act for Fiscal Year 2024, H.R. 2670, 118<sup>th</sup> Cong. (2023).

<sup>4</sup> Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, §301, 117<sup>th</sup> Cong. (2022).

<sup>5</sup> Stopping Harmful Offers on Platforms by Screening Against Fakes in E-Commerce Act of 2021, H.R. 3429, 117<sup>th</sup> Cong. (2021).

<sup>6</sup> Customs Broker Verification of Importer's Identity, 84 Fed. Reg. 40302 (proposed August 14, 2019).

<sup>7</sup> Enforcement of Copyrights and the Digital Millennium Copyright Act, 84 Fed. Reg. 55251 (proposed October 16, 2019).

<sup>8</sup> *See Id.*

(TFTEA), and pending regulations<sup>9</sup> related to CBP’s authority to disclose information related to voluntarily abandoned shipments of suspected counterfeits underscore the above-discussed priority for intelligence sharing in furtherance of a data-driven approach to enforcement.

Section 1399M of the pending FY24 NDAA would clarify and expand CBP authority to share IP enforcement data with a broader range of stakeholders, including e-commerce platforms and those in the express delivery sector; while also expanding the range of information that can be shared with relevant stakeholders. At present, CBP is permitted to share a variety of data points with IP owners and importers appearing on a product and its packaging, as presented for inspection. CBP is precluded though from providing other relevant information that can be gleaned from the shipments’ packing materials (e.g., invoices, packing slips, and the like). Those additional materials often include valuable intelligence related to the identity of the party responsible for the shipment, the e-commerce platform through which the goods were sold, and the “seller ID” / online store name associated with the shipment. And because current statutes and regulations limit the parties to whom CBP may make disclosures in connection with IP-related detentions and seizures, the agency’s ability to work in cooperation with parties such as e-commerce platforms and shipping intermediaries is, in turn, limited. If enacted, the NDAA provisions should resolve these deficiencies.

As noted above, the IACC, and rights-holders at-large, were broadly supportive of the enactment by Congress of the INFORM Consumers Act last year. The IACC has long advocated for a number of the best practices outlined in INFORM, as a means to enhancing procedures for the vetting and onboarding of third-party sellers on e-commerce platforms, and for monitoring those sellers’ compliance on an ongoing basis. We strongly believe that such proactive measures will prove to be far more effective than the reactive notice-and-takedown approach that remains the norm. To their credit, many of our partners in the e-commerce sector implemented robust onboarding procedures even prior to the enactment of INFORM, demonstrating the feasibility and reasonableness of the practices enumerated in the law; comparable “know your customer” approaches have, likewise, proven successful in other sectors. But while INFORM has been viewed as a positive step, rights-holders have registered significant concerns regarding the application of thresholds under the new law. The best practices mandated by INFORM apply only to so-called “high-volume” sellers, and that limitation is viewed by many as an invitation to gamesmanship by bad actors who will undoubtedly seek to evade detection by opening multiple virtual storefronts and managing their transaction and sales volume to avoid the heightened scrutiny reserved only for “high-volume” sellers.

Rights-holders likewise continue to express support for the enactment of new law to provide for secondary liability for illicit sales in e-commerce. The SHOP SAFE Act, which was previously considered during the 117<sup>th</sup> Congress, and which is expected to be

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<sup>9</sup> Disclosure of Information Regarding Abandoned Merchandise, 84 Fed. Reg. 44790 (proposed August 27, 2019).

reintroduced in the Senate this year<sup>10</sup>, would establish clear duties for the oversight of third-party sellers by e-commerce service providers. Where those entities failed to take appropriate steps to police the activity of their sellers, the legislation would permit the application of secondary liability principles that have long been the norm in the brick-and-mortar context. While we have no doubt that most e-commerce stakeholders take seriously their responsibilities to remediate illicit activity on their platforms, the SHOP SAFE Act, or similar legislation, would greatly incentivize heightened efforts by those who continue to disclaim any such responsibility to rein in illegal sales of counterfeit and pirated goods online.

Finally, we would like to draw attention to legislation recently introduced by Sen. Baldwin – the American IDEA Act<sup>11</sup> – which aims to, among other things, provide much-needed support to small- and medium-sized enterprises (SMEs). Recognizing the financial constraints faced by many innovative entrepreneurs in protecting their intellectual property, Senator Baldwin’s bill would facilitate the provision of legal assistance to some of the most vulnerable, yet some of the most important, contributors to our economy and to innovation more broadly.

While new statutory authority may be necessary to bring about progress on some of the priorities highlighted by rights-holders, we also wish to note several opportunities that could bring about immediate improvements without Congressional intervention. In 2019, U.S. Customs and Border Protection published three proposed rules – two in connection with the agency’s implementation of TFTEA provisions, and a third seeking to formalize procedures related to CBP’s “Voluntary Abandonment” program. Section 116 of TFTEA sought to establish minimum standards for customs brokers’ identification of their importer clients; those provisions, and the subsequent rulemaking, stressed the value of “know your customer” requirements, similar to the above-discussed seller-vetting requirements established by INFORM. The second TFTEA rulemaking was aimed at harmonizing and updating Customs’ procedures for sharing information related to the detention and seizure of IP-violative goods, while also closing a regulatory gap in the agency’s authority as pertains to the illegal importation of prohibited circumvention devices. In addition, CBP proposed a rule that same year to clarify its authority under an alternative disposition process to share relevant enforcement information concerning shipments abandoned by the importer / consignee, the importation of which was believed to violate IP laws.<sup>12</sup> The IACC provided detailed comments in connection with each of

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<sup>10</sup> Statement of Sen. Chris Coons, Chairman, IP Subcommittee, Senate Judiciary Cmte., during Subcommittee Hearing on Oversight of the U.S. Patent and Trademark Office, July 26, 2023, available at: <https://www.judiciary.senate.gov/committee-activity/hearings/07/19/2023/oversight-of-the-united-states-patent-and-trademark-office> (last checked: August 23, 2023).

<sup>11</sup> American IP Defense and Enforcement Advancement Act, S. 2566, 118<sup>th</sup> Cong. (2023).

<sup>12</sup> It has been stated that, under CBP’s Voluntary Abandonment process, no final determination regarding a potential IP violation is made, and that as a result, the agency’s existing regulations mandating disclosures to rights-holders on the basis of an IP-related detention or seizure are not triggered by the abandonment of such shipments.

these rulemakings<sup>13</sup>, and has consistently voiced its support for CBP’s implementation of a more robust intelligence-sharing framework.

### **Additional tools to assist rights-holders, including small- and medium-sized enterprises (SMEs)**

A key focus of Senator Baldwin’s above-mentioned bill concerns access to legal assistance for smaller businesses, calling to mind the well-established legal precept that “every right ... must have a remedy.” However, in our discussions with IACC members (small and large), some expressed dismay that as a practical matter they often seemed to have no remedy available for violations of their intellectual property rights. Such comments were most often tied to the prohibitive costs associated with litigation, and difficulties in collecting on judgments from counterfeiters and pirates operating from abroad (and with relative anonymity). One respondent noted further that while a litigation strategy may be feasible against a single, large target, they’ve often encountered numerous smaller sellers, none of which have the deep pockets that would permit a recovery of damages sufficient to offset their enforcement costs.

While we are cognizant that the present request for comments is focused primarily on matters related to trademark counterfeiting and copyright piracy, in recent years, IACC members have also flagged growing concerns with the trafficking of “copycat” products that infringe their design (and / or utility) patents, but which do not necessarily target the trademark of the original manufacturer. This so-called “counterfeiting without the label” can be exceedingly difficult to tackle due to limited practical enforcement options available. In terms of border enforcement, CBP has been unable historically to seize goods on the basis of patent violations in the absence of an exclusionary order; obtaining such an order from the International Trade Commission can be exceedingly costly and time-consuming though.<sup>14</sup> Similarly, many e-commerce platforms have balked at

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<sup>13</sup> “Comments on Proposed Rules re: Customs Broker Identification of Importer’s Identity,” The International AntiCounterfeiting Coalition, Inc., October 15, 2019, available at: <https://www.regulations.gov/comment/USCBP-2019-0024-0066> (last checked: August 23, 2023); “Comments on Proposed Rules re: Enforcement of Copyrights and the Digital Millennium Copyright Act,” The International AntiCounterfeiting Coalition, Inc., December 16, 2019, available at: <https://www.regulations.gov/comment/USCBP-2019-0037-0007> (last checked: August 23, 2023); “Comments on Proposed Rules Re: Disclosure of Information Regarding Abandoned Merchandise,” The International AntiCounterfeiting Coalition, Inc. October 28, 2019, available at: <https://www.regulations.gov/comment/USCBP-2019-0031-0004> (last checked: August 23, 2023).

<sup>14</sup> The Counterfeit Goods Seizure Act of 2019, S. 2987, 1116<sup>th</sup> Cong. (2019), sought to expand CBP’s enforcement authority to allow for seizure of goods on the basis of design patent infringement, but has yet to be enacted.



requests by rights-holders to enforce against third-party sellers on the basis of patent claims, in part due to the comparative complexity of patent infringement analysis (versus that of counterfeiting or piracy complaints which are often more clear-cut).

Given these concerns, it is unsurprising that some rights-holders have expressed an interest in the development of more affordable and efficient alternatives to litigation (particularly with respect to trademark- and patent-related offenses), with some pointing to the Copyright Claims Board established pursuant to the CASE Act of 2020<sup>15</sup> as a potential model, and others highlighting private-sector initiatives such as Amazon’s “neutral patent evaluation” program.

Rights-holders likewise stressed their support for the application of comprehensive strategies to ensure high-quality examination standards both here and abroad, citing long-standing concerns in connection with bad faith applications and (frequently in the case of patents) the weaponization of previously-issued low-quality / overly-broad registrations. In the latter case, rights-holders would welcome greater transparency with respect to IP ownership and litigation finance to ensure more fair and efficient resolution of often meritless disputes.

The desire for greater transparency was also noted by some rights-holders in the context of online enforcement, with commenters bemoaning the decidedly negative impact that regulations such as the EU’s General Data Protection Regulation have had on the accessibility of WHOIS registrant data, and the resulting impediments to identifying and pursuing bad actors on the internet. Some online intermediaries, such as registrars, registries, hosting companies, and DNS service providers continue to be viewed by many as, at best, reluctant partners in policing illicit trafficking; engagement on voluntary collaborative efforts with these entities has been far less fruitful than what we’ve experienced with other stakeholders. And while many jurisdictions have demonstrated the feasibility and effectiveness of targeted blocking and seizures of domains, efficient tools of this kind remain largely unavailable to rights-holders in the United States.

### **Increased efforts with respect to public awareness and consumer education**

The general consensus among respondents during these consultations was that, despite notable improvements in recent years, public awareness regarding both the benefits of intellectual property and the harms associated with the trafficking of counterfeit and pirated goods remains relatively low. Consumers, even relatively sophisticated ones, often fail to appreciate the pervasiveness of counterfeit goods in the marketplace, the

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<sup>15</sup> Consolidated Appropriations Act, 2021, Pub. L. 116-260, §212 (2021).

range of product sectors impacted, and the variety of harms arising from that trafficking. Many continue to view counterfeiting as a concern limited to the fashion and luxury goods sectors, and with minimal impact on brands in other sectors or on most consumers. Put bluntly, those who hold such views are wrong.

At the height of the COVID-19 epidemic, for example, “[m]illions of counterfeit masks were bought by hospitals, medical institutions and government agencies in at least five states.”<sup>16</sup> And in Fiscal Year 2022 alone, U.S. Customs and Border Protection seized nearly 6 million counterfeit face masks, along with hundreds of thousands of counterfeit, unapproved, or substandard Covid test kits and purported vaccines or treatments.<sup>17</sup> Those working on anti-counterfeiting issues on a daily basis, whether in the private- or public-sector may no longer be surprised by media reports concerning fake automotive airbags, prescription medicines, military hardware and the like, but it is undeniable that we have a great deal of work ahead of us when it comes to the broader public’s recognition of these problems.

Some respondents also noted challenges in their efforts to engage with the public on the issue, stating that consumers frequently view the harm caused by counterfeiting to be “primarily economic,” which may in turn cause them to view rights-holders’ appeals as self-serving. Increased involvement from sources that are seen as both unbiased and trustworthy – particularly authoritative voices from the public sector and academia could be extremely useful in increasing the public’s recognition of the direct and indirect impacts that counterfeiting and piracy have on their lives.

### **Increased investment in specialized resources to assist legitimate businesses small and large**

A final consideration – one that garnered broad-based support among every segment of the IACC’s membership – involves rights-holders’ desire to see greater investment and resourcing by the government in specialized resources focused on the protection and enforcement of IP rights both domestically and internationally. The IACC, and its individual member companies have been greatly impressed by the responsiveness and the quality of assistance that they’ve received from the USPTO’s regional IP attachés stationed in key jurisdictions around the globe; many rights-holders would undoubtedly

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<sup>16</sup> “Millions of Counterfeit Masks Were Bought in Five States,” New York Times, February 10, 2021, available at: <https://www.nytimes.com/2021/02/10/us/n95-mask-fraud-investigation.html> (last checked: August 23, 2023).

<sup>17</sup> “Intellectual Property Rights Fiscal Year 2022 Seizure Statistics,” U.S. Customs and Border Protection, available at: <https://www.cbp.gov/trade/priority-issues/ipr> (last checked: August 23, 2023).

welcome further expansion of the program to facilitate even greater levels of engagement with our trading partners – particularly in developing markets. Similarly, the Department of Justice’s Computer Crime and Intellectual Property Section (CCIPS) and the agency’s Intellectual Property Law Enforcement Coordinators (IPLECs) have been singled out for praise by countless brands. We’ve also been greatly pleased by the efforts of the National IPR Coordination Center and the Office of the Intellectual Property Enforcement Coordinator (IPEC) for their leadership and dedication to assisting rights-holders in protecting their most valuable assets. The expertise demonstrated by each of these partners, and their willingness to collaborate, has been invaluable to IP owners. We look forward to continuing to work with them, and with you, to ensure the safety of consumers and the vitality of legitimate manufacturers and retailers impacted by the global trade in counterfeit and pirated goods; and we thank you for the opportunity to share our members’ experiences.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Travis D. Johnson', with a stylized, flowing script.

Travis D. Johnson  
Vice President - Legislative Affairs, Senior Counsel