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Combating Counterfeiting: Collaborating With Competitors, Customers and Online Operators

Protecting Confidential Information and Trade Secrets, Avoiding Antitrust Risks

WEDNESDAY, JULY 31, 2019

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

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Combating Counterfeiting

Harley I. Lewin

Of Counsel, Preti Flaherty Beliveau & Pachios

1. Collaboration

Between Competitors

With Consumers

Yes, No, What When Where and How

Recognize the Realities

- Chasing most factories, especially in China, is a waste of time and resources
- Chasing most end users or consumers is likewise wasting resources
- No one individual or gang of thieves has a patent on counterfeiting nonetheless there are major, organized players
- This is not a mom and pop issue
- The internet and technology general has multiplied the issue by the hundreds of thousands
- Reality; A new methodology; Find the Choke Point and Squeeze

2. The Choke Point

The Choke Point is Etherial but Real

The Choke point is the flow of product via etailers

The Choke point is not exclusive to certain brands

The Choke point needs data, analysis and action

Collaboration with Competitors

- For the most part anti-trust issues are illusory; especially when fighting together in countries in Asia;
- To avoid anti-trust, no need to exchange data on market share except to the extent public or disclosed in litigation
- Use joint plaintiffs' agreement to avoid privilege waiver
- Limit cooperation to a given target; document shared interests, e.g. website selling more than one brand
- Use dedicated organizations to meet and exchange data, information on bad guys and what works (or doesn't), key contacts

Competitor Collaboration Hints

- Use one counsel to conduct the investigation, circulate reports, take action
- Outside counsel can then deal with other counsel outside or inside
- All costs, fees, recovery shared equally; avoid issues
- Avoid constant rethinking, debating, runs up fees and costs
- Outline goal , make it clear and doable
- Counsel shares information rather than clients directly
- Has worked for me for 30+ years without a single bad instance

Collaboration Works Best...

- Similar industries or sectors, footwear for example or luxury
- When clear goals are outlined in advance, budgets, etc.
- Data exchanged should be limited to the investigation at hand or inquiry done in general terms; “are you aware of this site?” for example; “would you be interested in a joint legal action...” or “we got hacked, let us tell you how it was done...”
- Risks of collaboration can be mitigated by careful process; do not want to disclose trade secrets or similar trade data,
- Use document agent if need be; counsel receives and filters

Collaboration with Consumers

- This can be quite dangerous in terms of overall public relations
- Receive information in a contained fashion, example: dedicated web site or dedicated email address, etc.
- Do not engage in consumer dialogue in specific terms other than to say thanks
- Indicate you favor receiving information; some brands misunderstand this;
- Louboutin site good example of doing it right stopfakes.com
- Support your retailers and distributors; tell them what you do

Consumer collaboration cont'd

- Publish a list of bad sites as you discover them
- Use social media to inform consumers of your actions and where they can go to report
- Consumers can be front line for brands when they are also “fans”
- Risk is information is false, or intended to be misused and lead brand to move against innocents, so vet all information independently
- Brag a bit about your successes

Keep in mind

- Anti-counterfeiting efforts are not limited to trademarks, enhance your IP portfolio to the extent your budget permits
- Don't be afraid to speak to counsel for competitors
- Privilege can easily be waived so follow procedures and limit exchange to counsel unless a form of public discussion is underway, e.g. roundtable or the like
- Don't be afraid of telling each other what you've done that has worked
- Internet issues require very special investigations; use under close scrutiny of experienced counsel;
- Working with online operators is usually self effectuating however don't expect miracles

As you may have gathered

- In the internet era, collaboration is in my view a must; resources are too limited
- Speaking with a host of collaborators makes governments take notice
- More likely to get effective law enforcement assistance
- It can and does work when egos are set aside in favor of a common goal

Thank You

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Combating Counterfeiting: Collaborating with Competitors, Customers and Online Operators

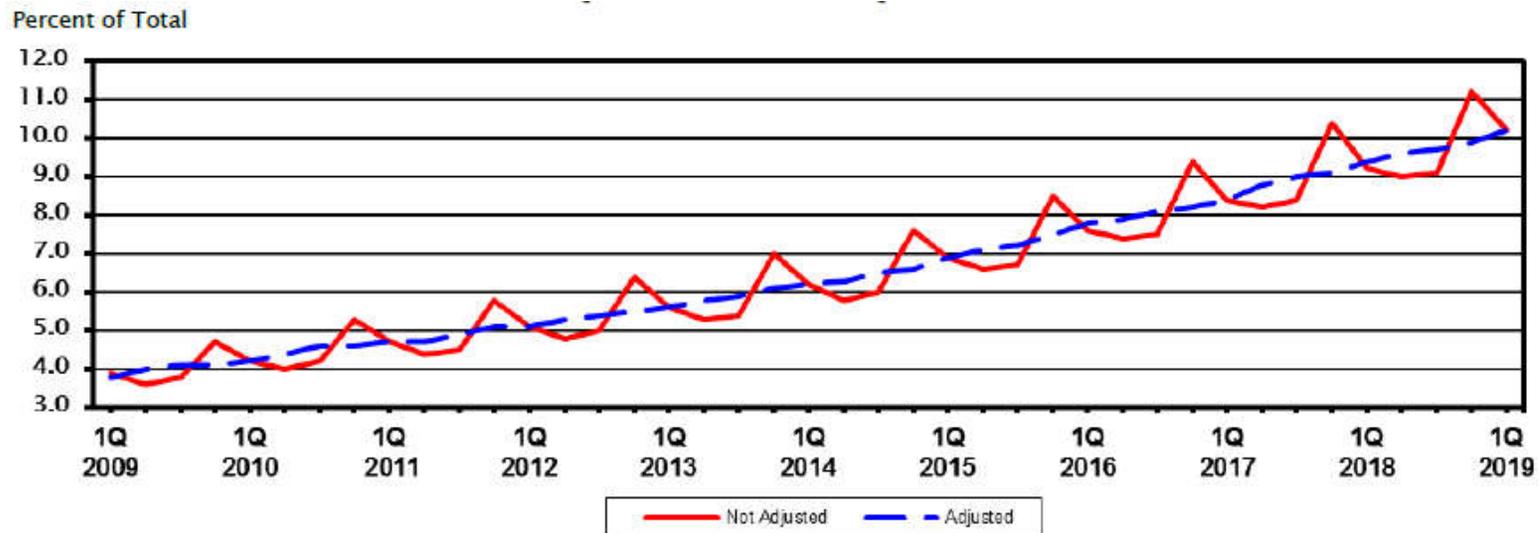
Aaron Johnson

Partner, Intellectual Property Group

3. Collaborating with online operators

Why collaborate with online operators?

- Brand owners must fight counterfeiting where it is occurring.
- Increasingly, that is online:



- To fight the increasing number of counterfeiters who are using the Internet to sell and market their products, brand owners must use those same online tools.

Why collaborate with online operators?

- Collaborating with online operators makes it easier to combat counterfeit goods manufactured by small and remote manufacturers.
 - Today's global marketplace allows counterfeiters to manufacture products in remote locations and still market and ship products to consumers. Many counterfeit products are manufactured in foreign jurisdictions, where local laws make enforcement difficult.
- Cooperation with online operators allows brand owners to combat counterfeiting around the world without going through the costly process of engaging local counsel.
- This is just one arrow in the quiver. While often effective, particularly for products purchased online such as consumer goods, it needs to be used in coordination with the other methods discussed today.

Types of collaboration

- Two types of collaboration
 - Collaborating to fight counterfeit product listings and marketing
 - Collaborating to promote authentic goods

Collaborating to fight counterfeiters

- Need to identify where counterfeit goods or related materials can be found.
- Review two essential elements
 - Terms of Service
 - Automated Takedown Request Programs
 - Most large online marketplaces, particularly those aimed at US consumers, have automated the takedown process
- The six largest online marketplaces for US purchasers (CPCStrategy.com) each have detailed terms of service and robust automated takedown request programs.
 - Amazon.com; Walmart; eBay
 - Etsy; Jet; AliBaba

Automated takedown request programs

- Advantages
 - Once confirmed, they are straightforward and can be completed by non-attorneys. Often requests can be submitted in bulk. English language tools usually available.
 - If the marketplace agrees that a listing or material is counterfeit or otherwise infringing, it is pulled quickly, sometimes within minutes.
- Limitations
 - Brand owner needs registration showing ownership of the mark.
 - Counterfeit or infringing nature must be obvious (such as use of a mark in the listing text or in a product photograph). Sites will often not enforce distribution agreements or grey good disputes.
 - Some sites, particularly those outside of the US such as Ali Baba, require additional documents, including corporate formation documents and power of attorney.

Automated takedown request programs

- Amazon.com
 - <https://www.amazon.com/report/infringement>

Allegation of Infringement

Are you the Rights Owner or an Agent?
 Rights Owner Agent

The primary complaint pertains to
trademark concerns - unauthorized use of a word, phrase, symbol, and/or desi... ▼

The specific concern is
a product is counterfeit (the product or packaging has an unlawful reproducti... ▼

Name of Brand

Please provide your Registered Trademark #. Amazon accepts one Registered Trademark # per submission. (Note: Provide the Registered Trademark # using digits only. Example - 1234567)

Have you bought the item and confirmed that the product or its packaging has your trademark on it?
 Yes No

Additional Information

1000

Automated takedown request programs

- eBay
 - Notice of Claimed Infringement (NOCI) to vero@ebay.com
 - NOCI must contain:
 - Name and contact information of the reporter
 - Signed declaration
 - Product numbers of the infringing listings
 - Registration no. of the infringed mark
 - Reason Code for infringement and description:

Trademark – item infringement

1.1 Item(s) is a counterfeit which infringes a trademark.

Trademark – listing content infringement

2.1 Listing(s) contains unlawful use of trademark.

Copyright – item infringement

3.1 Software is offered for sale in violation of an enforceable license agreement

3.2 Item(s) is a counterfeit product which infringes a copyright.

Copyright – listing content infringement

4.1 Listing(s) contains unlawful copy of copyrighted text.

4.2 Listing(s) contains unlawful copy of copyrighted image.

4.3 Listing(s) contains unlawful copy of copyrighted image and text.

Other infringement

5.1 Item(s) infringes a valid and enforceable patent

5.2 Item(s) infringes a registered design right.

5.3 Item(s) violates a celebrity's right of publicity

5.4 Listing(s) content violates a celebrity's right of publicity

5.5 Store name or User ID infringes on a trademark

6.1 Other

Automated takedown request programs

- Ali Baba

- <http://IPP.AliBabaGroup.com>

The screenshot shows the 'User Center' of the Alibaba Group IP Protection Platform. The page is titled 'Registration' and contains several form fields for user information. A sidebar on the left lists navigation options such as 'My Page', 'Mine', 'My IPR', 'Complaint Submission', and 'IPR Service'. A blue header bar at the top contains the Alibaba Group logo, 'User Center', and language/location settings. A right-hand notification box contains text about the English version of the operating guidelines. The footer includes the copyright notice: ©2019 Lewis Roca Rothgerber Christie LLP / lrrc.com.

Alibaba Group IP Protection Platform | **User Center** English | Home page

Registration

Email: _____

* Region:

* Category of User Identity: Individual Enterprise

* Verification Method(s): Corporate Information Verification

* Photo of Certificate:

Please upload the picture of your certificate :
The picture you upload should be clear, true and valid. No modification or redaction is allowed.
The picture uploaded supports the following file types: .jpg, .jpeg, .bmp, .gif and .png. The file size shouldn't exceed 8M.
[Certificate Sample](#)

* Certificate Number:

* Corporate Name:

* Expiration Date of Operation Term: Permanent

* Detailed Address:

English version of the operating guidelines of identity authentication is to be released soon. please [click the hyperlink](#) to find the Chinese version for your information.

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Automated takedown request programs

- Challenging a rejection
 - Due to the proprietary nature of the automated takedown request programs, challenging the rejection of a takedown request is difficult.
 - Such challenges are often via email, to an automated email address where it is unclear what type of review it will receive and even why a request was rejected.
 - Where we believe a request was wrongly rejected, I've had the most success finding an individual in that operator's legal department, and discussing the matter with them over email or phone. If I'm able to explain why the automated system failed, and why the good is still clearly counterfeit or infringing, often those individuals are able to remove the listings.
- If a request was rejected due to formalities, it is best to re-file.

Terms of service

- Terms of service are used by online operators to define when products, product listings, or other material is removed by the operator.
- Where the connection to counterfeiting is less cut-and-dry, it is important to carefully review the terms of service for the online marketplace or site that is hosting the listing or infringing conduct.
 - Many have terms that can be useful in fighting counterfeit activity, and such sites are usually quicker to act against counterfeiting when the behavior clearly infringes the terms of service.
 - Example: Facebook’s terms of service prohibit “misrepresent[ing] your identity” and “creating inauthentic profiles.”

Collaborating with other online operators

- Social Media

- Although not thought of as marketplaces, in today's world social media often plays an important part in marketing and distributing counterfeit goods.
- Sites such as Facebook, Instagram, YouTube, etc., all have anti-counterfeiting terms of service, and automated takedown request programs that will remove not only listings for counterfeit products, but also posts, pages, videos, accounts, etc. that *promote* counterfeit goods.

- ISPs

- If online operators are not willing to remove material, or if the material is distributed through an operator that either does not have a takedown request system, or does not have sufficient terms of service with a designated contact, a brand owner has several options, including DMCA takedown notices and Lanham Act claims against the hosting provider. (Beyond the scope of this webinar).

Collaborating to promote authentic goods

- Collaborating with online operators, particularly marketplaces, to eliminate counterfeit goods is only one type of possible collaboration.
 - Many sites allow brand owners to work with the site to make sure that authentic products are being properly returned in response to searches and when the brand is referenced.
 - This can be even more important than eliminating counterfeit listings, as prominent search placement and approved brand home pages can help prevent consumers from encountering a counterfeit listing.
- Most prominent is the Amazon Brand Registry.
 - <https://brandservices.amazon.com>
 - Requires a trademark registration for supported national trademark offices, including the US and Canada.
 - Amazon verifies ownership of the trademark by sending a code to the attorney contact of record, so make sure that contact information is up to date.

4. Considerations when collaborating

Considerations when collaborating

- Protecting trade secrets
- Be aware of conflicts of interest
- Avoid antitrust issues

Questions?

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