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Combating the Sale of Counterfeit Goods Online: Don't Let Someone Get Away with Selling Knockoffs of Your Products

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Whitney C. Gibson

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Trademark counterfeiting, in general, refers to the placement of a trademark on a product that is not the legitimate product offered by the trademark owner. Meanwhile, the Lanham Act – the U.S. federal trademark statute – defines a counterfeit as “a spurious mark that is identical with, or substantially indistinguishable from a registered mark.”

However you choose to describe it, counterfeiting has become a major issue online, costing companies worldwide millions – if not billions – each year. According to an article in the *World Trademark Review*, an estimated one in every four e-commerce purchases involves counterfeit or pirated goods.

Typically, high end products such as Louis Vuitton or Prada bags come to mind when discussing counterfeits. Recently, knockoff sports jerseys – in particular NFL apparel – has become quite the successful industry, competing directly with the teams and leagues' authentic merchandise. Just days prior to the Super Bowl on Feb. 2, federal authorities helped seize an estimated \$21.6 million worth of fake jerseys and other items – mostly from overseas.

In addition to these types of governmental crackdowns, which includes the shutting down of thousands of websites globally (many registered in China), brand owners have been more prone to pursue actions to potentially recover damages.

Recovery under the Lanham Act

The Lanham Act provides for special damages in trademark counterfeiting cases. In addition to actual damages, ill-gotten profits, treble damages and attorneys' fees, the federal trademark statute also provides for statutory damages ranging between \$1,000 and \$200,000 per counterfeit good. If the court finds the sales to be willful, that number rises to a maximum of \$2,000,000. But do note, based on the counterfeit definition above, that to receive counterfeiting protection from the Lanham Act, brands must register their trademarks.

Trademark owners can also seek injunctive relief to prevent trademark counterfeiting, as well as a seizure order by federal materials. While not extremely common, trademark counterfeiters can also be criminally prosecuted, based on the Trademark Counterfeiting Act of 1984.

Preventing Counterfeiting on eBay

As noted on the eBay anti-counterfeiting page, counterfeiting is “illegal and harmful to the market place; buying a counterfeit is a bad experience for you and the brands you trust; counterfeits undermine buying trust; (and) it’s bad for honest sellers who deal in authentic merchandise.” Thus, websites such as eBay, aware of the issues of counterfeiting, are committed to helping protect brand and mark owners from the sale of counterfeits.

For example, eBay established the Verified Rights Owner program (“VeRO”), which provides an effective process for intellectual property rights owners to stop counterfeiting. Specifically, it allows people to easily report listings that infringe on their IP rights and ask that certain items or materials be removed.

If an authorized person submits a legitimate notice of infringement request to eBay, it will likely remove the item, thereby cancelling an auction or listing. Under this process, the seller may file a counter notice. If accepted, eBay requires the owner to file suit seeking a court order within 10 days, or the listing will be reinstated.

Your Legal Solutions

Unless there is a simple fix, such as utilizing eBay’s VeRO program, combating the sale and promotion of counterfeit goods may cost money. But in many situations, that dollar amount may pale in comparison to the financial harm done to your products and overall brand if you choose not to act.

For more information, contact Whitney Gibson at 855.542.9192 or wcgibson@vorys.com. & Read more about the practice at <http://www.internetcrisesattorneys.com>.