

Combating Counterfeiting: How Owners Can Protect Their Brands

by **Julianne R. Davis, Counsel to the firm,**
and **Parna Mehrbani, Shareholder**

Counterfeiting is the practice of manufacturing and/or selling goods, usually of inferior quality, under a brand name without the brand owner's permission. The damage from counterfeiting is extensive and far-reaching and involves serious health and safety concerns for consumers. Consider the dangers associated with counterfeit baby formula, dietary supplements, pharmaceuticals or car parts. In addition, brand owners' reputations can become compromised by the sale of inferior goods, loss of consumer confidence and lost sales opportunities.

Sales of counterfeit goods have increased exponentially with the advent of the Internet, and they are now predicted to reach \$1.7 trillion worldwide by 2015. Consumers can be throughout the world via the Internet, thus providing counterfeiters with many more opportunities for purchases of fake goods. In addition, payments can be made online allowing anyone with a credit card, PayPal or similar account to easily acquire such goods.

Sellers of counterfeit goods can remain largely anonymous online, making it a simple task to dupe consumers into purchasing fake goods when they believe they are purchasing brand name goods. A recent study revealed that 14 percent of all name brand searches on the Internet are "hijacked" by paid search ads. Counterfeiters also deceive consumers by posting photographs of the real products to lure them onto their website.

While online counterfeiters are extremely proficient at fooling consumers, they are equally adept at avoiding detection by authorities and brand owners. Curbing this abuse is proving to be challenging and highly complex. In fact, measures to address the issue have been under consideration for years at the international level with treaties and other agreements, such as the Anti-Counterfeiting Trade Agreement. Notwithstanding this effort, the problem continues to grow.

The question is, "What can a business do to protect its brand online?" Not all is lost, but it takes dedication and diligence to effectively combat the online sale of fraudulent goods. There are three basic steps in the battle: First, a brand owner

must establish where and how the brand should appear online. Second, the brand owner needs to regularly detect and follow where the brand is being abused online. Third, one must respond by enforcing rights and using all avenues available to remove online illicit uses of the brand. This is not an easy task, but it does reap significant results. The key to success in curbing online counterfeiting is dogged perseverance.

There are several Internet locations that should consistently be monitored to detect brand abuse. First, check websites with domain names that are the same or similar to your brand, taking care to consider alternative or unusual spellings. Be sure to search the brand name across all major search engines. Remember that symbols like an ampersand or accent mark do matter. Thus, it is important to search spelling variations with common symbols. Searches should also include terms that are likely to produce fake goods, such as "cheap," "discount," "free" or "wholesale." Additionally, consider searching multiple geographies and searching more than once a day.

One should also monitor similar product categories, including related or complimentary goods. Social media, online marketplaces, shopping engines and file sharing sites should likewise be persistently monitored. Because counterfeiters are becoming more sophisticated at hiding their activities, brand owners should also consider including a link on their website for customers or others to report suspected counterfeit goods. Web surfers often come across fake products in unusual or unsuspected places.

Once counterfeit products are detected, the real complexity of enforcement sets in. Taking into account that Web hosting sites number in the tens of millions, and mixing in the matrix of Internet service providers, search engines, payment processors, marketplaces, application program interfaces along with a myriad of communication protocols, one begins to appreciate the deep intricacies of tracking down culprits. The first step is to know and utilize the take-down policies of the various search engines. Most of the heavily-used search engines will take action if sites are identified that offer counterfeit goods. Likewise, many online marketplaces have "de-listing" policies and will cooperate in eliminating problematic sellers and products. A brand owner may also seek help from payment processors to have infringing sites and products accounts deactivated.

Brand owners should also consider joining industry groups that are active in anti-counterfeiting activities such as the International Anti-Counterfeiting Coalition, Association for Corporate Growth, American Apparel and Footwear



📍 Lane Powell PC
📍 601 SW 2nd Avenue, Suite 2100,
Portland, OR 97204
🌐 www.lanepowell.com

Julianne R. Davis
☎ (503) 778-2118
@ davisj@
lanepowell.com

Parna Mehrbani
☎ (503) 778-2127
@ mehrbanip@
lanepowell.com

LANE POWELL
ATTORNEYS & COUNSELORS

Association or the Quality Brands Protection Council. Staying abreast of policy changes such as legislation directed at online counterfeiting — both domestic and international — is another important aspect of a comprehensive program. Brand owners can and should share best practices amongst one another and, when appropriate, cooperate in joint investigations.

Any anti-counterfeiting policy must involve cross-functional cooperation and involvement from a number of different departments or disciplines within the company, including top-level management, legal and security functions. This approach avoids fragmented efforts, prevents cross-departmental conflicts, raises awareness and efforts to solve the problem, and educates the organization about the problem and available solutions. It also ensures that appropriate resources are allocated, and that corporate "patience" is instituted at the outset.

It is easy to become a target of counterfeiters, and difficult to combat them. It takes time, money and dedication to effectively pursue the wrongdoers, but it is definitely worth the effort. No program will completely eliminate purveyors of fraudulent products. However, once a brand establishes a reputation as one that will pursue and seek to punish imitators, many will move on to easier pickings. ■