



DEPARTMENT OF COMMERCE

Patent and Trademark Office

[Docket No. PTO-T-2020-0035]

Secondary Trademark Infringement Liability in the E-Commerce Setting

AGENCY: Patent and Trademark Office, Department of Commerce.

ACTION: Request for comments.

SUMMARY: On January 24, 2020, the Department of Homeland Security (DHS) released its Report to the President of the United States titled “Combating Trafficking in Counterfeit and Pirated Goods” (DHS Report). The report responded to the April 3, 2019, Presidential Memorandum titled “Memorandum on Combating Trafficking in Counterfeit and Pirated Goods” (Presidential Memorandum). Among the action items identified in the DHS Report was action 9, titled “Assess Contributory Trademark Infringement Liability for E-Commerce.” In order to implement this action item, the United States Patent and Trademark Office (USPTO) is seeking information from intellectual property rights holders, online third-party marketplaces and other third-party online intermediaries, and other private sector stakeholders, on the application of the traditional doctrines of trademark infringement to the e-commerce setting. More specifically, the USPTO seeks input on the application of contributory and/or vicarious trademark infringement liability (secondary infringement liability) to e-commerce.

DATES: Comments must be received by 5 p.m. EST on [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: You may submit comments and responses to the questions below by one of the following methods:

a) **Electronic Submissions:** Submit all electronic comments via the Federal e-Rulemaking Portal at <https://www.regulations.gov> (at the homepage, enter **PTO-T-2020-0035** in the “Search” box, click the “Comment Now!” icon, complete the required fields, and enter or attach your comments). The materials in the docket will not be edited to remove identifying or contact information, and the USPTO cautions against including any information in an electronic submission that the submitter does not want publicly disclosed. Attachments to electronic comments will be accepted in Microsoft Word or Excel or Adobe PDF formats only. Comments containing references to studies, research, and other empirical data that are not widely published should include copies of the referenced materials. Please do not submit additional materials. If you want to submit a comment with confidential business information that you do not wish to be made public, submit the comment as a written/paper submission in the manner detailed below.

b) **Written/Paper Submissions:** Send all written/paper submissions to: United States Patent and Trademark Office, Mail Stop OPIA, P.O. Box 1450, Alexandria, Virginia 22314. Submission packaging should clearly indicate that materials are responsive to Docket No. PTO-T-2020-0035, Office of Policy and International Affairs, Comment Request; Secondary Trademark Infringement Liability in the E-Commerce Setting.

Submissions of Confidential Business Information: Any submissions containing confidential business information must be delivered in a sealed envelope marked “confidential treatment requested” to the address listed above. Submitters should provide an index listing the document(s) or information that they would like the USPTO to withhold. The index should include information such as numbers used to identify the relevant document(s) or information, document title and description, and

relevant page numbers and/or section numbers within a document. Submitters should provide a statement explaining their grounds for objecting to the disclosure of the information to the public as well. The USPTO also requests that submitters of confidential business information include a non-confidential version (either redacted or summarized) of those confidential submissions that will be available for public viewing and posted on <https://www.regulations.gov>. In the event that the submitter cannot provide a non-confidential version of its submission, the USPTO requests that the submitter post a notice in the docket stating that it has provided the USPTO with confidential business information. Should a submitter fail to either docket a non-confidential version of its submission or post a notice that confidential business information has been provided, the USPTO will note the receipt of the submission on the docket with the submitter's organization or name (to the degree permitted by law) and the date of submission.

FOR FURTHER INFORMATION CONTACT: Holly Lance, USPTO, Office of Policy and International Affairs, at Holly.Lance@uspto.gov or 571-272-9300. Please direct media inquiries to the USPTO's Office of the Chief Communications Officer at 571-272-8400.

SUPPLEMENTARY INFORMATION: The DHS Report describes how the rapid growth of e-commerce platforms, “further catalyzed by third-party online marketplaces connected to the platforms, has revolutionized the way products are bought and sold.” DHS Report at 7, available at https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf. This overall growth “has facilitated online trafficking in counterfeit and pirated goods.” *Id.* (The DHS Report addresses both trademark counterfeiting and

copyright piracy, but action 9, the subject of this Federal Register Notice (FRN), is limited to trademark counterfeiting.) American consumers shopping on e-commerce platforms now face a greater risk of purchasing counterfeits, including goods that endanger the health and safety of unsuspecting consumers. The U.S. Congress has also taken up the issue of dangerous counterfeits. On March 2, 2020, H.R. 6058, the “SHOP SAFE Act of 2020,” which addresses the contributory liability of e-commerce platforms in relation to counterfeit goods implicating health and safety, was introduced in the House of Representatives.

Historically, counterfeits were distributed through in-person transactions, such as those at swap meets, and by individual sellers, often on street corners. Today, many counterfeits are trafficked through e-commerce supply chains in concert with marketing, sales, and distribution networks. *See* DHS Report at 10. While e-commerce has supported the launch of thousands of legitimate businesses, it has also enabled counterfeiters to easily establish attractive “store-fronts” to compete with legitimate businesses. *See id.* at 11.

The development of the DHS Report benefitted from extensive interagency discussion that included DHS, the Department of Justice, the Office of the United States Trade Representative, the Department of Commerce, the Food and Drug Administration, the Office of the Intellectual Property Enforcement Coordinator, and the Department of State. The DHS Report also benefited from outreach to, and comments from, numerous private sector stakeholders, including responses to the Department of Commerce’s FRN 2019-14715 titled “Comment Request; Report on the State of Counterfeit and Pirated Goods Trafficking and Recommendations,” issued on July 10, 2019. 84 FR 32861. The FRN requested comments on a variety of issues drawn from the Presidential

Memorandum. As summarized in the DHS Report, the comments relevant to the subject of this FRN included rights holder assertions that the present legal landscape for online secondary liability in the e-commerce space is “out of date.” DHS Report at 24. In particular, the rights holders noted, in the brick-and-mortar economy, contributory infringement liability has been well developed through case law for the licensing and oversight of sellers, but a comparable regime is largely nonexistent in the e-commerce realm. *Id.* at 24-25. Comments were also received from platforms noting that they have “invested heavily in proactive efforts to prevent counterfeits from reaching their online stores,” and several commenters noted that some platforms have significant interactions with law enforcement to combat counterfeits trafficking. *Id.* at 25.

The DHS Report includes a section on “Immediate Action by DHS and Recommendations for the USG [U.S. Government].” The ninth item, titled “Assess Contributory Trademark Infringement Liability for E-Commerce,” calls for the Department of Commerce to seek input from the private sector and other stakeholders as to the application of the traditional doctrines of trademark infringement to the e-commerce setting, including whether to pursue changes in the application of the secondary infringement standards to platforms. *See* DHS Report at 33. This FRN seeks comments on that issue.

Request for Information: The USPTO requests information from interested stakeholders, including but not limited to trademark owners affected by the sale of counterfeit goods offered through e-commerce platforms and online third-party marketplaces and intermediaries.

Respondents may address any, all, or none of the following questions. Please identify, where possible, the question(s) your comments are intended to address.

Respondents may organize their submissions in any manner. Reminder: Respondents have the responsibility to request that any information contained in a submission be treated as confidential business information and must certify that such information is confidential and would not customarily be released to the public by the submitter.

Confidential business information must be clearly designated as such and provided only by mail carrier as described above.

The USPTO welcomes all input relevant to the application of the traditional doctrines of secondary trademark infringement to the e-commerce setting, more specifically whether to pursue changes in the application of the secondary infringement standards to platforms. In particular, we seek the following information:

1. Is the doctrine of secondary infringement liability, as currently applied by the courts, an effective tool in addressing the problem of the online sale of counterfeit goods? If not, please identify the shortcomings in this approach to combatting counterfeits sold online, including whether the shortcomings are general to all

goods and modes of e-commerce or whether they are specific to a particular type of goods or e-commerce.

2. Have you pursued or defended secondary trademark infringement claims against an e-commerce platform, online third-party marketplace, or other online third-party intermediary where the claim was that the intermediary facilitated the sale of counterfeit goods, including counterfeit goods offered by a third-party seller? If so, what challenges did you face in pursuing or defending these claims under a secondary infringement theory, and what was the result?
3. If you have chosen not to pursue a potential claim or defend against a claim for secondary trademark infringement against an e-commerce platform, online third-party marketplace, or other online third-party intermediary for reasons related to the current interpretation of the doctrine of secondary infringement, please explain how your decision-making was affected by the state of the law and how a different interpretation might have led to a different decision.
4. To the extent you have identified shortcomings in the current application of the doctrine of secondary infringement in your answers to the above questions, please explain how you would recommend resolving those shortcomings.
 - a. For all types of recommendations, please identify their scope, including the type of goods or e-commerce affected. Where appropriate, please prioritize your recommendations.

- b. If your recommendation includes implementation in steps and/or over time, please identify each step and the contemplated timeframe for implementation.
5. Please provide any studies or other information in your possession that demonstrate whether or not a change in the law of secondary liability for trademark counterfeiting with respect to e-commerce platforms, online third-party marketplaces, and other online third-party intermediaries would be effective in reducing online sales of counterfeit goods, or whether it would pose any risks.
6. Are there any other areas of law or legal doctrines that could help inform or supplement the standard for secondary trademark infringement to reduce online sales of counterfeit goods?

Dated: November 6, 2020.

Andrei Iancu,
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

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