

# How to Prepare for Counterfeiters, Whether You Sell on Amazon.com or Not

## The Treacherous World of Online Marketplaces for Consumer Products

By: Sean D. Detweiler  
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When it comes to online marketplaces, there are numerous traps for the unwary, whether you are a startup or a multi-million dollar company. The “Better Business Bureau (BBB) has received thousands of complaints from people who have shopped for goods online and received counterfeit products instead of what they thought they ordered... Organized crime syndicates operating out of China are behind the vast majority of this fraud.<sup>1</sup>” The impact of these fraudulent enterprises is that whether or not you are selling your products on Amazon.com or other online shopping platforms (like eBay.com, Wish.com, AliExpress.com, Shopify.com, Etsy.com, et al.) you are at considerable risk of having your product counterfeited, your brand reputation destroyed, and your potential future sales opportunities stolen right out from under you.

### Protection from Counterfeits Takes Serious Planning

There are some things you can do to battle these counterfeiters and to mitigate the damage they can cause; but it takes strategic planning and diligent pursuit of intellectual property protections as early as possible. Beware! Many protective actions require significant time to secure, so steps must be taken with all due haste to safeguard your intellectual property and products – preferably before your products are launched.

For example, a copyright registration for an online electronic filing can take 3 to 6 months, and a trademark registration can take 1 to 2 years from the date of filing to the date of registration. A design patent can take 2 to 3 years from date of filing to date of grant of a design patent, and a regular utility patent can take 3 to 5 years from the date of filing to the date of grant. Why are these timelines important? Because if you wait to start these filings until after you launch your product and begin selling online at Amazon.com or other shopping websites, or even worse, if you wait to start these filings until after you notice counterfeit products popping up in the marketplace, you have just given the counterfeiters somewhere between 6 months and 5 years head start of free market opportunity during which you can do almost nothing to stop them.

Here is a timeline that is representative of thousands of products today. A new product is developed, and you begin selling it online. Within a few weeks, one of the products you sell makes its way to China where it is reverse-engineered, and the counterfeiter figures out how to copy custom pieces and source off-the-shelf similar components to manufacture a product that appears equivalent on its face. This counterfeit product is hastily manufactured, often with inferior parts that result at best in a poor substitute for the real thing, and at worst a completely inoperable piece of junk. The counterfeiters also have obtained your unique and carefully designed packaging and with today’s imaging and printing technologies can easily copy your packaging exactly, and virtually overnight. Within weeks to months, the counterfeiter begins selling their version of your product online at substantially lower prices, which they can afford to do because they don’t have your R&D costs, higher labor costs, or the same level of quality in

their version of components of the product.

Whether you are selling your product on the same online shopping platform as the counterfeiters, or not, as customers drawn to the dramatically lower pricing begin purchasing the counterfeit products instead of your authentic products, the reviews start coming in – and they are not good. First, purchasers of the counterfeit product may post terrible reviews for the product on the online shopping website where it was purchased, believing they received your authentic product. Understandably, this has a negative effect on your brand, and negatively impacts your potential for future sales on that platform. Next, online social media bloggers, reviewers, and influencers may purchase the same poorly constructed and poorly performing counterfeit products and write negative online reviews, believing they are reviewing your authentic product when in fact they have been fooled by a counterfeit. The result? You have would-be customers naming your product and using your trademark, all while being protected under the laws of free speech, providing terrible reviews, because they have been fooled by a counterfeit product. The online social media reviewers can have thousands, to hundreds of thousands, to millions of viewers reading written reviews or watching video reviews of the counterfeit products, mistakenly believing they have an authentic version of your product.

## How To Avoid Harm By Counterfeiters on Amazon.com and Other Online Platforms

Thankfully, Amazon.com and other major online shopping websites have various processes to battle these counterfeiters. However, there is no one-size-fits-all approach. Each online shopping website is not going to simply take your word for it when you identify another seller as a purveyor of a counterfeit product. You must provide very clear evidence that the products being sold are counterfeit, and that you have intellectual property rights that are being infringed. To lobby the online platforms to take down the counterfeit seller sites, the best weapons you have are registered copyrights, registered trademarks, and granted design and utility patents. And yes, lobbying is what you must do because the online shopping platforms have little motivation to remove counterfeit seller sites since they profit from those sales the same as they do from the sale of legitimate products and so are not quick to initiate takedowns without clear evidence. They also want to be careful not to mistakenly remove a legitimate seller of an authentic product.

### Register Copyrights

Copyright infringement can be one way in which the counterfeiter makes their product offerings look like your authentic product. The counterfeiters may copy images or narrative from your website or marketing materials and use them on their counterfeit seller sites to make it appear that you are partnering with them or otherwise authorizing their sale of your product.

The registered copyrights should be for all the documentation that you include with your product. They should also be for all the narratives and/or images you have on, e.g., your website or other marketing materials, and possibly from your packaging. It can take 3 to 6 months to complete the registrations at the Copyright Office, and longer if they are only in printed form.

### Register Trademarks

Trademark infringement is often at the forefront of counterfeit scenarios because to trick consumers into believing they are purchasing authentic product at a steep discount, the counterfeiters must either use your trademark or refer to a similar version of your trademark. To protect against trademark infringement, the best weapon available is to secure federal trademark registrations for your trade dress and trademarks.

The trademark registrations should be for all brand names related to your product and potentially also to your company. Unfortunately, the online shopping websites will not take down a counterfeit seller site based on a pending trademark application (except in some instances like the recent Amazon IP Accelerator process that while untested as of this article

may provide some opportunity to enforce a pending application on the Amazon platform only – but nothing like this exists for the other platforms). You generally must have a completed trademark registration before they will act. Because it can take 1 to 2 years to secure trademark registrations, to get into the examination queue at the U.S. Trademark Office it is best to file intent-to-use trademark applications before you launch your product with a new brand name. Or if you have existing product sales with an existing brand name that is not yet registered, you should immediately file an in-use trademark application. Either way, be aggressive about getting the process going as soon as possible after you have selected a brand name and hopefully before any sales or counterfeit activities have begun. It is far better to mistakenly file one or even a few intent-to-use trademark applications for trademarks that you are considering using but may ultimately opt not to use in favor of a different trademark; rather than waiting to get your product out there on one of these shopping websites with no trademark protections in place. The time period (1-2 years) that your trademark applications could be pending can feel like an eternity when a counterfeiter is stealing your customers daily and you cannot do anything about it.

#### **Obtain Design and Utility Patents**

Design patents on products with unique ornamental design features can also be a reliable and quick way to provide clear evidence to the online shopping platform to lobby for takedowns of a counterfeit product or seller site. One common tactic of counterfeiters is to manufacture a product that looks virtually identical to the authentic product but to remove the trademark from the images of the product using a virtual airbrush, and to sometimes even ship the counterfeit product with the trademark removed. However, because design patents protect the ornamental design features, in other words the appearance of the product, it is very difficult for a counterfeiter to avoid making their counterfeit product in a way that would not infringe a design patent.

Utility patents protect the innovations of products that relate to utility, not ornamental design. Utility patents (also known as non-provisional patents) are directed to new and useful processes, machines, articles of manufacture, compositions of matter, or any new, useful, and nonobvious improvement thereof. However, utility patents cannot be used against counterfeiters while they are pending, they must be granted to be relied upon. The time period between filing a patent application and having it grant can be 3 to 5 years unless it is eligible for some form of accelerated examination. But even then, it can take at least 1 year to grant.

For both design and utility patents, it is also important to understand that these patent applications must be filed before any public disclosure of the invention in a product, including before any offer for sale, actual sale, description in a white paper or article or other publication, public use, or the like, to preserve all U.S. and international patent rights. If any of these barring activities have already occurred, there is a one-year grace period in the U.S. within which patent applications may still be filed.

#### **Takeaways**

In my experience, the best bang for the buck in terms of cost, and time period between filing and being able to use against infringing counterfeiters, is to leverage copyright, trademark, and design patents. This combination can be a very powerful way to combat counterfeiters by using the online shopping website enforcement mechanisms. The first one to pursue is trademark by filing intent-to-use trademark applications for any prospective trademark (brand) that will be associated with your product once it launches and begins selling. The next one to pursue is design patents (if applicable) to cover ornamental elements of manufactured products. Once the design is finalized, such as when the molds for parts are being fabricated, that is the time to file design patents to protect the appearance and design elements of the eventual product. The next one to pursue is copyrights for the final version of published instruction manuals, websites and other marketing materials showing and describing the product, and the like.

It takes a sophisticated and experience-based comprehensive strategy to piece together these

intellectual property tools as expeditiously and cost-efficiently as possible, creating multiple barriers to entry against fast-following counterfeiters. Don't wait until your consumer product is in the marketplace before you begin these applications to protect your intellectual property – it may be too late if you do.

For questions about **patents**, **trademarks**, or other **intellectual property** related matters for consumer or other products, please contact **Sean Detweiler**.

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**Footnotes**

**1** See:

<https://www.bbb.org/article/news-releases/19860-fakes-are-not-fashionable-a-bbb-study-of-the-epidemic-of-counterfeit-goods-sold-online>