

WHY CRITICAL CONSUMER AND IP PROTECTIONS ARE NEEDED NOW

LETTERS ADVOCATING FOR COMPETITIVENESS LEGISLATION

- [Letter](#) by 20 diverse SHOP SAFE Coalition partners sent on World IP Day.
- The National Association of Manufacturers [letter](#) with more than 130 other trade associations and companies.
- MEMA issues [Alert](#) on Competitiveness Legislation.
- The American Apparel and Footwear Association sends [letter](#) to Members of Conference Committee.
- The Transnational Alliance to Combat Illicit Trade (TRACIT) sends [letter](#) to Congressional Leadership, advocating for anti-counterfeiting legislation.

OVERALL RESOURCES

- [House Hearing](#) (May 27, 2021) “The SHOP SAFE Act: Stemming the Rising Tide of Unsafe Counterfeit Products Online”
- [Senate Hearing](#) (November 2, 2021) “Cleaning Up Online Marketplaces: Protecting Against Stolen, Counterfeit, and Unsafe Goods” discusses INFORM + SHOP SAFE
- [Overall Fact Sheet](#): Critical Consumer and IP Protections Support American Innovation, Jobs and Competitiveness
- [Overall FAQ](#): Frequently Asked Questions
- [Correcting the FACTS on SHOP SAFE](#)
- [WOAS](#): Need to Address Dangerous Counterfeits
- [Resource Website](#)
- [House Hearing](#) (March 1, 2021) “Holding Big Tech Accountable: Legislation to Protect Online Users” mentions dangers of counterfeits

CROSS-INDUSTRY EXAMPLES OF DANGEROUS COUNTERFEITS

The Hill: [Is your child’s car seat fake? Counterfeit items put kids at risk](#) (June 2022)

- “These products may look and feel like the real thing, but in a crash, they perform much differently. These counterfeit items aren’t just marketed by shady websites – many have been sold by third-party sellers via some of the world’s biggest retailers, including Amazon and Walmart.”

Toy Association: [1 in 3 Parents Don't Know that Counterfeit Toys are Lurking Online](#) (November 2019)

- “Nearly 1 in 3 toy-purchasing parents (31 percent) falsely believe counterfeit toys are not sold on major online marketplaces, representing a blind spot through which fraudulent toys that might be unsafe can slip into households this holiday season, according to a survey of 1,000 U.S. parents who are their household’s primary toy purchaser conducted by Wakefield Research for The Toy Association.”

Automotive Anti-Counterfeiting Council (A2C2): [WHITEPAPER](#) (November 2020)

- [VIDEO: Counterfeit Airbag Test](#)
- "...counterfeit automotive parts continue to be manufactured by unauthorized third parties, and marketed and sold as though they are genuine parts. Counterfeit parts are not made to the specifications of the original manufacturer; are not subject to quality control tests or application of industry safety measures; do not abide by existing laws and regulations; and often fail to perform as designed. In the most tragic cases, counterfeit parts result in catastrophic failures with fatal consequences. The increasing prevalence of counterfeit parts sold online is of utmost concern to public health and safety."

The American Apparel & Footwear Association: [Fashion Industry Study Reveals Dangerous Chemicals and Heavy Metals in Counterfeit Products](#) (March 2022)

- "Of the 47 counterfeit products tested – including clothing, footwear, and other accessories – 17 products (or 36.2 percent) failed to comply with U.S. product safety standards.
- "The products that failed our study contained dangerous levels of arsenic, cadmium, phthalates, lead, and more that have been shown to cause adverse health outcomes. Even small amounts can pose significant health risks," said AAFA president and CEO Steve Lamar."

Association of Home Appliance Manufacturers: [Counterfeit Water Filters](#) and [filteritout.org](#)

- "Counterfeit and deceptively labeled water filters have flooded the U.S. market and are sold online every day. A lower price entices consumers to purchase the counterfeits, which often appear nearly identical to genuine models. But despite their appearance, the counterfeit filters often fall far short of safety and structural standards that consumers, regulators and manufacturers expect, and their failures put consumers' health, safety and property at risk. What's more, the damage will likely occur without the consumer even knowing that they're at risk."

**THE FULL VALUE CHAIN OF ISSUES WITH DANGEROUS COUNTERFEITS;
CONSUMER DECEPTION AND CONFUSION**

Michigan State University, Center for Anti-Counterfeiting and Product Protection (A-CAPP): [Revisiting the SHOP SAFE Act After Markup](#) (2021) by Kari Kammel, the assistant director of Education and Outreach

- "law disruptive technology, where e-commerce has disrupted the current application of law to this new space of selling..."
- "...there has been discussion that this bill would negatively impact small business owners. In my opinion, this is no more burdensome, and perhaps less so, than any paperwork that might be required for a small business to operate in a brick-and-mortar setting and in the long run can protect a small business, particularly with just a few

product lines or trademarks whose business line could be destroyed very quickly by counterfeits.”

The Federal Trade Commission: [International Monthly](#) (November 2020)

- “At the FTC’s request, a federal court in Ohio has issued a temporary restraining order against 25 counterfeit websites that have been playing on consumers’ COVID-19 pandemic fears to trick them into paying for brand-name Clorox and Lysol cleaning products that the defendants never deliver. The FTC complaint alleges that none of the defendants’ websites are owned by, affiliated with, or authorized by the companies that make Clorox and Lysol, and that none of the consumers who paid for cleaning and disinfecting products ever received what they ordered online.”

The U.S. Department of Justice: [Global Disruption of Three Terror Finance Cyber-Enabled Campaigns](#) (August 2020)

- “The final complaint combines the Department’s [U.S. Department of Justice] initiatives of combatting COVID-19 related fraud with combatting terrorism financing. The complaint highlights a scheme by Murat Cakar, an ISIS facilitator who is responsible for managing select ISIS hacking operations, to sell fake personal protective equipment via FaceMaskCenter.com
- “The unsealed forfeiture complaint seized Cakar’s website as well as four related Facebook pages used to facilitate the scheme. With this third action, the United States has averted the further victimization of those seeking COVID-19 protective gear, and disrupted the continued funding of ISIS.”

Reuters: [Facebook, Instagram are hot spots for fake Louis Vuitton, Gucci and Chanel](#) (February 2022)

- “It identified more than 26,000 active counterfeiters’ accounts operating on Facebook in a June-October 2021 study, the first time its counterfeit research had focused on Meta’s flagship app, and it found more than 20,000 active counterfeiters’ accounts on Instagram, up from its count the previous year but down from a 2019 peak when they identified about 56,000 accounts. About 65% of the accounts found in 2021 were based in China, followed by 14% in Russia and 7.5% in Turkey.”

OpSec Security: [The OpSec 2021 Consumer Barometer at a Glance](#) (2021)

- “Amid the growing use of existing and new social channels, consumers are keenly aware of the persistence of scams in their social feed ads. The vast majority (91%) of consumers say they are concerned about buying goods from social channels.”

Komando: [Etsy cracking down on fake products - What to stay away from](#) (May 2021)

- “Online marketplace Etsy has come under fire over the last few months, as a significant number of products sold there have turned out to be fake... Last year Etsy received almost 4 million reports of potentially non-compliant listings. That’s a 400% increase over 2019’s complaints.”

WHY IT IS IMPORTANT TO ADDRESS COUNTERFEITS NOW

The National Association of Manufacturers: [Countering Counterfeits: The Real Threat of Fake Products](#) (July 2020)

- “With counterfeits making up 3.3% of total merchandise trade, the U.S. economic impacts are staggering. For 2019, counterfeiting would have subtracted nearly \$131 billion from the U.S. economy, including direct, indirect and induced economic impacts. That means \$22.3 billion of lost labor income, 325,542 fewer jobs, \$5.6 billion of lost federal tax revenues and nearly \$4 billion less in state and local tax collections..”

U.S. Department of Homeland Security: [Combating Trafficking in Counterfeit and Pirated Goods](#) (January 2020)

- “Despite public and private efforts to-date, the online availability of counterfeit and pirated goods continues to increase. Strong government action is necessary to fundamentally realign incentive structures and thereby encourage the private sector to increase self-policing efforts and focus more innovation and expertise on this vital problem.”
- “An investigation of counterfeit iPhone adapters conducted by the GAO found a 99 percent failure rate in 400 counterfeit adapters tested for safety, fire, and shock hazards, and found that 12 of the adapters posed a risk of lethal electrocution to the user.”
- “In December 2015, CBP seized 1,378 hover boards with counterfeit batteries, which can cause fires resulting in injury or death.”

Congressional Research Service: [Intellectual Property Rights \(IPR\) and International Trade](#) (February 2022)

- “IP is considered important to U.S. innovation, economic growth... In FY2020, U.S. Customs and Border Protection (CBP) reported making 26,503 seizures of IPR-infringing goods valued at \$1.3 billion, with China as the largest source”

European Union Intellectual Property Office (EUIPO) and the Organisation for Economic Cooperation and Development: [Dangerous Fakes. Trade in counterfeit goods that pose health, safety and environmental risks](#) (March 2022)

- “...the most commonly traded product categories of dangerous fakes were perfumery and cosmetics, clothing, toys, automotive spare parts and pharmaceuticals. Most of these goods originated in China (55% of global customs seizures) and Hong Kong (19%).”