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Rachel Kaminetzky

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The SHOP SAFE Act: Bringing Authenticity Back to the Internet

BY [RACHEL KAMINETZKY](#) / ON APRIL 26, 2021



Photo by STIL on Unsplash

The online world can be divided into two categories: what is real and what is fake. Be it the news, a dating profile, or a second-hand Rolex, digital consumers are constantly assessing authenticity. In a media-obsessed climate where everything is click-able and anything arrives in an Amazon box, it seems ironically apropos that the law, like everyone else, is again attempting to distinguish between the real and the fake.

On March 2, 2020, a bi-partisan bill was introduced in the House of Representatives titled “Stopping Harmful Offers on Platforms by Screening Against Fakes in E-commerce Act of 2020”, or the “SHOP SAFE Act of 2020”.¹ The purpose of the SHOP SAFE Act, as delineated in its title, is to obstruct the sale of counterfeit, safety-related goods on e-commerce websites by using trademark contributory liability law to attack the issue. The Act purports to do this by “incentivizing platforms to engage in a set of best practices for screening and vetting sellers and goods, penalizing repeat offenders, and ensuring that consumers have the best (and most accurate) information available to them when they make their online purchases.”²

Trademark law is no stranger to counterfeit infringement claims. Section 32 of the Lanham Act³ confers a cause of action for civil liability in counterfeiting and imitating registered marks, and section 43⁴ does the same for unregistered marks. But, when the counterfeiting is done on the Internet (think fake jewelry on Amazon or imitation headphones on eBay), the marketplace platforms can be held liable for contributing to the sale of trademark infringing goods.

Trademark contributory liability is a common law contraption. First, in *Inwood v. Ives*, the Court held that without general knowledge of trademark infringing counterfeits, third party sellers could not be held liable.⁵ Then, decades later, *Tiffany v. eBay* distinguished this standard as it relates to e-commerce counterfeit sales. The court held that “for contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods.”⁶ Practically, this means that online platforms must have *specific* knowledge of trademark infringing sales in order to be held liable. This left the Amazon-and-eBay-like empires virtually absolved of any responsibility.

But e-commerce counterfeit sales have skyrocketed: “The rise of e-commerce has contributed to a boom in shipments of counterfeit goods sold online. Fake goods accounted for 3.3% of global trade in 2016, according to the OECD.”⁷

Now, in the wake of 2020, the SHOP SAFE Act proposes an amendment to the Lanham Act that will again reevaluate contributory liability in counterfeit e-commerce sales. After almost ten years of consistent case law since *Tiffany*, the rise in counterfeit sales has prompted Congress to reevaluate the contributory liability standard. The SHOP SAFE Act seeks to shift the standard of knowledge by imposing ten listed requirements that platforms will have to comply with in order to avoid getting caught in the crossfire.⁸

In a press release from the House Committee of the Judiciary, Chairman Jerrold Nadler (D-NY), a sponsor of the bill, stated that “consumers should be able to trust that what they see and purchase online is what they will get, but counterfeiters continue to join platforms with ease and masquerade as reliable sellers in order to infect American households with dangerous and unsafe counterfeit products. The SHOP SAFE Act proposes a set of

commonsense measures to tackle the gaps in these platforms' systems and stop counterfeit sales."⁹

However, legal scholars, trademark owners, and the like have criticized the Act for its ambiguity in what types of goods are within its scope and how feasible the requirements are for mammoth platforms to implement.¹⁰ Of glaring interest is that the Act is relevant only to "goods that implicate health and safety."¹¹ Critics question whether "a marketplace involv[ing] third-party sales of consumer goods, such as clothing and accessories, is [. . .] largely immune to the proposed contributory infringement liability, as fashion can be deemed outside 'goods that implicate health and safety.'"¹²

The rhetoric surrounding this legislative amendment is passionate. With honorable origins and necessary application, supporters of the bill are challenged to balance feasibility and effectiveness in an effort to bring authenticity back to the internet. As famed author and researcher-storyteller Dr. Brene Brown articulates, "most of us are trying to live an authentic life. Deep down, we want to take off our game face and be real and imperfect."¹³ With the SHOP SAFE Act, the law is trying to follow suit.

Rachel Kaminetzky is a Second Year Law Student at the Benjamin N. Cardozo School of Law and a Staff Editor at the Cardozo Arts and Entertainment Law Journal. Rachel is interested in international trademark and intellectual property law. This summer, Rachel will be interning at the American Apparel and Footwear Association in the brand protection department. Rachel is on the executive board for both the Cardozo Fashion Law Society and Cardozo Women in Tech Law Chapter.

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 3. 15 U.S.C. § 1114.
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 5. Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 102 S. Ct. 2182, 72 L. Ed. 2d 606 (1982).
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