



June 29, 2018

Hon. Orrin G. Hatch
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Hon. Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

Thank you for the opportunity to respond on behalf of the internet industry to your letter dated May 30, 2018. Internet-based businesses take protecting consumers from counterfeit goods seriously and have a good story to tell. IA member companies have taken the lead to implement clear policies, have proactively partnered with enforcement entities, and have created transparent and innovative counterfeit reporting and prevention tools that allow third parties to identify and remove counterfeit items listed for sale on their platforms in a timely manner.

Internet Association¹ represents over 40 of the world's leading internet companies. IA's mission is to foster innovation, promote economic growth, and empower people through the free and open internet.

In the last two decades, U.S. internet platforms have become a significant driver of the U.S. economy. The internet industry represents an estimated 6 percent of U.S. GDP, totaling nearly \$967 billion, and accounts for nearly 3 million American jobs. Since the mid-90s consumers have increasingly been shopping online. In 2017, an estimated 1.66 billion people worldwide purchased goods online. During the same year, global e-retail sales amounted to \$2.3 trillion and projections show a growth of up to \$4.48 trillion by 2021. It is estimated that about 80 percent of internet users in the U.S. are expected to make at least one purchase online during the calendar year in 2019.

Internet platforms are facilitating growth for the rest of the economy. Businesses of all sizes have embraced internet platforms to effectively and efficiently sell their goods and services. Buyers and sellers from around the globe are now connected instantaneously through internet platforms. Small businesses and entrepreneurs are harnessing the power of the internet to reach new markets, connect with new customers, and increase their productivity. The internet is also having a dramatic impact outside the internet industry. A recent study found that more than 75 percent of the economic value created by the internet is captured by companies in traditional industries, many of them small businesses.

¹Internet Association members include Airbnb, Amazon, Coinbase, DoorDash, Dropbox, eBay, Etsy, Eventbrite, Expedia, Facebook, Google, Groupon, Handy, HomeAway, IAC, Intuit, Letgo, LinkedIn, Lyft, Match Group, Microsoft, Netflix, Pandora, PayPal, Pinterest, Quicken Loans, Rackspace, reddit, Salesforce.com, Snap Inc., Spotify, SurveyMonkey, Thumbtack, TransferWise, TripAdvisor, Turo, Twilio, Twitter, Uber Technologies, Inc., Upwork, Vivid Seats, Yelp, Zenefits, and Zillow Group.



Unfortunately, a small percentage of bad actors misuse online services to try to sell counterfeit goods. While reports vary on the quantity of counterfeit goods sold, the platforms that facilitate online sales are working to ensure consumers can feel safe buying online. The following are a few examples of some of the transparent and innovative practices that internet companies are undertaking.

More than 40,000 rights owners are able to quickly and easily report instances of alleged intellectual property infringement, including possible counterfeits, through eBay's Verified Rights Owner (VeRO) program. Through this program, which was launched in 1998, reports of alleged intellectual property theft are promptly investigated. Additionally, unlawful activity can be reported by any third-party to the eBay customer support team via links.

Etsy has also made addressing intellectual property infringement a priority. User-friendly tools allow rights holders to submit notices of intellectual property infringement and, upon receipt of the notice, Etsy's legal support team personally reviews each complaint and directs sellers to educational resources available on their platform. In 2016, Etsy responded to 18,857 properly submitted takedown notices, disabling access to 235,201 listings from nearly 60,000 sellers. In that same year, Etsy saw a 70 percent increase in intellectual property-takedowns from the previous year.

Under Amazon's Anti-Counterfeiting Policy, counterfeits are strictly prohibited and violation of the policy can result in a seller's loss of selling privileges, funds being withheld, and destruction of inventory. Amazon has a global team of investigators that is available 24 hours a day, 7 days a week to respond to and take action on notices of potential infringement. In 2017, Amazon launched Brand Registry, a service that gives rights owners advanced tools to protect their brands, including powerful text- and image-based search capabilities and automated protections that use machine learning to predict and prevent future infringement issues. Amazon has more than 60,000 brands around the world registered in Brand Registry, and on average, they're finding and reporting 99 percent fewer suspected infringements than before the launch of Brand Registry. Amazon investigates and takes action on more than 95 percent of all notices of potential infringement received from brands in Brand Registry within eight hours. Amazon's strict policies and innovative tools ensure that buyers can feel confident in their purchases on the site.

Search engines like Google continuously remove content from their services when rights holders or reporting organizations submit requests that infringing activities are occurring. Over the last three years, Google has shut down over 100,000 AdWords accounts for attempting to advertise counterfeit goods.

Internet platforms have created close relationships with law enforcement to combat counterfeit goods, including active engagement with U.S. Customs and Border Protection, the National Intellectual Property Rights Center, under the Department of Homeland Security, and other federal and state enforcement agencies. Platforms regularly report misconduct and help in supporting ongoing investigations. The platforms have proactively created training programs to ensure that law enforcement officials understand how the platforms work and to provide information about evolving investigative techniques on the web, and other emerging trends. IA member companies also encourage users to report illegal activities to appropriate authorities and have posted links to facilitate such reporting.



Innovative prevention and reporting tools created by internet companies and effective partnership with law enforcement and rights holders are vital to addressing the risks posed by counterfeit goods to consumers.

Thank you again for the opportunity to provide comments on behalf of our member companies and highlight some of the proactive policies these companies have implemented. Internet Association looks forward to continuing to engage with you on these matters in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Beckerman', with a long horizontal flourish extending to the right.

Michael Beckerman
President & CEO
Internet Association