



DIGITAL BRAND SERVICES
CORPORATION SERVICE COMPANY™

CSC Best Practice Guide

10 Steps to Tackling Online Counterfeiting

As the world becomes more connected and the appetite for brands in fast-developing economies grows, the commercial risk for companies increases. While online marketplaces offer greater opportunities to reach new customers, they've also become a profitable channel for counterfeiters and unauthorized resellers.

To tackle this issue, CSC Digital Brand Services has joined forces with OpSec, one of the world's leading authorities in digital marketplace monitoring and rights enforcement. Together, we identify trouble spots wherever they are on the Internet and stop fraudsters from exploiting brands.

This short guide suggests some best practices for monitoring online marketplaces and enforcing your rights.





1 Understand what hurts you most



Understand what hurts you most

Most organizations have two key concerns: revenue and reputation. But there are others. Some sectors, such as pharmaceuticals or automotive products, may be concerned about safety. If a fraudster is distributing drugs or engine parts under your name, the implications go beyond brand damage and into a critical need to protect life and limb. Understanding the highest risk areas for your brand will direct you toward the infringers who need tackling first.

2 Assess the size of the problem



3 Identify the channels to monitor



4 Provide supporting documentation for enforcement of your IP Rights



5 Focus on the biggest wins



6 Choose your target



7 Familiarize yourself with each platform's rules



8 Don't take your eye off the ball



9 Review your data regularly



10 Choose a global monitoring and enforcement partner who understands you





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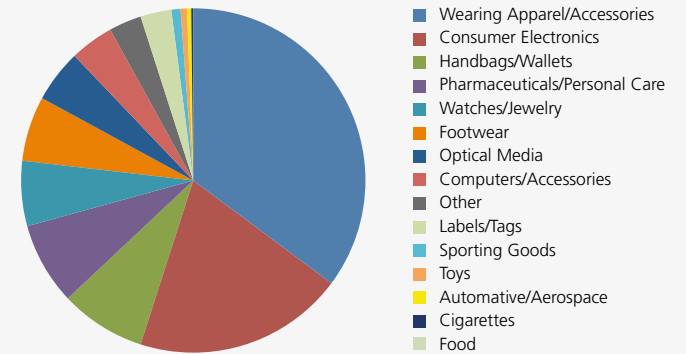
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Assess the size of the problem

As the table on the right shows, just about every sector has a problem with counterfeiting. Conducting a global analysis at the outset allows you to measure the scale and geographic scope of your exposure, and enables you to pinpoint the areas for immediate attention, such as specific markets, brands, or product lines. This also creates a baseline from which the success of your brand protection efforts can be measured.

Most common counterfeit goods in the U.S. based on number of seizures

Fiscal Year 2013



Source: U.S. Department of Homeland Security



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Identify the channels to monitor

Online marketplaces need constant monitoring. Auction sites generally target consumers, with businesses and individuals displaying their wares. Tradeboards are B2B sites that offer products in bulk and it's not uncommon to see producers touting thousands of units a month. Different sites have different risks in different parts of the world. For example, China accounts for about two-thirds of the world's counterfeit goods. As that country becomes more affluent, there's an increasing demand for consumer products internally, and a burgeoning export trade in counterfeit products.



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Provide supporting documentation for enforcement of your IP rights

The time and resources required to protect your IP rights almost certainly means you will benefit from an external monitoring and enforcement service. Providing your partner with product catalogs will help them spot the telltale signs of forgery, and supplying them a list of authorized resellers will make the criminals and infringers more visible to them.

Because you can only enforce your rights in a market where you have a corresponding trademark, your monitoring partner will also need a summary of your registered trademarks by country. Such supporting documentation will also speed up enforcement actions.



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Focus on the biggest wins

On the Internet, everyone is selling everything. So after deciding whether your priorities relate to lost revenues, reputation, or safety—or a combination of them all—you'll need to assess the size of the problem and who's responsible for it. Some low-ticket items can cost a business millions if sold in sufficient bulk. Luxury goods can make a fraudster a huge mark-up for very little effort or outlay. It pays to focus on the marketplaces where you are most exposed, even if that lets small-time crooks off the hook. Ultimately, your budget determines your policy. Spend it wisely by focusing first on those who do most damage to your most valuable brands in the most troublesome regions.

Case Study:

The \$12 kitchen spatula that costs a penny

Some online B2B tradeboards offer attractive deals for companies buying in bulk. Some products are genuine. Others fake. It can be hard for buyers to tell the difference between a loss leader, a great deal, and a counterfeit product—until it's too late.

One CSC client in the kitchen appliance market has enforced their rights against fraudsters selling counterfeit spatulas for pennies that nevertheless net them huge profits. Only enforcement action has stopped the brand from being devalued—both in terms of value and perceived quality—in that marketplace. But, stymied in one place, the criminal will move on. Tracking and enforcement is a continuous operation.



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Choose your target

Are you going after the counterfeiter, the gray market trader, or the reseller? Or everyone in the illicit value chain? The goal is to make it as hard as possible for those profiting illegally from your brand. For example, if you are persistent with eBay takedowns, especially in pursuit of habitual offenders, counterfeit sellers will move on to easier targets.

But there are shades of criminality, so you must assess where the most damage is being done. Let's say a European eBay site is sourcing counterfeit or gray market products from an Asian B2B site. The trader may not know if the products are genuine or authorized. With good intent, he may have purchased something that seemed like a good deal, believing he can offer an attractive price to his own customers. The end customer may not know the difference until the shoddy product falls apart. Until then, everyone is happy, except the brand owner.

The \$654 billion growth industry

Largely run by criminal gangs, the counterfeit goods trade harms individuals, businesses, and economies.



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Familiarize yourself with each platform's rules

This is complex because of the rise of new marketplaces in different regions, and because each jurisdiction has its own legal processes. Some sites are more helpful than others when it comes to taking out unscrupulous traders. It pays to take professional advice if you operate in numerous markets.



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Don't take your eye off the ball

Criminals are determined to protect their livelihoods, hiding behind the anonymity that they believe the Internet affords. The cleverest are adept at switching between brands, changing IP addresses, or targeting different markets. Brands need to be just as swift. Monitoring needs to be constant.



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Review your data regularly

This is the only way to allocate your budget effectively. How many trademark breaches have you identified and taken down? What is the value of the goods you have recovered or prevented from sale? Has the average price of your counterfeited products gone up or down, and in which markets? What trends can you see over several data review periods?



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Choose a global monitoring and enforcement partner who understands you

The best enforcement partners are more than experts in the online marketplace. They take time to learn about your products and different markets. This means they can spot a product on offer that isn't part of your line, or detect when a fraudulent trader re-emerges in an online marketplace.

CSC's partner, OpSec, authenticates products in the physical world as well as in online marketplaces. Together, we are a powerful force against counterfeiters and gray market operators.