



Ca' Foscari
University
of Venice

Master's Degree programme

in

Lingue, economie e
istituzioni dell'Asia e
dell'Africa
mediterranea
"D.M. 270/2004"

Final Thesis

Instruments and strategies of online brand protection in China

Supervisor

Prof. Renzo Riccardo Cavalieri

Assistant supervisor

Prof. Hu Lala

Graduand

Arianna Zimaglia

Matriculation Number 857382

Academic Year

2016/2017

*To my grandparents,
Edda, Giacomo and Teresa*

Acknowledgments

I wish to thank all those people who contributed in different ways to my extraordinary experience at Ca' Foscari up to this important achievement.

First of all, I would like to express my gratitude to Professor Cavalieri, who has supervised me with great professionalism during all the steps of my work, from the research of the sources and material to the final redaction of the thesis. Another important contribute is the one given to me by the professionals of Griffeshield Society, based in Quarto d'Altino (VE). I had an interesting interview with their director, who shared with me his personal point of view as a specialist of online anti-counterfeiting methods.

The most important and heartfelt thanks is for my family. I would have never had the possibility to be here today and reach this important objective without the precious support of my parents, who paid for my studies and constantly encouraged me throughout my experience in Venice, especially during the last and most stressful period. I am also very grateful to my favorite engineer, my sister Elisa, who patiently helped me facing the terrifying phantom of the thesis' lay-out.

I cannot but say an enormous thanks to Andrea, who accompanies and inspires me day-by-day through all the challenges I have to confront and who never denied me his love and support during the last year.

People say that friends are the most precious treasure we have, so thanks to all my friends for confirming this words every day: thanks to my friends in Piedmont, Giulia B, Giulia V, Fabrizio, Daniela, Francesco and Marianna; thanks to my colleagues, to my old team in Nichelino and to my new colleagues in Unicredit Direct; thanks to my crazy roommate Federica, to Cristina and Ileana for helping me taking the last period with more serenity and irony.

Last but not least, I need to thank my Venetian family, because these two years would have not been the same without all of them. I met people who have become points of reference in my life and who strongly believe in me and in my capacities.

So, thanks to Alice, Angela, Cecilia, Giorgia, Irene and Vittoria for having been and being always by my side. Many thanks also to my fantastic and brilliant classmate and friend Fabiana, for the moments we shared in and out of Ca' Foscari's classrooms.

Table of Contents

序言	6
1. E-commerce in China	11
1.1 Trends and forecasts of e-commerce in China.....	11
1.2 The main drivers of e-commerce growth in China.....	12
1.3 Cross-border e-commerce.....	14
1.4 Top Chinese e-commerce platforms.....	17
2. The legal frame work of IPR protection in China	19
2.1 Intellectual Property Rights protection in China.....	19
2.2 The Chinese Trademark Law (中华人民共和国商标法).....	20
2.3 China's e-commerce legislative framework: the "E-Commerce Law Draft".....	27
3. ANTI-COUNTERFEITING INSTITUTIONAL INSTRUMENTS IN AND OUTSIDE CHINA	28
3.1 The phenomenon of trademark counterfeiting on Chinese e-commerce platforms	28
3.2 Internet Service Providers' liability for online trademark infringements	32
3.3 Anti-counterfeiting in China: legal instruments, administrative actions and border measures	34

3.3.1	Civil Litigation	36
3.3.2	Criminal Prosecution	37
3.3.3	Other administrative measures: SAIC Actions	40
3.3.4	Border measures: Chinese Customs' enforcement actions	41
3.4	Border measures outside China: IPR enforcement by the EU and US Customs	43
3.4.1	Regulation No. 608/2013 of the European Parliament and of the Council	43
3.4.2	US Customs and Border Protection Agency: applicable laws and regulations	46
4.	ONLINE BRAND PROTECTION STRATEGIES AND SERVICES	49
4.1	Strategies of online trademark enforcement.....	49
4.1.1	The importance of SEO optimization strategies to improve clients' fidelization.....	53
4.1.2	The other face of "Keywords Advertising": the illicit use of trademarks to buy advertising spaces.....	57
4.1.3	Online Test Purchases.....	58
4.1.4	The "Certilogo Project": what about consumers?.....	61
4.2	Online brand protection private service providers.....	63
4.2.1	Convey.it: instruments of Internet Brand Intelligence and Brand Protection.....	64
4.2.2	MarkMonitor's online Brand Protection solutions.....	72

4.3 The contribute of Chinese e-commerce platforms to anti-counterfeiting	78
4.3.1 The “Best practices” for efficiently removing fakes from online platforms	78
4.3.2 AliProtect Platform	82
4.3.3 Taobao’s IPR Protection System	95
4.3.4 Alibaba’s “IP Joint-Force System” and “Big Data Initiative”	96
4.4 Promotion and protection of Made in Italy agricultural and food products on Chinese e-commerce platforms	98
4.4.1 The Bilateral Agreement between the Italian government and Alibaba	99
4.4.2 The role of the ICQRF Inspectorate	101
BIBLIOGRAPHY	106

序言

这篇论文介绍，在中国什么是为网上商标保护最有效的战略和工具。我们可以从两个方面来看描述今天世界的主要趋势，也就是说第一个是经济全球化，第二个是网上交流。今天电子商务平台已经成为跨境贸易的主要市场。希望把他们商品出口到中国市场的欧美公司，基本上都选择把那些商品销售在中国世界闻名的跨境电子商务平台、例如天猫国际、京东国际等等。中国电子商务平台，一方面给最著名的国际商标千载一时的机会，也就是说让它们增收节支地扩大它们的市场，另一方面也带来很多威胁，比如说，有一家公司要把它的商品销售在中国电子商务平台上，它肯定会冒自己的商标专用权被侵犯这个风险。

本论文第二章调查中国知识产权保护的法律框架。这个调查提出了一点，也就是说，如果一家公司要在中国取得商标专用权的话，它应该把自己的商标向国家机关注册。在中国，《先来注册的》这个方法是商标专用权法律保护的基础：中国法律和国家机关把首先注册商标的那个经济实体视为那个商标专用权的正式所有人，反之没有正式注册的那些商标还是非常难保护。在中国由国务院工商行政管理部门商标局来主管商标注册和管理的工作。本论文第三和第四章应该有指南的作用。欧美公司可以用这本指南最大化自己商标在中国网上市场的保护程度。那在中国什么是网上商标保护最有效的工具和战略呢？根据我的研究，国际公司可以结合一些武器。

第一个武器是法律工具和海关措施。中华人民共和国商标法第五十七章列举侵犯注册商标专用权的所有行为。注册商标的所有人有权对于那些

行为提出民事诉讼。中华人民共和国刑法规定这些侵权行为中的三个是罪行，所以这些行为的侵犯人受到法律制裁，也就是说徒刑或者罚款。中华人民共和国商标法第五十三章授权国务院工商行政管理部门商标局对于侵权行为行动。这部机关的行动比其他法律工具有好处，比如说程序简单、权利人要提供少资料和证据，还有实施坚实的注册战略比对于侵权行为提出诉讼快和便宜得多。关于中国海关，海关官员在两个情况下采取措施，也就是说第一个是向海关总署注册的商标的情况，第二个是没有向海关总署注册的非常著名商标的情况。在这两个情况下，海关官员都可以扣押涉嫌假货，然后检查这些商品的真实性。

第二个武器是网上商标保护的很多战略。如今消费者可以在非常多网路频道找到有一样商标的商品，然后购买他们特别喜欢的。这让网上商标的保护和客户购买经历的管理都越来越难作。那国际公司应该用什么战略在中国网站保护自己的商标呢？根据我的研究，最有效的战略主要有四个。第一个是不断地监控在中国电子商务平台销售的那些商品，比如说在国际和中国搜索引擎上都找到有类似或翻译成中文商标的那些商品、还找到由不正式中国分销商提出的所有报价单等等。除了这些情况之外，还有别的应该让公司怀疑网上商品的真实性，比如说，包括在不同报价单里的商品有不同的价格的时候，还有分销商有太多现货可以立刻运输的时候等等。第二个战略是提高消费者网上的购买经历，比如说为了让消费者首选正式的、受权的那些网站，商标所有人应该动劲简化所谓的〈消费者的网上旅行〉。第三个是所谓的《关键词广告》，也就是说在最有名的搜索引擎里购买广告栏。第四个是实行有效的 SEO 战略，为的是一方面优化正式的、受权的网站结构，另一方面也提高这些网站的能见度。第五个是《网上试购买》：商标所有人常常雇佣第三方来购买涉嫌

假货，然后把这些商品都认真地检查，最后假如检查工作证实怀疑的话，就提出诉讼。

第三个武器是私人提供商提供的网上商标保护服务。公司没有足够的工具找到对于自己的商标专用权的所有网上侵犯尝试。今天消费者可以用百万关键词在搜索引擎上找到一种商品。这个数字，必须再乘整个公司目录的商品总数，所以公司当然需要技术的帮助。在电子商务的时代内，市场满了网上商标保护服务的私人提供商。他们提供的因特网商标情报和因特网商标保护的服务帮助国际公司不断地监控万维网，这样很快地找到非法的活动，比如说销售假货、侵犯正式注册的商标和域名等活动。可是，大部分私人服务的费用非常高，所以公司要把服务费跟网上商务带来的所有风险平衡一下。基本上，这些私人服务最适合很大跨国公司，理由是跨国公司的网上销售额占它们总年发票的非常大百分数。

第四个武器是中国电子商务平台自己的知识产权保护政策。首先，为了有效地反对网上知识产权侵犯这个现象，商标所有人必须逐日地监控销售在商务平台的那些商品。然后，中国最有名的电子商务平台也要贡献一份力量。每个平台有自己的知识产权保护政策，比如说，阿里巴巴集团自己的知识产权保护政策可以分两个保护工具。第一个工具是阿里巴巴知识产权保护平台。知识产权所有人可以在这个平台上要求去掉疑似侵权商品或者商品目录。那怎么向阿里巴巴知识产权保护平台提出这样的要求呢？第一步是向保护平台免费地注册。注册以后，申索人要提供三组必须的文件：第一个是身份的证明，第二个是知识产权所有权的证明，第三个是疑似侵权人和侵权商品目录的所有详细。每周阿里巴巴专家认真地分析所有的要求，然后去掉那些侵权的商品或者商品目录。去掉之前，保护平台通知疑似的侵权人，这样他有机会向去掉要求作出反

映。第二个保护工具是一个新的计划。二零一六年七月一号阿里巴巴集团发起所谓的《权利人共建平台》。这种新的共建平台鼓励商标所有人和阿里巴巴专家之间的协同和信息交流。在这个平台上，商标所有人首先评估商品的真实性，然后用自己的入口网把结果通知阿里巴巴专家。

这篇论文最后一章还介绍意大利农食品在中国电子商务平台的情况。二零一六年九月四号意大利农食林政策部 (Mipaaf) 宣布意大利政府和阿里巴巴集团签定一个非常重要的协议。这个合作让生产食品的意大利公司一方面从中国消费者越来越大的意大利食品要求得到利益，另一方面也减少网上知识产权侵犯的风险。这个协议的内容是什么呢？协议的内容主要分两点：第一个是推广，第二个是保护。关于推广这一点，意大利政府要投资把最优秀的意大利葡萄酒和食品商标推广在中国网上市场。从商标保护这一点来看，意大利政府也承诺在阿里巴巴集团平台里意大利 Dop 和 Igp 农食品和其他产业的商品享受一样的保护程度。意大利 Mipaaf 部在质量保护和诈骗镇压视察团 (ICQRF) 之内成立了一个特殊的工作组。ICQRF 督察每天都监控中国电子商务平台的所有商店，然后把侵权商品马上通知商务平台的管理人。三天之内，侵权商品目录被去掉，卖家也受到侵犯意大利农食品商标的通知。此外，阿里巴巴组织会议让中国卖家和消费者都明白意大利农食品商标的重要。在 Mipaaf 网站里有 ICQRF 二零一六年完全查验报告。这个报告翻译成三个语言，也就是说意大利语，英语和中文。根据报告介绍的数据，二零一六年 ICQRF 跟易趣、阿里巴巴、亚马孙河等世界有名的电子商务平台之间的合作加强得很多，这样 ICQRF 视察团得到优秀的效果：他们在那些商务平台一共做三百八十三个查验。那些查验中的百分之九十八都是有效的。

开始我的研究之前，我自问一个非常有意思的问题：今后，中国会不会战胜知识产权侵犯这个网上现象呢？我的论文可以视为网上知识产权保护有关的比较详细的一本指南。国际有名的商标可以用这本指南提供的战略和工具在中国电子商务平台比较安全地销售它们的商品。反中国网上商标专用权侵犯的斗争涉及到一些玩家：商标所有人和客人，政府和立法者，海关机关，电子商务平台和互联网服务提供商。他们大家都要为反对网上侵权这个目标作出贡献，以便障碍侵权个人，组织和网站的非法行为。

Chapter I

E-commerce in China

1.1 Trends and forecasts of e-commerce in China

E-commerce (电子商务) can be defined as the complex of operational activities consisting in goods or service transactions through the internet and other information networks.

China is pointed out by many surveys as the world's largest and fastest-growing e-commerce market and, consequently, the one we should look at when trying and forecast future global e-commerce trends¹. China has a population of 1.4 billion people with an internet penetration rate of 55%. The incredibly high number of Internet users in China is one of the reasons why the value of Chinese e-commerce business is so astonishing. Moreover, a large portion of Chinese e-consumers dispose of tablets and smartphones with an internet connection². All these factors, combined with the rise of Chinese middle class and with their higher disposable incomes have encouraged the emerging of an incredibly profitable e-commerce industry, pioneered by Jack Ma's Alibaba (阿里巴巴), China's world-known e-commerce empire.

There seems to be further growth potential for China's e-commerce market. Analysts forecast that, by 2020, the market share conquered by Chinese online retail platforms will surpass the flourishing e-commerce kingdoms of world giants like the U.S, the UK, Japan, Germany and France combined together (Dezan Shira & Associates). Such a high growth rate is inevitably making e-commerce

¹ In 2015, over 40% of total global e-commerce spending came from China; China's online retail transactions approximately reached \$630 billion. In 2016, the number of digital buyers in China reached over 460 million and this number keeps increasing. E-commerce seems to constitute the 13.5% of total Chinese retail spending (Export.gov 07/2017)

² 46% of Chinese consumers declare that shop in-store on a weekly or daily basis, which is in fact lower than the frequency of mobile shopping at 52%. Moreover, 24% of consumers that say they shop less often at physical stores as a direct result of Tmall (Pwc's Total Retail Survey, 2017)

one of the top strategies that international brands should implement in order to consolidate their presence and market success in China.

1.2 The main drivers of e-commerce growth in China

When analyzing the dynamics of Chinese e-commerce growth, there are a few key trends that are worth discussing.

The first consideration to make is that this incredible growth is being driven by third- and fourth-tier cities and rural areas³. Over the last years, the protagonists of Chinese e-commerce have all developed a vast delivery infrastructure across China, thanks to which e-commerce platforms have gradually become accessible also to third- and fourth-tier cities. Moreover, middle class consumers with limited access to physical retail outlets are necessarily turning to e-commerce to find the products they need and want, though cannot afford to buy in “offline” shops.

The two primary motivators for online purchase are price and quality. Chinese digital consumers are extremely sensitive to price variations and the reason is that online platforms and social media help them comparing the different products, also thanks to the feedbacks offered by other consumers describing their own purchasing experiences. Some Chinese shoppers tend to prefer shopping on a single site, where they can compare millions of products across many categories. For such consumers, the ultimate seller brand is not as critical to the purchase decision, so the notion of “brand” seems to play a less important role in favor of a platform that provides convenience and wide choice. In some other cases, the value of the purchasing experience seems to be trumping pricing. Chinese consumers’ primary motivator for shopping online seems to be moving from “price, assortment and convenience” to “quality and value, service and experience and assortment”. They are de-prioritizing price in favor of online purchasing

³ The e-commerce activity of low-tier cities now rivals or surpasses that of high-tier cities. Low-tier cities’ total spending on e-commerce caught up with that of high-tier cities for the first time in 2015. And low-tier cities are now home to 74 million more online shoppers than high-tier cities. Even with these gains, low-tier cities still have tremendous potential for e-commerce growth. Some 160 million people in low-tier cities who use online services have yet to begin shopping online (McKinsey & Co, “How savvy, social shoppers are transforming Chinese e-commerce”, 2016)

experiences that reflect their richer and often more enjoyable offline shopping experiences.

Another evident trend to observe about Chinese e-commerce dynamics is the intertwining of e-commerce, mobile and social. China's social media platforms have become an important additional driver or facilitator of e-commerce activity. Nowadays more and more e-commerce shoppers in China make use of some social media as e-commerce channels. Companies and brands who want to catch this opportunity are investing to insert their ads on these platforms with the aim of increasing their market share and revenues. However, what is really interesting and revolutionary is not the role of social media as e-commerce drivers. The real revolution is "social customer care", or the possibility to purchase directly from social platforms.⁴ During an interview in November 2015, William Bao Bean, the director of "Chinaccelerator", discussed the impact of social networks directly hosting e-commerce transactions on the future of global e-commerce dynamics. China is the pioneer country of social e-commerce and other countries will have no choice but follow this innovative trend. The percentage of WeChat (微信) users who shop from the platform has doubled year over year from 15% to 31% in 2016. All this suggests that the future of electronic commerce might rely more on the subtle use of social media than on traditional advertising campaigns to drive sales.

Chinese e-commerce market is multi-device offering. Around 50% of all China's e-commerce sales are made through mobile devices. Online shopping via mobile has registered an 85% increase in 2015. According to the US-China Business Council, mobile e-commerce is 16% more widespread in China than elsewhere. There are a lot of popular mobile e-commerce platforms, but the market leader in terms of active monthly users is Taobao. Chinese society has become a mobile-centric society, where mobile web versions are visited five times as much as

⁴ WeChat, China's largest and most popular social network, allows its users to place their own micro-stores within the platform itself. This way brands can increase their market share on this huge social community by linking stores to their official accounts on the network. WeChat offers additional services to its retailers, like a secure and convenient third party payment function. Thanks to WeChat e-wallet, the community members just need to upload a picture of their bank account and set up a password to make instant payments through product selection on WeChat stores or through the scanning of QR codes.

standard sites. Notwithstanding this social reality, multi-device internet users represent the most significant source of revenue for online retailers and “they spend 17 percent more on e-commerce than their mobile-only peers”. (Mc Kinsey & Company reports). This means that those brands who are able to find the right mix of mobile and desktop offering are likely to gain a greater market share than those exclusively focusing on mobile devices.

A big revolution in payment methods is accompanying the growth of Chinese e-commerce market. In the past, people tended to pay cash at the arrival of the goods ordered online, but today the most frequently chosen payment solutions, especially for cross-border transactions, seem to be represented by third party-online payment systems and mobile payment solutions, like Alipay⁵ (支付宝), TenPay, Union Pay, 99bill, and WeChat Pay, which make purchase processes, both online and offline, considerably easier. It won't take too long before these payment methods become widespread on overseas markets. Third party payment solutions allow Chinese consumers to transfer money, make payments, apply for funds and even make investments. Most shops across China are already endowed with Alipay payment stations, where Chinese consumers just have to scan a QR code to purchase items from their Alipay account.

1.3 Cross-border e-commerce

Local and international companies compete on China's e-commerce markets to win Chinese costumers' attention. Third party e-commerce platforms dominate the Chinese online retail panorama and domestic online shopping is losing ground to cross-border e-commerce (跨境电子商务). The fortune of cross-border e-commerce is one of the most evident forces driving the extraordinarily fast growth of China e-commerce market.

The phenomenon of cross-border e-commerce in China has been impressively growing in the recent years, following the increasing demand by Chinese

⁵ Alipay is Alibaba's third party payment system. It functions like WeChat's e-wallet basing on a link with the consumer's bank account.

consumers for those products, especially luxury products, that are either too expensive or too difficult to find on the domestic market. Chinese government has also contributed to the growth of cross-border e-commerce in China with some relevant interventions. For foreign brands with a secure appeal on Chinese consumers, cross-border e-commerce offers a series of advantages. First of all it is a new way to reach the wallets of Chinese consumers without particularly onerous investments in local distribution infrastructures. Foreign companies that are interested in selling their products in China can also take advantage of a number of special e-commerce zones, the so called “bonded warehouses⁶” (保税仓库), where they can store goods and ship them more conveniently.

“2016 China’s Cross-border Online Shoppers Report” published by iResearch Consulting Group (艾瑞咨询集团)⁷ helps us bringing some light on the dynamics and trends characterizing China’s cross-border online shopping.

Young, affluent and well-educated adult men and women around 24-40 years old constitute the majority of Chinese cross-border online shoppers. They are junior company employees, who are married with kids, have received a high-level education and dispose of a high income. This background makes them more willing to spend on foreign-origin products. These young online shoppers are mostly concentrated in the South-eastern regions of the country (Guangdong, Shanghai, Jiangsu, Beijing and Shandong).

More than $\frac{3}{4}$ of them are used to purchasing on domestic cross-border sites⁸. Then, in order of frequency of use, there are foreign shopping sites, independent cross-border shopping sites and government- approved cross-border shopping sites.

⁶ In the past, cross-border markets shipped their products from warehouses outside the country directly to China. However, the traditional method comes with many frustrations including long shipping times, high duties and taxes, difficult product returns, and increased prices. The new Chinese bonded warehouse model rectifies many of these issues. A bonded warehouse is a warehouse in which duties on goods stored do not need to be paid until the goods are removed from the warehouse.

⁷ Founded by Henry Yang in 2002, iResearch is a leading consumer insights and data analytics consulting firm in China.

⁸ The market leaders are Alibaba’s Taobao and Tmall and JD.com, respectively holding 57% and 25% of the market share (Dezan Shira & Associates). The remaining market share belongs to other platforms, which are Suning, Vipshop, Gome, Yihaodian, Dangdang, Amazon.cn and JMei.

Chinese cross-border online shoppers search for products that respond to high security and high quality requirements. In 2016, the top ten product categories for cross-border online shopping were, in order of purchase volumes:

1. Cosmetics and personal care products
2. Infant products (mother & baby supplies)
3. Food and health care products
4. Clothing, shoes and accessories
5. Electronics
6. Household and Grocery
7. Bags and Suitcases
8. Sports and Outdoors
9. Household appliances
10. Toys and Gifts

The first country to attract Chinese online consumers' attention is the US, followed by Japan, South Korea, Germany, Australia, UK, New Zealand and France. Other distinguishing features of online cross-border e-commerce are the low frequency of transactions (less than once per month on average) and high spending per order (more than 1000 Yuan per order on average).

China's E-commerce Industry Development and Hangzhou Index White Paper, issued by Nielsen (尼尔森市场研究) in 2015, conveys some further interesting data on cross-border e-commerce devices.⁹

⁹ "Personal computers are still the most common device for e-consumers to engage in cross-border purchases (85% usage rate); at the second place there are mobile devices (71% usage rate), while the 56% of respondents claim to use both their PC and mobile phone. PCs are more frequently used by consumers for cross-border online shopping than for domestic online shopping. This may be because of consumers' exigent requirements on searching functions. Meanwhile, mobile platforms are becoming new favorites, allowing better social communication and timeliness and they are expected to further develop and gain more and more success and diffusion" (Nielsen, *China's E-commerce Industry Development and Hangzhou Index White Paper*, 2015)

1.4 Top Chinese e-commerce platforms

The undiscussed protagonists of cross-border e-commerce in China are domestic platforms. Foreign companies that want to win a portion of Chinese market and build a strong brand awareness among Chinese consumers typically choose to collaborate with the Chinese top e-commerce players. Chinese cross-border e-commerce platforms have developed undisturbed thanks to Chinese government's intense activity of restriction and censorship, discouraging other global players from entering the market. Alibaba Group literally dominates the market, holding the two largest and most popular e-commerce websites, Taobao and Tmall. These two platforms represent the key intermediaries for those foreign companies that seek for the opportunity to sell in China.

Taobao 淘宝网

Taobao is a huge online marketplace on which anyone, both private individuals and businesses, can sell their products. This unlimited accessibility is what makes the platform mainly cost-driven. Price competition is fierce, because thousands of similar products are sold at different prices. Taobao is commonly associated with a massive presence of counterfeit goods, as any retailer can easily open a store on Taobao, though Alibaba is making serious steps to defeat illicit trade on its platforms. In the last years, many warehouses have been forced to close and many retailers have been removed from the platform, because of counterfeiting accuses.

Tmall 天猫

In 2008, the kingdom of the "Alibaba" colossus split into two different e-commerce platforms. While Taobao gives more space to C2C (consumer-to-consumer) e-commerce, Tmall is considered to be the top online market for B2C (business-to-consumer) transactions. Tmall is not cost-driven but brand-driven, so it represents a huge opportunity for foreign companies to launch their products in China. Tmall cross-border service is called "Tmall Global" (天猫国际) and it is a key cross-border platform where international brands can "host" their own brand-referred

stores and sell their original products. Thanks to Tmall Global, international brands without a physical presence in China can directly sell their products to Chinese consumers. However, in contrast with Taobao, Tmall is an invitation-based platform exclusively reserved to professionals. In order to operate on Tmall Marketplace, each seller must obtain a license and he needs either to have his own local company or to work with a local partner. This is complicating a lot the process of building up a store on Tmall platform. For foreign companies looking to set up an online store with no physical presence in China, JD Worldwide seems to be an increasingly more attractive option.

JingDong (JD.cn) 京东

JingDong (JD.cn) is a B2C consumer goods platform mainly associated with electronics and home appliances. JD is definitely Alibaba's strongest competitor. The secret of its success resides in its developed logistics service and its easier accessibility. JD's cross-border service, "JD Worldwide" (京东国际), allows foreign companies to directly sell to Chinese consumers without a physical presence in China nor a Chinese local partner.

Yihaodian (YHD)

Yihaodian is China's biggest online retailer of international food products and beverages, fully owned by the American retail giant *Walmart* (沃尔玛).

Yihaodian allows foreign companies to sell in China completely tax-free and to be exempt from domestic product standards. Companies are often free from VAT, license/permit and Chinese label requirements. The platform represents an incredible opportunity for international food and beverage exporters.

Chapter II

The legal framework of IPR protection in China

2.1 Intellectual Property Rights protection in China

Intellectual Property Rights (IPR) protection, (保护知识产权), is a relatively new law subject in China. The first significant steps in terms of IPR protection must be traced back to the post-Maoist period. Though in the Fifties, Chinese legislation, following the example of the Soviet one, already included some rudiment forms of IPR protection, in particular several laws protecting the rights derived from technical innovations, those rights were immediately denied during Mao's administration. With Deng Xiaoping's Reform, starting from the end of the 1970s, the Chinese legislator returned to the subject with the issuance of three laws:

1. The Trademark Law (商标法) in 1982, which was the first law on commercial brands in China
2. The Law on Patents (专利法) in 1984
3. The Copyright Law (版权法) in 1990

In the following years, these laws were repeatedly modified and today the legislative framework protects, at least on paper, the intellectual property rights of both Chinese and international businesses. Also the administrative and the jurisdictional apparatus were incredibly improved. However, in practice, these institutional progresses have not corresponded to a significant reduction of trademark counterfeiting phenomena. Indeed, they find fertile ground in China's increasing production capability and in the collapse of trade barriers and they constitute one of the most serious reasons of contrast between China and the international community.

Not considering the supposed and quite questionable predisposition of Asian cultures to replication, among the underlying causes of the widespread counterfeiting phenomenon in China, two of them are particularly significant. First of all, China is a developing country, where the violation of other people's intellectual property rights is often taken as a shortcut for those companies that are not yet completely autonomous in their path towards innovation. The second factor has to do with the country's political structure and, more precisely, with the confused mixture of economic, political and judicial powers. In this sense, the subject of IPR protection is frequently said to be the one where the dissociation between "law in the books" and "law in action" is more evident.

2.2 The Chinese Trademark Law (中华人民共和国商标法)

The law governing IPR protection in China is the "Trademark Law" (商标法), which entered into force on the 23rd August 1982 and whose most recent amendment was made in 2001. Then, other primary and secondary legislative acts have to be considered as integrations to the Law's articles.

The Law's content is structured into 73 articles (条), which are organized into 8 chapters (章):

- I. General Provisions
- II. Application for Trademark Registration
- III. Examination and Approval of Trademark Registration
- IV. Renewal, Alteration, Transfer and Licensing of Registered Trademarks
- V. Declaration of the Invalidity of Registered Trademarks
- VI. Administrative Control of the Use of Trademarks
- VII. Protection of the Exclusive Right to the Use of a Registered Trademark
- VIII. Supplementary Provisions¹⁰

I. ¹⁰总则
II. 商标注册的申请
III. 商标注册的审查和核准

General provisions

Article 1 of the General Provisions presents the overall content and the main purposes of the law, one of which is the protection of the exclusive right to the use of a registered trademark (保护商标专用权), this way safeguarding the interests of both trademark owners and consumers.

In China, the official state organ that is in charge of the whole trademark registration process and of trademark use regulation is the Trademark Office of the Administrative Department for Industry and Commerce under the State Council (国务院工商行政管理部门商标局). The office mentioned above is also responsible for the establishment of a board that is entitled to handle all the disputes related to both trademark registration and trademark use.

What is a registered trademark in China? Article 3 expands on the concept of “registered trademark” (注册商标) in the People’s Republic of China. Trademark registration is a process submitted to the direction and final approval of the Chinese Trademark Office. The owner of a registered trademark, including trademarks for goods and services, collective trademarks¹¹ and certification trademarks¹² acquires the exclusive right to use that trademark. Provided that the trademark is used in conformity with what declared in the registration certificate, this exclusive right is protected by Chinese law.

IPR protection in China is organized according to the “first-to-file system”: the first subject who obtains the registration of a trademark automatically becomes its

-
- IV. 注册商标的续展、变更、转让和使用许可
 - V. 注册商标的无效宣告
 - VI. 商标使用的管理
 - VII. 注册商标专用权的保护
 - VIII. 附则

¹¹ “Collective marks are usually defined as signs which distinguish the geographical origin, material, mode of manufacture or other common characteristics of goods or services of different enterprises using the collective mark. The owner may be either an association of which those enterprises are members or any other entity, including a public institution or a cooperative” (WIPO, World Intellectual Property Organization, http://www.wipo.int/sme/en/ip_business/collective_marks/collective_marks.htm).

¹² “Certification marks are usually given for compliance with defined standards, but are not confined to any membership. They may be used by anyone who can certify that the products involved meet certain established standards” (WIPO, World Intellectual Property Organization, http://www.wipo.int/sme/en/ip_business/collective_marks/certification_marks.htm).

official owner and immediately enjoys the exclusive right to use it. On the other hand, the protection of non-registered trademarks is very difficult to implement., though provided for by both the “Law on Unfair Competition” (1993) and the “Paris Convention” (1883). The implementation of a solid registration strategy is easier, quicker and cheaper than starting any lawsuit for IPR violation. For this reason, any natural person, legal person or organization that needs to obtain the exclusive right to use a trademark for its goods or services during production and business operations in China shall apply for trademark registration with the Trademark Office as soon as possible. In particular, since China is member of both The Paris Convention and the World Trade Organization (WTO), those European companies who are interested in registering their brands in China have to present the application within six months after the conclusion of the same registration process in Europe.

Any signs, including words, graphs, letters, numbers, three-dimensional symbols, color combinations, sounds and also combinations of the above ones may all be applied for registration as trademarks. Article 9 states that any trademark presented to the Office for registration shall be “distinctive and easily identifiable” (应当有显著特征) and it should not be in conflict with any prior legal rights acquired by other competitors. In order to maximize the level of protection on their trademarks, foreign individuals or companies selling their products in China and therefore interested in having their own trademarks registered with the Chinese Trademark Office’s database are invited to provide the Chinese character versions of those trademarks.¹³

¹³ There are several possible approaches to the translation of an alphabetical trademark into Chinese characters:

1. Translation: this is a wise approach to adopt if the trademark has a distinctive meaning.
 - a. Volkswagen= 大众汽车 (meaning: auto for everyone)
2. Phonetic translation (transliteration): just reproducing the sound, with no particular meaning, always keeping attention to choosing characters with a “positive” meaning.
 - a. Audi= 奥迪 (Chinese pronunciation: “Ao Di”)
3. Combination of literal meaning and sound
 - a. LEGO= 乐高 (Chinese pronunciation: “Le Gao”; meaning: “happy”).

Article 14 lists the criteria ¹⁴that are used to identify the so-called “well-known trademarks” (驰名商标), enjoying a special treatment in terms of expanded legal protection and commercial benefits. The first foreign trademark to be registered in China as a well-known mark was “Pizza Hut” in 1987.

For foreign companies approaching the Chinese market, moving throughout such a peculiar IPR protection system can be really hard. This is why the assistance of a professional is essential. A foreigner or foreign enterprise selling in China shall always entrust a trademark agency (商标代理机构) for submitting trademark registration and handling other trademark-related issues.

Application, Examination and Approval of Trademark Registration

The trademark registration process starts with the the submitting of an application, in which the owner of the trademark must indicate the names and types of goods for which the trademark is going to be used. China has adopted the so-called Nice Classification ¹⁵, consisting in 45 classes, with a stricter sub-class division and a higher number of mini classes under each subclass. If any change has to be made to the name or to the scope of use of a registered trademark, a new application has to be filled and submitted.

Once the application has been submitted, the Trademark Office goes through its careful examination, including three distinct phases: a formality examination, a distinctiveness examination and a research for prior registered similar trademarks. The Trademark Office shall complete the examination of the trademark under approval within nine months from the application presentation.

¹⁴ The criteria provided for by the Law are: public awareness of that mark, the duration of its usage, the duration, extent and geographical scope area of its advertisement , records which can prove that it has been protected as a well-known trademark in other countries or regions and other proofs like production, sales amount, sales revenue of the goods using this trademark.

¹⁵ “The Nice Classification (NCL), established by the Nice Agreement(1957), is an international classification of goods and services applied for the registration of marks. The eleventh edition of the NCL came into force on the 1st January 2017” (WIPO, World Intellectual Property Organization, <http://www.wipo.int/classifications/nice/en/>).

Article 28 states that anytime a trademark that is undergoing the registration process does not conform to the relevant provisions of the Law, it is identical with or similar to some other trademarks already registered, or it has been given preliminary examination and approved for use on the same kind of goods, the Trademark Office shall reject the application.

Supposing that nobody starts an opposition procedure and so the demand for trademark registration is not refused by the competent authorities, it takes at least one year for a trademark that is under approval to pass through all the steps of the registration procedure. Then, protection is effective for ten years starting from the trademark's registration date. Moreover, any registered trademark can be removed from the official list if it is not used for three years from its registration date without acceptable reasons. It is also important to keep in mind that intellectual property rights have a territorial character, meaning that they can be efficiently protected only in the territory or jurisdiction where they are registered. For example, a trademark that is registered in China is to be considered protected only in Mainland China, except for Hong Kong, Taiwan and Macao.

Protection against infringements to the exclusive right to use a registered trademark

As already pointed out in the General Provisions, the exclusive right of use is recognized in China only to those trademarks having been registered upon approval by the Trademark Office whose use is limited to the commercialization of the goods listed in the registration certificate.

Article 57 lists all the actions that are considered by the Chinese legislator as infringements to the exclusive right to use a registered trademark:

- (一) 未经商标注册人的许可，在同一种商品上使用与其注册商标相同的商标的；

(二) 未经商标注册人的许可，在同一种商品上使用与其注册商标近似的商标，或者在类似商品上使用与其注册商标相同或者近似的商标，容易导致混淆的；

(三) 销售侵犯注册商标专用权的商品的；

(四) 伪造、擅自制造他人注册商标标识或者销售伪造、擅自制造的注册商标标识的；

(五) 未经商标注册人同意，更换其注册商标并将该更换商标的商品又投入市场的；

(六) 故意为侵犯他人商标专用权行为提供便利条件，帮助他人实施侵犯商标专用权行为的；

(七) 给他人的注册商标专用权造成其他损害的。¹⁶

Registered trademark counterfeiting (伪造注册商标) is included in this list and defined at comma 4:

«第五十七条:

(四) 伪造、擅自制造他人注册商标标识或者销售伪造、擅自制造的注册商标标识的»¹⁷

Any dispute arising from one of the listed trademark infringement cases shall be settled by the parties through consultation (协商). Where the parties concerned are

-
- 1) ¹⁶ Using a trademark that is identical with or similar to a registered trademark on the same kind of goods without obtaining licensing from the registrant of the registered trademark;
 - 2) Selling goods that infringe on the exclusive right to the use of a registered trademark;
 - 3) Counterfeiting, or making without authorization, representations of another person's registered trademark, or selling such representations;
 - 4) Altering a registered trademark without permission of its owner and selling goods bearing such an altered trademark on the market;
 - 5) Providing, intentionally, convenience for such acts that infringe upon others' exclusive right of trademark use, to facilitate others to commit infringement on the exclusive right of trademark use
 - 6) Impairing in other manners another person's exclusive right to the use of its registered trademark (WIPO, World Intellectual Property Organization, *Trademark Law of the People's Republic of China*, 2001, <http://www.wipo.int/wipolex/en/details.jsp?id=13198>).

¹⁷Counterfeiting is defined as the practice of "making without authorization, representations of another person's registered trademark, or selling such representations" (WIPO, World Intellectual Property Organization, *Trademark Law of the People's Republic of China*, 1982, <http://www.wipo.int/wipolex/en/details.jsp?id=13198>).

unwilling to engage in consultation or they are unable to reach a commonly accepted solution, the trademark registrant or another interested party may either start a lawsuit, or request the Administrative Department for Industry and Commerce to intervene and settle the dispute. Moreover, the Department itself has the power and the responsibility to investigate into any possible act infringing the exclusive right to use a registered trademark. Anytime there is the reasonable suspect of some illegal trademark use, they should promptly signal the case to a judicial department.

Apart from the Trademark Law's articles, trademarks can count on other additional institutional instruments of protection. One of them is offered by China Customs' (中国海关), which are actively involved in the country's fight against counterfeiting practices. The additional registration of a trademark with China Customs provides wider and more efficacious protection against counterfeiters' acts. This is not a legally required registration, but it is, in practice, the only way for trademark owners to obtain China Customs' intervention in case of circulation of infringing goods: though China Customs officially have to check every outgoing shipment, looking for any trademark infringements against the Trademark Office's database, in reality they make these checks only against their own database. If the trademark is registered with China Customs, Chinese officials will contact the proprietary of the trademark any time they discover an outgoing shipment of possible infringing goods. At that point the company has three working days to request the seizure of those goods, then Customs will inspect them. Trademark registration with China Customs generally takes from three to five months and it is acceptable only after China's Trademark Office has issued a trademark certificate.

2.3 China's e-commerce legislative framework: the "E-Commerce Law Draft"

The legal framework of e-commerce in China is still incomplete and the applicable laws and regulations are either out of date or too general and vague, but most important they lack executive force. Furthermore, deficient dispute resolution mechanisms in China make the problem of counterfeiting even more difficult to manage and defeat.

This framework needs to be integrated with a more precise and complete "E-Commerce Law" and the Chinese legislator seems to be about to approve it. The first law draft was published on the 27th December 2016 by the National People's Congress of China (中国人民代表大会) for public comments. The declared aim of this new law is that of improving the regulation and administration of the various e-commerce activities in the country and facilitating the healthy growth and development of this new market. The Draft sets specific obligations for both domestic and cross-border e-commerce platforms and for e-commerce operators in general. Chapter 2 of the draft provides very precise definitions of these two e-commerce business entities:

- E-commerce platform: *"legal person or other organization providing cyber space, virtual business premises, transaction matching, information distribution and other services to two or more parties to an e-commerce transaction so that the parties may engage in independent transactions"*;
- E-commerce operator: *"any natural or legal person or other organization, other than an e-commerce business entity, that sells goods or provides services through the Internet or other information networks"*.¹⁸

The Draft regulations focuses on several topics such as: contract relationships, electronic payments, logistics, unfair competition, privacy and personal information protection and consumer protection. One entire chapter is devoted to the subject of cross-border e-commerce.

¹⁸ The China Food Law Blog, *China Publishes the Draft E-commerce Law*, February 2017, <https://chinafoodlaw.blog/2017/02/14/china-publishes-draft-e-commerce-law/>

For the purpose of the present research we will focus on the chapter regarding “Market Order and Fair Competition”. Article 53 obliges all e-commerce operators to participate in the protection of intellectual property rights. Anytime an e-commerce third party platform discovers that some intellectual property infringement has been committed by a business operator on the platform, they should take all the necessary measures to remove, block or disable the online store. Of course, intellectual property right owners have the possibility to report to the platform any abuses by other competitors; in this case, the platform is legally required to take some protective measures, at the same time notifying the accused party who is recognized some time to reply. In case he denies his responsibility for the infringement, the platform shall immediately terminate the measures taken. At this point the right owner can only report the case to judicial authorities and the platform is required to promptly transmit all the collected materials.

Article 55 lists all the unfair competition activities that are prohibited by the draft:

- *“To use a commercial mark that is identical or similar to another’s main part of domain name, website name, web page or other well-known commercial marks without authorization, misleading the public and causing confusion in the market;*
- *To use fake links, confusing links or other fraudulent links;*
- *To attack or hack another business operator’s network system, maliciously visit, block or tamper another business operator’s online shop, affecting the normal business operation;*
- *To use the electronic mark of a governmental department or a social organization, causing misunderstanding;*
- *To use terms of services or other means to restrict transactions, impose unreasonable chargers or other unreasonable trading conditions;*
- *Other unfair competition activities provided by laws and regulations. The first one is the counterfeiting practice, or the use, without authorization, of a*

trademark which is similar or even identical to other well-known commercial marks' names, websites or web pages."¹⁹

While the Chinese legislator pretends that the Draft's provisions are aimed at balancing the interests of both intellectual property right owners and e-commerce business operators, in practice, this procedure seems to leave a heavy burden upon trademark owners, which might be frequently pushed to litigation to defend their own rights.

¹⁹ The China Food Law Blog, *China Publishes the Draft E-commerce Law*, February 2017, <https://chinafoodlaw.blog/2017/02/14/china-publishes-draft-e-commerce-law/>

Chapter III

Anti-counterfeiting institutional instruments in and outside China

3.1 The phenomenon of trademark counterfeiting on Chinese e-commerce platforms

Online vendors' trustworthiness is often doubted by many e-consumers. According to China Briefing's researches about e-commerce in Asia, 78% of the interviewed Chinese consumers are worried about online products' authenticity and most of their diffidence comes from the fact that today product and trademark counterfeiting are more and more widespread and that online purchasing makes it impossible for the client to examine products and verify what he/she is actually buying.

First of all, a distinction is to be made between two types of illegitimate trade that are both ascribed to the macro-topic of counterfeiting. The first form is trademark counterfeiting (in Chinese 商标冒用), which can be defined as *"the unlawful forgery, copying, or imitation of an item... or the unauthorized possession of such an item, with the intent to deceive or defraud by claiming or passing the item as genuine"*.

²⁰Trademark counterfeiting often involves trademark copying, with the primary object of selling a fake product (伪造品) disguised under a well-known brand. The second form of illegitimate trade is trademark piracy which is *"the registration or use of a generally well-known foreign trademark that is not registered in the country or is invalid as a result of non-use"*. Using other words, trademark piracy consists in *"hijacking the trademark's value in order to sell the pirate's own products"*. ²¹The Paris Convention allows the owners of well-known marks to defend their intellectual property against this fraudulent practice. Trademark

²⁰Katja Weckstrom, *Liability for Trademark Infringement for Internet Service Providers*, p. 3.

²¹Katja Weckstrom, *Liability for Trademark Infringement for Internet Service Providers*, p. 2-3.

counterfeiting and the manufacturing of fake products have become a common practice in many developing countries, among which there is China, that can dispose of a large, low-cost workforce. These counterfeit goods are then shipped and sold worldwide. Both trademark piracy and trademark counterfeiting are criminally sanctioned in quite all the legal systems around the world, with penalties ranging from injunctions and fines to imprisonment, but the object of legal protection is never the good itself. Trademark laws only protect the registered mark under which the good is sold and the result is that while the sale of counterfeit goods is considered to be a crime, the complementary practice of buying counterfeit goods may not be. Both the counterfeit product and the counterfeit trademark are usually very similar to the authentic ones, so that sometimes it is quite impossible to determine products' or trademarks' authenticity. A useful discriminator could be the price: the counterfeit product is typically given a price that is much cheaper than the market price of the authentic product.

Fake products manufacturing and trading already existed before the appearance of Internet. Originally, this kind of commerce relied on street sellers and night markets, where people could see the products by themselves. With the boom of Chinese online retail and the constantly growing number of online shoppers, counterfeit products trading has shifted to online channels as faster and more private intermediaries. The phenomenon of trademark and product counterfeiting is currently one of the most discussed issues about Chinese e-commerce. Xinhua (新华), the famous state-run Chinese news agency, has recently released some statistics showing that, last year, 40% of goods sold online in China were either counterfeit or poor quality goods. Of course, the phenomenon is involving the whole global e-commerce market, but the availability of low cost labor and low cost materials allows Chinese factories to keep the rhythms of fake products manufacturing far over the average. With counterfeiting business so flourishing on the Chinese e-commerce market, fake products are constantly improving, they are more and more accurately shaped and their quality is more and more high standard. With respect to the past, today it is easier for counterfeit product sellers to deceive their online consumers, who do not have the possibility to touch and

examine the products they are buying on the platform and it is also more difficult for authorities to trace illegal deals.

One of the main factors at the basis of the growing significance of Chinese online fake market could be *“the increase in goods that are worth counterfeiting”*.

²²Chinese middle class has grown a lot in the recent years, together with their demand for luxury and Western-origin goods, this way providing new lymph for the development of counterfeit product markets. International brands can boast to have a strong appeal on Chinese consumers as synonymous of high quality products and the correlation between each product category and its geographical origin is decisive for the final purchase decision. For example, Chinese are more likely to buy clothes, shoes and bags from Italy. The question is: if authenticity is the major concern for Chinese consumers, why should they choose to buy counterfeit products instead of original ones? In some cases, those consumers who are not so confident with some product categories nor with the details to focus on in order to evaluate their authenticity, become unaware victims of illegal e-commerce, but some of them deliberately buy fake products instead of authentic ones, driven by financial concerns. Counterfeit products have many advantages compared to their authentic models, above all lower prices that make them more easily accessible to those consumers who have limited economic resources. Furthermore, the flaws and deficiencies of China’s intellectual property applicable laws and regulations, as well as the lack of serious penalties to discourage the practice of trademark counterfeiting make the problem even more serious, because professional counterfeiters do not feel particularly threatened by the consequences of their involvement in illegal businesses.

The violation of intellectual property rights on the e-commerce market is a frequent phenomenon in China and consequences can be observed at two levels, on the market and in society at large. First of all, counterfeit products directly damage the interests of online consumers as well as brands and e-commerce platforms’ reputation. According to the data gathered with a 2016 survey by “BitMAT”, the majority of company managers declare to be much more worried about their

²² Phau & Teah, 2009, p.15.

compromised brand image than about the economic losses suffered due to the sale of counterfeits. Second, in the long run, *“fakes are going to threaten the establishment of social trust and exercise a negative impact on the healthy development of e-commerce and its platforms”*²³.

While anti-counterfeiting technology is widely used to prevent the manufacturing of counterfeit money and software, trademark counterfeiting remains much more difficult to prevent. This incontrovertible trend is at the origin of the necessity to elaborate efficacious systems for the monitoring of the authenticity of online sold products and for the enforcement of efficient countermeasures, in the interests of both online brands and consumers. Brands that fall victims of counterfeiting actions see their business consistently damaged, both in terms of revenues contraction and reputation. With respect to e-consumers, they want to display their sophisticated tastes and wealth, buying original, not-counterfeit products and they are particularly attracted by the industry of luxury and fashion, though it may sometimes be very difficult to distinguish an authentic product from a fake one.

What follows is a list of the principal negative effects suffered by online retailers, due to the lack of adequate policies and monitoring systems protecting their trademarks online:

- costumers' dissatisfaction and prospect costumers' discouraging;
- association of the brand's image with the negative purchasing experience;
- brand disaffection;
- loss of consumers' confidence and reduction of consumers' propensity to online purchasing;
- complaints to costumer care departments;
- reduction of invoices.

²³ Zhang, 2013, <http://www.diva-portal.se/smash/get/diva2:929950/FULLTEXT01.pdf>

Trademark counterfeiting is evidently a plague for both the company's business and society at large. Companies that decide to sell on Chinese e-commerce platforms should be aware of the dangers accompanying their online trading activities and combine all the instruments at their disposal to prevent and fight these attacks.

3.2 Internet Service Providers' liability for online trademark infringements

All the issues raised so far about online trademark enforcement naturally suggest a question: to what degree can Internet Service Providers (ISPs) be considered liable for online trademark infringements?

Almost everyone knows that criminal organizations have found a precious ally in the most popular and successful Internet Service Providers. In performing their role as data conduits, ISPs sometimes favor illegal transactions on the websites they host. In May 2014, the "International Trademark Association" (INTA) published a report on the theme of contributory trademark infringement. The report discusses all the legal instruments provided by several countries to contrast the phenomenon, dedicating an entire chapter to Chinese Law. Chinese Law clearly defines the circumstances under which an ISP can be considered to be liable for third parties' online trademark infringing activities. Direct liability emerges as long as "actual knowledge" about the denounced infringements can be proved. Here there are some articles cited by the report:

- article 36 of the "People's Republic of China Infringement Law" prescribes that whenever an ISP is aware of some infringement by a user of its network but it does not take all the necessary counter-measures, the ISP can be legally denounced as jointly liable with the network user;
- article 50 of the "Implementing Regulations of the People's Republic of China Trademark Law" provides that favoring a third party in some trademark infringing activity is itself an act of infringement;

- article 24 of the “Provisional Measures Governing Activities in e-Commerce and Related Services” supports what asserted by the article above, stating that ISPs must take measures to protect trademarks and trade names as required by the People’s Republic of China Infringement Law whenever they are presented with evidence of infringement activities by their hosts.

Overall, both Chinese legislation and judicial practices impose lighter liabilities on online intermediaries than on direct infringers and only under three particular circumstances:

1. *“when the intermediary does not take any measures after having been made aware of a suspect infringement;*
2. *when the measures implemented by the intermediary are not effective enough to prevent further infringement attempts;*
3. *when the intermediary is aware of all the proceeds of a transaction by a direct infringer without a higher duty of care than what would be required to a non-profit-sharing intermediary.”²⁴*

Though it is not so closely connected to the central theme of the present dissertation, another recent development in the panorama of network providing in China deserves a brief mention. In the last two years some changes have intervened with respect to data protection in China, following growing pressures from the international community. On the 1st June 2016 the new “Cybersecurity Law” finally entered into force, completely revolutionizing the panorama of what is allowed to internet service providers and e-commerce platforms in terms of costumers’ personal information handling. The law modifies and condenses all the existing regulations in order to give network operators more precise and less confused indications to respect. The core principle asserted by the law’s article is

²⁴ *Secondary Liability for Trademark Infringement Online: Legislation and Judicial Decisions in China*, Du Ying, Columbia University Publications, 2014.

that “collecting any user’s personal information ²⁵requires the user’s consent and network operators must keep collected information strictly confidential”.²⁶

What are some of the main requirements imposed by the law to Chinese network operators? First of all it is important to notice that the requirements provided for should apply to both Chinese and foreign network providers who operate in China. The law allows them to collect only those personal data that are strictly necessary for a precise and declared use. Without the expressed consent of the user, service providers and platform owners cannot in any case alter the personal information legally obtained nor provide that information to others. The user is entitled to request both the correction and the deletion of personal data, in case they are wrong or they have been collected without authorization.

Moreover, the law requires the appointment of figures named as “Critical Information Infrastructure Operators (CIIOs), who are in charge of storing all the personal information collected by all network operators within China and performing annual risk assessments on the content of those data stores. While the role and competences of the CIIO are yet to be specified and refined, the final approval of the “Measures for Security Assessment of Personal Information and Important Data Leaving the Country” is near. The measures are meant to regulate both the storage and outflow of personal data gathered within the territory of the People’s Republic of China. Network operators who actually do business in China are legally required to store all the relevant personal information they gather and to subject them to safety assessments before making them leave China.

²⁵ Personal information can be defined as information that can be used on its own or with other information to determine the identity of a natural person, including the person’s name, date of birth, ID card number, biological identification information, address and telephone number.

²⁶ SARA XIA on China Law Blog, *China Cybersecurity and Data Protection Laws: Change is Coming*, May 10, 2017, <https://www.chinalawblog.com/2017/05/china-cybersecurity-and-data-protection-laws-change-is-coming.html>

3.3 Anti-counterfeiting in China: legal instruments, administrative actions and border measures

The following chapters illustrate the kaleidoscope of laws, measures, strategies and services that enhance the level of protection of international trademarks online and, in particular, in China.

These are the laws and regulations presently governing anti-counterfeiting in China:

- The Trademark Law (2001) and the Implementing Regulations of the Trademark Law (2002);
- The Anti-unfair Competition Law (1993);
- The Copyright Law (2001) and the Implementing Regulations of the Copyright Law (2002);
- The Criminal Law (2009).
- The major interpretations of these laws by the Supreme Court include:
 - The Interpretation of the Supreme Court on Several Issues on the Application of Law in the Trial of Trademark Civil Disputes (2002);
 - The Interpretation of the Supreme Court on Several Issues on the Application of Law in the Trial of Civil Disputes concerning the Protection of Well-Known Trademarks (2009);
 - The Interpretation of the Supreme Court on Relevant Issues on the Scope of Jurisdiction and the Application of Law for Trial of Trademark Cases (2002);
 - The Interpretation of the Supreme Court on the Application of Law concerning Pre-trial Suspension of Trademark Infringement and Evidence Preservation (2002);
 - The Interpretation of the Supreme Court on Several Issues on the Application of Law in the Trial of Civil Cases concerning Unfair Competition (2007);
 - The Interpretation of the Supreme Court and the Supreme Procuratorate on Issues concerning the Application of Law in Handling Criminal Cases of Infringement of IP Rights (2004);

- The Interpretation of the Supreme Court on the Application of Law in the Trial of Civil Disputes over Copyright (2002);
- The Interpretation of the Supreme Court on the Application of Law in the Trial of Civil Disputes over Domain Names (2001).²⁷

In general, the institutional instruments at trademark owners' disposal to protect their brands against counterfeiting practices in China are: criminal prosecution, civil enforcement, administrative actions and border measures. Let's go deep into each of these instruments.

3.3.1 Civil Litigation

Article 57 of the Trademark Law provides that the following acts should all be considered as infringements of the exclusive right to use a registered trademark (see page 16).

In the event of any of the infringements cited in the list, the rights holder is recognized the faculty to file a trademark infringement suit before the court and start a civil litigation proceeding. In general, civil proceedings for trademark infringements are first presented to the intermediate courts at the administrative level of cities, except for some big cities where the district courts have jurisdiction on trademark disputes. At second instance, trademark dispute cases are transmitted to the high courts at the level of provinces. Although documentary evidence notarization is not always compulsory, it is recommended that the most important documents to be used as evidence in civil proceedings are regularly notarized. In particular, if such evidence originates from somewhere outside China, it must be notarized by a local notary public and legalized before the Chinese embassy. If the documents are not written in Chinese, a Chinese version of the same is required.

²⁷ 雷曼律师事务所 (Lehmann, Lee & Xu) – Resource Center, <http://www.lehmanlaw.com/resource-centre/faqs/intellectual-property/protection-of-trademarks-against-counterfeiting-in-china.html>

What are the main steps followed in a typical civil litigation procedure in China? First of all, the claimant submits the civil complaint, which must be accompanied by copies of all the materials collected as evidence and by the payment of a litigation fee. Possible preliminary measures in civil litigations are preliminary injunctions and the order to preserve evidence. Preliminary injunctions are rarely adopted and only in cases where there is clear evidence of infringement. Evidence preservation can be requested by the claimant and ordered by the Court in circumstances when evidence may be destroyed, lost or too difficult to obtain in the future. The Court may also act on its own initiative to preserve such evidence.

If the court finds that the complaint meets all the requirements for acceptance, it places the case on the docket within seven days, then it notifies the parties involved and sends a copy of the complaint statement to the defendant. The defendant may file a defense, submit supporting evidence (within the limits established by the court) and also raise an objection to the jurisdiction of the court.

The time, date and place of a hearing are publicly announced by the court. At the hearing, the evidence and facts are cross-examined. When the case exclusively involves Chinese clients, the court of first instance usually pronounces its judgment approximately six months after the case is docketed, while in case a foreign party is involved, the decision is issued in approximately one year. If one party refuses to accept the judgment of the first-instance court, the Civil Procedure Law allows the contestant to appeal to the People's Court immediately higher within fifteen days (thirty days for foreign parties) from the date when the first-instance judgment is released. The second-instance court usually issues a decision within three months (from six months to one year for cases involving foreign parties) from the date when the court accepts the case. If the parties do not file any appeal to the second-instance court within the fixed time limit, the first-instance judgment becomes effective.

3.3.2 Criminal Prosecution

Articles 213, 214 and 215 of the Criminal Law of the People's Republic of China state that any infringement of the exclusive right to use a trademark can be recognized as a crime in the following cases:

- when using a trademark that is identical to a previously registered trademark for the same goods without the permission of the rights holder;
- when knowingly selling goods bearing a counterfeit trademark;
- when selling forged representations of a registered trademark.

第二百一十三条 【假冒注册商标罪】 未经注册商标所有人许可，在同一种商品上使用与其注册商标相同的商标，情节严重的，处三年以下有期徒刑或者拘役，并处或者单处罚金；情节特别严重的，处三年以上七年以下有期徒刑，并处罚金。

第二百一十四条 【销售假冒注册商标的商品罪】 销售明知是假冒注册商标的商品，销售金额数额较大的，处三年以下有期徒刑或者拘役，并处或者单处罚金；销售金额数额巨大的，处三年以上七年以下有期徒刑，并处罚金。

第二百一十五条 【非法制造、销售非法制造的注册商标标识罪】 伪造、擅自制造他人注册商标标识或者销售伪造、擅自制造的注册商标标识，情节严重的，处三年以下有期徒刑、拘役或者管制，并处或者单处罚金；情节特别严重的，处三年以上七年以下有期徒刑，并处罚金。²⁸

²⁸ **Article 213** Using an identical trademark on the same merchandise without permission of its registered owner shall, if the case is of a serious nature, be punished with imprisonment or criminal detention of less than three years, with a fine, or a separately imposed fine; for cases of a more serious nature, with imprisonment of over three years and less than seven years, and with fine.

Article 214 Knowingly selling merchandise under a faked trademark with a relatively large sales volume shall be punished with imprisonment or criminal detention of less than three years, with a fine or a separately imposed fine; in cases involving a large sales volume, with imprisonment of more than three years but less than seven years, and with fine.

Article 215 Forging or manufacturing without authority or selling or manufacturing without authority other's registered trademarks or identifications shall, for cases of a serious nature, be punished with imprisonment or criminal detention, or restriction for less than three years, with a fine or a separately imposed fine; for cases of a especially serious nature, with imprisonment of over three years and less than seven years, and with fine". (Criminal Law of the People's Republic of China - Provisions of Intellectual

Article 213 prescribes that such crimes are punishable either with imprisonment or or with a fine. In particular, the law provides four ways to calculate damages:

1. *“profits lost by the plaintiff due to infringement;*
2. *profits gained by the defendant due to infringement;*
3. *damages calculated by considering the relevant royalty fees set out in license agreements between the plaintiff and other parties in respect of the trademark(s);*
4. *statutory damages up to a maximum of RMB 300,000 for regular cases and RMB 500,000 for cases with severe consequences or serious circumstances”.*²⁹

In cases of crimes that are recognized a more serious nature, the court may sentence the counterfeiter to imprisonment (from three to seven years) and order a fine in addition. What follows are two standards that are useful to determine what infringements are considered to be of a "serious nature":

1. *“The volume of illegal business is higher than RMB 50,000 or the volume of illegal gains is higher than RMB 30,000;*
2. *More than two registered trademarks are forged where the volume of illegal business is higher than RMB 30,000 or the volume of illegal gains is higher than RMB 20,000”;*³⁰

The criminal process is usually seen as the last measure to resort to when dealing with counterfeiters because the threshold for proving criminal liability is higher than that for demonstrating trademark infringement. Criminal proceedings can be initiated by both the public prosecution authority and the IPR holder. If, during the period of counterfeit goods' detention by China Customs, during an AIC (Administration of Industry and Commerce) action or during a civil litigation proceeding it is revealed that the illicit has all the characteristics to meet the

property Crime) Adopted by the Second Session of the Fifth National People's Congress on July 1, 1979 and amended by the Fifth Session of the Eighth National People's Congress on March 14, 1997

²⁹ 雷曼律师事务所 (Lehmann, Lee & Xu) – Resource Center, <http://www.lehmanlaw.com/resource-centre/faqs/intellectual-property/protection-of-trademarks-against-counterfeiting-in-china.html>

³⁰ 雷曼律师事务所 (Lehmann, Lee & Xu) – Resource Center, <http://www.lehmanlaw.com/resource-centre/faqs/intellectual-property/protection-of-trademarks-against-counterfeiting-in-china.html>

criminal threshold, the case is immediately transferred to the police office for further investigation, then the police office will transfer it to the public prosecution authority to start a criminal procedure. The police office may also autonomously decide to start an investigation, after having been informed of the counterfeiting act by the rights holder or by third parties and then transfer the case to the public prosecution authority to start a criminal procedure after the investigation has been concluded. The rights holder may even directly bring a criminal suit against the counterfeiter in front of the Court, but only in case he is able to gather enough evidence. Sometimes the trademark owner may have no choice but starting a criminal prosecution, especially when he/she is confronted with obstinate counterfeiters or large-scale counterfeiting activities.

3.3.3 Other administrative measures: SAIC Actions

The Trademark Law states:

*“Where any party has committed any of such acts to infringe the exclusive right to use a registered trademark as provided for in Article 52 of this Law and has caused a dispute, the interested parties shall resolve the dispute through consultation; where they are reluctant to resolve the matter through consultation or the consultation fails, the trademark registrant or interested party may institute legal proceedings in the People’s Court or request the administrative authority for industry and commerce for actions”.*³¹

Article 53 of the Trademark Law authorizes the Trademark Office of the State Administration of Industry and Commerce (SAIC), in Chinese 国务院工商行政管理部门商标局, to take enforcement actions against trademark infringements:

³¹ Jawin Technologies, Inc, *China Business Laws and Regulations*, 2005, pag. 447.

«第五十三条违反本法第十四条第五款规定的，由地方工商行政管理部门责令改正，处十万元罚款。」³²

A SAIC action can be divided into three main steps:

1. The trademark owner identifies the counterfeiter and the location where counterfeit goods are stored;
2. The rights holder submits a written complaint to the SAIC Trademark Office, which should be accompanied with all the relevant evidence gathered. After having received these documents, SAIC officials conduct an inspection in the location indicated by the trademark owner and seize all the counterfeit goods.
3. In the end, the SAIC itself issues a penalty decision and notifies it to the counterfeiter within six months from the inspection.

SAIC actions have several advantages with respect to other anti-counterfeiting instruments. The materials and evidence required to obtain a SAIC action are less complex than the requirements for a civil litigation. Moreover, a SAIC action is generally less costly than a civil litigation proceeding, because the SAIC office immediately takes action after having received and accepted the complaint submitted by the trademark owner. All infringing products are seized and confiscated on site by SAIC officials and the counterfeiter is sanctioned with a penalty fine.

3.3.4 Border measures: Chinese Customs' enforcement actions

The most efficacious and most frequently adopted anti-counterfeiting border measures in China are Customs' actions. Chinese Customs can conduct enforcement actions either ex officio or by application. Let's analyze both of them.

³² "Whoever violates the fifth paragraph of Article 14 of this Law shall be ordered to make correction by the relevant local administrative department for industry and commerce, and be imposed with a fine of RMB 100,000 yuan." (Trademark Law of the People's Republic of China, 2001).

Enforcement ex officio

When do Custom offices conduct enforcement ex officio? The necessary precondition to obtain Customs' enforcement ex officio is that the trademark owner's rights are recorded within the registers of the General Administration of Customs (海关总署), this way allowing Custom inspectors to investigate on detained goods' authenticity.

Customs usually require a security from the trademark owner for each enforcement action; the value of the security is equal to the value of the suspect infringing goods. In alternative, the trademark owner may also decide to provide a "one-time general security" (which is no less than RMB 200,000), which covers the expense of goods' storage during the previous year.

Enforcement ex officio consists of several passages that are pre-conditions to one another. Every time Custom officials suspect that some counterfeit goods may be entering or leaving China, they immediately seize those goods and notify their intervention to the rights holder. From the notification on, the offended party has three working days to request for the detainment of the seized goods; otherwise, Customs will release them. At this point goods pass through a careful inspection by Custom officials, who check whether the detained goods have actually infringed another previously registered trademark. This involves comparing the suspected goods with the genuine goods sold on the market. If the inspected goods result to be counterfeit, they are immediately confiscated by the Custom authorities and a fine, whose value cannot be over 30% of the value of the infringing goods, is imposed on the offender. On the contrary, if Custom surveyors notify that the detained goods are not infringing any previously registered trademark, the claimant has no choice but to apply to the People's Court either for a preliminary injunction or for an order of property preservation, imposing Customs to keep detaining the suspected goods. If Customs receive no notice from the court within fifty working days from the starting date of detention, they will release the goods. Where the infringement case reaches the criminal threshold, Customs will transfer the case to the police authorities to start a criminal prosecution.

Enforcement by application

How does enforcement by application function? The owner of an unregistered well-known mark, or the owner of a registered mark that is not recorded in the Customs' registers, can anyway submit an application to the competent Custom authorities and ask for the detention of goods that are crossing Chinese borders and that are under suspicion of being counterfeits.

The procedure for Customs' enforcement by application includes a number of steps. The greatest difficulty for the trademark owner is in providing sufficient and solid evidence to demonstrate the occurrence of an infringement action. The trademark owner deposits a security, whose value is calculated in the same way as for enforcement ex officio. If the documents submitted by the claimant are considered to be sufficient, suspect counterfeit goods are immediately confiscated by Custom authorities who are responsible for their detention, but not for their inspection. This is the reason why, after the period of detention of the suspected infringing goods by Chinese Customs, the trademark owner should apply to the People's Court for either a preliminary injunction or the seizure of infringing goods. Thereafter, if Customs do not receive any order of detention from the court within twenty days from the detention starting date, those goods will be automatically released.

3.4 Border measures outside China: IPR enforcement by the EU and US Customs

Also in the European Union and in the US, Customs play an active role in preventing and reacting to IPR infringements. Custom officers are engaged in a constant monitoring activity, controlling all the import and export movements through the countries' borders and detaining or seizing all the goods that are suspect of violating third parties' officially registered property rights. It is quite obvious that efficient IPR enforcement at the borders increases the probabilities for European and American trademark owners to flush out fakes on Chinese cross-border e-commerce platforms.

3.4.1 Regulation No. 608/2013 of the European Parliament and of the Council

The “Council Regulation (EC) No 1383/2003 concerning *“customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights”*³³ was approved on the 22nd July 2003. Ten years later, on the 12th June 2013, the European Parliament and the Council released the Regulation No. 608/2013, regulating exactly the same subject and repealing the previous one.

How do Customs in the European Union countries actually intervene in the prevention and of IPR infringements?

The new 2013 regulation allows the rights holder to apply for Customs action against any suspect infringements of his own intellectual property rights. In practice, through this application, the rights holder is requesting the intervention of Custom authorities to prevent potentially infringing goods from entering one or more European Union member countries where the Regulation is in effect.³⁴

Which are the categories of intellectual property rights that are defended by the Regulation? The Regulation imposes Customs to intervene in defense of the following categories of intellectual property rights: *“trademarks, designs (registered or unregistered), copyrights, patents, supplementary protection certificates, plant breeder’s rights, protected denominations of origin, protected geographical indications and trade names, if eligible for protection as an intellectual property right under national or EU law”*.³⁵

³³ Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights

³⁴ The countries where the Regulation No. 608/2013 is in effect are: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden and the United Kingdom.

³⁵ Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003

The application must be filed with the Customs authority of the European Union member state which is directly involved in the infringement. However, Customs area of intervention may be extended to all the other countries in case the right concerned is a “community right”. The application has a validity period of one year, after which it can be renewed. The minimum content of the application submitted to Customs should include two important elements:

1. The so-called “proof of validity”: the rights holder must provide some documents demonstrating that he is the effective holder of the intellectual property rights that should be object of Customs’ action and that these rights are valid within the territory and the countries where Customs operate.
2. All the necessary information to distinguish infringing goods from genuine ones: a detailed description of the original product and its packaging (including photographs); contact details about the person in charge for the application; a list of all the authorized manufacturers with whom the rights holder collaborates; the territory where the suspect infringing goods come from; a list of all the consumers potentially receiving those goods; any other information that may help the Custom specialists in charge to trace the modus operandi of the infringer.

After the application has been appropriately submitted, anytime Custom officials at the borders identify some goods that are infringing the intellectual property rights indicated in the application, such goods are immediately seized for detention, their release is suspended and the rights holder is called for inspection. The suspension period is limited: for common goods the limit is ten working days, which can be protracted up to ten days more if necessary, while for perishable goods it is only three days. Within this relatively short period of time, the rights holder is asked to assess whether or not the suspect goods are actually infringing his intellectual property rights. In case of proved infringement, a written confirm must be transmitted to the Custom office. In absence of such declaration, Customs are obliged to revoke the suspension and release the goods. At the same time, the rights holder should start a legal proceeding to obtain judicial confirm of the

legitimacy of the seizure. Regarding this aspect, Italy is an exception to the rule. Italian law classifies the infringement of intellectual property rights as a crime, so in the moment the Italian Custom office receives the rights holder's declaration of infringement, a criminal proceeding is immediately and automatically started.

In case of grounded suspicion that some IPR infringement is taking place, Customs may also spontaneously intervene and seize the incriminated goods for three working days, even in absence of any application by the rights holder. At this point, any further information by the rights holder may be helpful for Custom officials to confirm their suspicion. Since the goods' seizure, the notified rights holder has a three-day time to submit his own application for action and start the legal proceeding.

3.4.2 US Customs and Border Protection Agency: applicable laws and regulations

The US Customs and Border Protection (CBP) is a federal agency working for the defense of American borders. One of the major threats to US economy and security is the merchandizing of foreign-origin goods infringing US intellectual property rights. The agency approach to IPR safeguard at the US border is based on two key elements.

The first element is enforcement. CBP officials are authorized to detain and seize those goods imported through the border that violate any federally registered American trademarks. Every year they release a report publicly declaring all the seizures performed, specifying the value and the manufacturer's suggested price of each seized good.

The second key ingredient is partnerships. CBP collaborates both with other federal agencies and with foreign governments to protect the interests of American rights holders. One of its partners is the National Intellectual Property Rights Coordination Center. CBP is one of the founding members of the center and all the members cooperate with each other pursuing the same IPR enforcement

objectives, by exchanging relevant data and planning multi-agency operations hitting IPR infringers and counterfeit goods. Another efficient partnership is the one with the American trade community: the contribute of American rights holders and businesses is crucial for the success of CBP enforcement actions.

The US Customs and Border Department, in collaboration with the National Intellectual Property Rights Coordination Center edited a guide explaining American businesses how to partner CBP authorities in order to efficiently enforce their own trademarks at the US border. In order to maximize the results, three steps have to be taken by rights holders:

1. E-Recordation: the level of protection of those trademarks that have already been registered with the US Trademark Office can be further enhanced by extending the registration with the CBP authorities, this way giving them access to all kinds of information regarding the property rights in question and making it easier for them to recognize potential infringements at the border. Online registration allows businesses to complete the framework of available information by uploading images of their trademarks. Then, how to practically register a trademark with the CBP?

The guide provides a detailed procedure to follow:

- a. Registering the trademark with the US Trademark Office;
 - b. Accessing the e-Recordation application on the CBP website and providing all the information required by the form and in particular: the trademark registration number, the contact details of the rights holder (name and address of the business, citizenship), the identity of individuals or partner companies authorized to use the trademark.³⁶
2. E-Allegations: this is CBP's online reporting system, which all American businesses and rights holders partnering with border authorities are invited to use to submit allegations and denounce suspect infringing shipments

³⁶ US Customs and Border Protection, National IPR Coordination Center, *Intellectual Property Rights Enforcement – How Businesses can Partner with CBP to Protect their Rights* (pagg. 4-5).

towards the country. The submissions can also be anonymous and the application allows submitters to add photos and other documents to prove their accuses. Once submitted, allegations are immediately transmitted to the competent offices and ports where investigations on the suspect goods are performed.

3. Information Sharing System: since counterfeiting techniques have improved a lot and it is becoming more and more difficult to distinguish original goods from fakes, CBP efficiency strongly depends on the quality of the assistance provided by American businesses and rights holders. On the CBP platform they have space to submit the so-called “Product Identification Guides”, which are linked to the e-Recordation page and which provide useful information and details about the recorded property rights, this way facilitating CBP analysts to recognize infringements. The CBP has developed a risk-based model to combine all the information in these guides and determine what shipments are more likely to contain infringing goods. The following list represents the minimum content for an appropriate and useful guide:
 - a. information about the company;
 - b. details about the intellectual property owned by the company;
 - c. the registration number (the number associated to the property when it was registered with the Trademark Office) and the recordation number (the number associated to the property when it was registered with the CBP);
 - d. the US International Trade Commission investigation number;
 - e. physical Characteristics of the product;
 - f. photos of both genuine and suspect counterfeit goods;
 - g. manufacturing information;
 - h. an appropriate legal disclaimer.³⁷

³⁷ US Customs and Border Protection, National IPR Coordination Center, *Intellectual Property Rights Enforcement – How Businesses can Partner with CBP to Protect their Rights* (pag. 7).

4. Product Training Sessions: rights holders can also decide to organize sessions of product identification training for CBP officers. During these sessions they have the opportunity to physically encounter the import specialists who actually conduct inspections upon the shipments to identify any intellectual property right infringements.

Chapter IV

Online brand protection strategies and services

4.1 Strategies of online trademark enforcement

Chinese e-commerce platforms have already given birth to a market with more than 500 million users (according to 2015 surveys) and this wide basin keeps expanding. However, international companies that are interested in selling their products on Chinese online platforms have to confront with the existence of a constantly developing fake market and they should be aware of the importance of implementing the right strategy to defend their brands against IPR violations.

Online trademark enforcement and customer experience management are both key elements in any successful brand protection strategy. Quite often, the responsibility for the negative effects of fake products commercialization on the company's business is to be attributed to some negligence by the company itself. Of course, nowadays consumers can dispose of a great variety of web channels to get aware of a brand's products and buy them; this makes both customer experience management and online brand protection more and more difficult. In this scenario it is very important for companies to adopt a multichannel perspective, which means monitoring all the sites where their clients can get in touch with the brand.

The three most important tips provided by China Briefing News³⁸ for companies needing to secure their brands on the Chinese online market are:

1. registering the brand³⁹ at China Trademark's Office to officially acquire the exclusive right to the use of that brand;
2. constantly monitoring products on Chinese platforms;

³⁸ China IPR SME Helpdesk, *E-commerce Brand Protection in China*, 2015

³⁹ See the chapter on the "Trademark Law" (pagg. 10-16)

3. applying for product seizure, in case of IPR violation.

Moreover, the article offers some useful advice to online retailers to help them flush out suspect infringers:

- searching for similar or identical trademarks on both international search engines, like Google and the most famous Chinese search engines (Bing.com, Baidu);
- searching for all the possible Chinese translations of their own brands, because Chinese people tend to translate Western-sounding names into characters;
- another alarming circumstance is when the price list is produced by an individual retailer or by a business entity who are not part of the official distribution chain in China;
- the suspect of some intellectual property rights infringement should arise anytime a product is included in more than one price list with very different prices;
- It is also particularly suspicious when the retailer is able to sell a conspicuous number of product units.

TSW web marketing agency⁴⁰ and Mark Monitor⁴¹, also thanks to the contribute of the legal and marketing advisors of world-known brands (MSC, eBay, Valentino) organized a symposium in March 2016. During that meeting they combined their own studies and researches and the result of that collaboration was a series of interesting considerations about the globally debated themes of trademark counterfeiting and the illicit, fraudulent use of trademarks online. One of the main

⁴⁰ Tsw is an Italian web marketing agency born in Treviso, that is currently operating on the web and in many cities worldwide. Its core activity is a research activity. They investigate into marketing and innovation big themes, among which there are: Search Marketing, Digital Analytics, Brand Reputation e Customer experience.

⁴¹ Mark Monitor is an American agency operating in the field of brand protection on e-commerce sites. It provides companies with counselling services and online market monitoring instruments to help them identify possible retailers deliberately violating their exclusive right to use their brands and take the most efficacious countermeasures.

points touched by the experts during the symposium was the importance of a constant monitoring of the so-called “customer online journey” to contrast the fraudulent commercialization of fake products, imitating authentic brands. This journey is nothing else than the path followed by the typical consumer who gets to know about the existence of a brand or a product and decides to buy it on an online channel. Streamlining the customer online journey and intervening in all its phases has proved to be very useful not only to acquire new clients, but also to keep current customers focused on the official and authorized online purchase channels.

The main steps of the journey are:

1. *Awareness*: building a widely and easily recognizable image, providing detailed guidelines to accurately follow both to the company’s specialists and to intermediaries when communicating the brand to the customer;
2. *Consideration*: after the consumer has been positively influenced by the advertising campaigns or by other peoples’ feedbacks, he starts searching for the product online on search engines and platforms. This is the point where the retailer’s intervention is most important to attract the consumer’s attention: the vendor should make his best efforts to guide the consumer who is interested in a particular product to find it on his own official website or through the broking activity of authorized partners. This also means preventing the consumer from getting in touch with those using the trademark with an illicit scope. Let’s see now what are the best strategies to reach this objective:
 - a. *Keyword advertising*: the online retailer decides to buy one or more advertising spaces on one or more search engines, paying a fee that is calculated on the basis of the number of accesses to his own website, gained through the purchase of such spaces.
 - b. *Efficacious SEO strategies*: SEO (Search Engine Optimization) can be defined as a set of practices and strategies aimed at increasing the website visibility, by improving its position in the ratings of “pure”

or “organic” search engines. SEO strategies are designed to optimize more aspects of the website, including its structure, the HTML code, the textual content, the management of the so-called “inbound links” (links that redirect the web user from other sites to your own). Obviously, plenty of the most frequently adopted SEO strategies regard the search engine Google.

3. *Intention and decision*: at this point, the customer has already reached the official website of the seller. Now the seller should take care of the so-called “user experience”, that is the experience of the consumer on the website. The improvement of the customer experience allows the brand owner to distinguish its brand from competitors and also to win a competitive advantage on counterfeiters. A positive and remarkable customer experience is based on three elements:
 - a. the user should perceive to be in the right place; this means coherence between research, announce/title and description and an accurately designed “landing page”⁴²;
 - b. the website content should be exhaustive and presented in an attractive way;
 - c. the final purchase procedure should be simple and flowing, characterized by few and well guided steps, the possibility to interact with the website’s customer service, flexibility in the choice of secure methods of payment, successful payment confirm systems, detailed information about post-payment.
4. *Customer care*: educating clients to protect themselves against the sale of counterfeiters and teaching them how to reach the certainty to be buying on authorized channels, for example by clearly specifying that one precise store is authorized to sell a certain number of products.

⁴² The “landing page” is the web page that the customer is redirected to starting from a precise research, characterized by clear and quite immediate content with the objective of concluding the customer online journey with the final purchase.

4.1.1 The importance of SEO optimization strategies to improve clients' fidelization

Today e-commerce represents the environment where counterfeiting practices can most easily find expression. Fraudulent organizations design websites that are very similar to official brand online stores and propose fake products with reduced prices, or they exploit well-known registered trademarks and official communication material to abusively sell products to their consumers, who are most of the time unaware of being victims of frauds. So how to create a recognizable brand, combining uniqueness and quality?

Tsw Digital Marketing researchers (see pag. 21, note n. 20), suggest that companies should never underestimate the usefulness of SEO optimization and the improvement of their e-commerce stores for online brand protection. The article written by the SEO specialist Dario Codato, published on the 27th July 2017, provides seven important recommendations:

1. *Detailed product specifications, photos and fascinating/attractive contents:* the analysis of product specifications is a key moment in the purchase process, it is the moment when the purchasing decision becomes concrete. The idea of "product specifications" should not be limited to a written description of the products' characteristics and properties, which of course should be exhaustive. Today web success is conditioned to a greater attention to the so-called "rich contents", in order to provide a more complete overview of the offer and to improve the consumer's purchasing experience.
High quality and high resolution images, videos showing consumers how to use products or highlighting products' benefits, well-structured and exhaustive articles are all elements that enrich consumers' online experience aiming at transforming the brand into a point of reference in its industry.
2. *Personalization of the purchasing experience:* personalizing the consumer's purchasing experience is a complex process, but remunerative in the long

run. The majority of online consumers are completely unknown, when they first access to an online store. During the first contact with the site, the user will visit some pages and he will interact with some elements in those pages (email, forum, home menu), this way releasing useful information about his/her geographical collocation (through IP addresses), about his/her browser's language and other data that are useful to identify the consumer in the future. The consumer who enters the same site for the second time is no longer an unknown user, even if he is not yet the owner of a specific account. Further information about the consumer can be extracted at any new access to the website. By using advanced tracking services and marketing tools, websites can monitor their interaction with consumers and assign each of them to a particular product segment or category, so that the website operators can start sending personalized promotional messages or proposing specific products. The registered consumer is the one who has already completed a purchase, therefore he already owns an account with all his/her personal data. This consumer is already a faithful client, so by using data like the summary of past orders it is easy to develop tailored purchase recommendations, email personalization and product proposals. Of course all these expedients are meant to ensure a long-term client's fidelization.

3. *Information availability*: when the company has a variegate offer, a clear product classification is essential to improve consumers' online experience. It could be very frustrating for the consumer not to find the product he is interested in among many others. This frustration may push the consumer to search for the product elsewhere and maybe to click the link of some abusive and fraudulent websites. As a result, the company may suffer from serious damages in terms of profit and brand reputation. The efficient structuring of the offer into product categories and sub-categories is the first important step to make products easily identifiable to both search engines and consumers themselves.

4. *Omni-channel strategies*: the customer online journey is more complex, multi-channel and multi-device. Omni-channel thinking is now a necessity. Offline and online retail channels are getting closer and closer and they are now constantly in contact. This way, a client who has always been faithful to an offline store can suddenly become an online consumer and vice versa. According to GE Capital Retail Bank's Second Annual Shopper Study (2013), 81% of consumers search information online before going to shops and buy the product they are interested in. Moreover, consumers' online purchasing behavior is not uniform and it is based on a multi-device approach to online stores. (desktop, tablet, smartphone). About 85% of online consumers say that they frequently shift from one device to the other during the process.⁴³ All these considerations should be taken into account by the company that wants to direct consumers' online journey towards its own official website or towards the affiliate ones.

5. *Localization strategies*: the pursuit of objectives of brand local visibility can increase the number of fidelized consumers who tend to purchase through official channels, both offline stores and e-commerce websites. Companies who sell online, but also have offline selling points usually do not dedicate particular attention to local strategies, because they typically operate on a national scale, so they have a wide target. However, the implementation of local strategies may help them tailoring their marketing activities to the characteristics of smaller, though more relevant consumer niches, usually ignored by competitors, this way gaining some competitive advantage and reaching important fidelization results.

6. *Speed*: Google, the world leading company in the search engine industry, has developed several tools and testing instruments⁴⁴ to measure the speed of websites and applications. Today great attention is reserved to the speed⁴⁵ of the web. E-commerce websites need to adequate to this new

⁴³ Source: "Google – How digital connects shoppers to local stores" (2014).

⁴⁴ See "<https://developers.google.com/speed/>"

⁴⁵ According to e-consultancy, basing on a research by Akamai:

trend and constantly improve the speed of web pages loading in order to satisfy contemporary internet users' expectations. Investing in hardware resources to design an e-commerce platform that is optimized in terms of web page speed of loading is fundamental for the success of the platform itself among e-consumers.

7. *Internet Safety*: from the beginning of the current year, the most widespread browsers (Chrome, Firefox..) have started signaling those websites that require users to display sensible data, not provided for by the HTTPS Protocol⁴⁶. For e-commerce platforms, who inevitably have to ask users personal information, like name and surname, delivering address, telephone number and e-mail address, the respect of this Protocol is extremely important to win the favor of new clients and fidelize them. Apart from the above mentioned system to signal not secure websites, Google also relies on the use of HTTPS Protocol as a ranking factor to decide where to position the website link within the search engine ranks.

4.1.2 The other face of “Keywords Advertising”: the illicit use of trademarks to buy advertising spaces

The diffusion of Internet has broaden the pool of commercial opportunities for worldwide companies, this way making online markets competition more and more fierce. Each retailer is concentrated on reaching the highest number of visitors on his own official website. In this competitive environment, many players often cross the border of legitimate marketing. One of the most frequently reported episodes is the illicit use of someone else's trademark to buy online advertising spaces.

-
- 47% of internet users expect that the web page is loaded in less than two seconds;
 - 40% of internet users confess that they tend to abandon those pages that are loaded in more than three seconds;
 - 52% of online consumers confirm that the faster is the process of web page loading, the stronger their fidelization to the website;
 - 64% of online consumers say that in case they are not satisfied by their visit to the site, they will shift to other websites.

⁴⁶ HTTPS: acronym for “Hyper Text Transfer Protocol over Secure Socket Layer”

How do search engines elaborate keywords? For any keyword inserted in the bar of a search engine, the page gives two different results:

1. the “spontaneous” or “natural” result, which is a list of all those sites that are considered to be pertinent with the inserted keyword, according to objective criteria;
2. the second result are the so-called “advertising links”: search engines usually offer positioning services on charge, through which any advertiser can select and purchase some keywords. Any time those keywords are inserted by some internet user in the research bar, the advertising link, or the link to the advertiser’s website, appears among the results that are output by the search engine. The link is located within the index of the so-called “sponsored links” to the right or above the spontaneous results.

In case the trademark is well-known and famous, is the brand owner legally recognized the right to ban the use of his own trademark as a keyword by advertisers without having to demonstrate the existence of an actual risk of confusion with the sponsored link? The EU directives ensure a special level of protection to well-known trademarks: the use of these trademarks is forbidden in case the third party user may take some advantages from their notoriousness or in case it somehow damages these trademarks’ reputation. Of course, the use of a well-known trademark by a competitor is not necessarily classified as an illicit practice. There are also cases in which the use of someone else’s famous trademark is just a practice of loyal competition, aimed at attracting the consumer’s attention towards other products and services offered as alternatives to the trademark in question, without compromising the fundamental functions of the trademark itself.

A final interesting point to touch about keywords advertising is the role of the positioning service provider in the process of purchase of trademark sounding keywords. The EU Court of Justice established that the positioning service provider does not violate the rights recognized to the trademark owner when he allows advertisers to purchase keywords that are similar or identical to the registered trademark, because he does not directly make a “use in commerce” of

the trademark in question.⁴⁷ However, when the positioning service provider gets to know about the illicit nature of the keywords advertising activity of one of its clients, he is legally required to immediately remove or disable any access to the keyword in question, otherwise he may be judged guilty of IPR violation.

Let's try and draw some conclusions about keywords advertising that are useful for the present study. E-commerce has encouraged the practice of threatening forms of parasitic linking to famous trademarks in order to give visibility to products or services other than the authentic ones. Apart from an evident responsibility attached to the advertiser, who is in bad faith exploiting someone else's trademark's name, the positioning service provider or the online platform cannot be exempt from any liability for such kind of illicit. The fight against the violation of trademark exclusivity rights requires the joint action of several players: internet service providers, online retail platforms and trademark owners themselves (for example by adopting preventing and monitoring instruments and strategies and by promptly signaling possible illicit acts).

4.1.3 Online Test Purchases

Unlike traditional physical stores, online shops absorb minimal resources. This allows their owners to keep costs to a minimum. Unfortunately, these savings are compensated by a greater waste of money and efforts for contrasting online infringing activities. In order to tackle online counterfeiting, rights holders often resort to the so-called "online test purchases. They hire external people to purchase the alleged infringing goods, then analyze those goods and take legal actions if necessary.

When do brand owners choose to make online test purchases? Though in the last years the Chinese government's actions have undoubtedly produced important results⁴⁸, however they still focus mainly on trademark infringements on physical

⁴⁷ artt. 14 e 15 of the Directive n. 31/2000/CE on e-commerce.

⁴⁸ "From 2012 to the end of November 2015, the Administration for Industry and Commerce (AIC) and Market Supervision Administrations handled 317,000 trademark infringement and counterfeit cases, involving Rmb 2.91 billion (approximately \$448 million). In 2015 Customs took over 25,000 IP protection

markets, rather than online. So, rights holders must take the initiative when it comes to online infringements and adopt a zero-tolerance approach towards counterfeit goods. Quite all trademark enforcement strategies begin with the so-called “cease and desist letter” that is sent by the rights holder to the infringer. However, many infringers ignore such letters or just temporarily remove the infringing links and then restart them some time later. Moreover, Chinese most famous e-commerce platforms have their own IPR protection systems, which rights holders can use to file complaints and ask for the removal of infringing goods or even for the closure of the entire online shop. However, there is nothing to prevent the infringer from opening a new shop later on, selling the same infringing goods. In case of failure of the previous two solutions, trademark owners can file complaints with local authorities, such as the AIC and Chinese Customs, or otherwise start a civil litigation. A civil litigation requires a precise identification of the accused party. However, many infringers do not identify themselves transparently on their online shops, even though they should do that in compliance with the Administrative Rules for Online Transactions issued by the State Administration for Industry and Commerce. One efficient strategy to discover the identity of an infringer is to place a real order, because at the end of the transaction, at the moment of payment, the bank’s payment record shows the name of the beneficiary. Moreover, some e-commerce platforms can agree to disclose the identity of one or more of their host sellers upon the buyer’s request.

Apart from the necessity to identify a potential infringer in order to make a formal accuse, there is another reason that could push rights holders to make test purchases. When no actual sale takes place, one of the most frequently adopted defence weapons for infringers trying to avoid penalties is to demonstrate that they are just offering for sale. In such cases, an actual purchase provides useful evidence against such arguments. Of course, test purchases require the collaboration of consumers, who are often very difficult to convince. Their major

*actions, with more than 70 million goods seized, 98% of which were found to involve trademark infringement” (Haoyu Feng, Chofn Intellectual Property, *Macking the Sale – Tackling Online Counterfeiting in China*, World Trademark Review)*

concerns are the costs they would have to undertake and the risk of being stolen sensible and confidential information.

How much to purchase in order to make the collected evidence reliable and not questionable at all? Generally speaking, the higher is the volume of infringing goods sold, the stricter is the punishment and the higher are the damages asked to the infringer. However, a test purchase is not a normal transaction, as it is performed exclusively with the objective of gathering evidence to prove some trademark infringement, so the purchasing volume should always be controlled, otherwise, the evidence found may be questioned by authorities for bad faith and lack of legitimacy. In both civil and criminal litigation concerning trademark infringement, any evidence collected through test purchases is to be considered acceptable, also because it is well-known that test purchases help discouraging infringing practices. However, there were civil litigation cases in which such evidence was refused, claiming that the defendant had been subject to entrapment. To say it shortly, a line must be drawn between legitimate evidence collection and entrapment. One solution to make test purchases a reliable and valuable instrument to tackle online infringers is to always collect additional evidence to demonstrate that the defendant's infringing action has taken place repeatedly over a significant period of time and that the alleged order is not the sole order involving infringing goods.

Another issue that may limit the efficaciousness of a test purchase strategy is the possibility for each seller who is sued by any rights holders to prove his unawareness about the infringing character of the goods sold in his store. According to Article 64 of the Trademark Law, *"if a party that unknowingly sells infringing goods can prove that it obtained the goods lawfully and can identify the supplier(s), it shall not be held liable for damages"*.⁴⁹ Of course, the unawareness of the seller must be supported by proper evidence and reliable. One of the situations when it is most evident that the infringer is aware of the fake nature of

⁴⁹ Standing Committee of National People's Congress on Amendments to the Trademark Law of the People's Republic of China, *Trademark Law of the People's Republic of China* (as amended up to Decision of August 30, 2013).

his goods is when the price paid to the supplier is sensibly lower than the one normally assigned to genuine goods on the market.

To conclude, in the apparently never-ending battle against counterfeiting, placing an order with a suspect online infringer and then having the purchase notarized has become a necessary step for obtaining strong evidence, which is extremely important in both civil litigation and administrative complaints. On their part, governments and e-commerce platforms should make joint efforts to limit restrictions for test purchases.

4.1.4 The “Certilogo Project”: what about consumers?

What about consumers? Are they somehow involved in the fight of the international brands’ community against online trademark counterfeiting? The “Certilogo Project” was started in 2006 by four Italian professionals⁵⁰ coming from very different industries, but especially meant for the industry of clothing and luxury items. The project consists in the creation of a virtual network of brands, retailers, consumers and even custom offices, who are asked to exchange relevant information with the common objective of fighting the practice of online brand counterfeiting.

How does Certilogo monitoring systems function? For each product sold either in a physical store or on an online platform, Certilogo generates a QR code.⁵¹ The univocal character of the sequence is at the basis of the efficaciousness of this instrument to assert the authenticity of the associated product. Two clothes which are similar in brand, size and color will never be assigned the same Certilogo code. Each code hides several indications about production and distribution points. Before the final purchase act, the client who is thinking about buying the product has the possibility to check its authenticity by using either the Certilogo App or a QR Code Reader, or in alternative by entering the site “www.certilogo.com” and

⁵⁰ The founders of the Certilogo Project are: Michele Casucci, Luca Losa, Daniele Sommovilla, Paolo Pegurri.

⁵¹ QR Code (Quick Response Code): it is bar code used to codify some information about the product to which the code itself is associated. This kind of code is defined as “quick response” precisely because it allows a rapid de-codification of the hidden information, through the scanning of the sequence of bars with a smartphone or a tablet device.

typing the string of twelve ciphers combined with the QR code. At that point, Certilogo will ask the client to write a series of useful details about his own profile and the store (either offline or online) where he is purchasing. If the data provided by the client correspond to those declared by the authentic brand and codified by Certilogo, the product will be immediately recognized as authentic. On the other hand, in case of lack of data correspondence, the client will have the right to denounce the non-authenticity of the product, by exhibiting a “Fake Report” released by Certilogo to receive a reimbursement from the store.

Michele Casucci, the founder and CEO of Certilogo company, explained in a magistral way what is the idea at the origin of the Certilogo Project: *“social media are completely revolutioning the dynamics of social relationships; today, with smartphones constantly in our hands, we are always online. This social revolution has been grabbed by Certilogo as an opportunity to use consumers themselves as its allied in brand protection and in the war against counterfeiting”*.

“Certilogo Analytics” is a further service offered by the Certilogo platform. The service can be enjoyed completely online, without necessarily installing any additional apps. This instrument allows brands to consult the data gathered by Certilogo during all its controls on products’ authenticity.

Certilogo is a platform that gathers information, elaborates some data and makes such data available to several users, like brands, consumers, retailers and even custom offices, in order to let them verify the authenticity of the products imported and exported through the frontiers. The services offered by Certilogo are useful to both clients and companies⁵²: on one hand, they give clients what they need to obtain the reimbursement of the sum paid to purchase a fake product; on the other hand, they allow companies to keep themselves informed about those products

⁵² In 2015 about fifty brands adhered to Certilogo Project (Versace, Moschino, Paul and Shark, Colmar, Save The Duck are just some of them) and the number of products endowed with a Certilogo code reached 72 million, distributed in 160 countries. These products mainly belong to the industry of fashion and luxury (clothing items, accessories and cosmetics). Checks on these products’ authenticity through their QR codes were 160 thousand. The 8% of these controls revealed cases of counterfeiting, immediately alarming consumers, many of which (over 200) asked for a “Fake Report” certification in order to obtain reimbursement.

that are more often objects of brand counterfeiting and about the principal sites of origin and sale of fake products. The force of Certilogo is “crowdsourcing”: the more clients enter the site to verify products’ authenticity, the more simple it is for companies to flush out the widest fake markets existing on the web, because any single check feeds the network of information and notification that is at the basis of the efficiency of Certilogo as a system monitoring and controlling the authenticity of online sold products.

4.2 Online brand protection private service providers

The company alone has not enough instruments to find all the occasions of illegal use of its trademark online. Try and imagine how long it would take to hypothesize all the possible keywords typed by e-consumers to search for a single product. This time should be further multiplied for the number of products offered by the company’s catalogue. It is impossible for the company to do all this without the help of specific systems and technologies. Today in the “e-commerce era”, the market pullulates of private online brand protection service providers. The services they offer help companies to keep the web under constant scanning and to rapidly individuate those fraudulent websites trading counterfeit products or illegally using registered trademarks and domain names. However, most of these services have a high price and companies should balance this cost with the magnitude of the risks connected to their online business. Though each case deserves its own considerations, generally speaking, these private services are most frequently approached by big multinationals, whose online sales represent a significant portion of their total annual invoices.

4.2.1 Convey.it: instruments of Internet Brand Intelligence and Brand Protection

The web platform “Convey.it” provides some useful services helping international brand owners to both test and increase the level of protection of their own trademarks on e-commerce platforms. Convey operates in two main fields:

1. *Brand Intelligence*: Brand Intelligence services and instruments assist the brand owner in tracing potential menaces to his own intellectual property rights on the web. These services are:
 - a. Reports on web counterfeiting;
 - b. Reports on web counterfeiters’ clusters;
 - c. Use and notoriousness tests;
 - d. Analysis of trademarks’ degree of vulgarization;
 - e. Reports of “Internet Brand Compliance”;

2. *Brand Protection*: Brand Protection services offer the brand owner effective solutions and instruments to protect his trademark and all the connected intellectual property rights online. These services are:
 - a. Convey’s Trademark Clearinghouse (TCH) Service;
 - b. Actions of “web ecology” and “web cleaning”;
 - c. Trademark enforcement through Domain Names;
 - d. Trademark enforcement on e-commerce platforms;
 - e. Actions contrasting trademarks’ vulgarization.

Reports on brand counterfeiting

The first important Brand Intelligence service offered by Convey are the so-called “Reports on Brand Counterfeiting”, that are strategic and operational reports on the online presence of trademark and product counterfeits, making use of sophisticated crawling technologies⁵³ that are capable of gathering information from

⁵³ Web crawling usually refers to dealing with large data-sets where you develop your own crawlers (or bots) which crawl to the deepest of web pages.

many different kinds of accessible sources. The process of source acquisition may be either indiscriminate or selective: in the second case, particular research methods are adopted to obtain the most representative sample of contents to analyze, also considering the typical behavior of internet users. The selected web sources, which may be either web pages, social media or e-commerce platforms are then interrogated through personalized algorithms, which serve to discover situations of “suspect counterfeiting” among the contents. The algorithms are able generate different outputs depending on the committee’s needs. For world-famous e-commerce platforms, the reports show the precise quantitative and economic value of all the insertions and their classification according to product categories. For Category Associations, Public Consortia or Administrative Departments the reports on online counterfeiting may also be “multi-brand”, integrated with metrics and “Key Performance Indicators” (KPI) referred to each specific industry.

Each report on suspect counterfeiting practices is normally followed by a program of “Internet Brand Protection” actions aimed at removing the detected and opportunely verified trademark abuses from the web.

Reports on web counterfeiters’ clusters

If one particular trademark is found to be repeatedly counterfeited on several websites , either because its use is connected to the sale of fake products or because it is illegally present in the domain name of websites selling other products, the first step is a situational study. In some industries (fashion, luxury, sport apparel, pharmaceutical industry, software etc.), web counterfeiting is an extremely sophisticated practice supported by the same business strategies as those of big multinationals: market and product diversification, economies of scale, risk management solutions etc. From a first superficial analysis, the illicit use of trademarks is characterized by diverse patterns, apparently associable to a high number of subjects who are very difficult to individuate and who are ready to restart their activity, if not deprived of their vital organs. Convey’s Brand Intelligence services are able to flush out clusters of websites that are all

ascribable to the same organization. The service is programmed to extract from such clusters IT, commercial, registry, “look&feel” information and to individuate, among these contents, recurrent patterns, which sometimes are very well concealed. This kind of report on counterfeiters’ clusters is usually followed by a series of actions of trademark enforcement on Domain Names, which will be discussed later (see pag. 64).

Use and notoriousness tests

The brand owner is frequently asked to demonstrate that his trademark is used within an ambit and for a scope that are appropriate to what declared in the registration application approved by authorities, otherwise he may be deprived of the exclusive right to use the trademark itself.

In other cases, the owner of a brand that is identical or similar to another one previously registered may be forced to demonstrate that his trademark is used in the complete respect of the rights of the other, in order to avoid being denounced as violating fundamental intellectual property rights. Furthermore, “well-known trademarks” often have to document their notoriousness or renown in order to obtain some special, extended protection, ensuring brand owners that their own trademarks are not used on any identical or similar products and services from any category, also the ones that are not included in the registration demand.

Convey’s Internet Brand Intelligence technologies are able to generate, in a very short time, detailed reports about the contexts of use and the level of notoriousness of a trademark in the virtual world. All the necessary information and indicators to produce such reports are searched for through all the accessible internet channels; then the system accurately organizes and the gathered data within a dossier, quite often in collaboration with intellectual property rights experts or with legal advisors.

Analysis of trademarks' degree of vulgarization

Gaining a wide market share is the primary objective of any brand owner but, in some cases, the excess of success may expose the brand owner to the risk of losing exclusivity in the use of his own trademark. Words like “aspirin”, “bikini”, “cellophane”, “jeep”, “cornflakes” and many others, which originally were all trademarks, have undergone a gradual process of “vulgarization”. The process of trademark vulgarization occurs as long as a word, previously identifying a specific trademark, is gradually perceived as the word that is commonly used to refer to a more general product category. A vulgarized trademark loses any connection with its original owner and becomes the common word which identifies all the products of a single category. The trademark loses one of its most fundamental properties, that is its distinctive function. This is why trademark vulgarization usually has a double effect on the different market players: it produces a serious damage to the traditional trademark owner, at the same time representing an extraordinary opportunity for his competitors to achieve the decline of the intellectual property rights⁵⁴ recognized to the trademark owner himself.

The owner of an online merchandized brand, who wants to defend his IP rights against the menace of trademark vulgarization first needs to engage in an accurate internet brand intelligence activity, in order to study how the trademark is used on the market: the frequency of use of the trademark as a common word, the presence of indications about the status of the trademark (®, ™, “registered mark” etc.), the frequency of reference to the trademark owner’s business name, interventions on the web by either the trademark’s owner or some designates to clarify the status of the trademark.

Convey’s brand intelligence methodologies and solutions are able to output, in short time, exhaustive reports of analysis that are useful for brand owners to

⁵⁴ Article 13 (4) of the Italian Industrial Property Code provides that: “A trademark is revoked if, as a consequence of the acts or inactivity of its holder, it has become in the trade the common name of a product or service or if it has lost its distinctive character”.

Similarly, Article 51, (1b) of the Council Regulation No. 207/2009 on Community trademarks provides that: “The rights of the proprietor of a Community trademark shall be declared to be revoked...if, in consequence of acts or inactivity of the proprietor, the trademark has become the common name in the trade for a product or service in respect of which it is registered”.

defend their trademarks against this type of IPR attacks by competitors. All the results are then accurately organized into dossier.

Reports of “Internet Brand Compliance”

“Internet Brand Compliance” is the new frontier of trademark management in the virtual world, involving the collaboration of brand managers, Sales & Marketing directors, Marketing and Legal Affairs departments.

The main purposes of an “Internet Brand Compliance” analysis normally are:

- Verifying that the use of the trademark made by the official distribution network is conform to the company’s organizational and commercial policies;
- Tracing any cases of non-authorized use of the trademark by third parties that do not belong to the official distribution network and/or reside in different countries;
- Checking the co-existence of one company’s trademark with those of its competitors on products and goods.

Some of the above listed problems may call for further investigations into current internet fake markets (the so-called “parallel/grey markets”) and on possible contaminations of these markets with official retail channels.

Convey’s Brand Compliance Services can count on the most recent methodological and technological innovations in the field of Internet Brand Intelligence and on a wide experience working with prestigious trademarks. Convey’s professionals analyze the activity of all the business subjects operating in a particular territory and on a particular market, who sell a specific category of products or services online. The analysis is meant to individuate ambiguous technical and economic aspects related to those subjects that should be objects of deeper investigations. The data gathered with such analysis are then put together

into detailed and well organized reports issued by the platform and made available to companies.

Convey's Trademark Clearinghouse (TCH) services

From Autumn 2013 and for the following three years, ICANN⁵⁵ (Internet Corporation for Assigned Names and Numbers) corporation released over 1,900 new “generic Top Level Domains” (gTLD).

Excluding the new gTLDs registered by many companies for an exclusively internal use (i.e: .audi, .sony, .ibm, etc.), many Internet Service Providers register new gTLDs with the purpose of better selling their respective Second Level Domains⁵⁶ to their internet public. The majority of these new gTLDs are focused on typical contexts of online retail and on product categories (e.g: .clothing, .fashion, .shoes, .boutique, .buy, .sale, .site, .auction, .cheap, .bargains, .web, .online and many more).⁵⁷ It is quite easy for counterfeiters and cybersquatters to register new websites with this kind of gTLDs and then use these websites as vehicles for illicit contents.

In order to offer to brand owners an instrument of protection against the forthcoming explosion of IPR abuses, the ICANN corporation has developed a centralized system called “Trademark Clearinghouse” (TMCH). Convey works as

⁵⁵ The Internet Corporation for Assigned Names and Numbers (ICANN) is a nonprofit organization responsible for coordinating the procedures and maintenance of several databases related to the namespaces on the Internet, ensuring the network's stable and secure activity. Much of its work is concerned with the Internet's global Domain Name System (DNS), including the development of policies for the internationalization of the system itself, the introduction of new generic top-level domains (TLDs) and the activity of root name servers. ICANN's primary objectives are helping preserving the operational stability of the Internet, promoting competition, achieving broad representation of the global Internet community and developing policies that are appropriate to its mission through bottom-up, consensus-based processes. ICANN was created on September 18, 1998, and it was incorporated on September 30, 1998, in the U.S. state of California. It is headquartered in the Playa Vista neighborhood of Los Angeles.

⁵⁶ In the Domain Name System (DNS) hierarchy, a Second-Level Domain (SLD or 2LD) is a domain that is directly below a top-level domain (TLD). For example, in “example.com”, “example” is the second-level domain of the TLD “.com”.

⁵⁷ See the complete list on “www.newgtlds.com”.

an agent authorized by ICANN to act on any brand owner's part in the process of registration of his trademark under the new gTLDs.⁵⁸

Actions of "web ecology" and "web clearing"

In addition to the service of Internet Brand Intelligence, which offers to companies very useful reports on the phenomenon of trademark and product counterfeiting online, Convey undertakes an articulate series of actions of administrative/technical (not judicial) "enforcement" designed to combat specific phenomena of trademark abusing and counterfeiting on the web. These enforcement actions are part of a strategy of "web cleaning".

The program of enforcement includes: injunctions against the websites owned by counterfeiters or against internet service providers; demands of de-indexation from the ISP's archives of those contents that violate IPR⁵⁹; demands of website obscuring to obstacle the access to illicit contents by Italian consumers.⁶⁰

In parallel with the above mentioned enforcement actions, Convey can also start further specific actions to try and worsen the ranking of illicit websites within the indexes of search engines, individuating and removing those parasitic links that are created by counterfeiters and placed on unaware third parties' websites through spamming and hijacking practices.⁶¹

Trademark enforcement procedures on Domain Names

Whenever the owner of a brand gets to know about any abuse on his trademark's Domain Name, for example by reading Convey's reports on brand counterfeiting activities online, he should immediately intervene to contrast such illicit abuses by activating special administrative enforcement procedures called UDRP (Uniform

⁵⁸ See "Convey trademark-clearinghouse.com".

⁵⁹ In accordance with the "Digital Millennium Copyright Act" (DMCA)

⁶⁰ In accordance with the AGCM (Autorità Garante della Concorrenza e del Mercato) Directives

⁶¹ Actions of "backward link crawling & deleting"

Domain-Name Dispute-Resolution Policy), addressing a series of international organizations designated for the scope by the ICANN corporation.

Given the high number of counterfeiting websites today, Convey's service of enforcement on Domain Names can boast the added value of a specific service for the individuation of counterfeiting websites' clusters. Each cluster is catalogued in a dedicated dossier within a UDRP procedure.

Trademark enforcement procedures on e-commerce platforms

The world's biggest B2B and B2C e-commerce platforms (especially Far East and Chinese ones) are the engine of the global online counterfeiting phenomenon, also facilitating the rooting of the phenomenon on minor websites. This is why trademark enforcement actions on the most popular e-commerce platforms are so important.

Before starting any trademark enforcement procedure, Convey's professionals analyze the content of the periodically released Reports on Brand Counterfeiting. They clear out the quantitative and economic value of all current insertions on the web, organized into product categories, among them isolating only those counterfeiting insertions that produce the highest sale volumes. After that, Convey specialists, in place of the brand owner requiring the service, prepares a systematic plan of administrative enforcement of the trademark, appealing to the administrative regulations on IPR protection adopted by the e-commerce platforms involved. Convey's protocol provides for the creation of a detailed "complaint-dossier" for each type of counterfeiting practice traced through this analysis. These dossier are then automatically transmitted to the e-commerce platforms involved. Two are the results that Convey is able to reach through this enforcement procedure: one is the complete "de-listing" of all counterfeiting insertions and the forced closure of illicit e-stores, the second is the maintaining of a strict control over platforms' respect towards IPR regulations. Convey's service of trademark enforcement on e-commerce platforms also releases periodical reports on all the enforcement activities carried out by its professionals and on their efficaciousness.

Actions contrasting the process of trademark vulgarization

One of the brand intelligence services offered by Convey is the “Analysis of the trademark’s level of vulgarization”. On the basis of the results of this kind of analysis and of the degree of trademark exposure to the risk of undergoing a process of vulgarization on the web, Convey develops adaptable services of trademark defense against this risk. An action plan is developed, starting from the notification of the problem to all the subjects who are somehow interested in the safeguard of the trademark, of its distinctive power, its associability to a single specific owner and the necessity to assign it labels that specify the IPR connected to it. All these subjects (owners of websites and blogs, website administrators, forum and chat users etc.) are addressed with systematic and targeted communications, managed by Convey in place of the brand owners who buy the service.

The service also provides periodical reports on the brand owner’s actions to contrast his own trademark’s, which can be exhibited as documents proving the incontestable efforts made by the brand owner himself to actively defend his rights, as specifically required by the law.

4.2.2 MarkMonitor’s online Brand Protection solutions

MarkMonitor online platform (www.markmonitor.com) is another online private agency offering a complete set of services and solutions for the creation, management and protection of online trademarks.

MarkMonitor’s approach to online brand protection is an holistic approach. All its solutions are designed to help companies to protect their own profit and reputation as well as their e-customers’ brand confidence. The main strengths of MarkMonitor solutions are wide access to data, expertise in the prevention, survey and reaction to online trademark abuses. Notwithstanding their integrated character, each solution is perfectly autonomous, this way giving companies the possibility to add new services to the package whenever they need them.

MarkMonitor's main areas of intervention are:

- Brand Protection Services
- AntiPiracy Services⁶²
- AntiFraud Services⁶³
- Domain Name Management Solutions
- Personalized Services
- Trademark Clearinghouse Service

Brand Protection services

Creating an international brand may be very costly. Moreover, international brands are extremely vulnerable to online attacks and fraudulent actions that may seriously damage their marketing investments, exposing brand reputation, consumers' brand confidence and the company's incomes to serious risks. All these attacks more or less follow the same patterns and consist in the unauthorized use of registered trademarks on pay announcements, search engines, misleading websites and spam emails in order to hijack the web traffic towards some competitors or more frequently towards some illegal websites. Expedients like pay-per-click and the manipulation of search engine rankings allow potential fraudsters to suggest associations between registered trademarks and illicit contents or to hijack consumers towards sites where non-authorized, pirated and counterfeit products are sold. As a result, the return on marketing investments is very negative and the company may lose a lot in terms of profit, while the costs of assistance and guarantees may increase. If not contrasted, even few attacks to a single online trademark may permanently ruin its reputation. MarkMonitor Brand Protection Services help the company protecting its business, its trademark's

⁶² MarkMonitor AntiPiracy™: these services protect companies' returns by contrasting the distribution and illegal promotion of pirate digital contents in the immense universe of internet channels, from peer-to-peer networks (P2P) to websites with a content that is generated by their users, from video streaming websites to search engines, up to social networks and other types of websites.

⁶³ MarkMonitor AntiFraud™: these services safeguard brands' reputation and clients' brand confidence, preventing and promptly detecting phishing attacks and IT menaces, monitoring the web and immediately finding fraudulent websites.

value, its revenues, its marketing investments and its online consumers' brand confidence against deceptive and potentially fraudulent uses of the trademark online.

With respect to other solutions available on the market, MarkMonitor Brand Protection services can boast to have a wider access to the existing online sources of data and to dispose of technologies that are capable of simultaneously monitoring a wide spectrum of internet channels. MarkMonitor's "Software-as-a-Service (SaaS)" solution makes use of sophisticated survey algorithms, including photographic survey, graphic recognition and "scoring" techniques to scan millions of web pages, social media, auction and e-commerce websites and rapidly identify potential trademark abuses. After that, the system itself activates automatic mechanisms that suppress potential abuses even before they are committed. Some of these mechanisms are: the removal of products from auctions and websites, letters of injunction and notifications of website removal to Internet Service Providers.

Of course the brand owner is invited to collaborate during the whole process: the whole company with all its departments (marketing department, legal department and others) play a fundamental role in the prevention, survey and reaction to online trademark abuses. In this regard there is another interesting consideration to make: by demonstrating to fraudsters that they are actively committed to defend their trademarks online, brand owners can also achieve another relevant result, that is the discouraging of future attacks.

Domain Name Management solutions

MarkMonitor's domain name portfolio management solutions are designed for the protection of one of the core components of the trademark and of the company's business, which is the domain name portfolio. A scrupulous domain name management allows companies to minimize the risks associated to the maintenance of a global presence on the web and to gain the highest number of advantages from their online presence.

MarkMonitor “Domain Name Management Service” is already used by half the companies mentioned in the “Fortune 100” list⁶⁴. It offers a complete overview of the global domain space, this way helping its client companies to catch business opportunities, to efficiently manage their domain names and to avoid the risk of incurring in some IPR abuses. The starting point of the system is the use of integrated research instruments, above all the so-called “Registered Trademarks’ Research Tool”. Moreover, flexible options of domain name ordering allow Mark Monitor specialists to accurately plan and develop each process of domain name registration step by step, while an optimized and secure workflow for the registration approval makes it possible to monitor all the different phases of the system without necessarily compromising its efficiency. The instruments of transaction management are then useful to trace whoever changes a domain name and when and how it happens.

Personalized services

MarkMonitor specialists offer personalized brand protection services that are tailored to the peculiarities and necessities of each client. MarkMonitor’s personalized services include abuses monitoring, damage minimization and day-to-day prevention activities. All the clients of MarkMonitor’s “Personalized Services” can benefit from the assistance of one customer service manager. What follows is a list of the main services offered:

- *Reports on potential threats to brands*: an automatic trademark violation monitoring system is combined to the immediate revision of the results by a client service manager who usually collaborates with a brand protection analyst. At the end of the revision, they compile a report with the most dangerous potential trademark violation situations. This service is ideal for those companies that prefer to protect their brands through MarkMonitor’s platform, but need a help to study the specific situations of trademark abuse

⁶⁴ “Fortune 100” is an annually released list of the 100 largest public and privately held companies in the United States. The ranking is compiled using gross revenue figures and it is published by Fortune magazine.

flushed out by the system and define priorities. MarkMonitor's specialists help them optimizing their resources to react to violations, this way making them less attractive targets for possible fraudsters.

- *Management of law application procedures:* after the revision, MarkMonitor's specialists start executive procedures following the client's instructions and starting from high priority cases of violation. They keep the brand owner informed about the progress of the procedure through detailed reports. This service is ideal for those clients who have limited resources to assign to the procedures of application of the law on brands. Those clients who buy this service can be sure that the most dangerous cases of trademark violation will be promptly managed by MarkMonitor's specialists; at the same time discouraging potential future trademark abuses.
- *Delocalized services:* delocalized services are meant for those clients who prefer to delocalize all the processes of online brand protection, including monitoring and reporting activities and law application procedures. The great advantage offered by brand protection delocalization is that clients can be sure to enjoy a full protection for their online trademarks and profit, without having to subtract resources from other businesses.
- *Counseling services:* MarkMonitor also offers personalized counseling services provided by brand protection experts. The list of counseling services includes: strategy development, revision services, coaching, domain name counseling, physical surveillance and surveys, registered trademark protection and anti-phishing services. MarkMonitor's counseling services are not legal services; indeed, they integrate the legal strategies enacted by the client to make them more efficient and less costly. MarkMonitor's domain name counseling services help international companies to develop and improve strategies of domain name creation and to program connected initiatives, like the consolidation of the company's

domain name portfolio, the launch of new products, mergers and acquisition contracts.

Trademark Clearinghouse services

The Trademark Clearinghouse (TMCH) is a centralized database of validated trademark information and it functions as a support to the New gTLD Program⁶⁵ implemented by the ICANN corporation in 2017. Brand owners can submit their trademarks to the TMCH for validation and then pre-register those trademarks as domain names during the so-called “Sunrise Periods”⁶⁶ in order to be notified anytime other users apply for the registration of identical domain names. MarkMonitor gTLD experts guide the client brand owner throughout the whole trademark submission process. Some gTLD Registries may have special jurisdictional requirements for trademarks, in order to be considered as suitable for registration as domain names, for example being registered in a particular country or within a particular class.

In 1999, MarkMonitor was recognized by the ICANN corporation as the world’s most famous domain names’ registrar. The force of this agency with respect to its competitors is the collaboration with other registrars, with the main Internet Service Providers and e-commerce sites and with other safety system providers. It is precisely this cooperative attitude that allows this group to be so outstanding and efficient in the prevention, detection and removal of trademark abuse menaces from the web.

⁶⁵ The New gTLD Program is an initiative coordinated by the Internet Corporation for Assigned Names and Numbers (ICANN), that is enabling the expansion of the domain name system. Through the introduction of new generic top-level domains (gTLDs), the program aims at enhancing innovation, competition and consumer choice.

⁶⁶ The Sunrise Period of domain registration is a special period during which trademark holders may preregister names that are the same or similar to their trademarks in order to avoid cybersquatting. This occurs prior to the general launch of the top-level domain (TLD). In order to make this pre-registration, the group or individual must be able to prove their prior right to the name. In October 2013, the Trademark Clearinghouse announced new rules for Sunrise periods for new generic top-level domains (gTLDs) that were going to be part of the New gTLD Program.

4.3 The contribute of Chinese e-commerce platforms to anti-counterfeiting

4.3.1 The “Best Practices” for efficiently removing fakes from online platforms

In March 2015, BASCAP⁶⁷ published a major study on how to combat the phenomena of online trademark counterfeiting and copyright piracy from their roots, by identifying and filling the weaknesses that expose e-commerce platforms to fraudsters’ actions. The report was entitled “Roles and Responsibilities of Intermediaries – Fighting Counterfeiting and Piracy in the Global Supply Chain” and it addressed a number of intermediaries involved in both the offline and online supply chains for the delivery of products, goods and services to the final consumer. The report prescribes a number of business practices that are supposed to be the best receipt to protect the supply chains from counterfeit goods’ infiltrations. The Best Practices offer a track helping online platforms to be more efficient in dealing with the most dangerous weaknesses of the supply chain and to effectively remove fakes from their hosted online shops, no matter what kind of devices criminal groups may resort to. The release of the report was then supported by a series of meetings with rights holders and intermediaries and by further studies on the topic. Some of the best measures are evidently shaped on already existing techniques applied in other fields and for different purposes which proved to be successful.

What follows is the presentation of the four practices illustrated in the report

1. “Outlining clear Terms of Service prohibiting the use of a platform to trade counterfeit or infringing products/services”: the writing up of clear Terms of Service resulting from an agreement between service providers and rights holders is presumed to bring two important advantages: on one hand, the Terms of Service serve as reference points that should facilitate platform

⁶⁷ ICC’s “Business Action to Stop Counterfeiting and Piracy” (BASCAP) works to address the global phenomena of counterfeiting and piracy.

operators in determining when to deny access to suspect infringing goods and when to remove infringing contents from the marketplace; on the other hand they also serve to encourage trustworthy behavior. What are the most significant elements of the model Terms of Service recommended by BASCAP's Best Practices?

- clear and quick procedures to present notices and take-downs;
- strict criteria to recognize private vendors on C2C (consumer-to-consumer) platforms as businesses;
- a high level of information disclosure towards rights holders and availability of all kinds of information about infringers, including contact details, prior transactions, customer complaints, and past removal actions;
- the inclusion of infringing usernames among the reasons to close a profile on an e-commerce platform;
- the removal of all the postings containing photographs, logos, external links to web pages with infringing materials and other forms of fraudulent reference to third parties' trademarks or intellectual property rights.

2. "Encouraging stronger enforcement of the Terms of Service through increased cooperation between service providers and rights holders". The Terms of Service agreed upon between service providers and rights holders need to be efficaciously enforced, which means that platform owners should adopt mechanisms of prompt removal and account termination against any Terms of Service violators. The report gives some advice to reach this efficiency:

- simplifying the notice process: activating the automatic removal of multiple accounts and multiple offers characterized by the same IPR elements; providing "Application Programming Interfaces" (APIs) for monitoring and takedown actions; avoiding the requirement of

excessive details and documentary support the application process for fake product takedowns;

- accelerating takedown actions (within 24 hours from the rights holder's notification);
- lightening the process of determining notice reliability: automatically trusting those notices that are correct in their form, unless the claimant has a history of bad faith notifications;
- balancing the Counter-Notice and the Redress Systems: keeping profile owners under constant examination (postings, takedown records, consumer feedbacks), suspending offers during the dispute resolution phase, setting out precise deadlines for actions, recognizing infringing materials that were previously submitted and rejected;
- imposing additional requirements to first-time infringers to continue to use the platforms;
- accelerating the evaluation process for second-time and subsequent infringements, suspending the account after a second-time infringement and closing the account after a third infringement prohibiting the re-authentication of the infringing profile owner on that platform;
- notifying both authorities and consumers whenever any counterfeit products are sold by a profile owner;
- enhancing cooperation with rights holders by informing them any time a post by an infringing actor on the platform is removed;
- notifying consumers about the necessity to check the authenticity of the products offered by a profile owner that is object of reasonable suspects.

3. "Implementing due diligence checks by platform owners". It is absolutely necessary for platform owners never to lose control on the traders' identity. This is possible thanks to some useful strategies indicated by the BASCAP entity:

- suspending those accounts giving out misleading information;
- requiring those who apply for the opening of new profiles to disclose the existence of other connected accounts and prohibiting duplicates;
- blocking those profile owners whose application has already been rejected before;
- periodically verifying the identity of those profile owners that have been addressed with removal requests;
- using vanguard techniques such as big data analysis and machine learning to detect risk indicators, which may be unusual trading patterns or suspect connections between two or more profile owners;
- determining risk positions by crossing data about the history of profile owners and other relevant information, for example extracted from contact details (postal and e-mail address, bank accounts);
- in case risk analysis attributes high risk scores to a profile owner, requiring him additional identity details and information about the source of his goods;
- developing solid audit programs for those profile owners who are assigned high risk scores by risk analysts.

4. “Adopting automated risk management tools”. Automated risk management technologies should be adjusted to each single selling platform, basing on the referring business model and on the magnitude of transactions and postings, this way allowing both platform operators and rights holders to rapidly identify potential “red flags” and promptly take actions. Business rules developed by machine learning from big data analysis are the perfect example. These technologies combine data from both platforms and rights holders to build algorithms that finally output useful risk scores with a quite null percentage of false-positives. The Best Practices offer some tips on how to exploit such algorithms and create a

series of automatism that enhance platforms' efficiency in blocking potential infringing product lists or accounts:

- automatically blocking high risk postings regarding items that are undoubtedly used to promote counterfeits;
- automatically blocking high risk postings when contact details are recognized as notoriously used to promote infringing products and services;
- establishing business rules to choose when to impose additional verification on profile owners (i.e: in presence of specific keywords like "replica" or "imitation" or misspellings, blurred logos);⁶⁸

Some of the Best Practices have been already adopted by a number of e-commerce operators. The regular enforcement of these practices would assure both platform operators and shop owners that the supply chain is receiving the best possible defense against the intrusion of counterfeiters.

4.3.2 AliProtect Platform

The text of the Best Practices insists on a fundamental concept: trademark owners' commitment in monitoring the web, searching for online infringing contents and immediately submitting notice to platform operators is the first important requisite for efficient anti-counterfeiting actions on the web. Then, platforms enter the game and proceed with fakes removal and fraudulent accounts' blocking. Chinese most popular e-commerce platforms provide intuitive tools to facilitate trademark owners in the process of submitting removal notices.

Alibaba's IPR protection policy expressively prohibits "listings of counterfeits, replicas, or other unauthorized items".⁶⁹ In case of IPR infringement, Alibaba may:

- remove the listings of counterfeits upon a takedown notice from the rights holder;

⁶⁸ ICC (International Chamber of Commerce) – BASCAP, *BASCAP Best Practices for Removing Fakes from Online Platforms*, 2015, www.bascap.net.

⁶⁹ CHINA IPR SME HELPDESK, *How to Remove Counterfeit Goods from E-Commerce Sites in China*, 2013.

- notify the responsible subjects that they are subject to an IPR infringement claim;
- suspend or terminate the account of a profile owner who has been object of multiple IPR infringement claims.

“AliProtect” is Alibaba’s Intellectual Property Protection System (阿里巴巴集团知识产权保护平台). It provides an efficient channel for IPR holders to file claims and request the takedown of suspect infringing goods or listings of goods. The system has both a Chinese and an English version.

How to submit an IPR infringement claim to AliProtect? There is no charge for registering with the system nor for the submission of IPR infringement claims. The user needs first to complete a free registration, accept the terms and conditions and subscribe an additional disclaimer stating that the rights holder will, *“hold Alibaba.com harmless from all claims, causes of action, damages and judgments arising out of any removal of product listings pursuant to intellectual property infringement claims”*.⁷⁰ After having registered with the system, the claimant must produce three different sets of compulsory documents.

1. Proof of identity: companies are asked to attach a business incorporation certificate, while individuals are asked to provide a copy of an identification document such as a passport or a national identification card.
2. Proof of IPR ownership: this proof may be a patent registration certificate, a trademark registration certificate or a copyright registration certificate, depending on the category of IPR that are object of violation by the accused party.
3. Identification of the suspect infringer with all the details about the listing to remove.

A maximum of two hundred listings for each infringement complaint is admitted. On a weekly basis, Alibaba specialists attentively evaluate all the claims filed through AliProtect’s platform and remove all the suspect listings or goods. Before the removal, the suspect infringer is notified by the system, this way giving him the

⁷⁰ Alibaba.com – Help Center, https://service.alibaba.com/ensupplier/faq_detail/13863839.htm

possibility to react to the complaint. Direct and amicable conflict resolution is encouraged by Alibaba and the accused party is always sent all the available contact information about the claimant. The notified vendor has two possibilities:

1. in case there is no objection to the complaint he should remove all the materials actually infringing the claimant's intellectual rights from its web pages;
2. in case there is a possible objection to the complaint he should submit a counter-notification to the system within three days from the system's first notification.

The complainant has three possible reactions to the counter-notification:

1. confirming to the system that he accepts the received counter-notification, this way stopping the infringement claim;
2. in case he does not accept the counter-notification, submitting a dispute resolution request to the system.
3. not responding to the counter-notification: in this case, the system restores the listings waiting for a response.

In 2013, the American Knife & Tool Institute ⁷¹provided a document illustrating all the steps required by AliProtect system in order to submit takedown requests for counterfeit listings on Alibaba.com and Aliexpress.com.

Part 1 – Registering on AliProtect platform

- 1) The user first goes to <http://legal.alibaba.com/complaint/login/register.htm> and fills the template to create a new AliProtect User Account (see Figure 1).

⁷¹ The American Knife & Tool Institute (AKTI) is a non-profit organization representing all the segments of the knife industry and all the knife users. AKTI has been the reasonable and responsible voice of the knife community since 1998.

- 2) Once the account is active, the user goes to *http://legal.alibaba.com/index.htm* and logs in using the created username and password.
- 3) After the login, the user enters the IPR Management section to submit the details of his Intellectual Property Rights. In addition to such details, the user is also required to upload some compulsory documents, proving his identity and IPR property. (see Figure 2).
- 4) From the submission of the required documents on, it takes a few days for AliProtect to verify validated IPR property. The user will be notified that his IPR property has been successfully verified or he may be asked to submit additional information.

Part 2: Submitting takedown requests

- 1) The user opens the IPR Complaint section (see Figure 3). There are two possible ways to submit suspect listings:
 - a. option 1: searching for suspect infringing listings by keywords;
 - b. option 2: grouping suspect infringing listing into batches (up to 200 listings per batch)

Option 1: Searching by keywords

- 1) The complainant enters the keyword (for example a brand), then he select the platform and clicks “Search”;
- 2) on the results page, he selects all the suspect infringing listings and then clicks the orange “Report” button (see Figure 4);
- 3) all the listings selected during the previous step will be saved in the “IPR Complaints” section, more precisely within the “Pending Submissions” section. After having flagged all the listings to submit, the user clicks “Continue”(see Figure 5);
- 4) the complainant chooses the right IPR ambit, then enters a complaint reason (see Figure 6);

5) at this point the listings are all submitted to AliProtect analysts for starting the removal process. The “History” subsection on the left side shows that the submitted listings are “In Progress”, which means that the system is working on them. It may take up to seven working days to process the complaint. As soon as the complaint is successfully processed, the status of each listing changes into “Listing Removed”(see Figure 7).

Option 2 – Save alleged infringing listing in batches

This option allows the complainant to submit up to two hundred listings at once. In order to choose this option, he needs to have the URLs of all of the suspect infringing listings to submit. The complainant cuts and pastes the URLs into the dedicated box, then he clicks “Submit Listings” (see Figure 8). From this moment on, the procedure is identical to that of option 1.

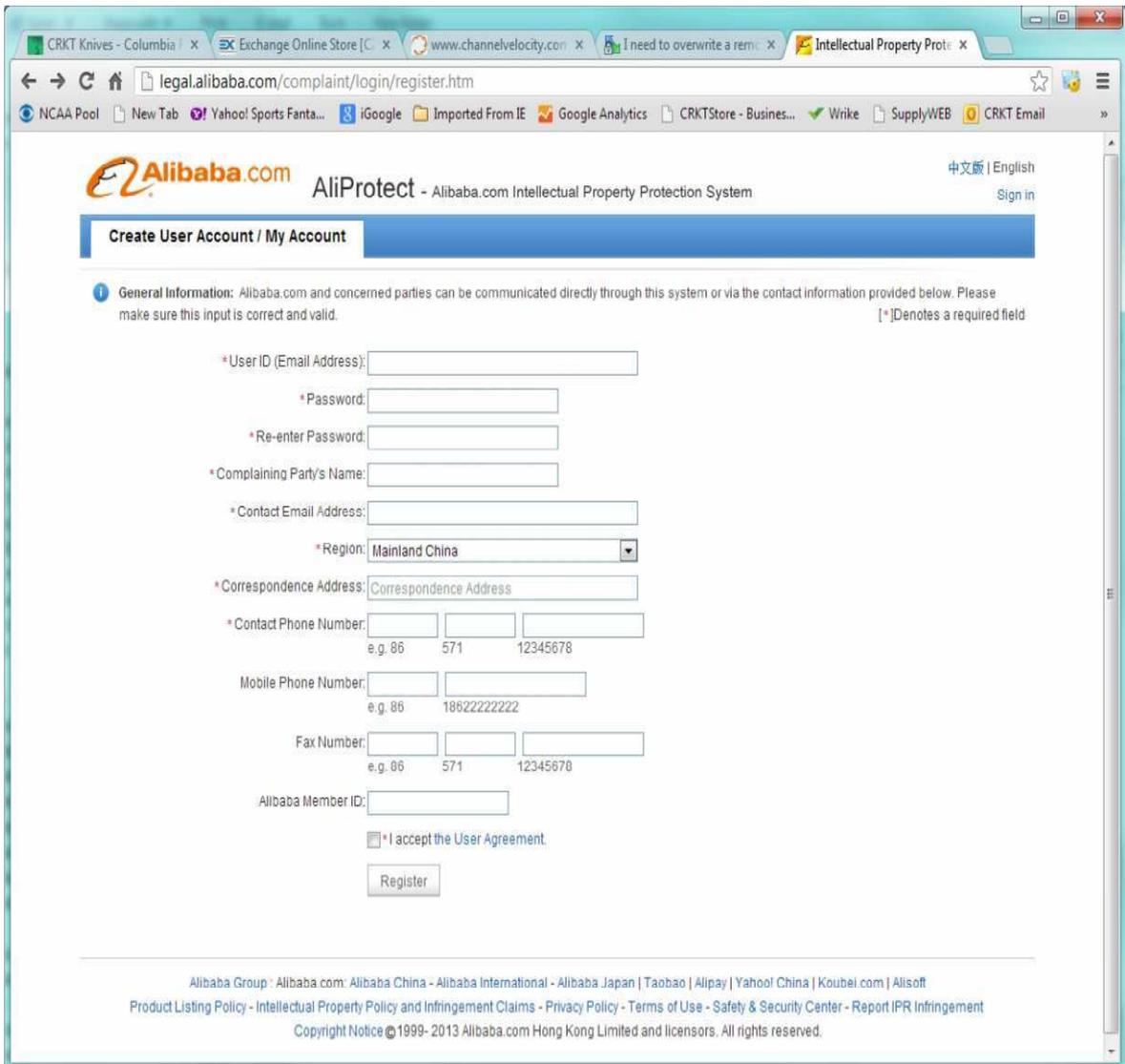


Figure 1: how to create a new AliProtect account.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013.

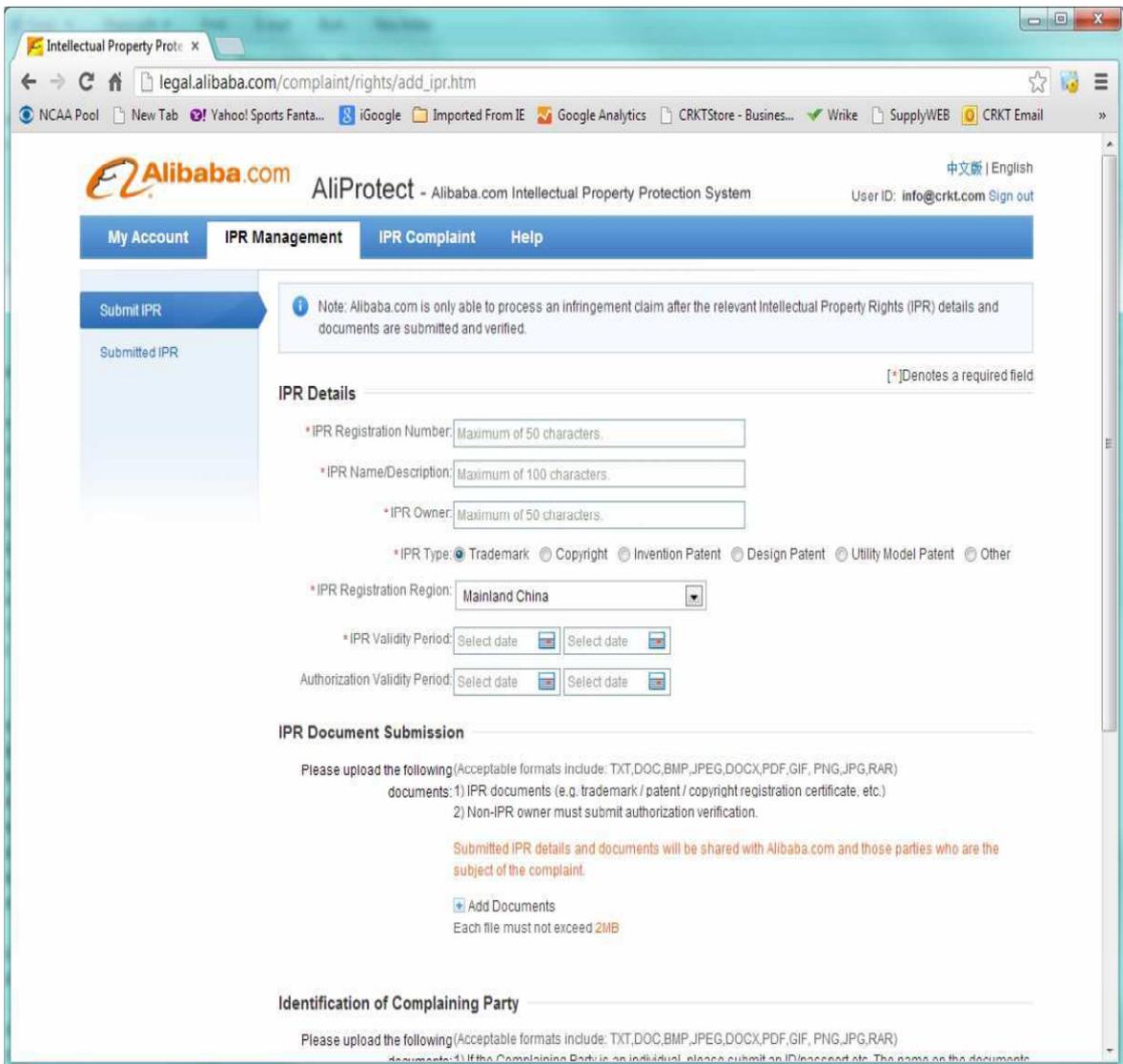


Figure 2: the functioning of the IPR Management section.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013.

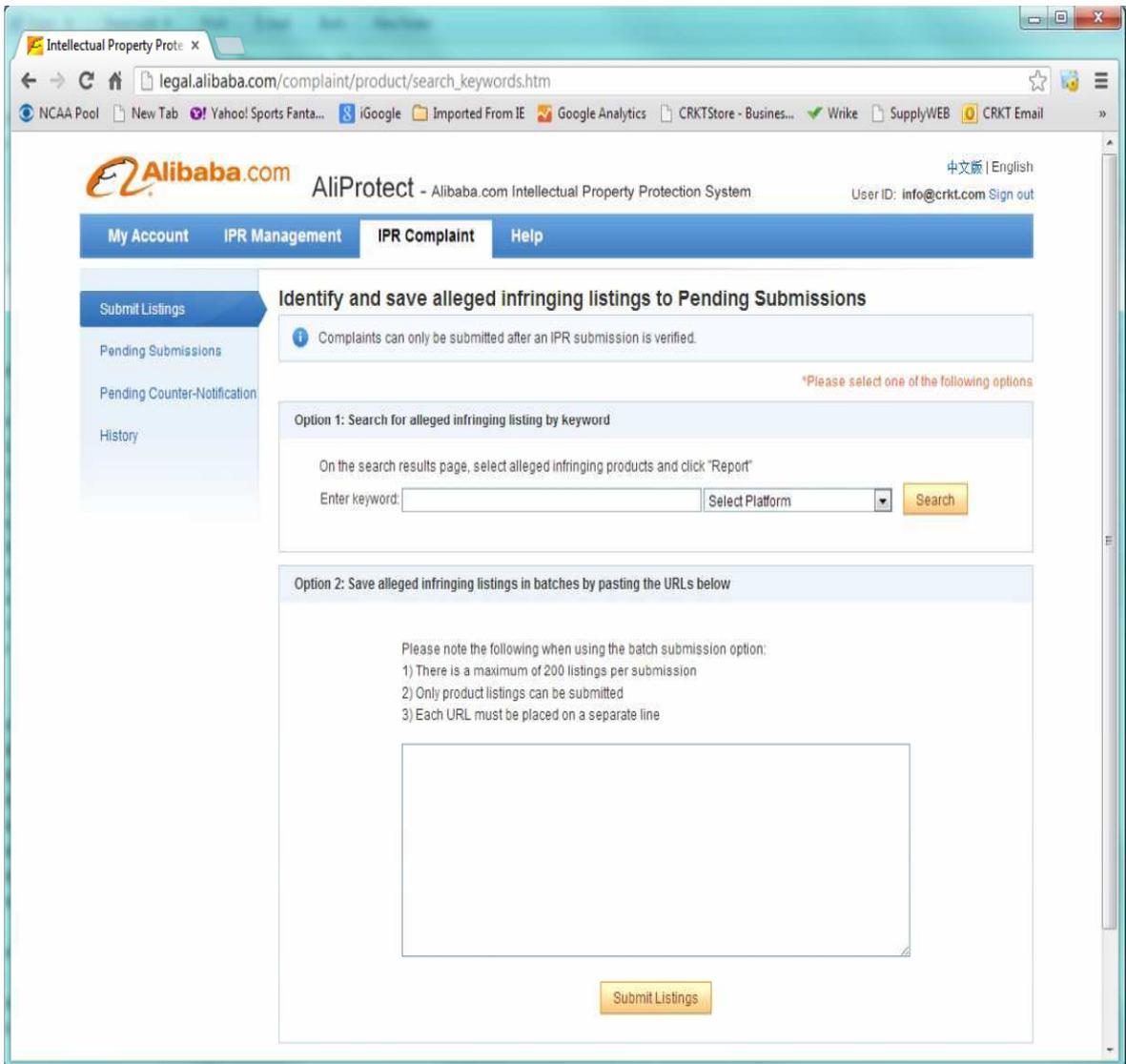


Figure 3: the functioning of the IPR Complaint section.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013.

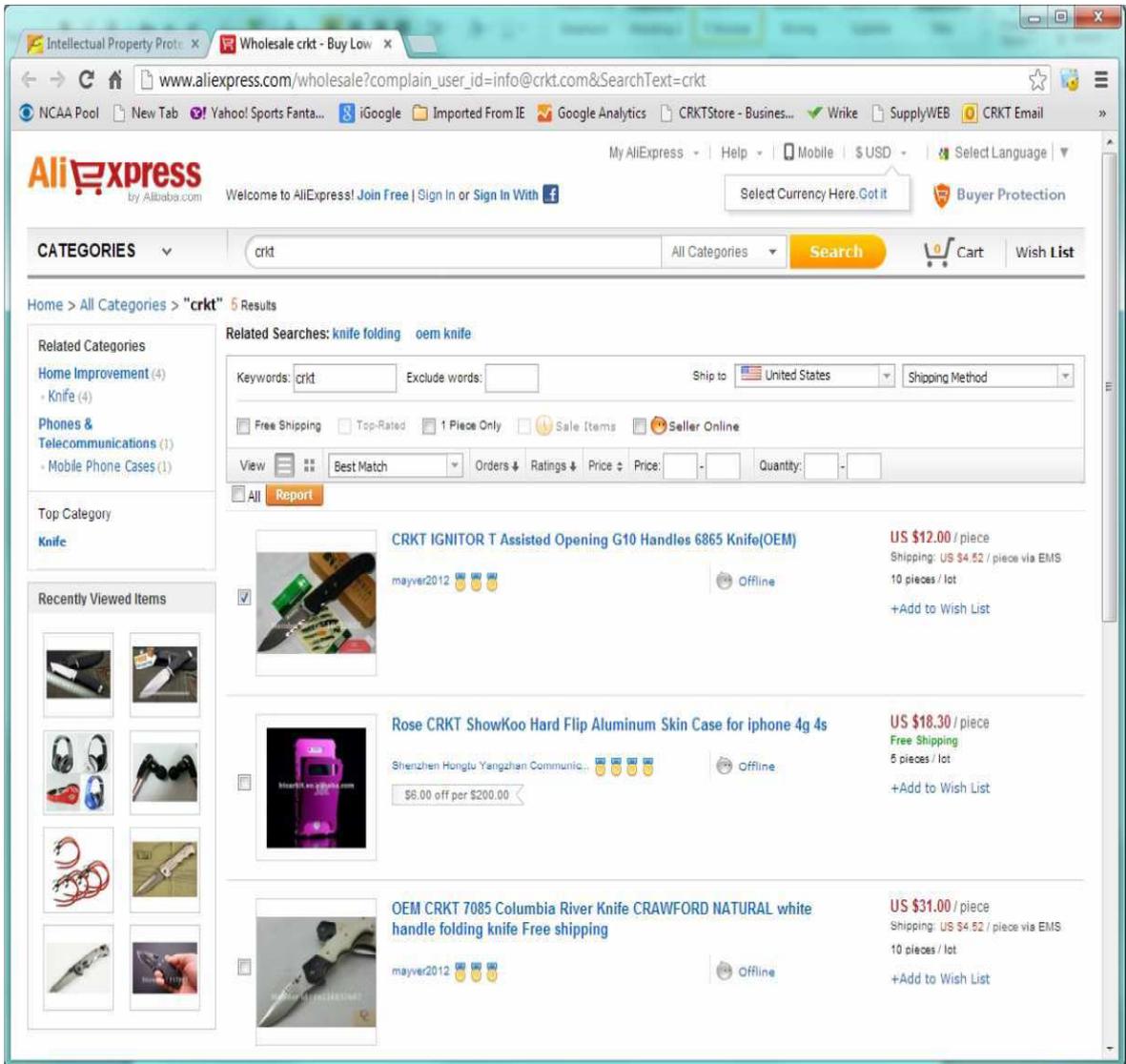


Figure 4: how to search for suspect listings by keywords.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013

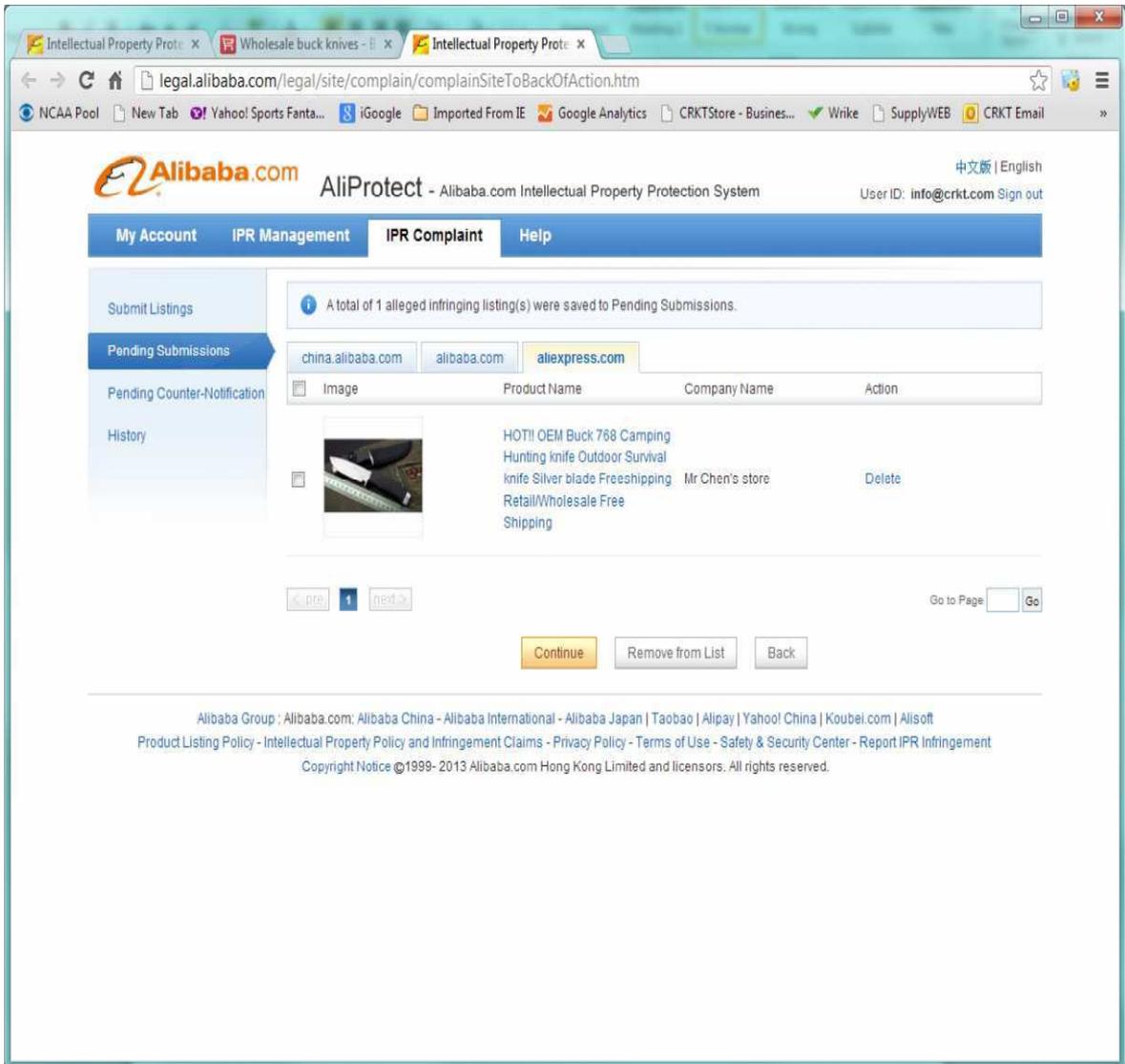


Figure 5: the functioning of the Pending Submissions section.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013.

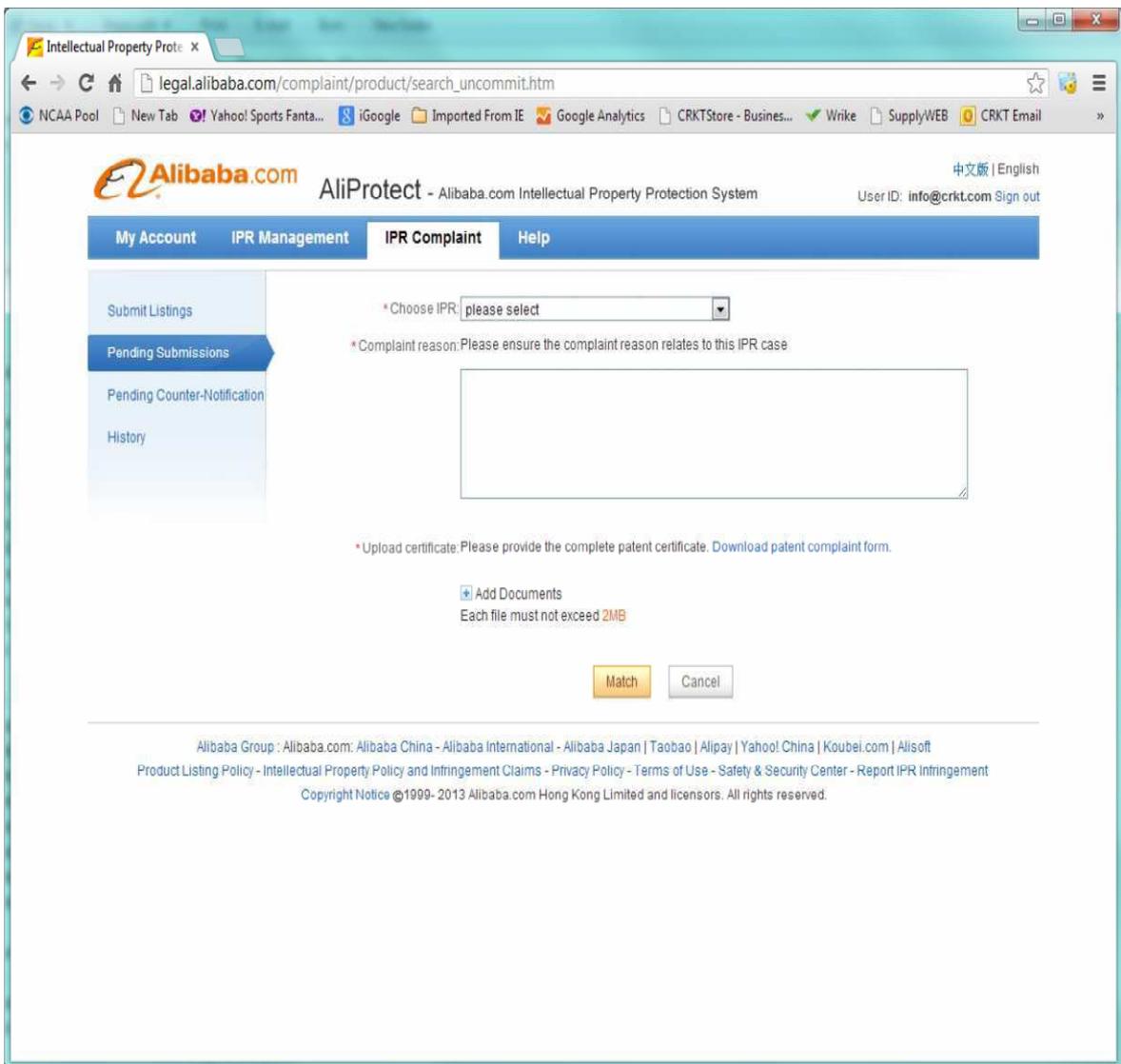


Figure 6: entering the IPR ambit and the complaint reason.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013.

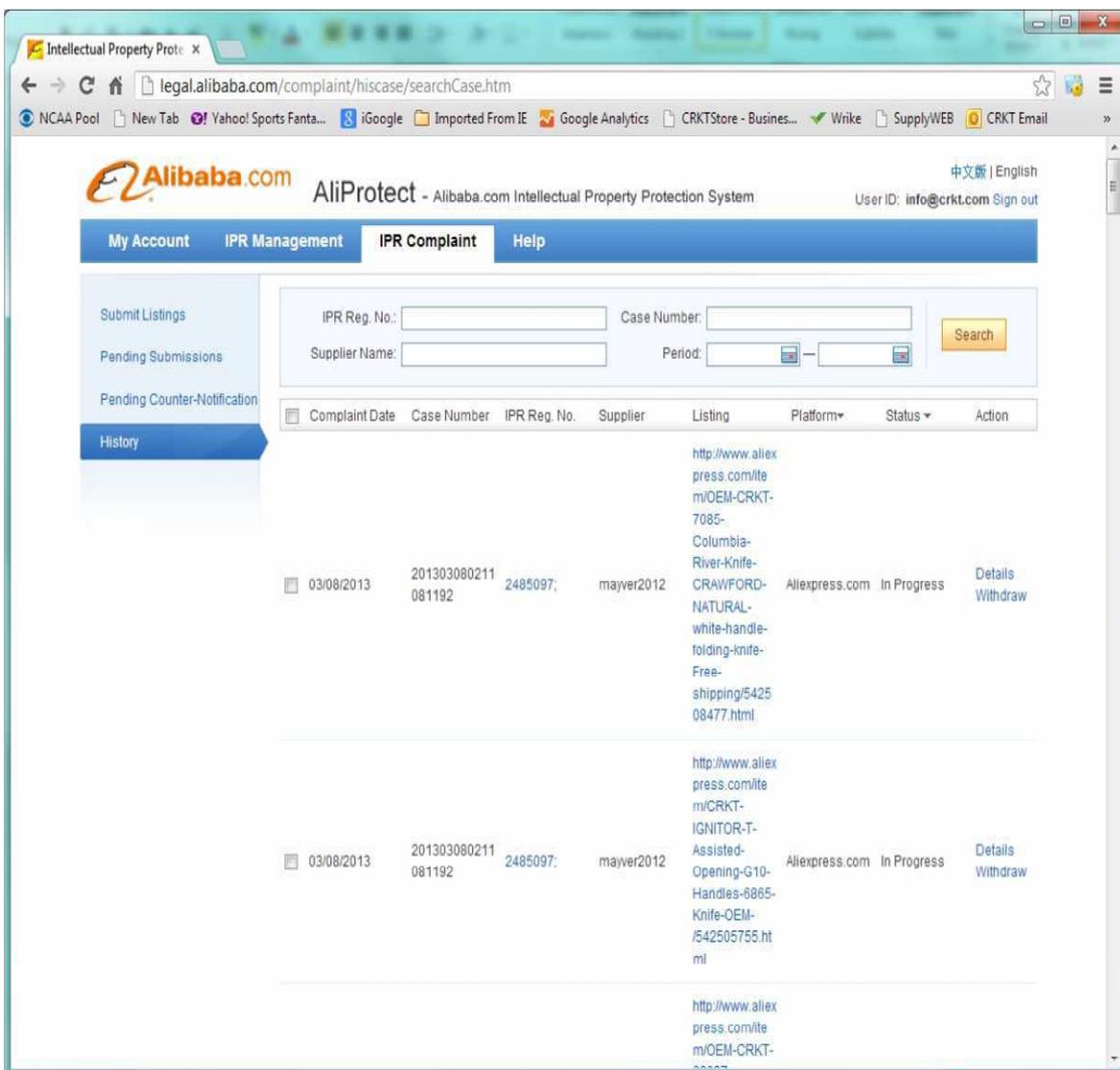


Figure 7: how to verify that the complaint has been successfully processed.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013.

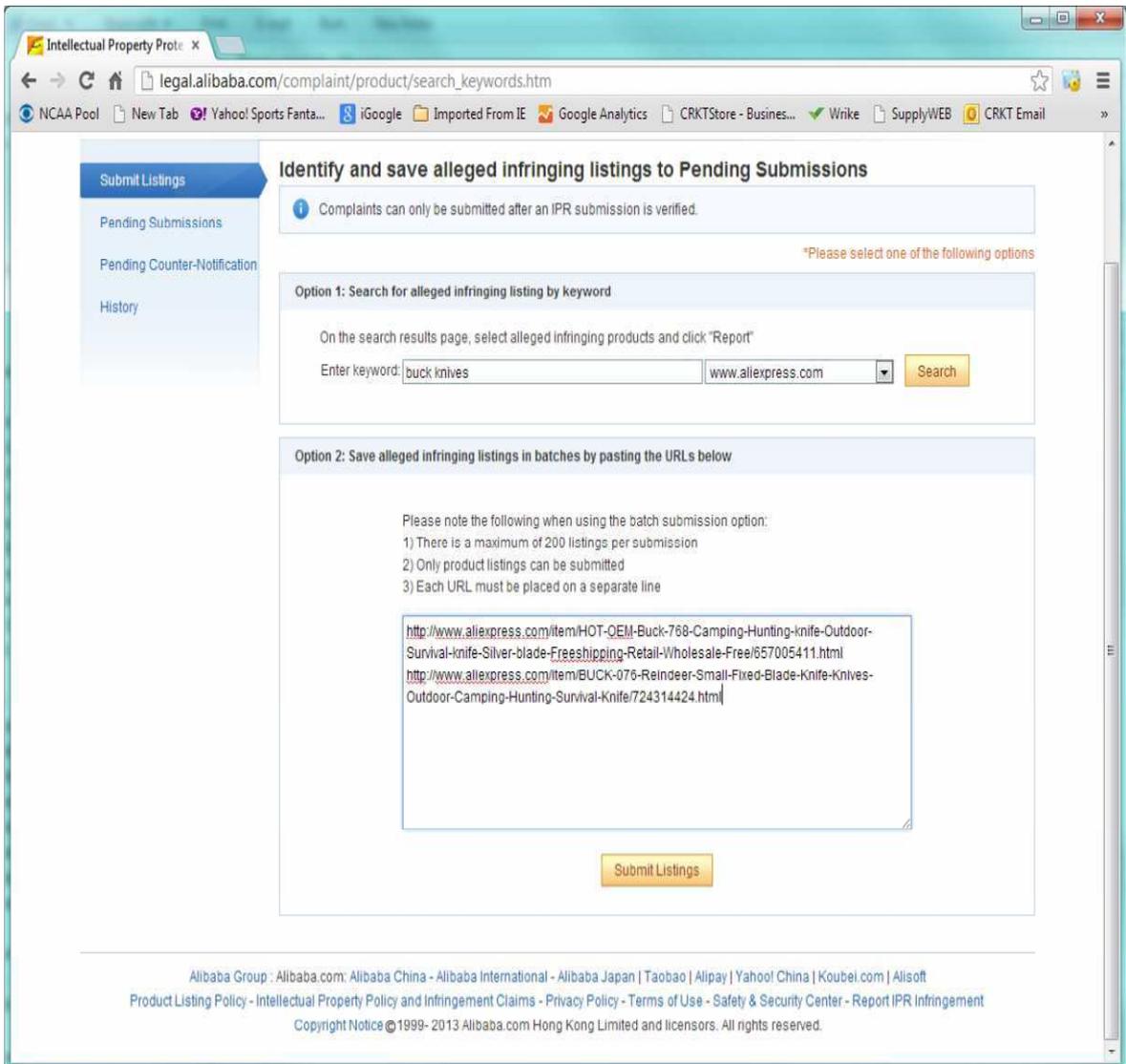


Figure 8: saving the alleged infringing listings into batches.

Source: American Knife & Tool Institute, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013

4.3.3 Taobao's IPR Protection System

Taobao is a Chinese C2C online platform mainly addressing local consumers. It is actually one of the protagonists of China's huge online market and European small and medium enterprises should keep Taobao profile owners under constant monitoring in order to promptly identify and signal any IPR infringers. Taobao offers a sophisticated system for IPR infringement complaints⁷² which implies no charges at all. The system grants its protection only to those trademarks that have been regularly registered in China, so it exists only in its Chinese version, but users can require an email containing the English version of the template and submit English-written documents to complete the claim procedure.

The documents required by the system for submitting a takedown notice are the same as for AliProtect:

- identification documents: individuals should provide a copy of a valid ID card, while companies should submit a copy of a valid business license or an incorporation certificate. Agents are generally required an additional authorization letter;
- documents demonstrating IPR property.

The first step to make for a prospect complainant is to register on the platform's IPR protection system. After completing the registration, the new user can finally submit a takedown notice. Taobao may take up to seven working days to process the complaint and remove the infringing listing from the website. Starting from the date of removal, the vendor has three days to send a counter-notification. If the complainant refuses to accept the counter-notification, a dispute handling request can be submitted through the system, while in case of no response from the IPR holder within three days from the counter-notification, the suspect listing will be temporarily restored on the website.

⁷² In 2012 Taobao Intellectual property protection system led to 87 million listings being removed from the site and one million users being sanctioned for IPR infringement.

4.3.4 Alibaba's "IP Joint-Force System" and "Big Data Initiative"

Aliprotect and Taobao IPR protection platforms are both extremely efficient instruments to contrast the flourishing of the phenomenon of brand counterfeiting on Chinese top e-commerce platforms. According to the numbers released by Alibaba, between September 2015 and August 2016, Taobao forced about 180 thousand online shops to close down. However, that was not sufficient to keep the company out of the black list published in 2016 by the office of the Office of the US Trade Representative.⁷³ The American agency acknowledged the efforts made by the Chinese group to contrast the massive merchandizing of fake and pirated contents on its pages and on Taobao platform in particular, but they decided that it was not enough. The principal factor pushing the American Office to take this extreme measure was probably the increasing number of complaints received by international brand owners about the proliferation of fake goods on the company's platforms. Though the inclusion within the American government's official black list of Notorious Markets does not implied any sanctions, it caused anyway a considerable damage to the image of Alibaba. In order to recover its good name, in the last two years, Alibaba has integrated its IPR protection policy with two initiatives, whose success mostly depends on extremely innovative solutions and vanguard technologies. These new initiatives are meant to demonstrate to brands and clients all over the world that the world's biggest e-commerce platform does not undervalue the importance of today's most serious web plague.

On the 1st July 2016 Alibaba Group convoked the "Rights Holders Collaboration Summit" (权利人共创会) in Hangzhou to promote and encourage cooperation between all the players somehow involved in the international fight against online IPR infringers. The meeting was attended by more than one hundred Chinese and international brands and trade associations, including the world-famous Louis

⁷³ On the 23rd December 2016, the United States Trade Representative Michael Froman announced the findings of the Out-of-Cycle Review of Notorious Markets for 2016, which highlights specific physical and online markets around the world that are reported to be engaging in and facilitating copyright piracy and trademark counterfeiting. This activity harms the American economy by undermining the innovation and intellectual property rights (IPR) of American businesses and their workers. The publication of the Notorious Markets List (List) helps the United States and foreign governments to prioritize IPR enforcement efforts that protect job-supporting innovation and creativity in the United States and around the world.

Vuitton, Burberry, Apple, Mars, Hewlett Packard, the Chinese British Business Council (CBBC) and the Quality Brand Protection Committee (QBPC). In front of that outstanding public, Alibaba officially announced the imminent launch of the so-called “IP Joint-Force System” (权利人共建平台), an online platform designed to enhance communication flows and collaboration between brands and Alibaba professionals, joining forces for the common objective of IPR enforcement.

*"E-commerce has become a way of life for consumers both in China and around the world. As the internet sector continues to evolve, brands and online marketplaces alike face new IP enforcement challenges. As the leading online marketplace, we have a responsibility to all of our constituents to govern our platform and find innovative solutions ... The Rights Holders Collaboration Summit and the new IP Joint-Force System are some of the many ways Alibaba is working closely with rights holders in our efforts to eradicate counterfeits both online and offline."*⁷⁴

Jessie Zheng, Chief Platform Governance Officer at Alibaba Group

Each brand signing the agreement and taking part in the project will be assigned both a personal online portal inside the platform and a personal Alibaba account manager. What is the real force of this system? The platform facilitates the flow of information and updates about suspected infringing product listings between Alibaba and rights holders. Without this kind of two-way feedback system, it would be difficult for Alibaba, which is a third-party online marketplace, to individuate IPR infringements on its platforms with the same level of accuracy and certainty. On the other hand, the system helps its partner brands to assess the authenticity of any product sold on the platform and then notify the results to Alibaba through their personal portals. In case of an IPR infringement notification, Alibaba starts the so-called “Good Faith Takedown process” and immediately removes the infringing listing without any further compulsory exchange with the brand.

⁷⁴ Alibaba Group, *Alibaba Group Hosts Inaugural Summit for International IP Rights Holders*, July 1, 2016, <http://www.alibabagroup.com/en/news/article?news=p160701>

The second revolutionary initiative recently launched by Alibaba is the use of “big data” to try and reduce the dimensions of the online counterfeiting phenomenon. The project is named “Big Data Anti-Counterfeiting Alliance” and it starts from an agreement signed by twenty brands, some of them internationally well-known (Louis Vuitton, Samsung, Swarovsky, Mars and Huawei), anti-counterfeiting experts, commercial entities and the Chinese government, which is offering its complete support to the initiative. What is the revolution brought about by this project? One of the advantages gained by those brands choosing to enter this partnership is the opportunity to benefit from the support of advanced technologies. Big data analytics and machine learning will be at the basis of improved solutions for the flushing out of fake goods sold on Alibaba’s platforms. More precisely, data analytics will enable Alibaba specialists to be more rapid and effective in identifying fake products, by crossing data like prices and selling frequency. The suspect fake product will first be bought and then, if the suspect is confirmed, Alibaba will prohibit any further selling action and notify to the competent authorities all the relevant information about the incriminated sellers and suppliers, whose relationship will be easily rebuilt through artificial intelligence. Furthermore, Alibaba will involve all the partner brands in its strategic choices, from the collaboration with local police officers and the launch of anti-counterfeiting sensitization campaigns.

4.4 Promotion and protection of Made in Italy agricultural and food products on Chinese e-commerce platforms

The enforcement of intellectual property rights in Italy passes through two legal instruments: civil proceedings and criminal proceedings. Civil proceedings are exclusively assigned to the jurisdiction of the specialized Court Sections of twelve cities,⁷⁵ while criminal proceedings are not under the competence of those sections. The final decision of the court may impose the payment of damages to the accused infringer. The amount of damages to be awarded to the rights holder

⁷⁵ Bari, Bologna, Catania, Florence, Genoa, Milan, Naples, Palermo, Rome, Turin, Trieste and Venice.

depends on a number of factors: the potential loss for the rights holder due to the infringer's activities, the benefits enjoyed by the infringer, moral damages to the rights holder or the royalty that the infringer would have paid to the rights holder in case of authorized appropriation of the intellectual property rights on trial. It is interesting to notice how Italian litigation proceedings have lower costs than other countries, so that at the end of the proceeding the winning party quite always recovers all the fees paid in advance. The Italian legal system provides for a number of interim measures that are very useful in temporarily stopping the activity of infringers while collecting the necessary evidence for the legal proceeding. Some of them are: restraining orders, goods seizure, recall of the goods from the market, an evidence-gathering procedure called "description" and the disclosure of the infringer's accounting books.

4.4.1 The Bilateral Agreement between the Italian government and Alibaba

On the 4th September 2016 the Italian Ministry of Agricultural, Food and Forest Policies announced the signing of a significant agreement between the Italian government and the Chinese e-commerce colossus. This cooperation will help Italian producers to benefit from the great and constantly expanding demand of Made in Italy food products in China, at the same time controlling the risk of product and trademark counterfeiting activities. The agreement was the last step of a path started some months before at the Italian Festival named "Vinitaly". Last spring, at the world-famous Italian wine exhibition in Verona, Matteo Renzi and Jack Ma signed a first informal memorandum of understanding. Italy is elbowing its way to the top of Chinese agricultural and food market and to become the world leading country in wine production and selling. The expectation confessed by Renzi to the editor of the Italian journal "Repubblica" is: "Vogliamo portare l'export di vino a 7,5 miliardi e a 50 miliardi quello agroalimentare entro il 2020"⁷⁶. According to the Italian ex-premier, the secret receipt to reach these numbers is to

⁷⁶ Giuliano Balestreri, Repubblica.it – Economia & Finanza, "Renzi: "Vino italiano migliore di quello francese, Alibaba ci farà crescere", 2016

exploit Chinese consumers' "hunger" of Made in Italy products. Of course, Internet and e-commerce offer incredible opportunities to satisfy this hunger. In order to conquer a relevant segment of the Chinese market, Italian Made in Italy trademarks need a local ally and China's most popular e-commerce platform is the best candidate for this role. Two important objectives for the near future were declared during the wine exhibition: more intense promotion of Italian Made in Italy agricultural and food products on Chinese web platforms and more efficient protection of Italian geographical indications on the web. Some months later, in September, Renzi visited Alibaba's headquarters in China and an official agreement was signed, this way concretizing all the projects announced before. What is the general content of the agreement?

As regards promotion, Italy has announced that the government will invest to valorize its wine and food excellent trademarks and make them known and desired on the Chinese web market. The "Tmall 9.9 Global Wine & Spirits Festival" that took place right after Vinitaly was the first promotional event after the agreement. The date 09/09/2016 (in Chinese "jiu jiu")⁷⁷ was completely dedicated to the sale of European wines and spirits on Alibaba platforms. From that day on, Italian wine producers on the platforms have multiplied, from two to fifty, with over fifty labels.⁷⁸ In occasion of the "wine day", the Italian Ministry of Agricultural Policies and the Ministry of Economic Development engaged in a strong communication campaign, specifically targeting those Chinese consumers who usually spend a lot on Alibaba. Further efforts have been recently made by the Italian government with the inclusion of China among the target countries for its extraordinary program of internationalization, with the objective of accompanying Italian small and medium companies towards a market which is still quite unknown but with a considerable growing potential.

Regarding protection, Italy has promised that Italian Dop and Igp products that are sold on Alibaba's B2C platforms will enjoy the same level of protection against

⁷⁷ The name has been invented playing on the double meaning corresponding to the syllable "jiu" in the Chinese language:

- 九 (jiu): it is the number 9;
- 酒 (jiu): it is the character meaning "wine, liquor, spirits";

⁷⁸ Mipaaf – Comunicati Stampa, 04/09/2016

potential counterfeiting activities as all other commercial brands. In this regard, the Italian Mipaaf has settled a task force within the Inspectorate for Quality Protection and Fraud Repression (ICQRF) that makes multiple inspections day-by-day, signaling all counterfeit products to the platform owners. Within three days, fraudulent insertions are removed and the vendors are notified that they are violating Italian geographical indications. Moreover, Alibaba has committed to organize meetings to educate both vendors and consumers about the meaning importance of food geographical indications.

4.4.2 The role of the ICQRF Inspectorate

Made in Italy wine-and-food products represent an inestimable cultural heritage for the country and our country is recognized as the world leader in terms of food excellence. Made in Italy can boast to have 814 Dop, Igp and STG products officially recognized by the European Union. As a consequence, the Italian system of Dop and Igp trademarks protection on the international offline and online markets has become a point of reference in Europe. The excellence of Made in Italy products is defended by scrupulous inspections and sanctions that ensure an adequate level of control against trademark counterfeiting and defend consumers against the risk of buying non-authentic or low quality products. Mipaaf⁷⁹ is the Italian Ministry of Agricultural, Food and Forest Policies. The Ministry is carrying on a capillary program to contrast the violation of Italian food-and-wine geographical indications through a network of efficient regulators:

- ICQRF⁸⁰: it is the central inspectorate for both the safeguard of products' quality and the repression of frauds and illicit activities against Italian-origin agricultural and food products.

- The State Corp of Forest Rangers;

⁷⁹ Mipaaf: Ministero delle Politiche Agricole Alimentari e Forestali, set up in 1946.

⁸⁰ ICQRF: Ispettorato centrale della tutela della qualità e della repressione frodi dei prodotti agroalimentari.

- NAC⁸¹: it is an Anti-Fraud squad within the Carabinieri Corps;
- Harbour Offices and Coast Guards.

"Sul fronte della lotta alla contraffazione e al falso Made in Italy l'Italia ha un sistema di controlli riconosciuto tra i migliori in tutto il mondo. Un risultato possibile grazie agli uomini e alle donne dell'Icqrf e di tutti gli organismi di controlli che ogni giorno lavorano in modo capillare e con grande competenza e professionalità per rendere il nostro agroalimentare sempre più sicuro".

Minister Maurizio Martina, 2014

The Italian IQRF inspectorate is the main controlling organ and it operates at three levels:

1. it is the Italian ex officio authority for the contrast of the illegal use of Italian and other European countries' geographical indications;
2. it is the Organ of contact of Italy with other EU member states as regards inspections in the wine-growing sector, so one of its functions is to defend Italian-origin wine products in Europe and on the web.
3. it cooperates with the world's main e-commerce players to safeguard Italian products on the web.

Let's now make a general overview of the results obtained last year by ICQRF in the safeguard of Made in Italy agricultural and food products all over the world and on the web in particular. The complete Report of ICQRF's inspections in 2016 is available on Mipaaf's website⁸² and it has been

⁸¹ NAC: Nucleo Antifrodi Carabinieri.

⁸² MIPAAF (Ministero delle Politiche Agricole, Alimentari e Forestali), ICQRF (Dipartimento dell'Ispettorato Centrale della Tutela della Qualità e della Repressione Frodi dei Prodotti Agroalimentari), *Report Attività 2016*.

released in three language versions: Italian, English and also Chinese. The report states that since 2014, when the Inspectorate was indicated as the Italian “ex officio” authority for the protection of Dop and Igp products, ICQRF made exactly 1,562 anti-counterfeiting interventions both in foreign countries and on the web. Focusing on online operations, in 2016, ICQRF enhanced its cooperation with the world’s top e-commerce platforms (Ebay, Alibaba and Amazon), this way obtaining outstanding results: that year 383 interventions were made on the three online market places to protect Italian-origin products. Of those interventions, 98% proved successful. The last section of the report is reserved to the graphs and tables listing all the Made in Italy agricultural and food counterfeits that were tackled by ICQRF during its inspections, specifying all the countries, products and e-commerce platforms involved. The four tables below (Tables 9-12), in particular, illustrate the number of interventions made by the inspectorate for each single product, distinguishing between “ex officio” interventions and interventions in cooperation with web platforms. What we can observe, by looking at these tables, is that, in 2016, ICQRF made 971 interventions on Italian agricultural and food fakes, of which just 72 were “ex officio” interventions and 383 were made in cooperation with e-commerce platforms.

Prodotto tutelato	Totale interventi	<i>Di cui cooperazione Web</i>	<i>Di cui Autorità "vino"</i>	<i>Di cui ex officio</i>
Aceto balsamico di Modena	11	1		10
Amarone della Valpolicella	5	4	1	
Arancia di Ribera	9	9		
Asiago	13	13		
Brunello di Montalcino	3	2	1	
Capocollo di Calabria	8	8		
Chianti	1		1	
Collio goriziano	1		1	
Cotechino Modena	1	1		
Dauno (olio EVO)	35	35		
Emilia	1		1	
Garda (olio EVO)	1			1
Gorgonzola	3	3		

Table 9: illustrates the number of interventions made by the ICQRF both “ex officio” and in cooperation with the most famous web platforms.

Source: MIPAAF (Ministero delle Politiche Agricole, Alimentari e Forestali), ICQRF (Dipartimento dell’Ispettorato Centrale della Tutela della Qualità e della Repressione Frodi dei Prodotti Agroalimentari), *Report Attività 2016*.

Gorgonzola	3	3		
Grana Padano	8	8		
Montepulciano d'Abruzzo	4	4		
Pancetta di Calabria	2	2		
Pane di Altamura	1	1		
Panforte di Siena	2	2		
Parmigiano Reggiano	183	130		53
Pecorino di Filiano	1	1		
Pecorino Sardo	2			2
Pecorino Siciliano	3	3		
Peperone di Senise	3	3		
Piadina Romagnola	1	1		
Pistacchio Verde di Bronte	3	3		
Pomodoro di Pachino	2	2		
Prosciutto di Parma	2			2
Prosciutto San Daniele	1			1
Prosecco	350	90	260	

Table 10: illustrates the number of interventions made by the ICQRF both “ex officio” and in cooperation with the most famous web platforms.

Source: MIPAAF (Ministero delle Politiche Agricole, Alimentari e Forestali), ICQRF (Dipartimento dell’Ispettorato Centrale della Tutela della Qualità e della Repressione Frodi dei Prodotti Agroalimentari), *Report Attività 2016*.

Riviera Ligure (olio EVO)	1			1
Romagna	1		1	
Salame Felino	3	3		
Salamini Italiani alla Cacciatora	2	2		
Salsiccia di Calabria	8	8		
Sardegna (olio EVO)	1			1

Table 11: illustrates the number of interventions made by the ICQRF both “ex officio” and in cooperation with the most famous web platforms.

Source: MIPAAF (Ministero delle Politiche Agricole, Alimentari e Forestali), ICQRF (Dipartimento dell’Ispettorato Centrale della Tutela della Qualità e della Repressione Frodi dei Prodotti Agroalimentari), *Report Attività 2016*.

Soppressata di Calabria	6	6		
Terra di Bari (olio EVO)	12	12		
Toscana (olio EVO)	10	9		1
Tuscia (olio EVO)	2	2		
Umbria (olio EVO)	2	2		
Vino Nobile di Montepulciano	2	2		
Wine kit evocanti più prodotti	259	9	250	
Zamponi Modena	2	2		
Totale	971	383	516	72

Table 12: illustrates the number of interventions made by the ICQRF both “ex officio” and in cooperation with the most famous web platforms.

Source: MIPAAF (Ministero delle Politiche Agricole, Alimentari e Forestali), ICQRF (Dipartimento dell’Ispettorato Centrale della Tutela della Qualità e della Repressione Frodi dei Prodotti Agroalimentari), *Report Attività 2016*.

BIBLIOGRAPHY

- [1] 艾瑞咨询集团 (iResearch), *2016 China's Cross-border Online Shoppers Report*, 2016
- [2] 尼尔森市场研究 (Nielsen – An uncommon Sense of The Consumer), *Nielsen Survey: China's Cross-Border Online Shoppers Are Increasingly Mature*, 2015
- [3] 中华人民共和国商标法 (根据 2013 年 8 月 30 日全国人民代表大会常务委员会《关于修改〈中华人民共和国商标法〉的决定》修正), 2014, http://www.wipo.int/wipolex/en/text.jsp?file_id=302623
- [4] 品牌造假对电子商务发展的影响, “论文网”, 2017, <http://www.lunwendata.com/thesis/2017/103694.html>
- [5] “雷曼律师事务所 (Lehmann, Lee & Xu)” – Resource Center, <http://www.lehmanlaw.com/resource-centre/faqs/intellectual-property/protection-of-trademarks-against-counterfeiting-in-china.html>
- [6] 阿里巴巴集团, 知识产权保护平台, https://ipp.alibabagroup.com/index.htm?_localeChangeRedirectToken=1
- [7] ADRIAN WAN, *Top 5 business-to-consumer e-commerce platforms in China*, “South China Morning Post”, 2015, <http://www.scmp.com/lists/article/1780220/top-5-business-consumer-e-commerce-platforms-china>
- [8] ALBERTO VETTORETTI, *E-commerce in Asia: il mercato online di Cina, India e Vietnam*, “Asia Breifing da Dezan Shira & Associates”, 2014
- [9] ALBRECHT DANIEL, *How to Protect your IPR at the Chinese E-commerce Market*, “China IPR SME Helpdesk”, 2017
- [10] Alibaba.com -HelpCenter, https://service.alibaba.com/ensupplier/faq_detail/13863839.htm
- [11] LA STAMPA - TECNOLOGIA, *Alibaba si allea con i marchi: big data contro i falsi*, 2017, <http://www.lastampa.it/2017/01/16/tecnologia/news/alibaba-si-allea-con-i-marchi-big-data-contro-i-falsi-nKStBsN8Dym2zy3XsiY6SK/pagina.html>

- [12] ALIBABA GROUP, *Alibaba Group Hosts Inaugural Summit for International IP Rights Holders*, July 1, 2016, <http://www.alibabagroup.com/en/news/article?news=p160701>
- [13] AMERICAN KNIFE & TOOL INSTITUTE, *Using AliProtect to Take Down Counterfeit Listings on Alibaba.com and Aliexpress.com*, provided by CRKT, 2013
- [14] ANNA MARIA CIARDULLO, *Alibaba userà i big data per combattere la contraffazione online*, 2017, <http://www.360com.it/mercato/alibaba-usera-big-data-combattere-la-contraffazione-online/>
- [15] AVV. TROIANI, *Vulgarization of trademark*, “Registrare Marchio”, 2013, <http://registrare-marchio.com/en/vulgarization-of-trademark/>
- [16] BENJI, *China’s World Leading E-commerce Industry*, “MarketingToChina”, 2017, <https://www.marketingtochina.com/chinas-world-leading-e-commerce-industry/>
- [17] “C’M’S’ LAW-NOW”, *China Publishes the Draft E-commerce Law*, 2017, <http://www.cms-lawnow.com/ealerts/2017/01/china-publishes-the-draft-ecommerce-law>
- [18] “EXPORT.GOV – Helping U.S. Companies Export”, *China – eCommerce*, 2017, <https://www.export.gov/article?id=China-ecommerce>
- [19] “E-COMMERCE CHINA AGENCY”, *China’s Top E-commerce Platforms for Foreign Companies*, 2016, <http://ecommercechinaagency.com/guide-chinas-top-e-commerce-platforms-foreign-companies/>
- [20] CHINA IPR SME HELPDESK, *How to Remove Counterfeit Goods from E-Commerce Sites in China*, 2013.
- [21] “CONVEY”, <http://www.convey.it/>
- [22] DARIO CORDATO, *E-commerce e SEO: i sette elementi per essere presenti online*, “Tsw – Digital Marketing”, 2017, <https://www.tsw.it/digital-marketing/seo/e-commerce-seo-7-elementi-presenza-online/>
- [23] DU YING, *Secondary Liability for Trademark Infringement Online: Legislation and Judicial Decisions in China*, 37 COLUM. J. L. & ARTS 541 (2014)

- [24] “MARKETING - INTERACTIVE”, *Eight E-commerce Trends Coming Out of China*, 2017, <http://www.marketing-interactive.com/8-key-e-commerce-trends-coming-out-of-china/>
- [25] FEDERICO BETTI, *Brand Protection: migliorare la customer experience e tutelare il proprio business*, “Tsw – Digital Marketing”, 2017, <https://www.tsw.it/digital-marketing/digital-strategy/brand-protection-migliorare-la-customer-experience/>
- [26] GENTLMEN IN CHINA, *E-commerce Guide in China*, “MarketingToChina”, 2017, <https://www.marketingtochina.com/ecommerce-guide-in-china/>
- [27] GIULIANO BALESTRIERI, “Renzi: *“Vino italiano migliore di quello francese, Alibaba ci farà crescere”*”, Repubblica.it – Economia & Finanza, 2016
- [28] HAOYU FENG, *Making the sale – tackling online counterfeiting in China*, World Trademark Review.
- [29] HFG Law & Intellectual Property, *China Publishes Draft E-commerce Law*, “Lexology”, 2017, <https://www.lexology.com/library/detail.aspx?g=629d16f4-93f9-4f36-98f1-5ea7315d8aaa>
- [30] “MARKETING TO CHINA”, *How to Choose Your E-commerce Platform In China?*, 2017, <https://www.marketingtochina.com/can-choose-e-commerce-platform-china/>
- [31] “ICANN”, <https://www.icann.org/>
- [32] ICC (International Chamber of Commerce) – BASCAP, *BASCAP Best Practices for Removing Fakes from Online Platforms*, 2015.
- [33] JAVVIN TECHNOLOGIES, INC, *China Business Laws and Regulations*, 2005
- [34] LOREDANA MANSI, RAFFAELLA PREVITERA (METROCONSULT SRL), *L’impatto della Contraffazione Online sulle Piattaforme di Commercio Elettronico*, “Patnet (by Convey)”, 2015, <http://www.patnet.it/2015/01/21/limpatto-della-contraffazione-online-sulle-piattaforme-di-commercio-elettronico-loredana-mansi-e-raffaella-previtera-metroconsult-srl/>
- [35] JONNIE DAVIS, *E-commerce: The Problem of Counterfeit Goods*, “James and James”, 2017, <https://www.ecommercefulfilment.com/en-us/academy/ecommerce-en-us/problem-counterfeit-goods/>

- [36] KATJIA WECKSTROM, *Liability for Trademark Infringement for Internet Service Providers*, 16 *Intellectual Property L. Rev.* 1 (2012), <http://scholarship.law.marquette.edu/iplr/vol16/iss1/3>
- [37] KE CHEN, *Counterfeit as a Challenge To Chinese E-commerce Platform*, Thesis for Bachelor's Degree Business Administration, 2016
- [38] KEVIN WEI WANG, ALAN LAU, FANG GONG, *How savvy, social shoppers are transforming Chinese E-commerce*, "McKinsey & Company", 2016, <https://www.mckinsey.com/industries/retail/our-insights/how-savvy-social-shoppers-are-transforming-chinese-e-commerce>
- [39] MICHAEL CHENG, *E-commerce In China: The Future Is Already Here*, "PwC HK", <https://www.pwchk.com/>
- [40] MIPAAF (Ministero delle Politiche Agricole, Alimentari e Forestali), ICQRF (Dipartimento dell'Ispettorato Centrale della Tutela della Qualità e della Repressione Frodi dei Prodotti Agroalimentari), *Report Attività 2016*.
- [41] MIPAAF (Ministero delle politiche Agricole, Alimentari e Forestali) – Comunicati Stampa, *Firmato accordo Governo Italiano - Alibaba Unico Paese al mondo a garantire tutela e promozione dell'agroalimentare sulla piattaforma cinese*, 04/09/2016
- [42] OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, *2016 Out-of-Cycle Review of Notorious Markets*, December 2016
- [43] PFS web, People's Republic of China, *2015 E-commerce Summary*
- [44] PEOPLE'S REPUBLIC OF CHINA, *Draft E-commerce Law*, 2017
- [45] PEOPLE'S REPUBLIC OF CHINA, *Criminal Law of the People's Republic of China*, 1997
- [46] REDAZIONE BITMAT, *E-commerce: La Contraffazione Influenza le Vendite Online dei Prodotti Originali*, "BitMAT", 2016, <http://www.bitmat.it/blog/news/56431/e-commerce-la-contraffazione-influenza-le-vendite-online-dei-prodotti-originali>
- [47] *Regulation (EU) No. 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No. 1383/2003*

- [48] SARA XIA on China Law Blog, *China Cybersecurity and Data Protection Laws: Change is Coming*, May 10, 2017, <https://www.chinalawblog.com/2017/05/china-cybersecurity-and-data-protection-laws-change-is-coming.html>
- [49] SIB – Intellectual Property since 1982, *Customs Action Against Goods Suspected of Infringing Intellectual Property Rights*
- [50] SIMON HILL, KIERAN LAHEY, *Five Benefits of Chinese Bonded Warehouses*, “Australia Market”, 2016, <http://australiamarket.co/2016/04/04/5-benefits-of-chinese-bonded-warehouses/>
- [51] Standing Committee of National People's Congress on Amendments to the Trademark Law of the People's Republic of China, *Trademark Law of the People's Republic of China* (as amended up to Decision of August 30, 2013)
- [52] Susan M. Kayser and Lucy J. Wheatley, Chiang Ling Li, Marc Groebl and Gregor Stoerzinger, Alastair McCulloch and Francois Holmey, Emmanuel Baud and Edouard Fortunet, *Combating Contributory Infringement on the Internet*, 2014, <https://www.inta.org/INTABulletin/Pages/CombatingContributoryInfringementontheInternet.aspx>
- [53] THE CHINA FOOD LAW BLOG, *China Publishes the Draft E-commerce Law*, February 2017, <https://chinafoodlaw.blog/2017/02/14/china-publishes-draft-e-commerce-law/>
- [54] TOTAL REVIEW 2017, *eCommerce in China – the future is already here*, <http://www.pwchk.com>
- [55] US CUSTOMS AND BORDER PROTECTION, National IPR Coordination Center, *Intellectual Property Rights Enforcement – How Businesses can Partner with CBP to Protect their Rights*.
- [56] USTR Publishes 2016 Notorious Markets Report, Export.gov – Helping U.S. Companies Export, 2017, <https://www.export.gov/article?id=USTR-Publishes-2016-Notorious-Markets-Report>
- [57] VIVIEN CHAN & CO – Newsletter, *An Update on Taobao's New Anti-counterfeiting Tool: the IP Joint Force System*, 2016

[58] WIPO, World Intellectual Property Organization,

http://www.wipo.int/sme/en/ip_business/collective_marks/collective_marks.htm)

[59] WORLD INTELLECTUAL PROP. ORG., WIPO INTELLECTUAL PROPERTY HANDBOOK: POLICY, LAW AND USE, PUB. NO. 489 § 2.493, *available at*

<http://www.wipo.int/about-ip/en/iprm/>.

