[DISCUSSION DRAFT]

118TH CONGRESS 2D SESSION

H. R. ______

To amend the Trademark Act of 1946 to provide for contributory liability for certain electronic commerce platforms for use of a counterfeit mark by a third party on such platforms, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Issa introduced the following bill; which was referred to the Committee on

A BILL

To amend the Trademark Act of 1946 to provide for contributory liability for certain electronic commerce platforms for use of a counterfeit mark by a third party on such platforms, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the “Stopping Harmful Of-
5 fers on Platforms by Screening Against Fakes in E-com-
6 merce Act of 2024” or the “SHOP SAFE Act of 2024”.

April 10, 2024 (3:32 p.m.)
SEC. 2. CONTRIBUTORY LIABILITY FOR ELECTRONIC COM-
MERCE PLATFORMS.

(a) IN GENERAL.—Section 32 of the Act entitled “An
Act to provide for the registration and protection of trade-
marks used in commerce, to carry out the provisions of
certain international conventions, and for other purposes”,
approved July 5, 1946 (commonly known as the “Trade-
mark Act of 1946”) (15 U.S.C. 1114), is amended by add-
ing at the end the following:

“(4)(A) Except as provided in subparagraph
(B), an electronic commerce platform shall be
contributorily liable in a civil action under paragraph
(1) for a case in which a third-party seller is shown
to have used in commerce a counterfeit mark in con-
nection with the sale, offering for sale, distribution,
or advertising of a good that implicates health and
safety on the platform.

“(B) An electronic commerce platform shall not
be subject to contributory liability under subpara-
graph (A) if the electronic commerce platform dem-
onstrates that the platform took reasonable meas-
ures to implement each of the following steps to pre-
vent infringing use by the applicable third-party sell-
er on the platform before that infringing use:

“(i) Determined after an investigation and
periodically confirmed—
“(I) that the third-party seller designated a registered agent in the United States for service of process; or

“(II) in the case of a third-party seller located in the United States that has not designated a registered agent under subclause (I), that the third-party seller has designated a verified address for service of process in the United States.

“(ii) Imposed on the third-party seller as a condition of participating on the electronic commerce platform requirements that the third-party seller—

“(I) consents to the jurisdiction of the courts of the United States with respect to claims related to participation by the third-party seller on the platform; and

“(II) uses images on the electronic commerce platform that accurately depict the goods sold, offered for sale, distributed, or advertised on the electronic commerce platform.

“(iii) Provided accessible electronic means by which a registrant and consumer can notify
the electronic commerce platform of suspected
use of a counterfeit mark.

“(iv)(I) Implemented at no charge from
the electronic commerce platform to registrants
proactive measures for screening listings for
goods before displaying the goods to the public
to prevent the use by any third-party seller of
a counterfeit mark in connection with the sale,
offering for sale, distribution, or advertising of
goods on the platform.

“(II) For purposes of implementing the
proactive measures described in subclause (I)—

“(aa) a registrant shall provide the
applicable electronic commerce platform
with a notice of the mark of the registrant
and a point of contact in advance; and

“(bb) the applicable electronic com-
merce platform may not require that a reg-
istrant participate in any program specific
to the electronic commerce platform.

“(III) An electronic commerce platform
shall not be liable under subparagraph (A) for
failure to comply with subclause (I) if the reg-
istrant has not provided the platform with the
information required under subclause (II) and
information relating to the mark is not publicly available.

“(IV) If the screening described in subclause (I) blocks goods from being displayed on the applicable electronic commerce platform, the electronic commerce platform shall allow an opportunity for the applicable third-party seller to provide proof that the goods in question are not counterfeit.

“(v)(I) Implemented at no charge from the electronic commerce platform to registrants a program to expeditiously disable or remove from the platform any listing for which the platform has actual or constructive knowledge of the use of a counterfeit mark in connection with the sale, offering for sale, distribution, or advertising of goods.

“(II) For the purposes of subclause (I), constructive knowledge of the use of a counterfeit mark may be inferred based on information gathered by the applicable electronic commerce platform (including information submitted by registrants to the electronic commerce platform), including information regarding—
“(aa) the use of a counterfeit mark on
the platform;
“(bb) the allegedly infringed registration;
“(cc) identifying characteristics of a
particular listing or third-party seller; or
“(dd) other circumstances, as appropriate.
“(III) An electronic commerce platform
may reinstate a listing disabled or removed
under this clause, if, after an investigation initi-
ated by the platform or upon request of the af-
fected third-party seller, the platform reason-
ably determines that a counterfeit mark was
not used in the listing.
“(IV) A verified decision to reinstate a list-
ing under subclause (III) shall not be a basis
for finding that the applicable electronic com-
merce platform failed to comply with this
clause.
“(vi)(I) Implemented a publicly available,
written policy that requires termination of a
third-party seller that has been determined to
have engaged in repeated use of a counterfeit
mark in connection with the sale, offering for
sale, distribution, or advertising of goods on the electronic commerce platform.

“(II) The use of a counterfeit mark by a third-party seller in 3 separate listings during a 1-year period typically shall be considered repeated use for the purposes of subclause (I), but an electronic commerce platform may allow a third-party seller to remain active after repeated use of a counterfeit mark when mitigating circumstances exist.

“(III) The determination of whether mitigating circumstances exist for the purposes of subclause (II) shall consider the overall activity of the applicable third-party seller, efforts the third-party seller has taken to cure supply-chain concerns, third-party seller intent, the scope and nature of the defenses offered by the third-party seller, efforts the third-party seller takes to refute or resolve disputes once notified of a concern, and any other factor considered relevant by a court.

“(IV) An electronic commerce platform may reinstate a third-party seller after terminating the third-party seller under subclause (I), if, after an investigation initiated by the
platform or upon request of the affected third-party seller, the platform determines that the third-party seller did not engage in repeated use of a counterfeit mark or that mitigating circumstances exist.

“(V) A verified decision by an electronic commerce platform under subclause (IV) to reinstate a third-party seller shall not be a basis for finding that the platform failed to comply with this clause.

“(vii) Implemented at no charge from the electronic commerce platform to registrants measures for screening third-party sellers to ensure that third-party sellers that have been terminated under clause (vi) do not rejoin or remain on the platform under a different seller identity or alias.

“(viii) Provided a verified basis, upon request of a registrant, for the registrant to contact a third-party seller, or the designated agent of a third-party seller for service of process, if the registrant has a bona fide belief that the third-party seller has used a counterfeit mark of a mark belonging to the registrant in connection with the sale, offering for sale, dis-
tribution, or advertising of goods that implicate health and safety on the electronic commerce platform, except that the platform is not required to provide information that constitutes the personal identity of an individual, a residential street address, or personal contact information of an individual (and, in such case, the platform shall provide an alternative means of contacting the third-party seller).

“(C) The determination of whether the measures in this paragraph are reasonable shall consider the size and resources of an electronic commerce platform, the nature of the goods and services provided by the platform, available technological and non-technological solutions, the amount of information provided by a registrant to the platform, and any other factor considered relevant by a court.

“(D)(i) This paragraph shall apply to an electronic commerce platform—

“(I) that has sales on the platform in the current or previous calendar year in an amount of not less than $500,000; or

“(II) with less than $500,000 in sales on the platform in the current or previous calendar year, beginning on the date that is 180 days
after the date on which the platform receives
the tenth notice, in aggregate, that qualifies
under clause (ii).

“(ii) To count toward the aggregate 10-notice
threshold under clause (i)(II), a notice shall—

“(I) include a reference to this paragraph;

“(II) include an explicit notification of the
10-notice threshold and the requirement of the
applicable electronic commerce platform to pub-
lish the information under clause (iii); and

“(III) identify a listing on the applicable
electronic commerce platform that reasonably
could be determined to have used a counterfeit
mark in connection with the sale, offering for
sale, distribution, or advertising of goods that
implicate health and safety.

“(iii) Not later than 30 days after the date on
which an electronic commerce platform described in
clause (i)(II) receives the first notice under clause
(ii), the platform shall make publicly available an at-
testation that—

“(I) the sales of goods on the platform in
the current or previous calendar year were less
than $500,000; and
“(II) includes an aggregate count of the
notices received by the platform that qualify
under clause (ii), which shall be updated upon
receipt of additional notices by the platform.

“(E) An electronic commerce platform shall im-
plement and maintain reasonable security procedures
and practices, including administrative, physical, and
technical safeguards, appropriate to the nature of
the data and the purposes for which the data will be
used, to protect the data collected to comply with
the requirements of this paragraph from unauthor-
ized use, disclosure, access, destruction, or modifica-
tion.

“(F) This paragraph may not be construed to
limit liability or defenses in contexts other than
those described in this paragraph, including any
cause of action or defenses available under any other
provision of this Act, notwithstanding that the same
facts may give rise to a claim under this paragraph.

“(G) With respect to [fiscal year 2024], and
each fiscal year thereafter, the amounts in subpara-
graph (D) shall be increased by an amount equal to
the percentage increase during the preceding fiscal
year, if any, in the Consumer Price Index for All
Urban Consumers published by the Department of Labor.

“(H) In this paragraph:


“(ii) The term ‘counterfeit mark’ has the meaning given the term in section 34(d)(1)(B).

“(iii) The term ‘electronic commerce platform’—

“(I) means any person or entity that operates a consumer-directed electronically based or accessed platform that—

“(aa) includes features that allow for, facilitate, or enable third-party sellers to engage in the sale or purchase of a consumer product in the United States; and

“(bb) is used by 1 or more third-party sellers; and

“(II) does not include any electronically-accessed platform that—
“(aa) prohibits the sale of goods by a third-party seller; and

“(bb) takes reasonable steps to prevent an unauthorized third-party sale or offer for sale.

“(iv) The term ‘good that implicates health and safety’ means a consumer product, the use of which can lead to illness, disease, injury, serious adverse event, allergic reaction, or death, if the consumer product is produced without compliance with all applicable Federal, State, and local health and safety regulations and industry-designated testing, safety, quality, certification, manufacturing, packaging, and labeling standards.

“(v) The term ‘third-party seller’ means any seller, independent of an electronic commerce platform, that sells, offers to sell, or contracts to sell a consumer product in the United States through an electronic commerce platform.”.

(b) EFFECTIVE DATE.—This section, and the amendments made by this section, shall take effect on the date that is 1 year after the date of enactment of this Act.