

118TH CONGRESS
1ST SESSION

S. 2934

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 SENATE OF THE UNITED STATES

SEPTEMBER 26 (legislative day, SEPTEMBER 22), 2023

Mr. COONS (for himself and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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 2023” or the “SHOP SAFE Act of 2023”.

1 **SEC. 2. CONTRIBUTORY LIABILITY FOR ELECTRONIC COM-**
2 **MERCE PLATFORMS.**

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

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

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

25 “(i) Determined after an investigation and
26 periodically confirmed—

1 “(I) that the third-party seller des-
2 ignated a registered agent in the United
3 States for service of process; or

4 “(II) in the case of a third-party seller
5 located in the United States that has not
6 designated a registered agent under sub-
7 clause (I), that the third-party seller has
8 designated a verified address for service of
9 process in the United States.

10 “(ii) Imposed on the third-party seller as a
11 condition of participating on the electronic com-
12 merce platform requirements that the third-
13 party seller—

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

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

23 “(iii) Provided accessible electronic means
24 by which a registrant and consumer can notify

1 the electronic commerce platform of suspected
2 use of a counterfeit mark.

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

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

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

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

21 “(III) An electronic commerce platform
22 shall not be liable under subparagraph (A) for
23 failure to comply with subclause (I) if the reg-
24 istrant has not provided the platform with the
25 information required under subclause (II) and

1 information relating to the mark is not publicly
2 available.

3 “(IV) If the screening described in sub-
4 clause (I) blocks goods from being displayed on
5 the applicable electronic commerce platform, the
6 electronic commerce platform shall allow an op-
7 portunity for the applicable third-party seller to
8 provide proof that the goods in question are not
9 counterfeit.

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

18 “(II) For the purposes of subelause (I),
19 constructive knowledge of the use of a counter-
20 feit mark may be inferred based on information
21 gathered by the applicable electronic commerce
22 platform (including information submitted by
23 registrants to the electronic commerce plat-
24 form), including information regarding—

1 “(aa) the use of a counterfeit mark on
2 the platform;

3 “(bb) the allegedly infringed registra-
4 tion;

5 “(cc) identifying characteristics of a
6 particular listing or third-party seller; or

7 “(dd) other circumstances, as appro-
8 priate.

9 “(III) An electronic commerce platform
10 may reinstate a listing disabled or removed
11 under this clause, if, after an investigation initi-
12 ated by the platform or upon request of the af-
13 fected third-party seller, the platform reason-
14 ably determines that a counterfeit mark was
15 not used in the listing.

16 “(IV) A verified decision to reinstate a list-
17 ing under subclause (III) shall not be a basis
18 for finding that the applicable electronic com-
19 merce platform failed to comply with this
20 clause.

21 “(vi)(I) Implemented a publicly available,
22 written policy that requires termination of a
23 third-party seller that has been determined to
24 have engaged in repeated use of a counterfeit
25 mark in connection with the sale, offering for

1 sale, distribution, or advertising of goods on the
2 electronic commerce platform.

3 “(II) The use of a counterfeit mark by a
4 third-party seller in 3 separate listings during a
5 1-year period typically shall be considered re-
6 peated use for the purposes of subclause (I),
7 but an electronic commerce platform may allow
8 a third-party seller to remain active after re-
9 peated use of a counterfeit mark when miti-
10 gating circumstances exist.

11 “(III) The determination of whether miti-
12 gating circumstances exist for the purposes of
13 subclause (II) shall consider the overall activity
14 of the applicable third-party seller, efforts the
15 third-party seller has taken to cure supply-chain
16 concerns, third-party seller intent, the scope
17 and nature of the defenses offered by the third-
18 party seller, efforts the third-party seller takes
19 to refute or resolve disputes once notified of a
20 concern, and any other factor considered rel-
21 evant by a court.

22 “(IV) An electronic commerce platform
23 may reinstate a third-party seller after termi-
24 nating the third-party seller under subclause
25 (I), if, after an investigation initiated by the

1 platform or upon request of the affected third-
2 party seller, the platform determines that the
3 third-party seller did not engage in repeated use
4 of a counterfeit mark or that mitigating cir-
5 cumstances exist.

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

11 “(vii) Implemented at no charge from the
12 electronic commerce platform to registrants
13 measures for screening third-party sellers to en-
14 sure that third-party sellers that have been ter-
15 minated under clause (vi) do not rejoin or re-
16 main on the platform under a different seller
17 identity or alias.

18 “(viii) Provided a verified basis, upon re-
19 quest of a registrant, for the registrant to con-
20 tact a third-party seller, or the designated
21 agent of a third-party seller for service of proc-
22 ess, if the registrant has a bona fide belief that
23 the third-party seller has used a counterfeit
24 mark of a mark belonging to the registrant in
25 connection with the sale, offering for sale, dis-

1 tribution, or advertising of goods that implicate
2 health and safety on the electronic commerce
3 platform, except that the platform is not re-
4 quired to provide information that constitutes
5 the personal identity of an individual, a residen-
6 tial street address, or personal contact informa-
7 tion of an individual (and, in such case, the
8 platform shall provide an alternative means of
9 contacting the third-party seller).

10 “(C) The determination of whether the meas-
11 ures in this paragraph are reasonable shall consider
12 the size and resources of an electronic commerce
13 platform, the nature of the goods and services pro-
14 vided by the platform, available technological and
15 non-technological solutions, the amount of informa-
16 tion provided by a registrant to the platform, and
17 any other factor considered relevant by a court.

18 “(D)(i) This paragraph shall apply to an elec-
19 tronic commerce platform—

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

23 “(II) with less than \$500,000 in sales on
24 the platform in the current or previous calendar
25 year, beginning on the date that is 180 days

1 after the date on which the platform receives
2 the tenth notice, in aggregate, that qualifies
3 under clause (ii).

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

6 “(I) include a reference to this paragraph;

7 “(II) include an explicit notification of the
8 10-notice threshold and the requirement of the
9 applicable electronic commerce platform to pub-
10 lish the information under clause (iii); and

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

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

22 “(I) the sales of goods on the platform in
23 the current or previous calendar year were less
24 than \$500,000; and

1 “(II) includes an aggregate count of the
2 notices received by the platform that qualify
3 under clause (ii), which shall be updated upon
4 receipt of additional notices by the platform.

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

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

20 “(G) With respect to fiscal year 2024, and each
21 fiscal year thereafter, the amounts in subparagraph
22 (D) shall be increased by an amount equal to the
23 percentage increase during the preceding fiscal year,
24 if any, in the Consumer Price Index for All Urban
25 Consumers published by the Department of Labor.

1 “(H) In this paragraph:

2 “(i) The term ‘consumer product’ has the
3 meaning given the term in section 101 of the
4 Magnuson-Moss Warranty—Federal Trade
5 Commission Improvement Act (15 U.S.C. 2301)
6 and section 700.1 of title 16, Code of Federal
7 Regulations, or any successor regulation.

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

10 “(iii) The term ‘electronic commerce plat-
11 form’—

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

15 “(aa) includes features that allow
16 for, facilitate, or enable third-party
17 sellers to engage in the sale or pur-
18 chase of a consumer product in the
19 United States; and

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

22 “(II) does not include any electroni-
23 cally-accessed platform that—

24 “(aa) prohibits the sale of goods
25 by a third-party seller; and

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

4 “(iv) The term ‘good that implicates health
5 and safety’ means a consumer product, the use
6 of which can lead to illness, disease, injury, se-
7 rious adverse event, allergic reaction, or death,
8 if the consumer product is produced without
9 compliance with all applicable Federal, State,
10 and local health and safety regulations and in-
11 dustry-designated testing, safety, quality, cer-
12 tification, manufacturing, packaging, and label-
13 ing standards.

14 “(v) The term ‘third-party seller’ means
15 any seller, independent of an electronic com-
16 merce platform, that sells, offers to sell, or con-
17 tracts to sell a consumer product in the United
18 States through an electronic commerce plat-
19 form.”.

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

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