



The Honorable Janice D. Schakowsky, Chair  
Subcommittee on Consumer Protection & Commerce  
House Committee on Energy & Commerce  
2125 Rayburn House Office Building Washington, DC 20515

The Honorable Cathy McMorris Rodgers, Ranking Member  
Subcommittee on Consumer Protection & Commerce  
House Committee on Energy & Commerce  
2322 Rayburn House Office Building Washington, DC 20515

Mar 3, 2020

Dear Chairwoman Schakowsky & Ranking Member McMorris Rodgers:

I want to thank you for holding this hearing on the issue of fakes that are made available on online marketplaces and platforms. The opportunity to raise awareness of this issue and the ways to address it are central to the mission of PreClear.

PreClear is technology company incorporated in Delaware. For several years, PreClear has used and refined its technology to prevent fake, non-compliant and potentially harmful goods from being exported to the United States. The patented technology relies upon machine learning, algorithms, artificial intelligence, and imaging capabilities to determine whether to accept or reject items that are destined to the United States.

At present, PreClear's technology is used primarily to screen China-origin merchandise. While fake goods can originate from any country, we know from U.S. Customs and Border Protection's (CBP) annual intellectual property rights (IPR) seizure statistics that China is the predominant source of fake goods seized by CBP.

In announcing the Hearing, we noted the comment that "Online platforms are failing consumers by making it difficult to identify legitimate goods and refusing to crack down on unscrupulous sellers. At this hearing, we'll push platforms to do more and hear from stakeholders who are working to protect consumers from these unsafe products."

We urge the Full Committee and Subcommittee not to accept any excuses that marketplaces, platforms, logistics and transportation companies cannot prevent fake and unsafe items from reaching U.S. consumers. Through PreClear technology, we reject thousands of items daily using our technology.

PreClear is not limited to identifying and rejecting items that infringe U.S. intellectual property rights. The rules that have been created, applied, and activated in the

technology will screen items for violations of FDA, CPSC, USDA and DOT laws and regulations. Thus, PreClear is aimed at reducing and eliminating the threat to consumer health and safety as well as protection IPR.

Some of the benefits of the PreClear technology are:

- US IPR owners do not have to pay/register to be protected under our system,
- PreClear is proactive,
- Our automated IPR screening system has access to the USPTO database and CBP's IPR database to determine what IPRs to protect, and
- Data about our customers and the products/items they want to ship to the US is reviewed in detail *prior* to being shipped to the U.S.

We created a technology tool that is dynamic because each transaction refines our decision-making engine.

We believe that we have arrived at a time when no entity in the manufacture, distribution (transportation/logistics) and sales chain has any excuse for failing to engage in proactive data collection and data verification, especially as it relates to items originating in the country that poses the greatest risk to U.S. consumers. We say this because we have been doing this. To the extent that entities engaging in e-commerce cannot do it themselves, the service to have it done is now available.

We believe that it is time to ask:

- How much longer will US consumers be exposed to potentially dangerous and harmful goods due to ecommerce industry entities saying this is not doable?

We believe that instead of facilitating fast and easy CBP clearance of goods entering the U.S. via international mail and express couriers, shipments arriving by these methods should be subject to more scrutiny unless airlines, logistics companies, brokers or others can provide evidence that screening of goods is taking place *prior* to export to the U.S. This is the only way to reduce the threat to the U.S. public in view of CBP's own statements that it is overwhelmed and unable to effectively deal with the volumes of items entering the country as a result of eCommerce.

We appreciate the Committee and Subcommittee's attention to this problem. We would welcome an opportunity to provide a demonstration of how PreClear operates and functions. PreClear is pushing the border out to China so that we lessen the burdens on CBP. We are

proactive without any requirement that IP owners be involved in any way for PreClear to identify and reject fake items.

The technology is here today and we apply it 24/7.

We hope that this information is helpful in your efforts to find solutions to this problem. We are prepared to provide you and your staffs with more detailed information upon request.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jack Farley', written in a cursive style.

Jack Farley  
Founder  
PreClear