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

MAY 20, 2021

Mr. NADLER (for himself, Mr. ISSA, Mr. JOHNSON of Georgia, and Mr. CLINE) introduced the following bill; which was 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.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Stopping Harmful Of-
fers on Platforms by Screening Against Fakes in E-com-
merce Act of 2021” or the “SHOP SAFE Act of 2021”.
SEC. 2. CONTRIBUTORY LIABILITY FOR ELECTRONIC COMMERCE PLATFORMS.

(a) Platform Liability.—Section 32 of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (commonly known as the "Trademark Act of 1946") (15 U.S.C. 1114), is amended by inserting at the end the following:

"(4) Subject to subparagraph (C), an electronic commerce platform shall be deemed contributorily liable in a civil action by the registrant for the remedies hereinafter provided for a case in which without the consent of the registrant, a third-party seller uses in commerce a counterfeit mark in connection with the sale, offering for sale, distribution, or advertising of goods that implicate health and safety on the platform, unless the platform demonstrates that the platform took each of the following steps to prevent such use on the platform before any infringing act by the third-party seller:

(i) Determined after a reasonable investigation, and reasonably 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 third-party seller located in the United States, and if the seller 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) Verified through governmental identification or other reliable documentation the identity, principal place of business, and contact information of the third-party seller.

“(iii) Required the third-party seller to—

“(I) take reasonable steps to verify the authenticity of goods on or in connection with which a registered mark is used; and

“(II) attest to the platform that the third-party seller has taken reasonable steps to verify the authenticity of the goods under subclause (I).

“(iv) Imposed on the third-party seller as a condition of participating on the platform contractual requirements that—
“(I) the third-party seller agrees not to use a counterfeit mark in connection with the sale, offering for sale, distribution, or advertising of goods on the platform;

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

“(III) the third-party seller designates an agent for service of process in the United States, or, in the case of third-party seller located in the United States, the third-party seller designates a verified address for service of process in the United States.

“(v) Displayed conspicuously on the platform the verified principal place of business, contact information, and identity of the third-party seller, and the country from which the goods will be shipped, except the platform shall not be required to display any such information that constitutes the personal identity of an individual, a home street address, or personal con-
tact information of an individual, and in such cases shall instead provide alternative, verified means of contacting the third-party seller.

“(vi) Displayed conspicuously in each listing the country of origin and manufacture of the goods, unless such information was not reasonably available to the third-party seller and the third-party seller had identified to the platform the steps it undertook to identify the country of origin and manufacture of the goods and the reasons it was unable to identify the same.

“(vii) Required each third-party seller to use images that the seller owns or has permission to use and that accurately depict the actual goods offered for sale on the platform.

“(viii) Implemented at no cost to the registrant reasonable proactive technological measures for screening goods before displaying the goods to the public to prevent any third-party seller’s use of a counterfeit mark in connection with the sale, offering for sale, distribution, or advertising of goods on the platform.

“(ix) Implemented at no cost to the registrant a program to expeditiously disable or re-
move from the platform any listing for which a platform has reasonable awareness of use of a counterfeit mark in connection with the sale, offering for sale, distribution, or advertising of goods. Reasonable awareness of use of a counterfeit mark may be inferred based on information regarding the use of a counterfeit mark on the platform generally, general information about the third-party seller, identifying characteristics of a particular listing, or other circumstances as appropriate. A platform may reinstate a listing disabled or removed under this clause if, after an investigation, the platform reasonably determines that a counterfeit mark was not used in the listing. A reasonable decision to reinstate a listing shall not be a basis for finding that a platform failed to comply with this clause.

“(x) Implemented a policy that requires termination of a third-party seller that has reasonably 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 platform. Use of a counterfeit mark by a third-party seller in three
separate listings within one year shall be con-
considered repeated use, except when reasonable
mitigating circumstances exist. A platform may
reinstate a third-party seller if, after an inves-
tigation, the platform reasonably determines
that the third-party seller did not engage in re-
peated use of a counterfeit mark or that rea-
sonable mitigating circumstances existed. A rea-
sonable decision to reinstate a third-party seller
shall not be a basis for finding that a platform
failed to comply with this clause.

“(xi) Implemented at no cost to the reg-
istrant reasonable technological measures for
screening third-party sellers to ensure that sell-
ers who have been terminated do not rejoin or
remain on the platform under a different seller
identity or alias.

“(xii) Provided a verified basis to contact
a third-party seller upon request by a registrant
that has a bona fide belief that the seller has
used a counterfeit mark in connection with the
sale, offering for sale, distribution, or adver-
tising of goods on the platform except that the
platform is not required to provide information
that constitutes the personal identity of an indi-
individual, a home street address, or personal contact information of an individual (in such case, the provider shall provide an alternative means of contacting the third-party seller).

“(B) In this paragraph:

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

“(ii) The term ‘electronic commerce platform’ means any electronically accessed platform that includes publicly interactive features that allow for arranging the sale, purchase, payment, or shipping of goods, or that enables a person other than an operator of such platform to sell or offer to sell physical goods to consumers located in the United States.

“(iii) The term ‘goods that implicate health and safety’ means goods the use of which can lead to illness, disease, injury, serious adverse event, allergic reaction, or death if 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.
“(iv) The term ‘third-party seller’ means a person other than the electronic commerce platform who uses the platform to arrange for the sale, purchase, payment, or shipping of goods.

“(C) This paragraph shall apply—

“(i) to an electronic commerce platform that has annual sales on the platform of $500,000 or more; or

“(ii) to an electronic commerce platform with less than $500,000 in annual sales six months after the platform has received ten notices (in which there is a reference to this paragraph and an explicit notification to the platform of the ten-notice limit), in aggregate, identifying listings on the 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 or safety.

“(D) Nothing in this paragraph may be construed to limit liability in a context other than that outlined in this paragraph, including any cause of action available under other provisions of this Act, notwithstanding that the same facts may give rise to a claim under this paragraph.”.
(b) **Effective Date.**—This Act and the amendment made by this Act shall take effect one year after the date of the enactment of this Act.