Exhibit 2002

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

PATHWAY IP LLC, Plaintiff, v. **The Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associations Identified on the Attached Schedule A,** Defendants.	**Case No. 1:24-cv-5218** **JURY TRIAL DEMANDED**

FIRST AMENDED COMPLAINT

Plaintiff Pathway IP LLC ("Plaintiff") hereby brings the present action against all Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associates Identified on Schedule A (collectively, "Defendants"), attached hereto, as follows:

I. JURISDICTION AND VENUE

1. This Court has original subject matter jurisdiction over Plaintiff's claims pursuant to the provisions of the Patent Act, 35 U.S.C. § 1 et seq., 28 U.S.C. § 1338(a)-(b) (exclusive patent claim jurisdiction), and 28 U.S.C. § 1331 (original federal question jurisdiction).

2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391, and this Court may properly exercise personal jurisdiction over Defendants because Defendants structure their business activities so as to target consumers in the United States, including Illinois, through at least the fully interactive e-commerce stores operating under the aliases identified on Schedule A attached hereto (the "Seller Aliases"). Specifically, Defendants have targeted sales to Illinois residents by setting up and operating e-commerce stores that target United States consumers, offer

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shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, sell products which infringe Plaintiff's patented inventions, as described below, (collectively, the "Unauthorized Products") to residents of Illinois. Each of the Defendants is committing tortious acts in Illinois, is engaging in interstate commerce, and has wrongfully caused Plaintiff substantial injury in the state of Illinois.

II. INTRODUCTION

3. Plaintiff filed this case to prevent e-commerce store operators who infringe upon Plaintiff's patented invention from further selling and/or offering for sale Unauthorized Products. The existence of the Unauthorized Products has hampered Plaintiff's ability to enter and expand its footprint in the market, a market within which Plaintiff should have exclusionary rights under its patent.

4. Defendants create e-commerce stores under one or more Seller Aliases and then advertise, offer for sale, and/or sell Unauthorized Products to unknowing consumers. E-commerce stores operating under the Seller Aliases share identifiers, such as design elements and similarities of the Unauthorized Products offered for sale, establishing that a logical relationship exists between them, and that Defendants' infringing operation arises out of the same transaction, occurrence, or series of transactions or occurrences. Defendants take advantage of a set of circumstances, including the anonymity and mass reach afforded by the Internet and the cover afforded by international borders, to violate Plaintiff's intellectual property rights with impunity. Defendants attempt to avoid liability by operating under one or more Seller Aliases to conceal their identities, locations, and the full scope and interworking of their infringing operation. Plaintiff is forced to file this action to combat Defendants' infringement of its patented invention, as well as to protect consumers from purchasing Unauthorized Products over the internet. Plaintiff has been,

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and continues to be, irreparably damaged through loss of market share (including the inability to generate and expand market share) and erosion of Plaintiff's patent rights because of Defendants' actions and therefore seeks injunctive and monetary relief.

III. THE PARTIES

5. Plaintiff, Pathway IP LLC, is a Delaware limited liability company registered to do business in the State of New York with its principal place of business at 400 Rella Blvd, Montebello, NY 10901.

6. Plaintiff is the lawful owner by assignment of all right, title, and interest in U.S. Patent No. 7,841,729 ("the '729 Patent"). A true and correct copy of Plaintiff's Patent is attached hereto as **Exhibit 1**.

7. The '729 Patent was issued on November 30, 2020. *See* **Exhibit 1**.

8. The '729 Patent was and is valid and enforceable at all times relevant to this action and is entitled to a presumption of validity under 35. U.S.C. § 282.

9. Claim 1 of the '729 Patent reads

An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:

A bulb having a toroidal shape for emitting light;

A reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;

And an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera. *See* **Exhibit 1**.

10. Upon purchasing the '729 Patent, Plaintiff began marketing an embodying product under its Pro Glow line of products, which are available for sale on Plaintiff's website at https://proglowgear.com.

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11. Plaintiff's product (*i.e.*, the webcam illuminator device) is designed to provide optimal lighting for users during video conferencing or online interactions, ensuring a more aesthetically pleasing appearance. The device aims to simulate professional studio lighting, enhancing the user's appearance during online interactions by ensuring their face is well-lit and free from harsh shadows.

12. On information and belief, Defendants, either individually or jointly, operate one or more e-commerce stores under the Seller Aliases listed in Schedule A attached hereto. Tactics used by Defendants to conceal their identities and the full scope of their operation make it virtually impossible for Plaintiff to learn Defendants' true identities and the exact interworking of their infringing network. If Defendants provide additional credible information regarding their identities, Plaintiff will take appropriate steps to amend the Complaint.

IV. DEFENDANTS' UNLAWFUL CONDUCT

13. The success of the invention claimed in the '729 Patent has resulted in significant infringement of Plaintiff's Patent. The significant infringement has hampered Plaintiff's ability to generate and expand market share for its Pro Glow line of products. Because of this, Plaintiff has implemented an anti-infringement program that involves investigating suspicious websites and online marketplace listings identified in proactive Internet sweeps. Recently, Plaintiff has identified many fully interactive e-commerce stores offering Unauthorized Products on online marketplace platforms like Amazon.com, Inc. ("Amazon"), eBay, Inc. ("eBay"), WhaleCo, Inc., ("Temu"), and Walmart, Inc. ("Walmart"), including the e-commerce stores operating under the Seller Aliases. True and correct copies of the screenshot printouts showing the active e-commerce stores operating under the Seller Aliases reviewed are attached as **Exhibit 2**.

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14. The Seller Aliases target consumers in this Judicial District and throughout the United States. According to a report prepared for The Buy Safe America Coalition, most counterfeit products now come through international mail and express courier services (as opposed to containers) due to increased sales from offshore online infringers. *The Counterfeit Silk Road: Impact of Counterfeit Consumer Products Smuggled Into the United States*, prepared by John Dunham & Associates (**Exhibit 3**). While the report set forth in Exhibit 3 refers to trademark counterfeiting, the same tactic is used by infringers of other intellectual property rights; including, as here, patent infringers who sell direct to consumers or bulk ship products to third party marketplaces.

15. As described in the report attached as Exhibit 3, counterfeit products sold by offshore online counterfeiters do not enter normal retail distribution channels, and, as a result, the U.S. economy lost an estimated 300,000 or more full-time jobs in the wholesale and retail sectors alone in 2020. *Id*. When accounting for lost jobs from suppliers that would serve these retail and wholesale establishments, and the lost jobs that would have been induced by employees re-spending their wages in the economy, the total economic impact resulting from the sale of counterfeit products was estimated to cost the United States economy over 650,000 full-time jobs that would have paid over $33.6 billion in wages and benefits. *Id*. Additionally, it is estimated that the importation of counterfeit goods costs the United States government nearly $7.2 billion in personal and business tax revenues in the same period. *Id*. Again, these statistics are similarly applicable to other types of infringement, including patent infringement.

16. Online marketplace platforms like those used by Defendants do not adequately subject new sellers to verification and confirmation of their identities, allowing counterfeiters to "routinely use false or inaccurate names and addresses when registering with these e-commerce

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platforms." **Exhibit 4**, Daniel C.K. Chow, *Alibaba, Amazon, and Counterfeiting in the Age of the Internet*, 40 NW. J. INT'L L. & BUS. 157, 186 (2020); see also report on "*Combating Trafficking in Counterfeit and Pirated Goods*" prepared by the U.S. Department of Homeland Security's Office of Strategy, Policy, and Plans (Jan. 24, 2020), attached as **Exhibit 5**, and finding that on "at least some e-commerce platforms, little identifying information is necessary for a counterfeiter to begin selling" and that "[t]he ability to rapidly proliferate third-party online marketplaces greatly complicates enforcement efforts, especially for intellectual property rights holders." Counterfeiters hedge against the risk of being caught and having their websites taken down from an e-commerce platform by establishing multiple virtual storefronts. **Exhibit 5** at p. 22. Since platforms generally do not require a seller on a third-party marketplace to identify the underlying business entity, counterfeiters can have many different profiles that can appear unrelated even though they are commonly owned and operated. **Exhibit 5** at p. 39. Further, "[e]-commerce platforms create bureaucratic or technical hurdles in helping brand owners to locate or identify sources of counterfeits and counterfeiters." **Exhibit 4** at 186-187. Specifically, brand owners are forced to "suffer through a long and convoluted notice and takedown procedure only [for the counterfeit seller] to reappear under a new false name and address in short order." *Id*. at p. 161.

17. The very same concerns regarding anonymity, multi-storefront infringers, and slow and ineffective notice and takedown marketplace procedures impact Plaintiff's enforcement efforts when trying to assert its own patent rights.

18. Defendants have targeted sales to Illinois residents by setting up and operating e-commerce stores that target United States consumers using one or more Seller Aliases, offer shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, sell and/or offer for sale Unauthorized Products to residents of Illinois.

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19. Defendants concurrently employ and benefit from similar advertising and marketing strategies. For example, some Defendants facilitate sales by designing the e-commerce stores operating under the Seller Aliases so that they appear to unknowing consumers to be authorized online retailers, outlet stores, or wholesalers. E-commerce stores operating under the Seller Aliases appear sophisticated and accept payment in U.S. dollars in multiple ways, including via credit cards, Alipay, Amazon Pay, and/or PayPal. E-commerce stores operating under the Seller Aliases often include content and images that make it very difficult for consumers to distinguish their stores from an authorized retailer. Plaintiff has not licensed or authorized Defendants use of Plaintiff's Patents, and none of the Defendants are authorized retailers of Plaintiff's Products.

20. E-commerce store operators like Defendants commonly engage in fraudulent conduct when registering the Seller Aliases by providing false, misleading and/or incomplete information to e-commerce platforms to prevent discovery of their true identities and the scope of their e-commerce operation.

21. E-commerce store operators like Defendants regularly register or acquire new seller aliases for the purpose of offering for sale and selling Unauthorized Products. Such seller alias registration patterns are one of many common tactics used by e-commerce store operators like Defendants to conceal their identities and the full scope and interworking of their infringing operation, and to avoid being shut down.

22. Even though Defendants operate under multiple fictitious aliases, the e-commerce stores operating under the Seller Aliases often share unique identifiers, such as templates with common design elements that intentionally omit contact information or other information for identifying Defendants or other Seller Aliases they operate or use. E-commerce stores operating under the Seller Aliases include other common features, such as registration patterns, accepted

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payment methods, check-out methods, keywords, advertising tactics, similarities in price and quantities, the same incorrect grammar and misspellings, and/or the use of the same text and images. Additionally, Unauthorized Products for sale by the Seller Aliases bear similar irregularities and indicia of being infringing to one another, suggesting that the Unauthorized Products were manufactured by and come from a common source and that Defendants are interrelated.

23. E- commerce store operators like Defendants communicate with each other through QQ.com chat rooms and utilize websites, like sellerdefense.cn, that provide tactics for operating multiple online marketplace accounts and evading detection by intellectual property owners. Websites like sellerdefense.cn also tip off e-commerce store operators like Defendants of new intellectual property infringement lawsuits filed by intellectual property owners, such as Plaintiff, and recommend that e-commerce operators cease their infringing activity, liquidate their associated financial accounts, and change the payment processors that they currently use to accept payments in their online stores.

24. Infringers such as Defendants typically operate under multiple seller aliases and payment accounts so that they can continue operation despite Plaintiff's enforcement. E-commerce store operators like Defendants maintain offshore bank accounts and regularly move funds from their financial accounts to offshore accounts outside the jurisdiction of this Court to avoid payment of any monetary judgment awarded to plaintiffs.

25. Defendants are working in active concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell Unauthorized Products in the same transaction, occurrence, or series of transactions or occurrences. Defendants, without any authorization or license from Plaintiff have, jointly and severally, knowingly and willfully infringed Plaintiff's

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Patents in connection with the use and/or manufacturing of Unauthorized Products and distribution, offering for sale, and sale of Unauthorized Products into the United States and Illinois over the Internet.

26. Defendants' unauthorized use and/or manufacturing of the invention claimed in Plaintiff's Patents in connection with the distribution, offering for sale, and sale of Unauthorized Products, including the sale of Unauthorized Products into the United States, including Illinois, is likely to cause, and has caused, loss of market share and erosion of Plaintiff's patent rights is irreparably harming Plaintiff.

COUNT I
PATENT INFRINGEMENT (15 U.S.C. § 271) – THE '729 PATENT

27. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

28. As shown, Defendants are working in active concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell infringing products in the same transaction, occurrence, or series of transactions or occurrences. Defendants, without any authorization or license from Plaintiff, have jointly and severally, knowingly and willfully offered for sale, sold, and/or imported into the United States for subsequent resale or use the same product that infringes directly and/or indirectly the '729 Patent.

29. As shown in the exemplary claim charts attached hereto as **Exhibit 6**, the products being sold by Defendants infringes at least Claim 1 of the '729 Patent. The claim charts of **Exhibit 6** are illustrative only and are made without the benefit of discovery or claim construction, and Plaintiff reserves the right to modify its infringement theory as appropriate as the case proceeds. Although the claim chart only includes Claim 1, Plaintiff alleges that Defendants have infringed each and every claim of the '729 Patent.

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30. Specifically, Defendants have infringed and continue to infringe each and every claim of the '729 Patent by making, using, importing, selling, and/or offering to sell their infringing products in the United States without authorization or license from Plaintiff.

31. Defendants have profited by their infringement of the '729 Patent, and Plaintiff has suffered actual harm as a result of Defendants' infringement.

32. As a direct and proximate result of Defendants' infringement, Plaintiff has suffered irreparable harm and monetary and other damages in an amount to be determined. Defendants' infringement of the '729 Patent in connection with the offering to sell, selling, or importing of products that infringe the '729 Patent, including such acts into the State of Illinois, is irreparably harming Plaintiff. Defendants' wrongful conduct has caused Plaintiff to suffer irreparable harm resulting from the loss of its lawful patent rights to exclude others from making, using, selling, offering for sale, and importing the patented inventions as well as the lost sales and loss of repeat sales stemming from the infringing acts.

33. Defendants' infringement has been and continues to be willful. Accordingly, Plaintiff is entitled to treble damages under 35 U.S.C. § 284 and this is an exceptional case under 35 U.S.C. § 285.

34. Plaintiff is entitled to injunctive relief pursuant to 35 U.S.C. § 283. Unless Defendants are preliminarily and permanently enjoined by this Court from continuing their infringement of the '729 Patent, Plaintiff will continue to suffer additional irreparable harm, including loss of market share and erosion of patent rights.

35. Plaintiff is entitled to recover damages adequate to compensate for the infringement, pursuant to 35 U.S.C. § 284, in no event less than a reasonable royalty.

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COUNT II
UNFAIR COMPETITION (15 U.S.C. §1125(a))

36. Plaintiffs hereby re-allege and incorporate by reference the allegations set forth in the preceding paragraphs.

37. Despite Plaintiff having valid and enforceable patents, which were embodied in Plaintiff's Products, and sold to consumers in what should have been an otherwise exclusive market, Defendants have developed, manufactured, imported, advertised, and/or sold Unauthorized Products that infringe upon Plaintiff's Patents. *See* **Exhibit 2** and **Exhibit 6**. These acts of infringement have prevented Plaintiff from generating and expanding its market share in what should have been an exclusive field.

38. By selling products which infringe upon Plaintiff's Patents, Defendants are competing for sales with Plaintiff and Plaintiff's Products with products that Defendants are prohibited from selling under U.S. Patent law.

39. By selling products which infringe upon Plaintiff's Patents, Defendants are competing for sales against Plaintiff in an unfair and unlawful manner.

40. Defendants' unlawful, unauthorized and unlicensed manufacture, distribution, offer for sale and/or sale of Unauthorized Products creates express and implied misrepresentation that Unauthorized Products were created, authorized, or approved by Plaintiff as owner of the '729 Patent, allowing Defendants to profit from the goodwill, time, research, and development of the invention as embodied in Plaintiff's Patents and in Plaintiff's embodying Products, while causing Plaintiff irreparable and immeasurable injury.

41. On information and belief, Defendants have intentionally and blatantly infringed upon Plaintiff's Patents by selling Unauthorized Products to take unfair advantage of the enormous time, effort, and expense spent in connection with the '729 Patent and Plaintiff's efforts to cultivate

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a successful market for the invention embodied in Plaintiff's Patents and in Plaintiff's Products in online marketplaces.

42. On information and belief, Defendants have offered to sell and knowingly sold Unauthorized Products with the understanding that, as foreign entities, any enforcement efforts by Plaintiff would be difficult as many countries, including and especially China, make enforcement efforts of foreign IP difficult and collection of any judgments highly improbable.

43. On information and belief, to the extent enforcement efforts are made against Defendants, Defendants will merely ignore the efforts if they are permitted to move any assets out of their marketplace accounts and can easily create new accounts for online marketplaces to sell Unauthorized Products – with little recourse available to Plaintiff.

44. Defendants' acts, as described herein, violate Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), in that Defendants' sale and/or offer of sale of products which infringe Plaintiff's Patents, constitutes unfair competition.

45. Plaintiff has no adequate remedy at law and, if the Defendants' activities are not enjoined, Plaintiffs will continue to suffer irreparable harm and injury.

COUNT III
UNJUST ENRICHMENT – ILLINOIS STATE COMMON LAW

46. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

47. Substantial time, money, and resources were spent in development of the invention embodied in Plaintiff's Patent and Plaintiff has similarly invested substantial time, money, and resources in acquiring the '729 Patent and launching its embodying products.

48. Plaintiff's Patent consists of a unique design, shape, and optimal lighting for users during video conferencing or online interactions, ensuring a more aesthetically pleasing

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appearance. The device aims to simulate professional studio lighting, enhancing the user's appearance during online interactions by ensuring their face is well-lit and free from harsh shadows.

49. Plaintiff also spent substantial time, money, and resources in the development of Plaintiff's Product, including attempting to sell Plaintiff's Product directly to consumers. Efforts that have been stymied by Defendants' infringement and the availability of the Unauthorized Products.

50. Defendants traded upon the good will, reputation, research, and development associated with the invention claimed in the '729 Patent by selling products which infringed upon Plaintiff's Patents.

51. Defendants, by selling Unauthorized Products, are eroding Plaintiff's market share by preventing Plaintiff from entering the market, a market in which Plaintiff should have had exclusionary rights.

52. Unauthorized Products include the unique design, shape, and optimal lighting mechanism for users during video conferencing or online interactions.

53. Defendants knew or should have known that the Unauthorized Products they were selling infringed upon Plaintiff's Patent and by selling those products they were eroding or excluding Plaintiff's market share and trading upon the good will, reputation, research, and development associated with the '729 Patent.

54. Defendants, by offering for sale and selling Unauthorized Products, improved their own good will and market share by trading upon the good will, reputation, research, and development of the '729 Patent.

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55. On information and belief, Defendants have sold Unauthorized Products, further preventing Plaintiff from developing or expanding its market share and trading upon the good will, reputation, research, and development associated with the '729 Patent.

56. Plaintiff has never received any relief for the erosion and exclusion of its market share or any compensation from Defendants for their use of the good will, reputation, research, and development associate with the '729 Patent.

57. Defendants have been unjustly enriched because they have denied Plaintiff access to customers it would have otherwise had by participating in what should have been Plaintiff's exclusive market by selling products directly to consumers, products which infringed Plaintiff's Patents, and competing against Plaintiff's in the video conferencing or online interactions markets.

COUNT IV
UNFAIR COMPETITION – ILLINOIS STATE COMMON LAW

58. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

59. By marketing, advertising, and selling their products which infringe upon Plaintiff's Patents, Defendants are acting with the purpose and intent to deceive consumers into believing that their products are made by Plaintiff or are affiliated with or approved by Plaintiff.

60. By marketing, advertising, and selling their products which infringe upon Plaintiff's Patents, Defendants intend to harm and are harming Plaintiff's business.

61. As a result of Defendants' unfair competitive activities, Plaintiff has been damaged and will continue to be damaged unless Defendants are enjoined from infringing upon Plaintiff's Patents.

62. Plaintiff is also entitled to recover money damages to compensate for Defendants' unfair conduct.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

1) That Defendants, their affiliates, officers, agents, servants, employees, attorneys, confederates, and all persons acting for, with, by, through, under, or in active concert with them be temporarily, preliminarily, and permanently enjoined and restrained from:

   a. Making, using, offering for sale, selling and/or importing into the United States for subsequent sale or use any products that infringe upon Plaintiff's Patent; and

   b. Aiding, abetting, contributing to, or otherwise assisting anyone in infringing upon Plaintiff's Patent.

2) Entry of an Order that, upon Plaintiff's request, those with notice of the injunction, including without limitation, any websites and/or online marketplace platforms, such as Amazon, eBay, Temu, and Walmart, shall disable and cease displaying any advertisements used by or associated with Defendants in connection with the sale of goods that infringe Plaintiff's Patent.

3) That Judgment be entered against Defendants finding that they have infringed upon Plaintiff's Patent.

4) That Judgment be entered against Defendants finding that infringement of Plaintiff's Patent has been willful.

5) That Plaintiff be awarded damages for such infringement in an amount to be proven at trial, in no event less than a reasonable royalty pursuant to 35 U.S.C. § 284, together with interests and costs.

6) That Plaintiff be awarded treble damages under 35 U.S.C. § 284 for Defendants' willful infringement of Plaintiff's Patent.

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7) A finding that this case is exceptional under 35 U.S.C. § 285.

8) A finding that Defendants engaged in unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

9) A finding that Defendants were unjustly enriched under Illinois common law.

10) A finding that Defendant engaged in unfair competition under Illinois common law.

11) That Plaintiff be awarded its reasonable attorneys' fees and costs.

12) Award any and all other relief that this Court deems just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all issues so triable.

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Dated: August 12, 2024

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system this August 12, 2024. Any other counsel of record will be served by electronic and/or first-class mail.

/s/ Nicholas S. Lee
Nicholas S. Lee

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Schedule A

Sason Gabay - Ring Light

	Merchant Name	Merchant ID	Merchant URL	Business Name/Address	Product IDs
1	Legee Tech	A3LJTDUIZTX45R	https://www.amazon.com/sp?ie=UTF8&seller=A3LJTDUIZTX45R&isAmazonFulfilled=1&asin=B08Q2YYBD3&ref_=olp_merch_name_0	坂田街道南坑社区雅宝路1号星河世界二期C栋27楼17 深圳市 龙岗区 广东省 518000 CN	B08Q2YYBD3
2	Luxsure-US	A3PNQ9JPJGIROZ	https://www.amazon.com/sp?ie=UTF8&seller=A3PNQ9JPJGIROZ&isAmazonFulfilled=1&asin=B0C1B2Y91R&ref_=olp_merch_name_0	坂田街道 万科金色半山花园1栋1103 深圳 龙岗区 广东 518000 CN	B0C1B2Y91R B09C7R8NQK
3	BINBIN-Direct	A2C1AI04QO0HWN	https://www.amazon.com/sp?ie=UTF8&seller=A2C1AI04QO0HWN&asin=B0CT387V9M&ref_=dp_merchant_link&isAmazonFulfilled=1	先烈东路190号 四楼C0781室 天河区 广州市 510599 CN	B0CT387V9M
4	ATKTTOP Direct	A151GB5G03EH8B	https://www.amazon.com/sp?ie=UTF8&seller=A151GB5G03EH8B&isAmazonFulfilled=1&asin=B0BGHXR9G1&ref_=olp_merch_name_0	1209room jinyangdongjie16hao yuhuaqu nanjing jiangsu 210000 CN	B0BGHXR9G1
5	BONFOTO	A1136HPIZ7069K	https://www.amazon.com/sp?ie=UTF8&seller=A1136HPIZ7069K&asin=B082M1PH6P&ref_=dp_merchant_link&isAmazonFulfilled=1	翟山农贸市场综合楼411室 徐州市 江苏 221000 CN	B082M1PH6P
6	Unicucp US	A23B66QFRE1UIS	https://www.amazon.com/sp?ie=UTF8&seller=A23B66QFRE1UIS&asin=B0CRZ5VMN4&ref_=dp_merchant_link&isAmazonFulfilled=1	深圳市宝安区西乡街道固戍社区固腾第一工业区七栋三楼 深圳市宝安区 西乡街道 广东	B0CRZ5VMN4

	Merchant Name	Merchant ID	Merchant URL	Business Name/Address	Product IDs
				省 518128 CN	
7	vividNWUS	A2O3R3UCISWL4M	https://www.amazon.com/sp?ie=UTF8&seller=A2O3R3UCISWL4M&isAmazonFulfilled=1&asin=B01LXDNNBW&ref_=olp_merch_name_15	龙华街道宝华路宝华大厦西座502 深圳市 龙华区 广东省 518000 CN	B01LXDNNBW
8	XingBoom	A3D1N8C7CDOTVA	https://www.amazon.com/sp?ie=UTF8&seller=A3D1N8C7CDOTVA&isAmazonFulfilled=1&asin=B01LXDNNBW&ref_=olp_merch_name_14	龙华街道油松社区水斗老围村新建楼C栋魔方公寓217 深圳市 龙华区 广东省 518000 CN	B01LXDNNBW
9	ShutterLight	A1L85FSSAIJDMJ	https://www.amazon.com/sp?ie=UTF8&seller=A1L85FSSAIJDMJ&isAmazonFulfilled=1&asin=B01LXDNNBW&ref_=olp_merch_name_10	清水河街道办金碧路银晖名居12层A11 深圳市 罗湖区 广东省 518000 CN	B01LXDNNBW
10	HiFocusiUS	A3VCR7ULIQW54W	https://www.amazon.com/sp?ie=UTF8&seller=A3VCR7ULIQW54W&isAmazonFulfilled=1&asin=B01LXDNNBW&ref_=olp_merch_name_8	桂湾三路龙海家园16栋411 深圳市 南山区 广东省 518000 CN	B01LXDNNBW
11	ShiQiaoShang	AJY4P6899LZIE	https://www.amazon.com/sp?ie=UTF8&seller=AJY4P6899LZIE&isAmazonFulfilled=1&asin=B01LXDNNBW&ref_=olp_merch_name_7	科华北路65号 世外桃源广场26楼1001号 成都市 武侯区 四川省 610000 CN	B01LXDNNBW
12	Jinsnow	A322B1K7AG4NNU	https://www.amazon.com/sp?ie=UTF8&seller=A322B1K7AG4NNU&isAmazonFulfilled=1&asin=B01LXDNNBW&ref_=olp_merch_name_6	清水河街道梅园社区红岗路1005号 红岗西村22栋一单元401 深圳市 罗湖区 广东省 518000 CN	B01LXDNNBW
13	XuanXiuUS	AH6NV5LDS04JR	https://www.amazon.com/sp?ie=UTF8&seller=AH6NV5LDS04JR&isAmazonFulfilled=1&asin=B0	jiangdongjiedaoshankoucun162zhuang5danyuan yiwushi zhejiangsheng 322000 CN	B01LXDNNBW

	Merchant Name	Merchant ID	Merchant URL	Business Name/Address	Product IDs
			1LXDNNBW&ref_=olp_merch_name_5		
14	Photo Guard	A1K9376WXWZNFL	https://www.amazon.com/sp?ie=UTF8&seller=A1K9376WXWZNFL&isAmazonFulfilled=1&asin=B01LXDNNBW&ref_=olp_merch_name_4	吉州区禾埠街道复兴路以南正荣庐陵府二期15栋1单元601号 吉安市 江西省 343000 CN	B01LXDNNBW
15	PANYINYING	A1LJH8QYI9KSPT	https://www.amazon.com/sp?ie=UTF8&seller=A1LJH8QYI9KSPT&isAmazonFulfilled=1&asin=B082P2GZR1&ref_=olp_merch_name_2	坂田街道五和大道南49号金方华电商产业园308室 深圳市 龙岗区 广东省 518000 CN	B082P2GZR1
16	Qirui-US	A35GGQ2DSQXORQ	https://www.amazon.com/sp?ie=UTF8&seller=A35GGQ2DSQXORQ&isAmazonFulfilled=1&asin=B082P2GZR1&ref_=olp_merch_name_0	坂田街道光雅园雅青居A栋5024 深圳市 龙岗区 广东省 518100 CN	B082P2GZR1
17	Sensynec	AJOOB75ORNUD3	https://www.amazon.com/sp?ie=UTF8&seller=AJOOB75ORNUD3&isAmazonFulfilled=1&asin=B08B3X7NXC&ref_=olp_merch_name_3	创业花园177-180栋1702 龙华区民治街道北站社区 深圳市 广东省 广东 518000 CN	B08B3X7NXC
18	xiechengyu-us	A28A6IGKBGHAMB	https://www.amazon.com/sp?ie=UTF8&seller=A28A6IGKBGHAMB&isAmazonFulfilled=1&asin=B08YJPJLFV&ref_=olp_merch_name_8	南海区丹灶镇丹灶镇丹灶物流中心利盈路 1号A1-1座105号 佛山市 广东 528200 CN	B08YJPJLFV
19	fubin-us	A9KBKV7EBHJJW	https://www.amazon.com/sp?ie=UTF8&seller=A9KBKV7EBHJJW&isAmazonFulfilled=1&asin=B08YJPJLFV&ref_=olp_merch_name_7	市西河街道延安西路金宇紫林广场 负1层94号 贵阳市 云岩区 贵州省 550001 CN	B08YJPJLFV
20	gxlong-US	A2YPG8EDYHGLF1	https://www.amazon.com/sp?ie=UTF8&seller=A2YPG8EDYHGLF1&isAmazonFulfilled=1&asin=	迎泽区桥东街道 双塔寺街闻汇大厦A座2613室 太原市 山	B08YJPJLFV

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			B08YJPJLFV&ref_=olp_merch_name_6	西省 030000 CN	
21	DEFENDANT DIMISSED				
22	DEFENDANT DIMISSED				
23	HUJIYUAN	A1L8T92XH8LF16	https://www.amazon.com/sp?ie=UTF8&seller=A1L8T92XH8LF16&isAmazonFulfilled=1&asin=B08YJPJLFV&ref_=olp_merch_name_3	北华街8号 光华里小区2-3-1401 石家庄市 长安区 河北 050011 CN	B08YJPJLFV
24	HXT-us	A3UM8X97AEHFCK	https://www.amazon.com/sp?ie=UTF8&seller=A3UM8X97AEHFCK&isAmazonFulfilled=1&asin=B08YJPJLFV&ref_=olp_merch_name_0	南海区里水镇邓岗社区 北沙路7号之一 佛山市 广东 528200 CN	B08YJPJLFV
25	Kaiess Store	AX3AUBRSCDMIK	https://www.amazon.com/sp?ie=UTF8&seller=AX3AUBRSCDMIK&isAmazonFulfilled=1&asin=B086ZXS6K3&ref_=olp_merch_name_0	宝安区石岩街道塘头社区塘头1号路8号创维创新谷2#楼A0411 深圳市 广东 518100 CN	B086ZXS6K3
26	Wanfaau	A9FBTFPFCUVNN	https://www.amazon.com/sp?ie=UTF8&seller=A9FBTFPFCUVNN&isAmazonFulfilled=1&asin=B0B74D8SMH&ref_=olp_merch_name_0	平湖街道辅城坳社区平吉大道375号 融湖盛世花园3栋C座1503 深圳市 龙岗区 广东省 518000 CN	B0B74D8SMH
27	Woputne-US	AA2JRDWHKMBYL	https://www.amazon.com/sp?ie=UTF8&seller=AA2JRDWHKMB	龙华街道油松社区工业东路北	B07PV6CK2P

	Merchant Name	Merchant ID	Merchant URL	Business Name/Address	Product IDs
			YL&asin=B07PV6CK2P&ref_=dp_merchant_link&isAmazonFulfilled=1	侧42号工业园A栋3楼AB座 302室 深圳市 龙华区 广东 518000 CN	
28	Herrfilk	A2CSQQMH106X23	https://www.amazon.com/sp?ie=UTF8&seller=A2CSQQMH106X23&isAmazonFulfilled=1&asin=B0BXL7RQXK&ref_=olp_merch_name_0	民治街道西头新村宇丰工业区八零创业大厦533 深圳 龙华区 广东 518000 CN	B0BXL7RQXK B0921FKHY1
29	Kimwood Official	A2J5ZQSDEEI9F9	https://www.amazon.com/sp?ie=UTF8&seller=A2J5ZQSDEEI9F9&isAmazonFulfilled=1&asin=B097SS6K9M&ref_=olp_merch_name_9	丹灶镇云峰路003号云山峰境广场 002栋703房 佛山市 南海区 广东省 528200 CN	B097SS6K9M
30	CCJDSMUS	A3SAZ6DJQ9G0QN	https://www.amazon.com/sp?ie=UTF8&seller=A3SAZ6DJQ9G0QN&isAmazonFulfilled=1&asin=B097SS6K9M&ref_=olp_merch_name_7	经济开发区洋浦大街以东规划二路以北 融创洋浦一号1号楼2单元904-105号房 长春市 吉林省 130022 CN	B097SS6K9M
31	junwangqiangsji	A2WGNA5JGH59V8	https://www.amazon.com/sp?ie=UTF8&seller=A2WGNA5JGH59V8&isAmazonFulfilled=1&asin=B097SS6K9M&ref_=olp_merch_name_6	平定县 冠山镇西关街丰泽园 103号商铺-1128 阳泉市 山西 045000 CN	B097SS6K9M
32	Tonglisheng	AMM86QHSXA5GR	https://www.amazon.com/sp?ie=UTF8&seller=AMM86QHSXA5GR&isAmazonFulfilled=1&asin=B097SS6K9M&ref_=olp_merch_name_8	坂田街道大发埔社区 大发路 1-5号联发公寓 深圳市 龙岗区 广东 518100 CN	B097SS6K9M
33	DEFENDANT DIMISSED				

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34	xichenyouxianmaoyi	A2PRX5K039H5ML	https://www.amazon.com/sp?ie=UTF8&seller=A2PRX5K039H5ML&isAmazonFulfilled=1&asin=B08JHWZ44S&ref_=olp_merch_name_2	明星镇明星村新旺街249号 太谷区 晋中市 山西 030600 CN	B08JHWZ44S
35	Xin Fox	A3F00X8Y05KCP1	https://www.amazon.com/sp?ie=UTF8&seller=A3F00X8Y05KCP1&isAmazonFulfilled=1&asin=B08JHWZ44S&ref_=olp_merch_name_1	通信市场二期B1-20 义乌市 稠城街道 浙江 322000 CN	B08JHWZ44S
36	Winseting	A2X1FDOFXQQK8L	https://www.amazon.com/sp?ie=UTF8&seller=A2X1FDOFXQQK8L&isAmazonFulfilled=1&asin=B08JHWZ44S&ref_=olp_merch_name_0	端头新村3区7栋1单元201室 义乌市 江东街道 浙江省 322000 CN	B08JHWZ44S
37	OMITTED				
38	INTENIONALLY BLANK				
39	SHQ Global	A3V8HOPXRGQORW	https://www.amazon.com/sp?ie=UTF8&seller=A3V8HOPXRGQORW&asin=B0BKFKWN6F&ref_=dp_merchant_link&isAmazonFulfilled=1	西城西桥九一南路7号12幢 3093D 龙岩市 新罗区 福建省 364031 CN	B0BKFKWN6F
40	STALLY	A1AS6A5HZUIWNV	https://www.amazon.com/sp?ie=UTF8&seller=A1AS6A5HZUIWNV&asin=B0CT3HQHPX&ref_=dp_merchant_link&isAmazonFulfilled=1	民治街道西头新村宇丰工业区八零创业大厦513 深圳 龙华区 广东 518000 CN	B0CT3HQHPX
41	Okshopping	A15R0WXEKHF8QW	https://www.amazon.com/sp?ie=UTF8&seller=A15R0WXEKHF8QW&asin=B07NKRPZXN&ref_=dp_merchant_link&isAmazonFulfilled=1	占陇镇志古寮村中片125号 揭阳市 普宁市 515300 CN	B07NKRPZXN
42	XITENG TECH	A1PE0ETKWCIUO0	https://www.amazon.com/sp?ie=UTF8&seller=A1PE0ETKWCIU	平湖街道平湖社区平安大道1	B0BVMG4SVZ B0B3DJ6TP1

	Merchant Name	Merchant ID	Merchant URL	Business Name/Address	Product IDs
			O0&asin=B0BVMG4SVZ&ref_=dp_merchant_link&isAmazonFulfilled=1	号 华南城铁东物流区13栋 1008 深圳市 龙岗区 广东省 518000 CN	B08B3X7NXC
43	Aixiangpai	A2EK8ZGC8OTXAO	https://www.amazon.com/sp?ie=UTF8&seller=A2EK8ZGC8OTXAO&isAmazonFulfilled=1&asin=B07QJXCB28&ref_=olp_merch_name_0	光明新区马田街道 石围社区石围新村A13栋501 深圳市 广东省 518107 CN	B07QJXCB28 B07Q3471S2
44	Rosesy	A30AO3BOQY0HIZ	https://www.amazon.com/sp?ie=UTF8&seller=A30AO3BOQY0HIZ&asin=B0BS6DXX8K&ref_=dp_merchant_link&isAmazonFulfilled=1	12/F. San Tai Building 137-139 Connaught Road Cent HONG KONG HONG KONG 999077 HK	B0BS6DXX8K
45	ULANZI Official US Store	A209UUQT8O7JCV	https://www.amazon.com/sp?ie=UTF8&seller=A209UUQT8O7JCV&isAmazonFulfilled=1&asin=B0CRK8X6NL&ref_=olp_merch_name_0	坂田街道南坑社区雅宝路1号星河WORLD A17-6B 深圳市 龙岗区 广东省 518129 CN	B0CRK8X6NL
46	DEFENDANT DIMISSED				
47	OMITTED				
48	iphoto digit	A3QMLT0QWWENHA	https://www.amazon.com/sp?ie=UTF8&seller=A3QMLT0QWWENHA&isAmazonFulfilled=1&asin=B07J4Y3Q6Z&ref_=olp_merch_name_0	民治街道民乐社区星河二期 C栋2705-1 深圳市 龙华区 广东省 518131 CN	B07J4Y3Q6Z
49	BLights	A19D2OTEKO6NTE	https://www.amazon.com/sp?ie=UTF8&seller=A19D2OTEKO6NTE&isAmazonFulfilled=1&asin=B08L5VKNWR&ref_=olp_merch_name_4	民治街道创业花园淘景商务大厦1707 深圳市 龙华区 广东省 518000 CN	B08L5VKNWR

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50	Lixinshunyi	A31FQ62WYI7EY9	https://www.amazon.com/sp?ie=UTF8&seller=A31FQ62WYI7EY9&isAmazonFulfilled=1&asin=B00ZL177PO&ref_=olp_merch_name_4	莲塘街道办坳下村27号7层709 深圳市 罗湖区 广东省 518000 CN	B00ZL177PO
51	Peyou US Ltd	A2B0X57I71Z4A	https://www.amazon.com/sp?ie=UTF8&seller=A2B0X57I71Z4A&asin=B0C49GZ26V&ref_=dp_merchant_link&isAmazonFulfilled=1	FLAT/RM 1512, 15/F LUCKY CENTRE NO.165-171 WAN CHAI ROAD WAN CHAI 000000 HK	B0C49GZ26V B0C9Z8DHZJ B0CDKRXCK9 B0CF1YG6QT B08PKK7M9H
52	OMITTED				
53	Lanyuantai	A2H9DI5KFASP2Q	https://www.amazon.com/sp?ie=UTF8&seller=A2H9DI5KFASP2Q&asin=B07JX79GBS&ref_=dp_merchant_link&isAmazonFulfilled=1	深圳市福田区连花街道景华社区商报东路49号富霖花园B1栋501 深圳 福田区 广东 518000 CN	B07JX79GBS
54	FLYSKY	A1G7DU9E3932QL	https://www.amazon.com/sp?ie=UTF8&seller=A1G7DU9E3932QL&isAmazonFulfilled=1&asin=B08LZKSMRH&ref_=olp_merch_name_4	河南央岸街道世纪东江学府1期10栋452房 惠州市 惠城区 广东省 516000 CN	B08LZKSMRH
55	DEFENDANT DIMISSED				
56	DEFENDANT DIMISSED				
57	Pixel Lighting	A26ZYWFS2COV5E	https://www.amazon.com/sp?ie=UTF8&seller=A26ZYWFS2COV5E&asin=B07PPKVNJJ&ref_=dp	民治街道民乐社区星河二期C栋2703A 深圳市 龙华区 广东	B07PPKVNJJ

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			_merchant_link&isAmazonFulfilled=1	省 518131 CN	
58	catchpiccus	AUOXPLWF195VR	https://www.amazon.com/sp?ie=UTF8&seller=AUOXPLWF195VR&isAmazonFulfilled=1&asin=B07ZF5V9LZ&ref_=olp_merch_name_2	海山街道田东社区云汉路1号东部翠海轩花园二单元202 深圳市 盐田区 广东省 518000 CN	B07ZF5V9LZ B01LXDNNBW
59	Bekada	A3L09XXPEN8RE0	https://www.amazon.com/sp?ie=UTF8&seller=A3L09XXPEN8RE0&asin=B08GKKR9HF&ref_=dp_merchant_link&isAmazonFulfilled=1	开萝大道2号524房 广州市 黄埔区 广东省 510000 CN	B08GKKR9HF
60	Yarrashop Direct	A28RVC9TZVZ4O0	https://www.amazon.com/sp?ie=UTF8&seller=A28RVC9TZVZ4O0&isAmazonFulfilled=1&asin=B095741MZS&ref_=olp_merch_name_0	宝安区松岗街道东方社区田洋一路25号B栋103 深圳市 广东 518000 CN	B095741MZS
61	AMTLJ-US	AY5P5SK6S77MU	https://www.amazon.com/sp?ie=UTF8&seller=AY5P5SK6S77MU&asin=B08F22QJHK&ref_=dp_merchant_link&isAmazonFulfilled=1	青工路268号2幢 上海市 奉贤区 上海 200120 CN	B08F22QJHK
62	Jian jin company	A1URKXL04YMWGF	https://www.amazon.com/sp?ie=UTF8&seller=A1URKXL04YMWGF&isAmazonFulfilled=1&asin=B09J56CXTY&ref_=olp_merch_name_0	浙江省余姚市马渚镇 工人路扁担山45号 余姚 马渚 浙江 315450 CN	B09J56CXTY
63	xingtaisuixi	A2IF9FQHW16W5C	https://www.amazon.com/sp?ie=UTF8&seller=A2IF9FQHW16W5C&isAmazonFulfilled=1&asin=B09WR91S14&ref_=olp_merch_name_1	襄都区南羊市道 金水湾小区3号楼2单元501室 邢台市 河北省 054000 CN	B09WR91S14 B09ZXBR84P
64	Libaba Beauty	A1RS1DUBNWLEE7	https://www.amazon.com/sp?ie=UTF8&seller=A1RS1DUBNWL	八一路东段许昌学院对面骏景	B09WR91S14 B09ZXBR84P

	Merchant Name	Merchant ID	Merchant URL	Business Name/Address	Product IDs
			EE7&isAmazonFulfilled=1&asin=B09WR91S14&ref_=olp_merch_name_0	尚都花园 5幢8层东起南排第3间 许昌市 东城区 河南省 461000 CN	
65	Auriani-US	A2VSGNCU3FA64U	https://www.amazon.com/sp?ie=UTF8&seller=A2VSGNCU3FA64U&isAmazonFulfilled=1&asin=B09NDM9RF2&ref_=olp_merch_name_0	南湾街道南岭村社区黄金南路95号黄金豪庭5栋702 深圳市 龙岗区 广东省 518000 CN	B09NDM9RF2
66	Vlogging US	A3J5TDSDTGGMAU	https://www.amazon.com/sp?ie=UTF8&seller=A3J5TDSDTGGMAU&isAmazonFulfilled=1&asin=B0B8Z38SR6&ref_=olp_merch_name_0	民治街道西头新村八零创业大厦504 深圳 龙华 广东 518000 CN	B0B8Z38SR6 B0CCVCZ1CF
67	OMITTED				
68	WisaKey US	AY54VIRZUSPSJ	https://www.amazon.com/sp?ie=UTF8&seller=AY54VIRZUSPSJ&isAmazonFulfilled=1&asin=B0BML9VSC3&ref_=olp_merch_name_0	民治街道西头新村八零创业大厦536 深圳市 龙华区 广东 518000 CN	B0BML9VSC3
69	EESTOREAMZ	A2SDYNQFVG1B6W	https://www.amazon.com/sp?ie=UTF8&seller=A2SDYNQFVG1B6W&asin=B0CR1CNFLT&ref_=dp_merchant_link&isAmazonFulfilled=1	福城街道桔塘社区章阁路145号 威达工业园厂房A栋101 深圳市 龙华区 广东省 518000 CN	B0CR1CNFLT B0CKVX9ZGP
70	ruiao Photographic equipment	A21R6DCT0WAC25	https://www.amazon.com/sp?ie=UTF8&seller=A21R6DCT0WAC25&asin=B09FJQ38RG&ref_=dp_merchant_link&isAmazonFulfilled=1	大碶街道宝山路1298号4层405-1室 宁波市 北仑区 浙江省 315806 CN	B09FJQ38RG
71	OMITTED				
72	CY Direct US	A33DQFHS7LSA6P	https://www.amazon.com/sp?ie=UTF8&seller=A33DQFHS7LSA6P&isAmazonFulfilled=1&asin=B	文华园路8号文华学院创业基地A01-26室 武汉市 东湖新技	B09TZN74V1 B0C1C5XKTY B0B5XNJ39C

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			09TZN74V1&ref_=olp_merch_name_0	术开发区 湖北省 430000 CN	B0919X39S1 B08CTJ6WBX
73	yunqiya	A1QW8GMI33XM4F	https://www.amazon.com/sp?ie=UTF8&seller=A1QW8GMI33XM4F&isAmazonFulfilled=1&asin=B0CPWJFHZM&ref_=olp_merch_name_0	南湖南路南湖颐景2栋2门8楼4号 荆州 沙市区 湖北 434000 CN	B0CPWJFHZM
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EXHIBIT 1

US007841729B2

(12) **United States Patent**
Geddes

(10) **Patent No.: US 7,841,729 B2**
(45) **Date of Patent: Nov. 30, 2010**

(54) **WEBCAM ILLUMINATOR DEVICE**

(75) Inventor: **Henry Geddes**, Delray Beach, FL (US)

(73) Assignee: **Splashlight Studios**, Miami Beach, FL (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 234 days.

(21) Appl. No.: **12/011,090**

(22) Filed: **Jan. 24, 2008**

(65) **Prior Publication Data**

US 2008/0180933 A1 Jul. 31, 2008

Related U.S. Application Data

(60) Provisional application No. 60/897,600, filed on Jan. 26, 2007.

(51) **Int. Cl.**
G03B 15/02 (2006.01)

(52) **U.S. Cl.** **362/16**

(58) **Field of Classification Search** 362/3, 362/8, 16, 11

See application file for complete search history.

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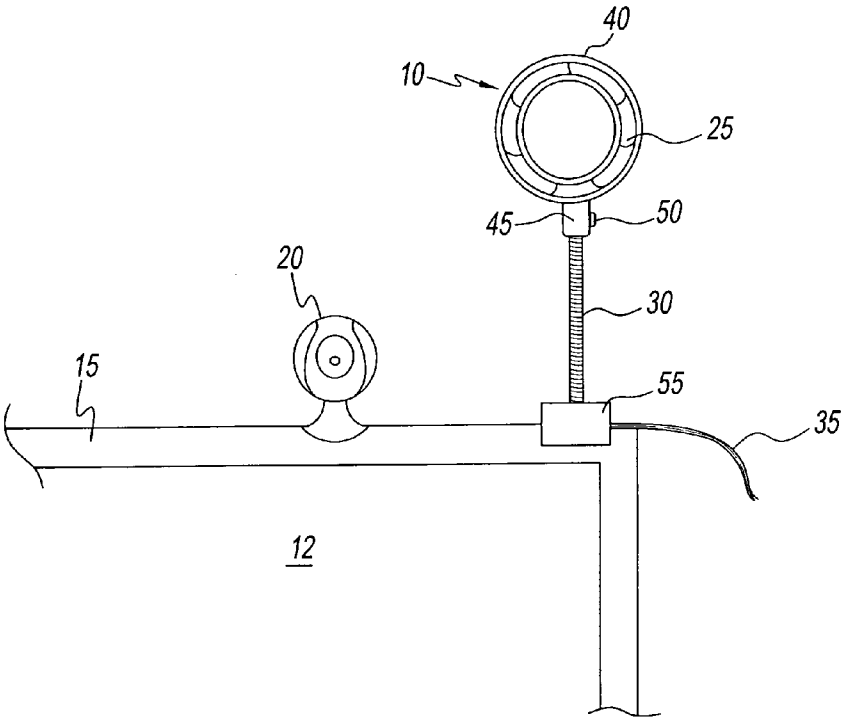
* cited by examiner

Primary Examiner—Stephen F Husar
Assistant Examiner—James W Cranson
(74) *Attorney, Agent, or Firm*—Ohlandt, Greekley, Ruggiero & Perle, L.L.P.

(57) **ABSTRACT**

An illuminator device for illuminating one or more users in front web camera and a communication terminal having a bulb for emitting light; a reflector operatively associated with the bulb for projecting the emitted light; and an arm disposed between the bulb and the terminal for connection to the terminal are provided. The bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera. An illuminator device for illuminating one or more users in front of a webcamera and a communications terminal having a frame and a screen having a plurality of bulbs, wherein the plurality of bulbs are disposed in the frame of the terminal to provide illumination to the face or faces of the users.

13 Claims, 6 Drawing Sheets



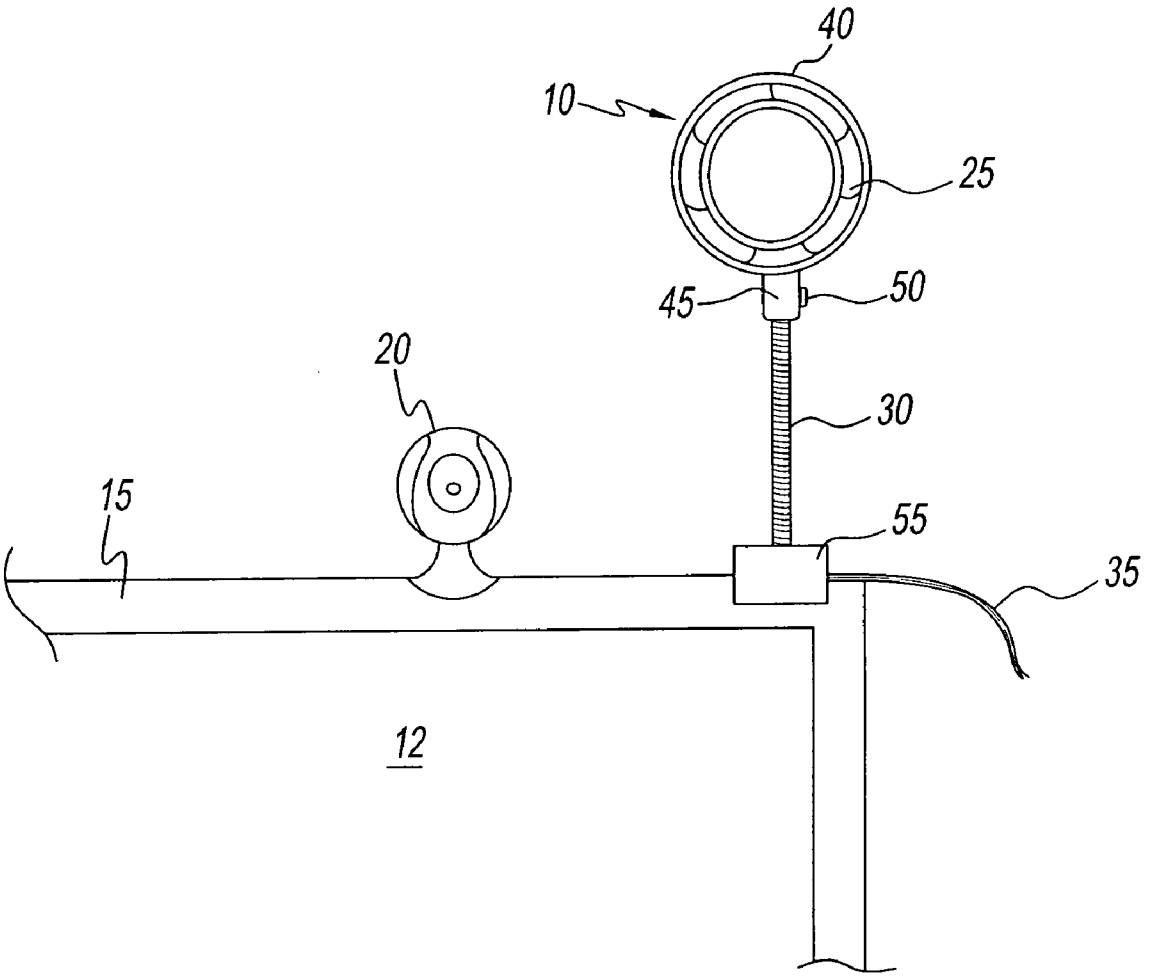


Fig. 1

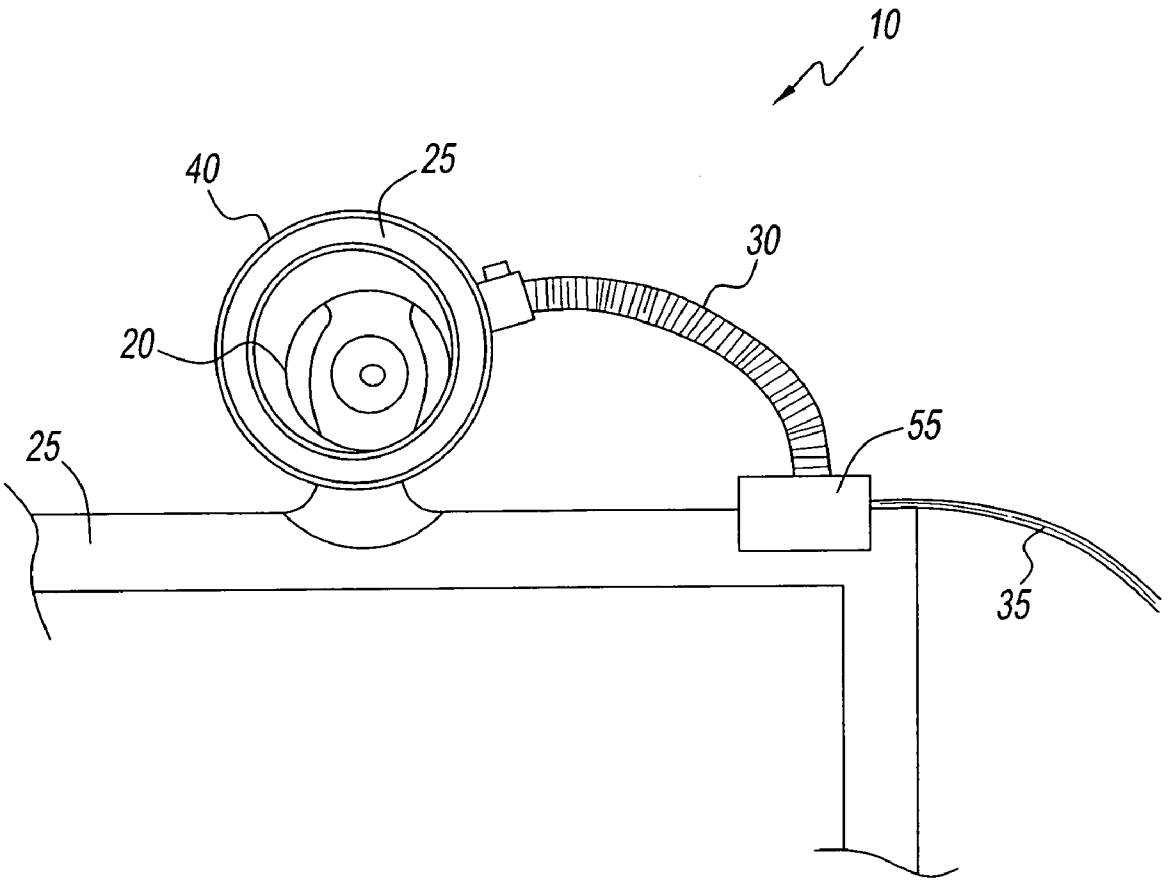


Fig. 2

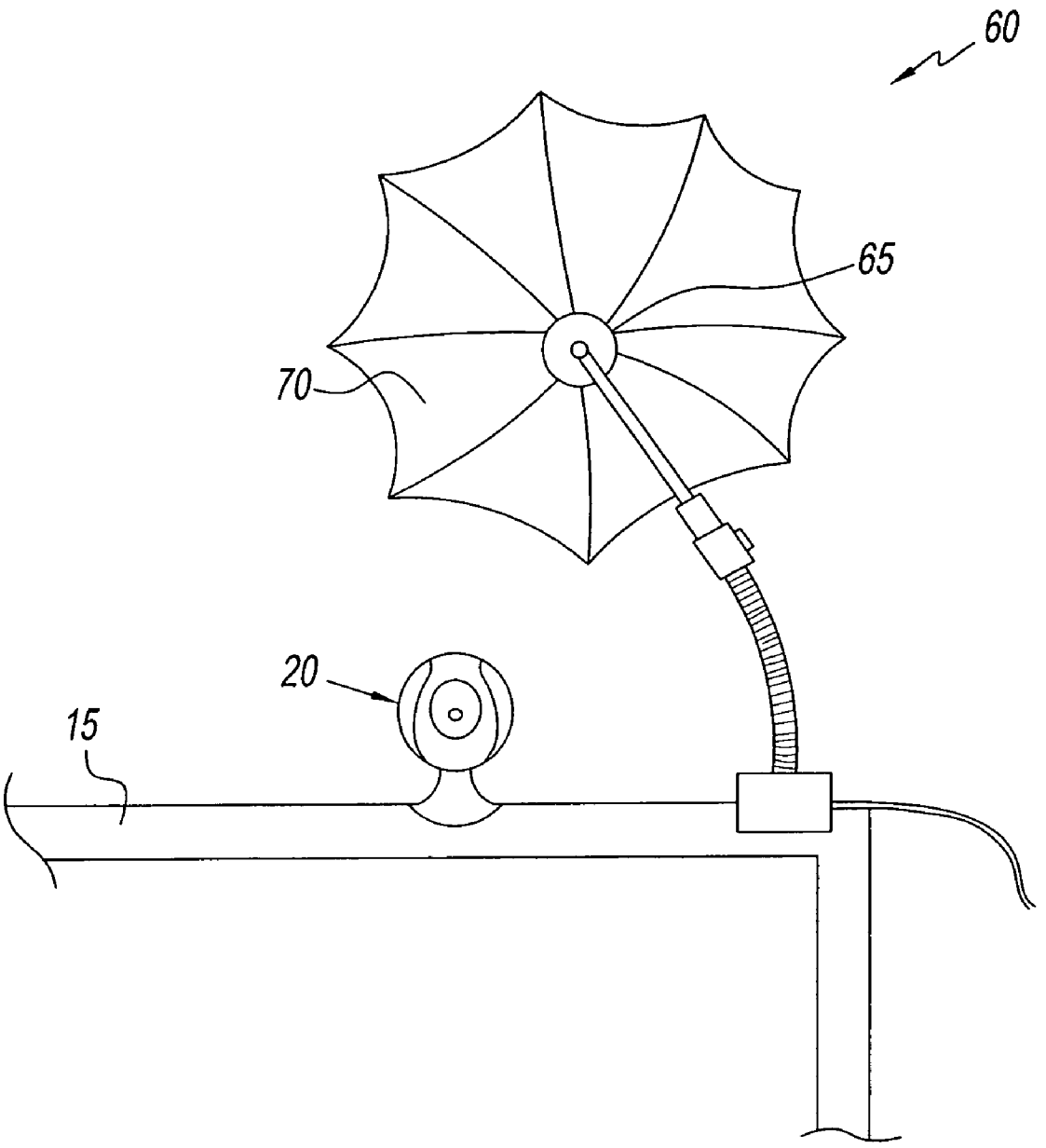


Fig. 3

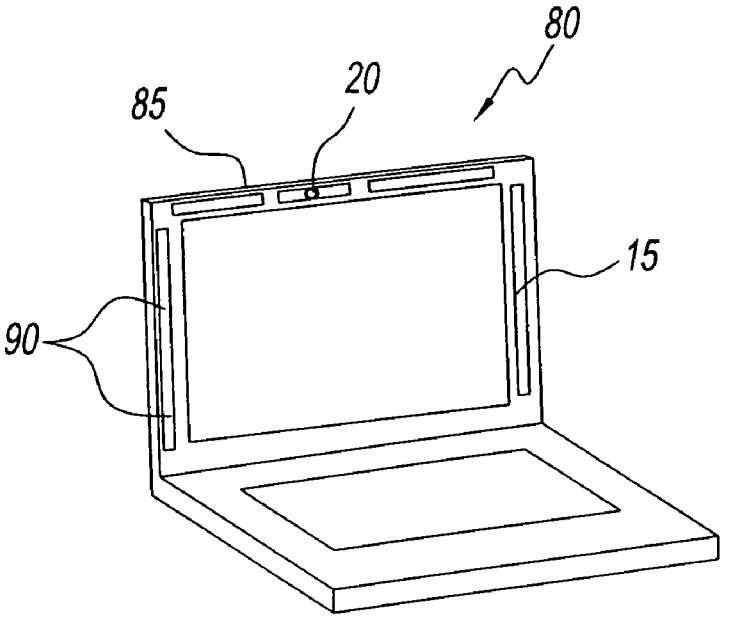


Fig. 4

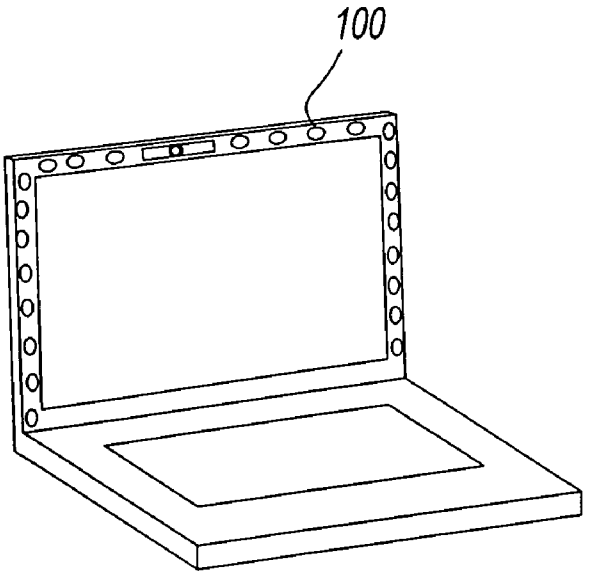


Fig. 5

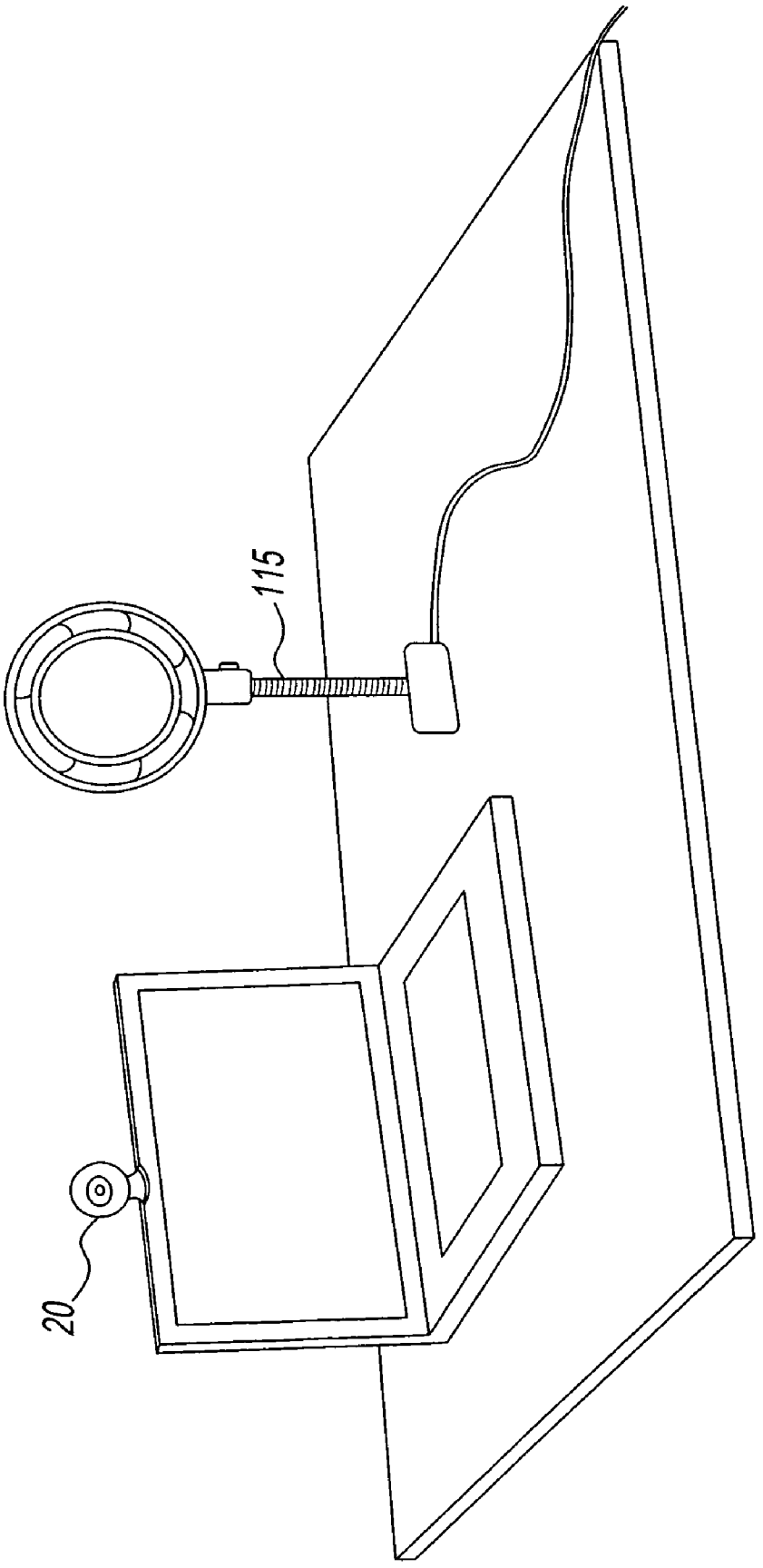


Fig. 6

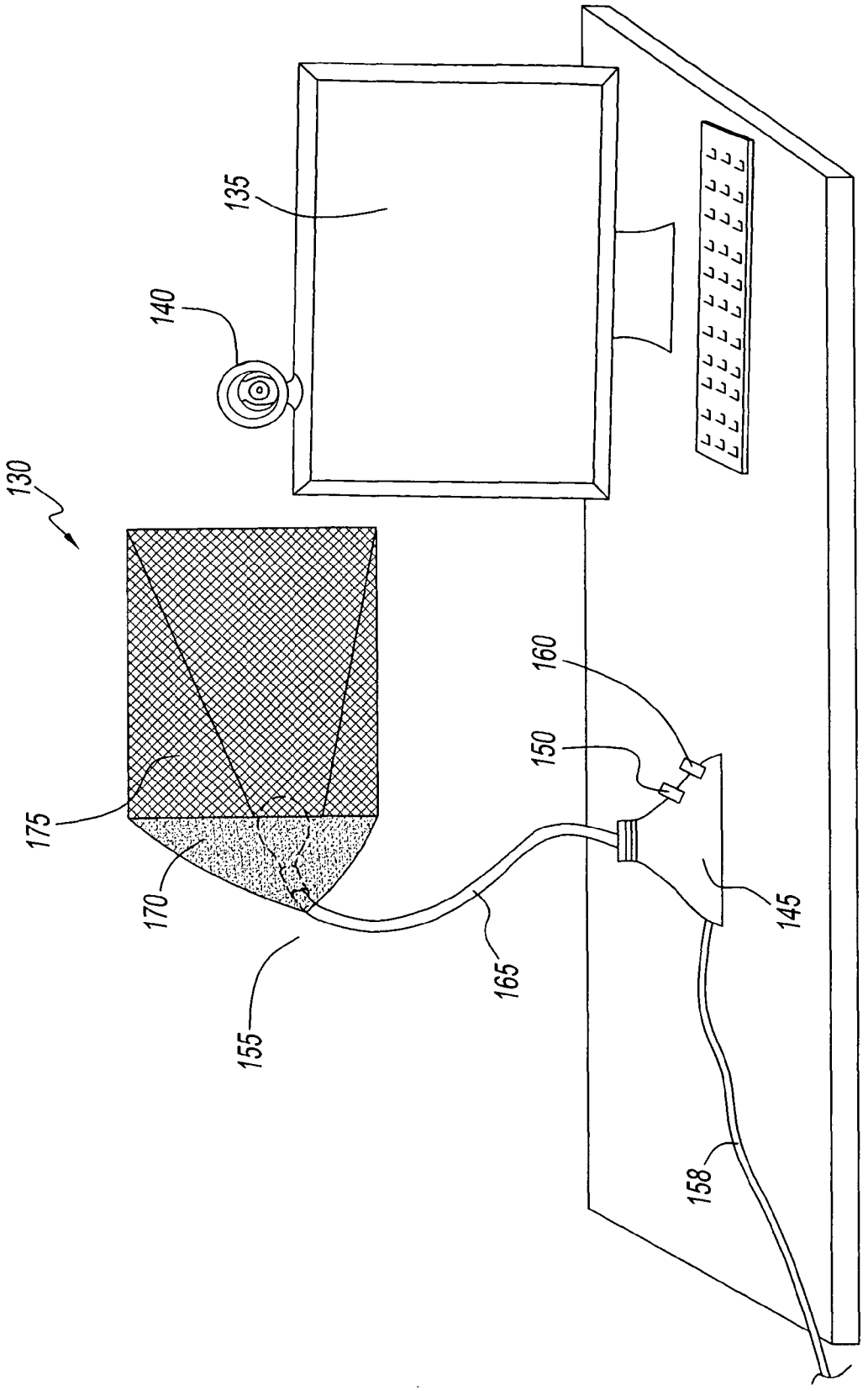


Fig. 7

WEBCAM ILLUMINATOR DEVICE

This application claims the benefit to U.S. Provisional Application Ser. No. 60/897,600 filed on Jan. 26, 2007, the contents of which are incorporated herein by reference.

BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates to an illuminator device. More particularly, this invention relates to an illuminator device for a web camera (hereinafter "webcam") that illuminates the face of the person who is viewed using a webcam.

2. Description of Related Art

Video conference calls are a common method for people to communicate when the parties are remote and wish to be simultaneously viewed. Generally, during video conferencing, the parties are not concerned about the appearance of the individuals, because the purpose of the call is of greater importance than the individuals' appearance.

However, as online viewing using the Internet has become more popular, users are now able to have their image files uploaded to a website for online viewing. While these uploaded images can be for business purposes, they are increasingly used for social purposes. For example, in online chatting or dating sites, a user desires to appear as attractive as possible during communications using personal computers equipped with a webcam.

Poor lighting is one of the primary reasons for the poor appearance of facial images that are viewed online from webcams. The individual does not appear as attractive as they otherwise would in person. The proper lighting ensures an aesthetically pleasing appearance of an individual's face.

Accordingly, there is a need to provide proper lighting for users that are viewed through a webcam to ensure that they appear aesthetically pleasing.

SUMMARY OF THE INVENTION

The present disclosure provides for an illuminator device for the face of the user viewed through a webcam, wherein the illuminator provides diffuse illumination to the face of the user.

The present disclosure also provides for an illuminator device for the face of the user viewed through a webcam, in which the illuminator device has a bulb that is shaped as one of a toroid, a sphere and a semi-sphere.

The present disclosure further provides for an illuminator device for the face of the user viewed through a webcam in which the illuminator device is embedded in the periphery of a screen of a monitor to provide illumination to the face of a user.

The present disclosure yet further provides for an illuminator device for the face of the user viewed through a webcam, in which the illuminator device has a bulb that is surrounded by a reflector to reflect the light of the bulb towards the face of the user.

The present disclosure yet still further provides for an illuminator device for the face of the user viewed through a webcam, in which the illuminator is movable on a surface relative to the user and the webcam for optimal adjustability.

The present disclosure still yet further provides for an illuminator device that is covered by a diffusion cover to provide diffuse light to the face of the user when the face is viewed through a webcam.

An illuminator device for illuminating one or more users in front web camera and a communication terminal having a bulb for emitting light; a reflector operatively associated with the bulb for projecting the emitted light; and an arm disposed between the bulb and the terminal for connection to the terminal are provided. The bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.

An illuminator device for illuminating one or more users in front of a webcamera and a communications terminal having a frame and a screen having a plurality of bulbs, wherein the plurality of bulbs are disposed in the frame of the terminal to provide illumination to the face or faces of the users.

BRIEF DESCRIPTION OF THE DRAWINGS

Other and further benefits, advantages and features of the present invention will be understood by reference to the following specification in conjunction with the accompanying drawings, in which like reference characters denote like elements of structure and:

FIG. **1** illustrates a front view of the first embodiment of the webcam illuminator of the present invention;

FIG. **2** illustrates a front view of the webcam illuminator of FIG. **1** of the present invention proximate the webcam;

FIG. **3** illustrates a front view of the webcam illuminator according to a second embodiment of the present invention;

FIGS. **4** and **5** illustrate a perspective view of a third embodiment of the present invention in which the illuminator is integrated into the frame of the screen and surrounds the webcam;

FIG. **6** illustrates a perspective view of a fourth embodiment of the present invention; and

FIG. **7** illustrates a perspective view of a fifth embodiment of the present invention in which the illuminator has a diffusion fabric.

DESCRIPTION OF THE PREFERRED EMBODIMENT

Referring to FIG. **1**, a webcam illuminator of the present invention is shown and is generally represented by reference numeral **10**. Illuminator **10** of the present invention is a connected frame **15** of screen **12** of a computer proximate a webcam **20**. A webcam **20** is a video camera that is used to send periodic images or continuous frames to a Web site for display. Webcam software typically captures the images as JPEG or MPEG files and uploads them to the Web server. Illuminator **10** has a bulb **25** for illumination of the user, and particularly of the face of the user of the webcam **20**. Illuminator **10** preferably has a flexible arm **30** and a clamp **55** that permit adjustment of the location of bulb **25** relative to webcam **20**. While illuminator **10** is shown as having an alternating current power cord **35**, illuminator **10** could also be battery powered to enable portable use of webcam **20** and illuminator **10**.

Illuminator **10** further has a reflector **40** that surrounds or encases bulb **25**. Bulb **25** has a toroidal or ring configuration that is capable of diffusing and shaping light through its surface. Such a configuration permits light illuminating the face of the user to be as diffuse as possible. Further, reflector **40** reflects the light of bulb **25** back onto the face of the user. Illuminator **10** has a base **45** that is capable of receiving different sized or shaped bulbs and reflectors. Illuminator **10** has a switch **50** for easy activation of the bulb during use.

Referring to FIG. **2**, the illuminator **10** is shown in use in a position surrounding and in front of webcam **20**. By surrounding webcam **20**, the direct light from bulb **25** and the reflected light from bulb **25** illuminate the face with diffuse

light. The diffuse light is the most flattering light to view a person's face because it prevents any shadows from being cast on a user's face. Diffuse light also prevents any facial imperfections from being highlighted on the face of the user. Illuminator **10** can be affixed to screen **15** of computer at any point along the edge to maximize direct and diffuse light from bulb **25**. Because illuminator **10** is movable along the length of screen **15**, a recipient of the image over the internet may request that the user adjust the location of the illuminator **10** for enhanced viewing of the user. The ability to move the device allows for the user to adjust how they want to be seen, as well. The different positions that the device can be positioned will create different looks and effects allowing for more choice and control.

Referring to FIG. **3**, second embodiment of the illuminator present invention is shown and generally reference with reference numeral **60**. Similar features of the first embodiment will be referred to using the same reference numerals in the second embodiment. In FIG. **3**, illuminator **60** has similar elements as the first embodiment except that bulb **65** has a semi-spherical or spherical shape. The reflector **70** of this embodiment has an umbrella shape that is capable of reflecting light onto the users face from bulb **65**. Bulb **65** is substantially a point source and its light is reflected by the relatively large umbrella reflector. Similar to the first embodiment, the purpose of the second embodiment is to move light forward onto the user's face and to create as much diffuse light as possible so that the user's face will be illuminated in the most flattering manner during webcam use. In the absence of a mechanism to diffuse light, the user's face would appear harsh with many shadows. In the absence of diffuse light, wrinkles or crevices would be deepened and highlighted on the surface of the skin making the user appear not as attractive when viewed by a recipient via webcam **20**. Further the diffuse light makes the whites and the color of the eyes appear clearer. By casting the light on to the user's face the overall illumination of the face is achieved.

Reflectors **40** and **70** of the first and second embodiment, respectively, have an inside surface that is preferably coated with a thin film of silver or a white film to maximize reflective capability. Additionally, reflectors **40** and **70** are able to direct the light to the user's face and away from screen **15**. By highlighting the user's face and projecting the maximum amount of light on to the user's face, the resolution of webcam **20** is optimized. A brighter subject enhances the resolution of webcams **10** and **60**. Further, the readability of screen **15** is increased because the light that would otherwise be directed toward the screen is minimized and redirected to the face to enhance the contrast of colors on the screen. Illuminators **10** and **60** simulate the lights are used in photographic studios that use professional lighting to enhance a user's appearance.

A further benefit of the webcam illuminator **10**, **60** and reflectors **40** and **70**, respectively, is that they together simulate natural light. Natural light or average noon daylight has a temperature of 5500 degrees Kelvin. Light at 5500 degrees Kelvin is has the quality of white light that is identical to the color of the sun at midday. The temperature that reflectors **40**, **70** of the present invention reflect on the face of the user is approximately 5500 Kelvin, a value that is neither too hot like blue light or too cold like orange light. A user seen using the webcam will have a flattering appearance.

In the third embodiment shown in FIGS. **4** and **5**, illuminator **80** is built into a frame **85** of screen **15** of computer. Illuminator **80** is in the form of a plurality of lights **90** configured to achieve a similar effect to the bulbs of earlier embodiments. Plurality of lights **90** surround the webcam **20** and cast diffuse light on the face of the user to minimize any shadows that would not be as flattering to the user. Lights **90** are set back from the screen **15** of computer to enhance the contrast of the screen with the background for easier viewing by the user. By highlighting the face of the user, the function of the webcam **20** is maximized. By providing a greater degree of light to the user's face, the resolution of the webcam is increased.

FIG. **5** shows a more decorative arrangement of lights or electrodes **100** much like a make-up mirror. The illuminators shown in FIGS. **4** and **5** can be automatically activated when webcam is brought into service. Lights **90** are mounted in the frame are compact and thus very convenient. Lights **90** occupy less space and are more discreet, than a frame mounted illuminator of embodiment one or two. Furthermore, the third embodiment is useful for people who travel and work exclusively with laptops, thus eliminating the need of carrying around an additional device.

A benefit of the illuminator of the present invention is to provide the most flattering lighting and viewing of a user of a webcam during conference calls or any on-line scenario using a webcam such as an on-line dating scenario.

In the embodiments described above, the illuminator is shown as being connected to or integral with the computer screen. Referring to FIG. **6**, it is also within the scope of the instant invention to have a fourth embodiment in which an illuminator **115** is placed on a table surface proximate user and webcam **20** to illuminate the face of user. In this embodiment, a user is able to position illuminator as desired on a flat surface flat surface relative to webcam **20**.

Referring to FIG. **7**, a fifth embodiment of the present invention is shown, and generally referenced using reference numeral **130**. The fifth embodiment shows illuminator **130** on a surface adjacent to computer screen **135** with web camera **140**. Illuminator **130** has a base **145** having a dimmer switch **150** to adjust the brightness of bulb **155**. Base **145** has a power cord **158** and a switch **160** to enable operation. Bulb **155** is connected to base by an adjustable arm **165** to adjust the position of bulb **155** relative to user and webcamera. In this embodiment, bulb **155** is surrounded by and attachable box **170** that is covered with a diffusion fabric **175**. Inside surface of attachable box **170** is lined with a white reflective film to reflect light from bulb **155**. The shape of box **170** ensures that light from bulb **155** will project forward from bulb **155** towards diffusion fabric **175**. Diffusion fabric **175** provides a diffuse light to the face of the viewer positioned proximate webcamera and computer screen. The diffusion fabric minimizes the harshness that direct light being projected from box **170** would cast on the face of the user. Diffusion fabric **175** is able to scatter directional light rays that pass therethrough to enable scattering. The resulting light on the user's face appears softer and more general, to minimize or even eliminate shadows. The resultant softer light that is achieved by passing through diffusion fabric **175** has several advantages. The resultant light is natural and more like daylight or uniform overhead office lighting. This light flatters subjects by diplomatically suppressing wrinkles and other facial blemishes. Further, the light that passes through diffusion fabric **175** reduces uncomfortable glare in a subject's eyes. The diffusion fabric is preferably made from a material such as silk or white muslin.

While the instant disclosure has been described with reference to one or more exemplary embodiments, it will be understood by those skilled in the art that various changes may be made and equivalents may be substituted for elements thereof without departing from the scope thereof. In addition, many modifications may be made to adapt a particular situation or material to the teachings of the disclosure without

departing from the scope thereof. Therefore, it is intended that the disclosure not be limited to the particular embodiment(s) disclosed as the best mode contemplated for carrying out this invention, but that the invention will include all embodiments falling within the scope of the appended claims.

I claim:

1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising: a bulb having a toroidal shape for emitting light; a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light; and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.

2. The illuminator device of claim **1**, wherein said reflector is positioned proximate said bulb to project light towards a face of said user or said users.

3. The illuminator device of claim **1**, wherein said reflector is lined with a reflective material or film.

4. The illuminator device of claim **1**, wherein said arm is a flexible arm that permits said bulb to be positioned relative to the web camera.

5. The illuminator device of claim **1**, wherein said arm is connected to the terminal by a clamp.

6. The illuminator device of claim **5**, wherein the clamp is movable along an edge of the terminal to adjust the location of said bulb.

7. The illuminator device of claim **1**, wherein the arm has a base that supports the illuminator device on a flat surface adjacent to the terminal.

8. The illuminator device of claim **1**, wherein said reflector has a piece of fabric thereon disposed between said bulb and a user's face for diffusing the light emitted from said bulb.

9. The illuminator device of claim **8**, wherein said fabric is silk or muslin.

10. An illuminator device for illuminating one or more users in front of a web camera and a communications terminal having a frame and a screen comprising: a plurality of bulbs, wherein said plurality of bulbs are disposed in the frame of the terminal and one of said plurality of bulbs surrounds the web camera.

11. The illuminator device of claim **10**, wherein one of said plurality of bulbs is on one side of the web camera and another of said plurality of bulbs is on the other side of the web camera.

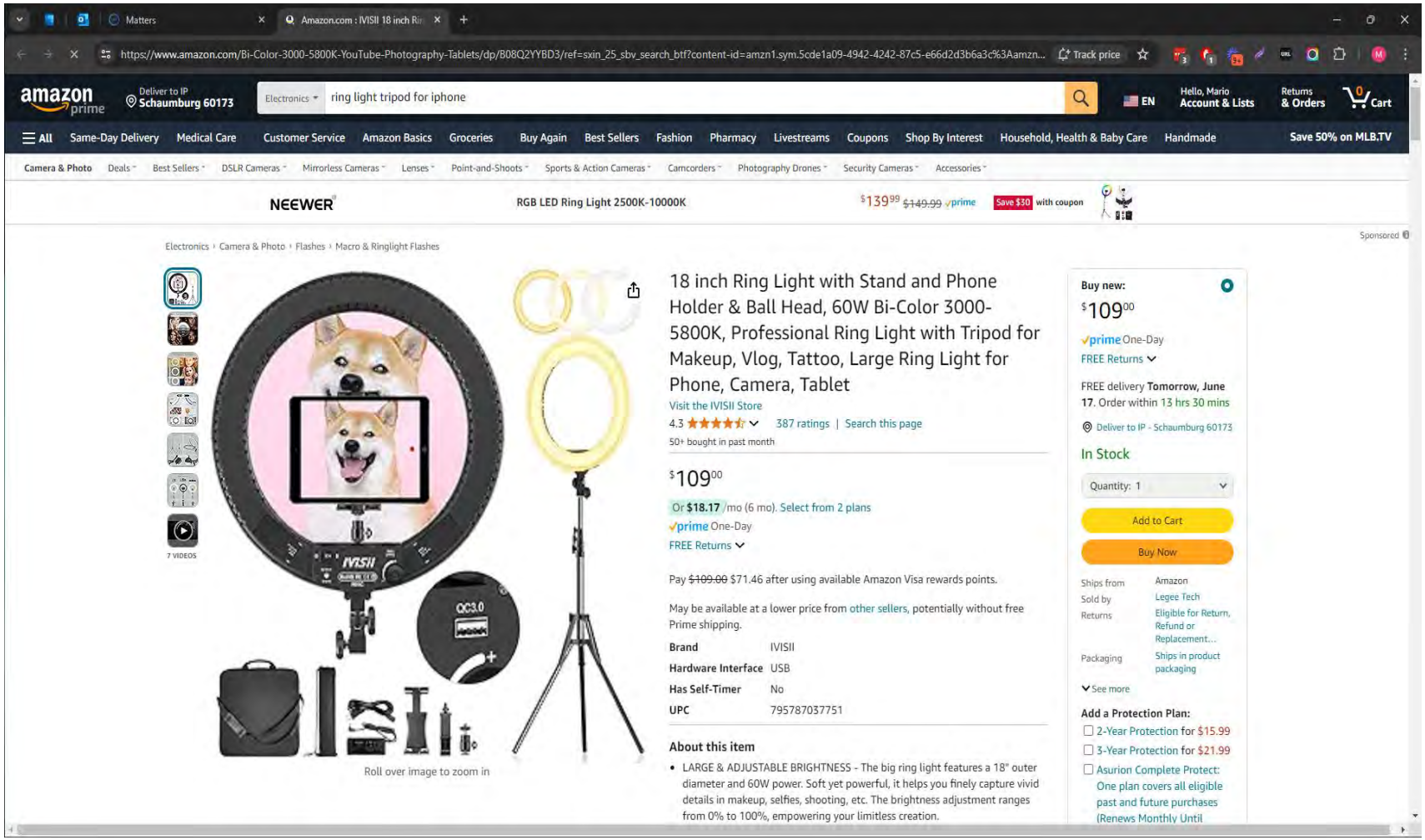
12. The illuminator device of claim **10**, wherein in each of said plurality of bulbs are rectangularly shaped.

13. The illuminator device of claim **10**, wherein said plurality of bulbs are a plurality of electrodes spaced in the frame of the screen.

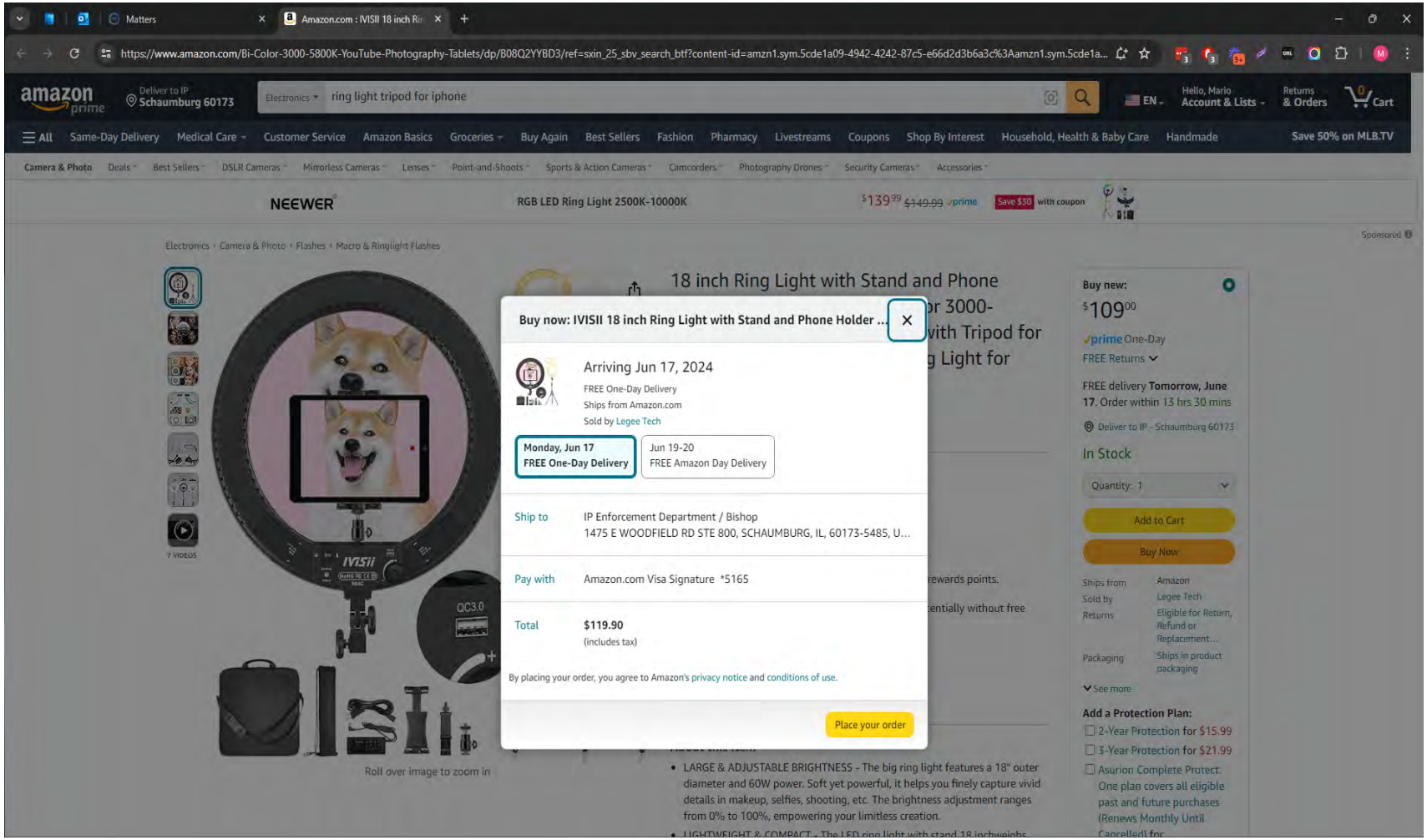
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EXHIBIT

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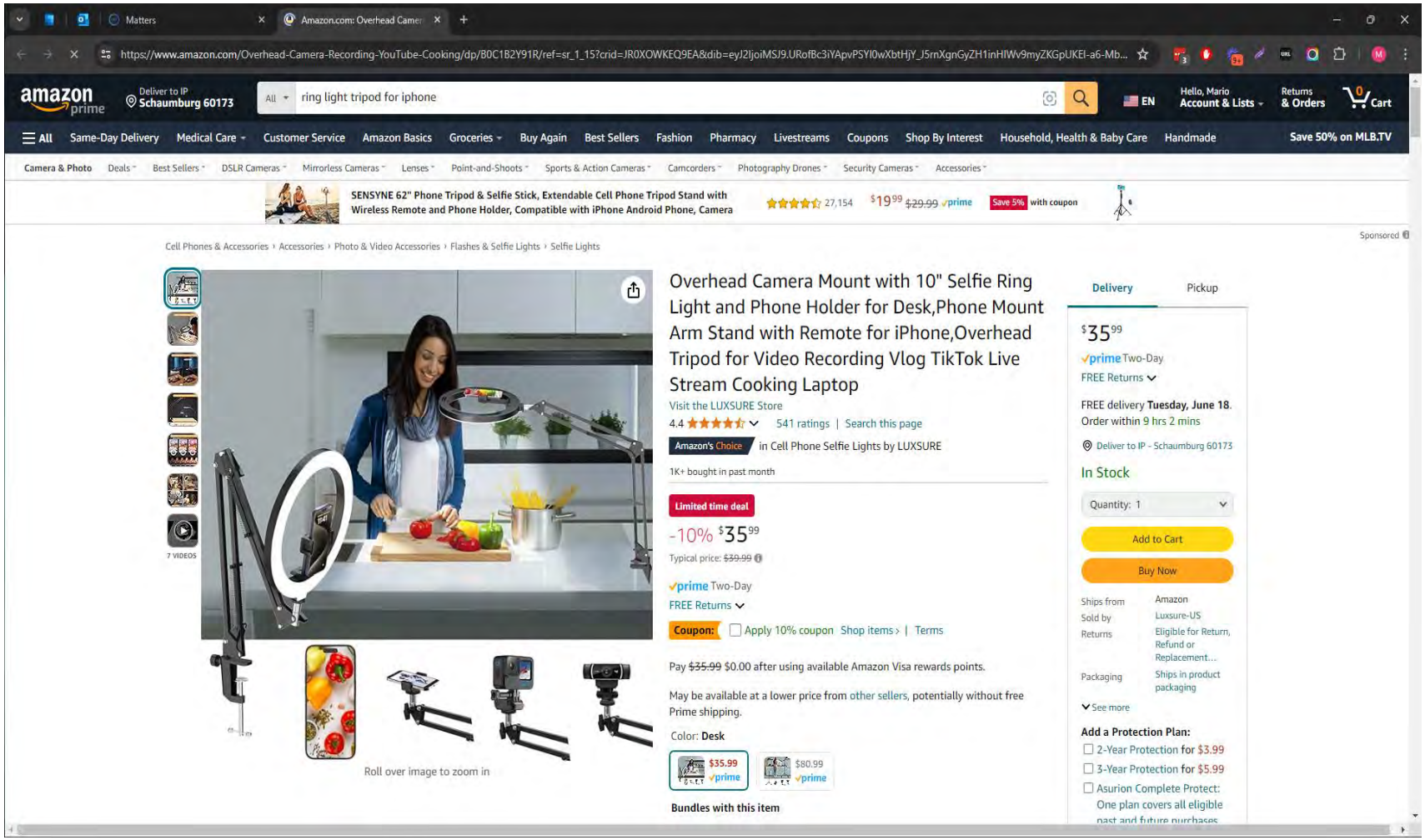


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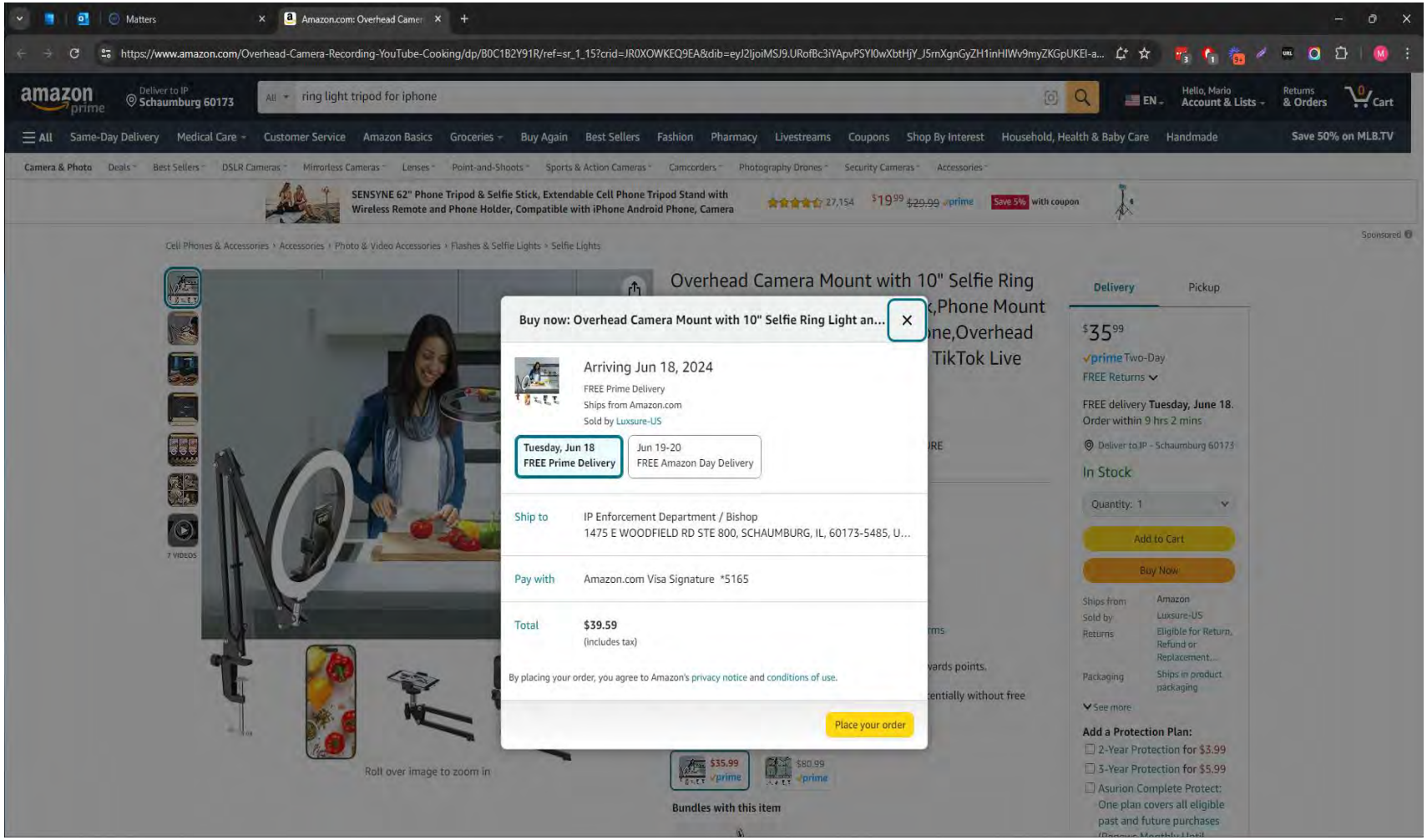


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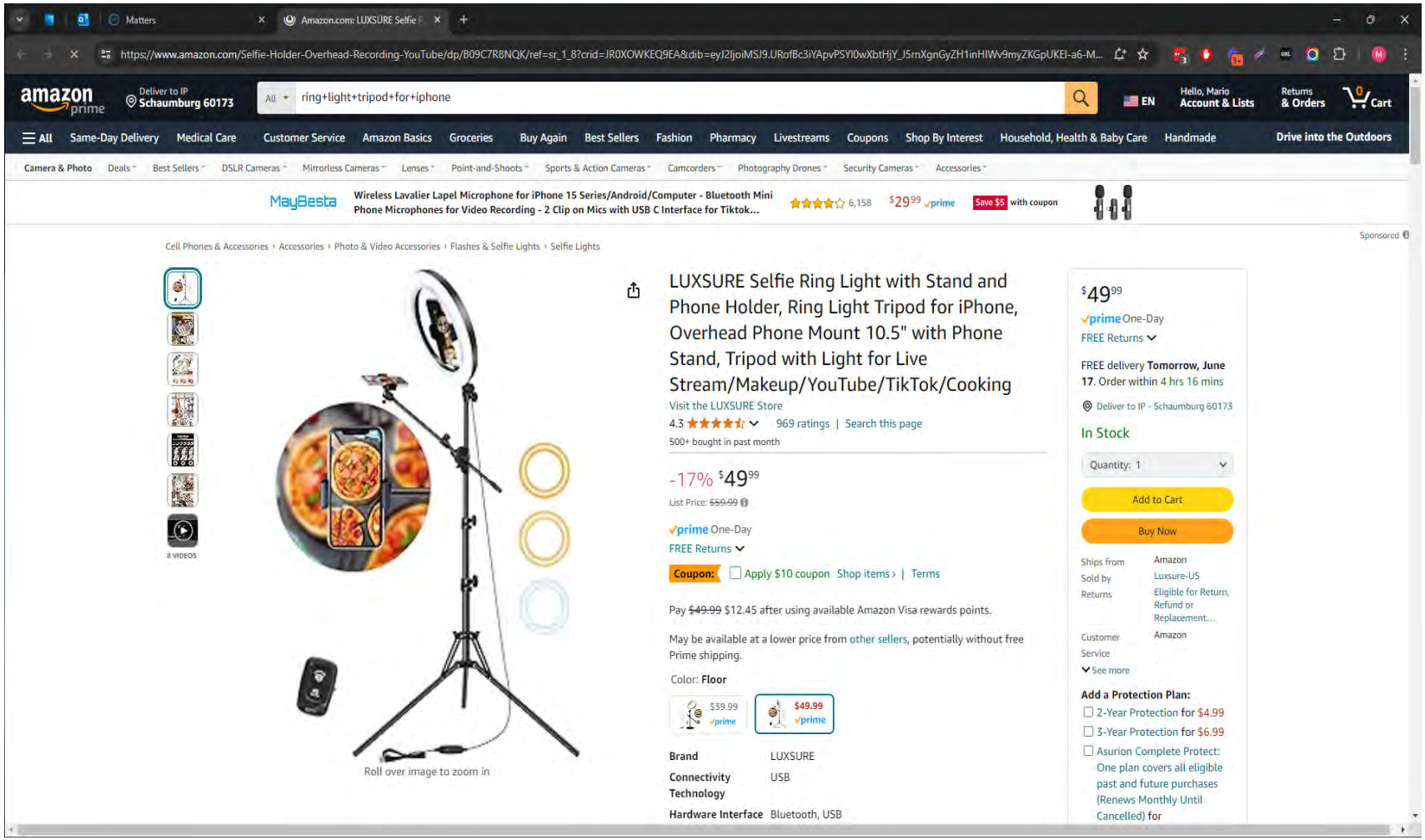


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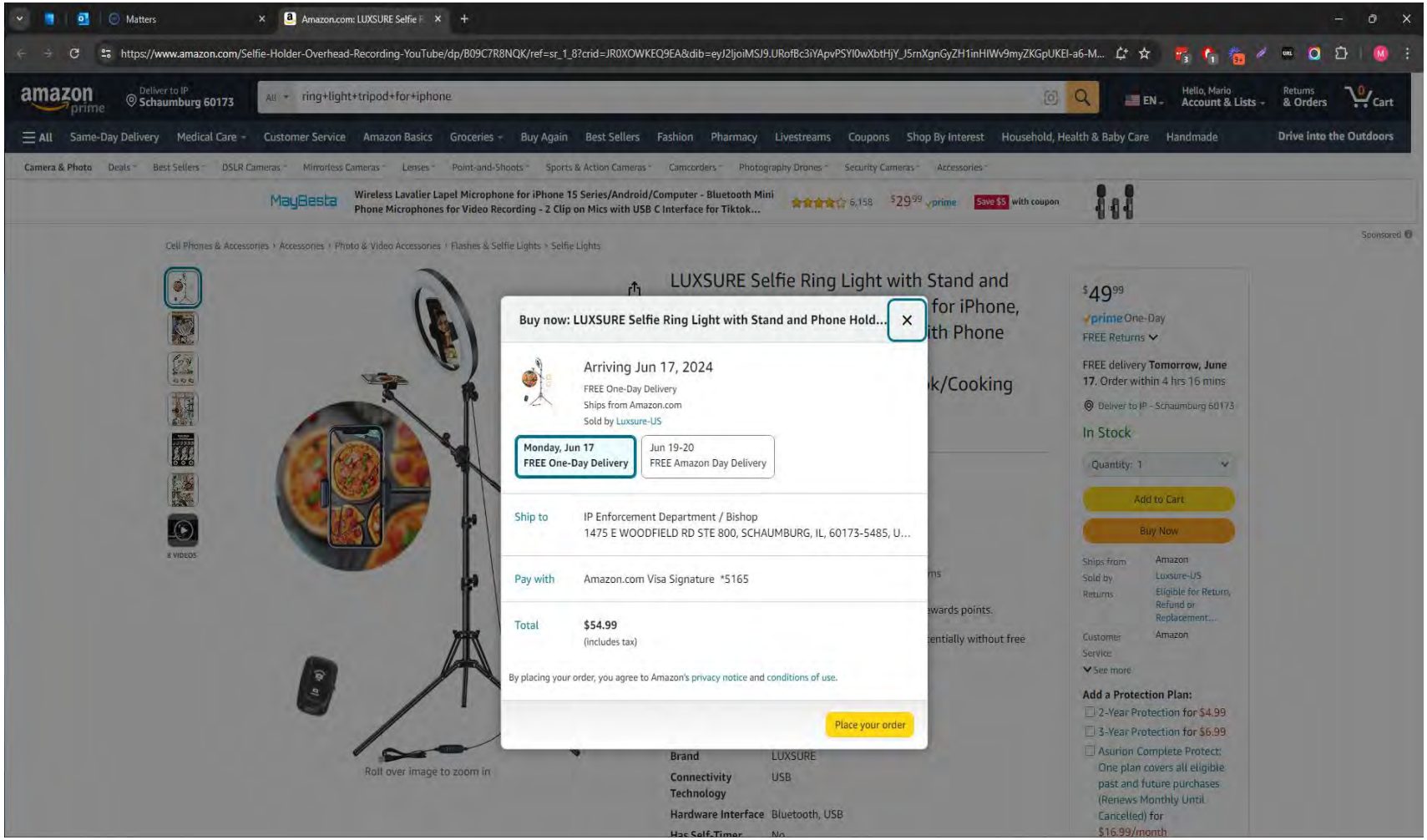


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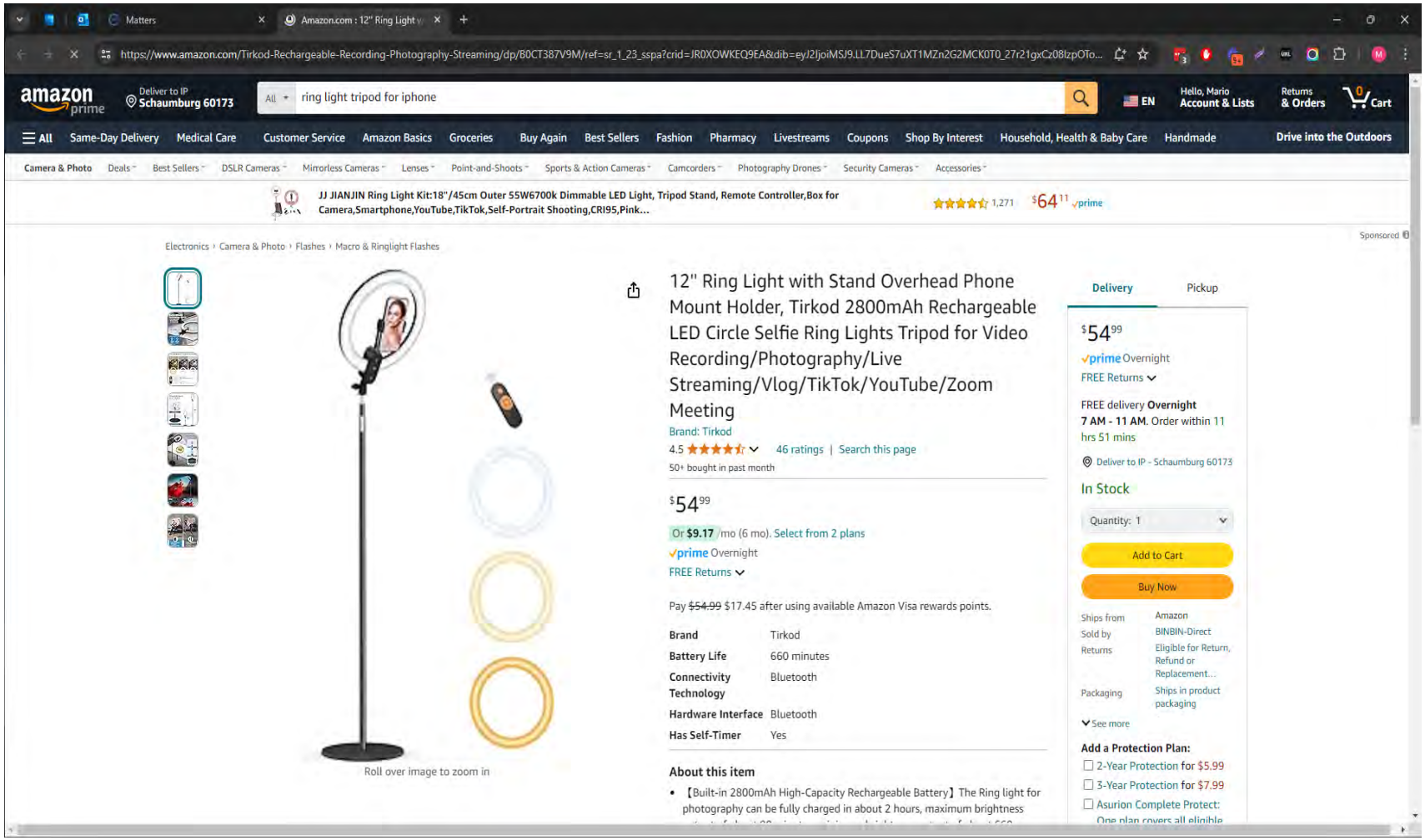


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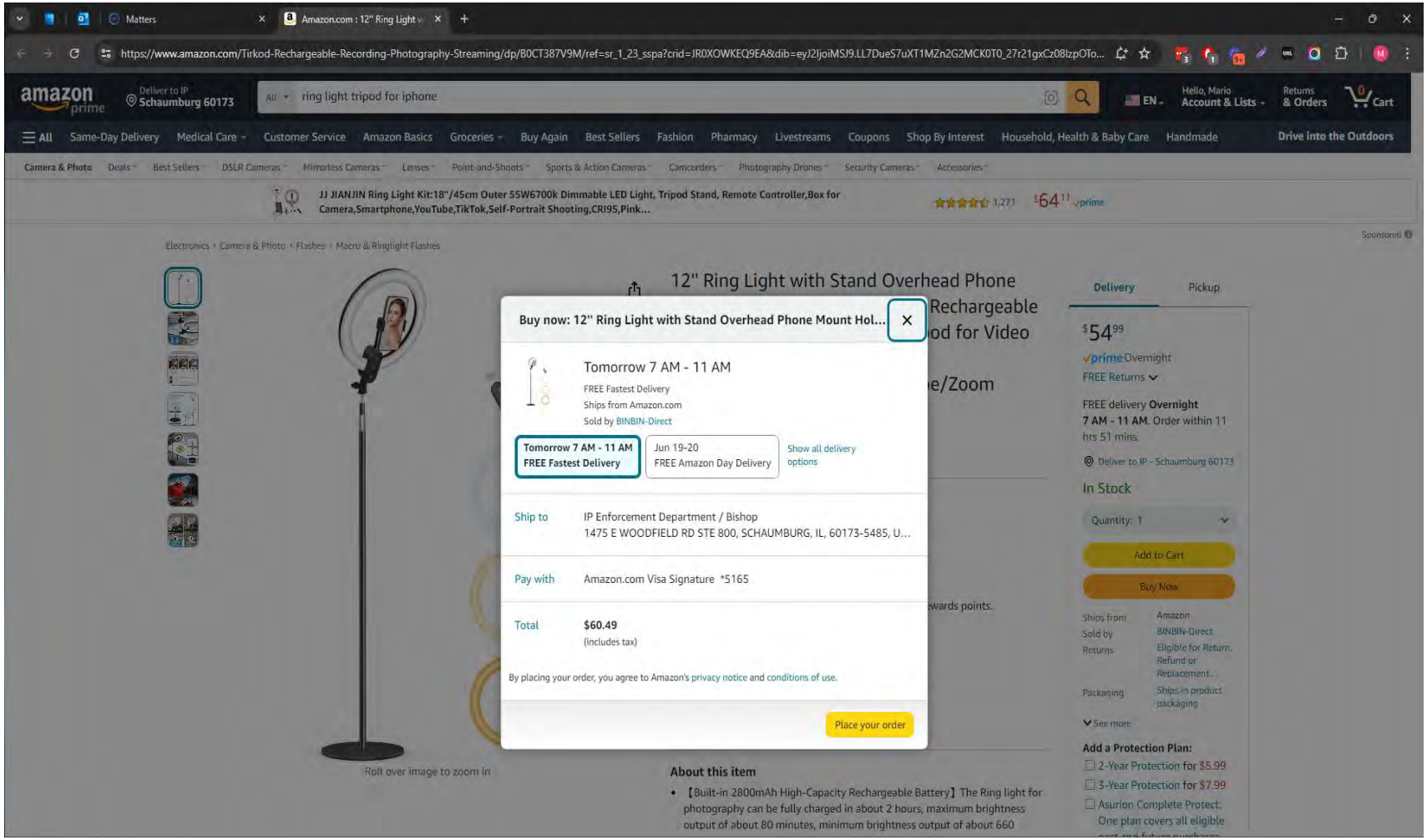


Screenshot Date: 16-06-2024 8:28AM

#3 - BINBIN-Direct a/k/a guang zhou jia ge si ke ji you xian gong si
https://www.amazon.com/Tirkod-Rechargeable-Recording-Photography-Streaming/dp/B0CT387V9M
Screenshots:

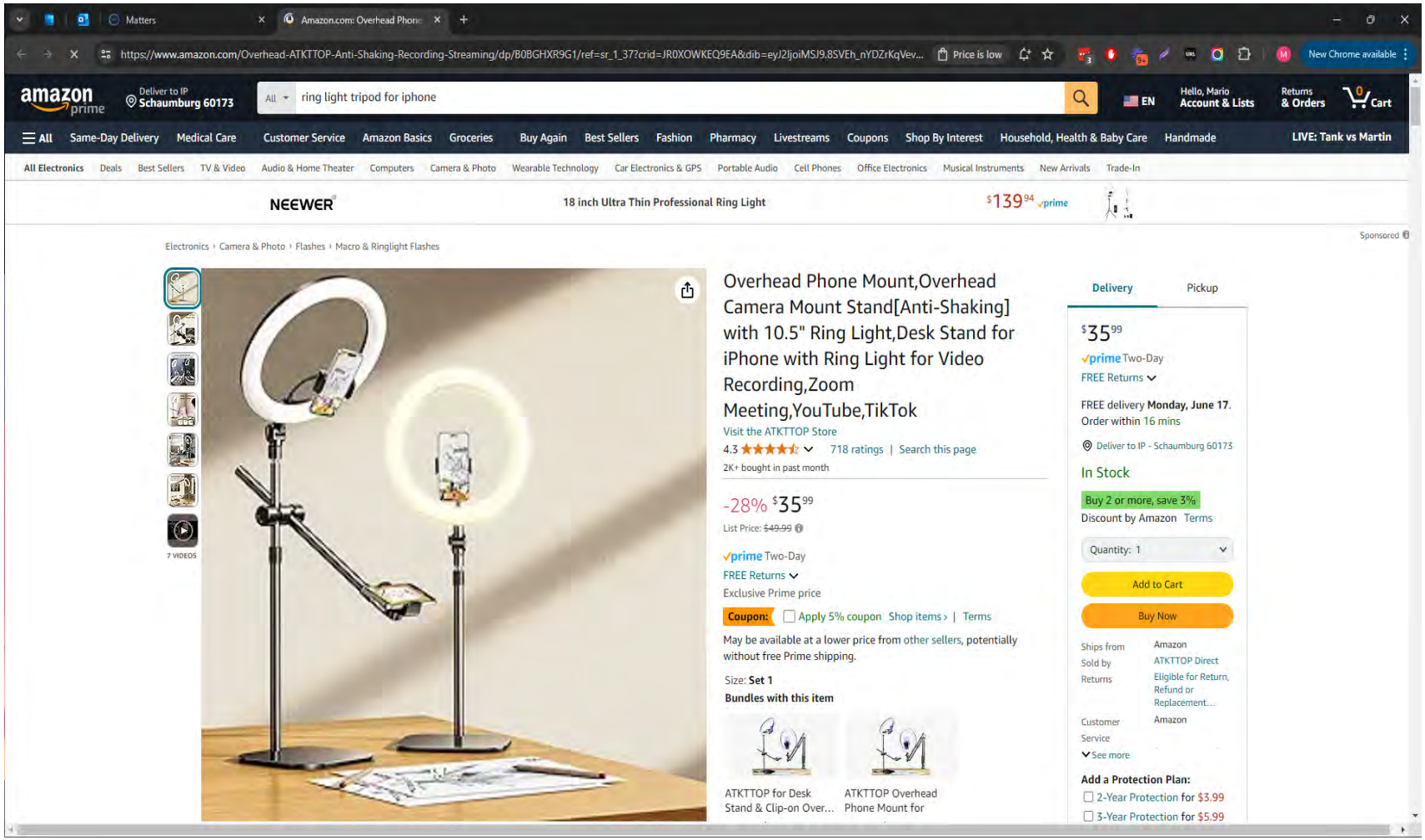


Screenshot Date: 16-06-2024 7:53AM

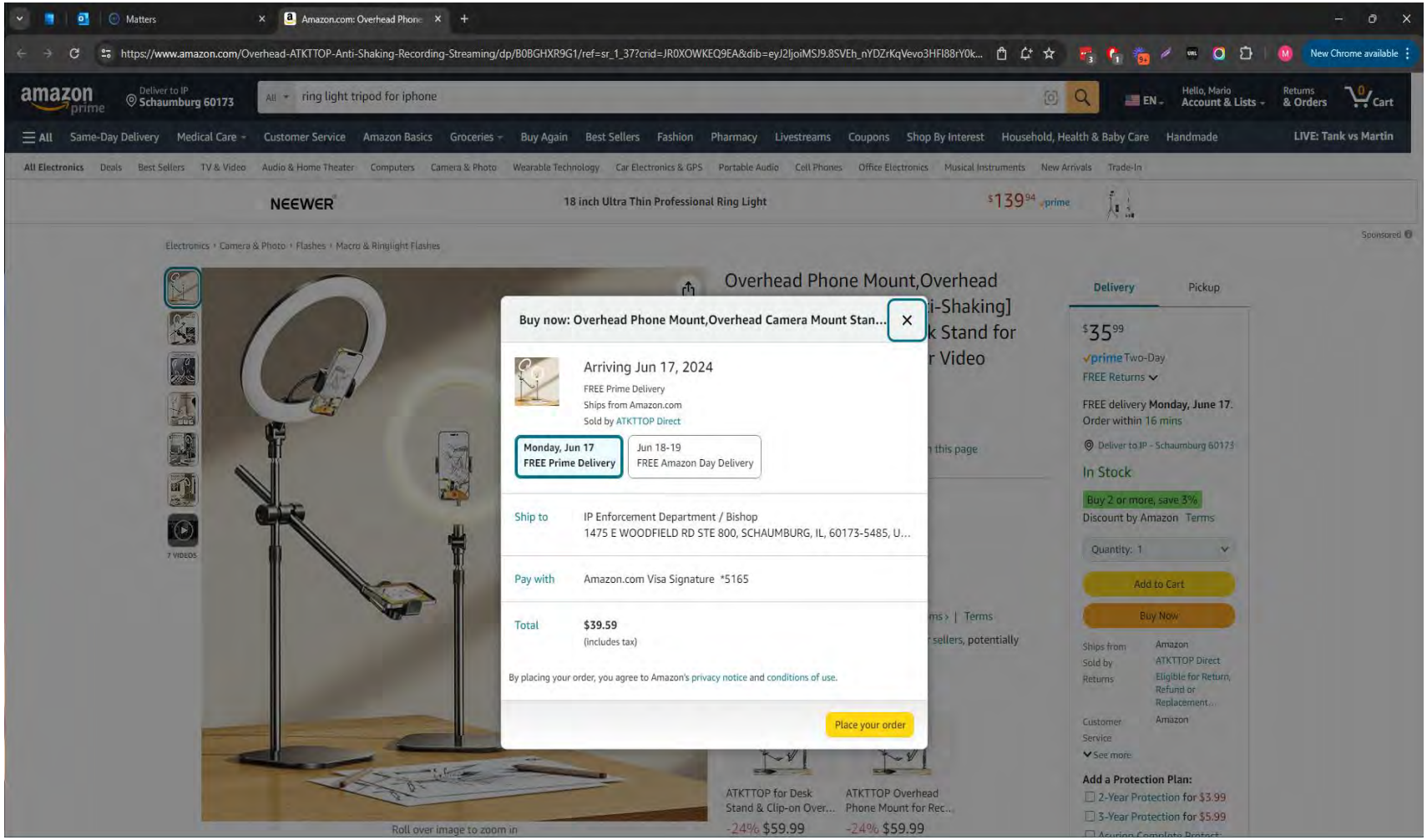


Screenshot Date: 16-06-2024 7:53AM

#4 - ATKTTOP Direct a/k/a Nanjinglaoweijiushangmaoyouxiangongsi
https://www.amazon.com/Overhead-ATKTTOP-Anti-Shaking-Recording-Streaming/dp/B0BGHXR9G1
Screenshots:

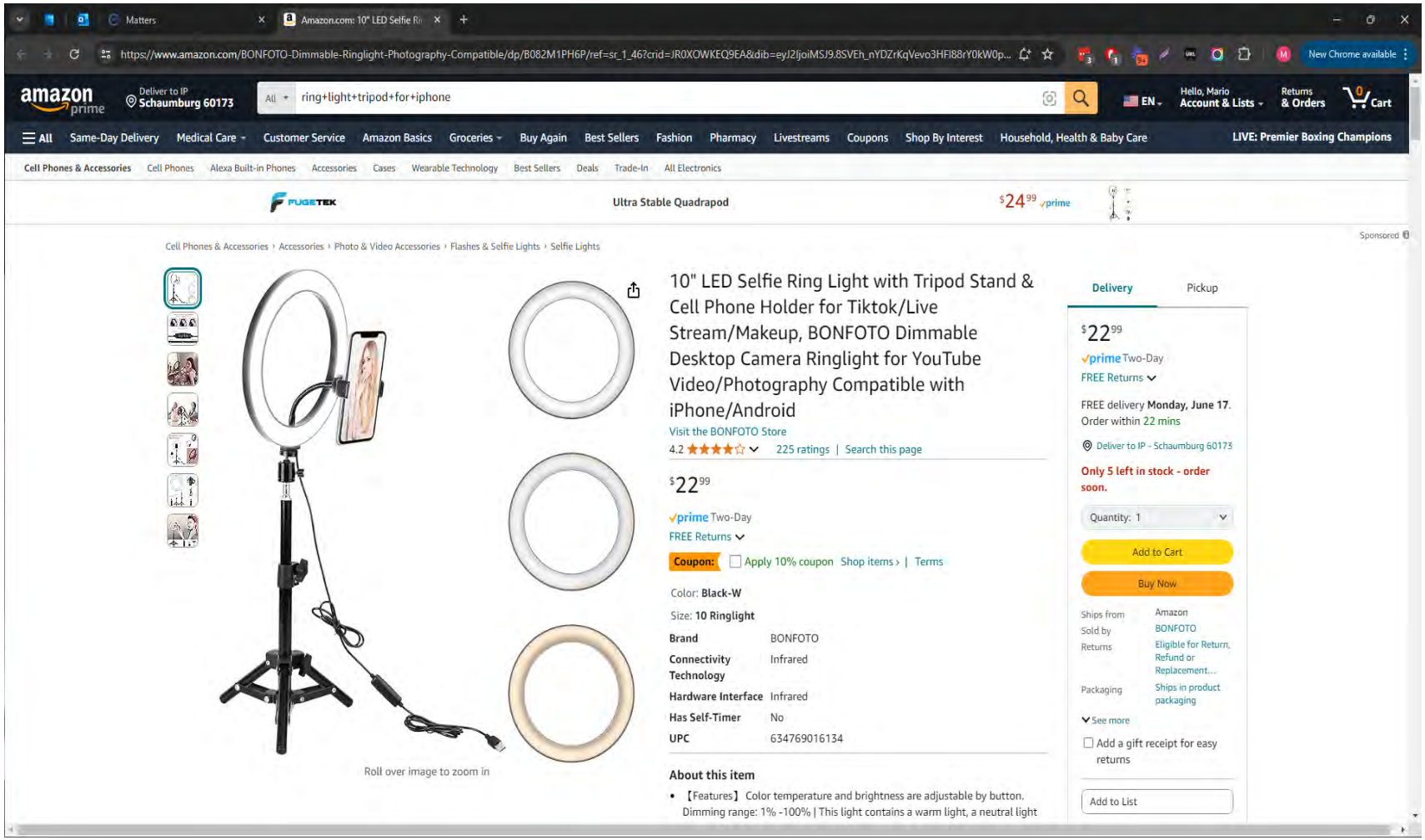


Screenshot Date: 15-06-2024 21:43PM

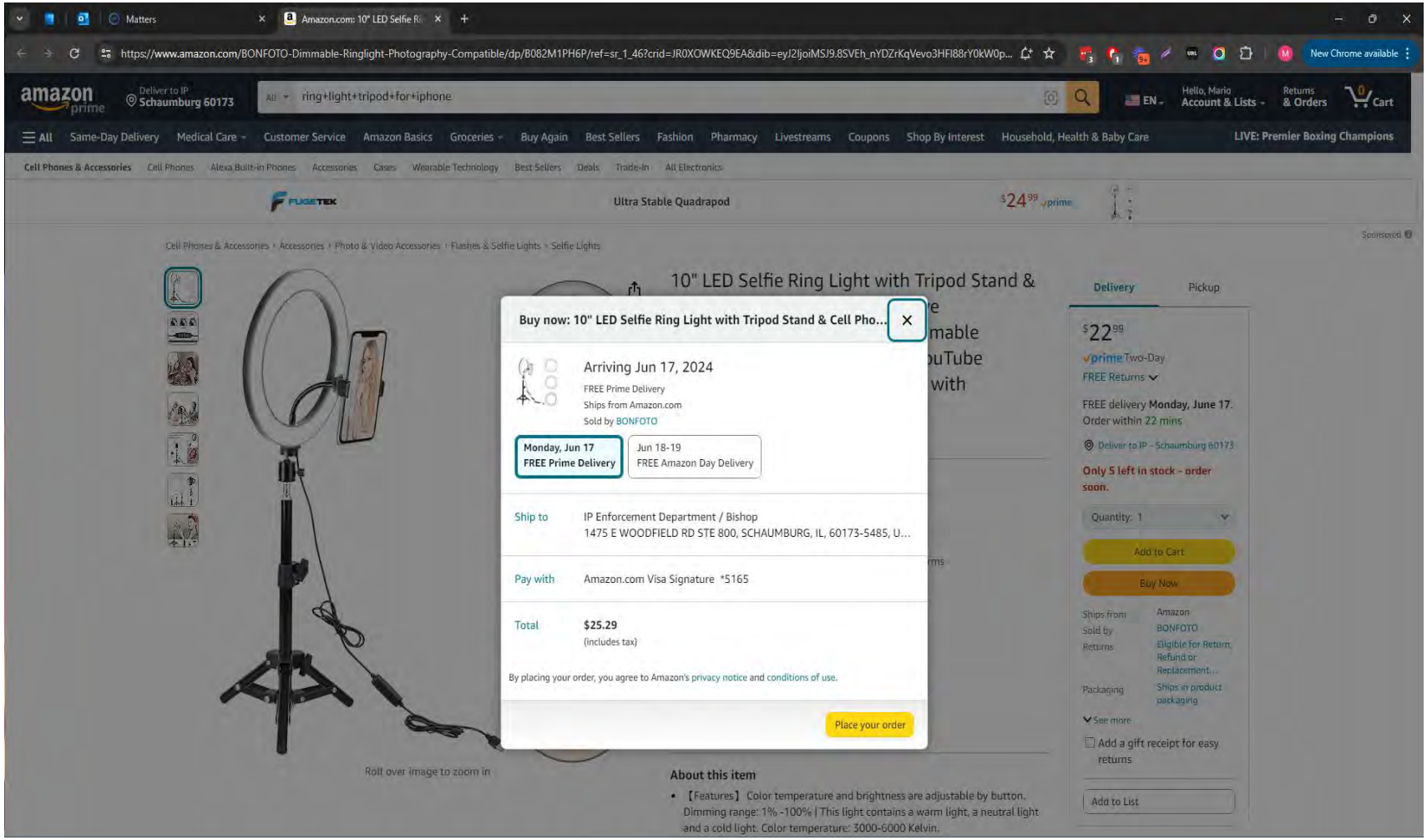


Screenshot Date: 15-06-2024 21:44PM

#5 - BONFOTO a/k/a xuzhou dongkeweiyeshangmaoyouxiangongsi
https://www.amazon.com/BONFOTO-Dimmable-Ringlight-Photography-Compatible/dp/B082M1PH6P
Screenshots:

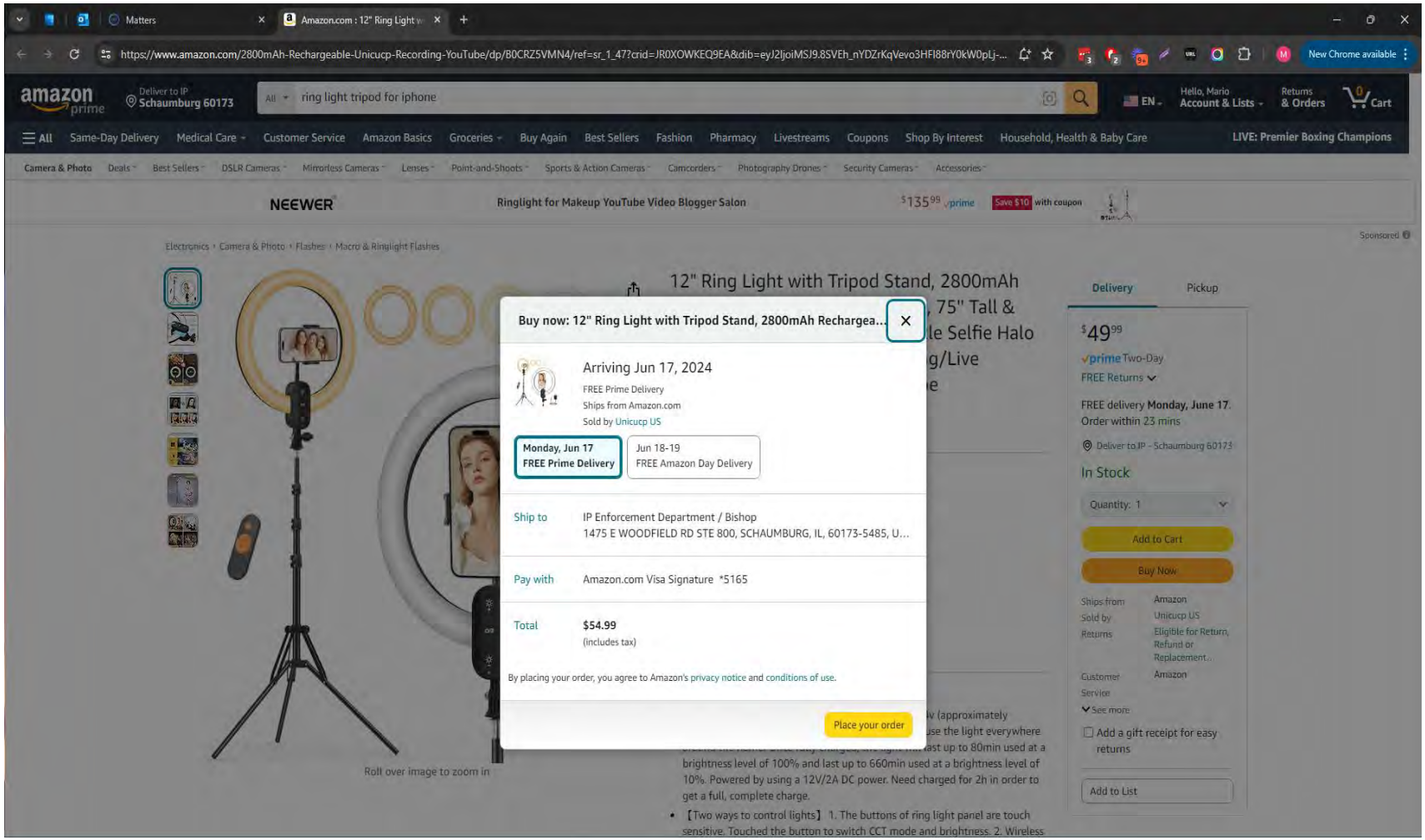


Screenshot Date: 15-06-2024 21:38PM

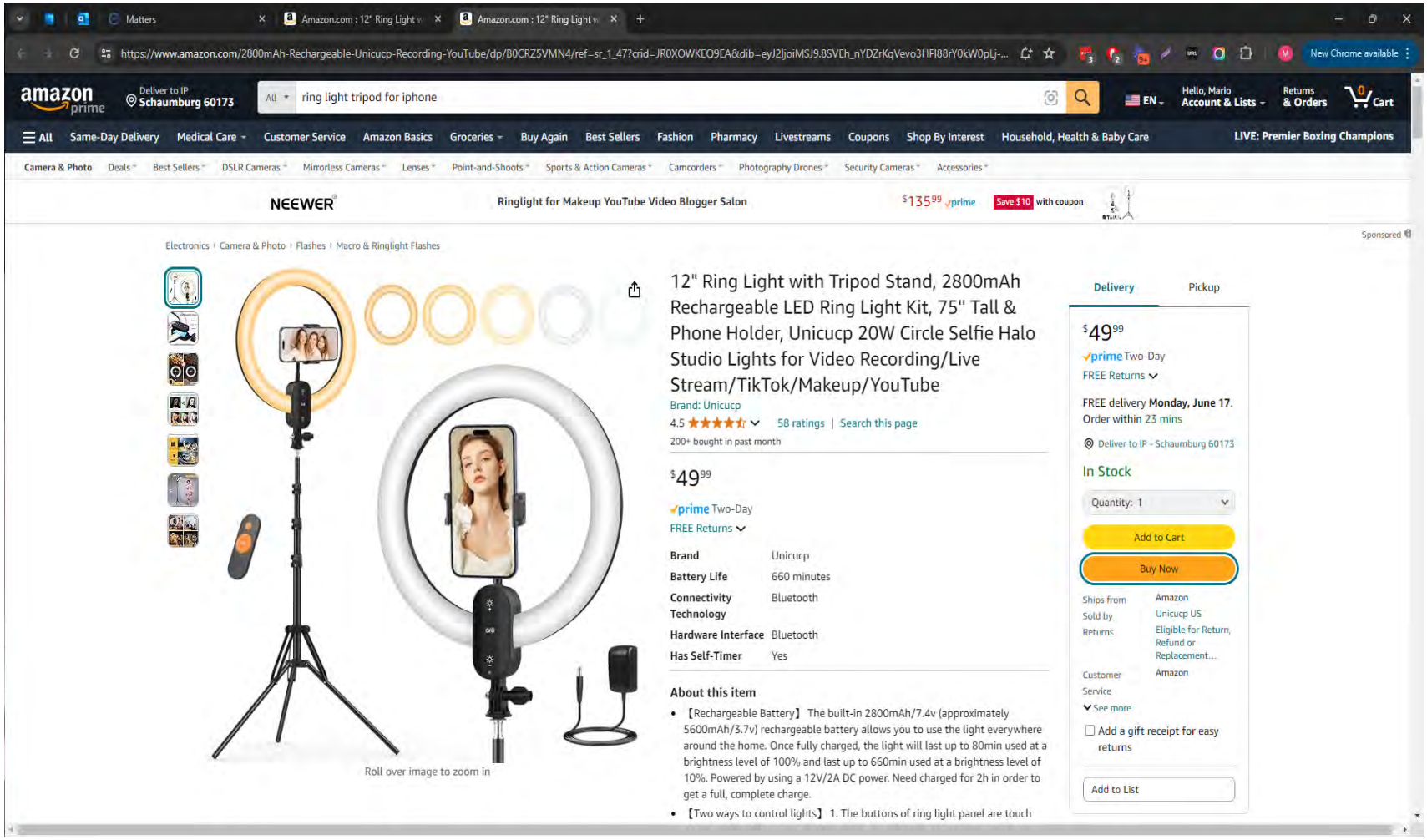


Screenshot Date: 15-06-2024 21:38PM

#6 - Unicucp US a/k/a shen zhen shi pei xuan wu jin zhi pin you xian gong si
https://www.amazon.com/2800mAh-Rechargeable-Unicucp-Recording-YouTube/dp/B0CRZ5VMN4
Screenshots:



Screenshot Date: 15-06-2024 21:36PM

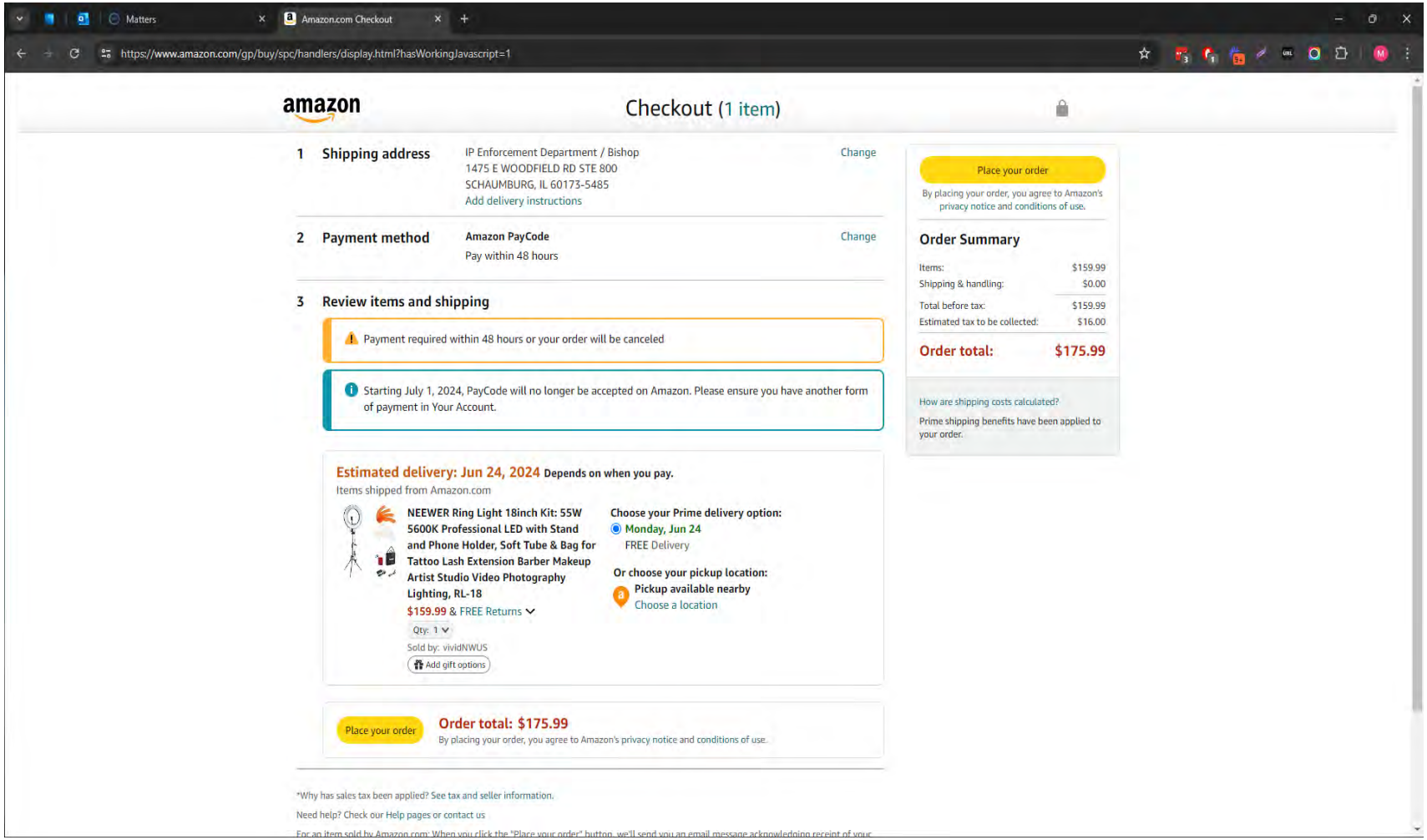


Screenshot Date: 15-06-2024 21:37PM

#7 - vividNWUS a/k/a Shenzhen BaiNaChuan Technology CO LTD
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:



Screenshot Date: 16-06-2024 7:42AM

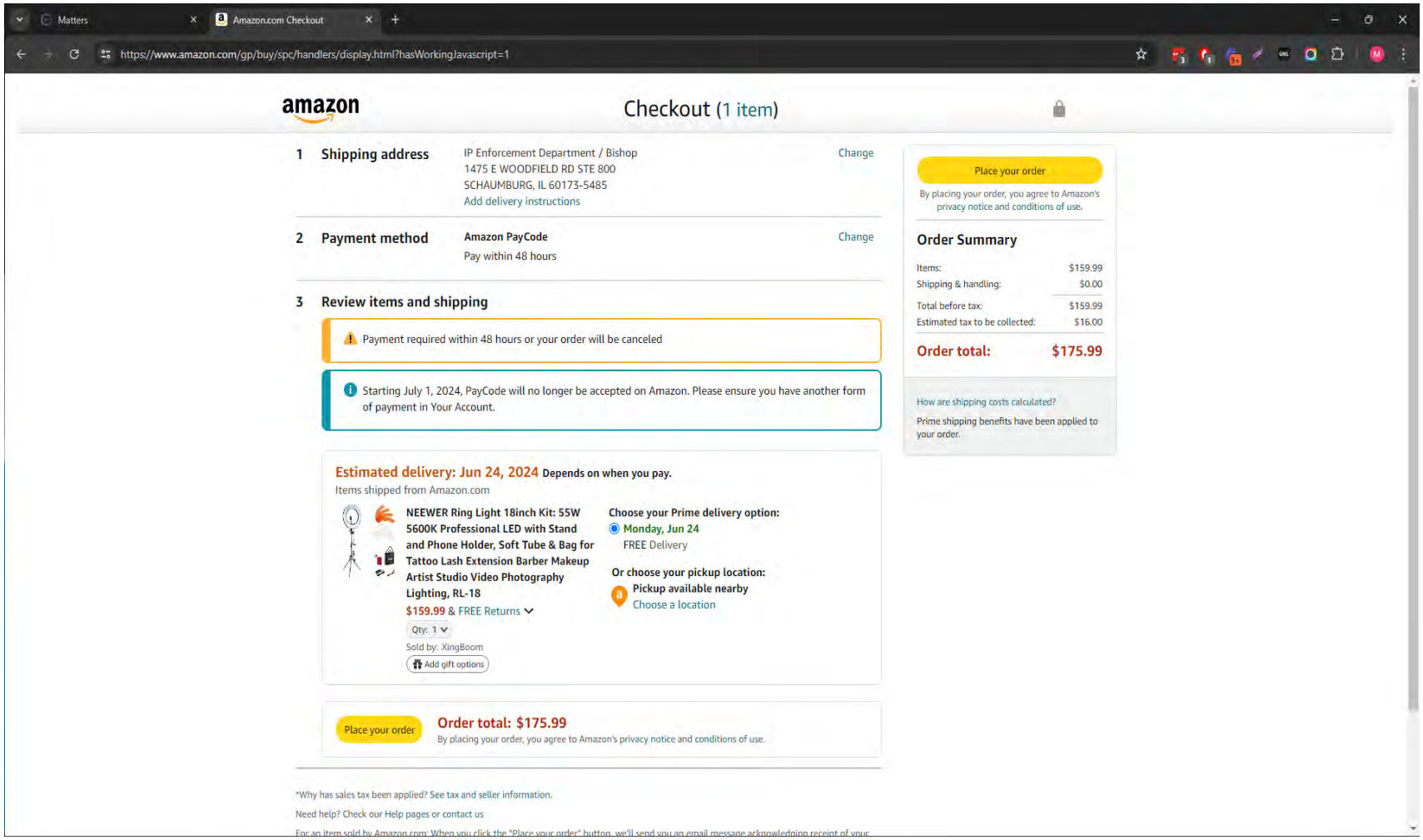


Screenshot Date: 16-06-2024 7:43AM

#8 - XingBoom a/k/a shenzhenshixingwangcaidianzishangwuyouxiangongsi
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:



Screenshot Date: 16-06-2024 22:10PM

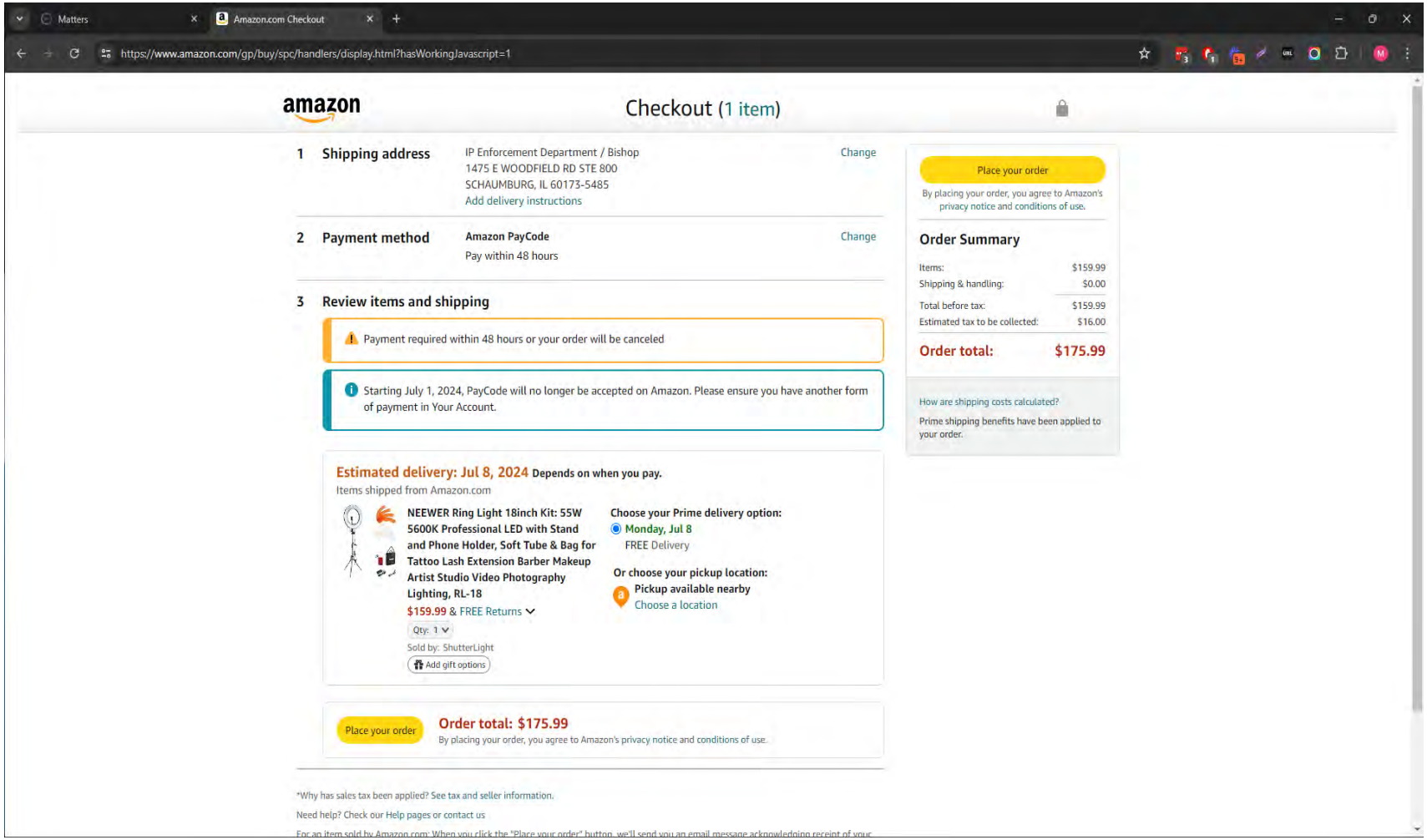


Screenshot Date: 16-06-2024 22:11PM

#9 - ShutterLight a/k/a Shenzhen Ronglida Technology Co Ltd
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:

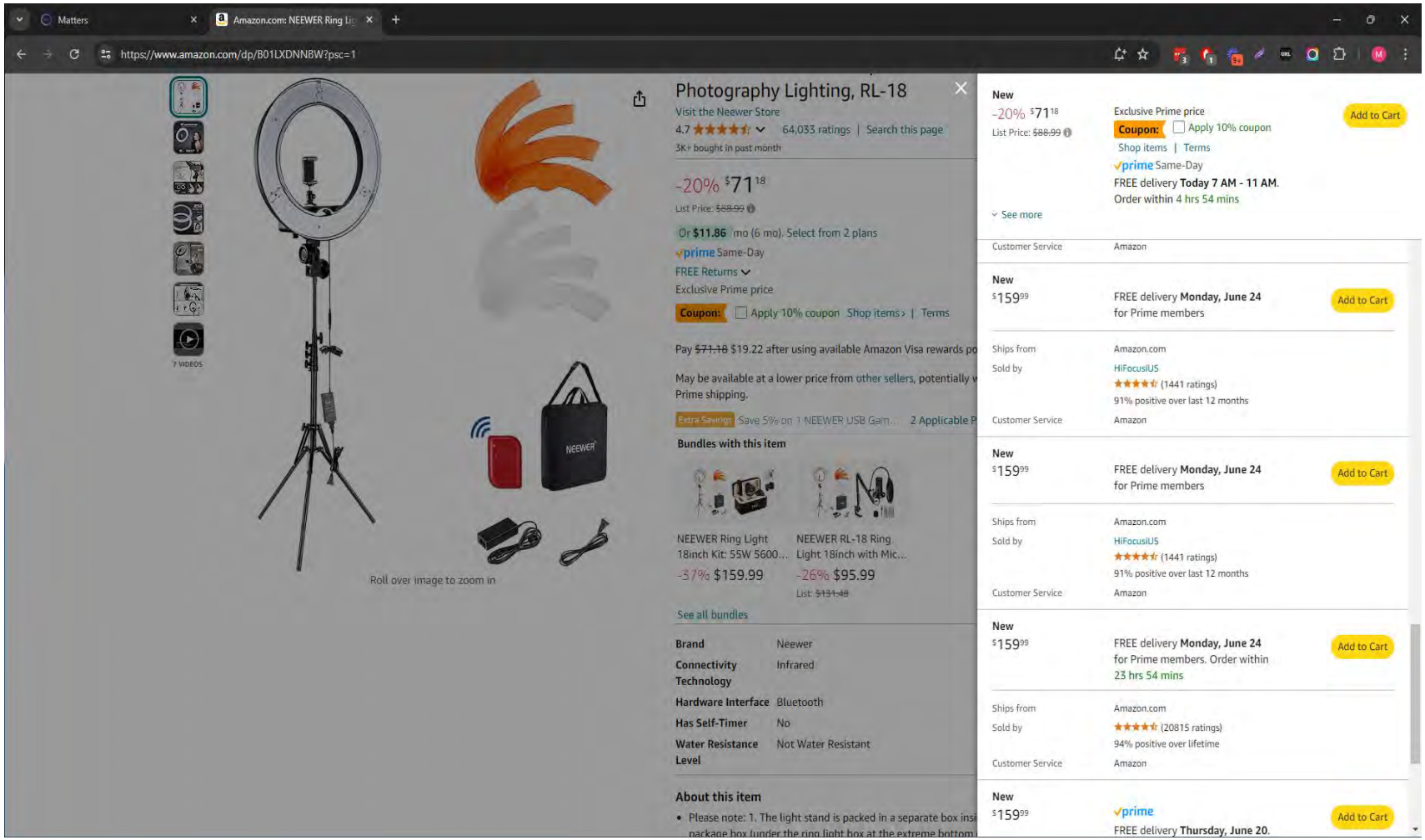


Screenshot Date: 16-06-2024 22:08PM

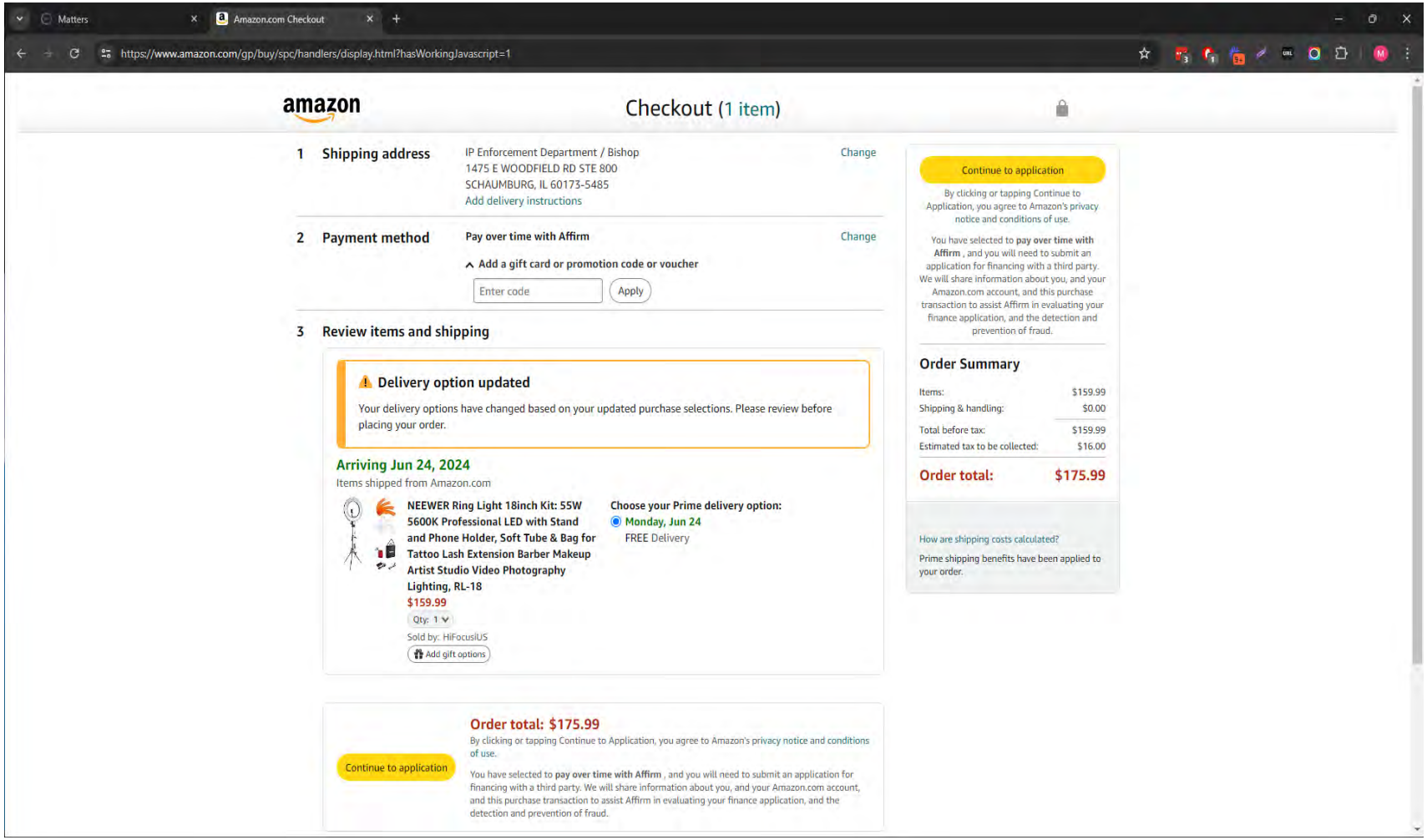


Screenshot Date: 16-06-2024 22:08PM

#10 - HiFocusiUS a/k/a NiHao WangLuo KeJi ShenZhen YouXianGongSi
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:



Screenshot Date: 16-06-2024 22:06PM

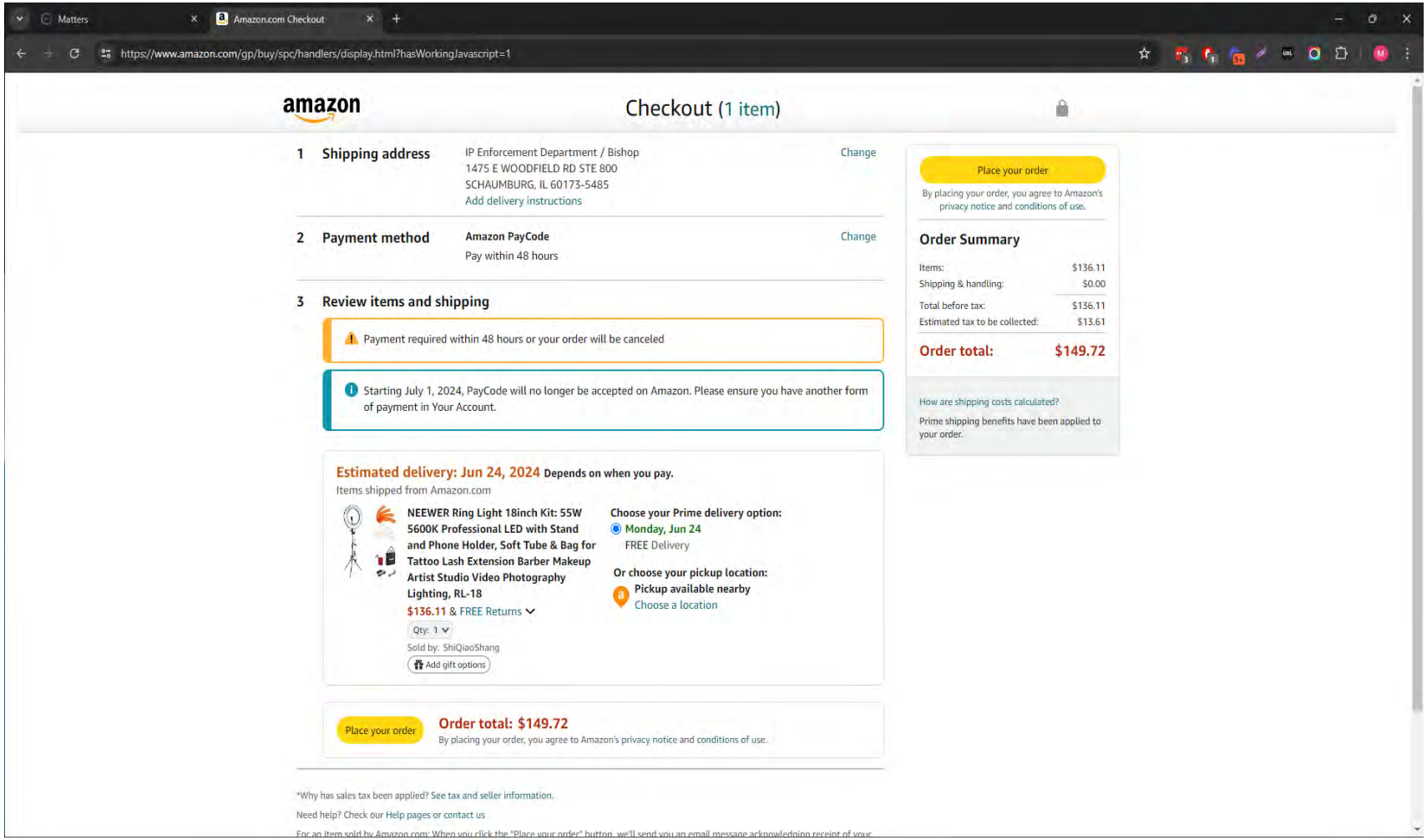


Screenshot Date: 16-06-2024 22:07PM

#11 - ShiQiaoShang a/k/a CHENGDUSHISHIQIAOSHANGKEJIYOUXIANGONGSI
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:



Screenshot Date: 16-06-2024 22:04PM

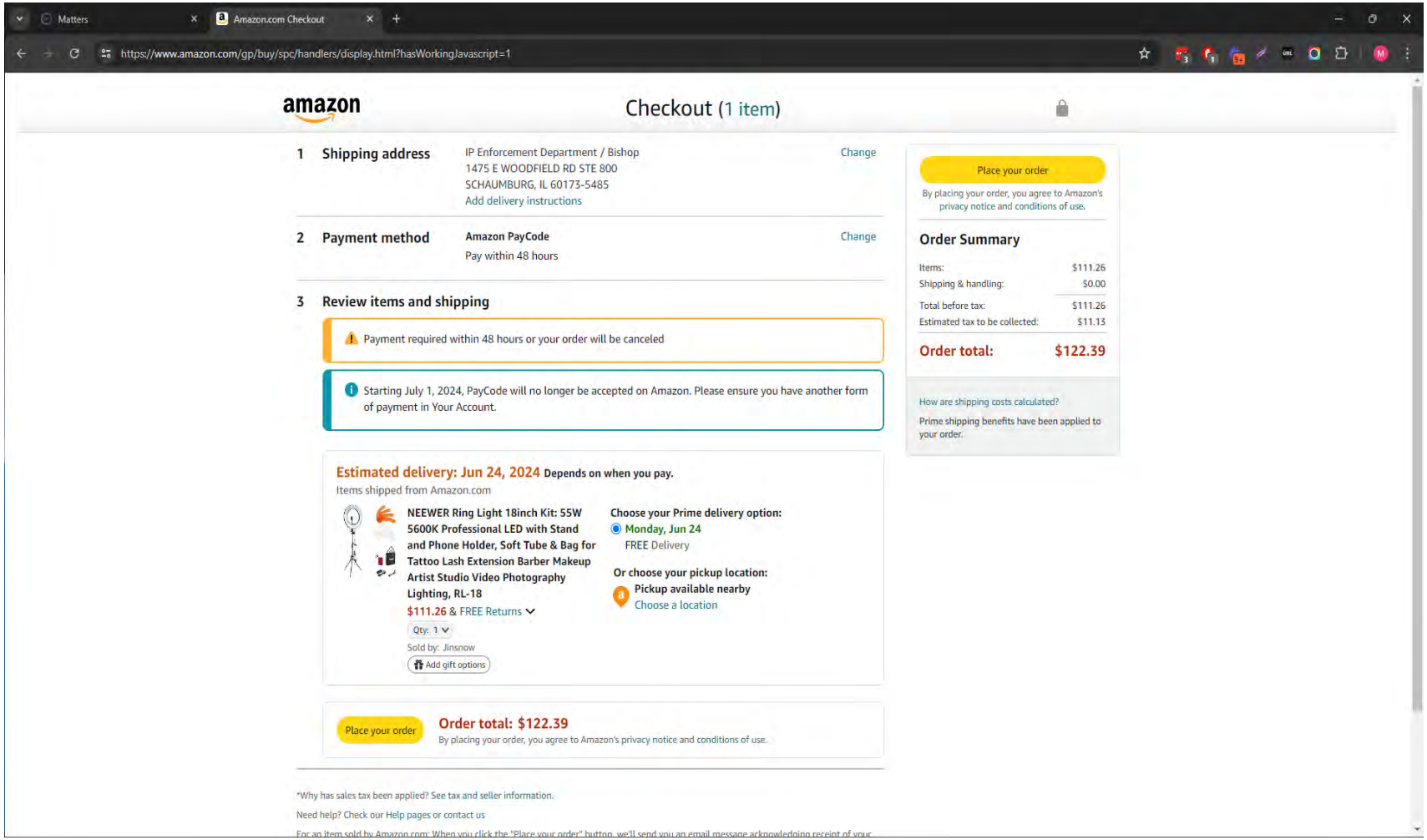


Screenshot Date: 16-06-2024 22:05PM

#12 - Jinsnow a/k/a SHENZHENSHIJINZHINANGKEJIYOUXIANGONGSI
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:



Screenshot Date: 16-06-2024 22:03PM

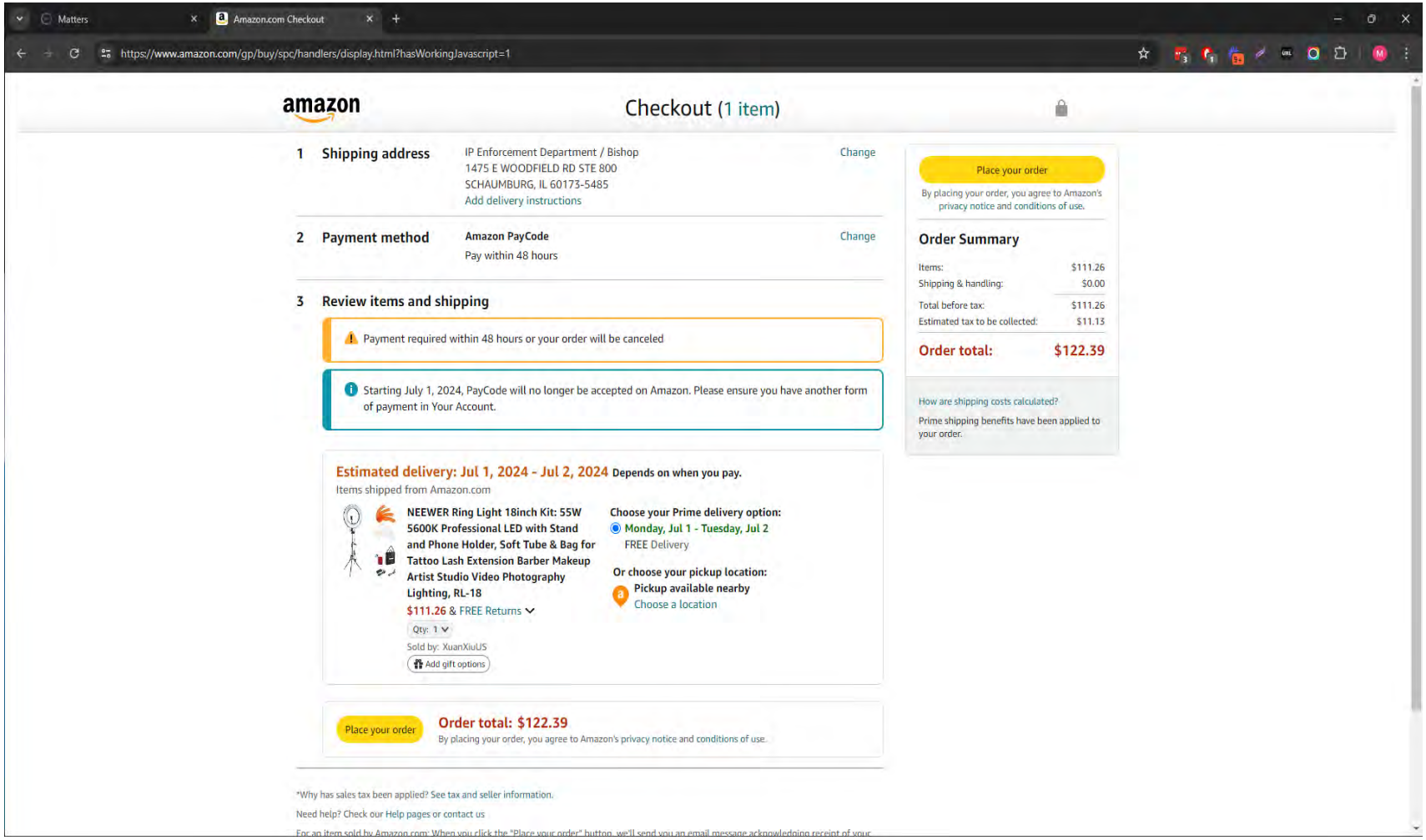


Screenshot Date: 16-06-2024 22:03PM

#13 - XuanXiuUS a/k/a yiwuxuanxiumaoyiyouxiangongsi
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:



Screenshot Date: 16-06-2024 22:01PM

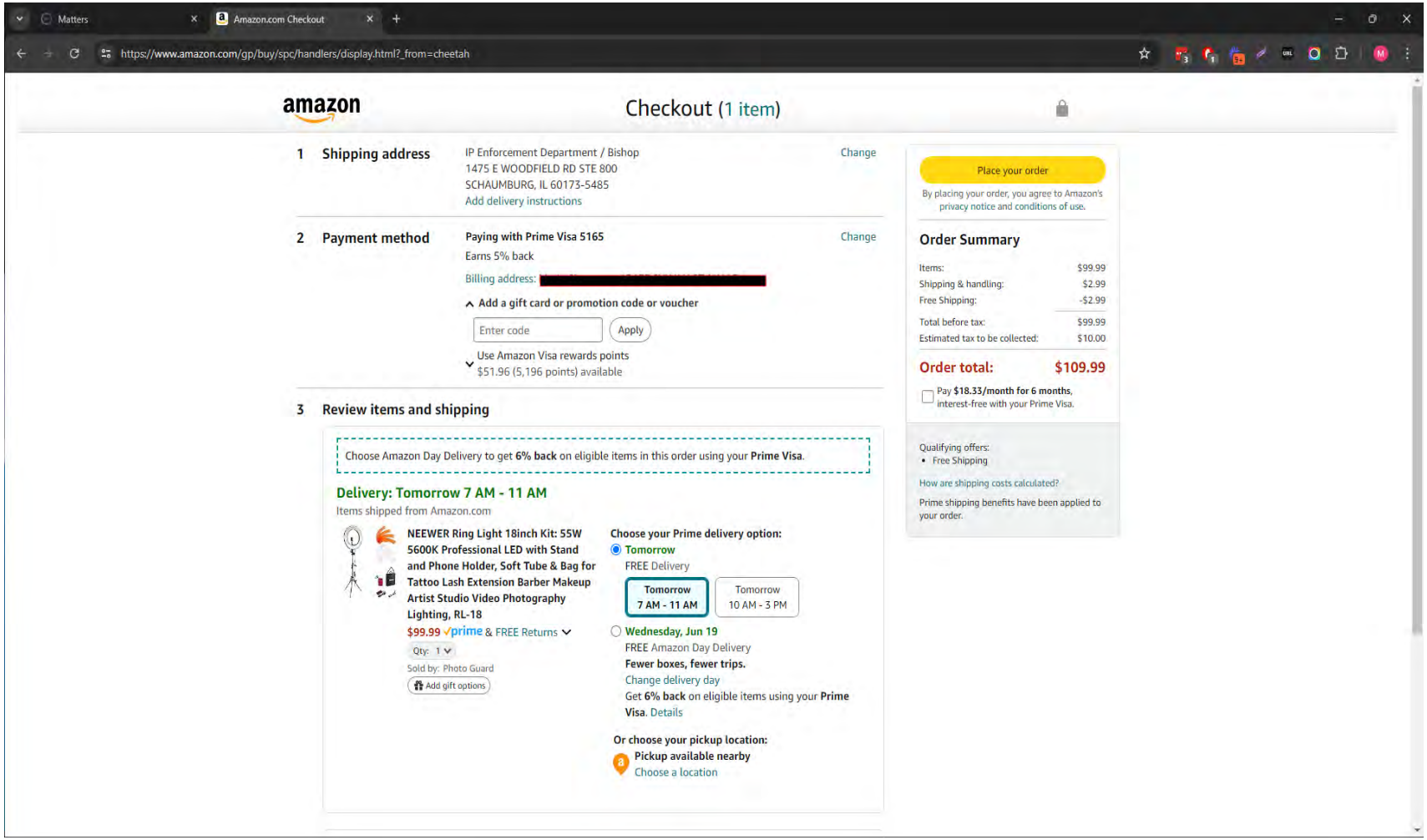


Screenshot Date: 16-06-2024 22:01PM

#14 - Photo Guard a/k/a ZENG YAN
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:

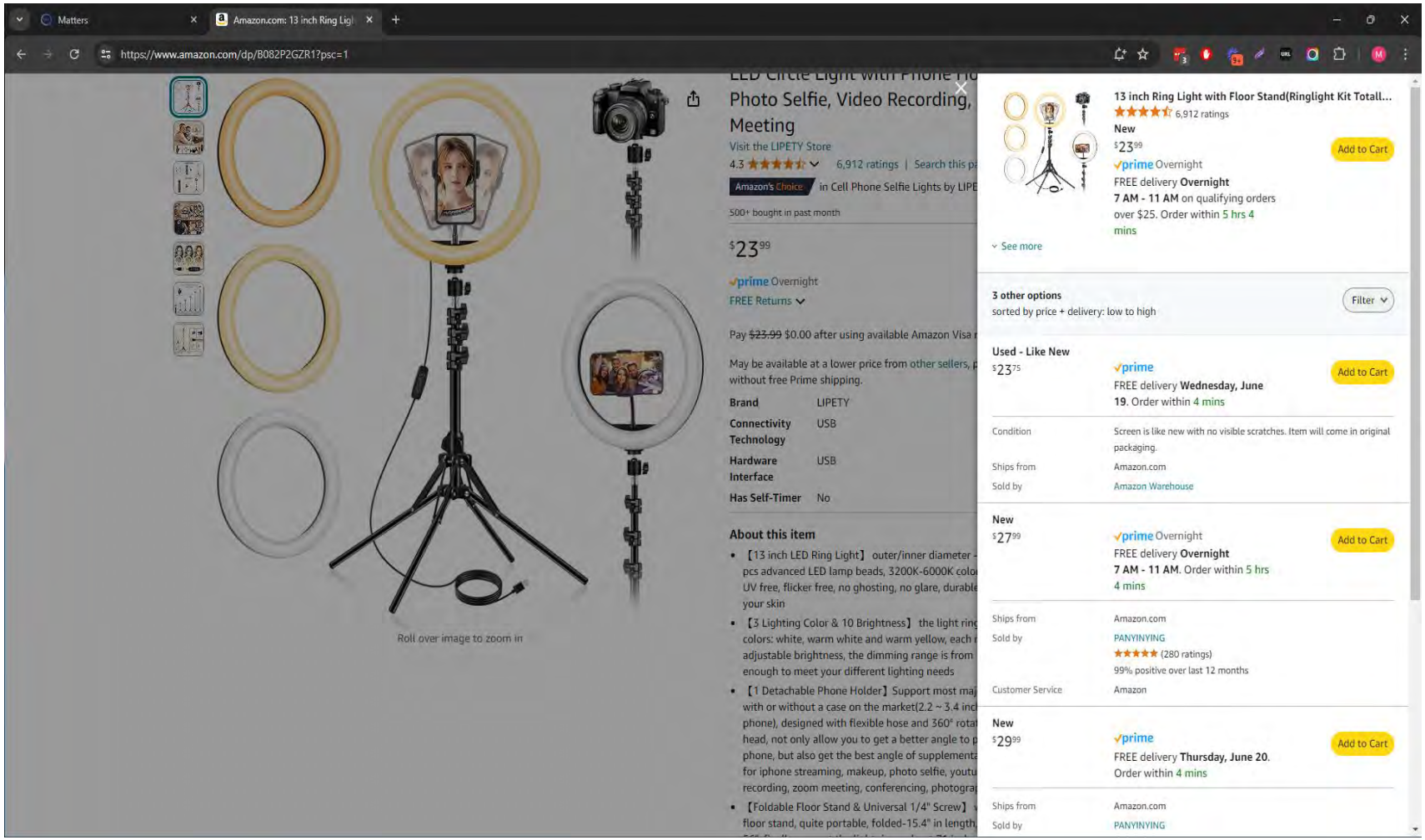


Screenshot Date: 16-06-2024 21:59PM

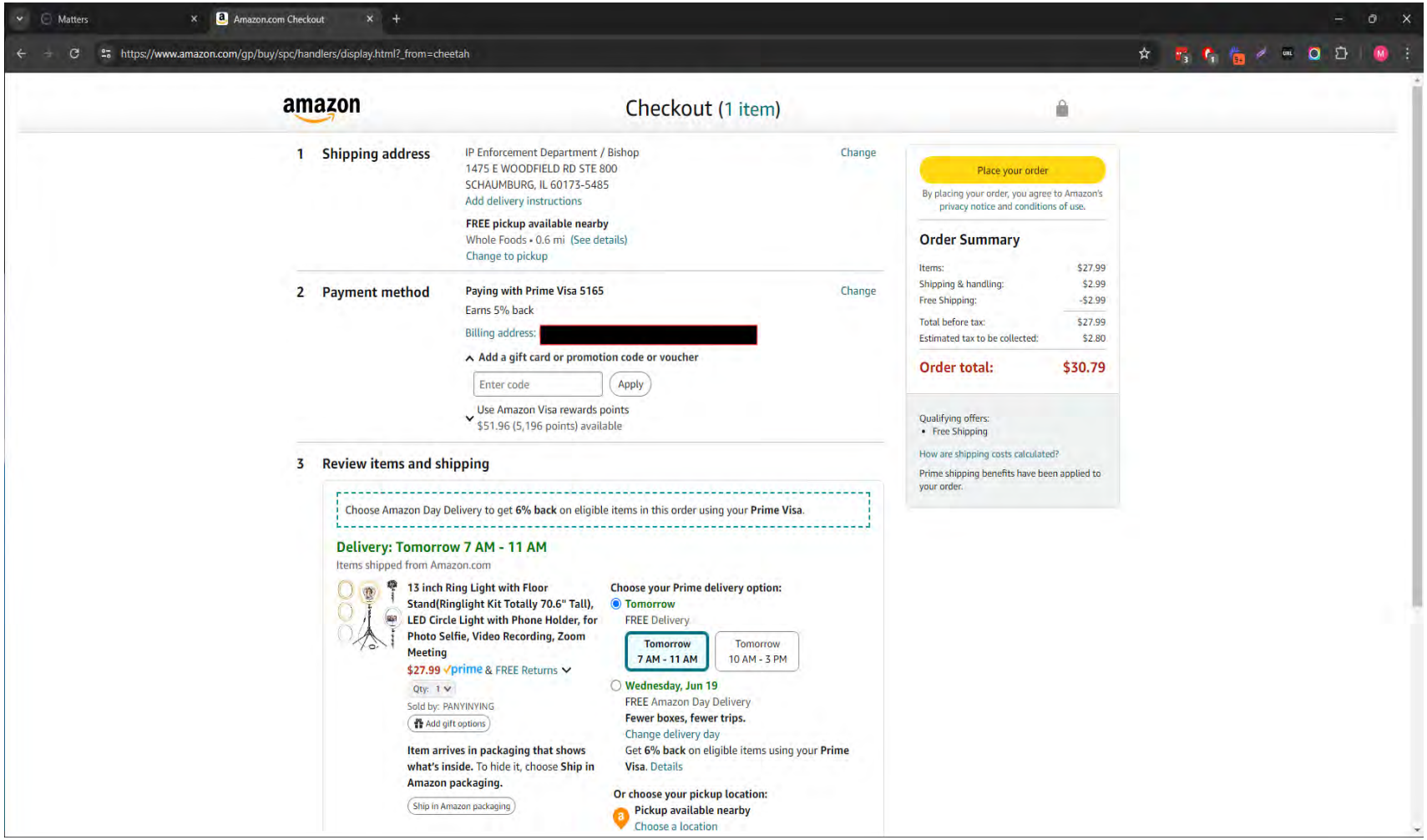


Screenshot Date: 16-06-2024 21:59PM

#15 - PANYINYING a/k/a Shenzhenshi xinxiaoying kejiyouxiangongsi
https://www.amazon.com/dp/B082P2GZR1?psc=1
Screenshots:

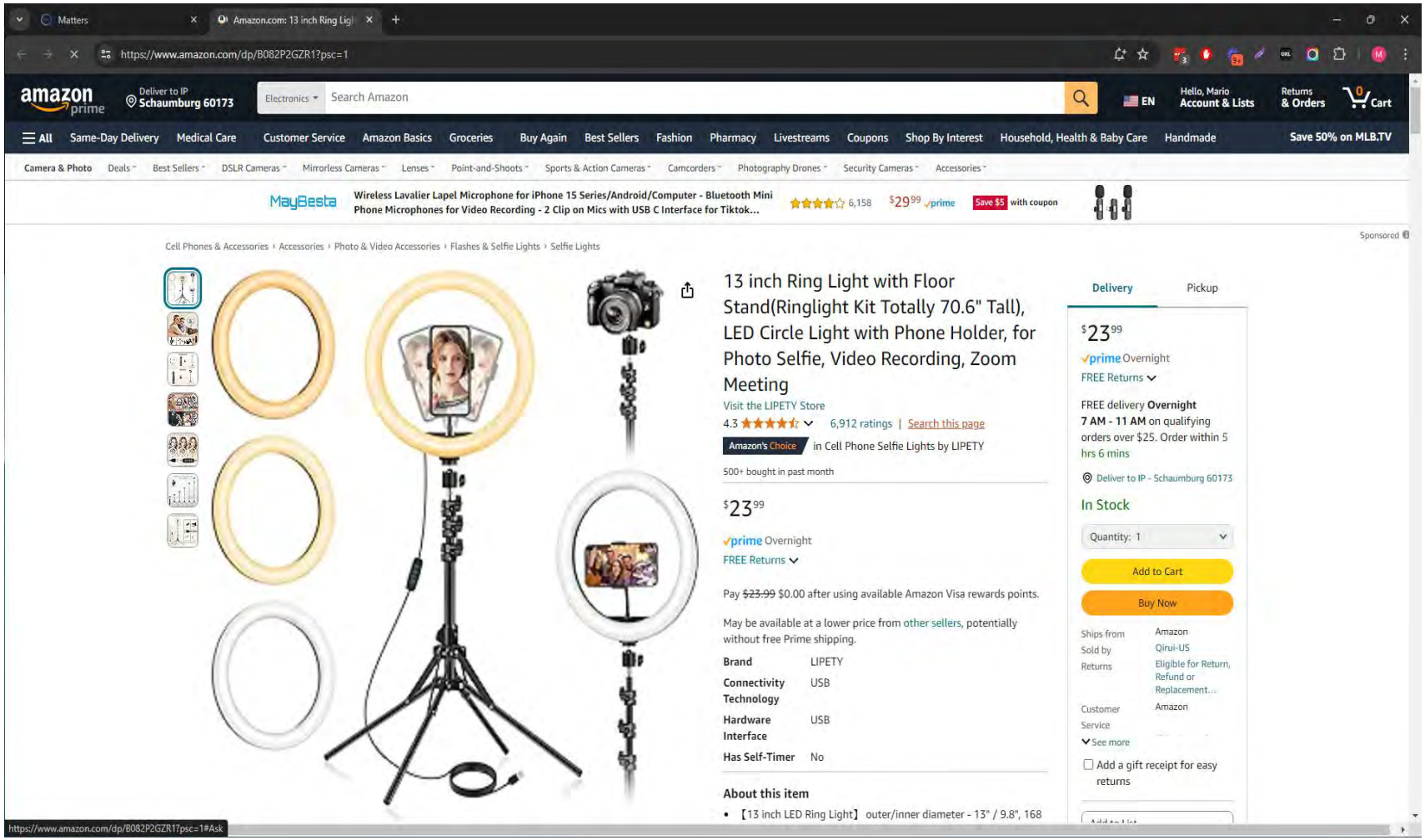


Screenshot Date: 16-06-2024 21:55PM

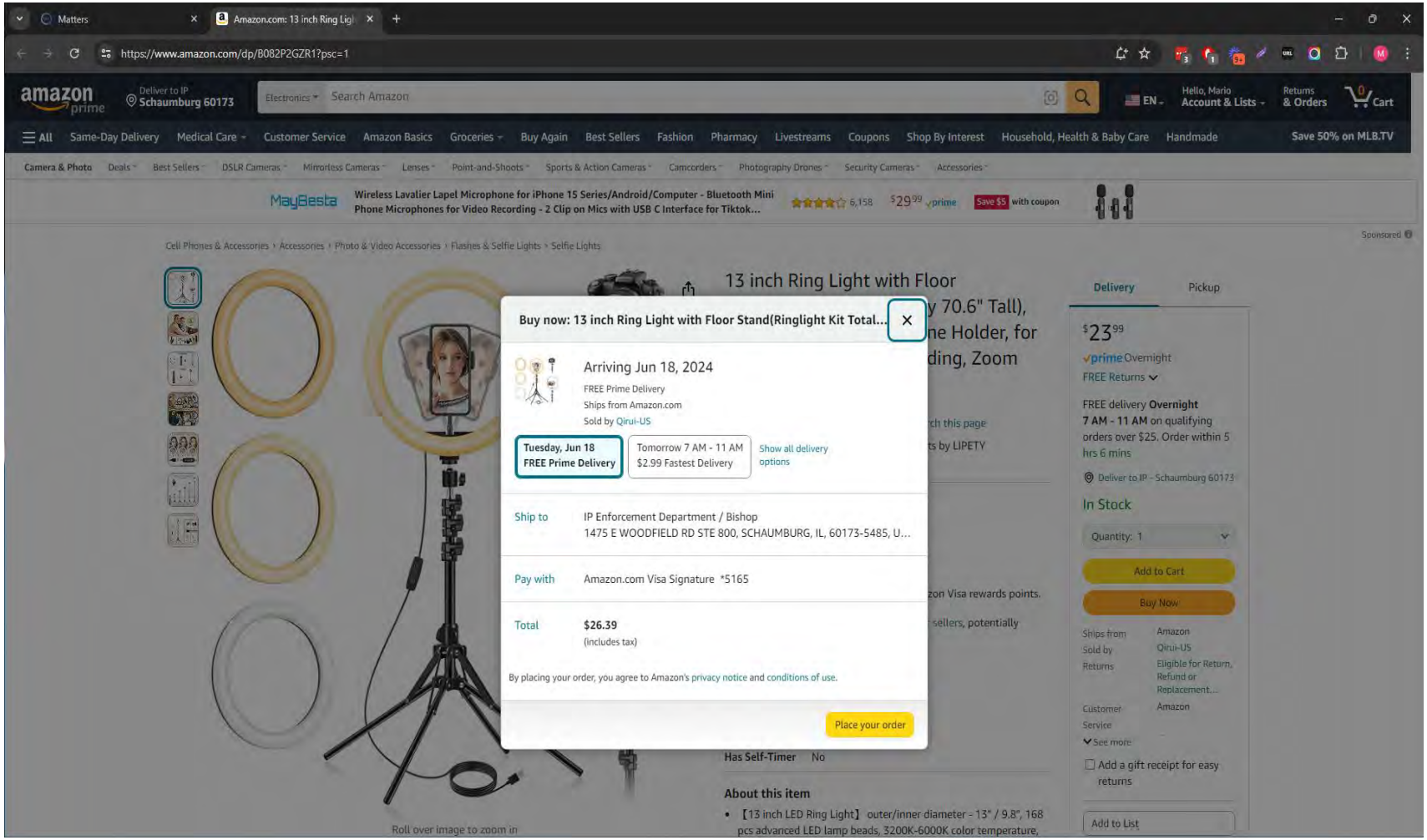


Screenshot Date: 16-06-2024 21:56PM

#16 - Qirui-US a/k/a Shenzhenshi Qiruijue Keji Youxiangongsi
https://www.amazon.com/dp/B082P2GZR1?psc=1
Screenshots:

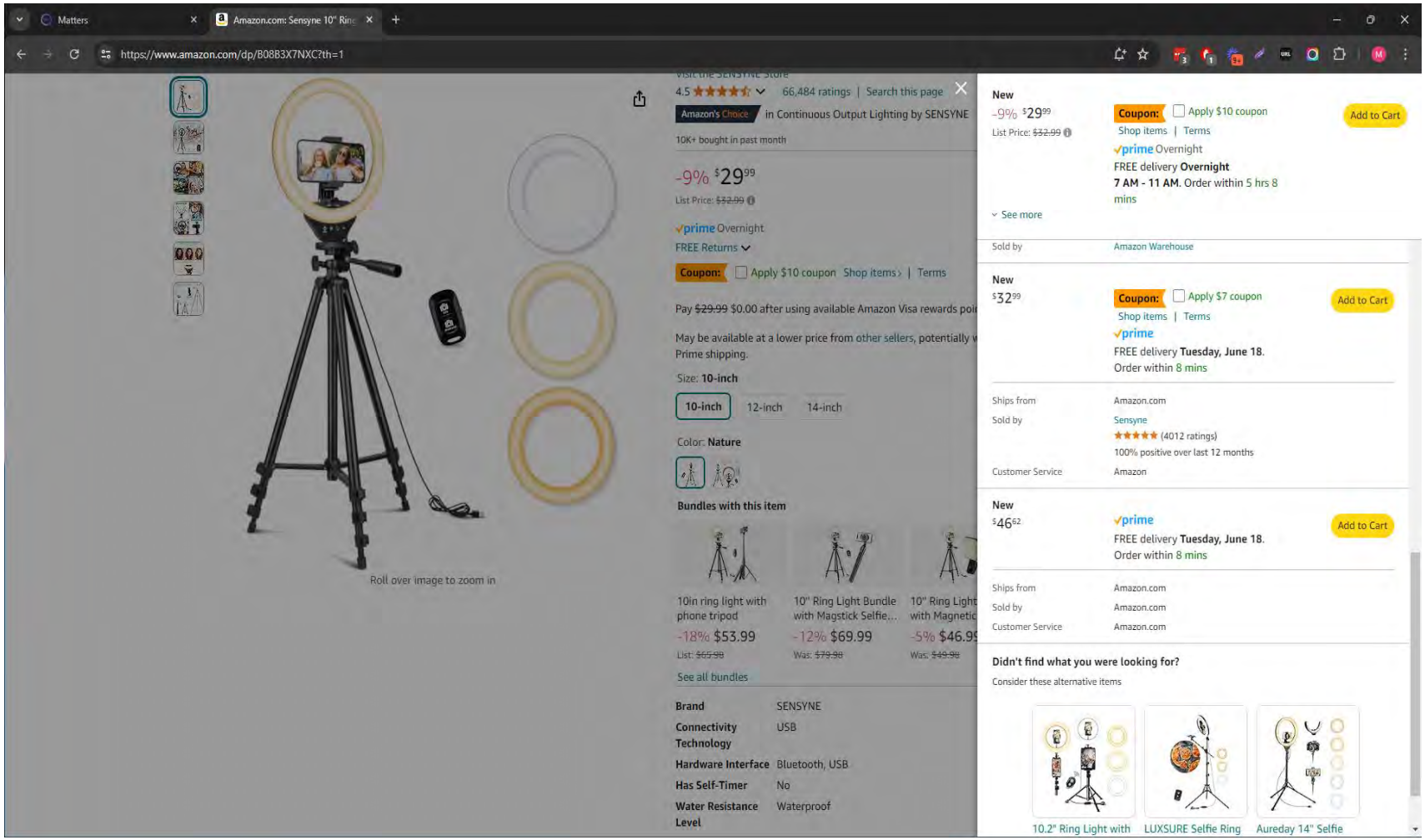


Screenshot Date: 16-06-2024 21:54PM

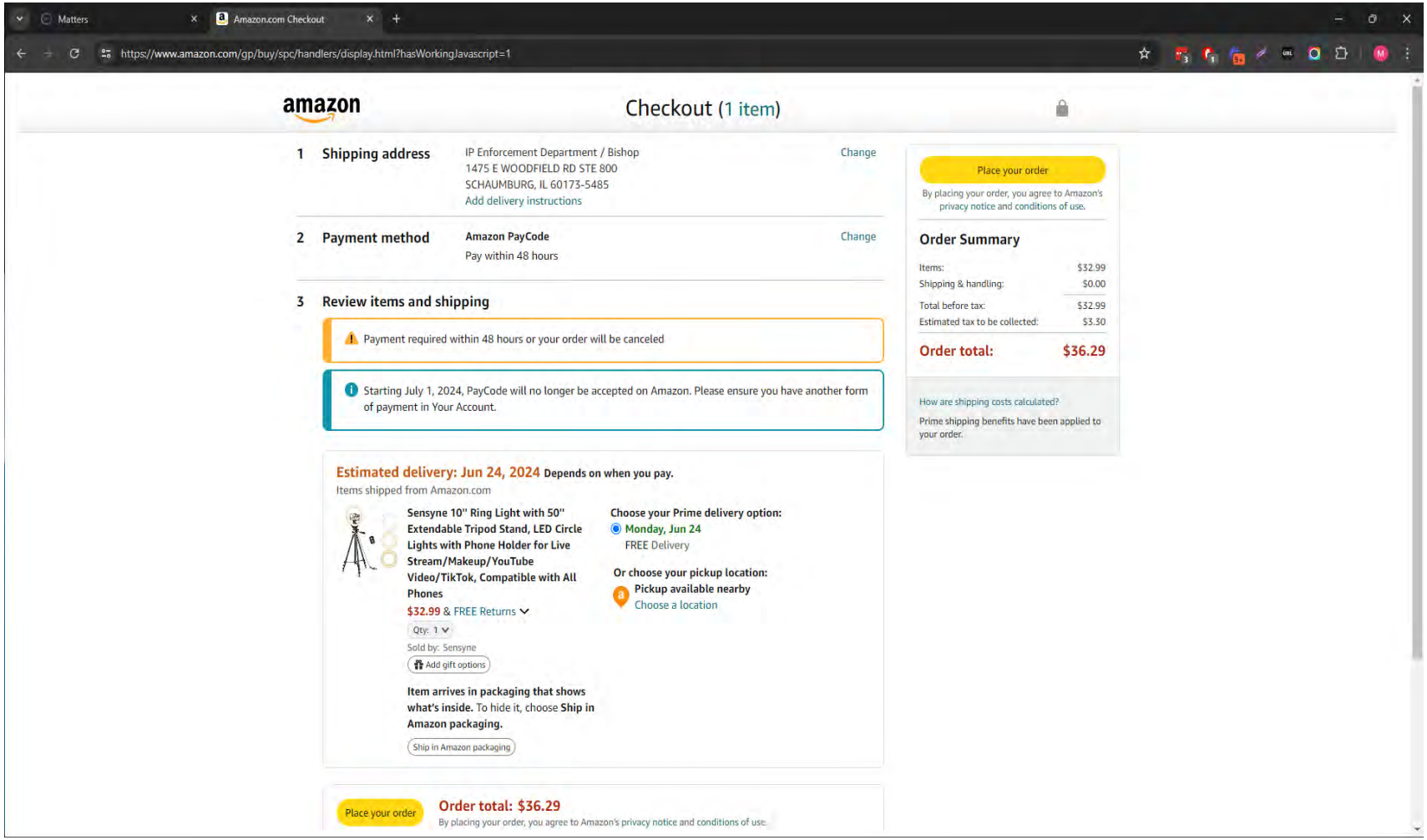


Screenshot Date: 16-06-2024 21:54PM

#17 - Sensynec a/k/a Shenzhen Jutongchengshiye Youxiangongsi
https://www.amazon.com/dp/B08B3X7NXC?psc=1
Screenshots:

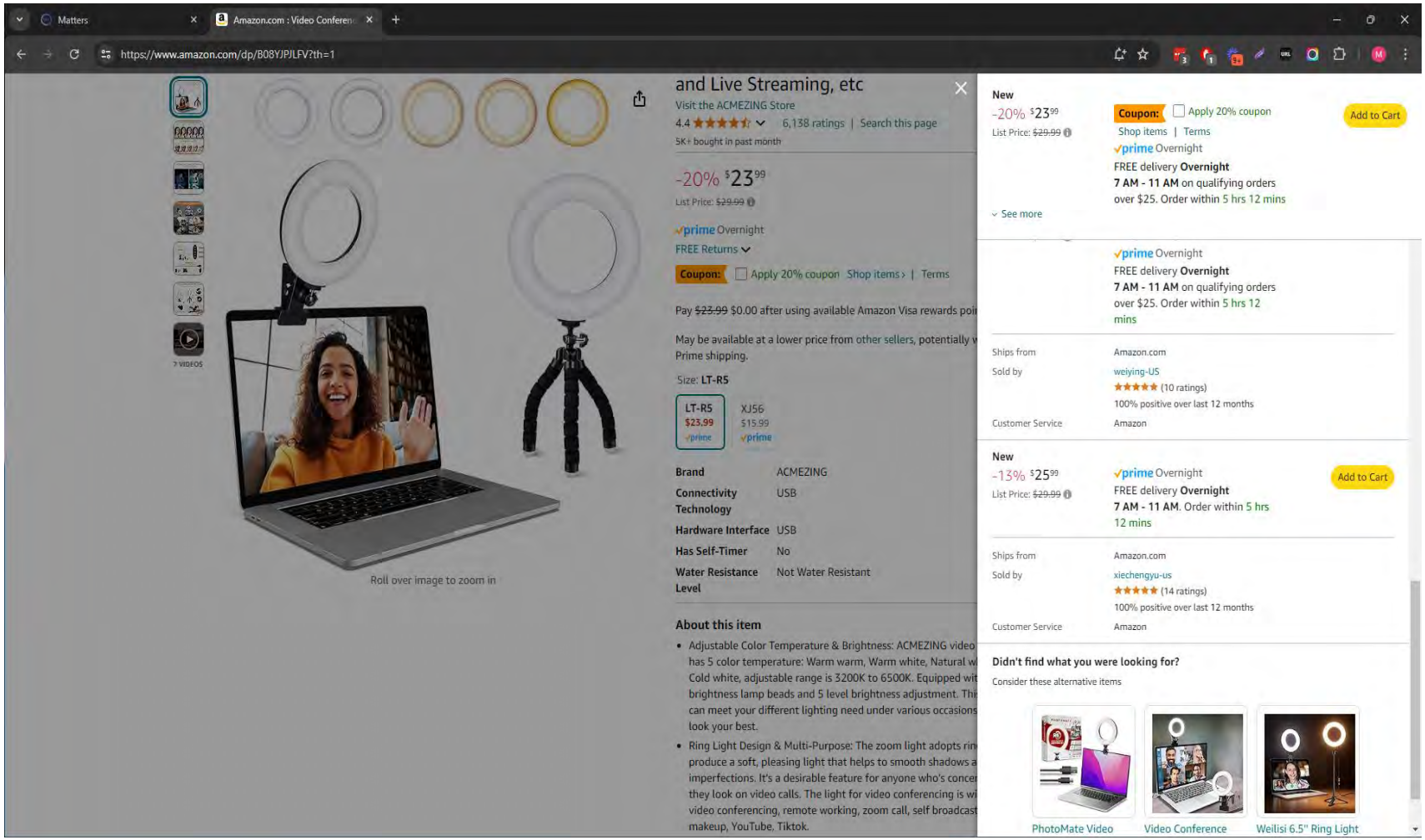


Screenshot Date: 16-06-2024 21:52PM

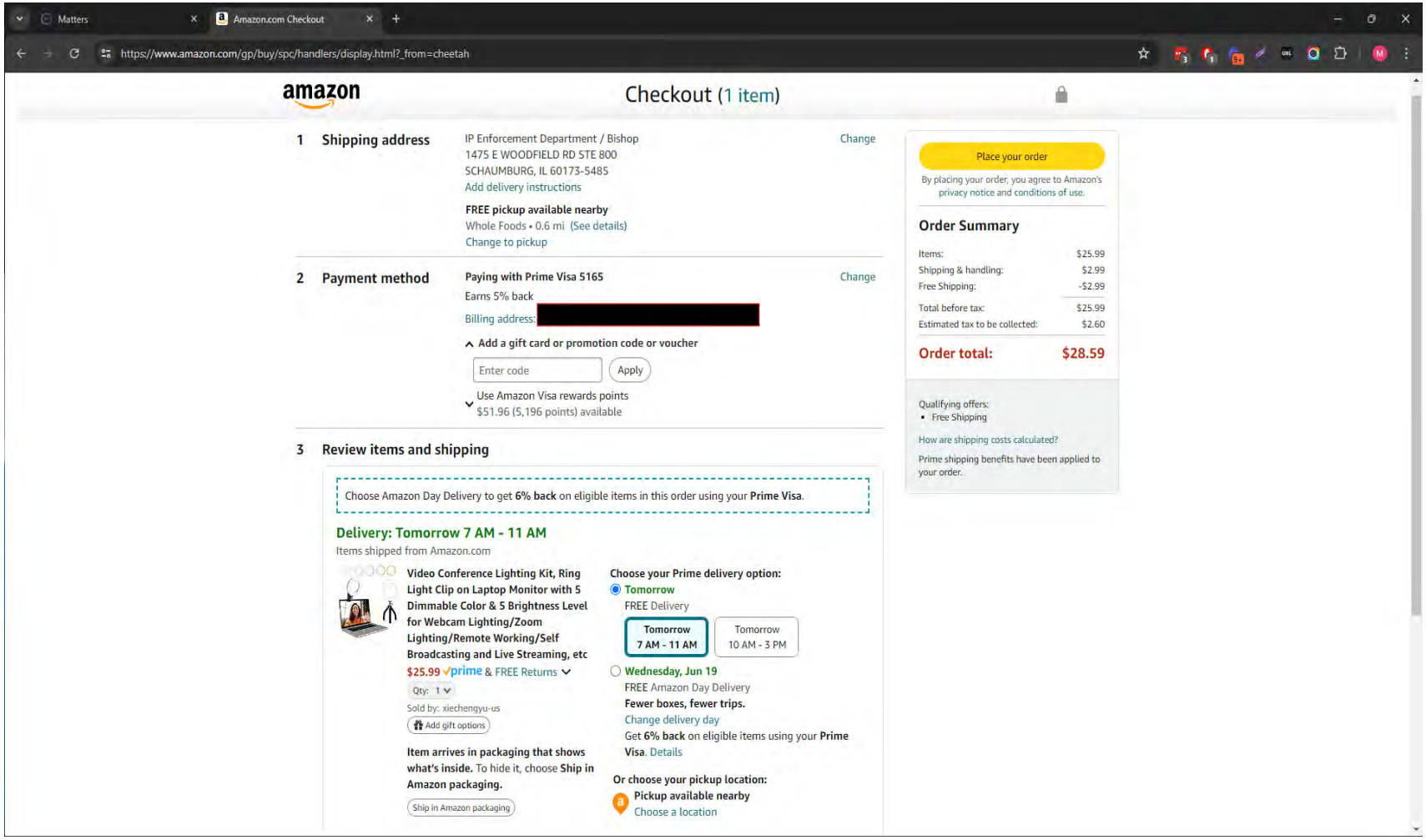


Screenshot Date: 16-06-2024 21:53PM

#18 - xiechengyu-us a/k/a foshanshikekuzhenxuandianziyouxiangongsi
https://www.amazon.com/dp/B08YJPJLFV?psc=1
Screenshots:

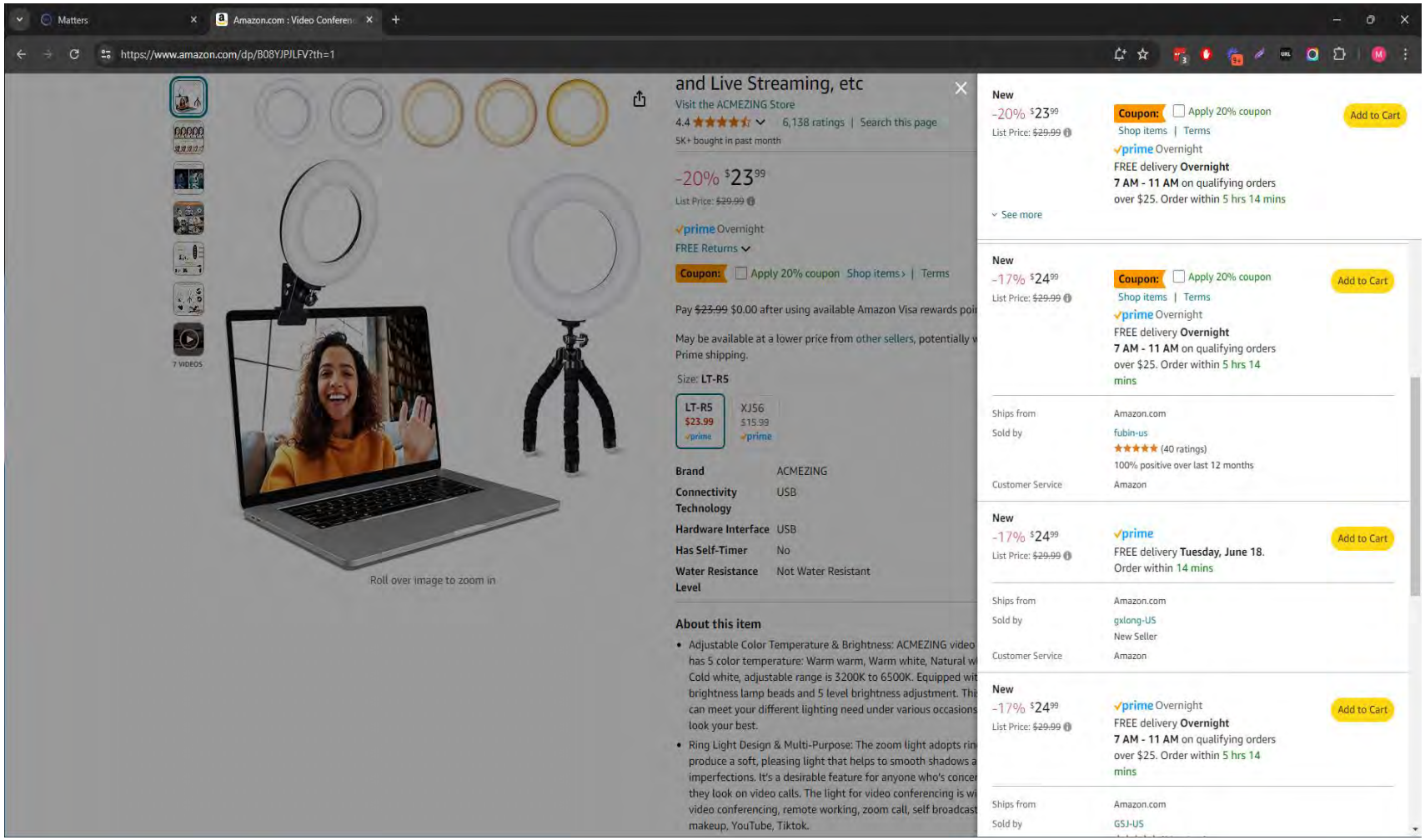


Screenshot Date: 16-06-2024 21:48PM

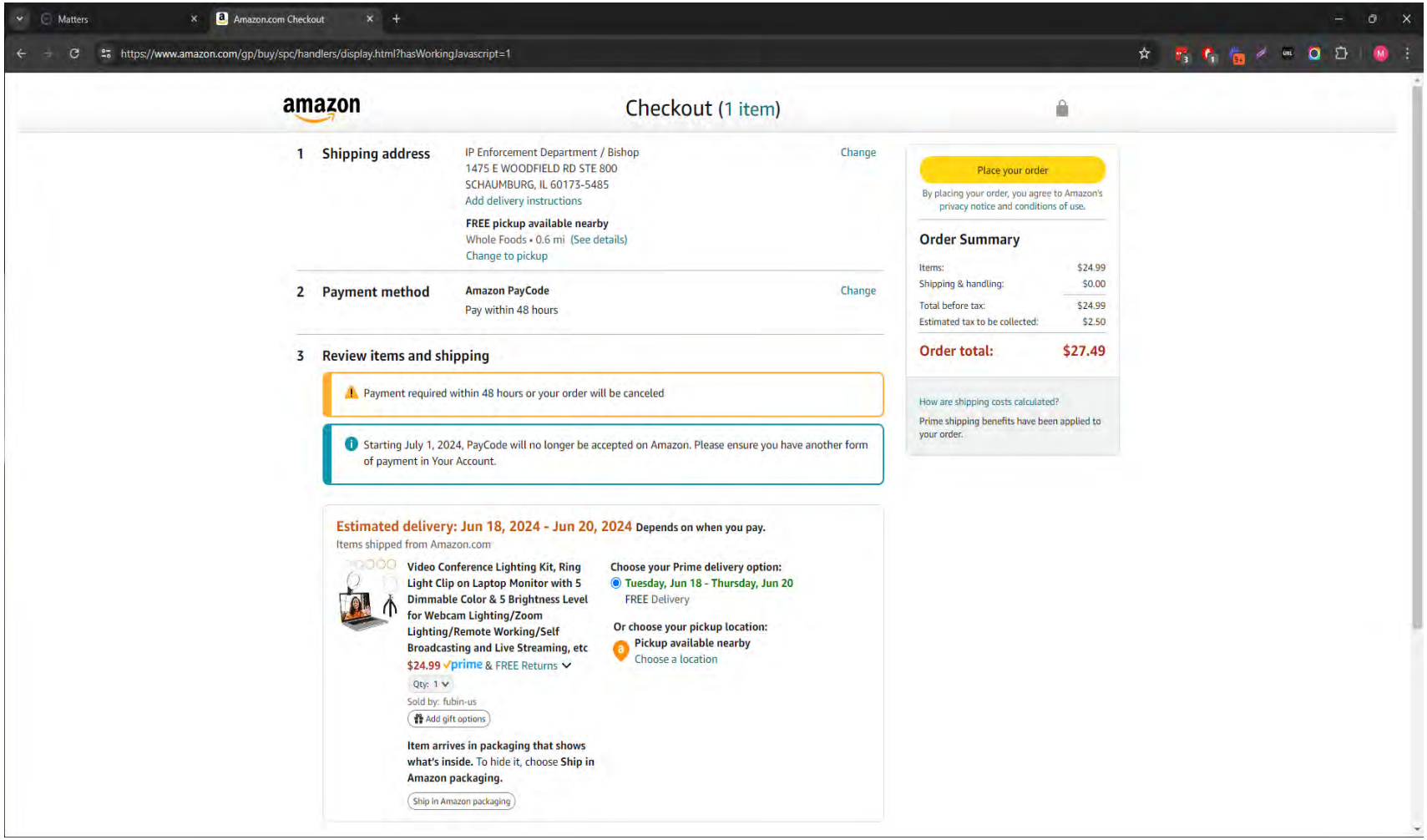


Screenshot Date: 16-06-2024 21:49PM

#19 - fubin-us a/k/a Guizhou Fengdian Trading Co., Ltd.
https://www.amazon.com/dp/B08YJPJLFV?psc=1
Screenshots:

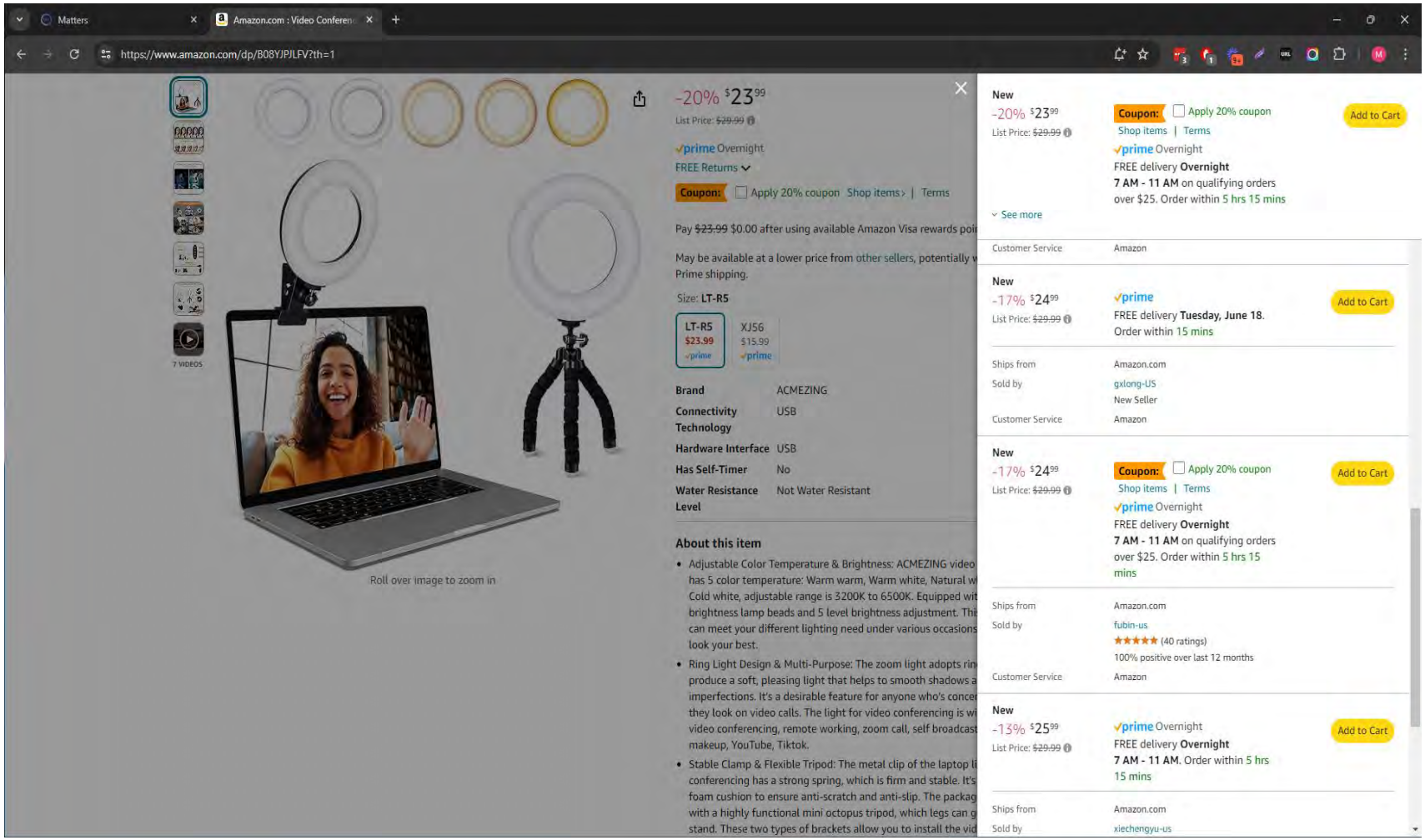


Screenshot Date: 16-06-2024 21:46PM

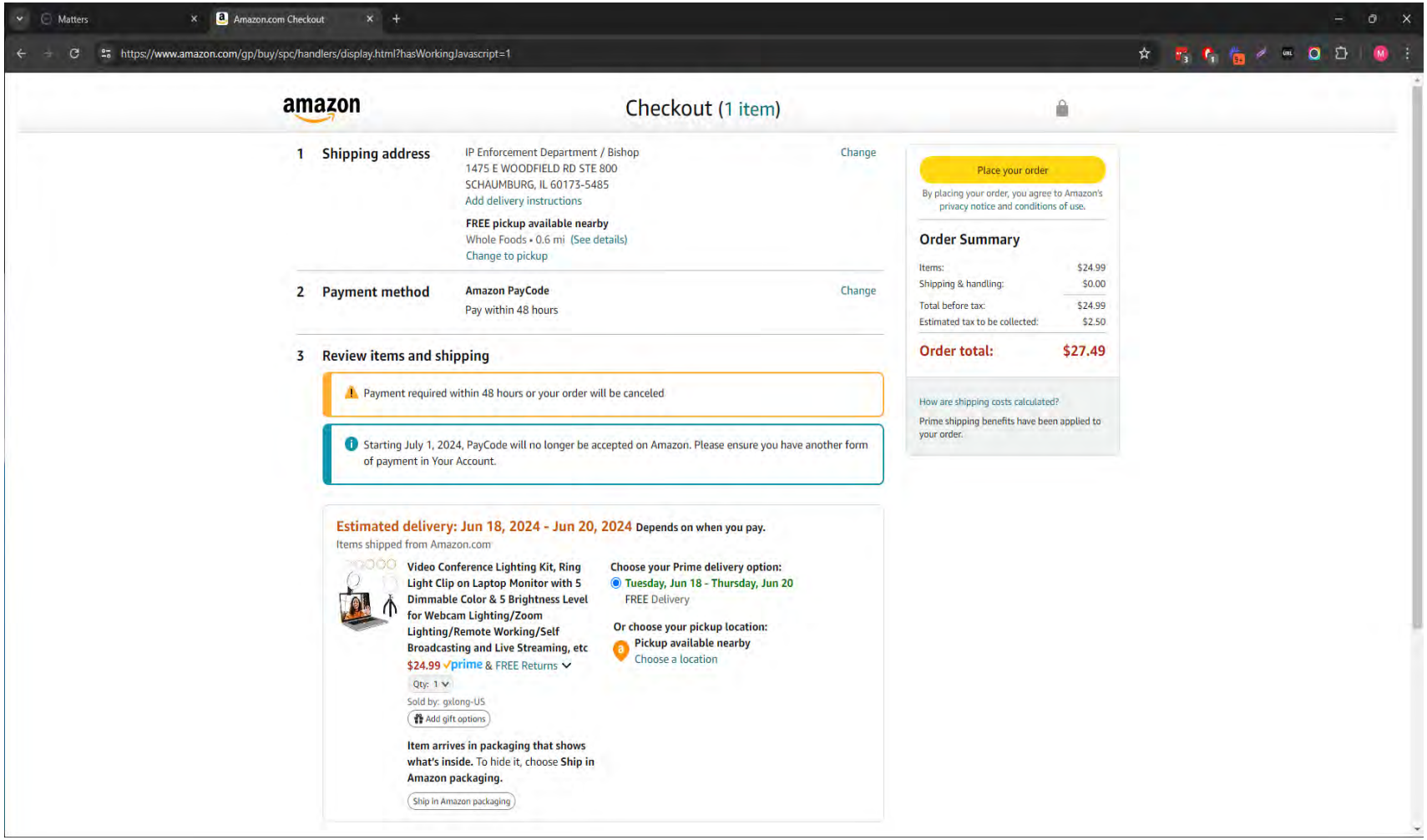


Screenshot Date: 16-06-2024 21:46PM

#20 - gxlong-US a/k/a TaiYuanXinBeiLuoShangMaoYouXianGongSi
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Screenshots:

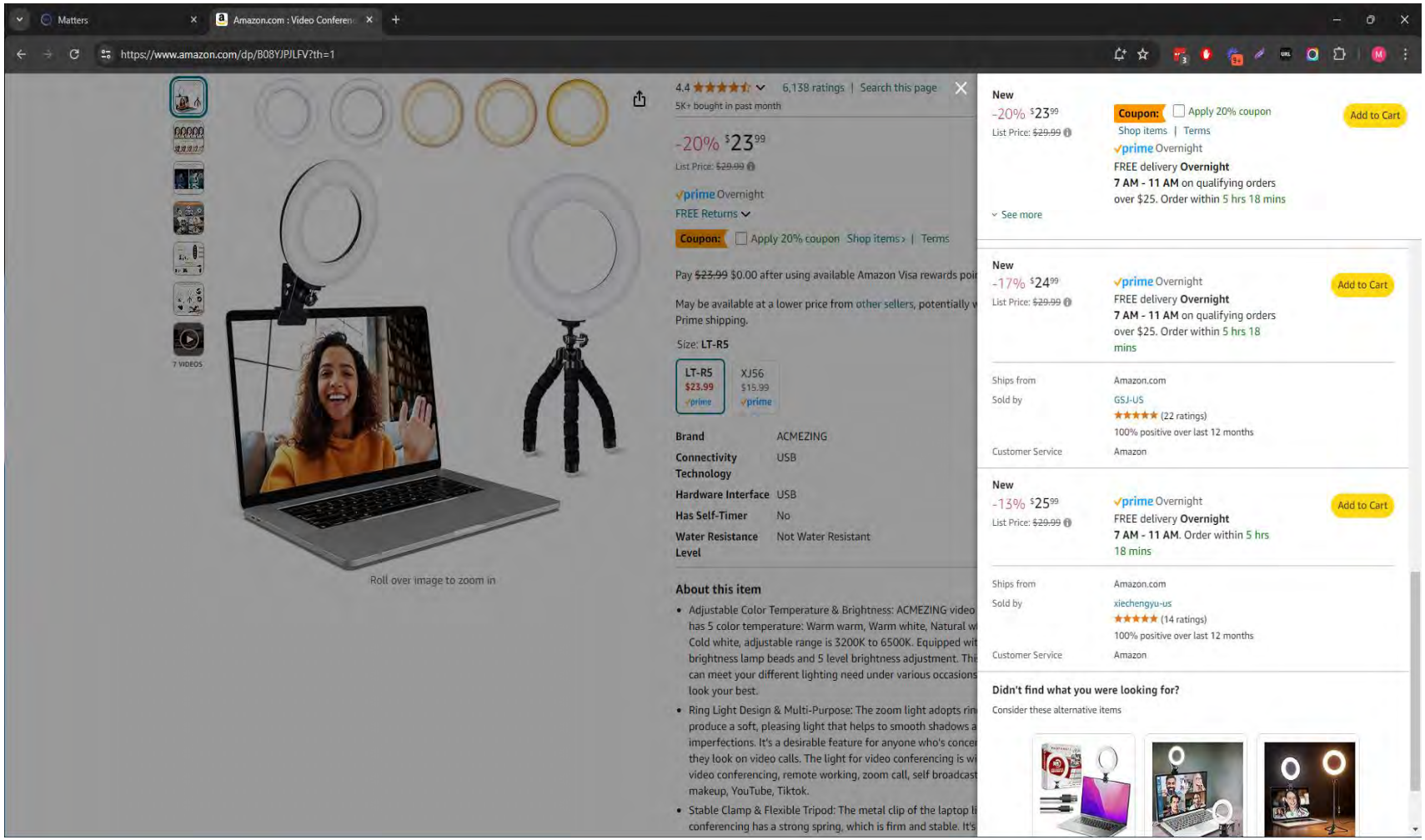


Screenshot Date: 16-06-2024 21:44PM

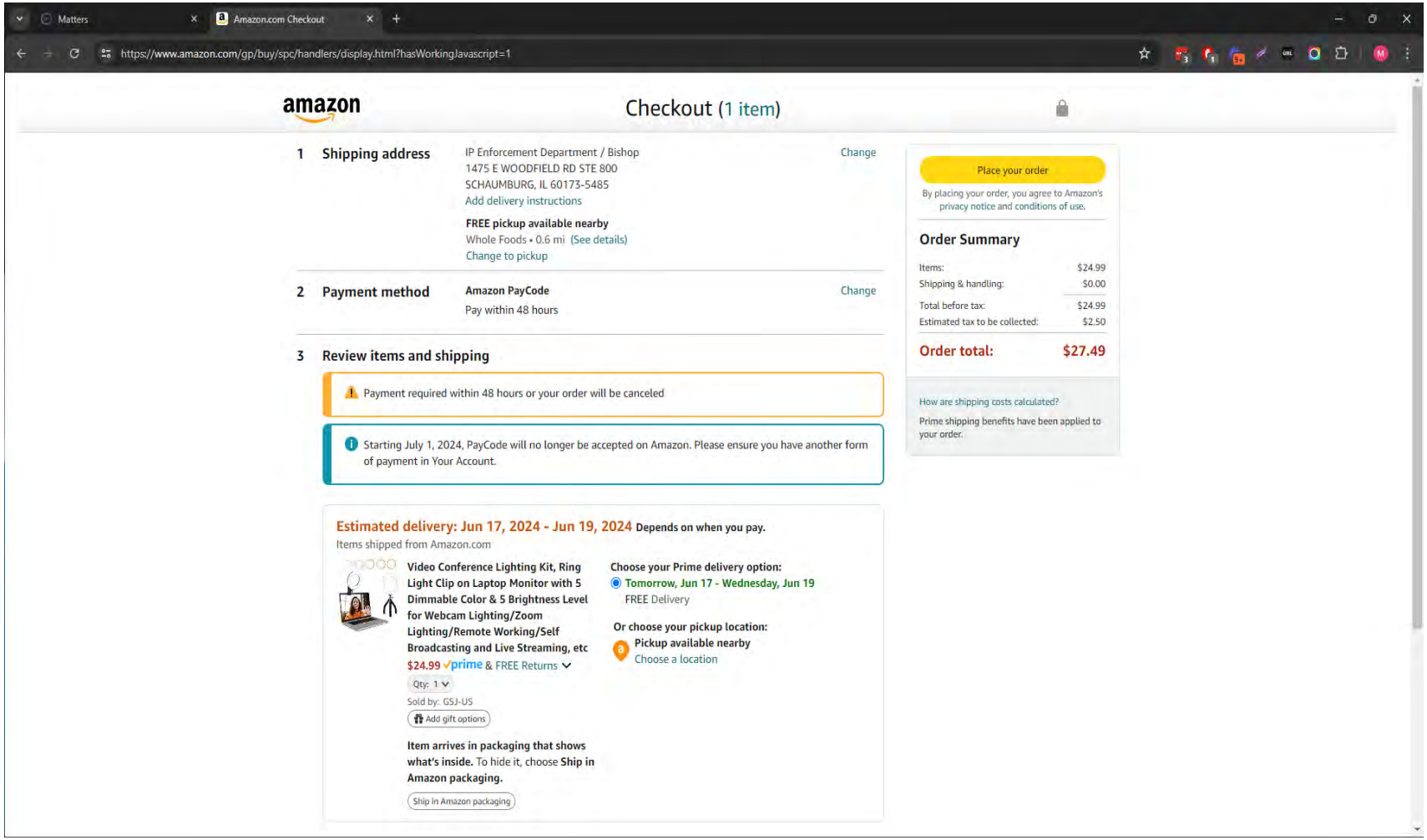


Screenshot Date: 16-06-2024 21:45PM

#21 - GSJ-US a/k/a FOSHANSHICHENGHUNANDIANZIYOUXIANGONGSI
https://www.amazon.com/dp/B08YJPJLFV?psc=1
Screenshots:

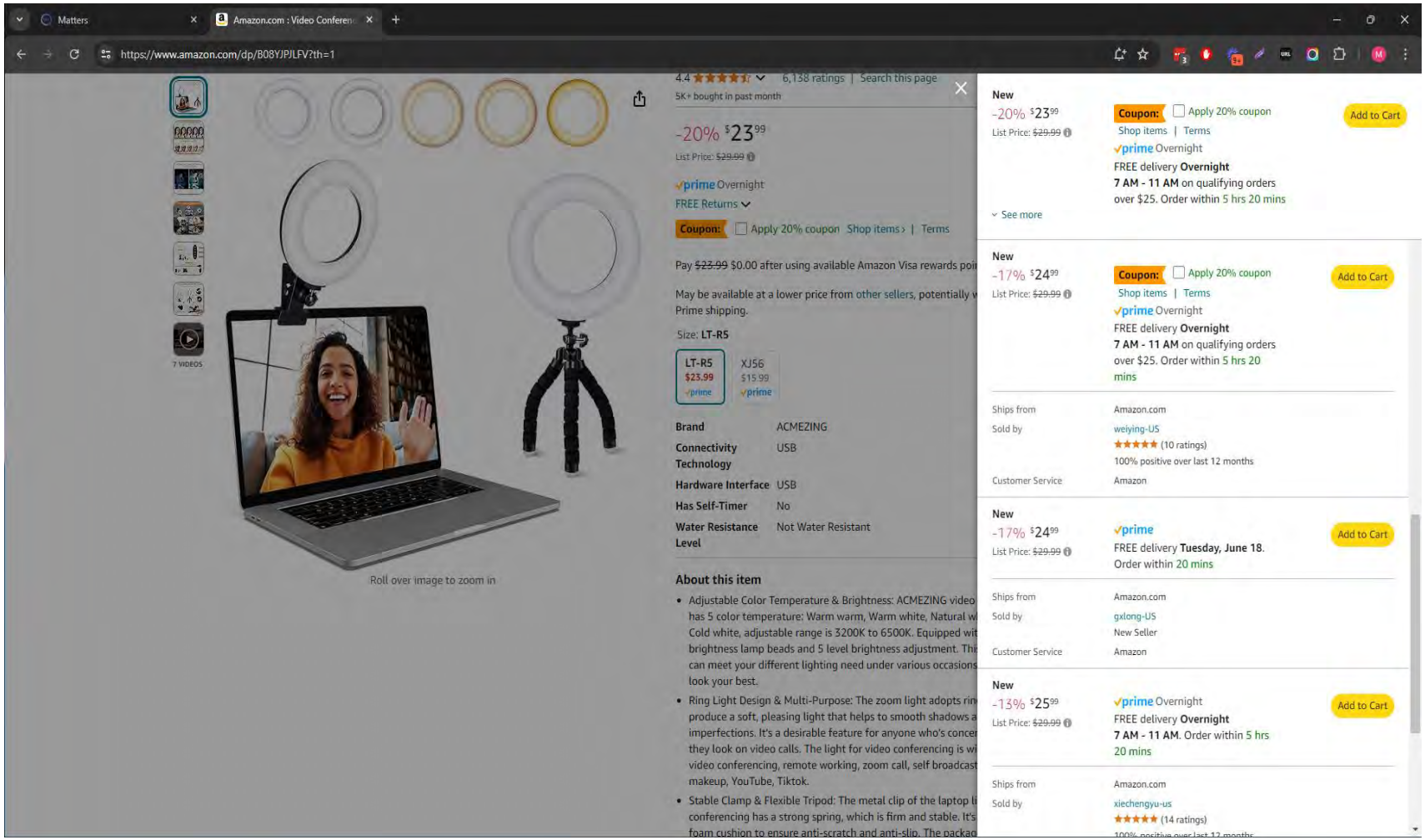


Screenshot Date: 16-06-2024 21:42PM

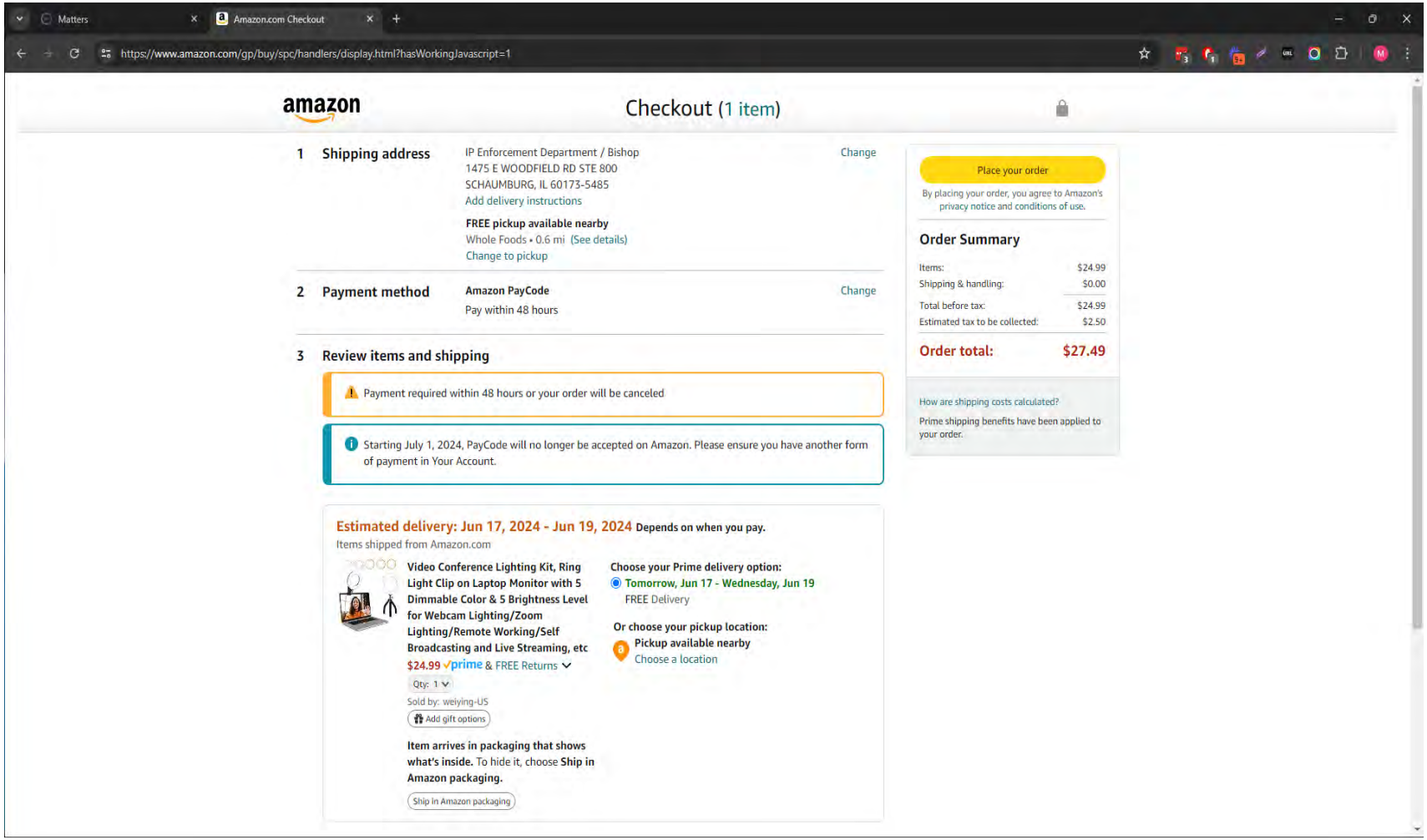


Screenshot Date: 16-06-2024 21:43PM

#22 - weiying-US a/k/a guangzhouxizhilindianzishangwuyouxiangongsi
https://www.amazon.com/dp/B08YJPJLFV?psc=1
Screenshots:

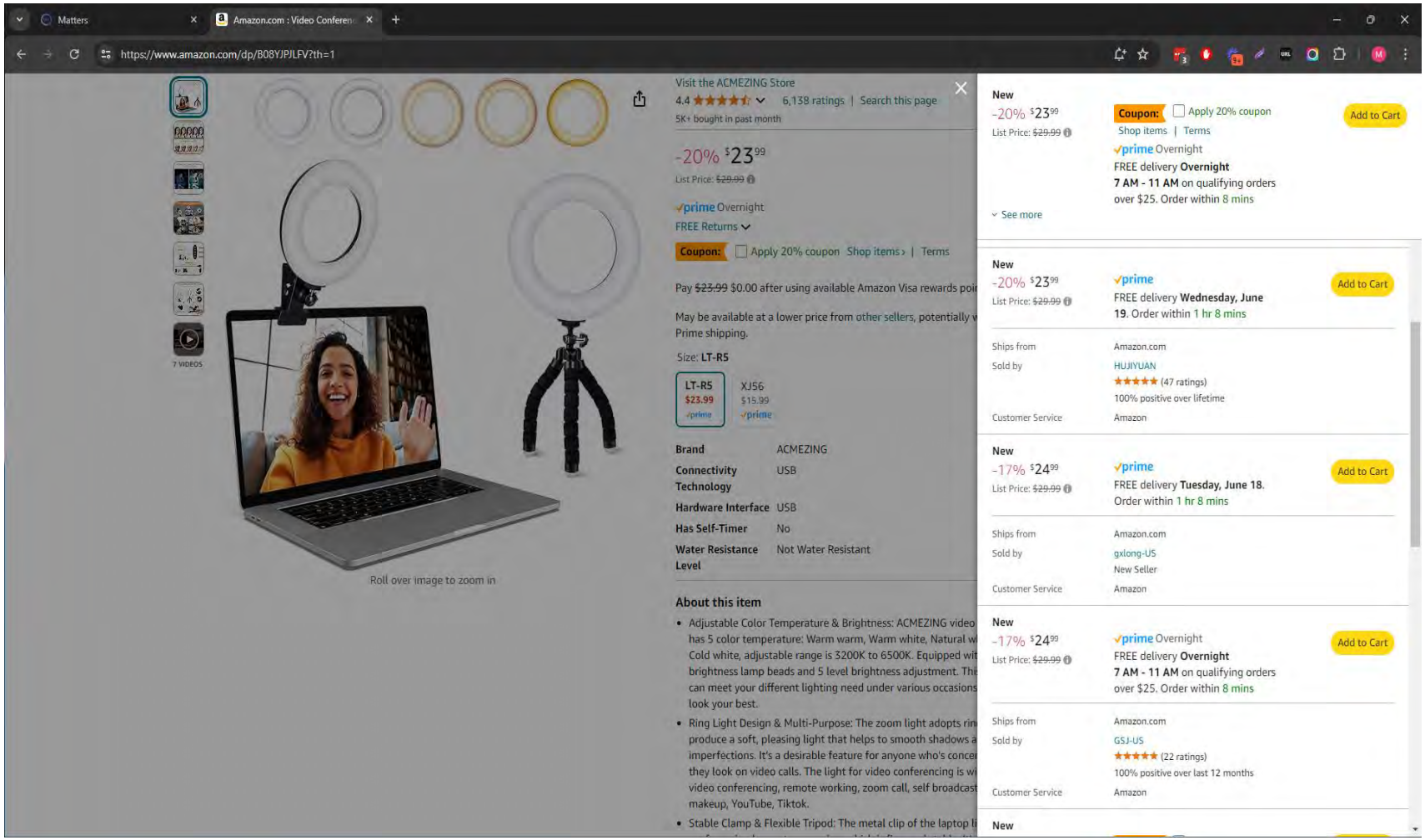


Screenshot Date: 16-06-2024 21:40PM

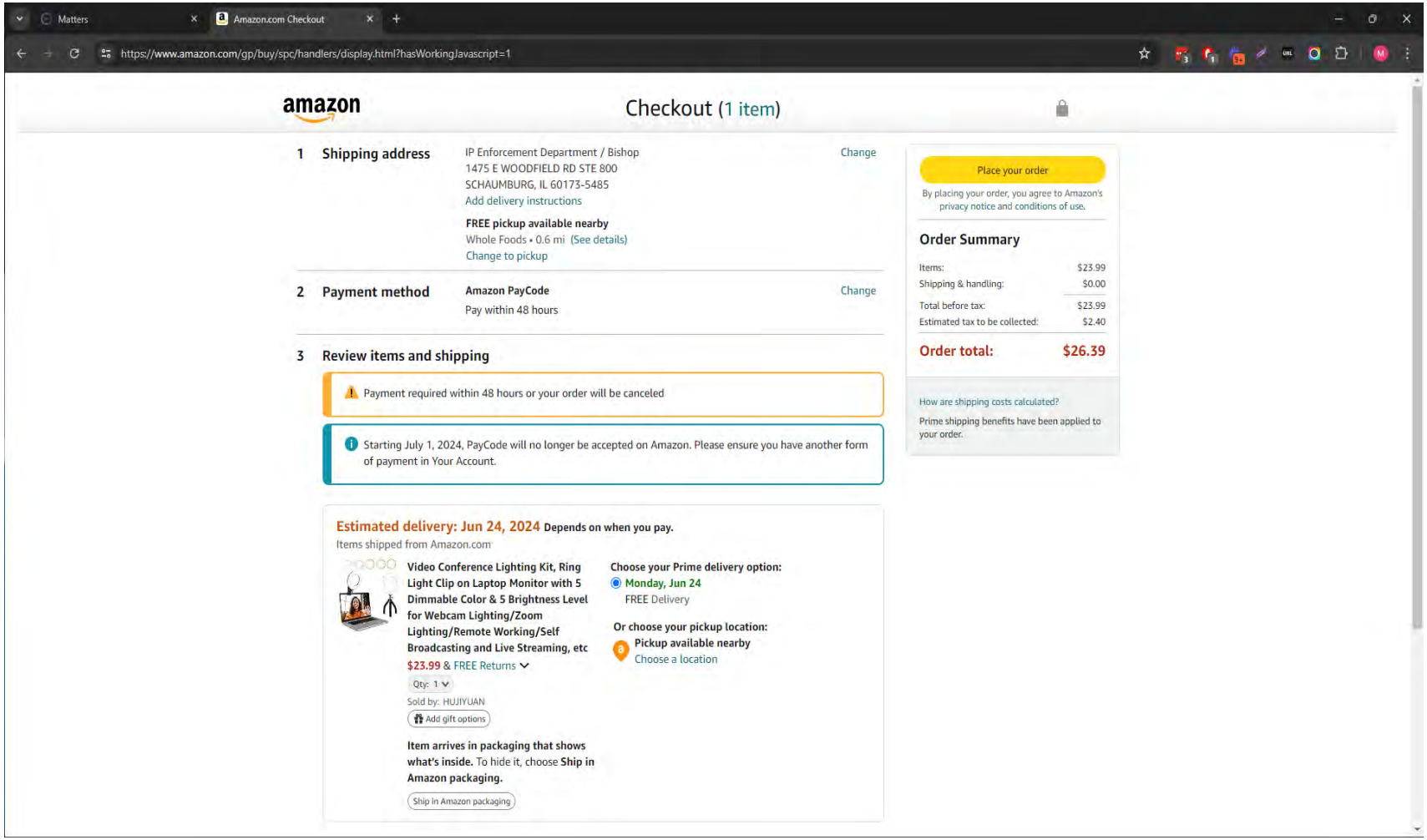


Screenshot Date: 16-06-2024 21:40PM

#23 - HUJIYUAN a/k/a ShiJiaZhuangYuanDingShangMaoYouXianGongSi
https://www.amazon.com/dp/B08YJPJLFV?psc=1
Screenshots:

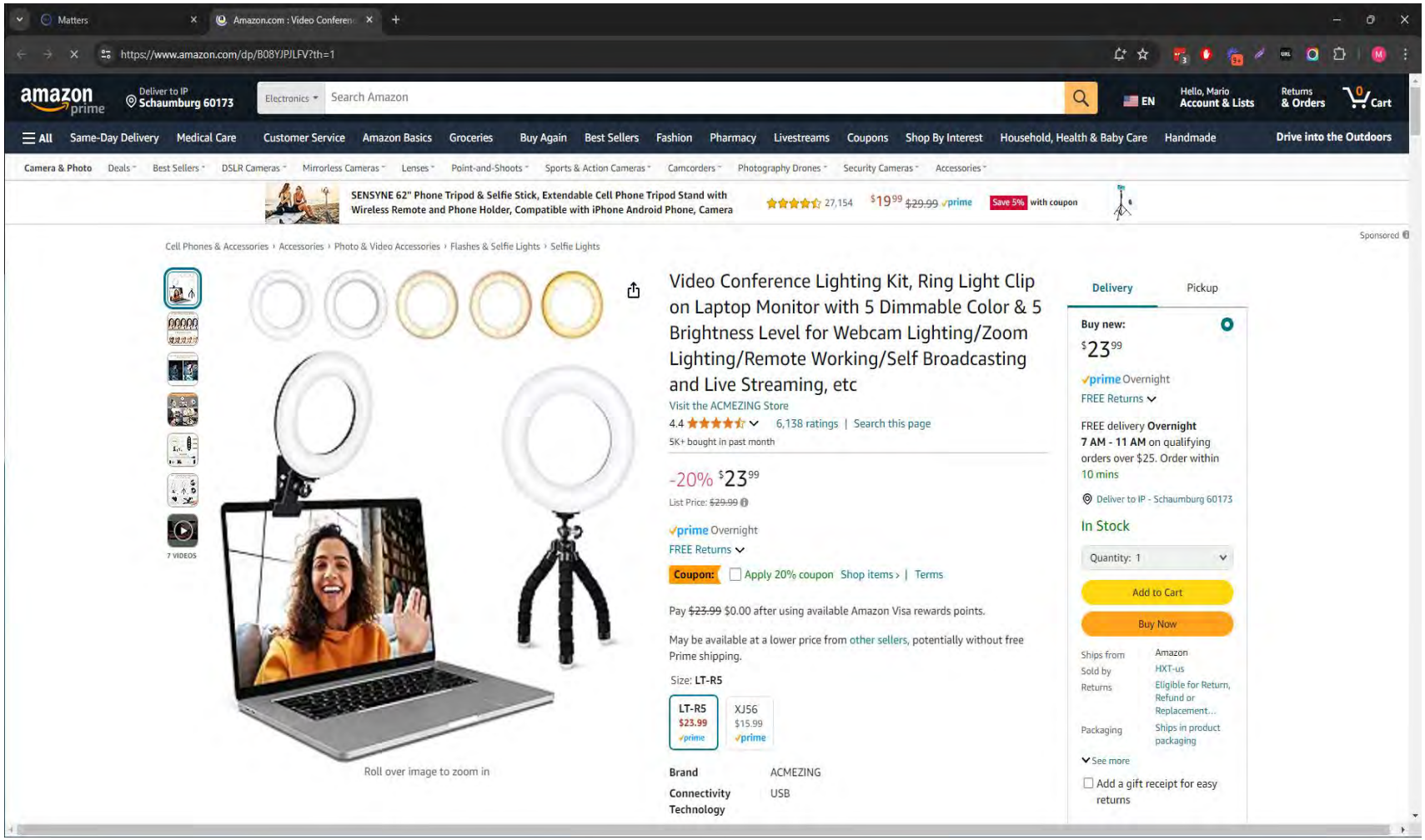


Screenshot Date: 16-06-2024 20:51PM

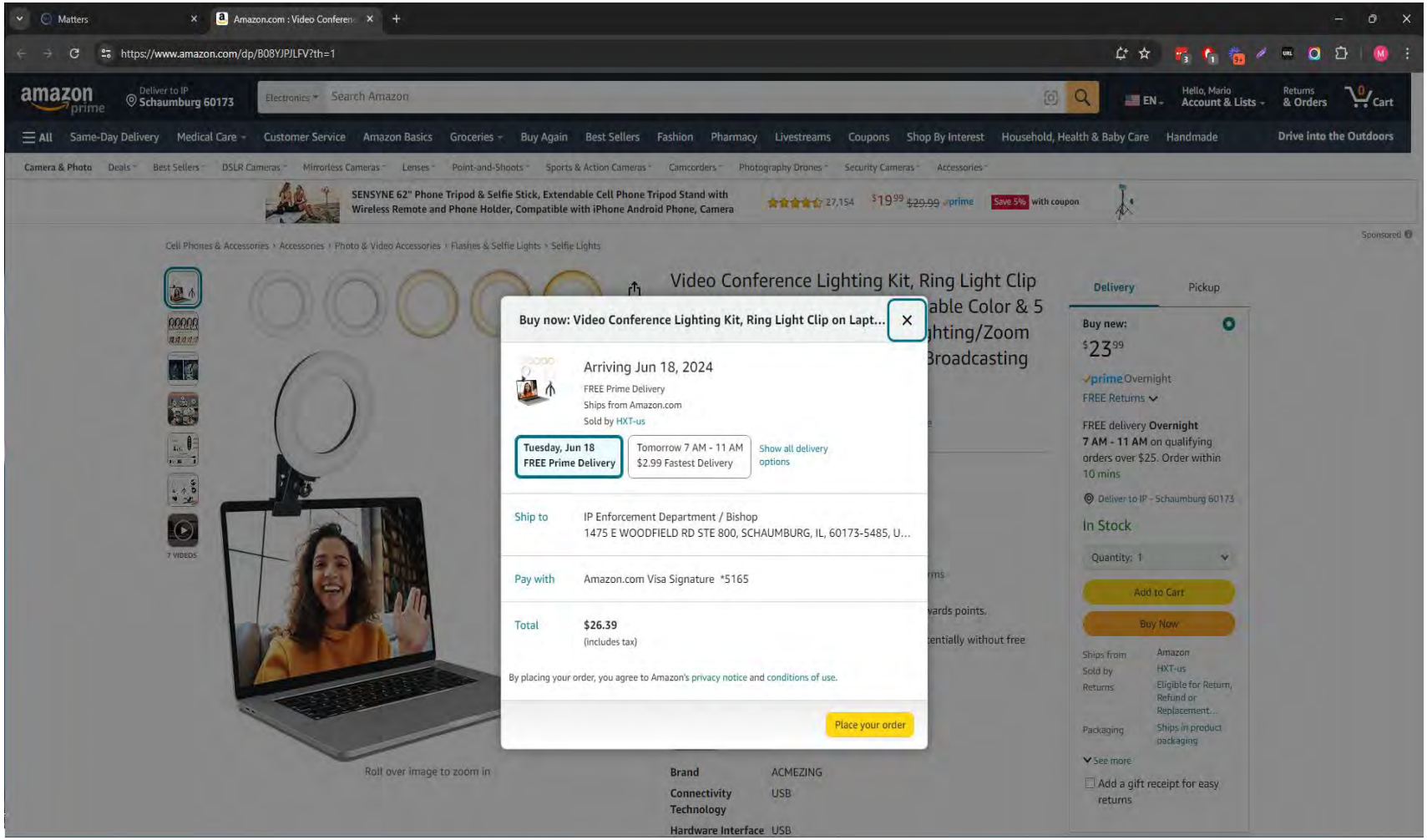


Screenshot Date: 16-06-2024 20:52PM

#24 - HXT-us a/k/a foshanshiyaoyaokundianziyouxiangongsi
https://www.amazon.com/dp/B08YJPJLFV?psc=1
Screenshots:

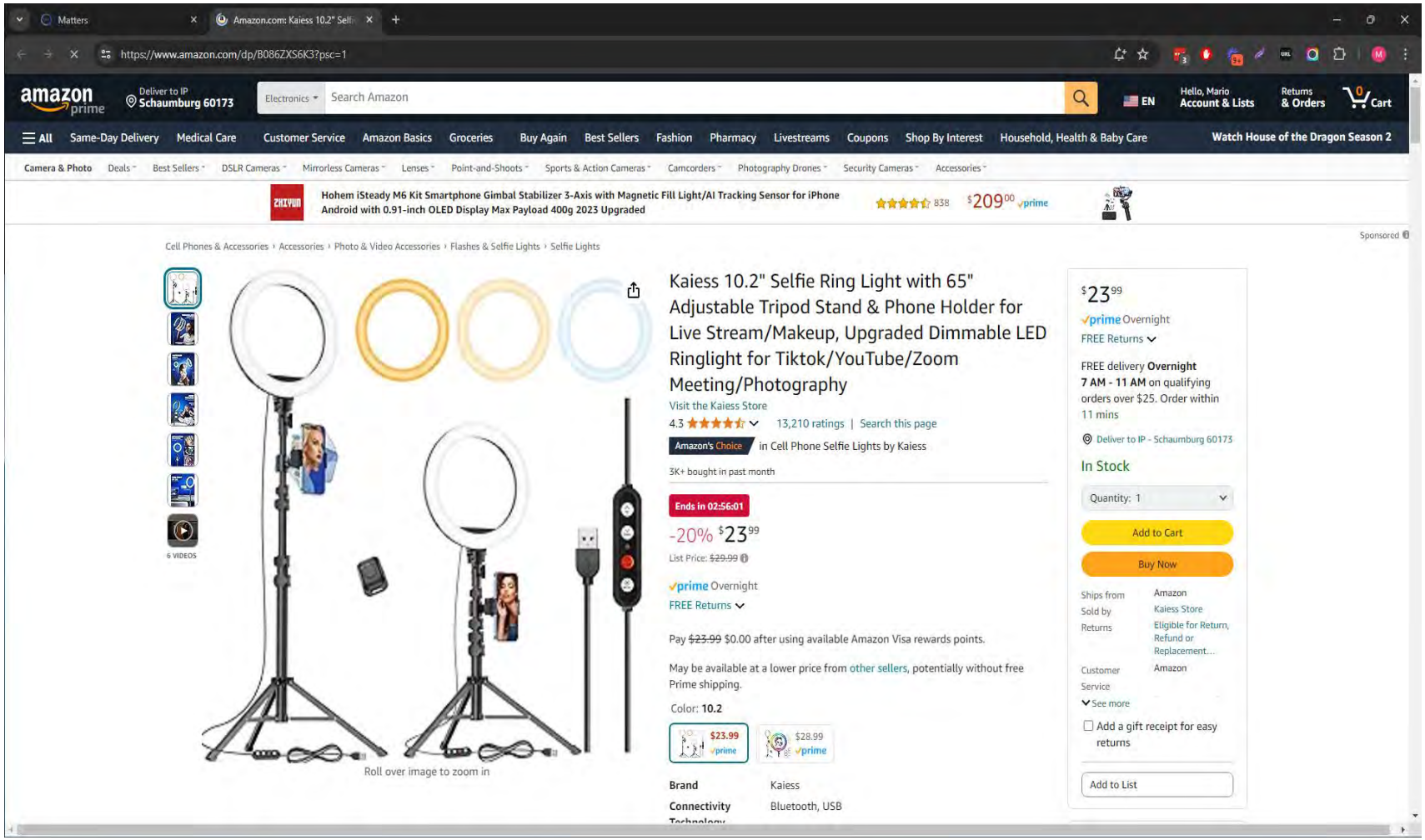


Screenshot Date: 16-06-2024 20:50PM

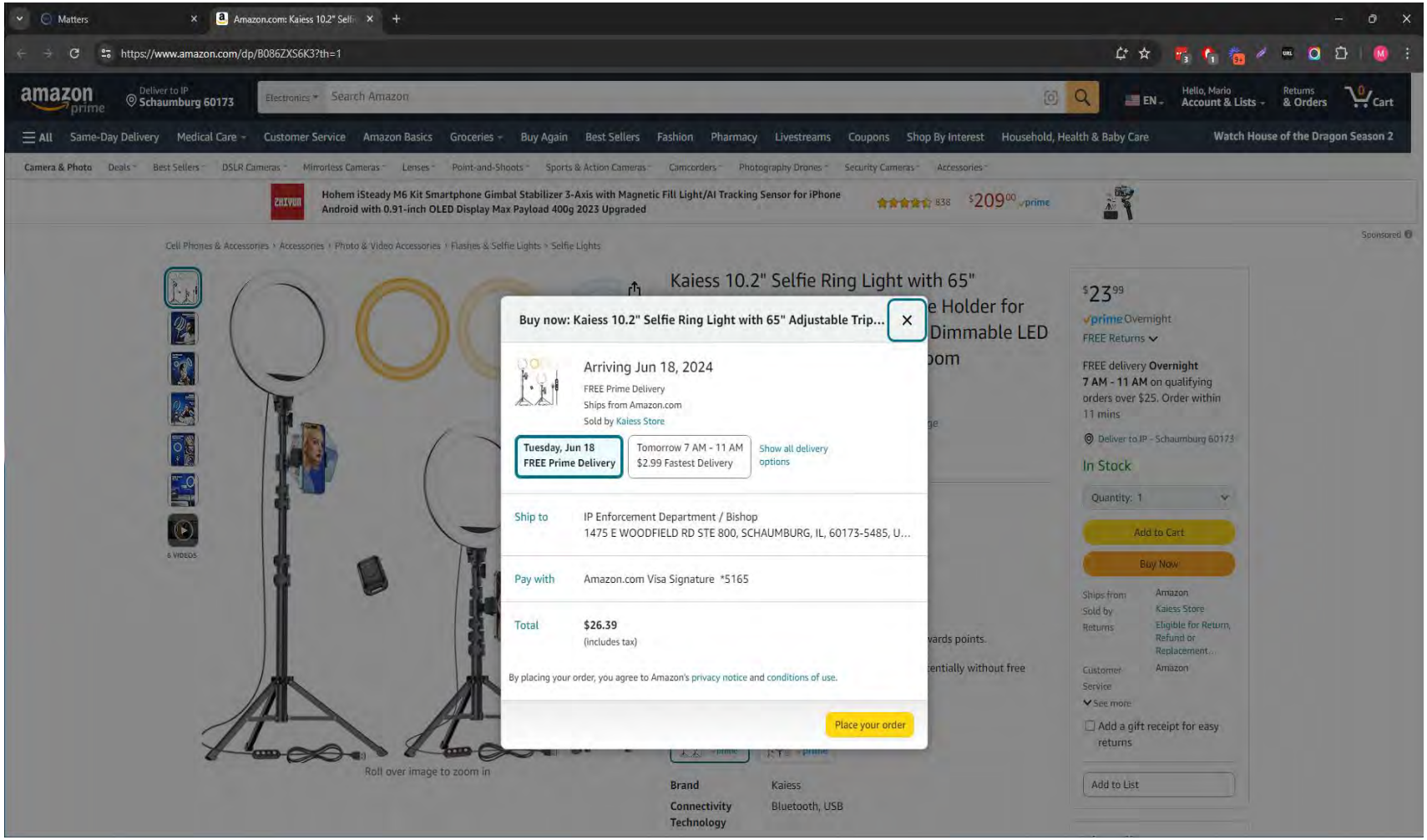


Screenshot Date: 16-06-2024 20:50PM

#25 - Kaiess Store a/k/a you wo de ke ji shen zhen you xian gong si
https://www.amazon.com/dp/B086ZXS6K3?psc=1
Screenshots:

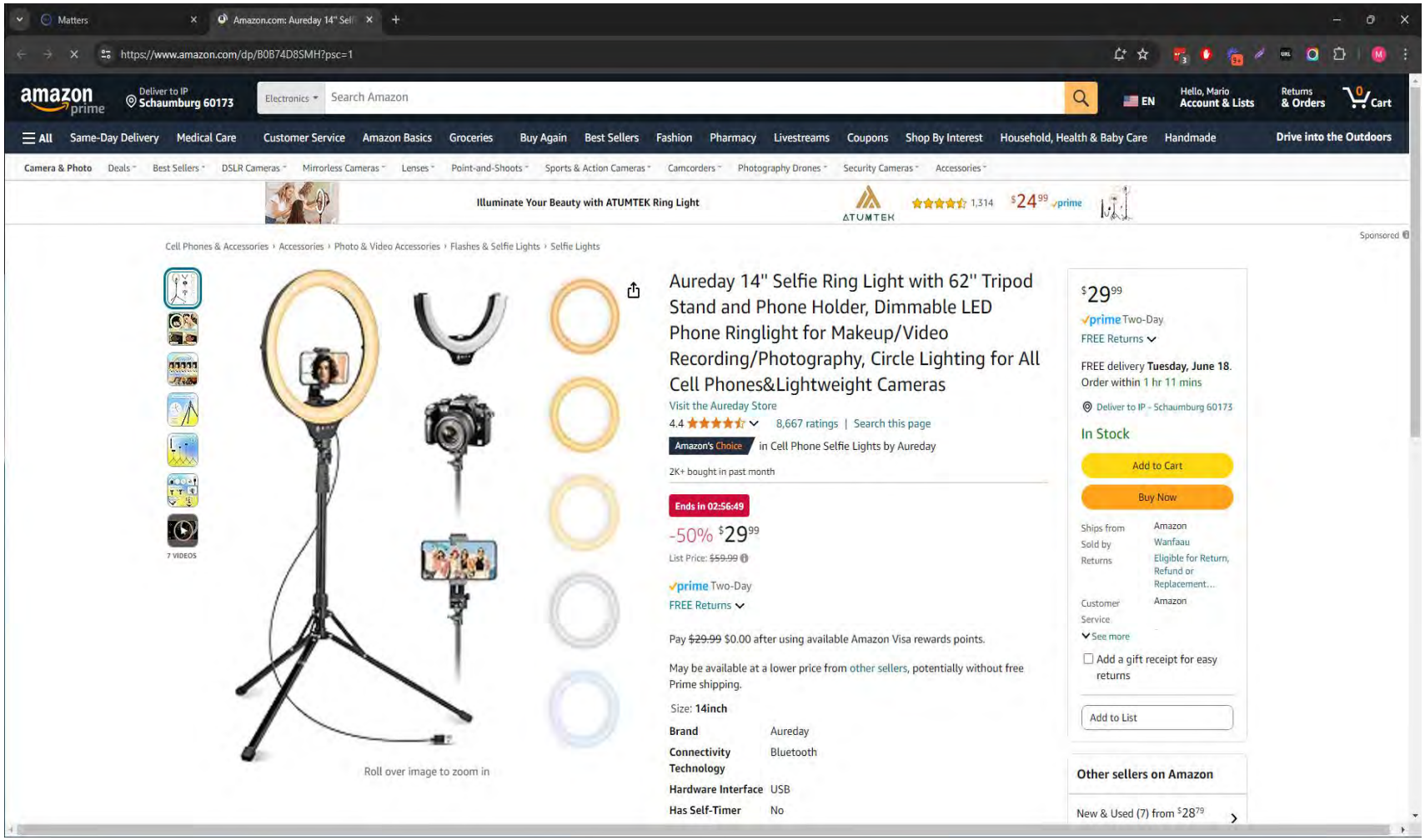


Screenshot Date: 16-06-2024 20:49PM

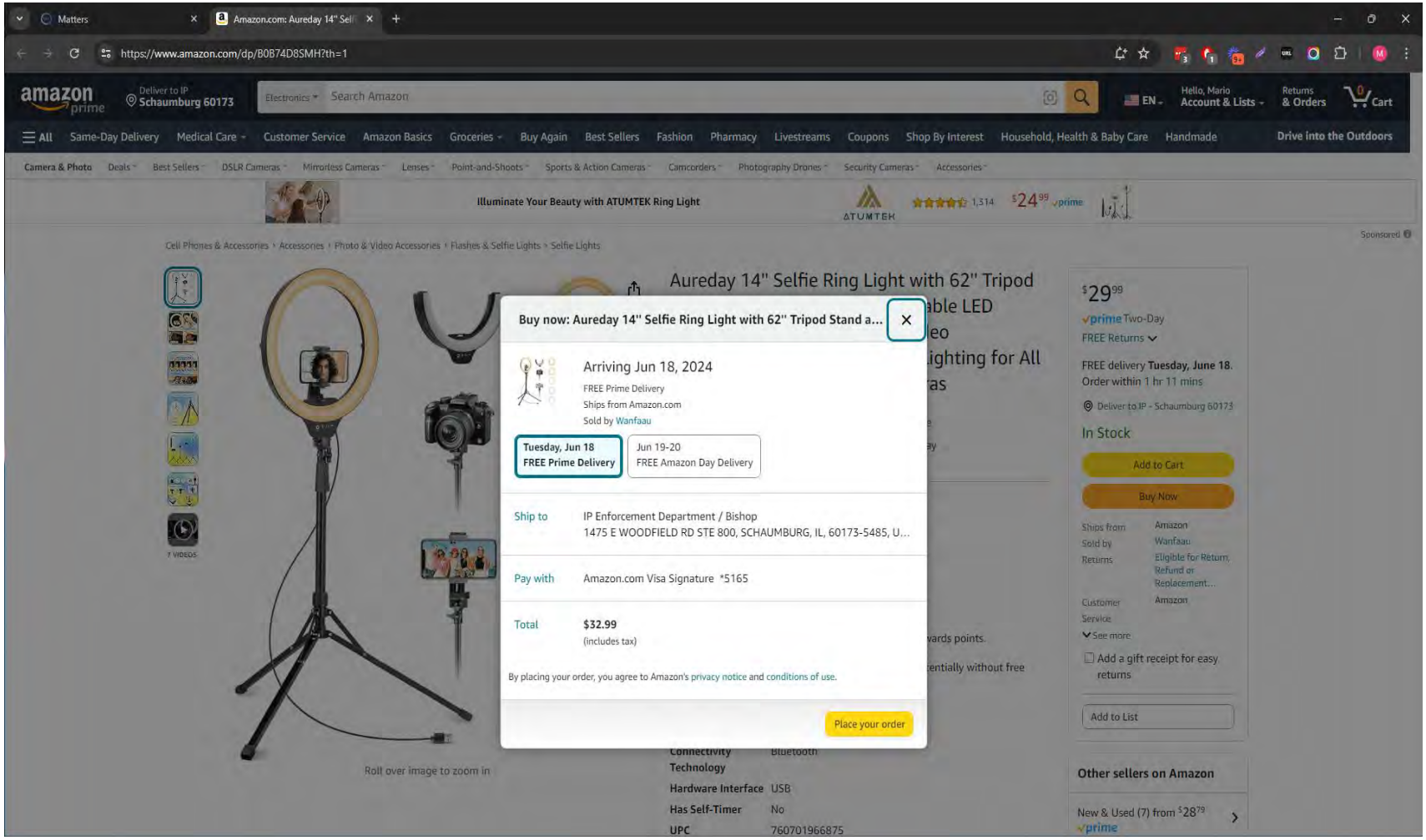


Screenshot Date: 16-06-2024 20:49PM

#26 - Wanfaau a/k/a shenzhenshiwanfakejiyouxiangongsi
https://www.amazon.com/dp/B0B74D8SMH?psc=1
Screenshots:

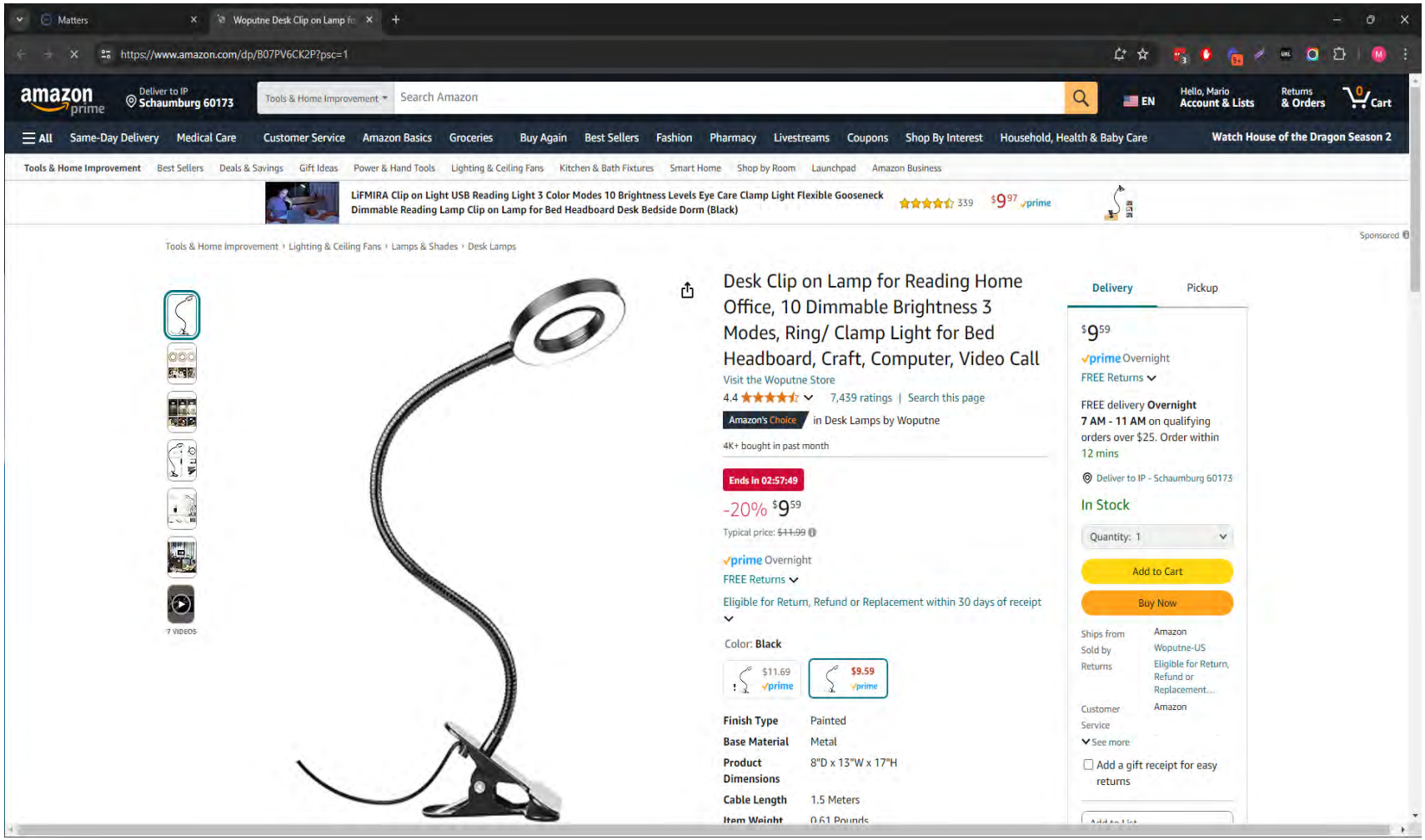


Screenshot Date: 16-06-2024 20:48PM

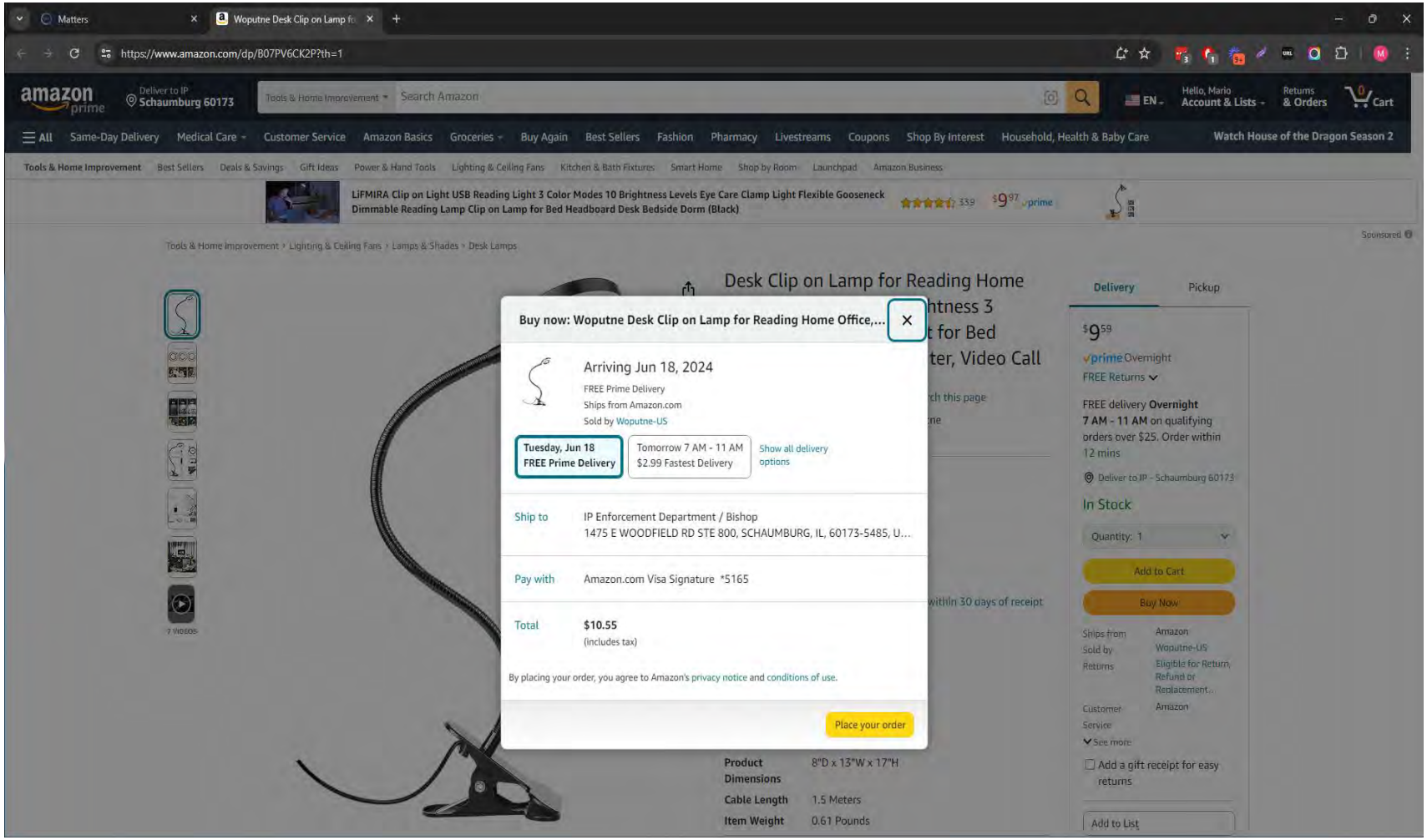


Screenshot Date: 16-06-2024 20:48PM

#27 - Woputne-US a/k/a shen zhen shi ai wei te mao yi you xian gong si
https://www.amazon.com/dp/B07PV6CK2P?psc=1
Screenshots:

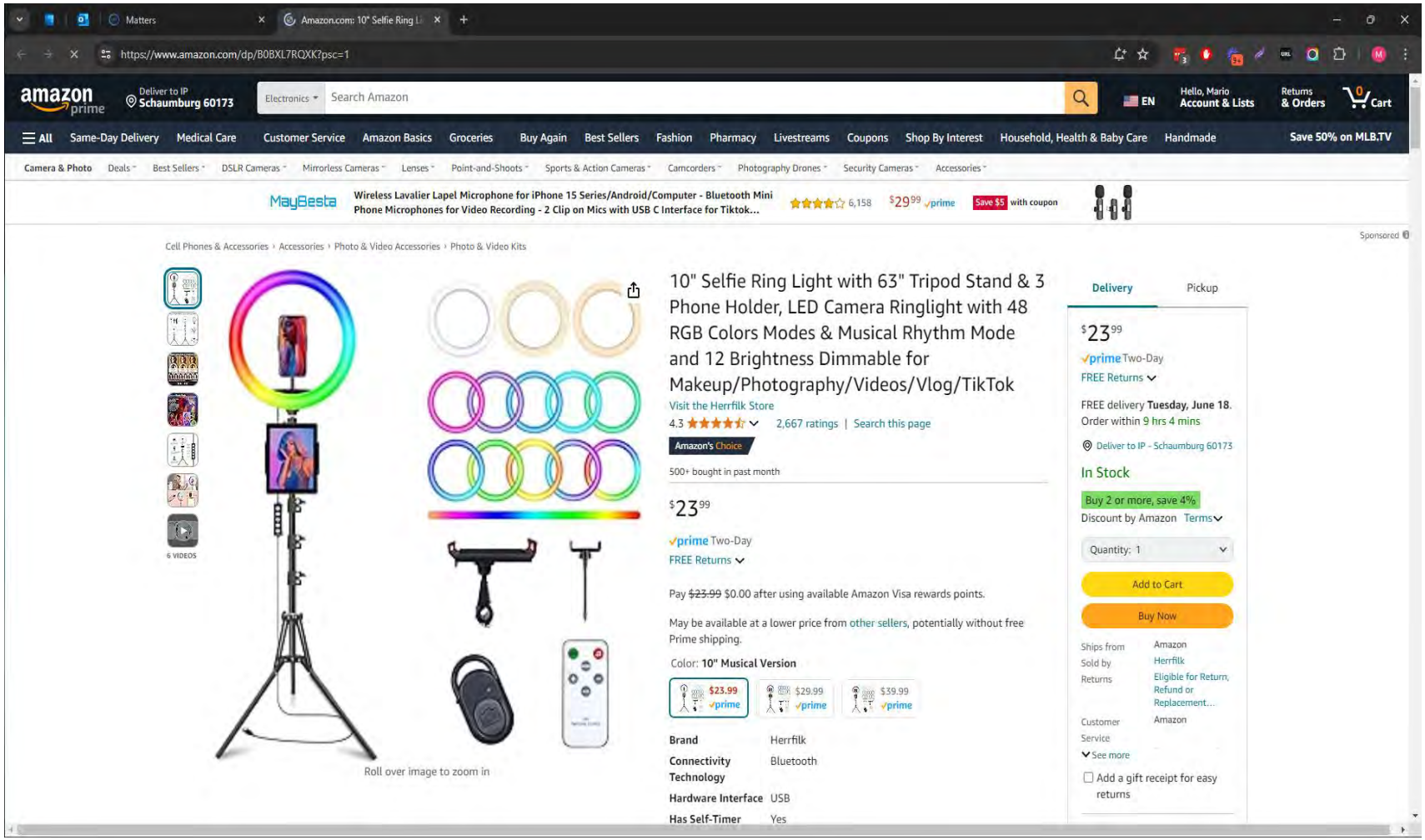


Screenshot Date: 16-06-2024 20:47PM

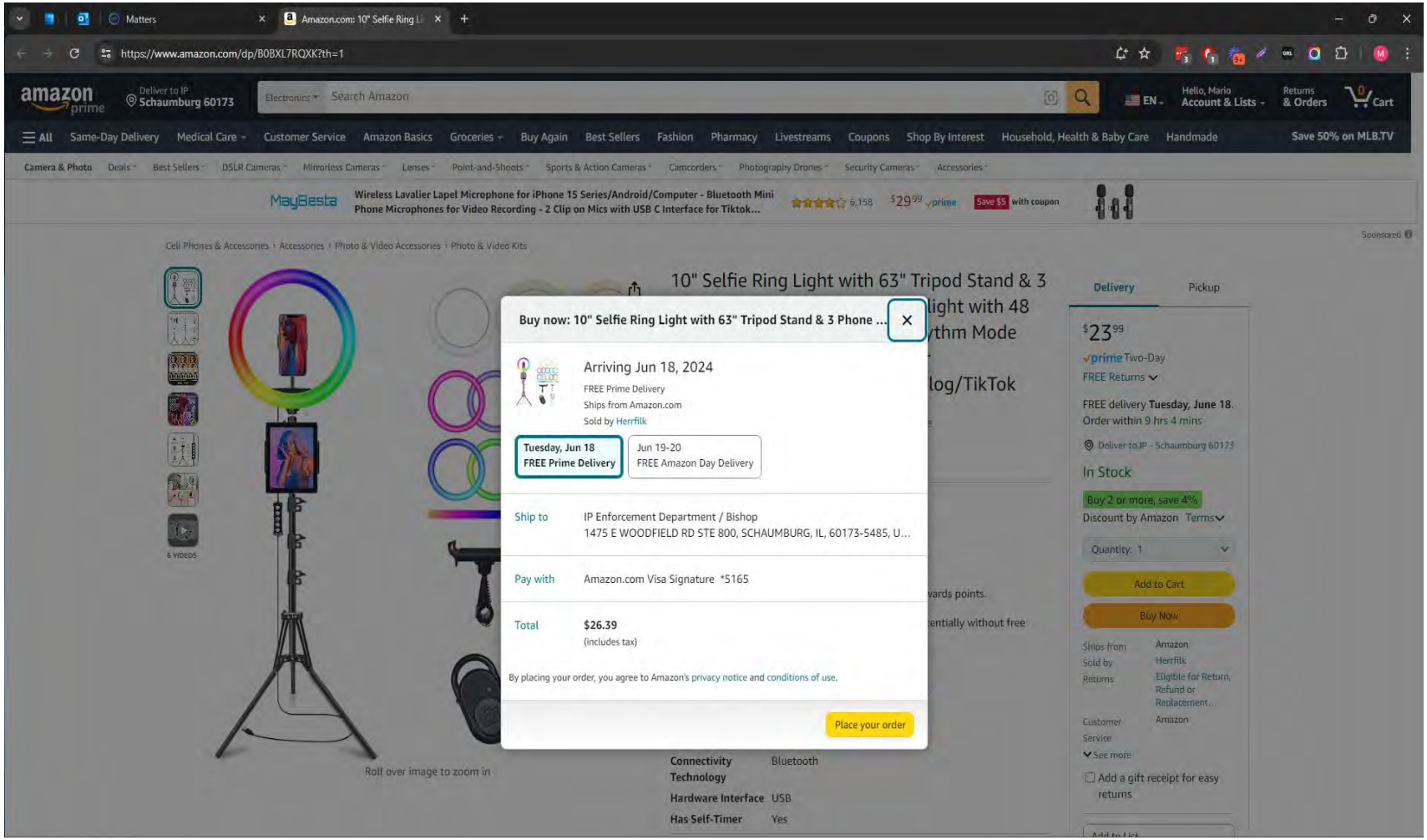


Screenshot Date: 16-06-2024 20:47PM

#28 - Herrfilk a/k/a Yichun Hongdian Keji Youxian Gongsi
https://www.amazon.com/dp/B0BXL7RQXK?psc=1
Screenshots:

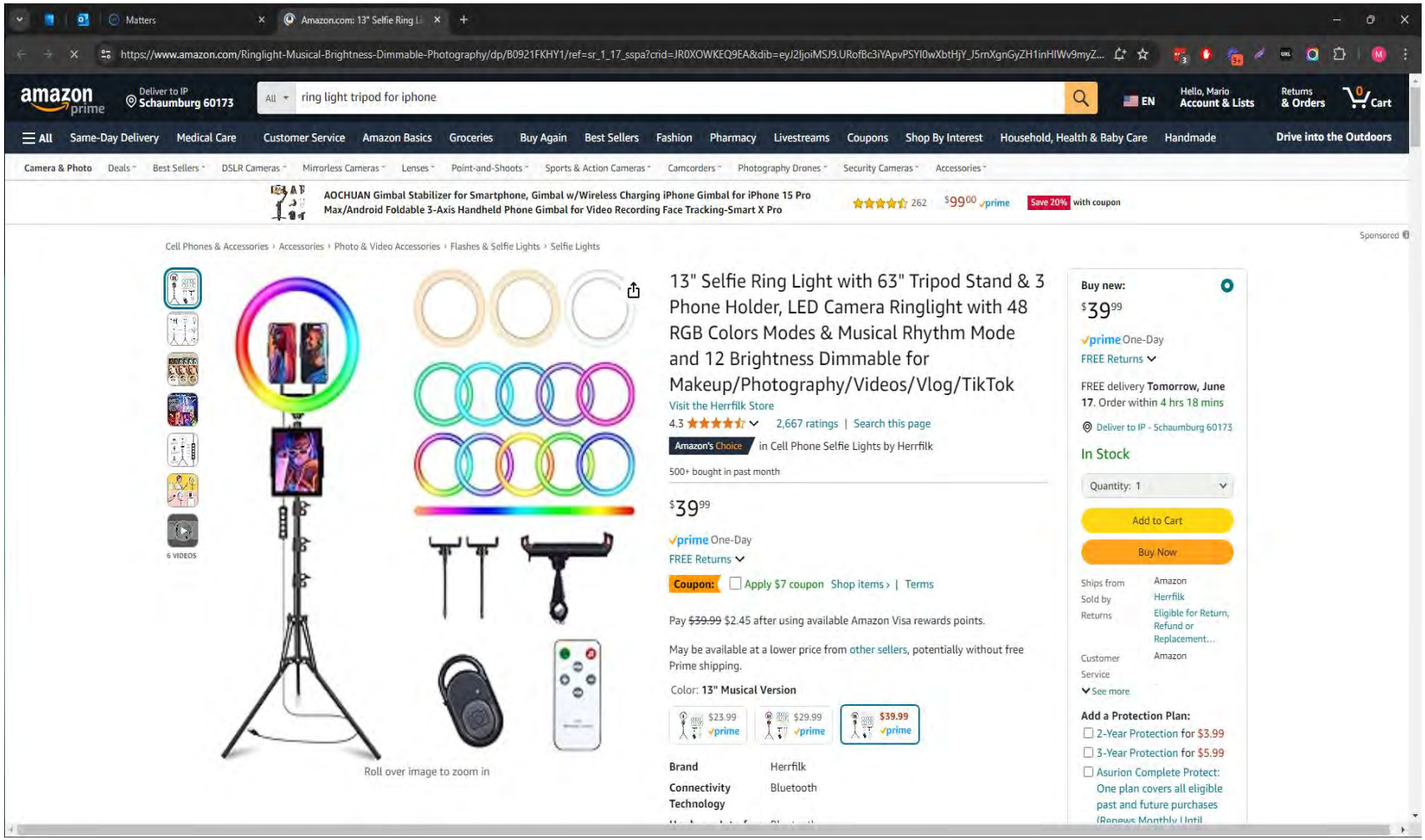


Screenshot Date: 16-06-2024 8:25AM

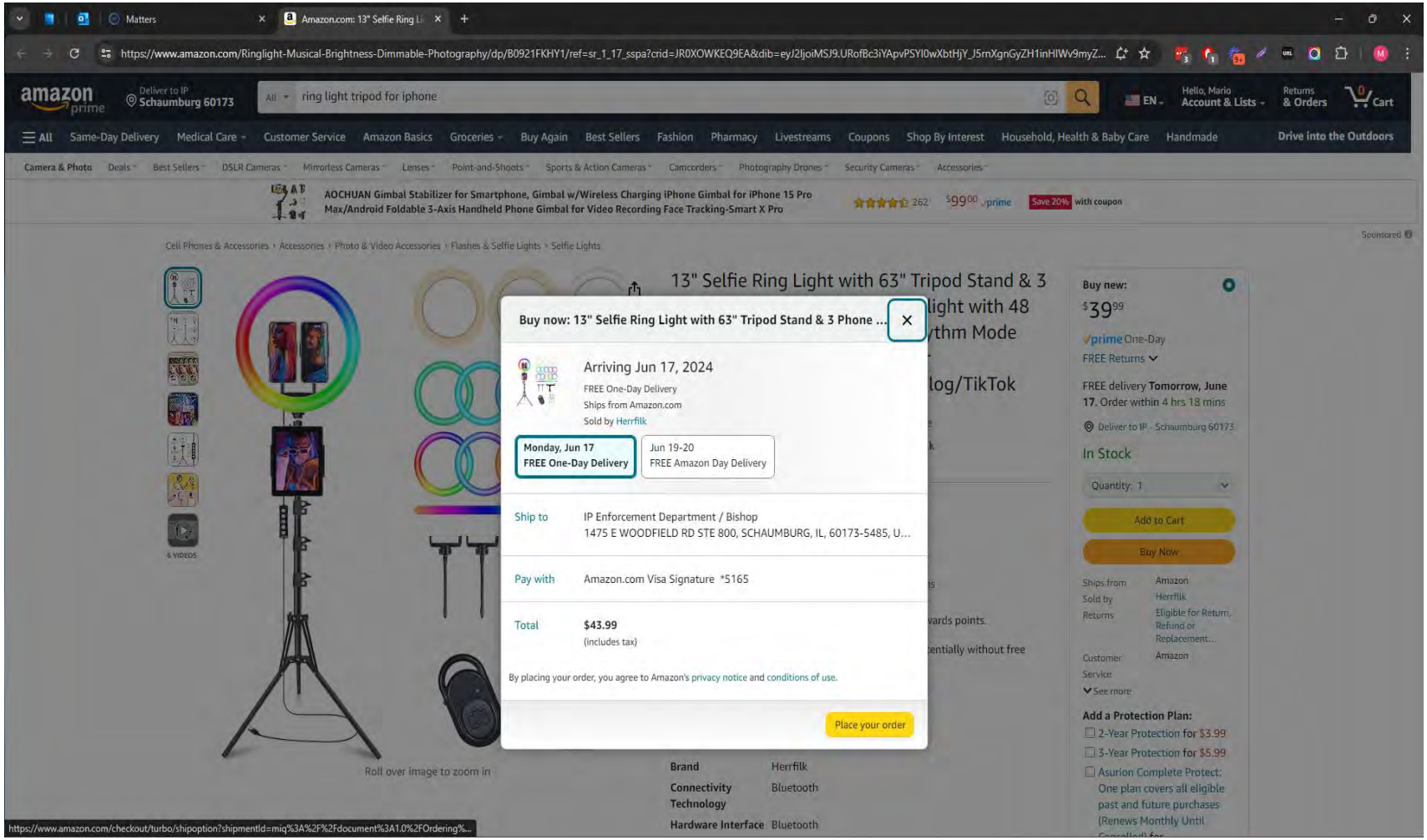


Screenshot Date: 16-06-2024 8:26AM

#28 - Herrfilk a/k/a Yichun Hongdian Keji Youxian Gongsi
https://www.amazon.com/Ringlight-Musical-Brightness-Dimmable-Photography/dp/B0921FKHY1
Screenshots:

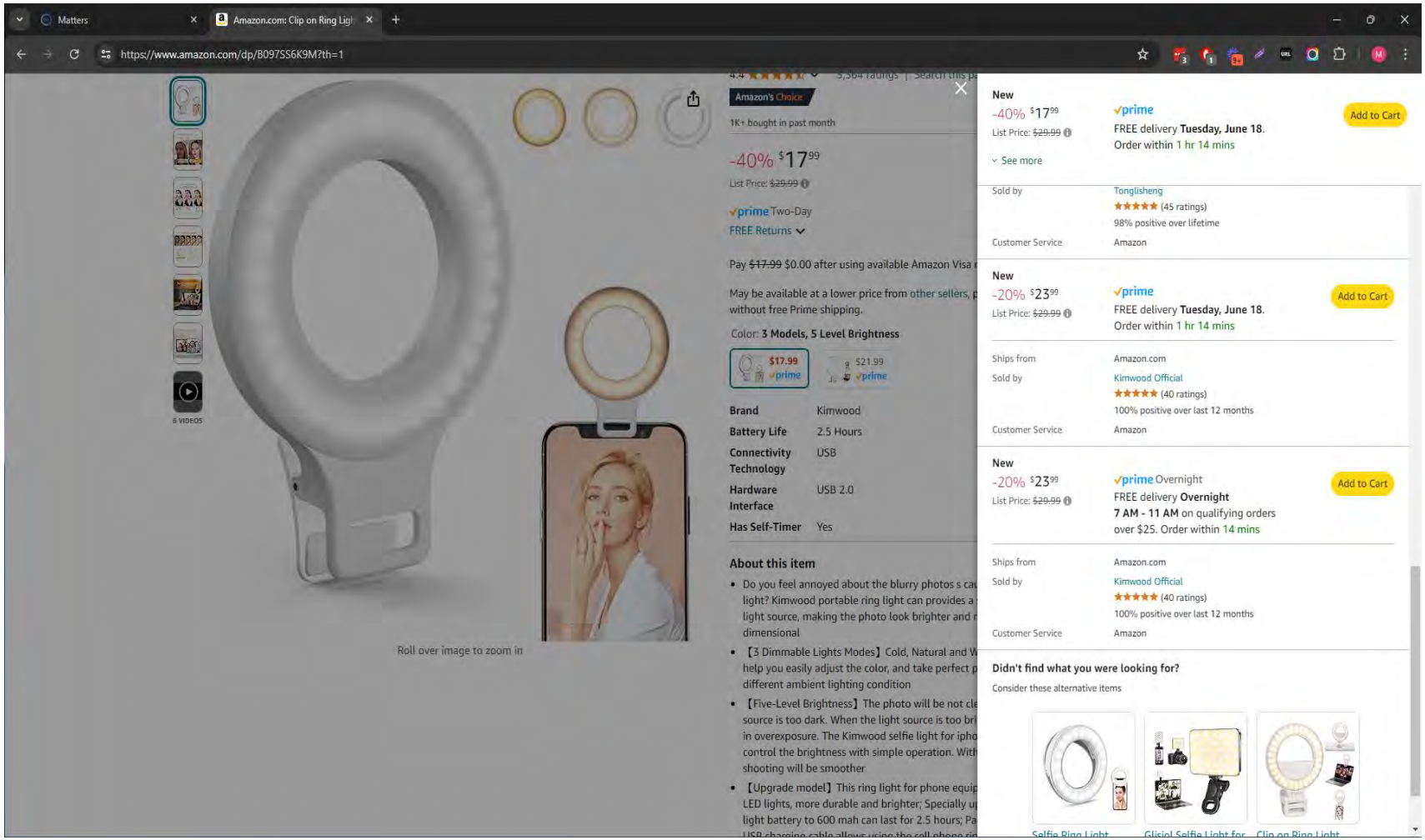


Screenshot Date: 16-06-2024 8:26AM

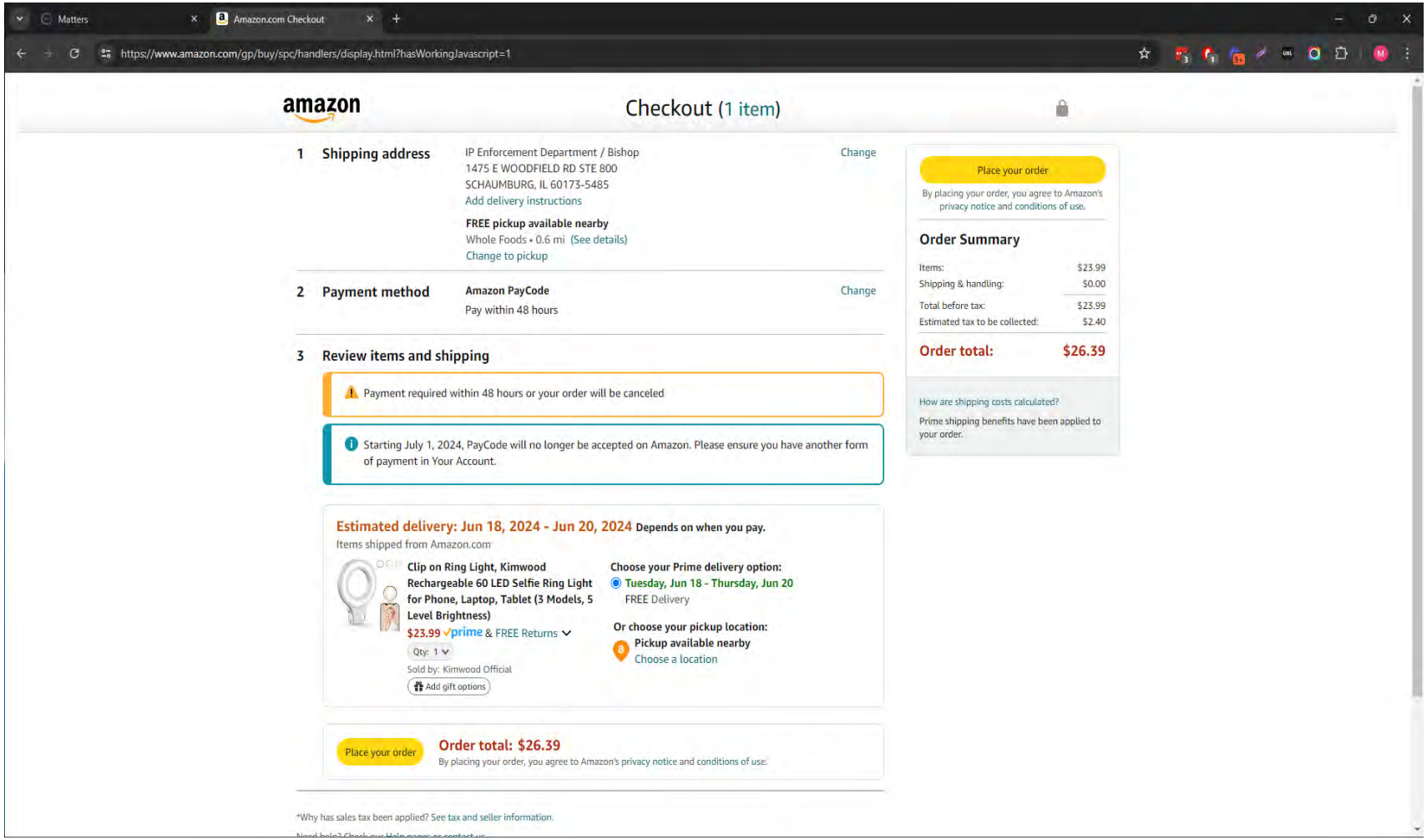


Screenshot Date: 16-06-2024 8:27AM

#29 - Kimwood Official a/k/a foshanshishuzishangmaoyouxiangongsi
https://www.amazon.com/dp/B097SS6K9M?psc=1
Screenshots:

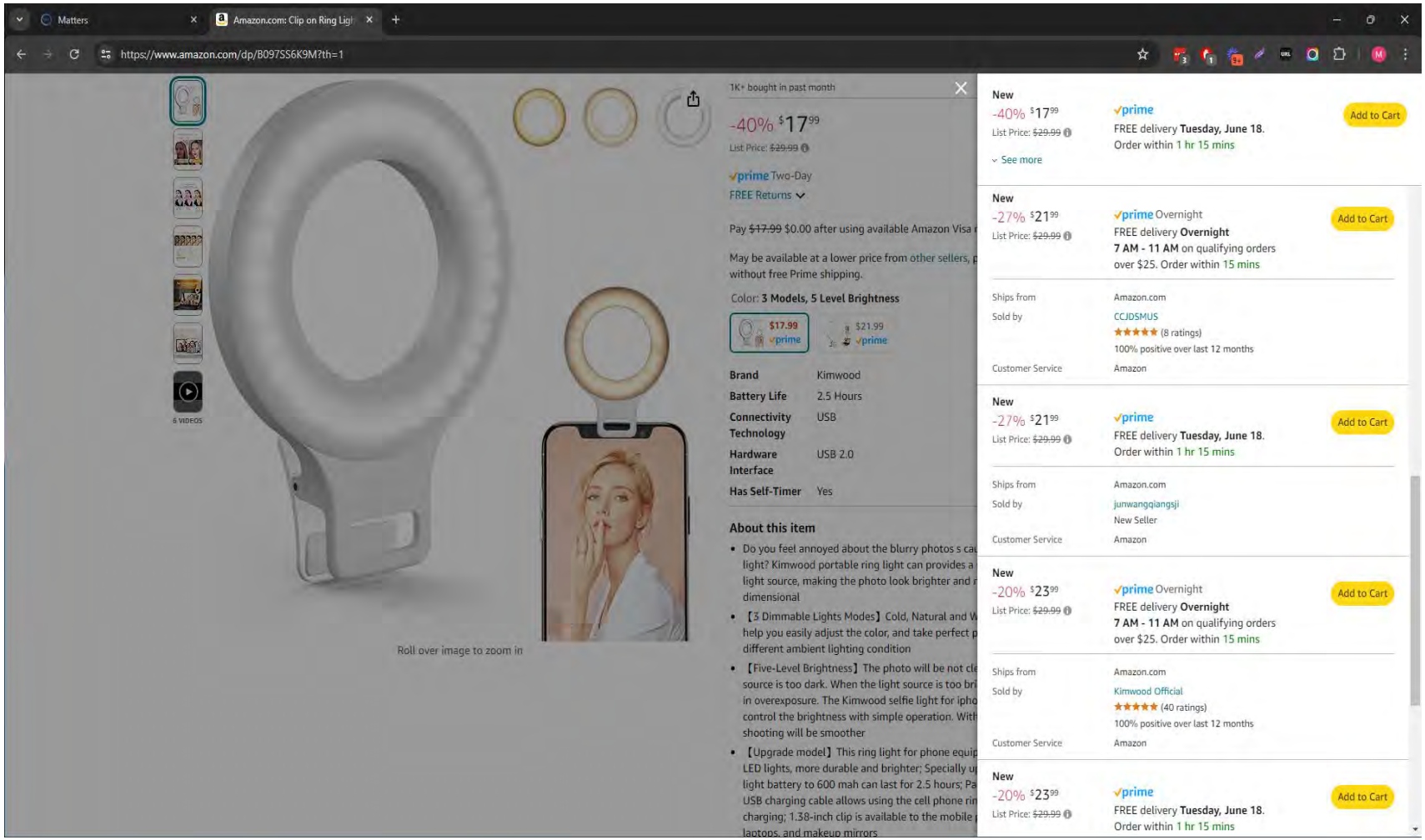


Screenshot Date: 16-06-2024 20:46PM

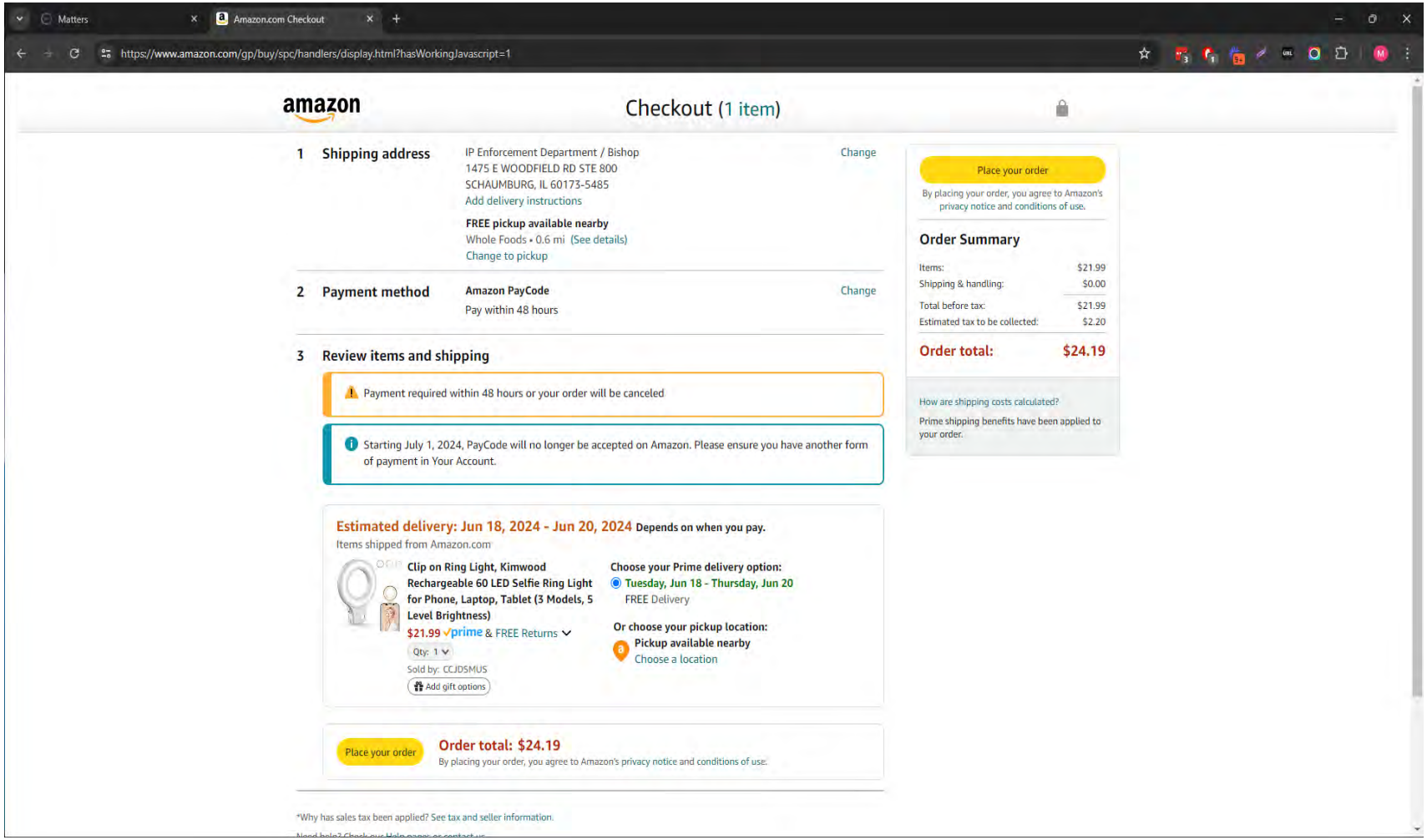


Screenshot Date: 16-06-2024 20:46PM

#30 - CCJDSMUS a/k/a ChangChunShiJunDiDianZiShangWuYouXianGongSi
https://www.amazon.com/dp/B097SS6K9M?psc=1
Screenshots:

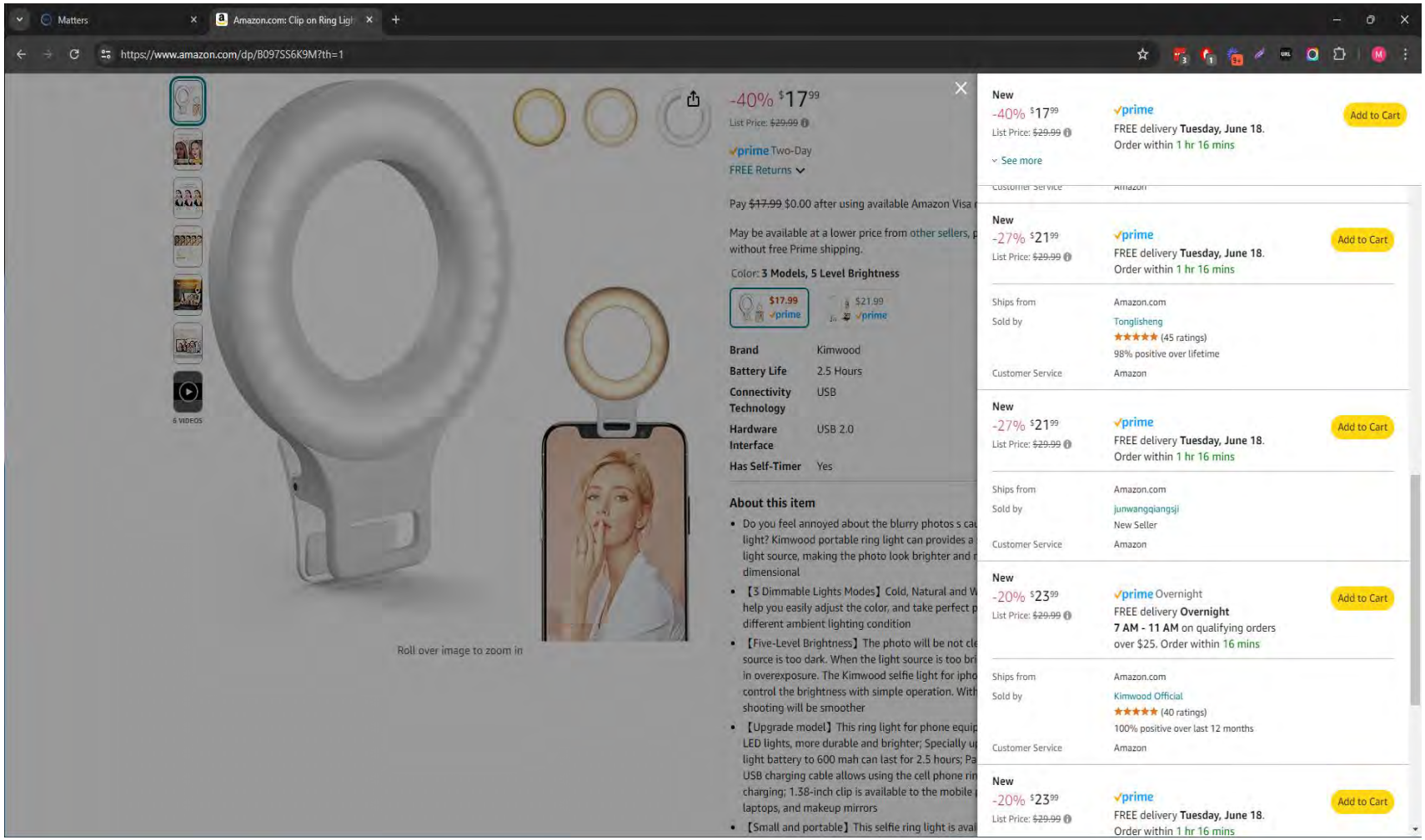


Screenshot Date: 16-06-2024 20:45PM

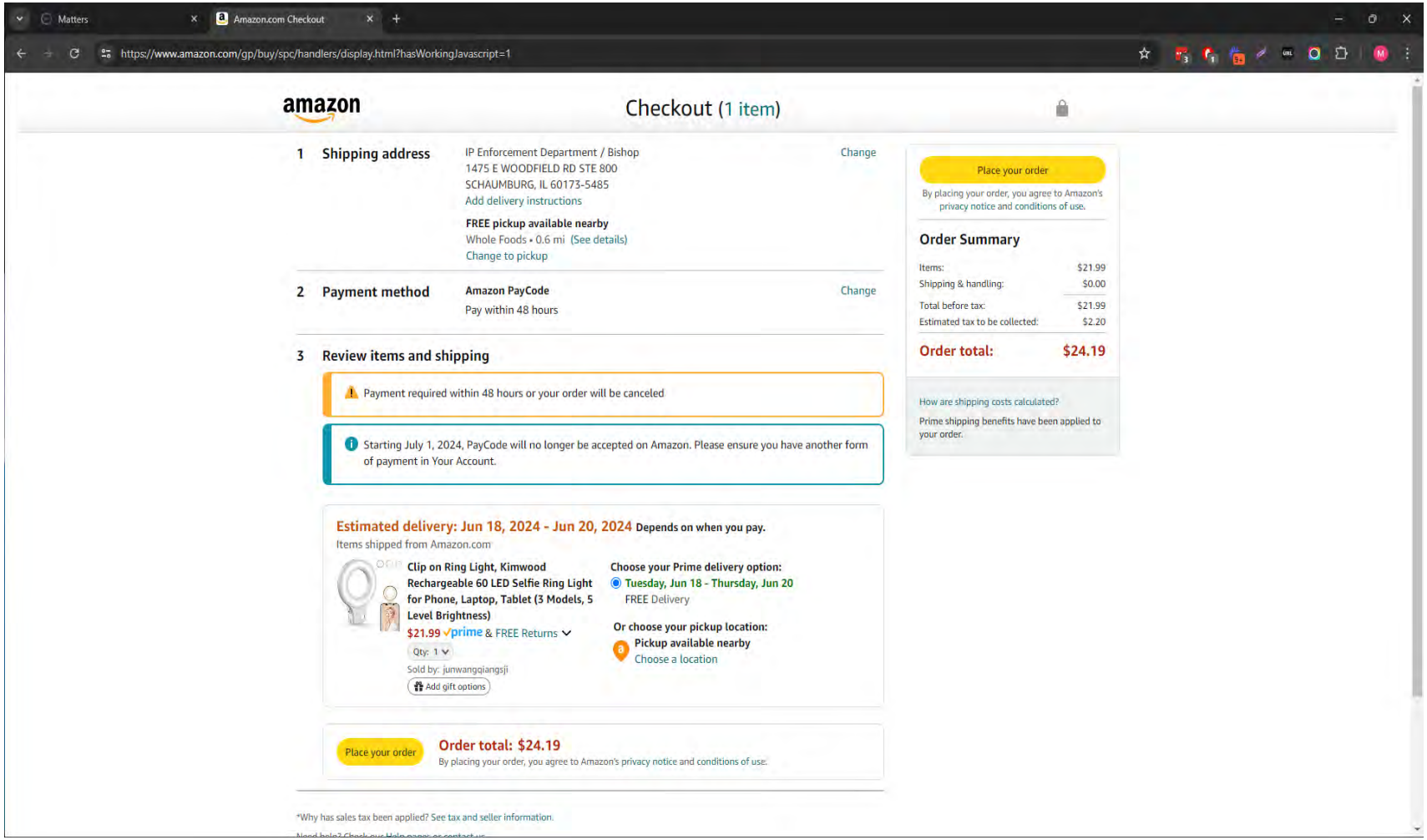


Screenshot Date: 16-06-2024 20:45PM

#31 - junwangqiangsji a/k/a pingdingxingqiuchenshangmaoyouxiangongsi
https://www.amazon.com/dp/B097SS6K9M?psc=1
Screenshots:

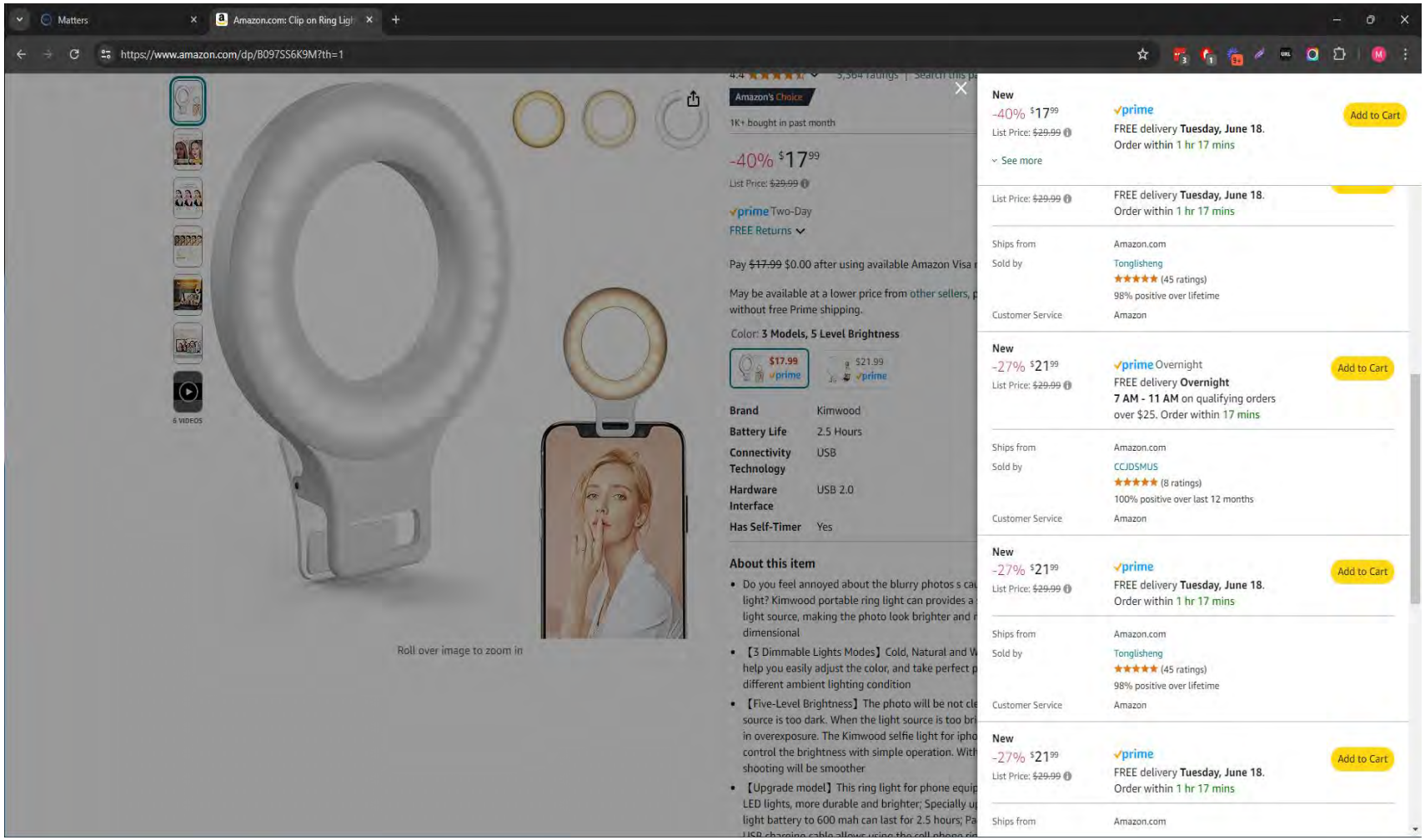


Screenshot Date: 16-06-2024 20:44PM

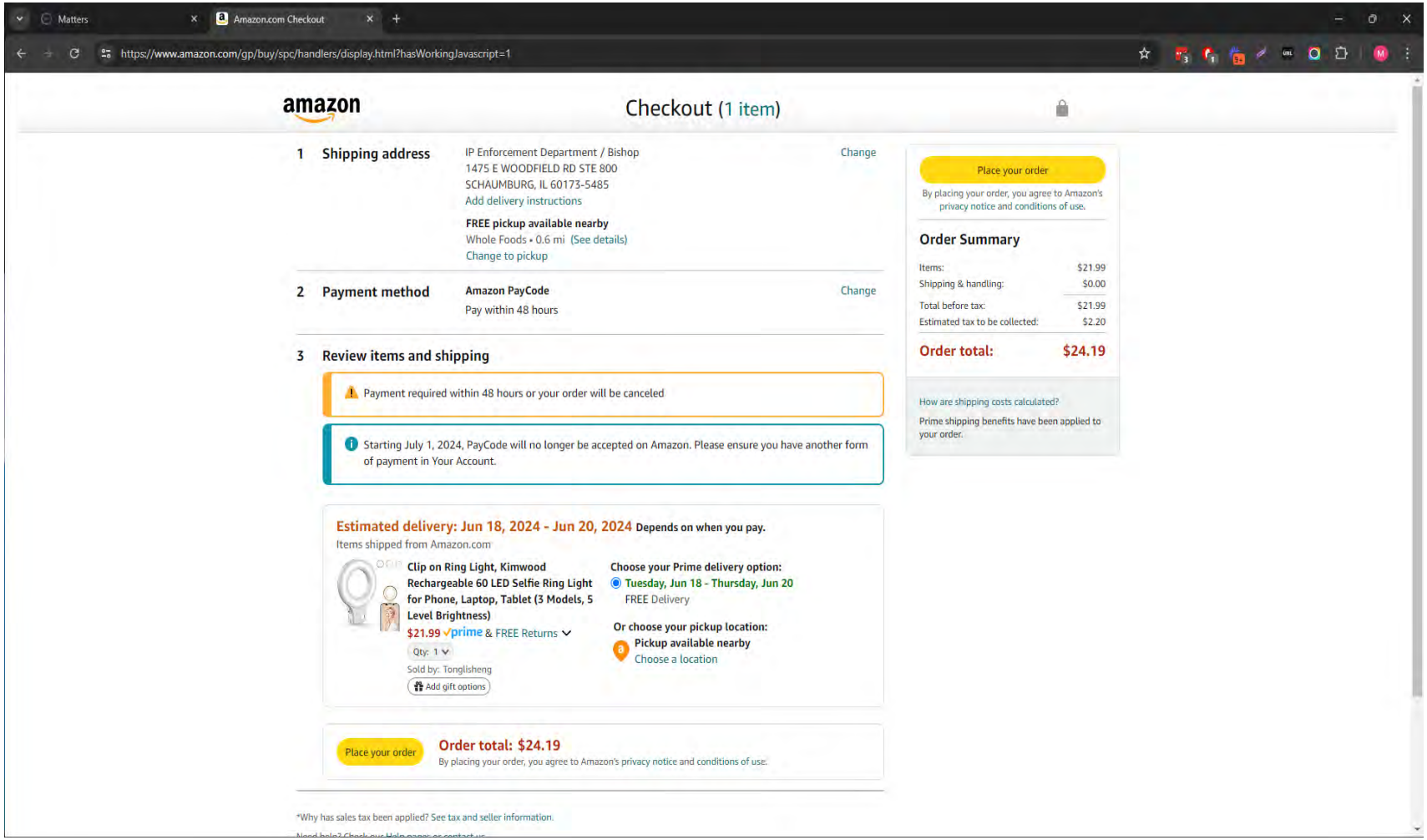


Screenshot Date: 16-06-2024 20:44PM

#32 - Tonglisheng a/k/a shenzhenshi tonglishengkeji youxiangongsi
https://www.amazon.com/dp/B097SS6K9M?psc=1
Screenshots:

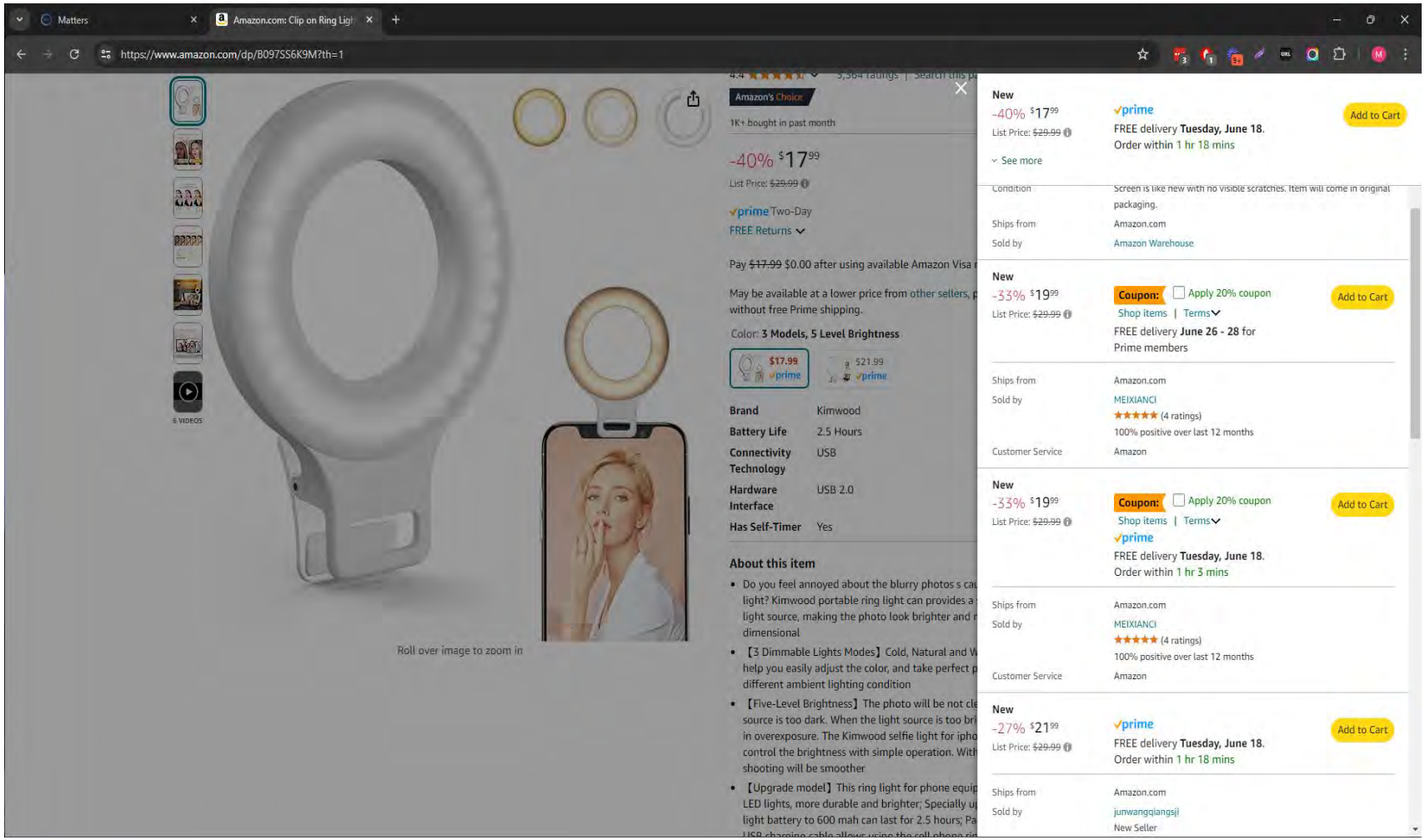


Screenshot Date: 16-06-2024 20:42PM

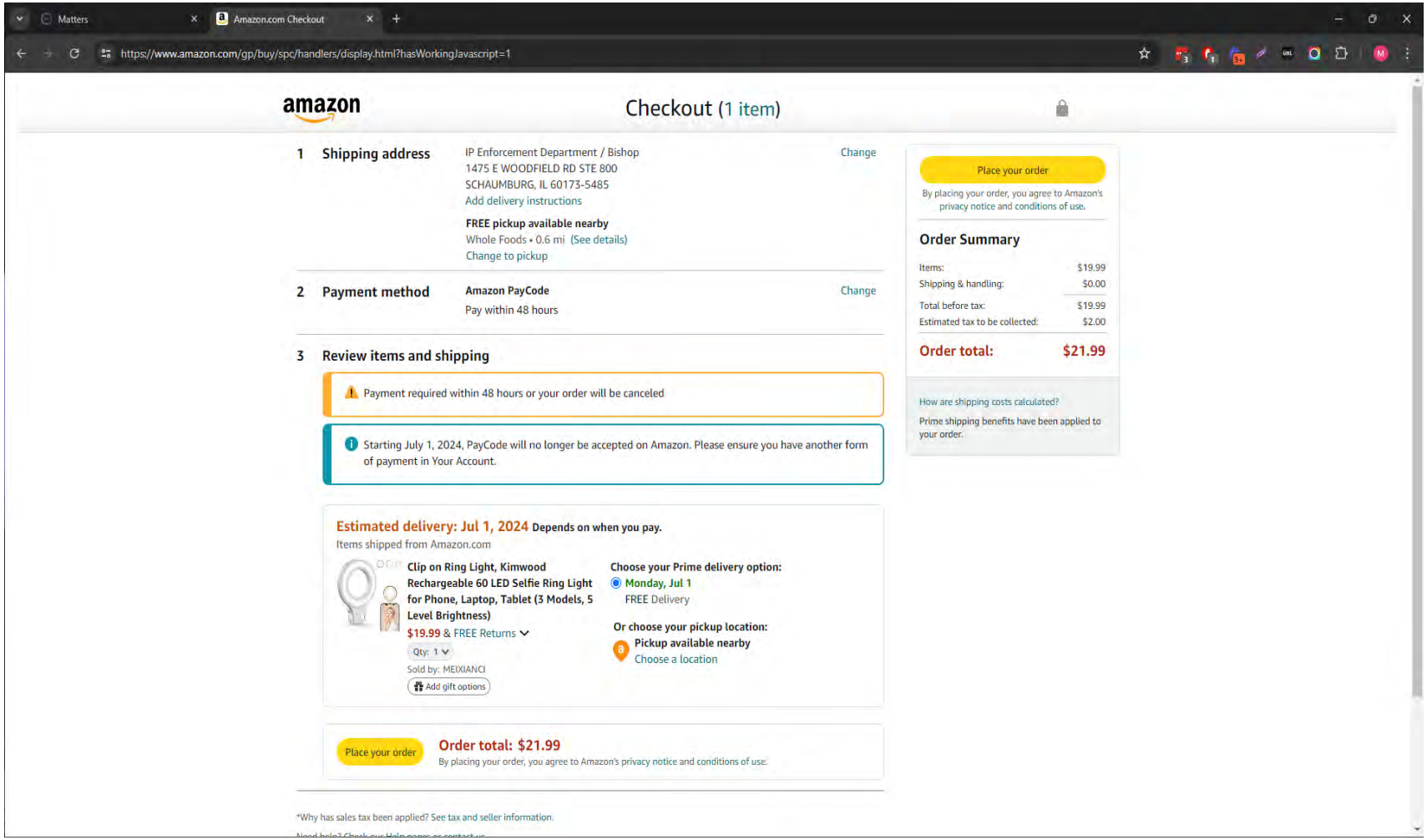


Screenshot Date: 16-06-2024 20:42PM

#33 - MEIXIANCI a/k/a Xiangyangshimeixiancishangmaoyouxiangongsi
https://www.amazon.com/dp/B097SS6K9M?psc=1
Screenshots:

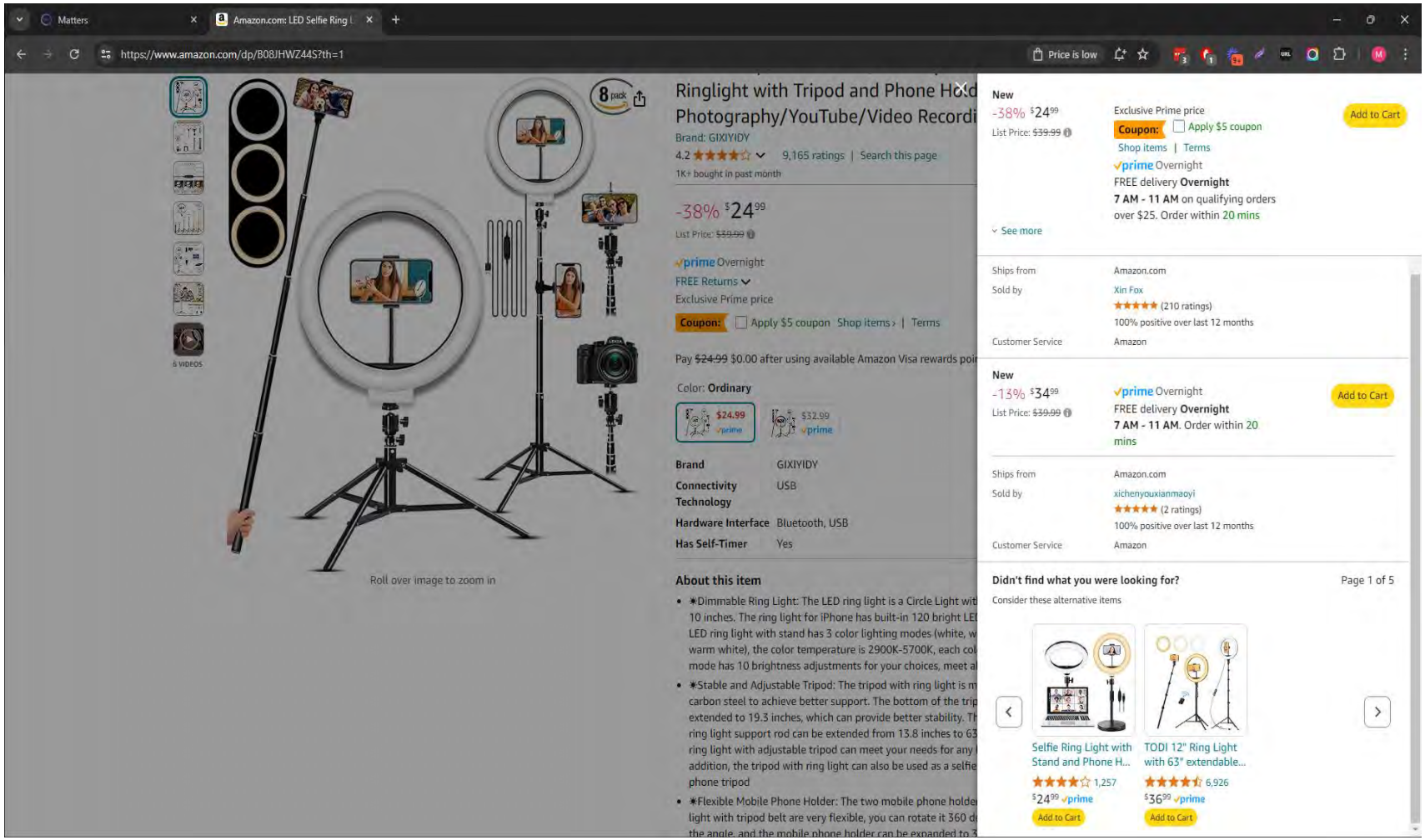


Screenshot Date: 16-06-2024 20:41PM

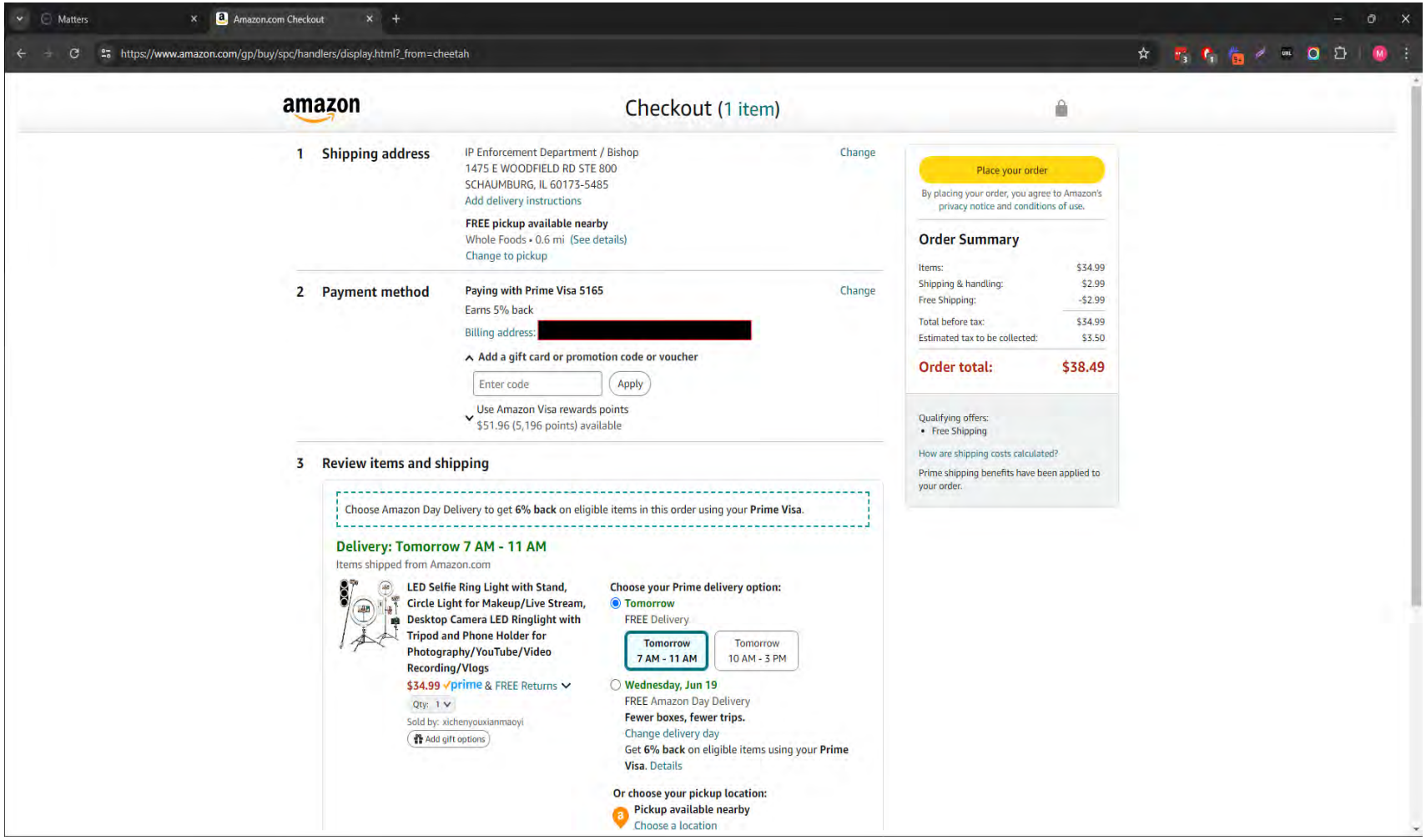


Screenshot Date: 16-06-2024 20:41PM

#34 - xichenyouxianmaoyi a/k/a jinzhongshitaiguqushengxiangshangmaoyouxiangongsi
https://www.amazon.com/dp/B08JHWZ44S?psc=1
Screenshots:

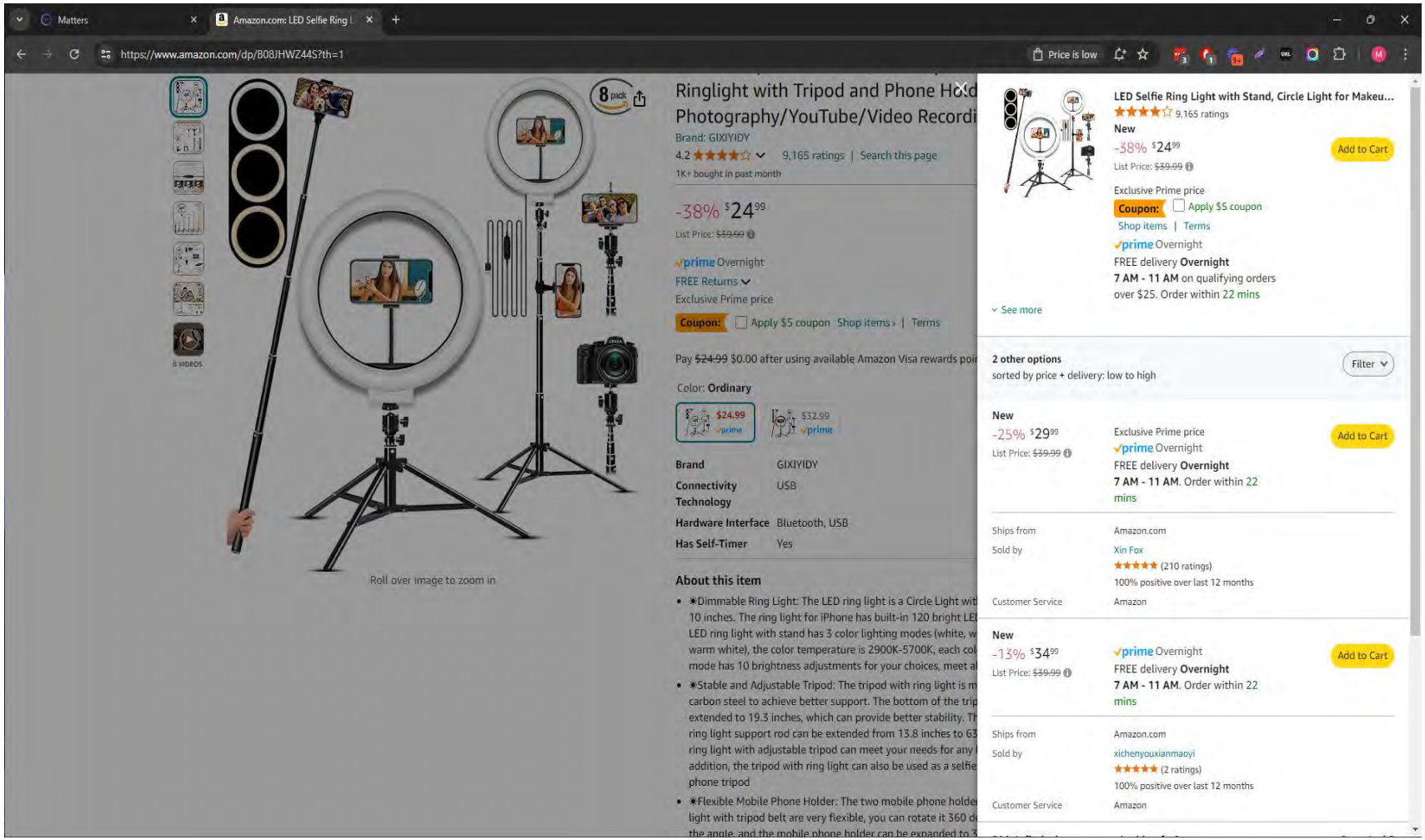


Screenshot Date: 16-06-2024 20:39PM

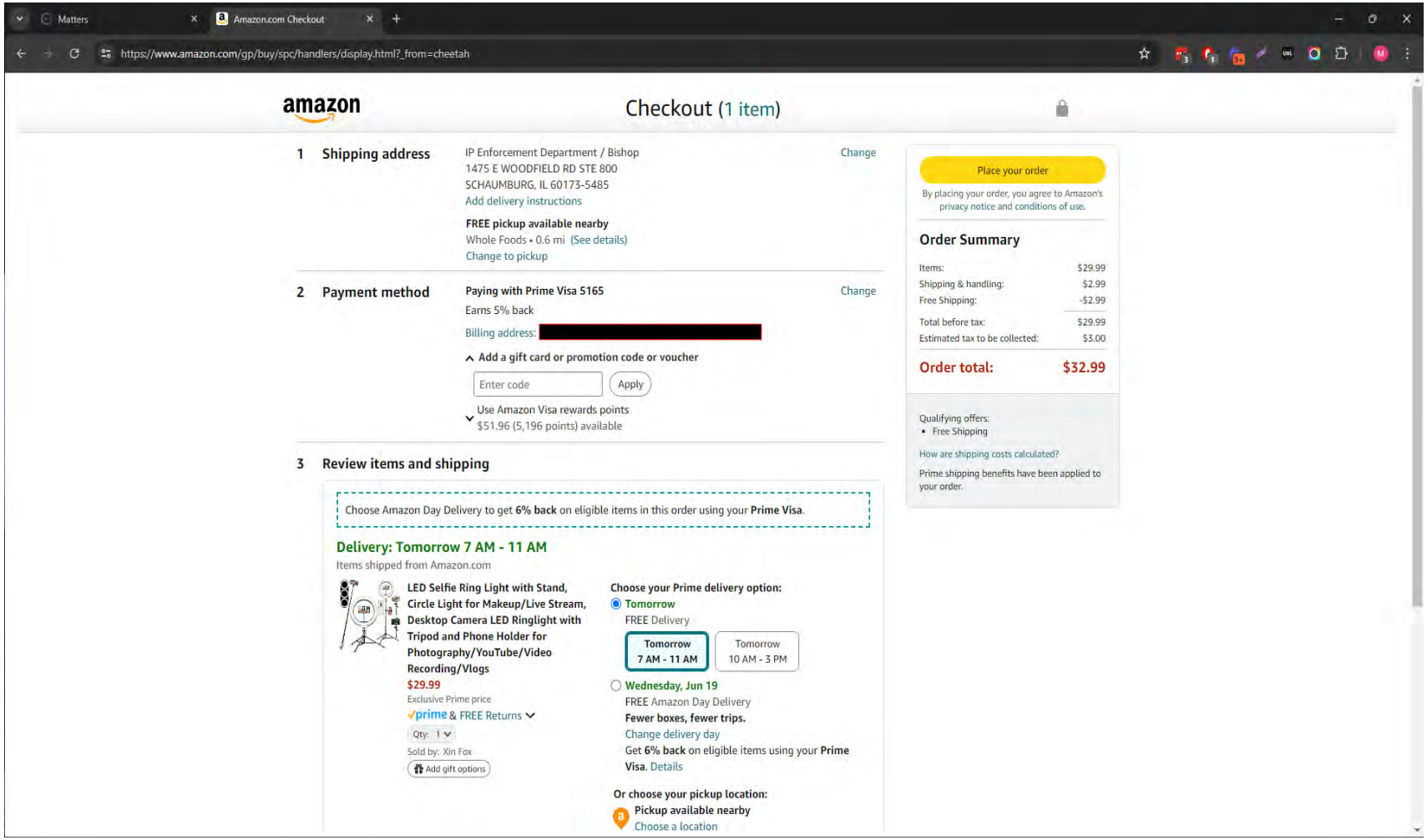


Screenshot Date: 16-06-2024 20:40PM

#35 - Xin Fox a/k/a yiwushixinchuangtongxunshebeiyouxiangongsi
https://www.amazon.com/dp/B08JHWZ44S?psc=1
Screenshots:

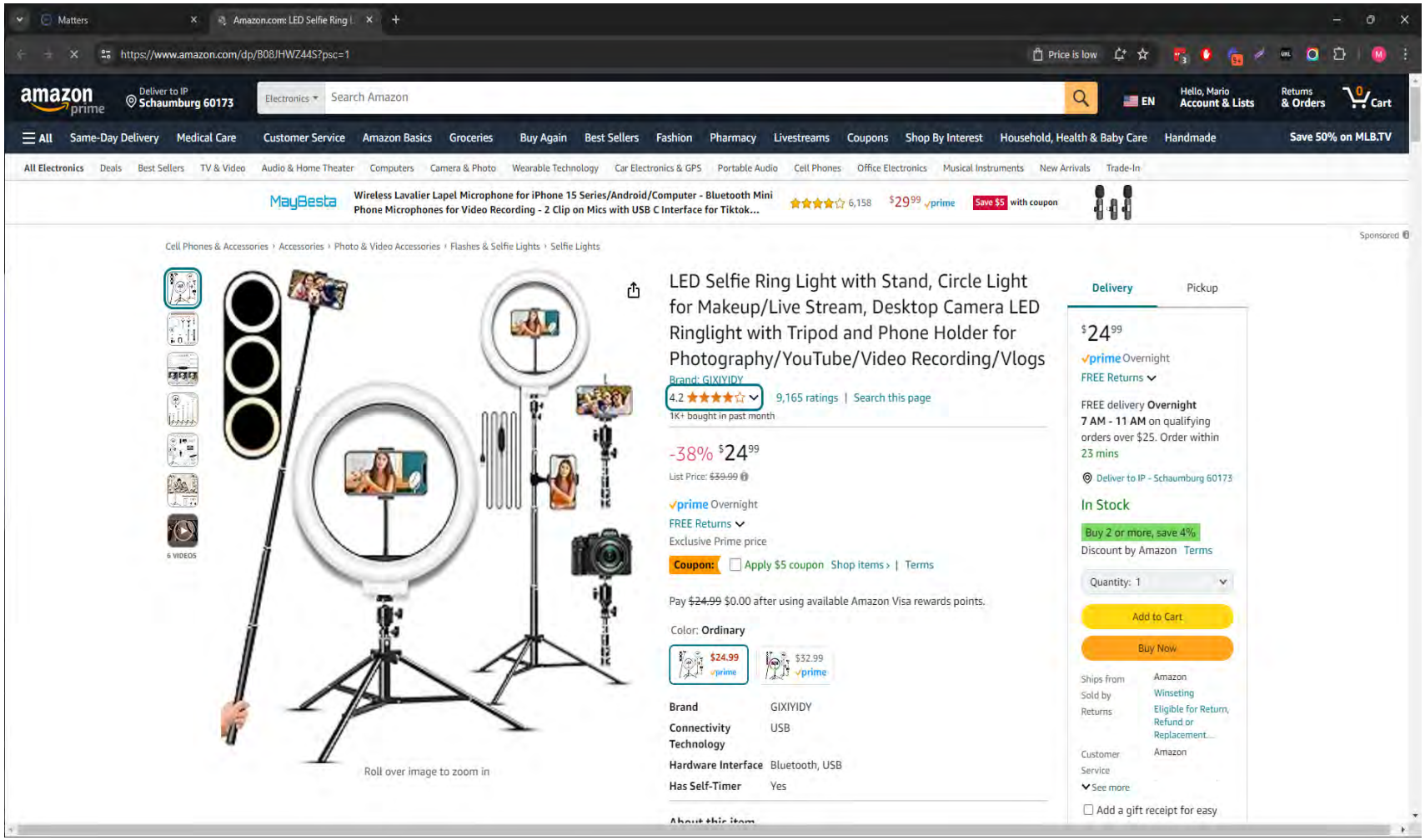


Screenshot Date: 16-06-2024 20:38PM

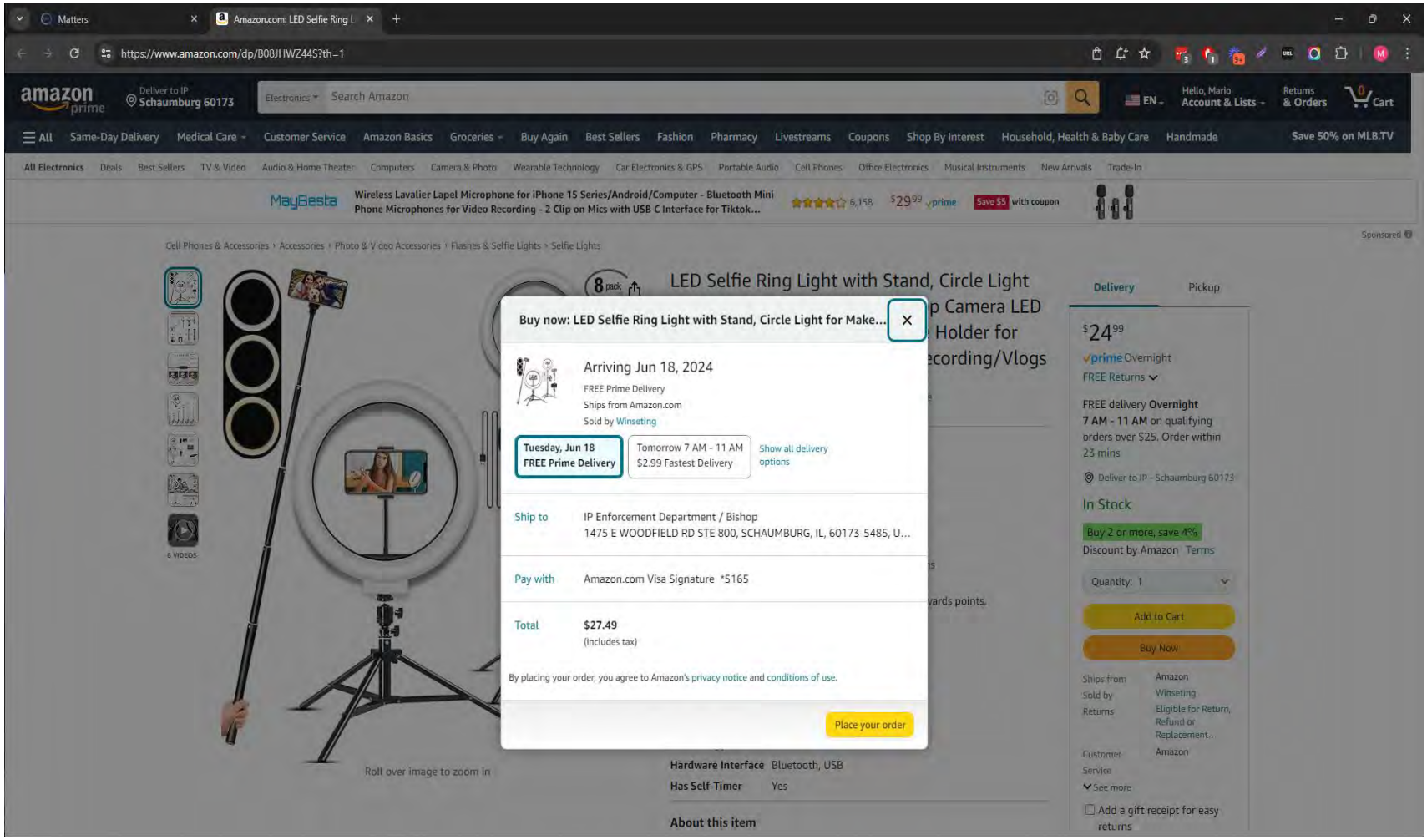


Screenshot Date: 16-06-2024 20:38PM

#36 - Winseting a/k/a yiwushiwensetingdianzishangwuyouxiangongsi
https://www.amazon.com/dp/B08JHWZ44S?psc=1
Screenshots:

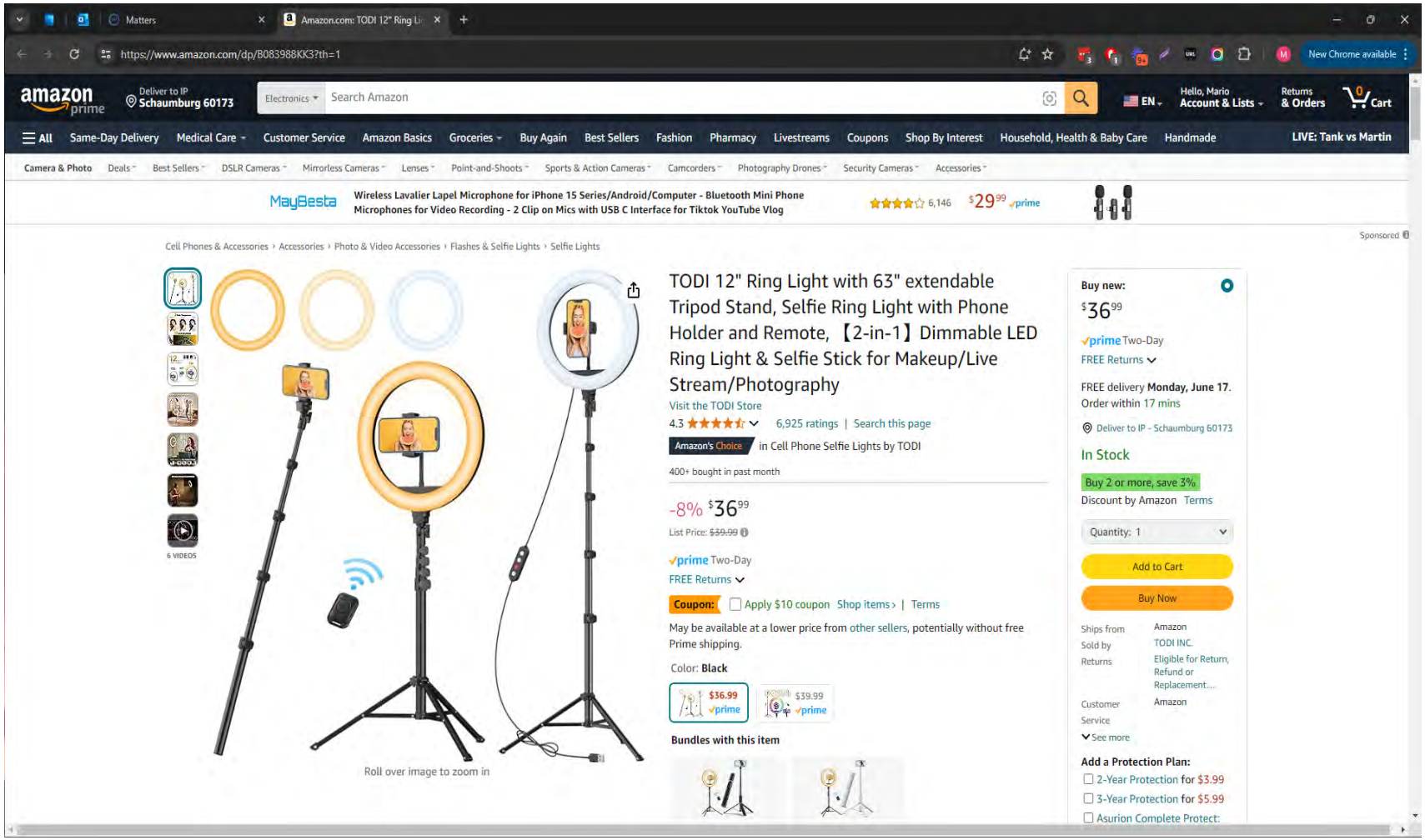


Screenshot Date: 16-06-2024 20:36PM

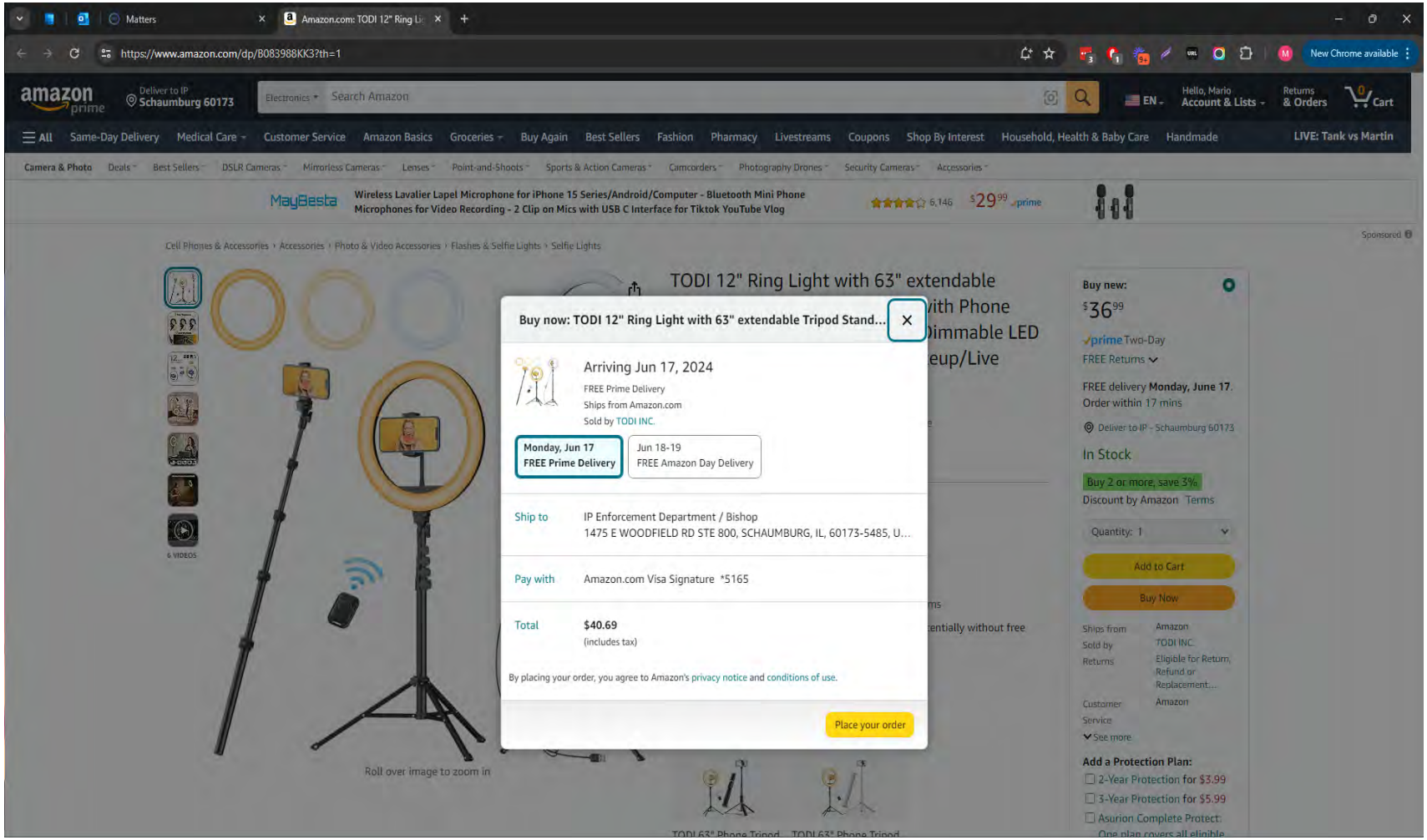


Screenshot Date: 16-06-2024 20:37PM

#37 - TODI INC. a/k/a Shenzhenshi Santian Shiye Youxiangongsi
https://www.amazon.com/dp/B083988KK3?psc=1
Screenshots:

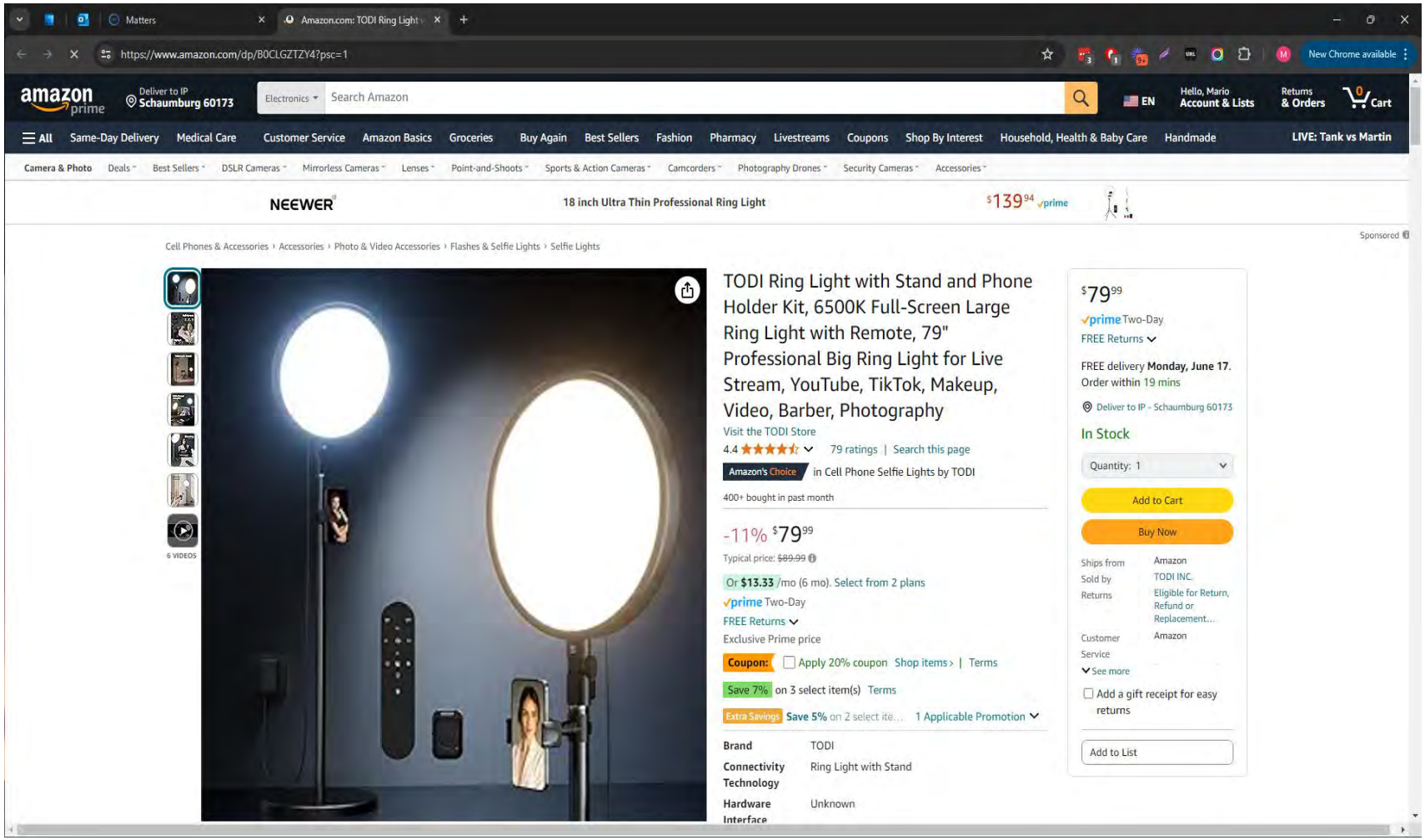


Screenshot Date: 15-06-2024 21:42PM

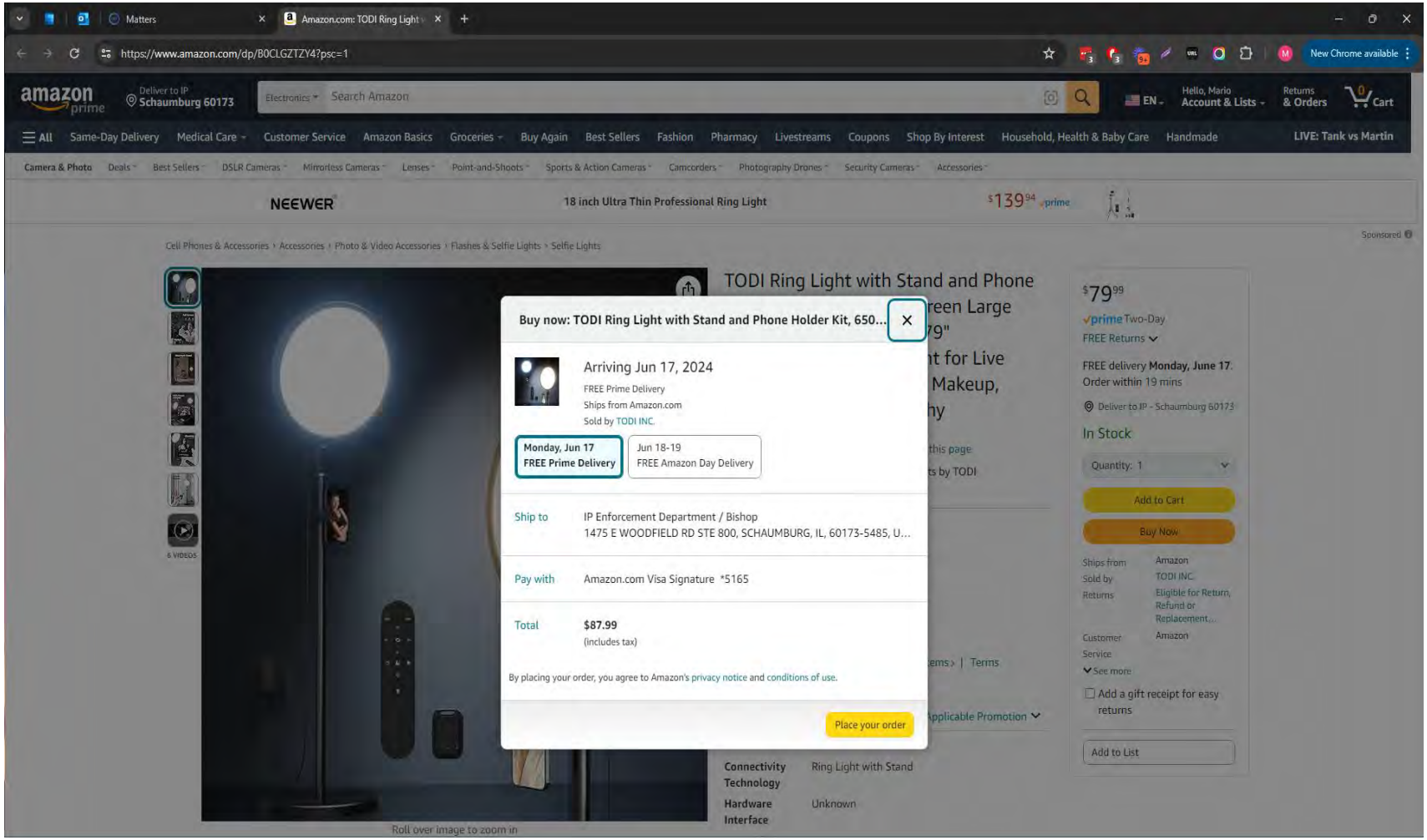


Screenshot Date: 15-06-2024 21:43PM

#37 - TODI INC. a/k/a Shenzhenshi Santian Shiye Youxiangongsi
https://www.amazon.com/dp/B0CLGZTZY4?psc=1
Screenshots:

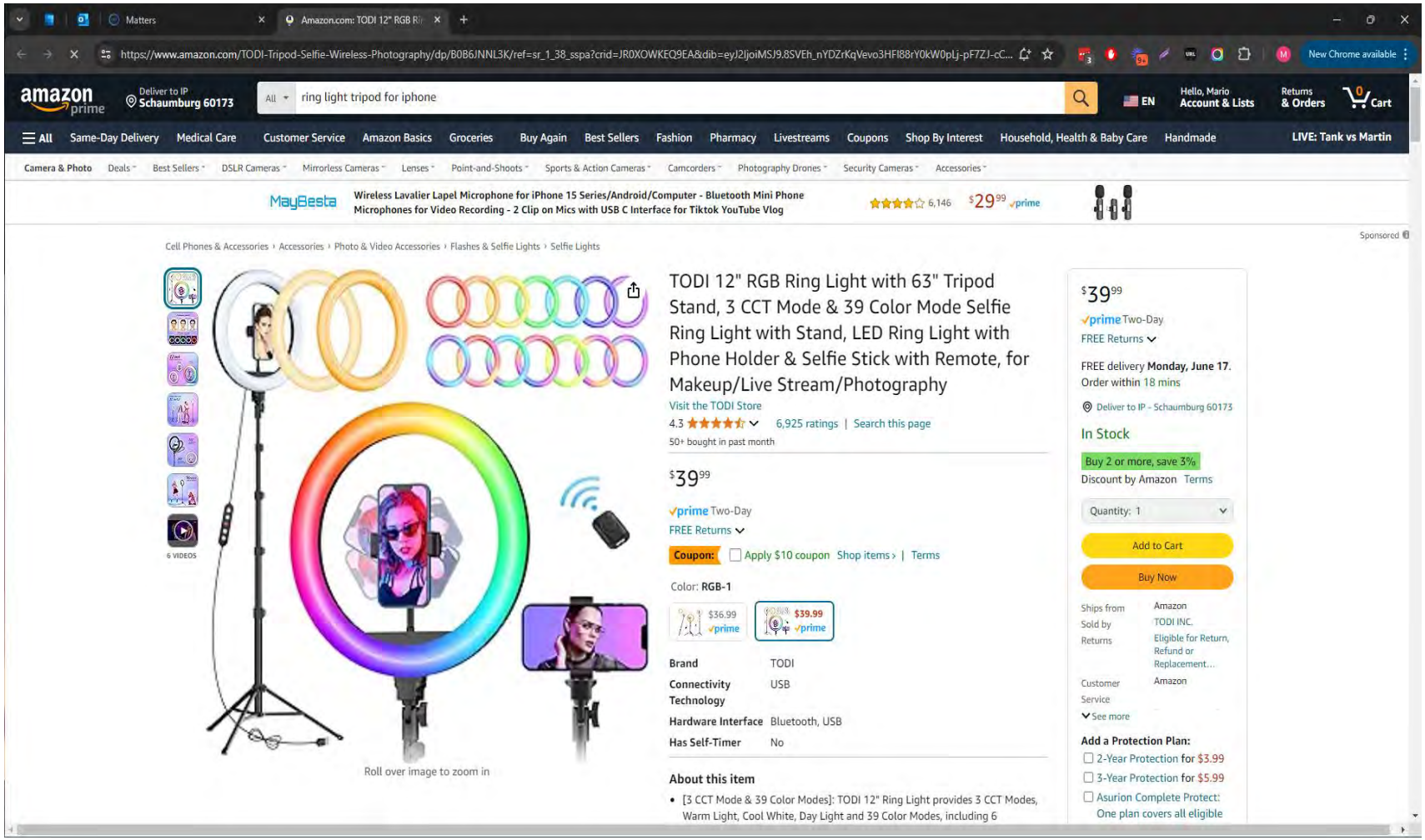


Screenshot Date: 15-06-2024 21:40PM

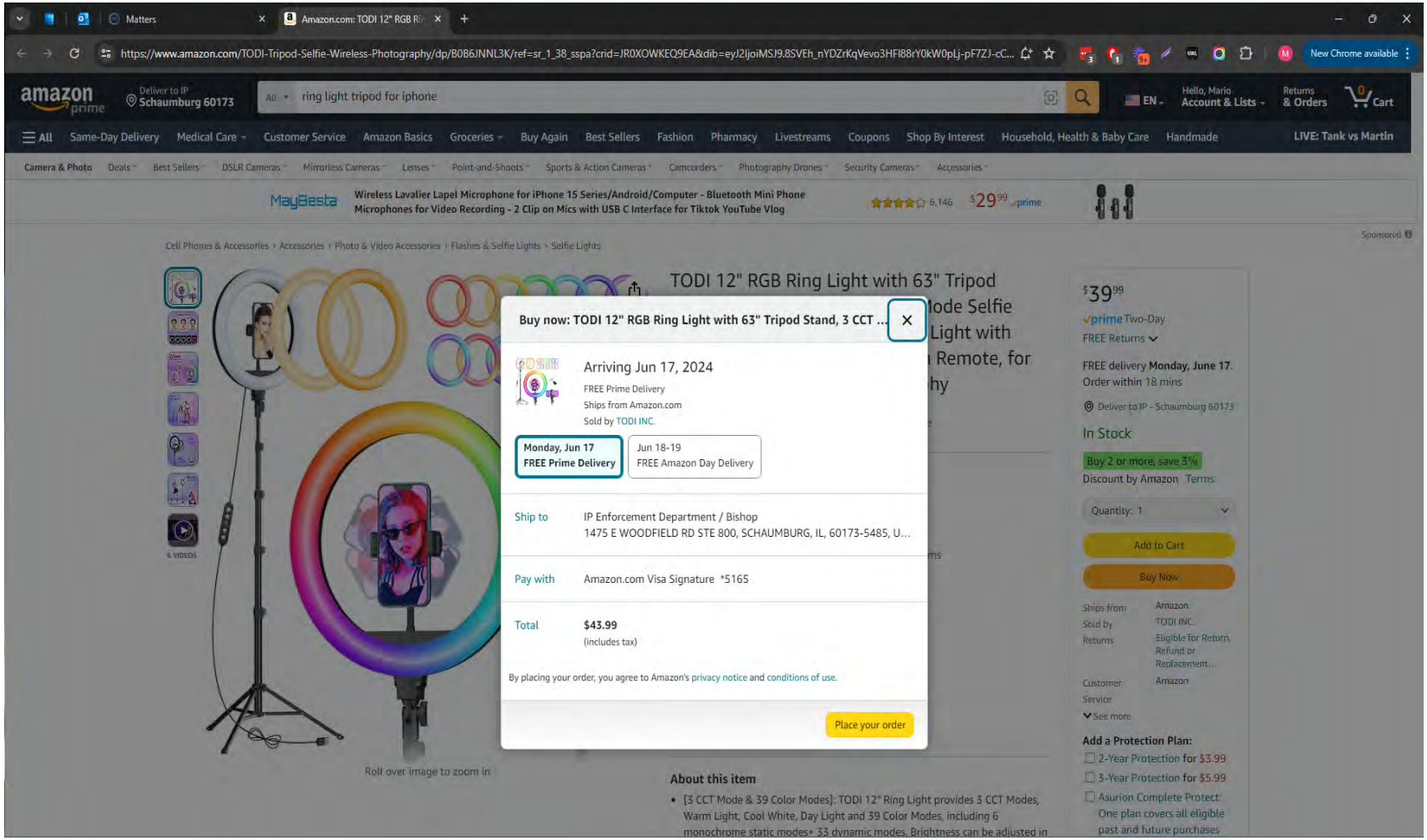


Screenshot Date: 15-06-2024 21:40PM

#37 - TODI INC. a/k/a Shenzhenshi Santian Shiye Youxiangongsi
https://www.amazon.com/TODI-Tripod-Selfie-Wireless-Photography/dp/B0B6JNNL3K
Screenshots:



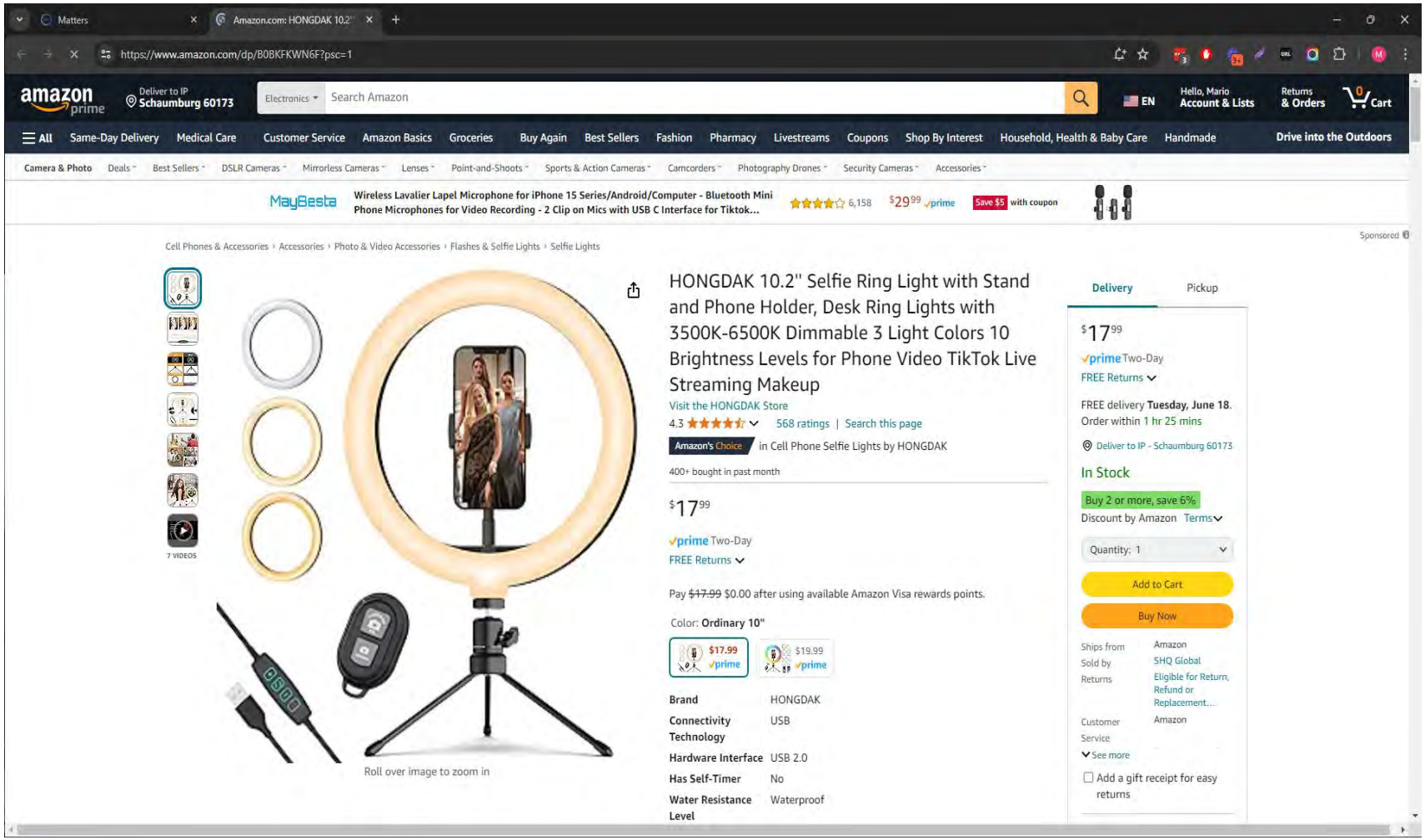
Screenshot Date: 15-06-2024 21:41PM



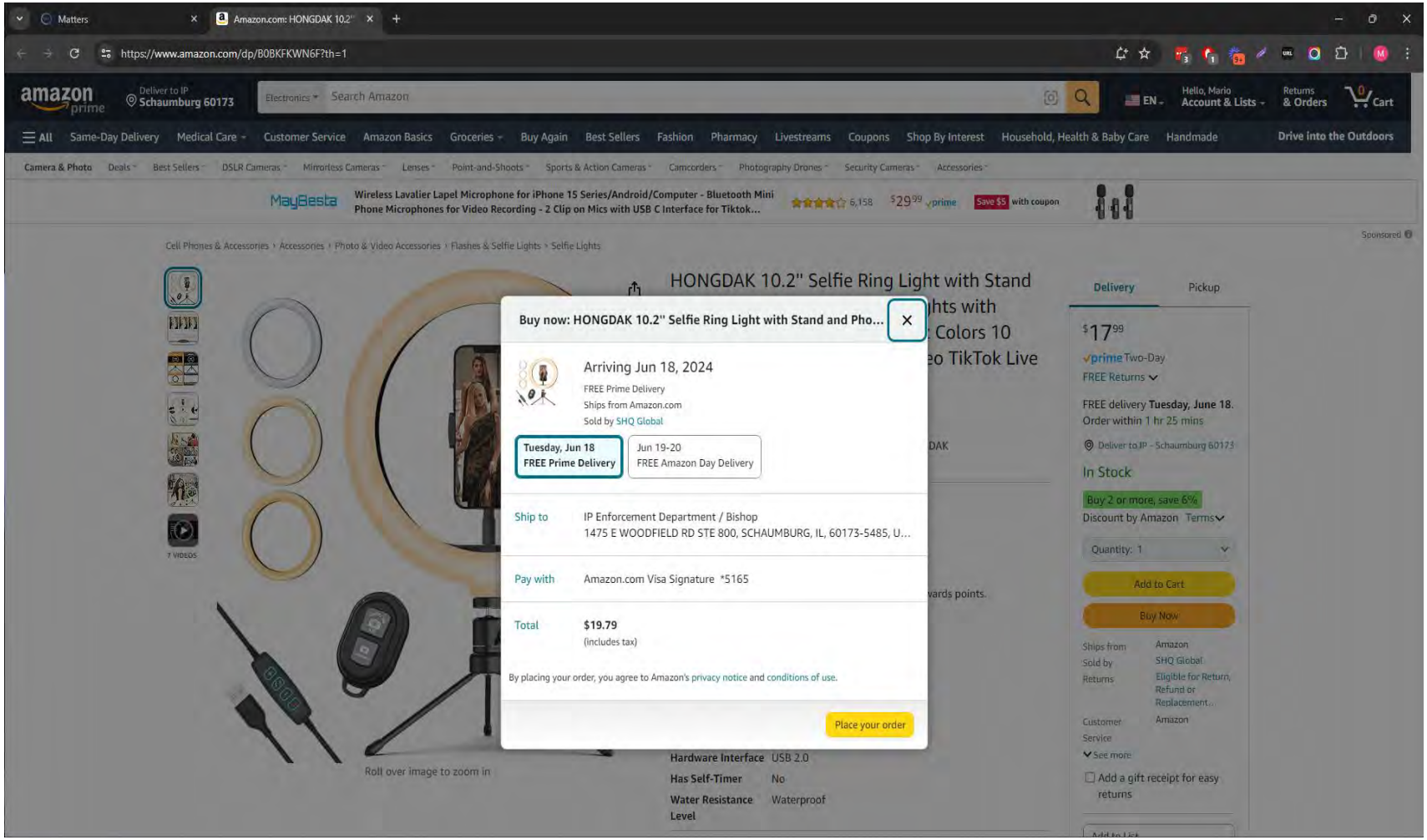
Screenshot Date: 15-06-2024 21:42PM

#38 – INTENTIONALLY BLANK

#39 - SHQ Global a/k/a Longyanshuihengqinghuanbaokejiyouxiangongsi
https://www.amazon.com/dp/B0BKFKWN6F?psc=1
Screenshots:

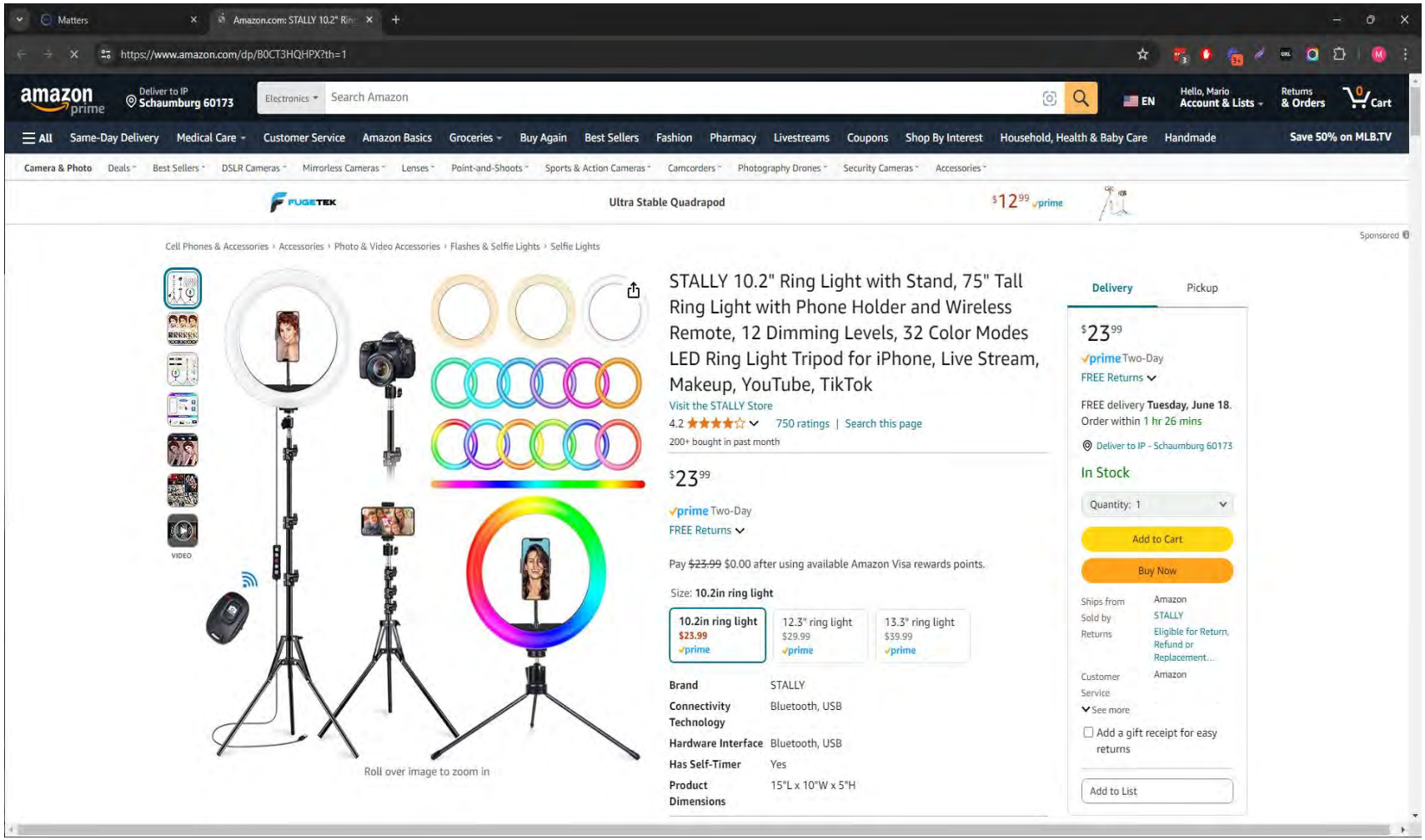


Screenshot Date: 16-06-2024 20:35PM

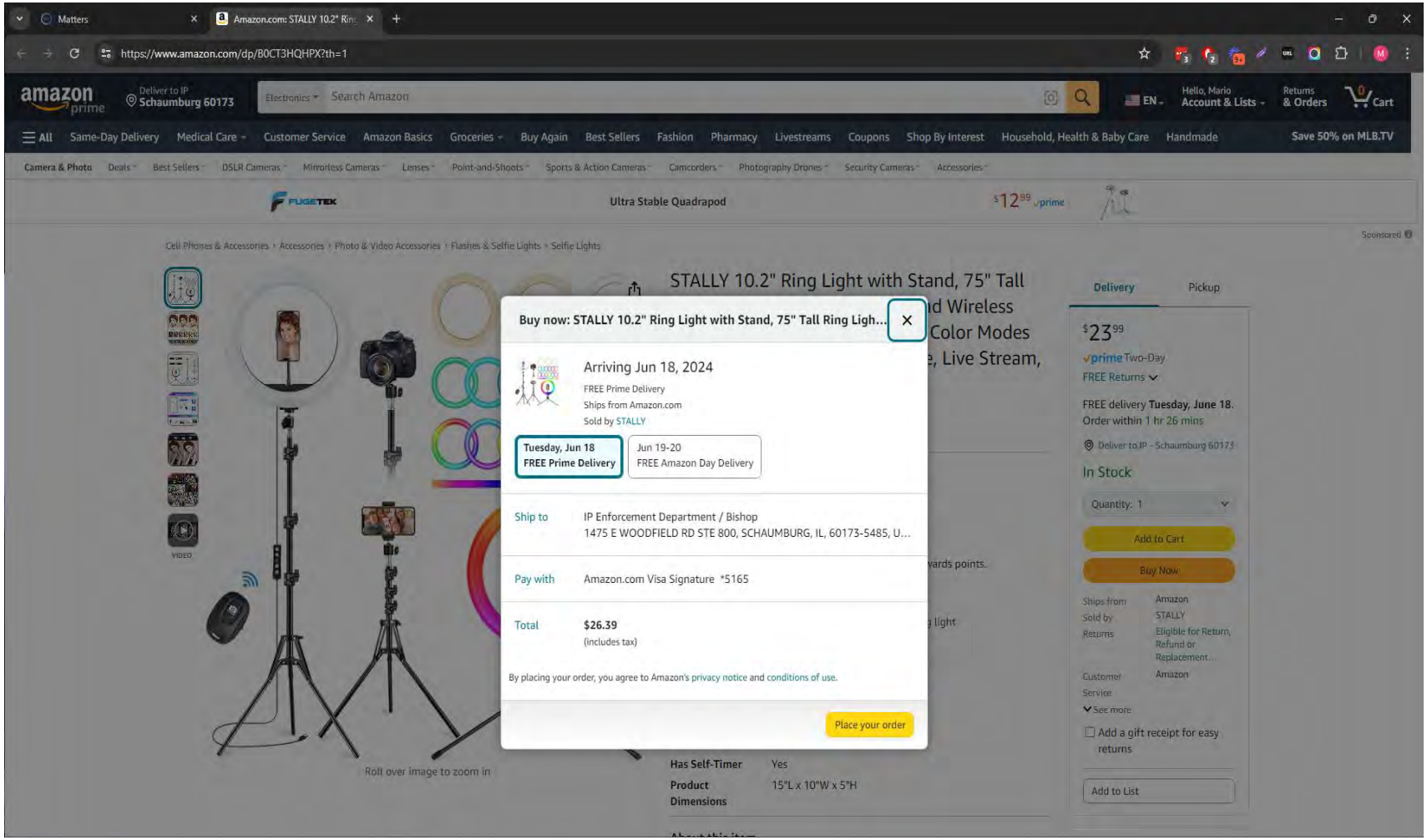


Screenshot Date: 16-06-2024 20:35PM

#40 - STALLY a/k/a Shenzhen Chenfeng Keji Youxian Gongsi
https://www.amazon.com/dp/B0CT3HQHPX?psc=1
Screenshots:

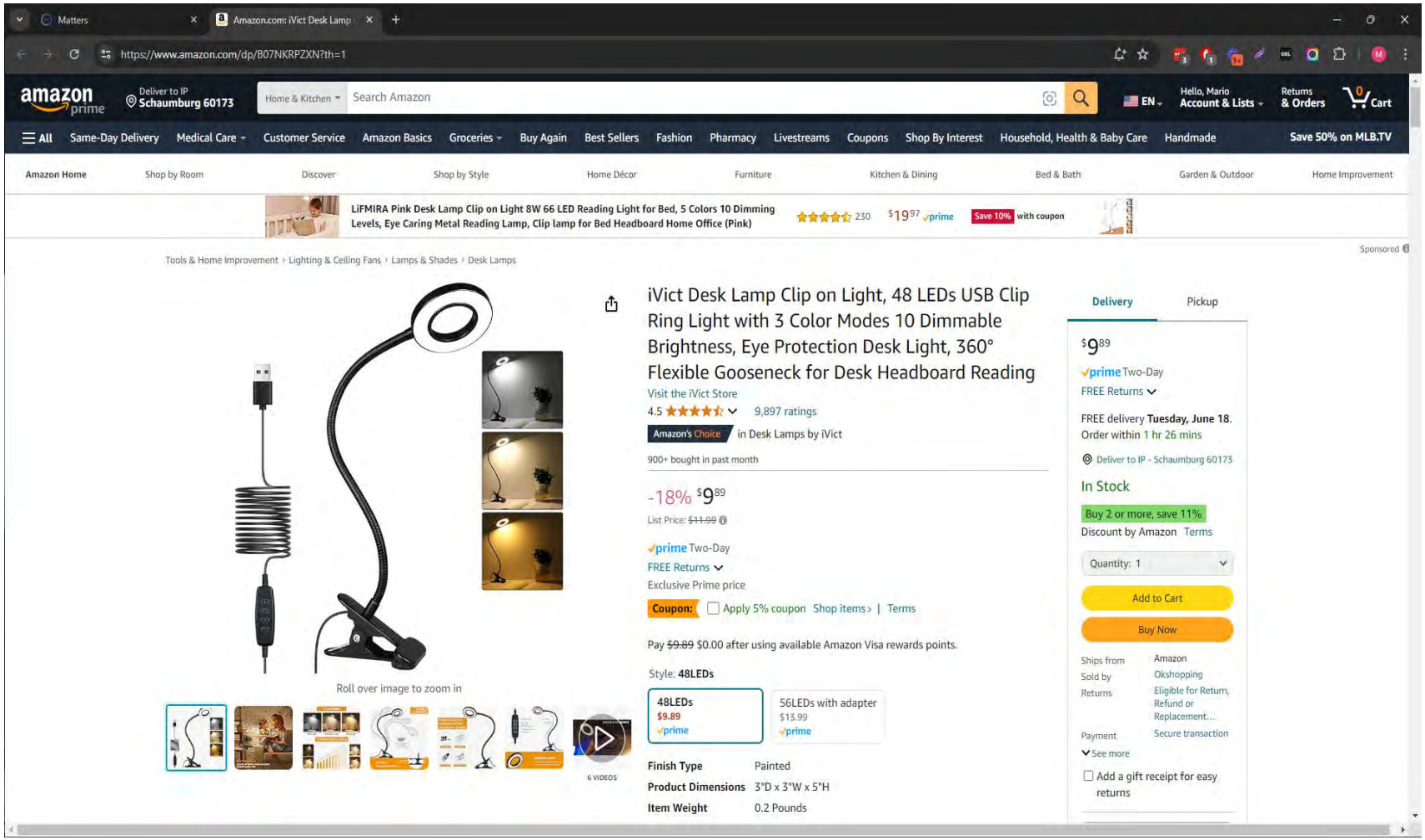


Screenshot Date: 16-06-2024 20:34PM

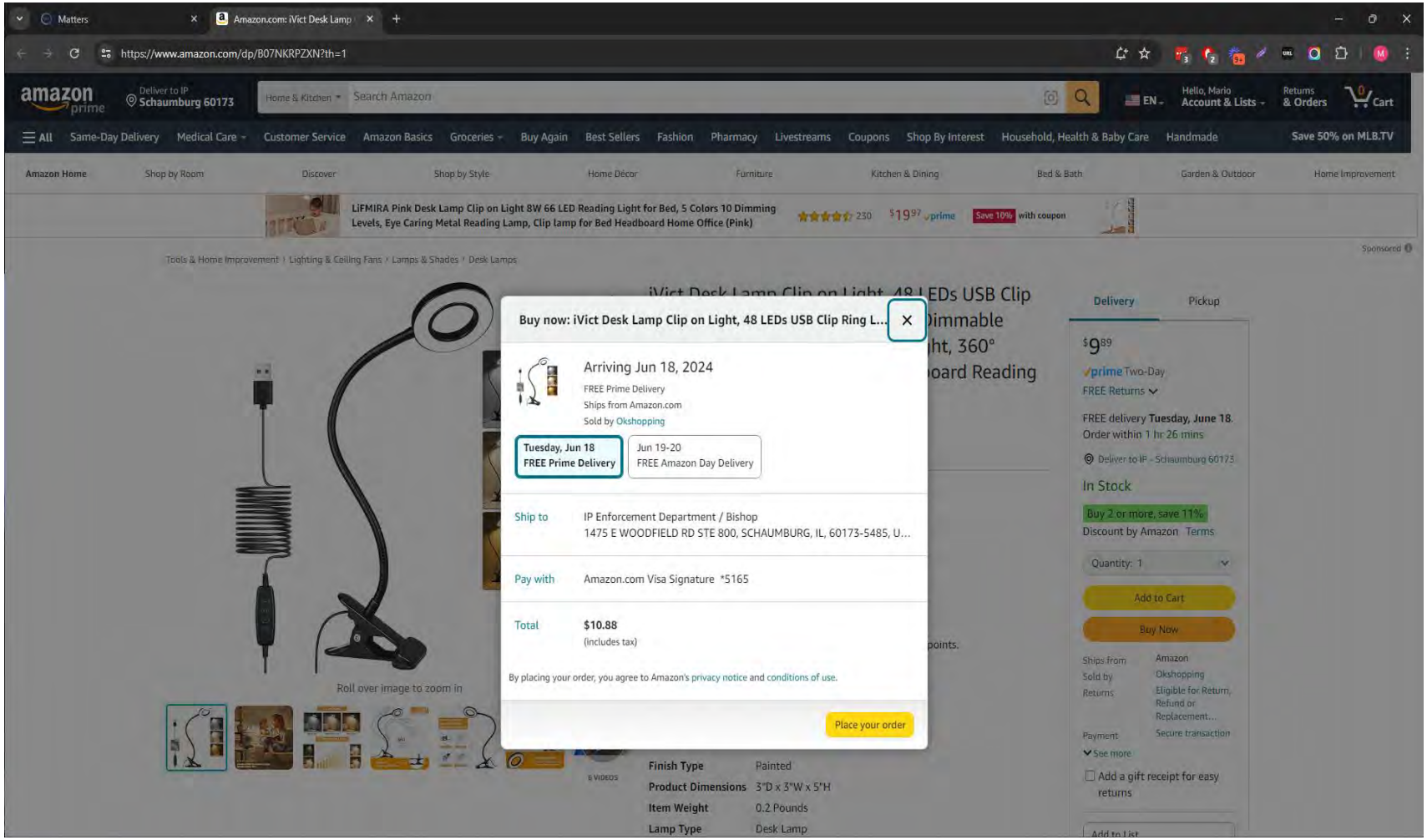


Screenshot Date: 16-06-2024 20:34PM

#41 - Okshopping a/k/a zhuobin li
https://www.amazon.com/dp/B07NKRPZXN?psc=1
Screenshots:

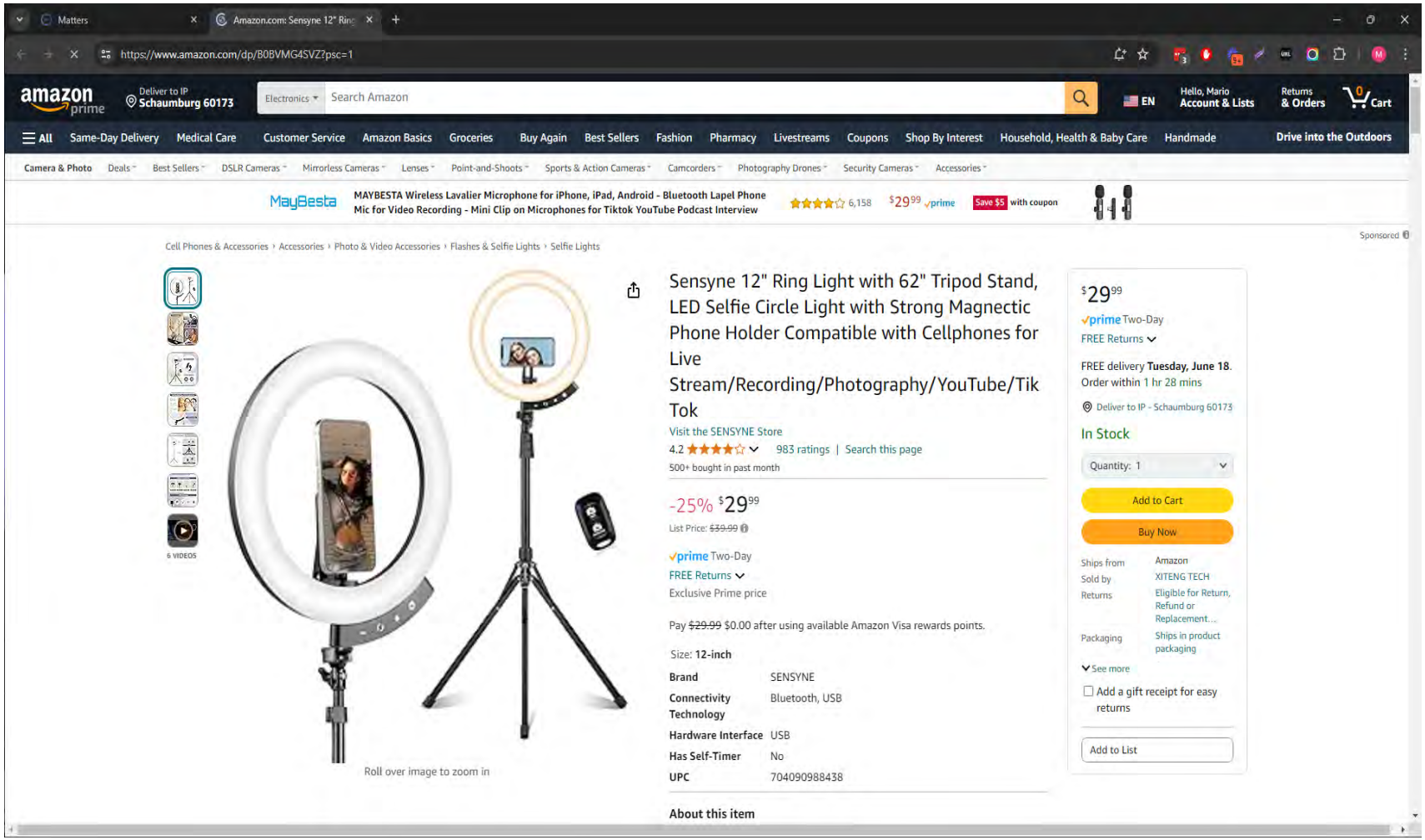


Screenshot Date: 16-06-2024 20:33PM

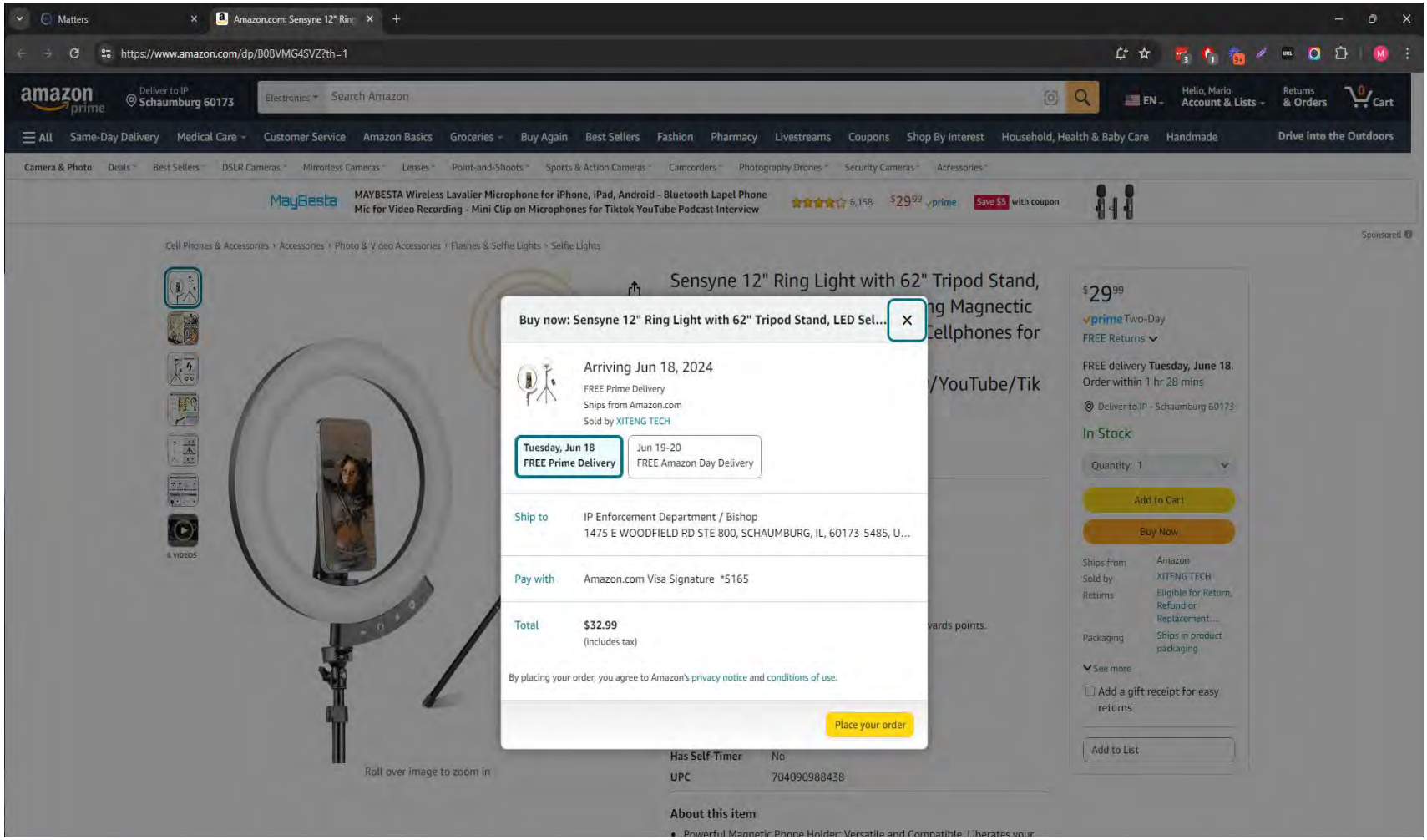


Screenshot Date: 16-06-2024 20:33PM

#42 - XITENG TECH a/k/a SHENZHENSHIXITENGKEJIYOUXIANGONGSI
https://www.amazon.com/dp/B0BVMG4SVZ?psc=1
Screenshots:

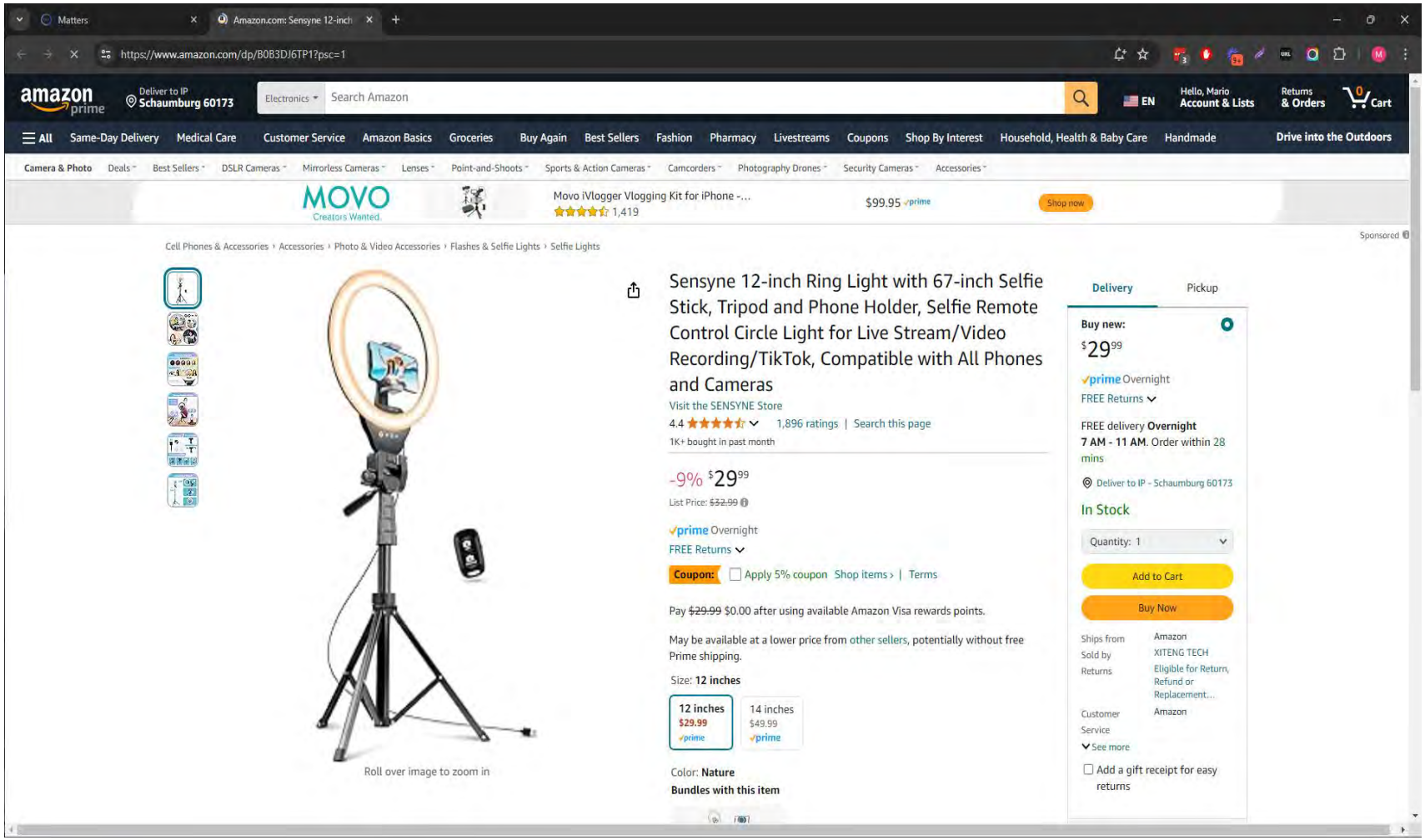


Screenshot Date: 16-06-2024 20:31PM

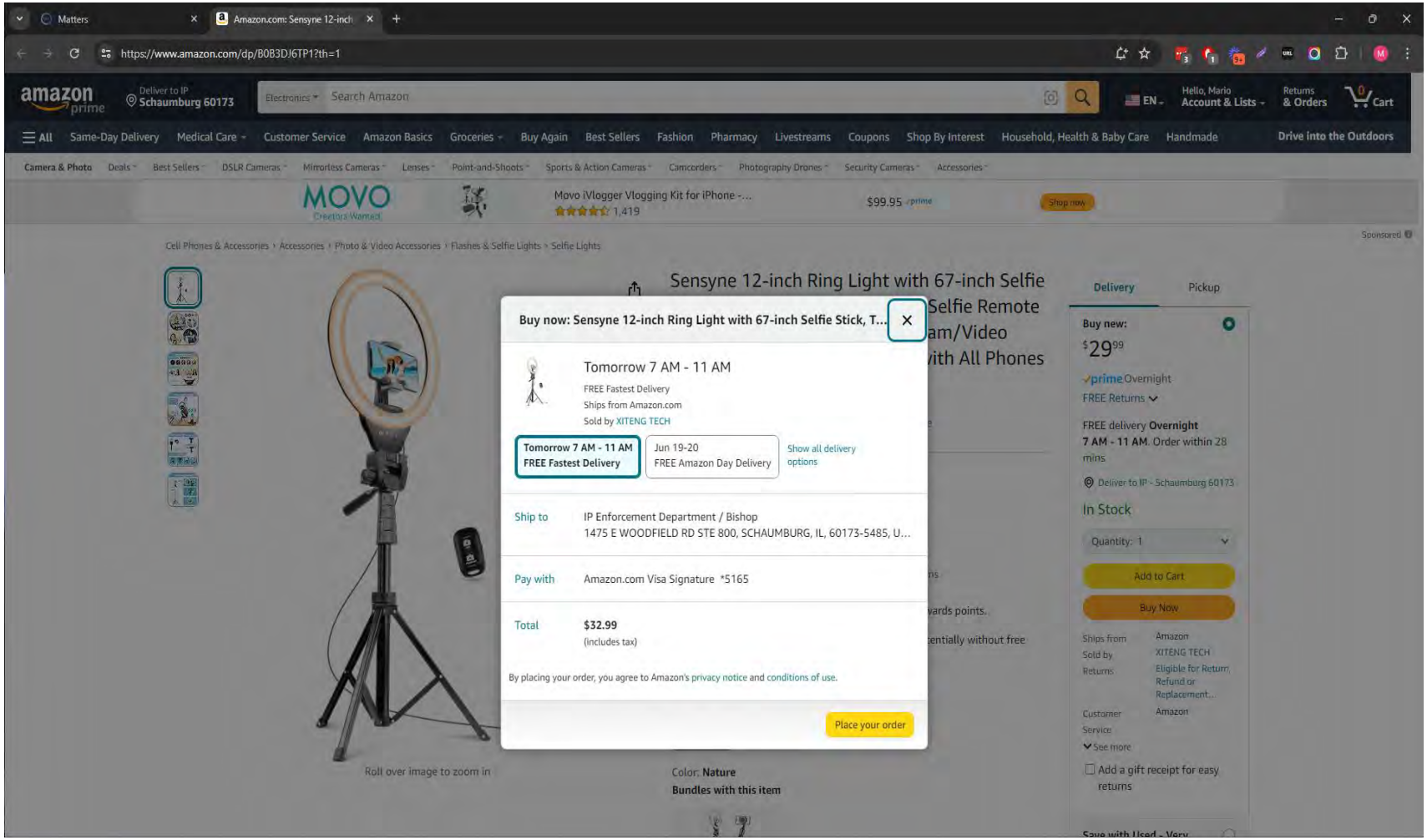


Screenshot Date: 16-06-2024 20:31PM

#42 - XITENG TECH a/k/a SHENZHENSHIXITENGKEJIYOUXIANGONGSI
https://www.amazon.com/dp/B0B3DJ6TP1?psc=1
Screenshots:

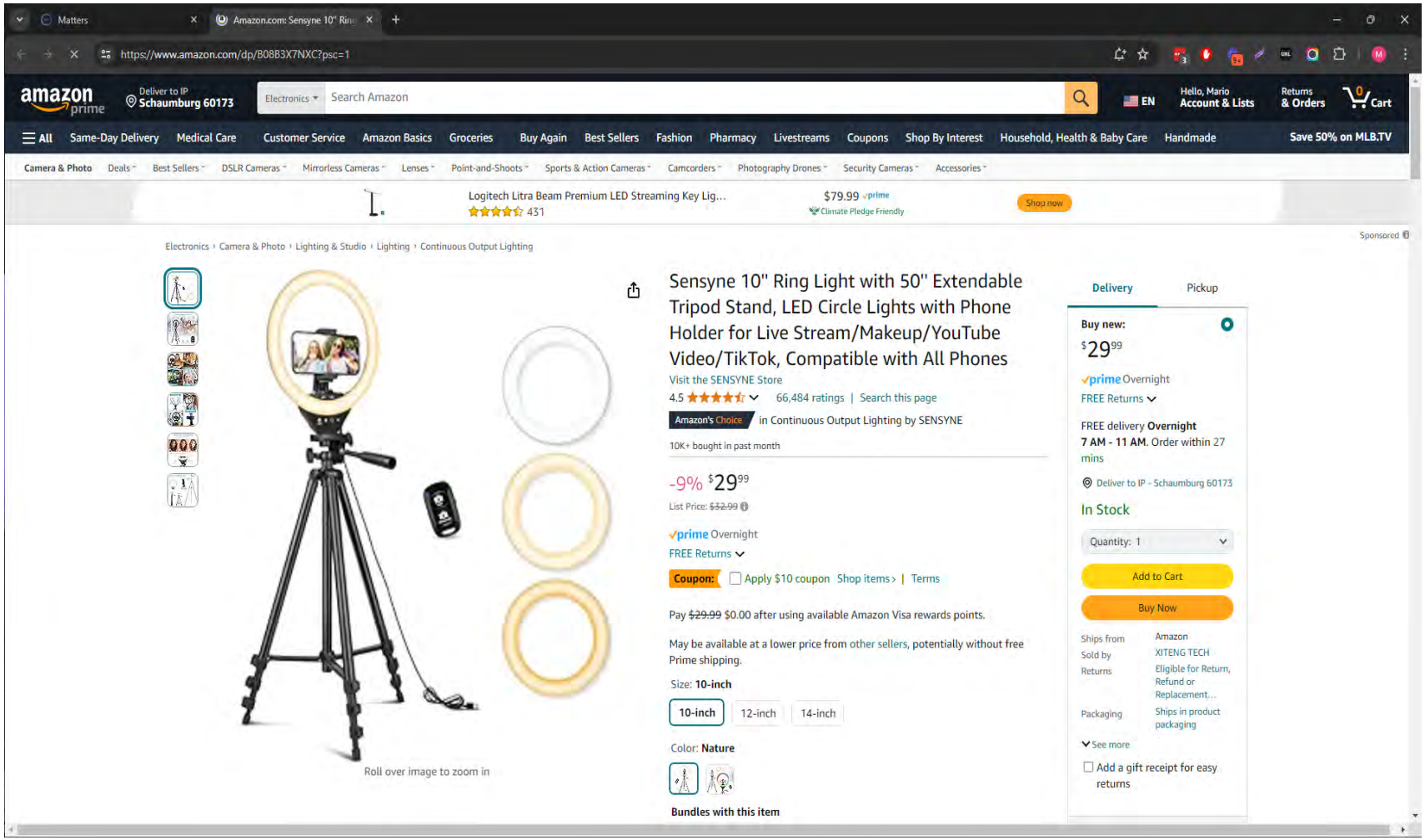


Screenshot Date: 16-06-2024 20:31PM

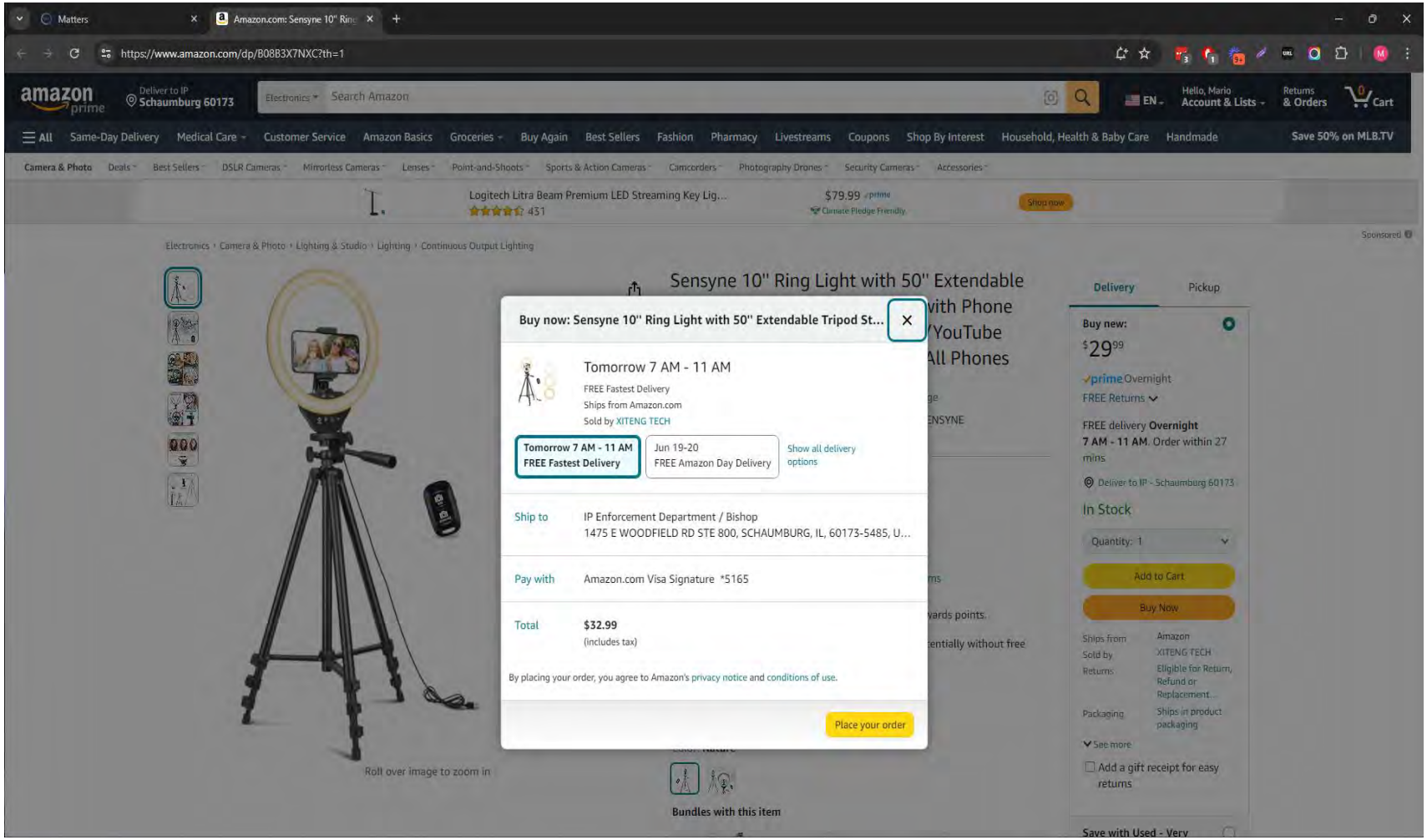


Screenshot Date: 16-06-2024 20:32PM

#42 - XITENG TECH a/k/a SHENZHENSHIXITENGKEJIYOUXIANGONGSI
https://www.amazon.com/dp/B08B3X7NXC?psc=1
Screenshots:

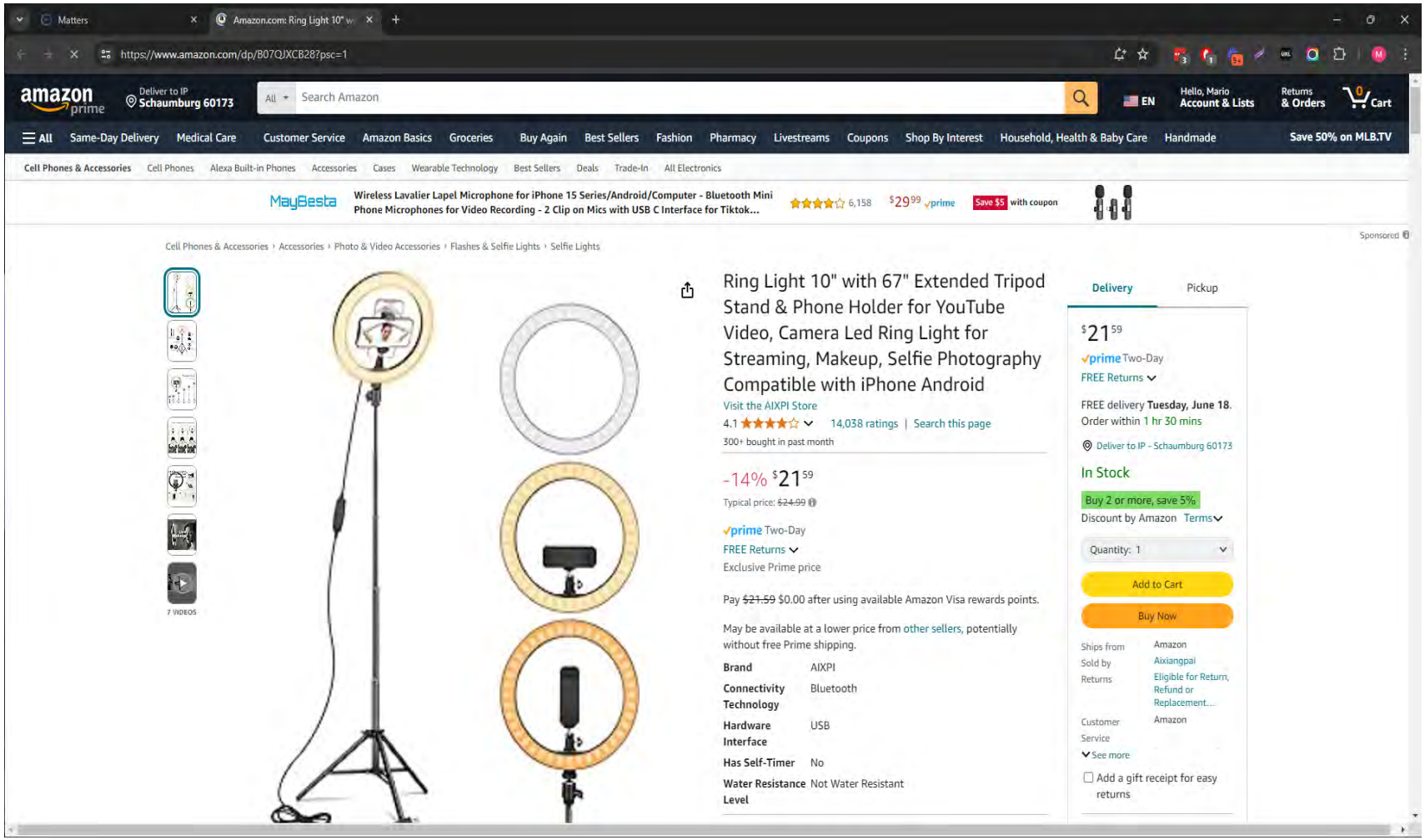


Screenshot Date: 16-06-2024 20:32PM

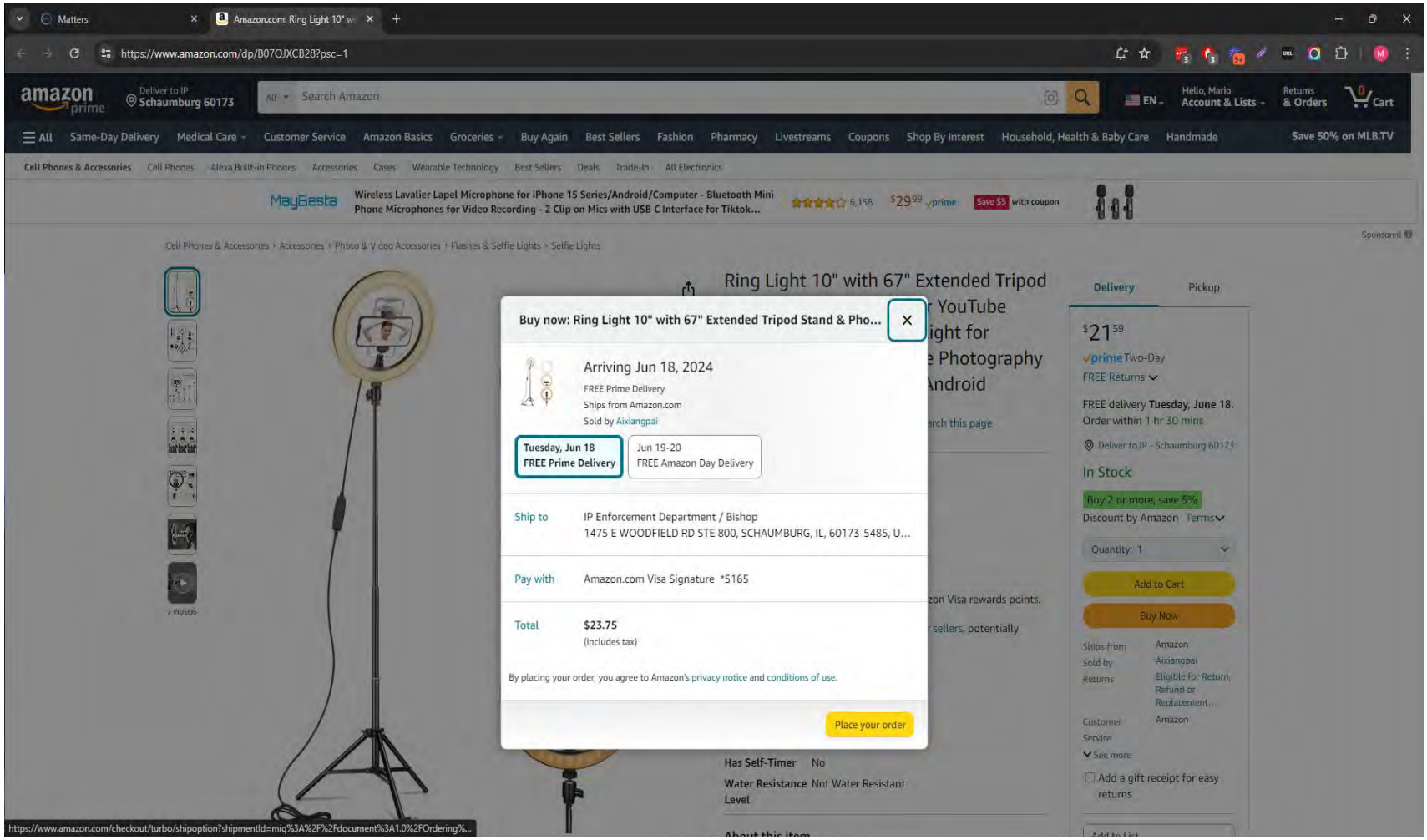


Screenshot Date: 16-06-2024 20:32PM

#43 - Aixiangpai a/k/a Shenzhenshiaixiangpaidianzishangwuyouxiangongsi
https://www.amazon.com/dp/B07QJXCB28?psc=1
Screenshots:

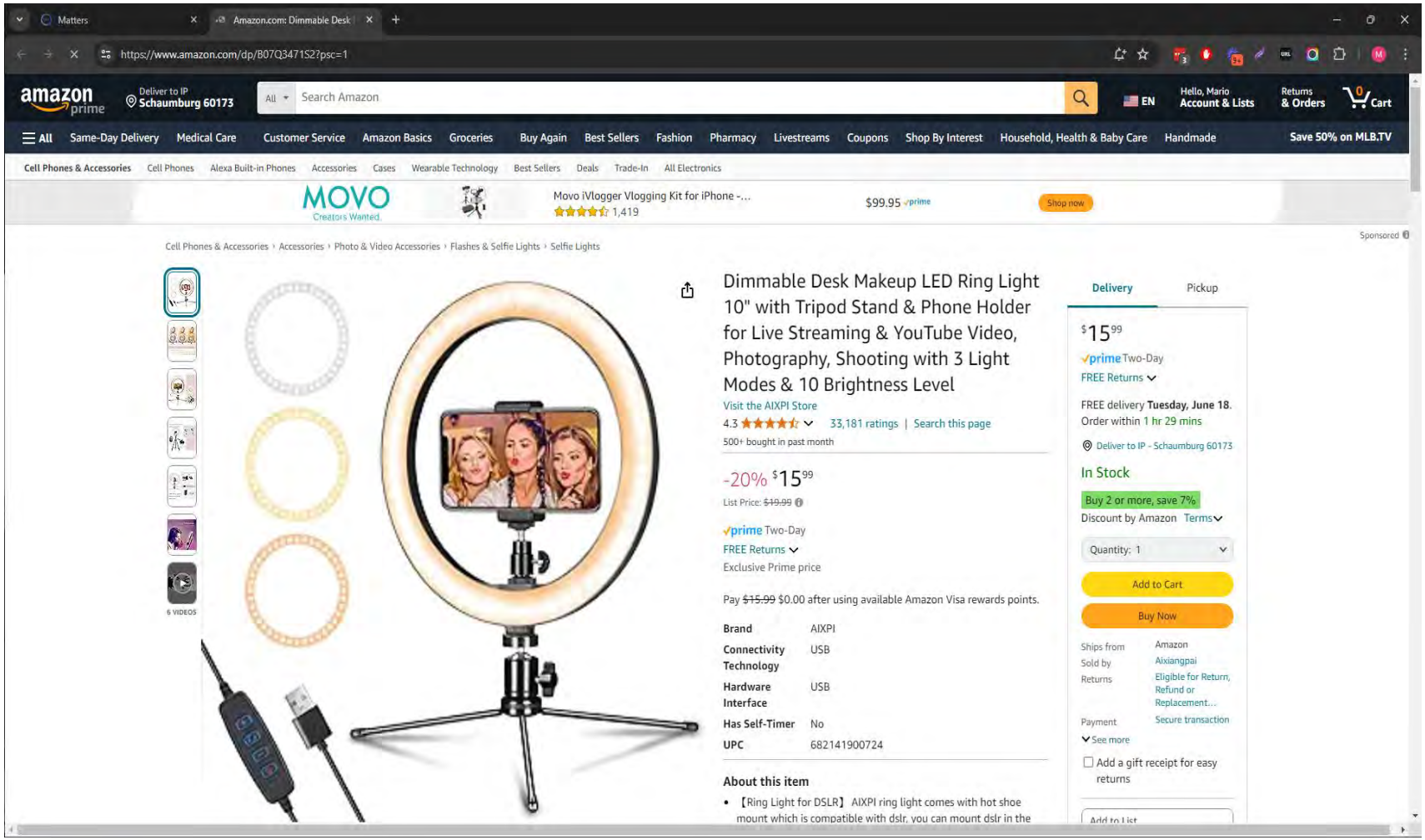


Screenshot Date: 16-06-2024 20:30PM

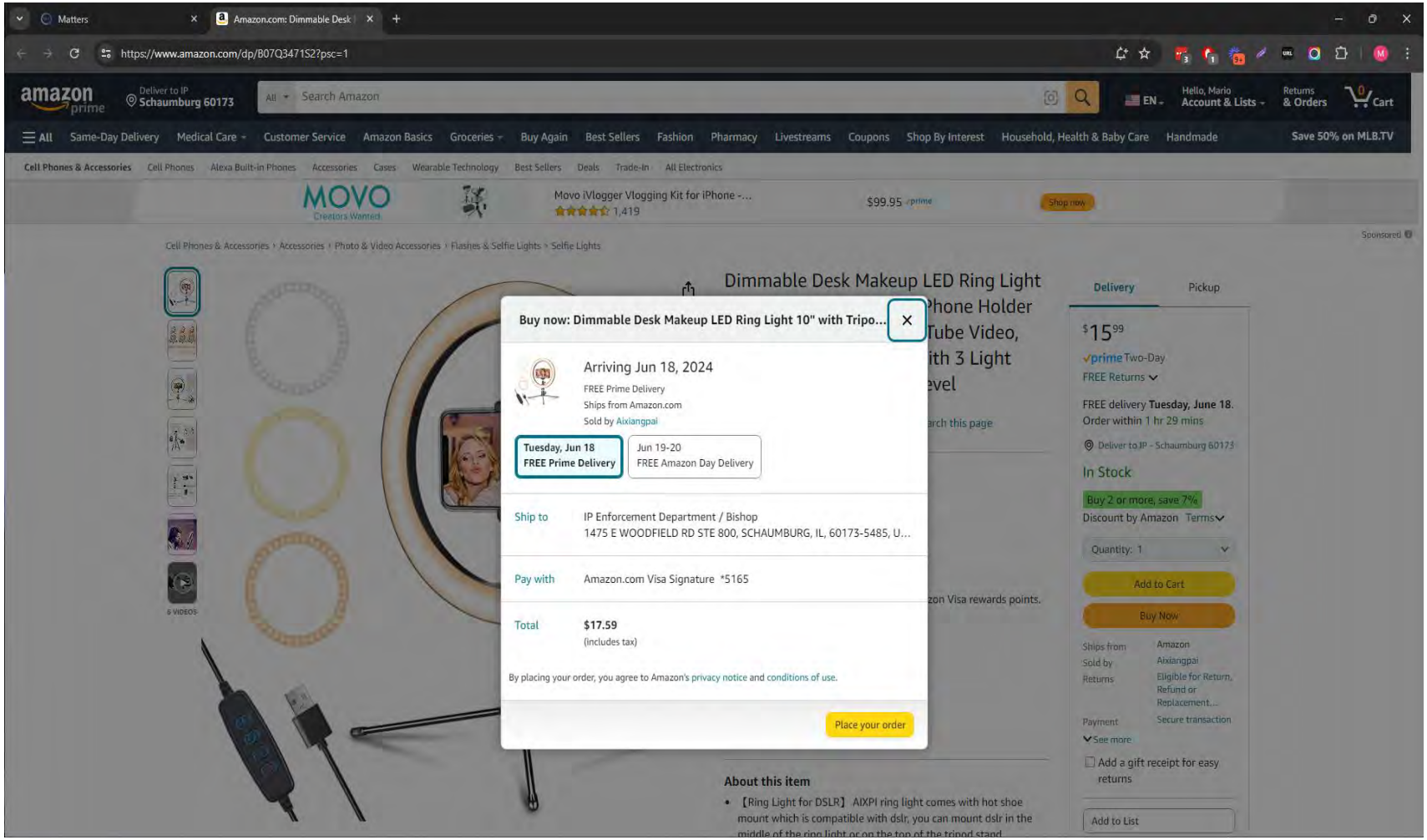


Screenshot Date: 16-06-2024 20:30PM

#43 - Aixiangpai a/k/a Shenzhenshiaixiangpaidianzishangwuyouxiangongsi
https://www.amazon.com/dp/B07Q3471S2?psc=1
Screenshots:

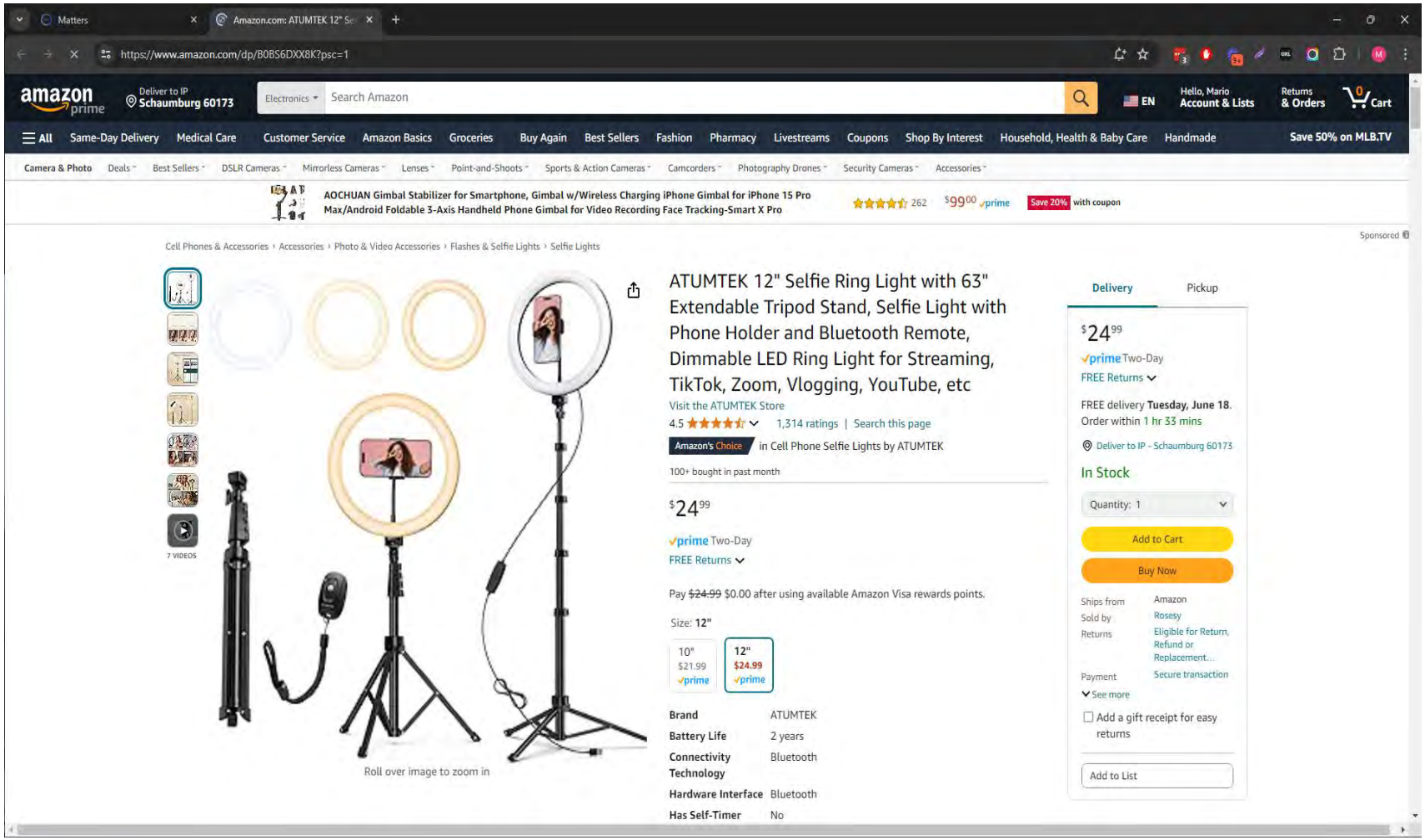


Screenshot Date: 16-06-2024 20:30PM

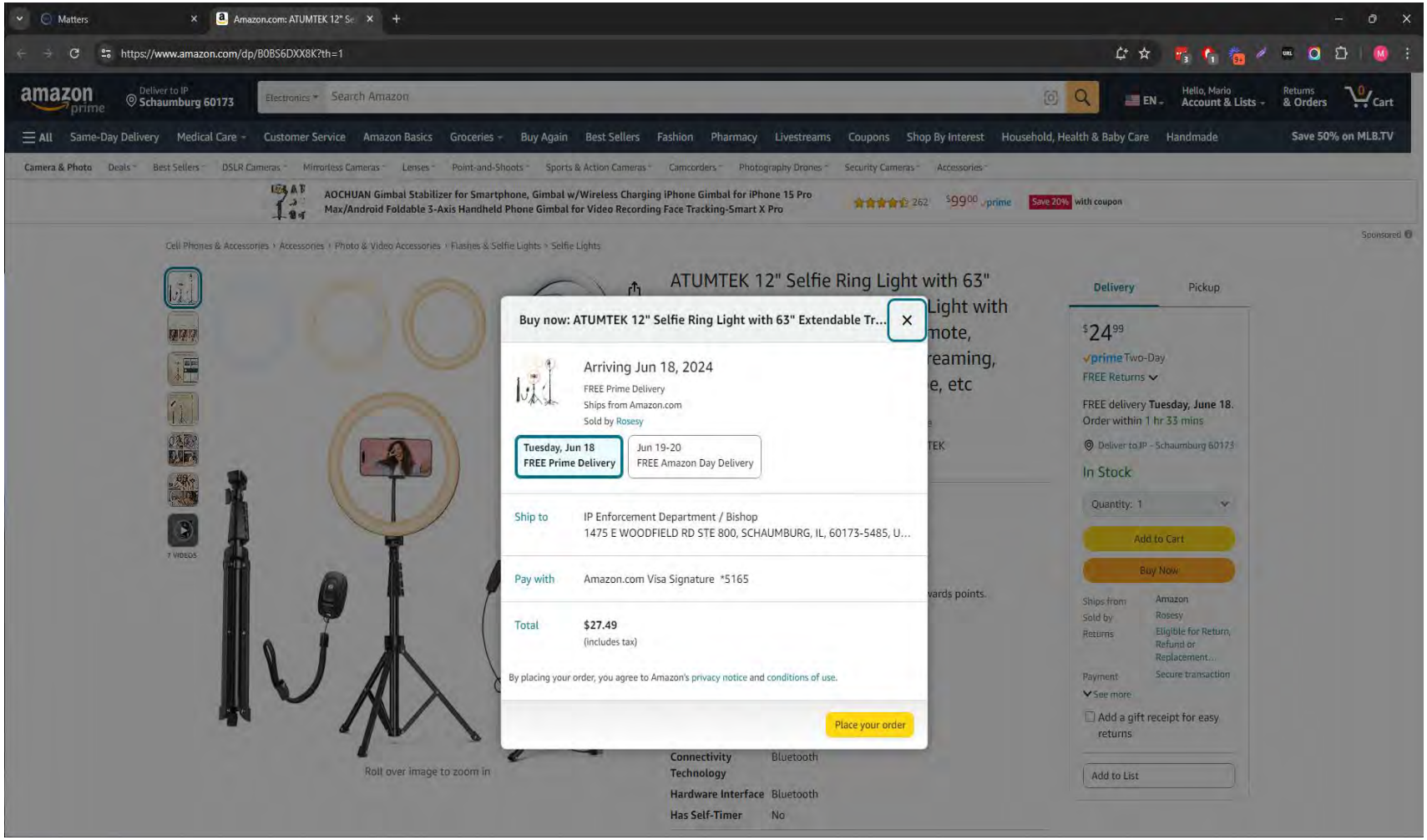


Screenshot Date: 16-06-2024 20:30PM

#44 - Rosesy a/k/a Rosesy Beauty Limited
https://www.amazon.com/dp/B0BS6DXX8K?psc=1
Screenshots:

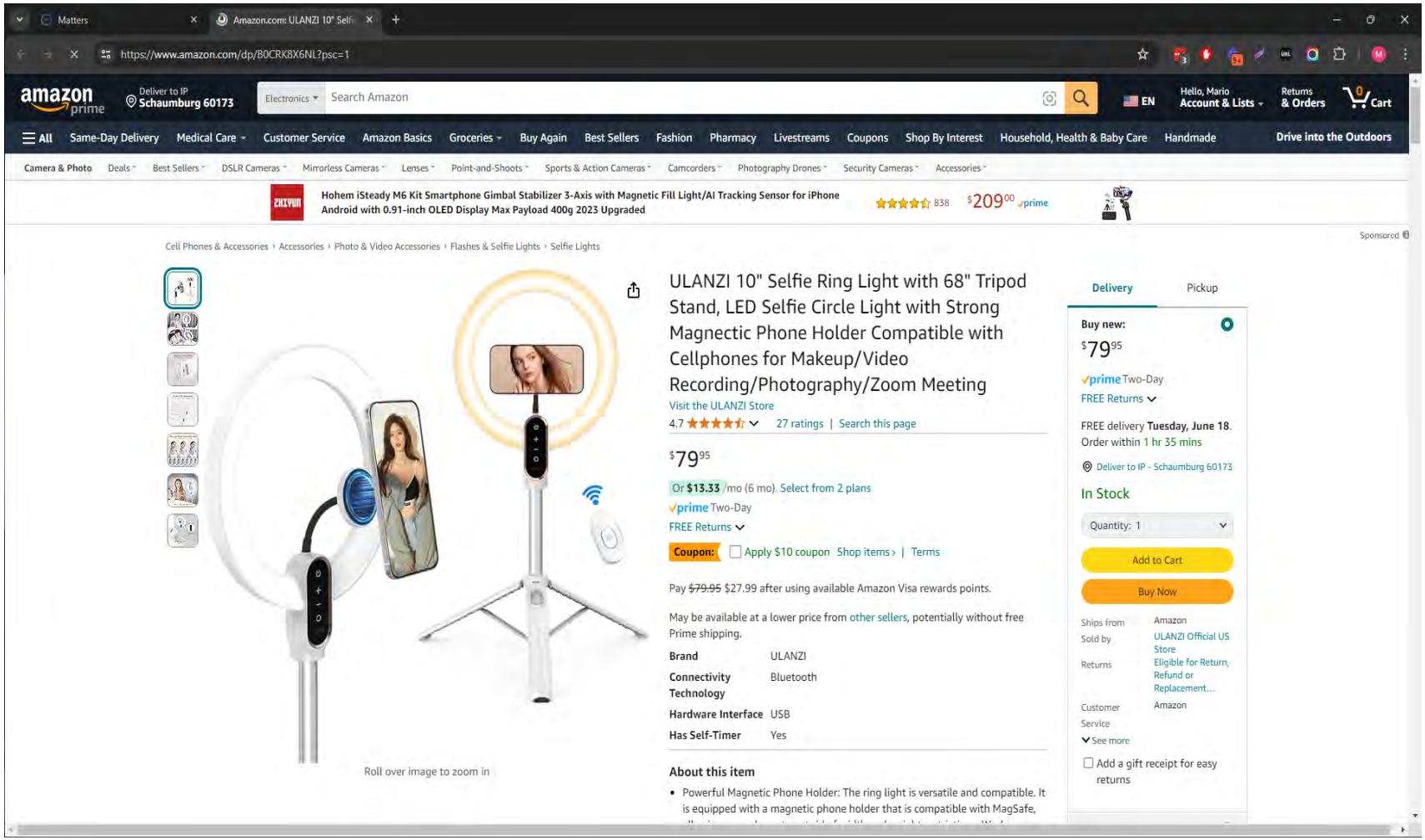


Screenshot Date: 16-06-2024 20:26PM

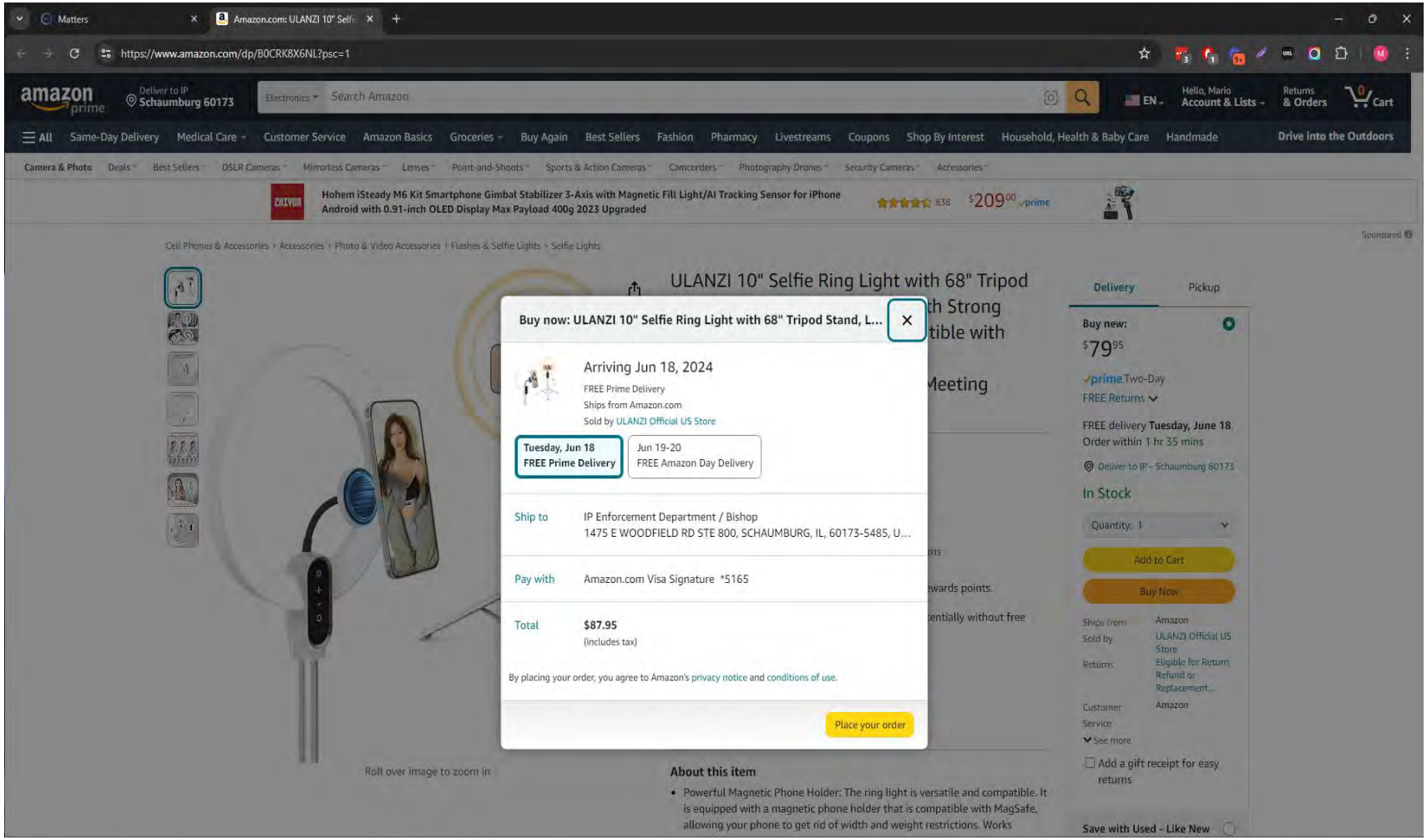


Screenshot Date: 16-06-2024 20:26PM

#45 - ULANZI Official US Store a/k/a SHENZHEN 7 BASKETS TECHNOLOGY CO., LTD
https://www.amazon.com/dp/B0CRK8X6NL?psc=1
Screenshots:

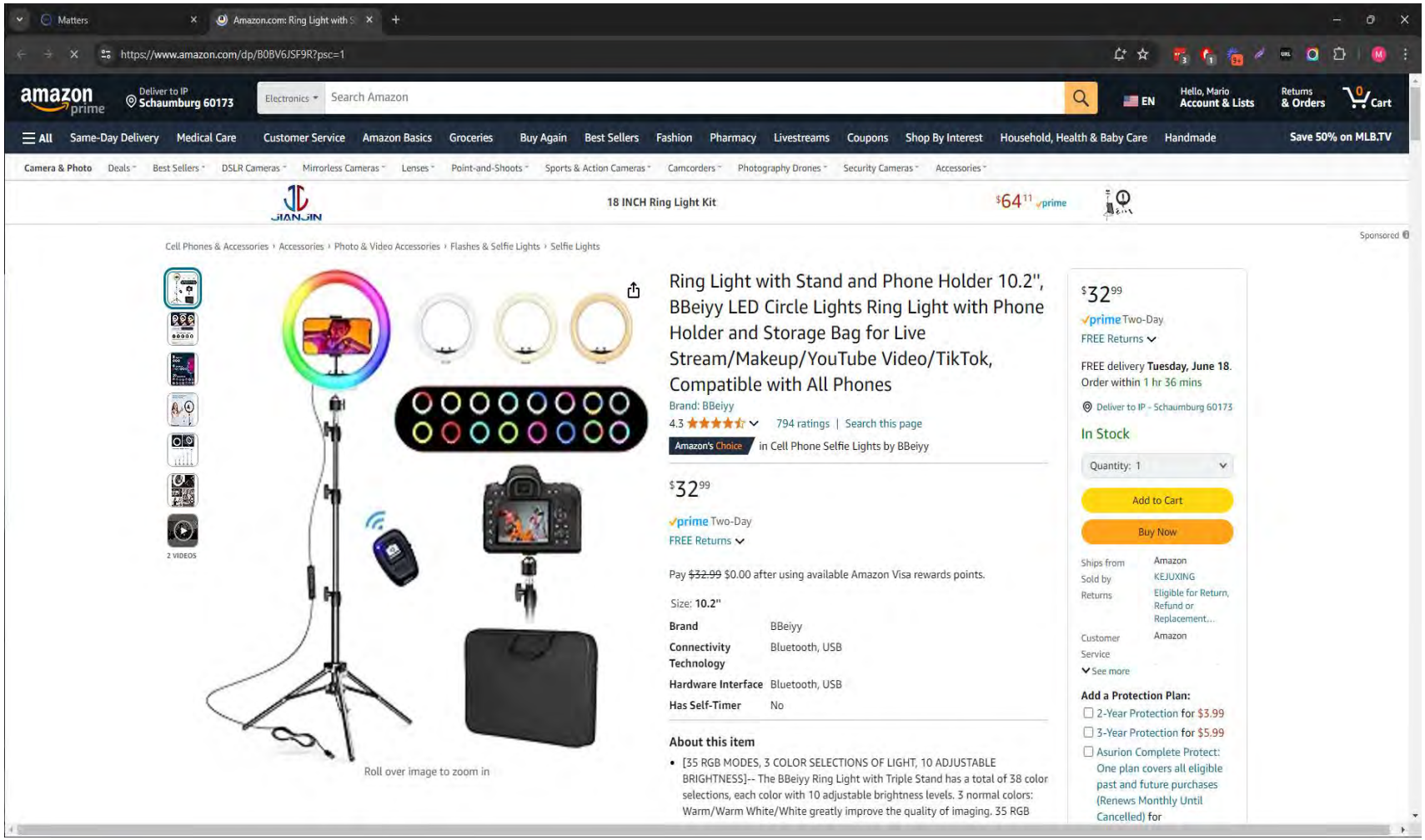


Screenshot Date: 16-06-2024 20:24PM

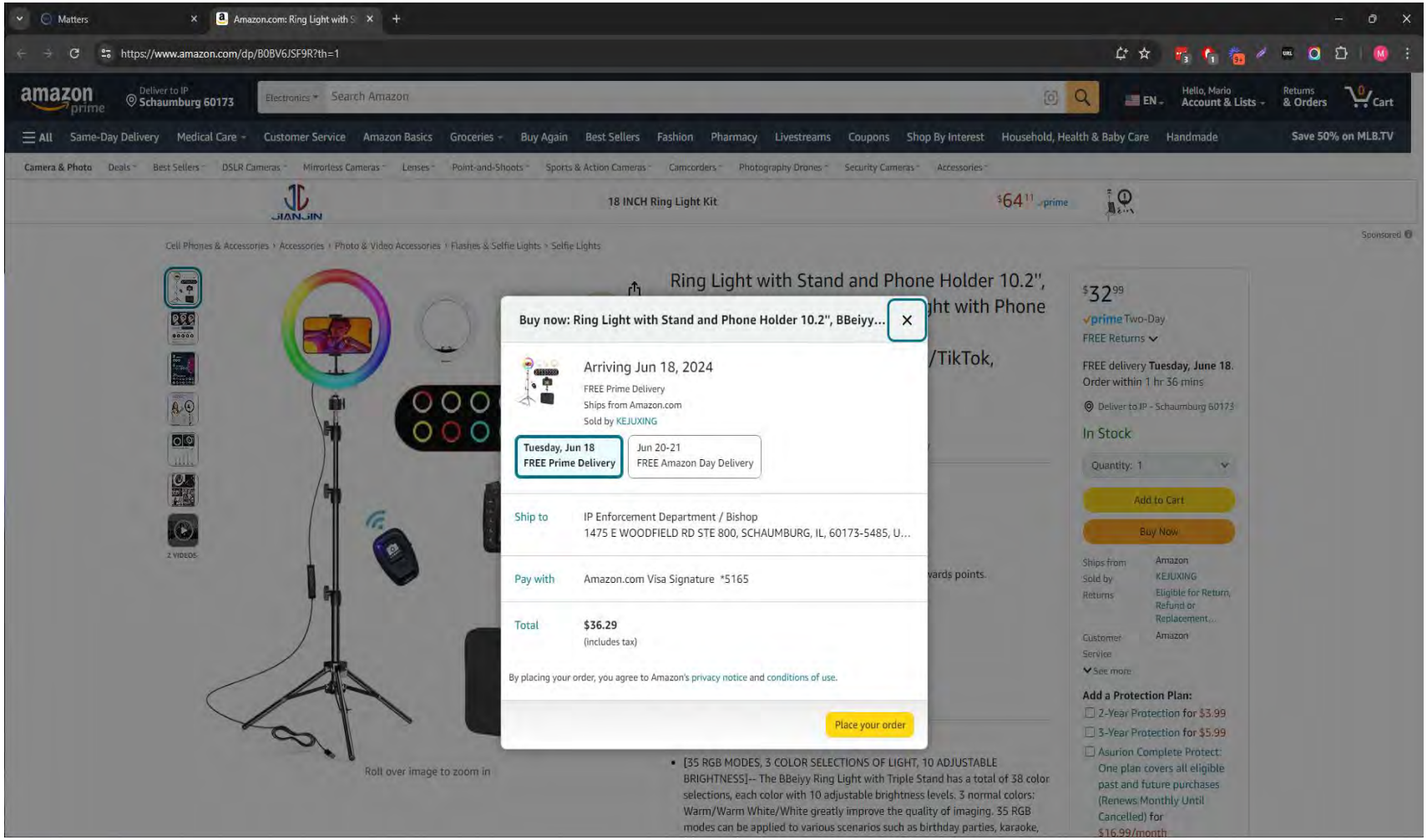


Screenshot Date: 16-06-2024 20:25PM

#46 - KEJUXING a/k/a jiangmenkejuxingguangdianyouxiangongsi
https://www.amazon.com/dp/B0BV6JSF9R?psc=1
Screenshots:

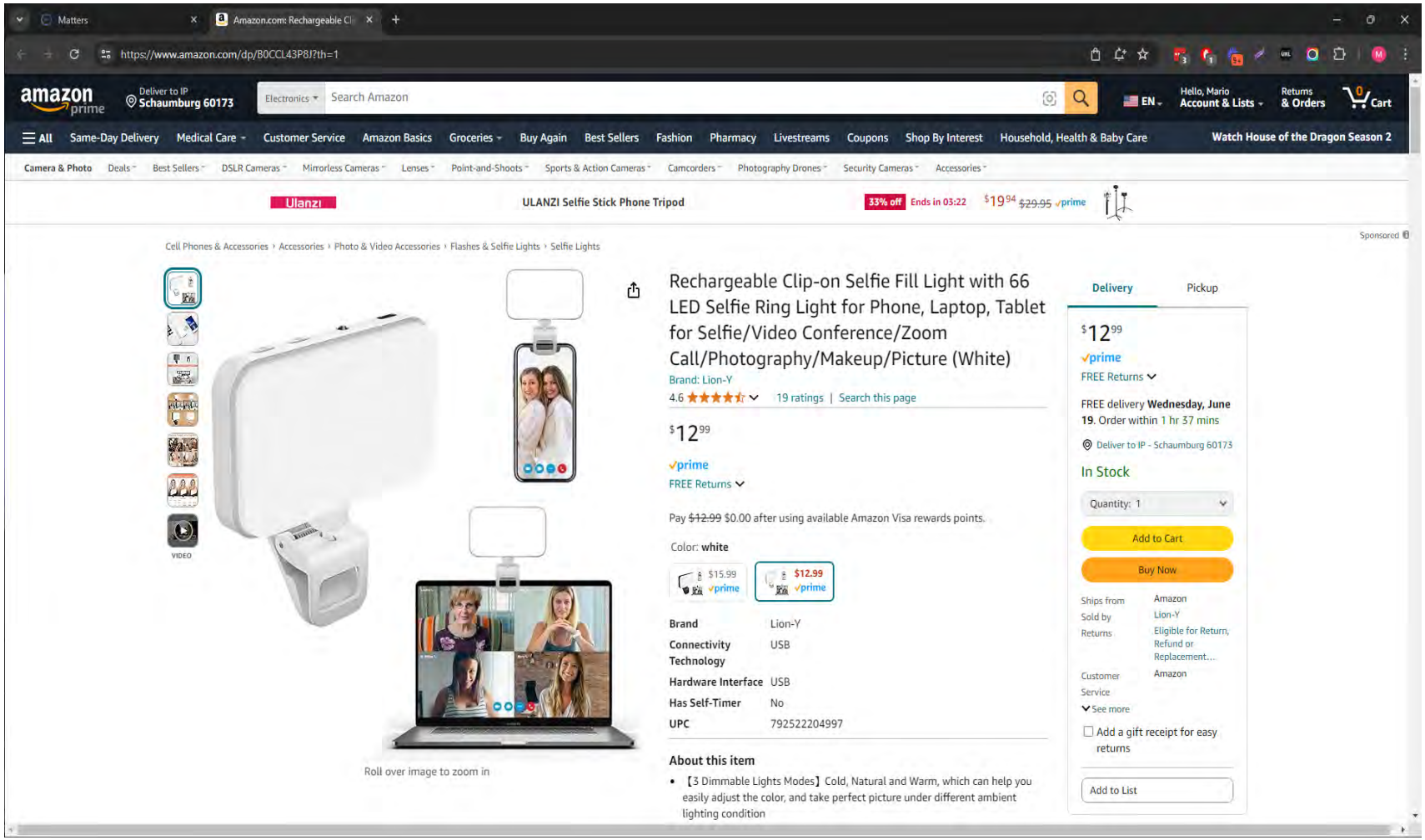


Screenshot Date: 16-06-2024 20:23PM

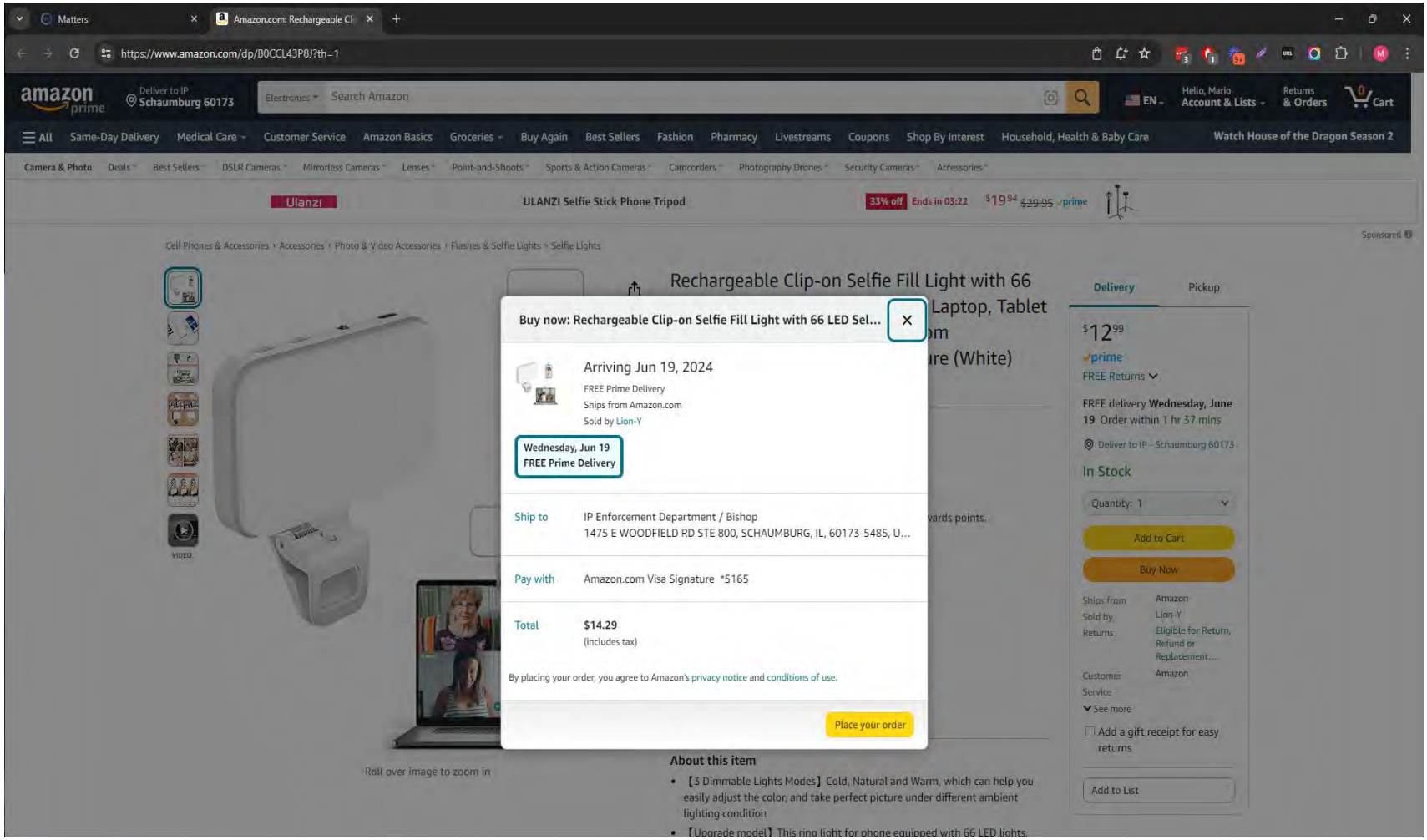


Screenshot Date: 16-06-2024 20:24PM

#47 - Lion-Y a/k/a Shangrao Duming E-commerce Co., Ltd
https://www.amazon.com/dp/B0CCL43P8J?psc=1
Screenshots:

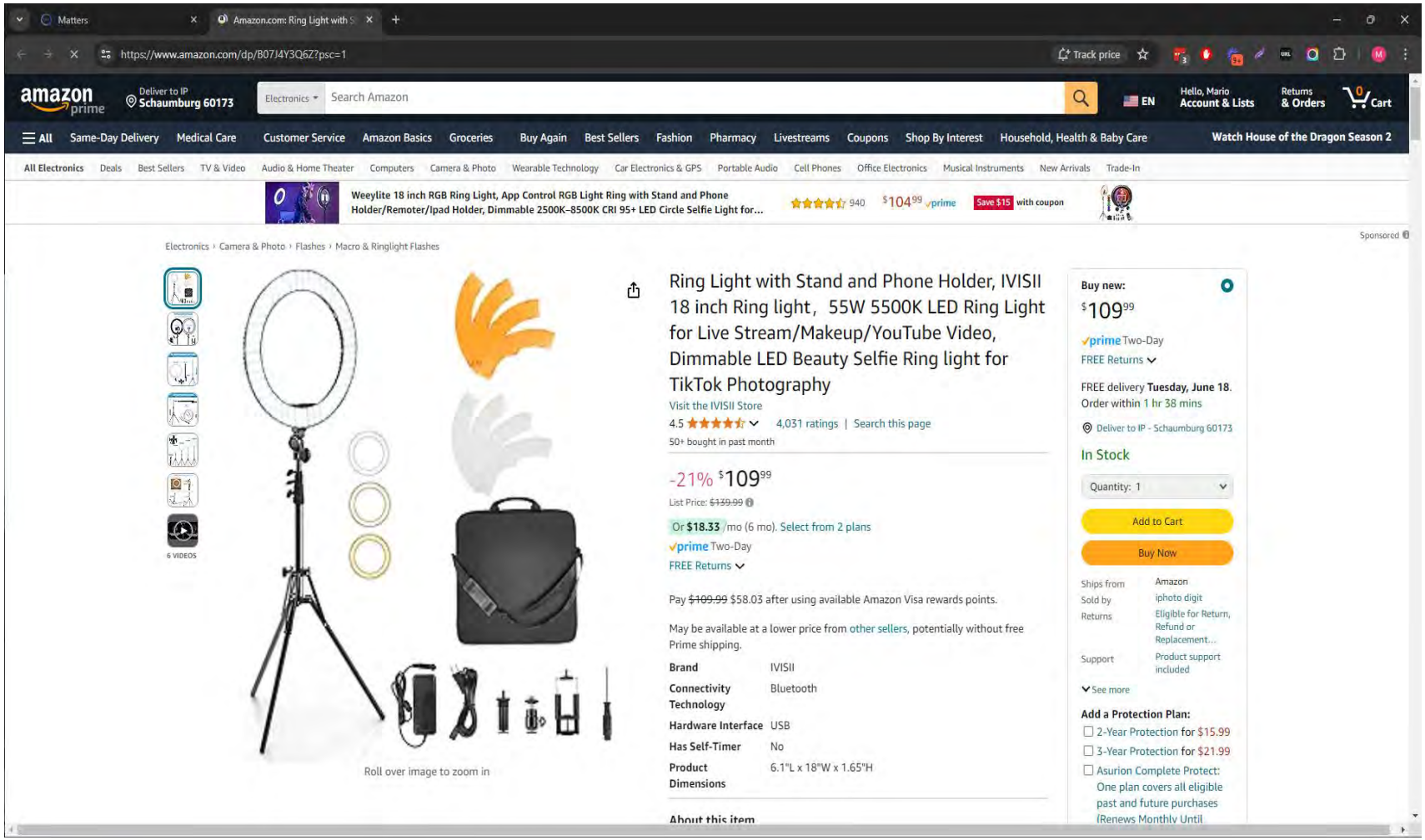


Screenshot Date: 16-06-2024 20:22PM

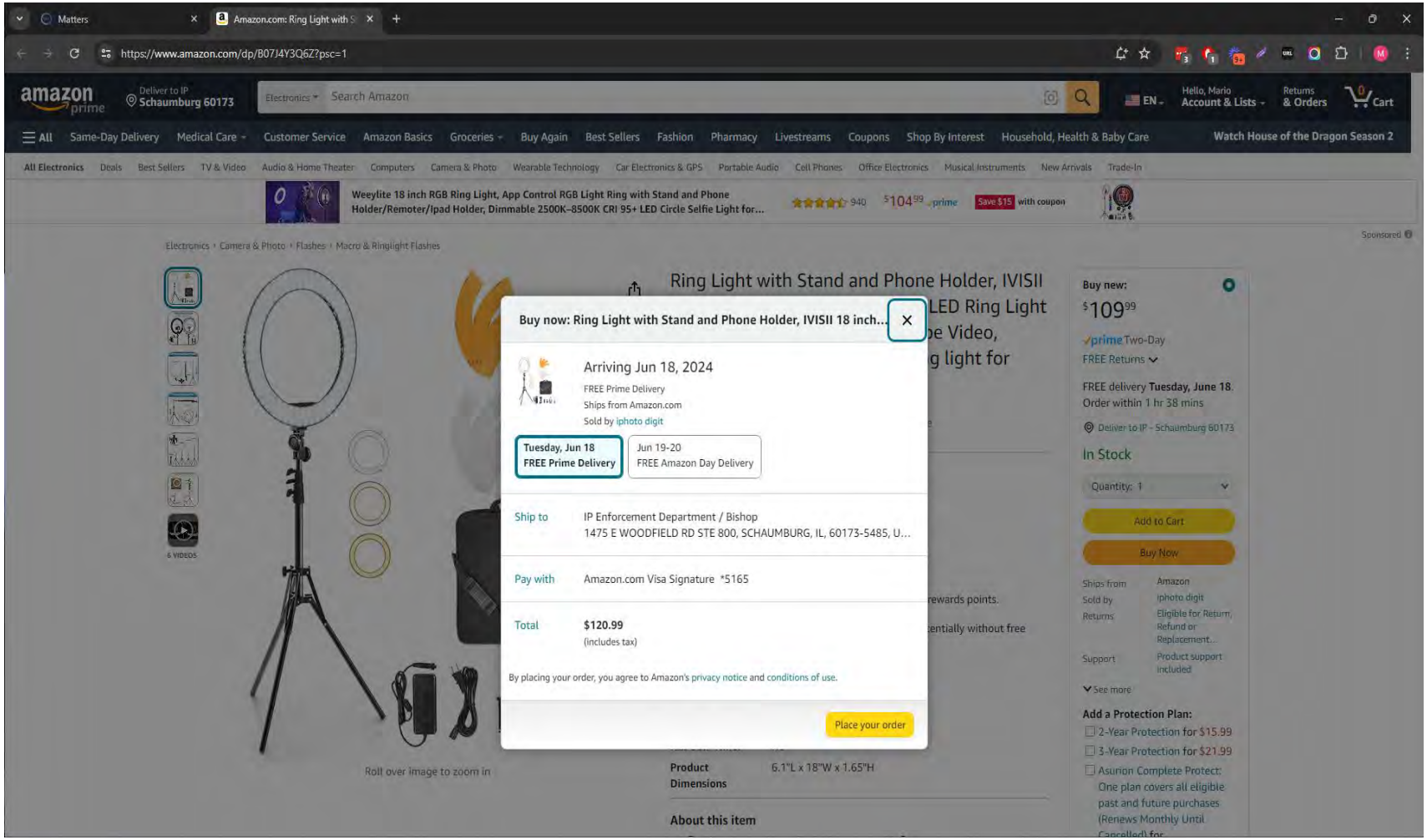


Screenshot Date: 16-06-2024 20:23PM

#48 - iphoto digit a/k/a shen zhen shi yin xi si ke ji you xian gong si
https://www.amazon.com/dp/B07J4Y3Q6Z?psc=1
Screenshots:

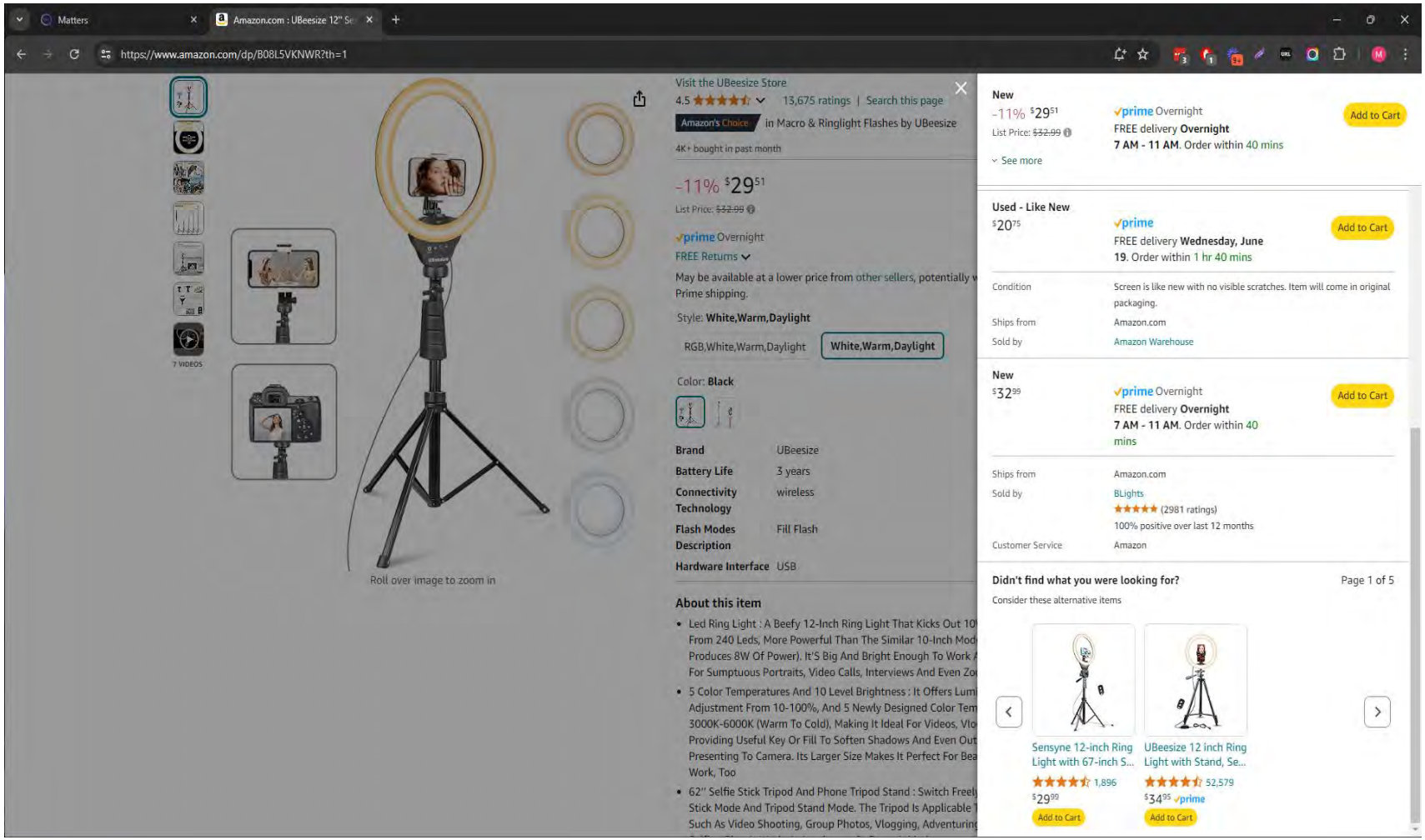


Screenshot Date: 16-06-2024 20:21PM

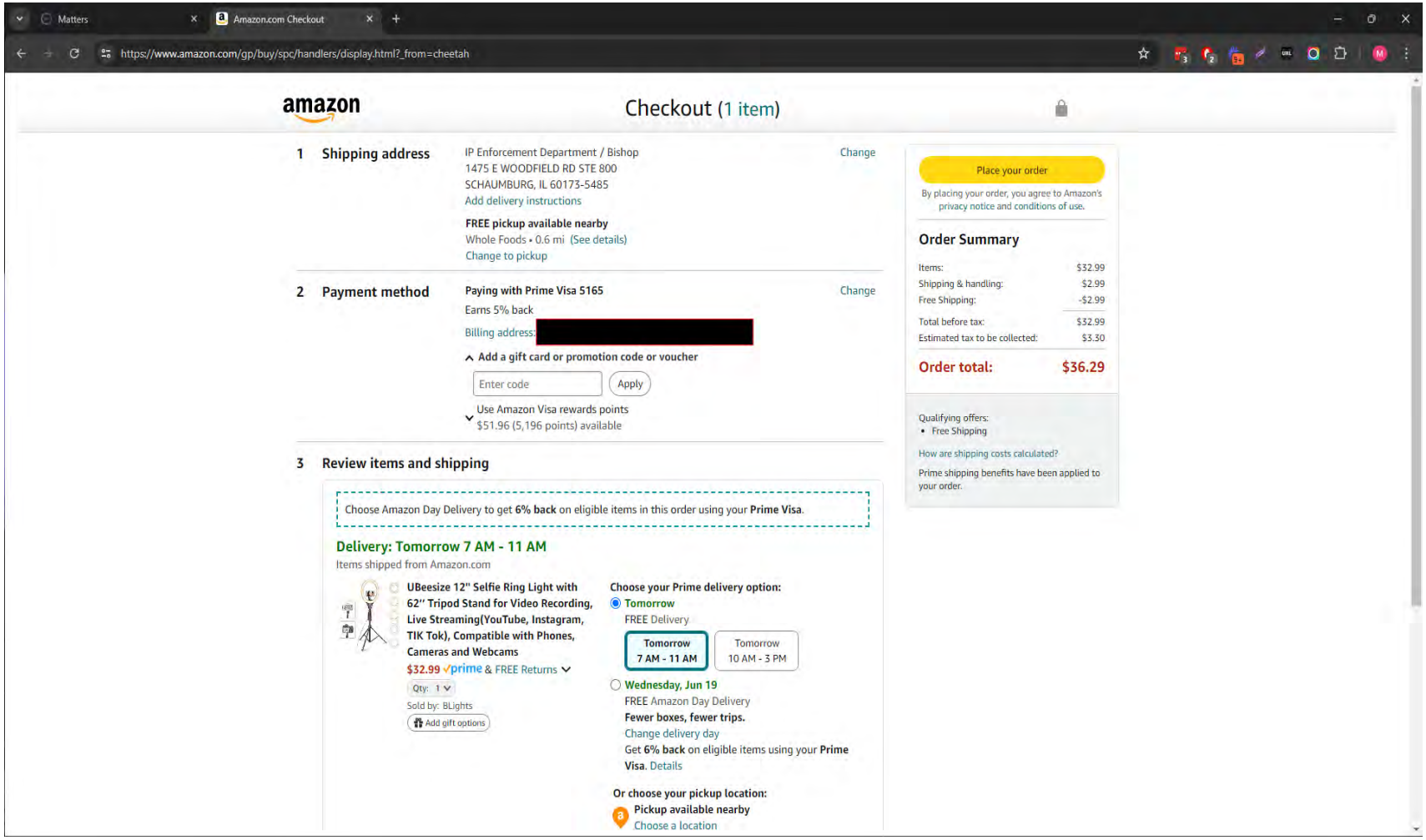


Screenshot Date: 16-06-2024 20:22PM

#49 - BLights a/k/a Hongkong Qianzong Technology Co., Limited
https://www.amazon.com/dp/B08L5VKNWR?psc=1
Screenshots:

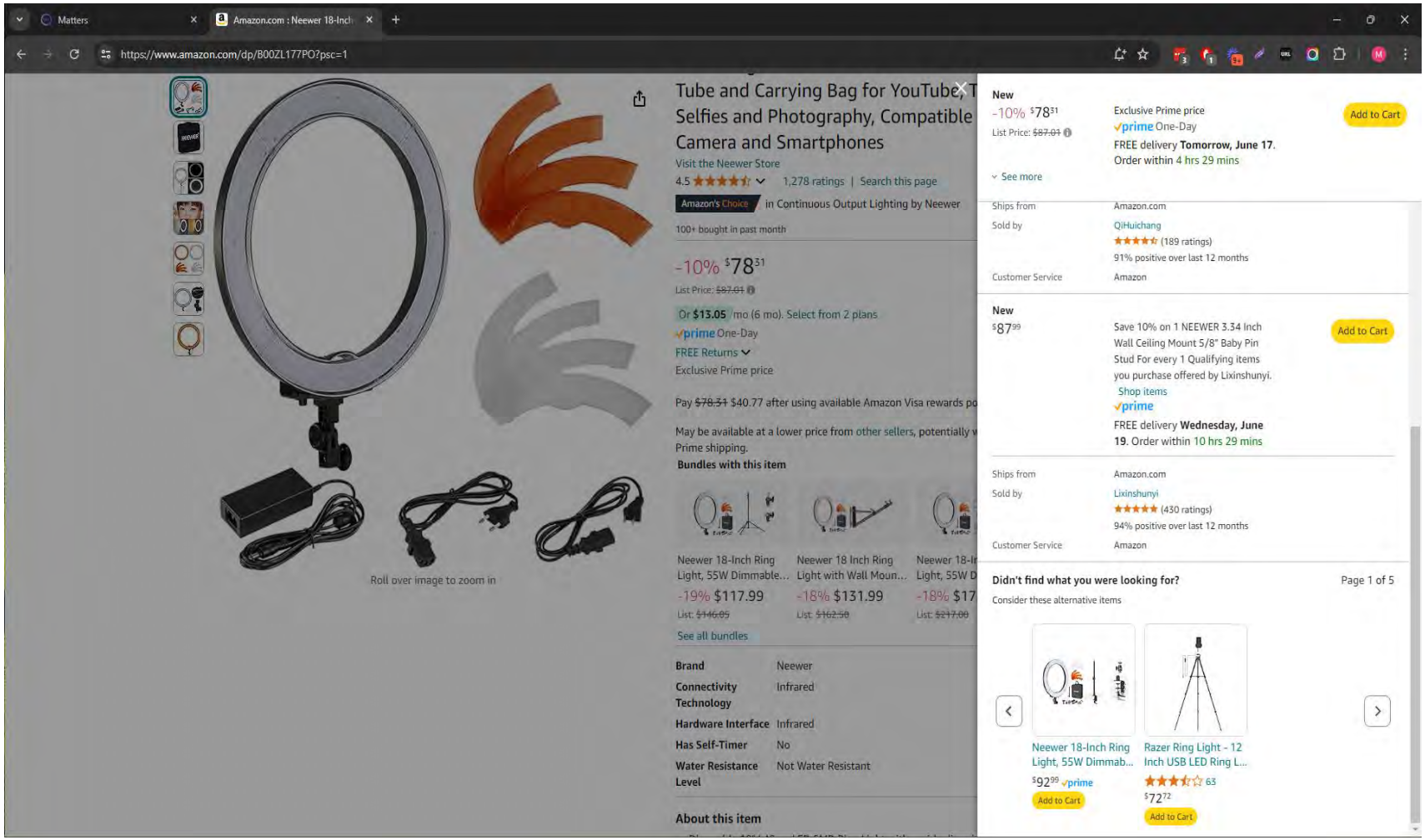


Screenshot Date: 16-06-2024 20:20PM

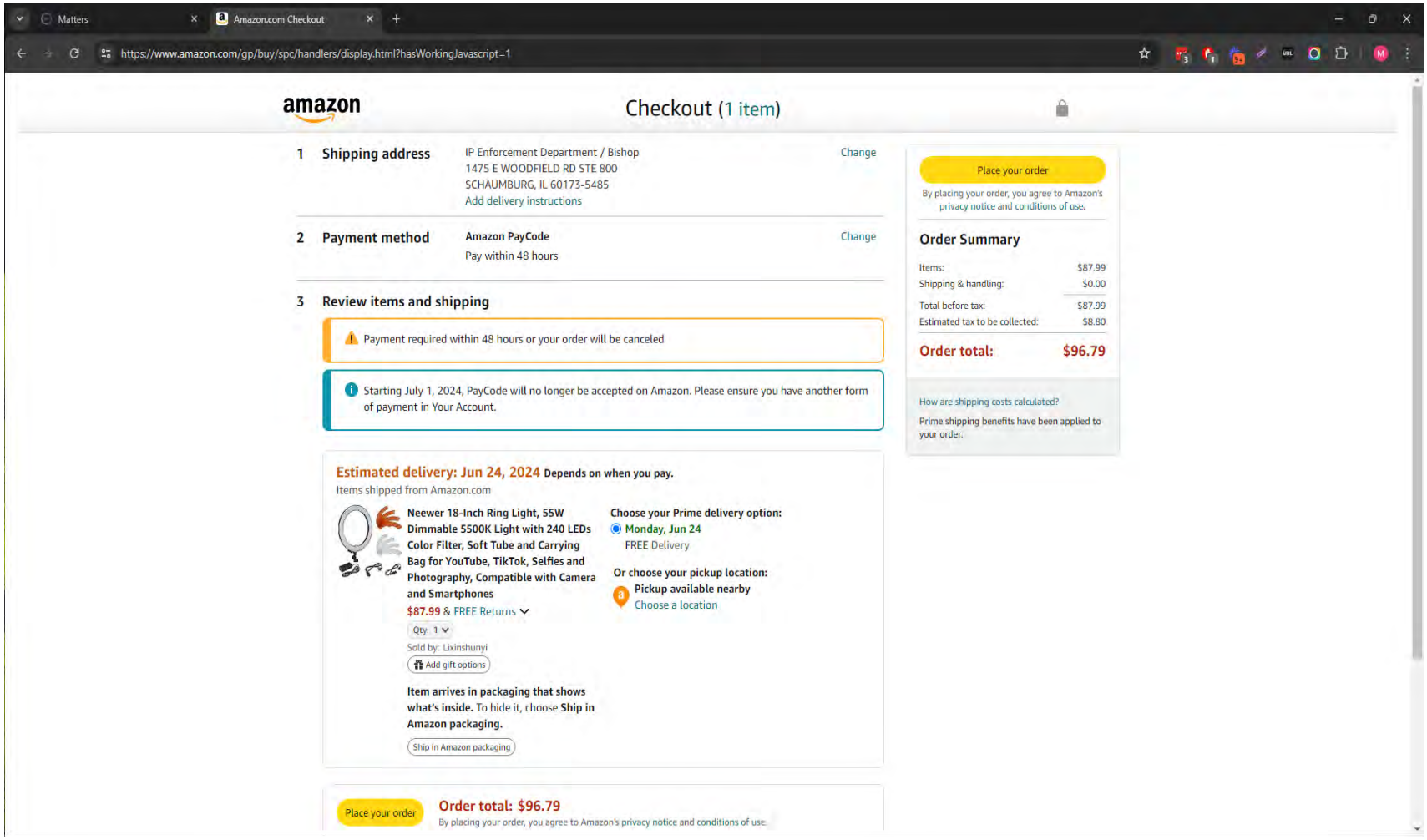


Screenshot Date: 16-06-2024 20:21PM

#50 - Lixinshunyi a/k/a shenzhenlixinshunyikejiyouxiangongsi
https://www.amazon.com/dp/B00ZL177PO?psc=1
Screenshots:

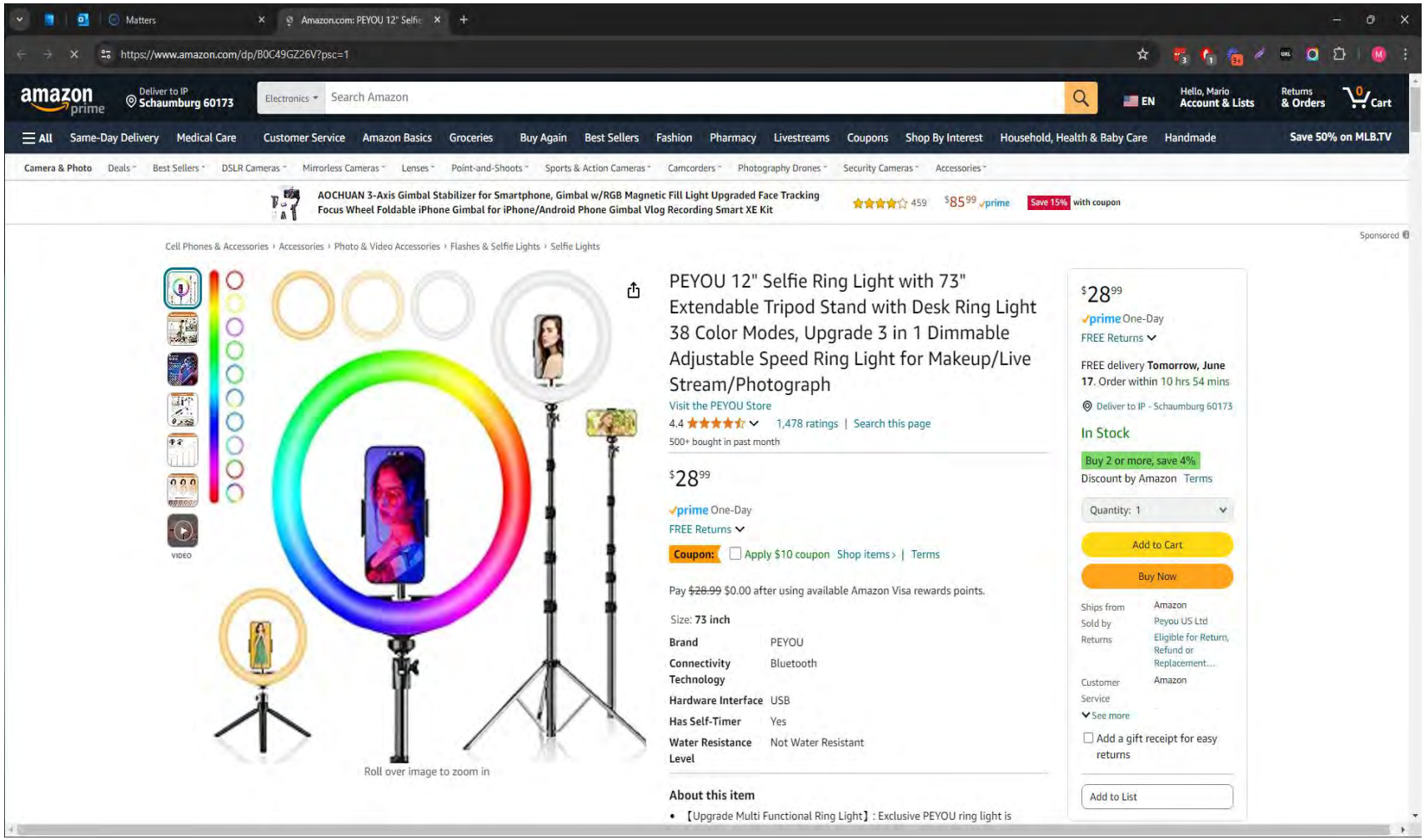


Screenshot Date: 16-06-2024 11:30AM

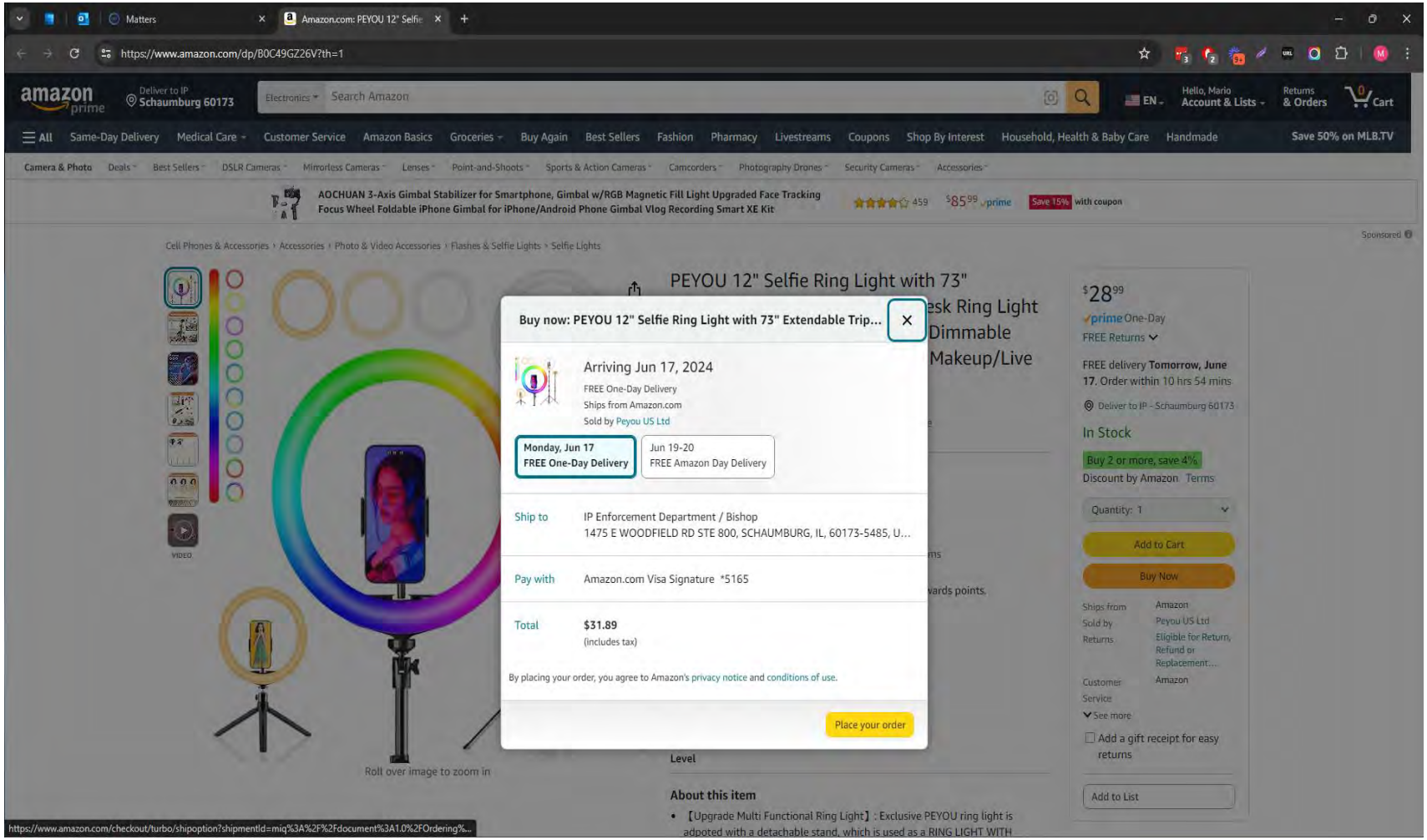


Screenshot Date: 16-06-2024 11:31AM

#51 - Peyou US Ltd a/k/a PE YOU TRADING LIMITED
https://www.amazon.com/dp/B0C49GZ26V?psc=1
Screenshots:

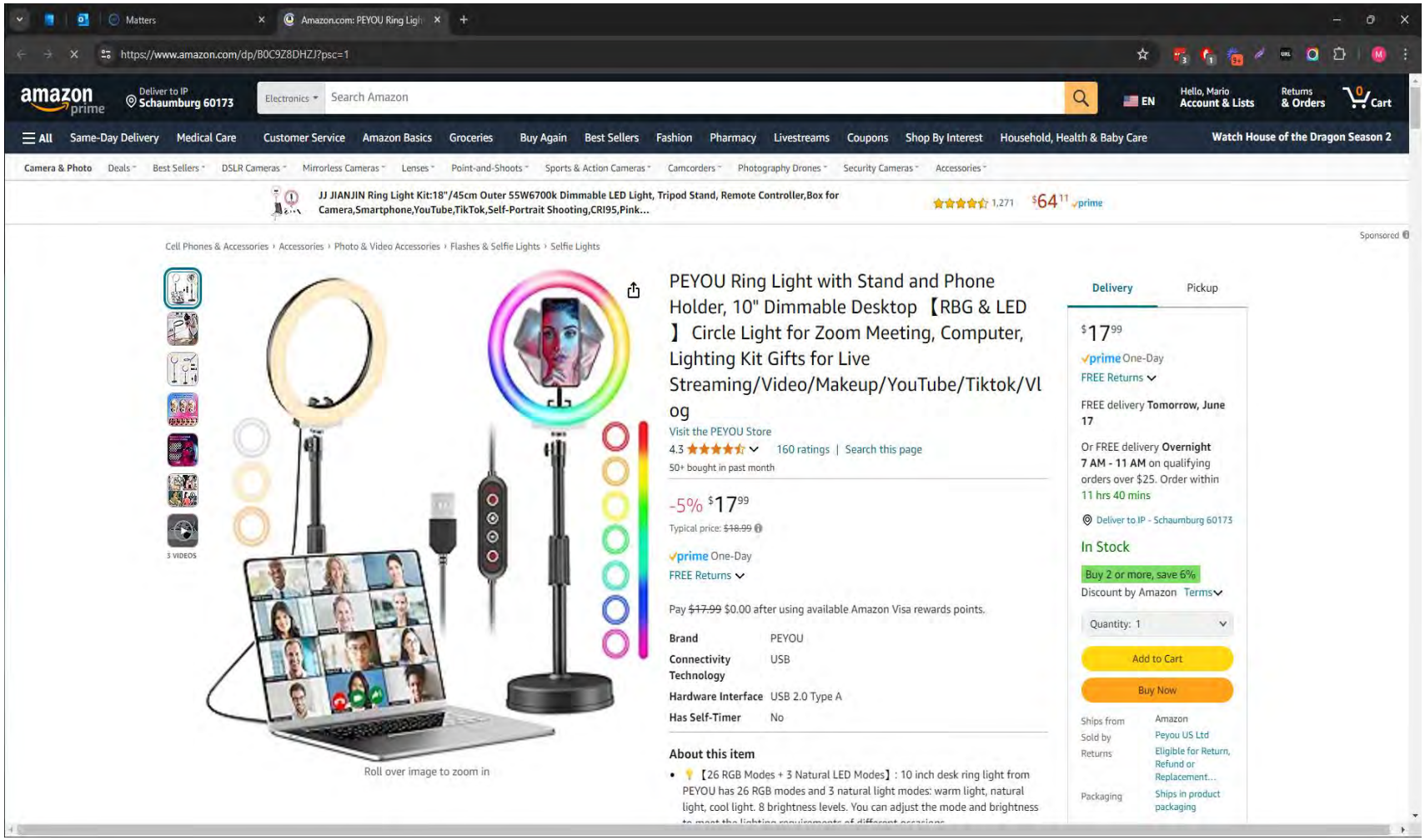


Screenshot Date: 16-06-2024 8:06AM

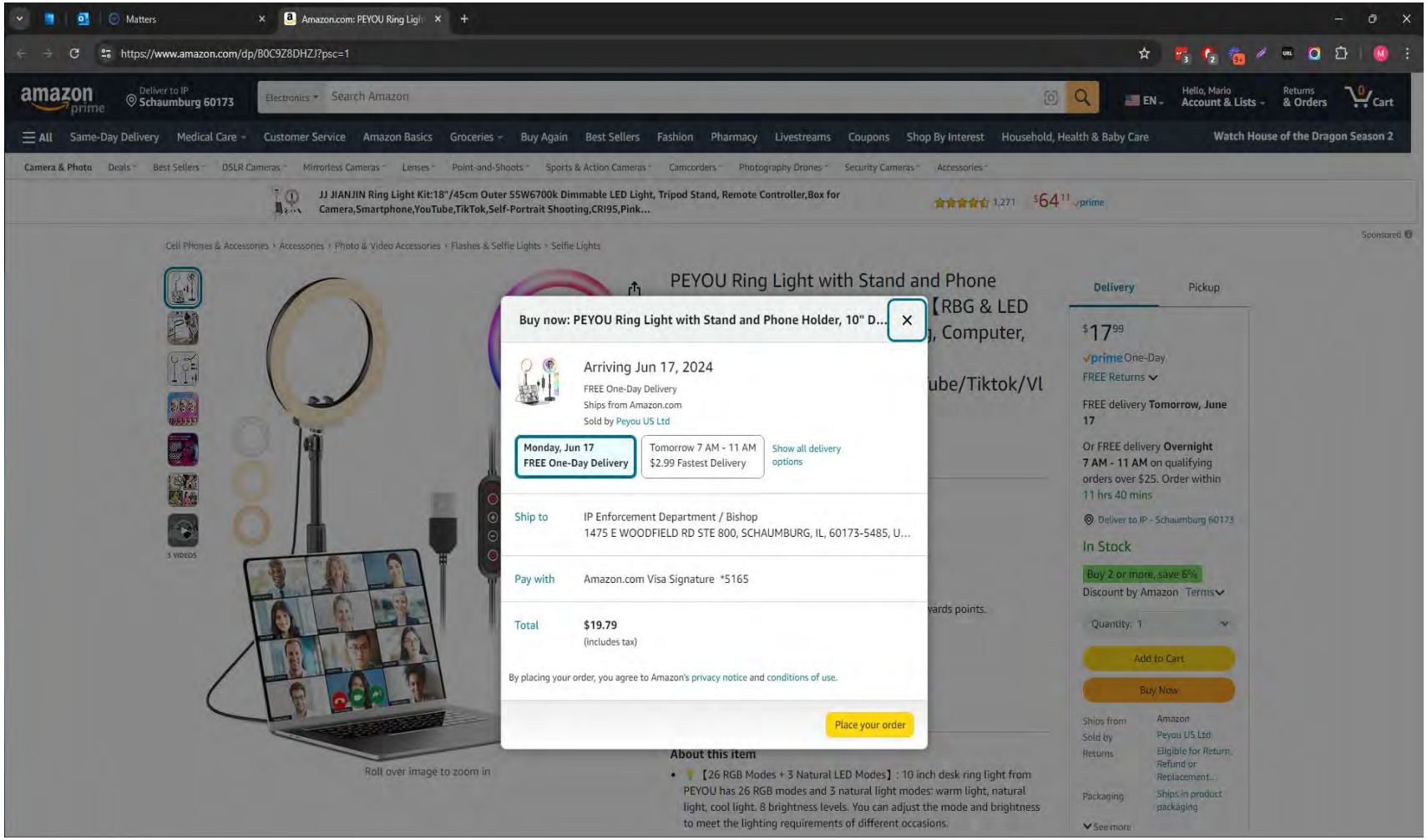


Screenshot Date: 16-06-2024 8:06AM

#51 - Peyou US Ltd a/k/a PE YOU TRADING LIMITED
https://www.amazon.com/dp/B0C9Z8DHZJ?psc=1
Screenshots:

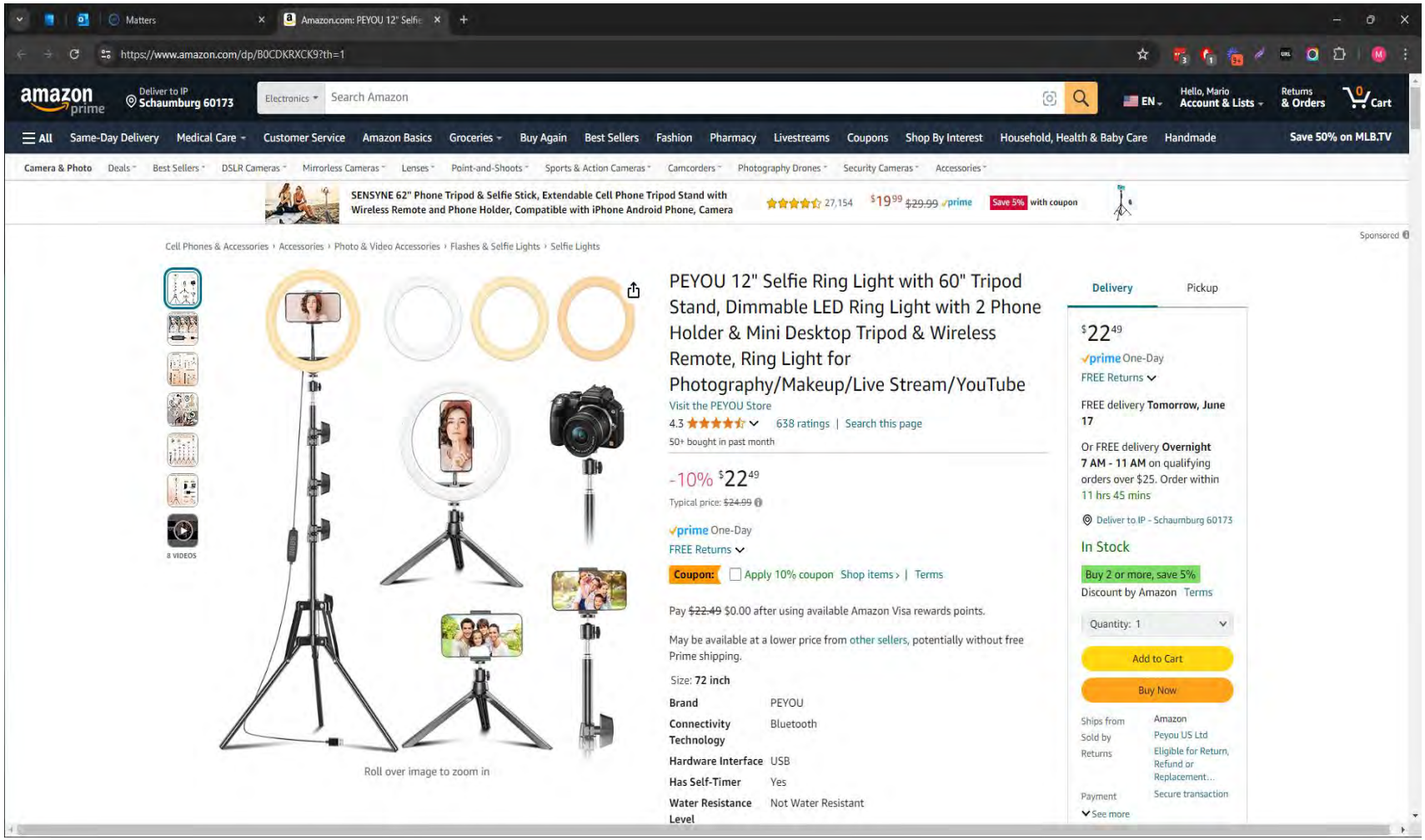


Screenshot Date: 16-06-2024 8:04AM

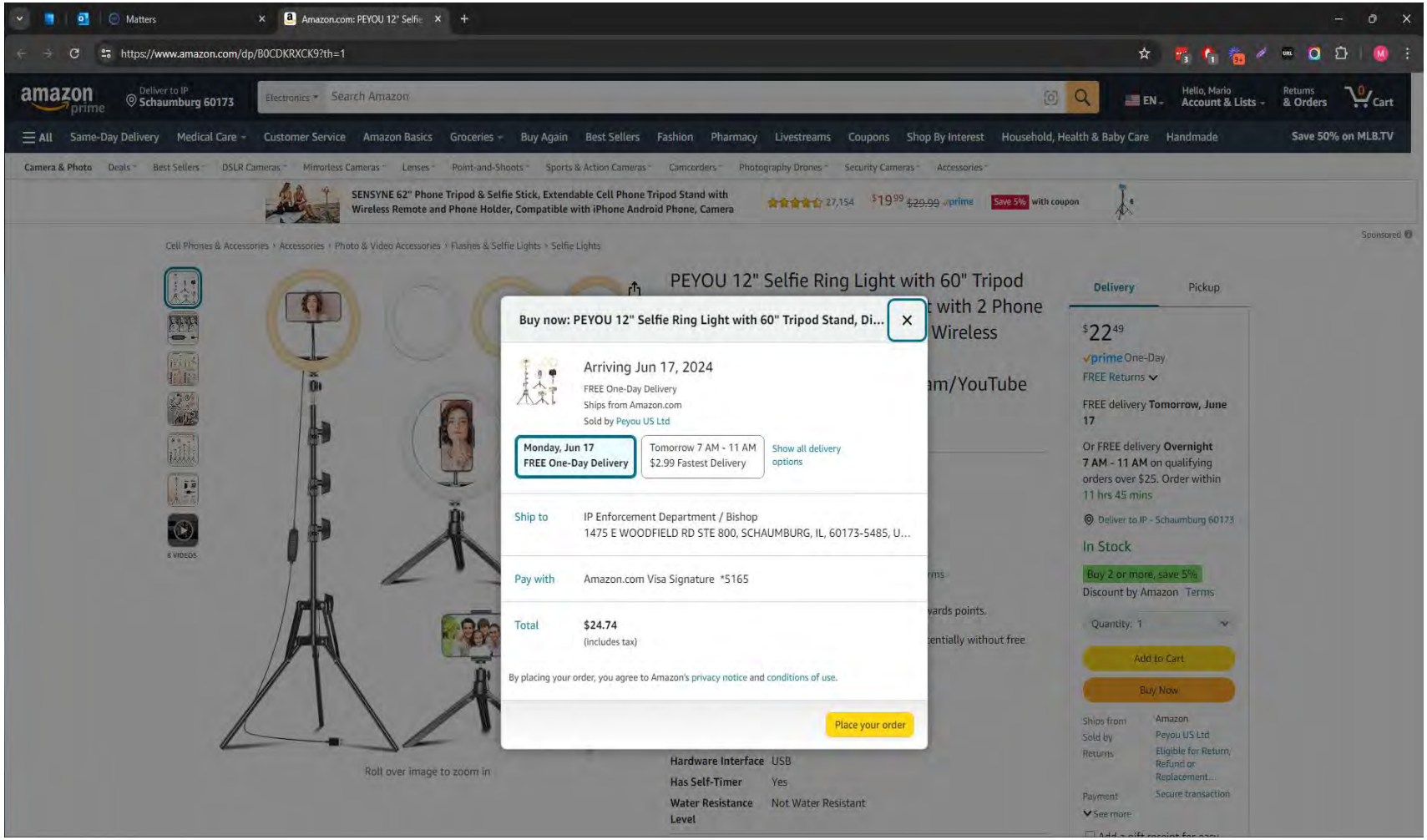


Screenshot Date: 16-06-2024 8:04AM

#51 - Peyou US Ltd a/k/a PE YOU TRADING LIMITED
https://www.amazon.com/dp/B0CDKRXCK9?psc=1
Screenshots:

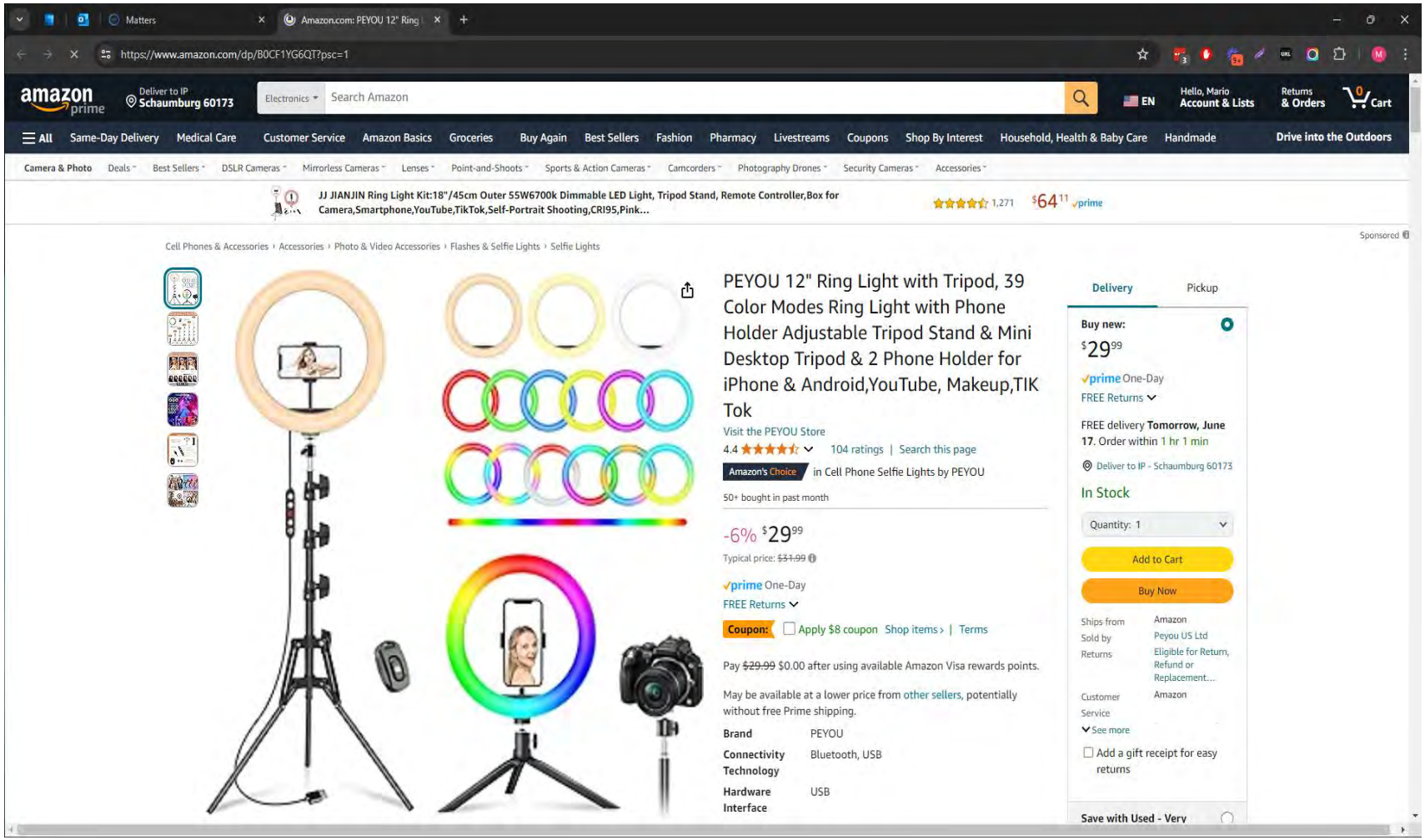


Screenshot Date: 16-06-2024 7:59AM

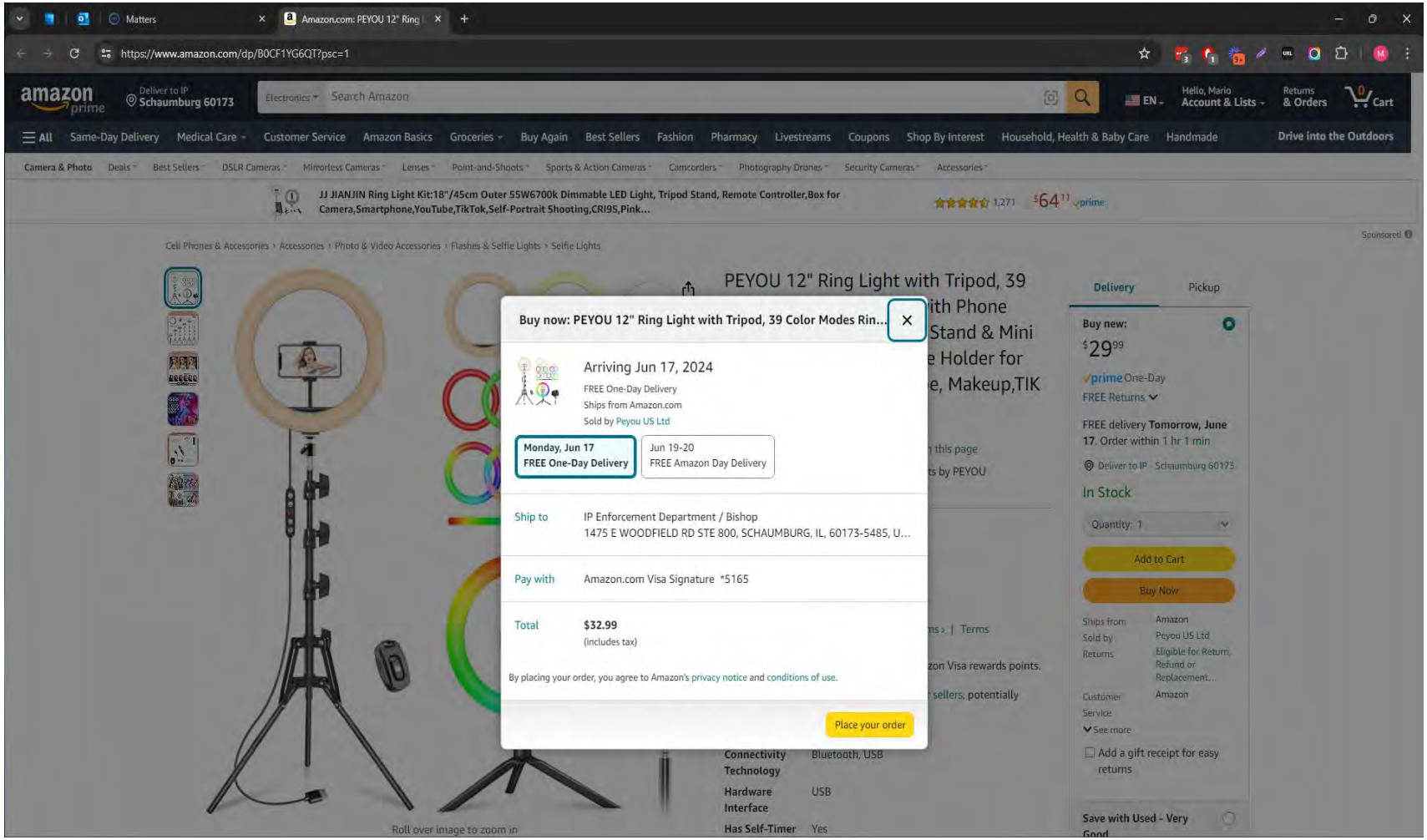


Screenshot Date: 16-06-2024 8:00AM

#51 - Peyou US Ltd a/k/a PE YOU TRADING LIMITED
https://www.amazon.com/dp/B0CF1YG6QT?psc=1
Screenshots:

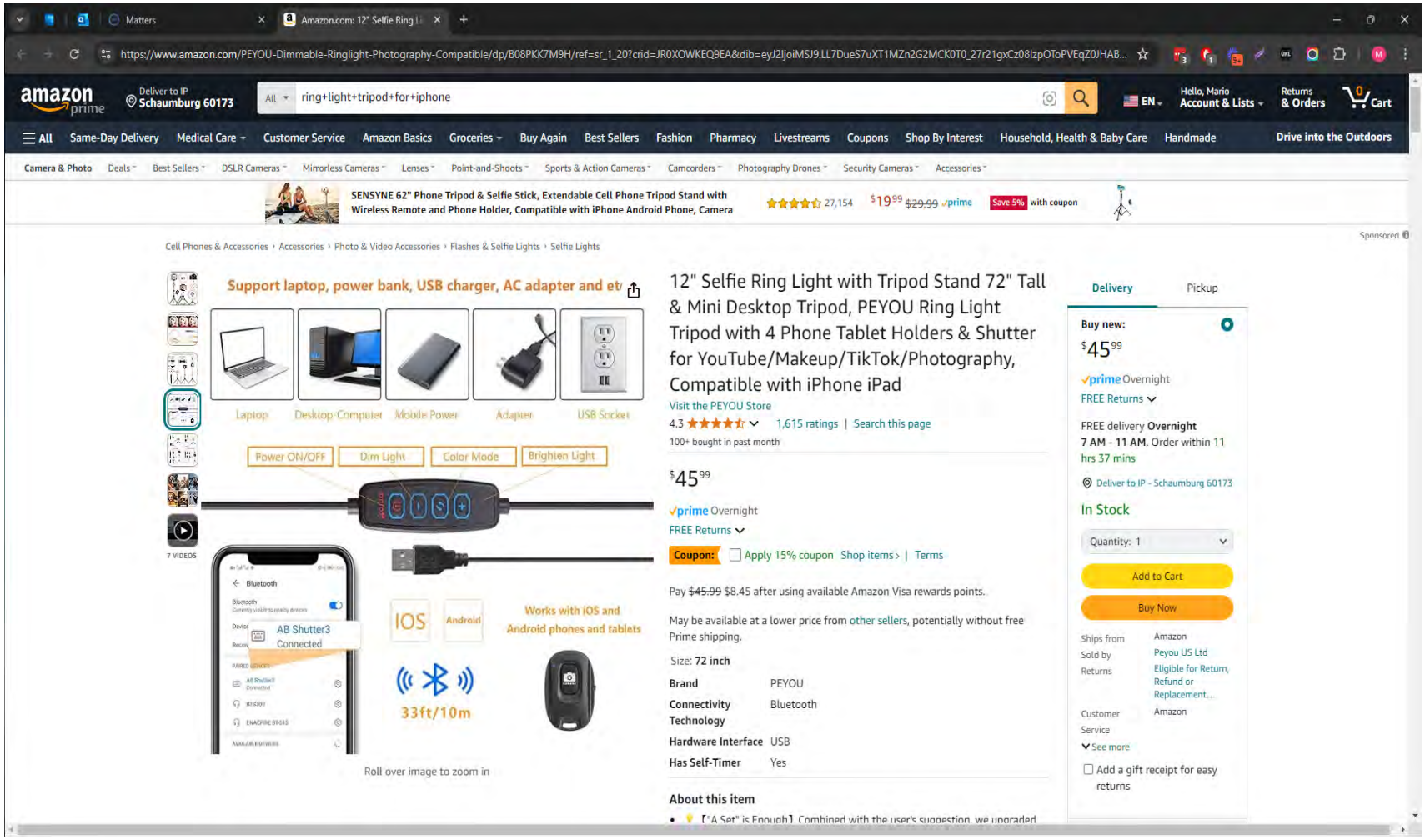


Screenshot Date: 16-06-2024 7:59AM

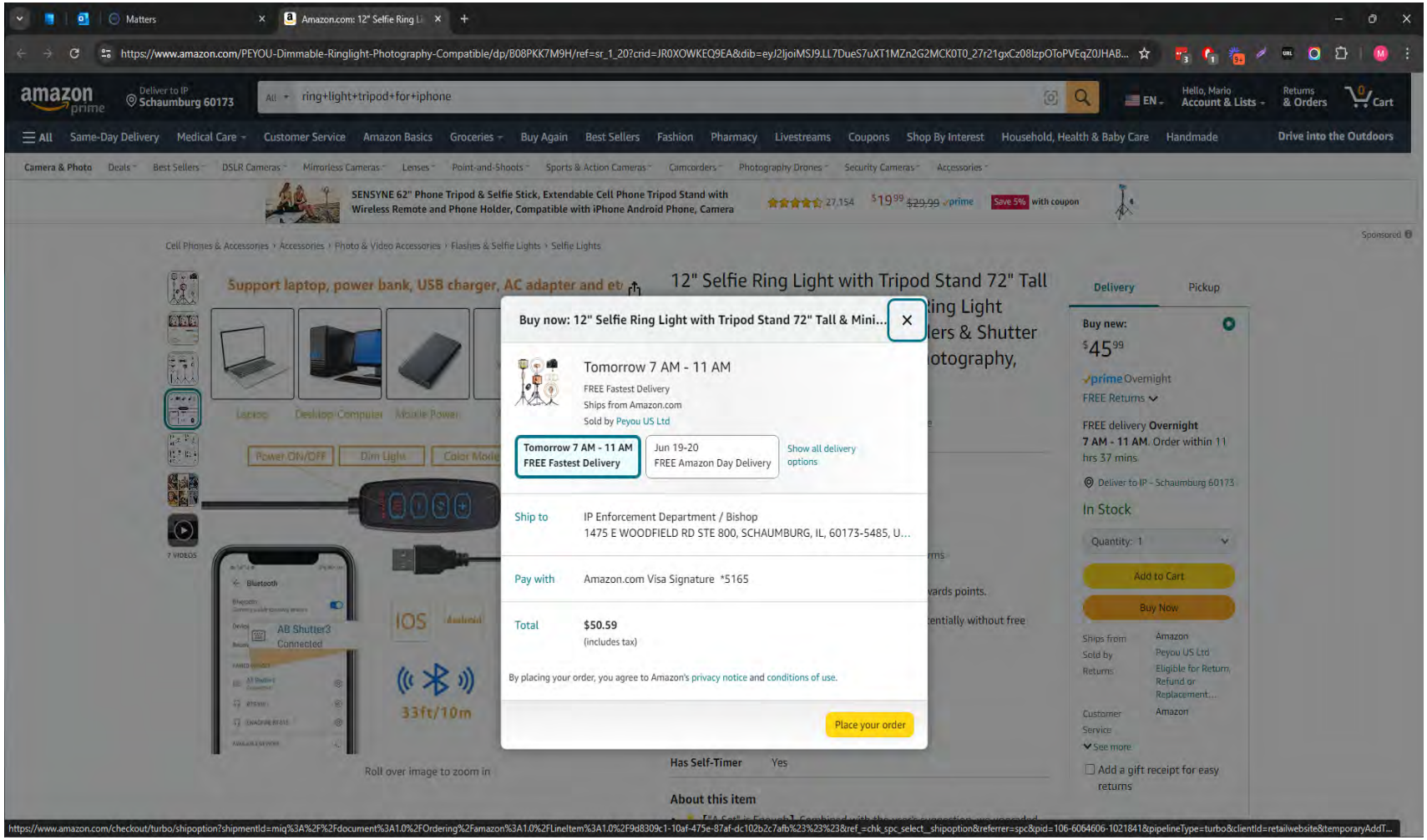


Screenshot Date: 16-06-2024 7:59AM

#51 - Peyou US Ltd a/k/a PE YOU TRADING LIMITED
https://www.amazon.com/PEYOU-Dimmable-Ringlight-Photography-Compatible/dp/B08PKK7M9H
Screenshots:

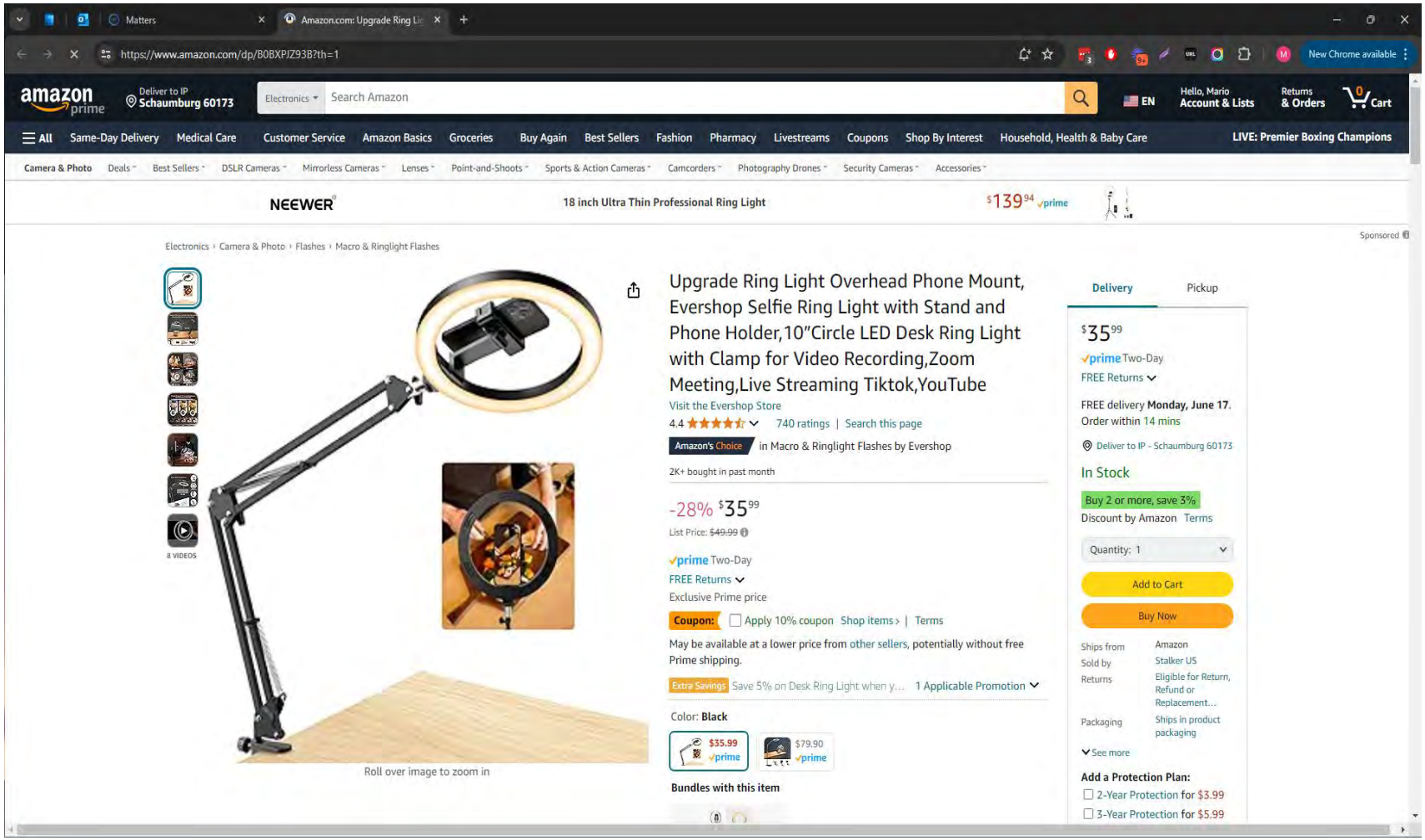


Screenshot Date: 16-06-2024 8:07AM

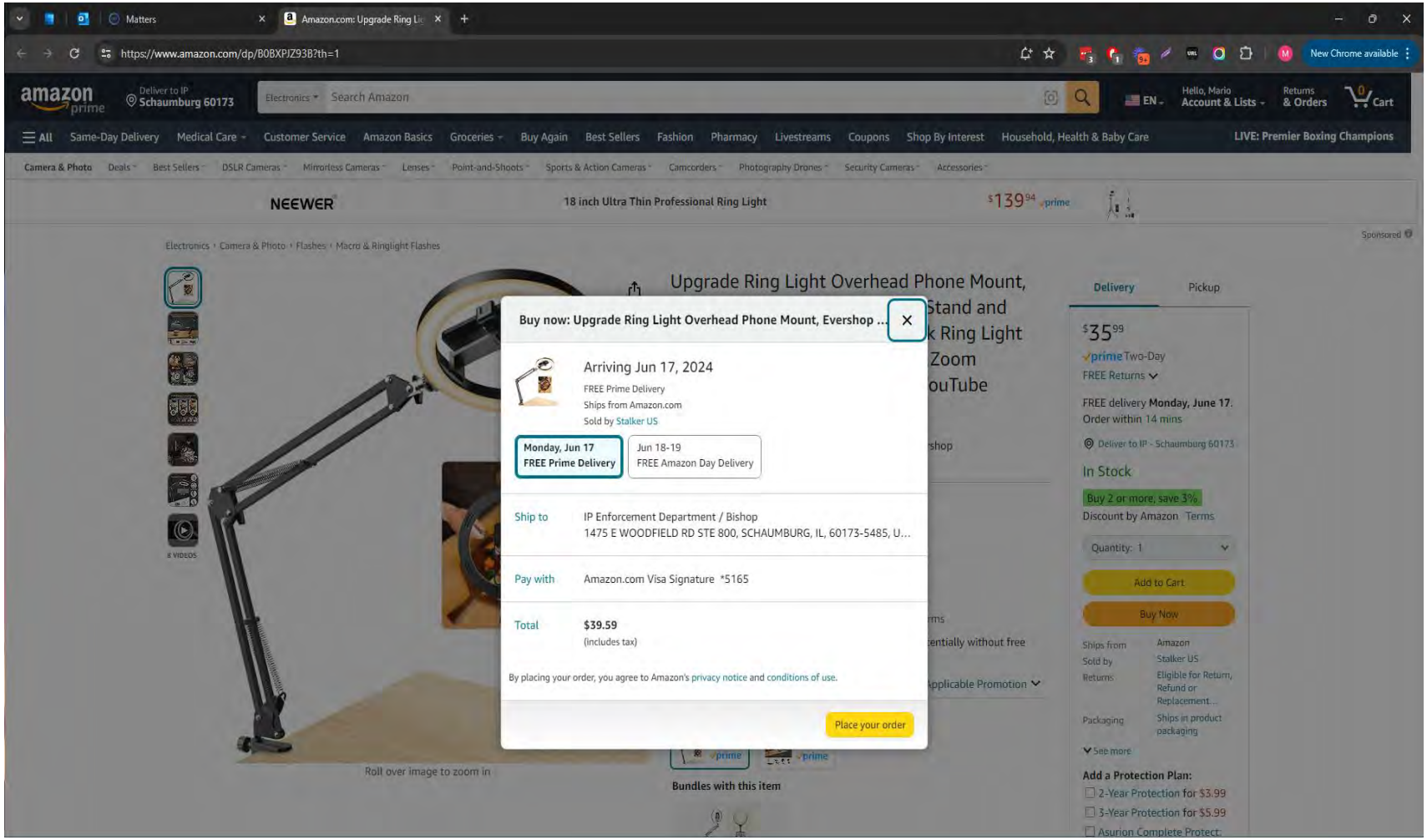


Screenshot Date: 16-06-2024 8:08AM

#52 - Stalker US a/k/a STALKER HK CO., LIMITED
https://www.amazon.com/dp/B0BXPJZ93B?psc=1
Screenshots:

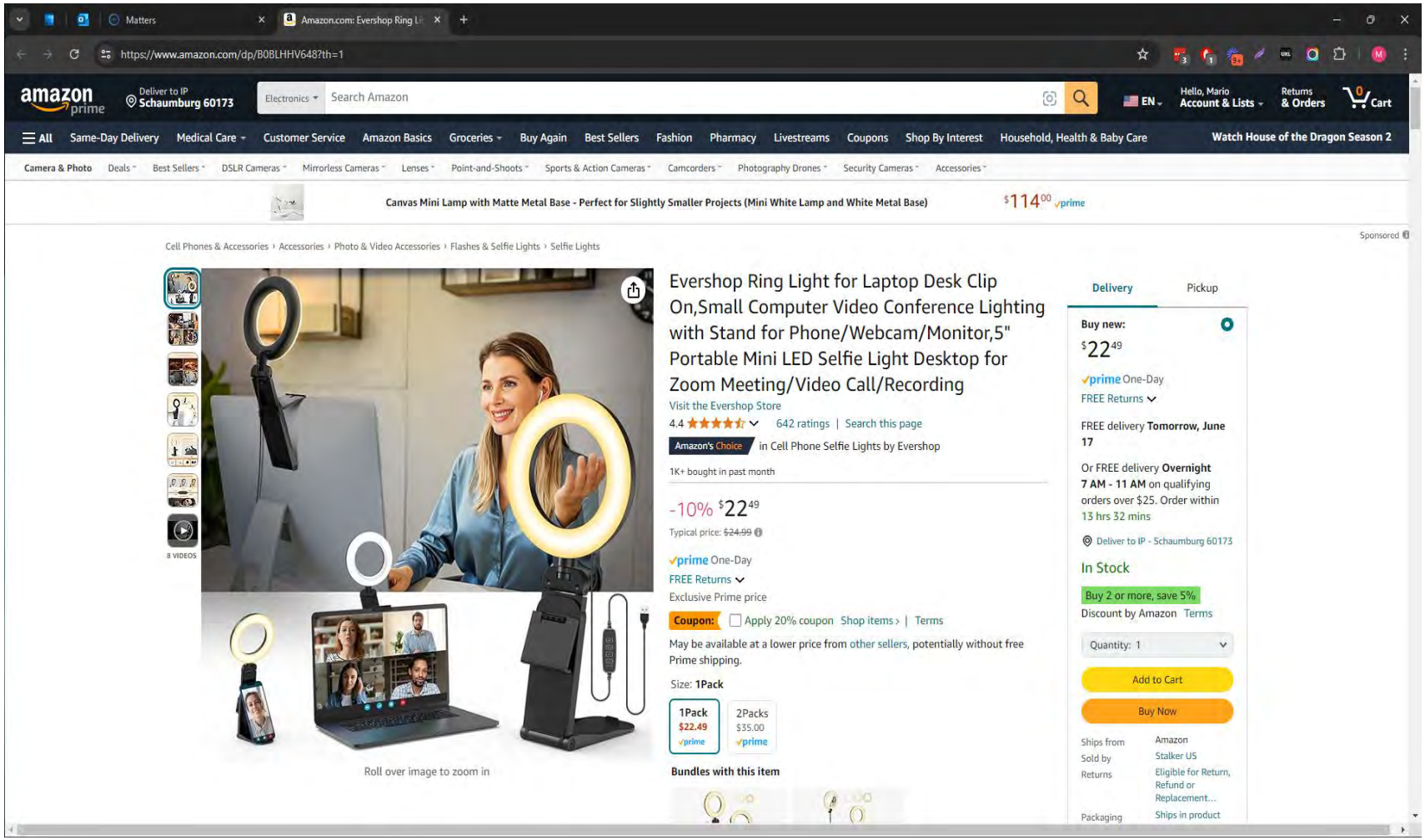


Screenshot Date: 15-06-2024 21:46PM

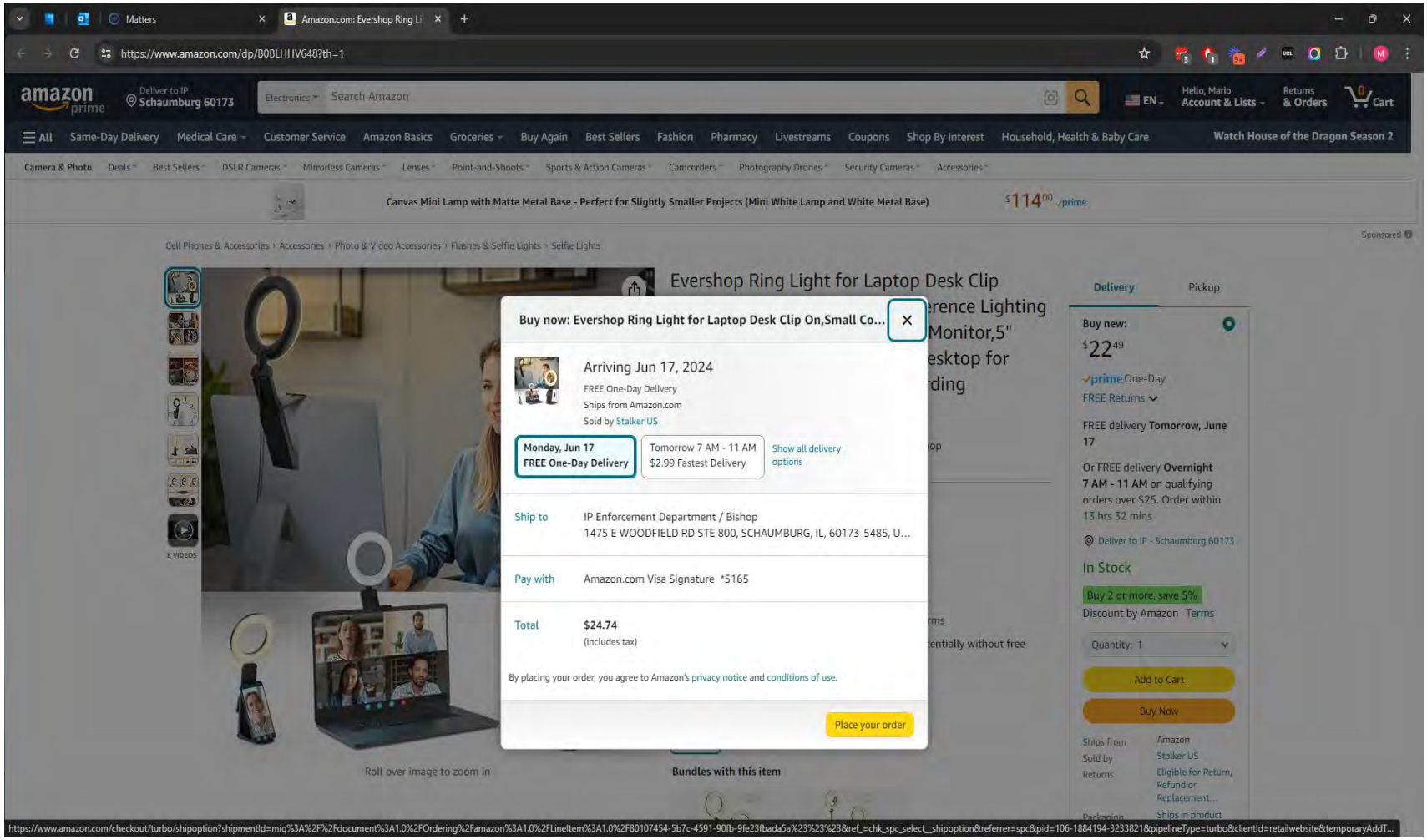


Screenshot Date: 15-06-2024 21:46PM

#52 - Stalker US a/k/a STALKER HK CO., LIMITED
https://www.amazon.com/dp/B0BLHHV648?psc=1
Screenshots:

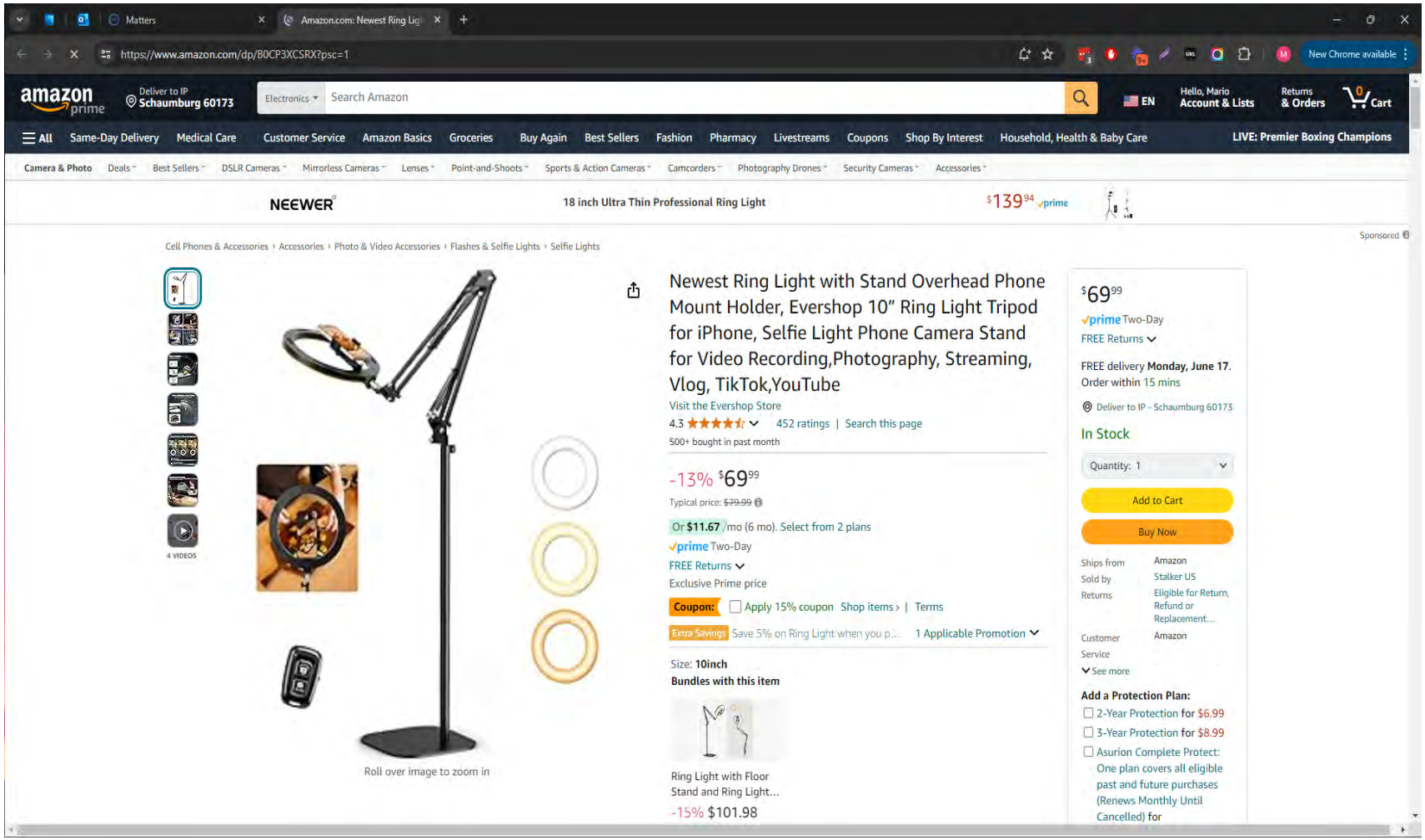


Screenshot Date: 16-06-2024 7:28AM

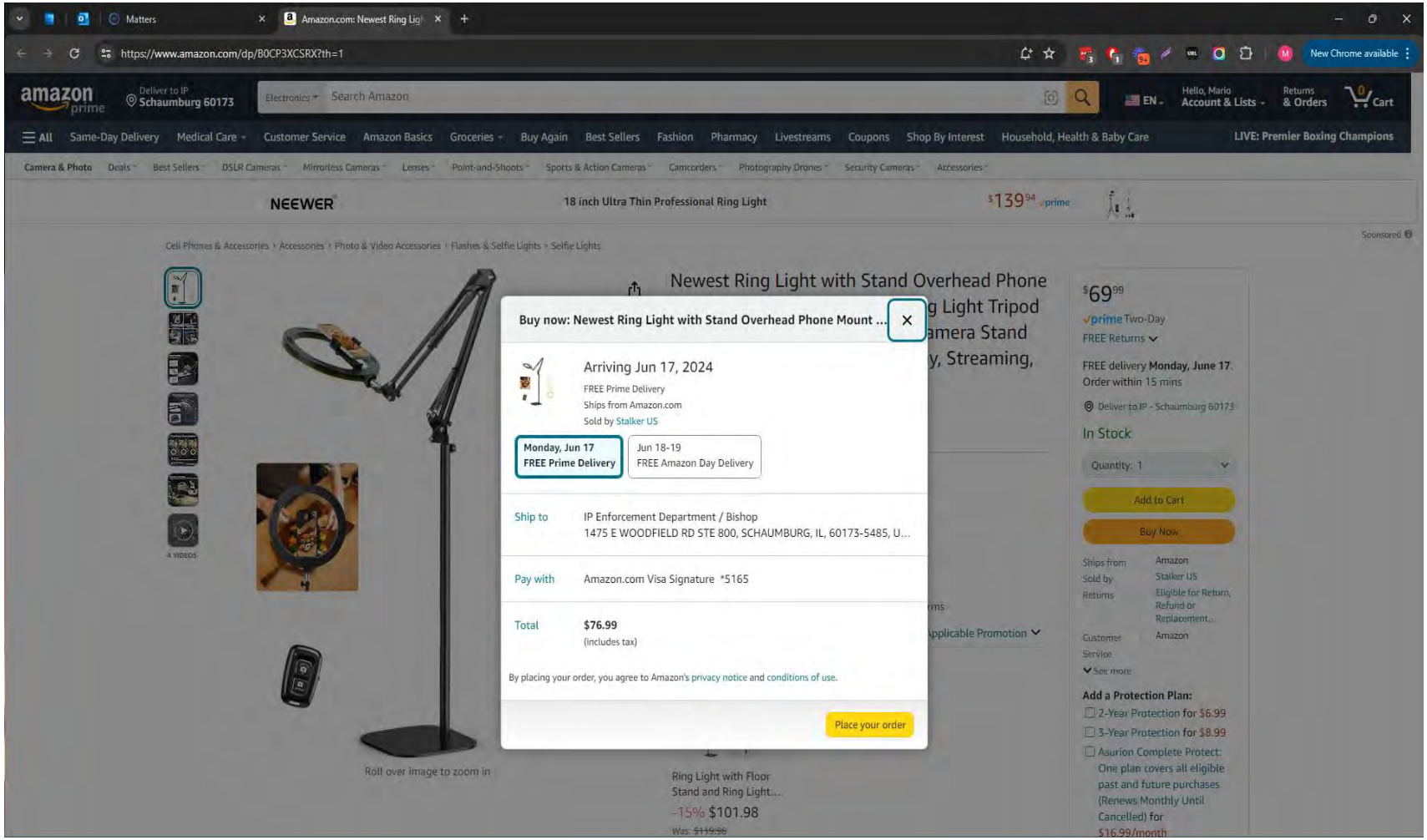


Screenshot Date: 16-06-2024 7:29AM

#52 - Stalker US a/k/a STALKER HK CO., LIMITED
https://www.amazon.com/dp/B0CP3XCSRX?psc=1
Screenshots:

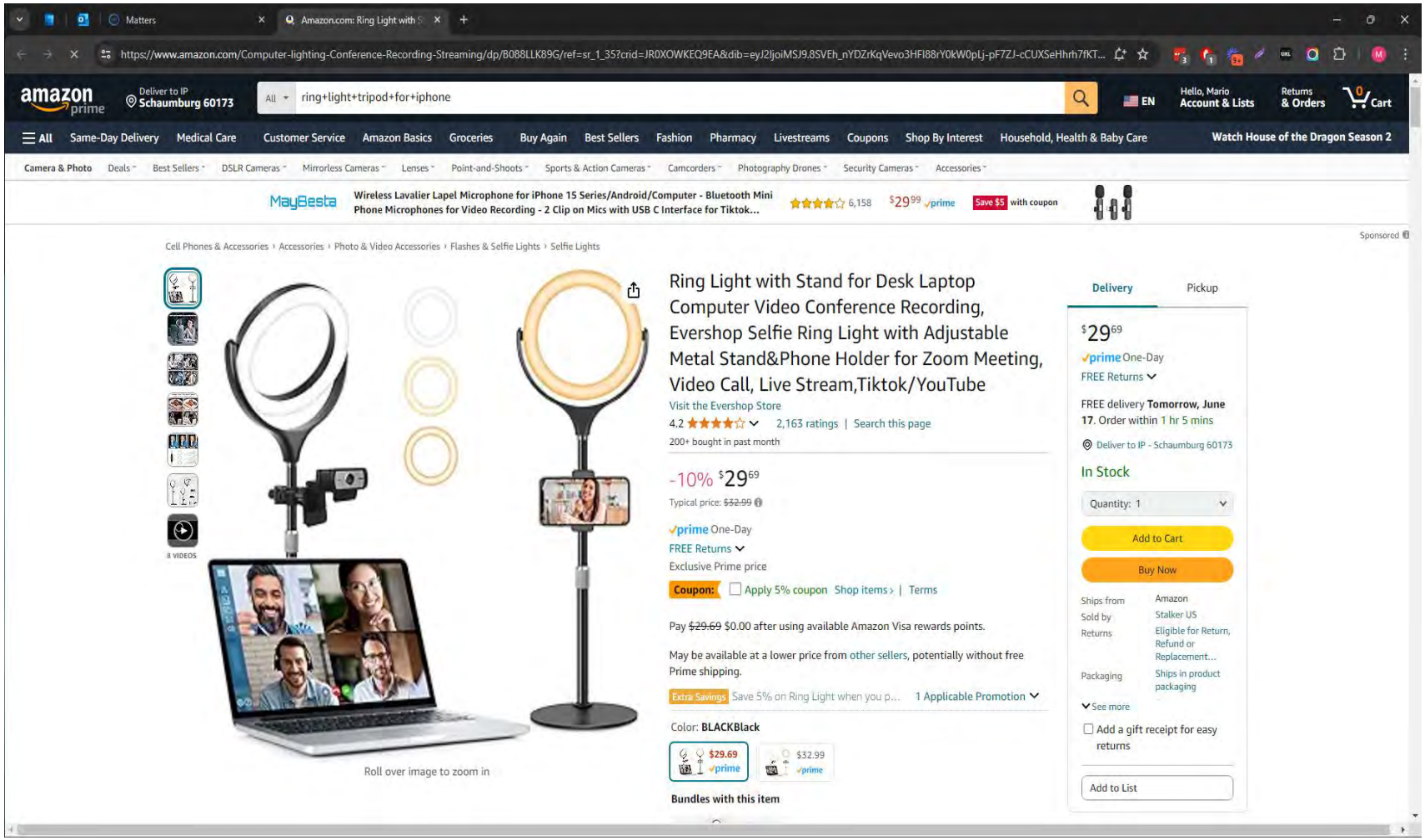


Screenshot Date: 15-06-2024 21:45PM

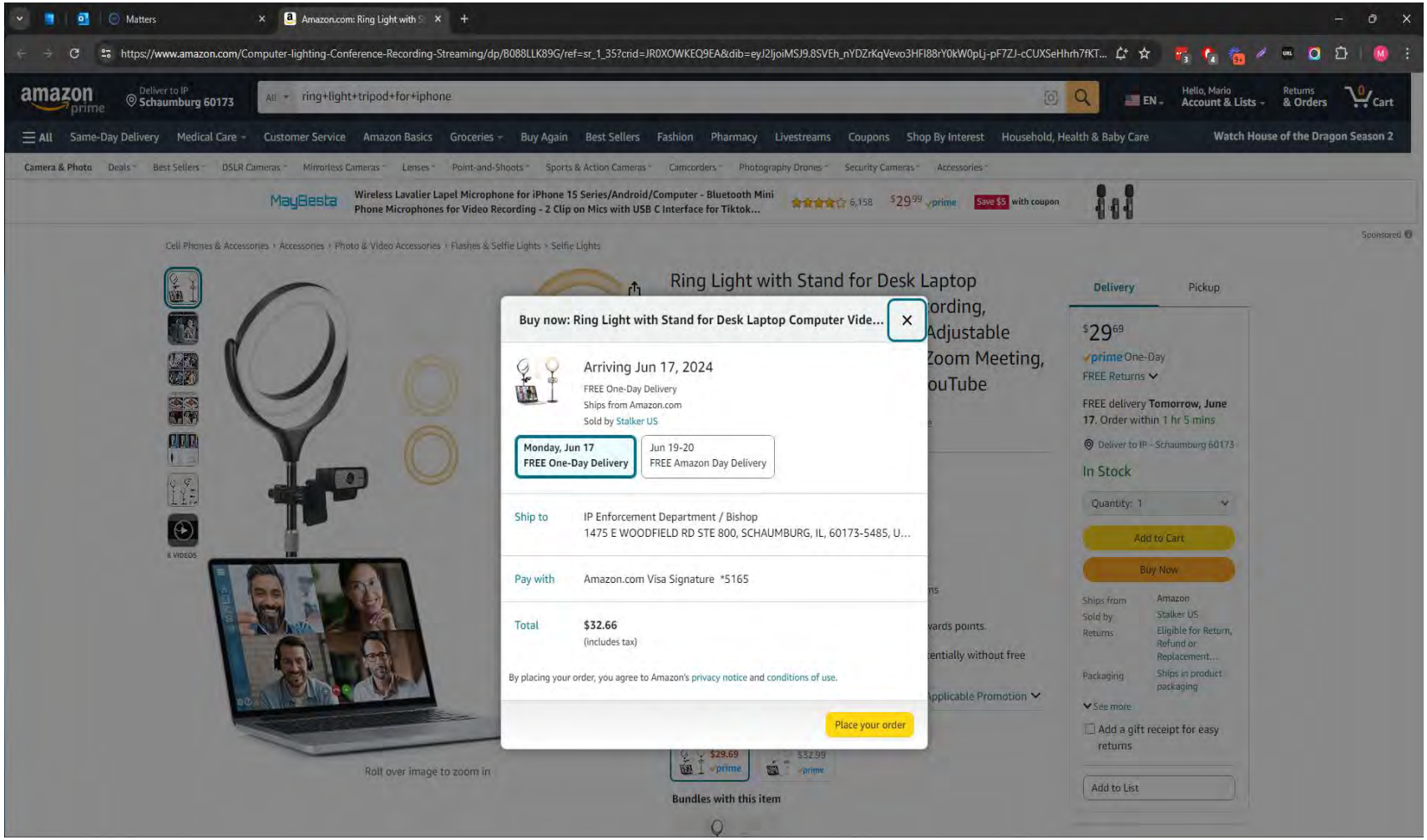


Screenshot Date: 15-06-2024 21:45PM

#52 - Stalker US a/k/a STALKER HK CO., LIMITED
https://www.amazon.com/Computer-lighting-Conference-Recording-Streaming/dp/B088LLK89G
Screenshots:

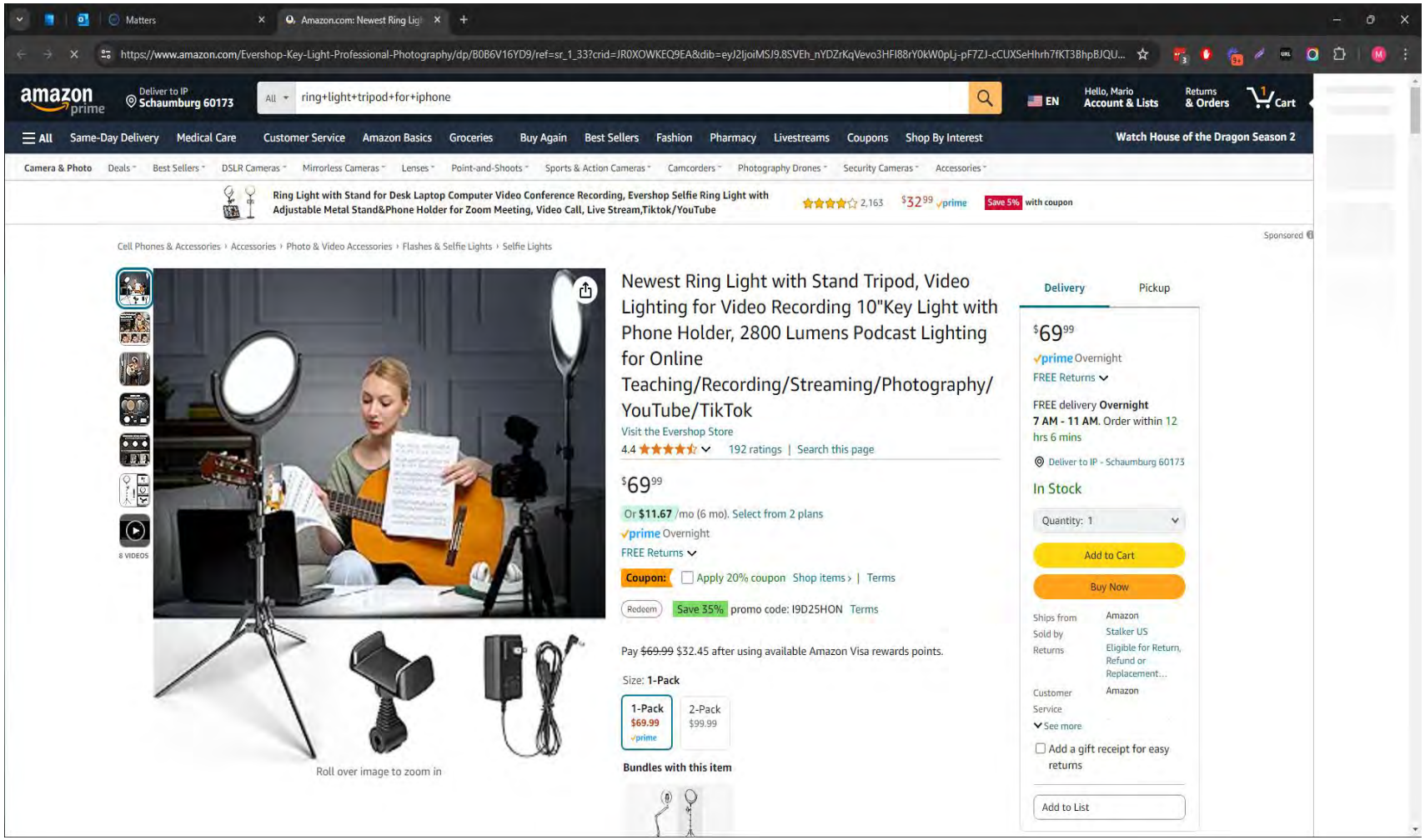


Screenshot Date: 16-06-2024 7:39AM

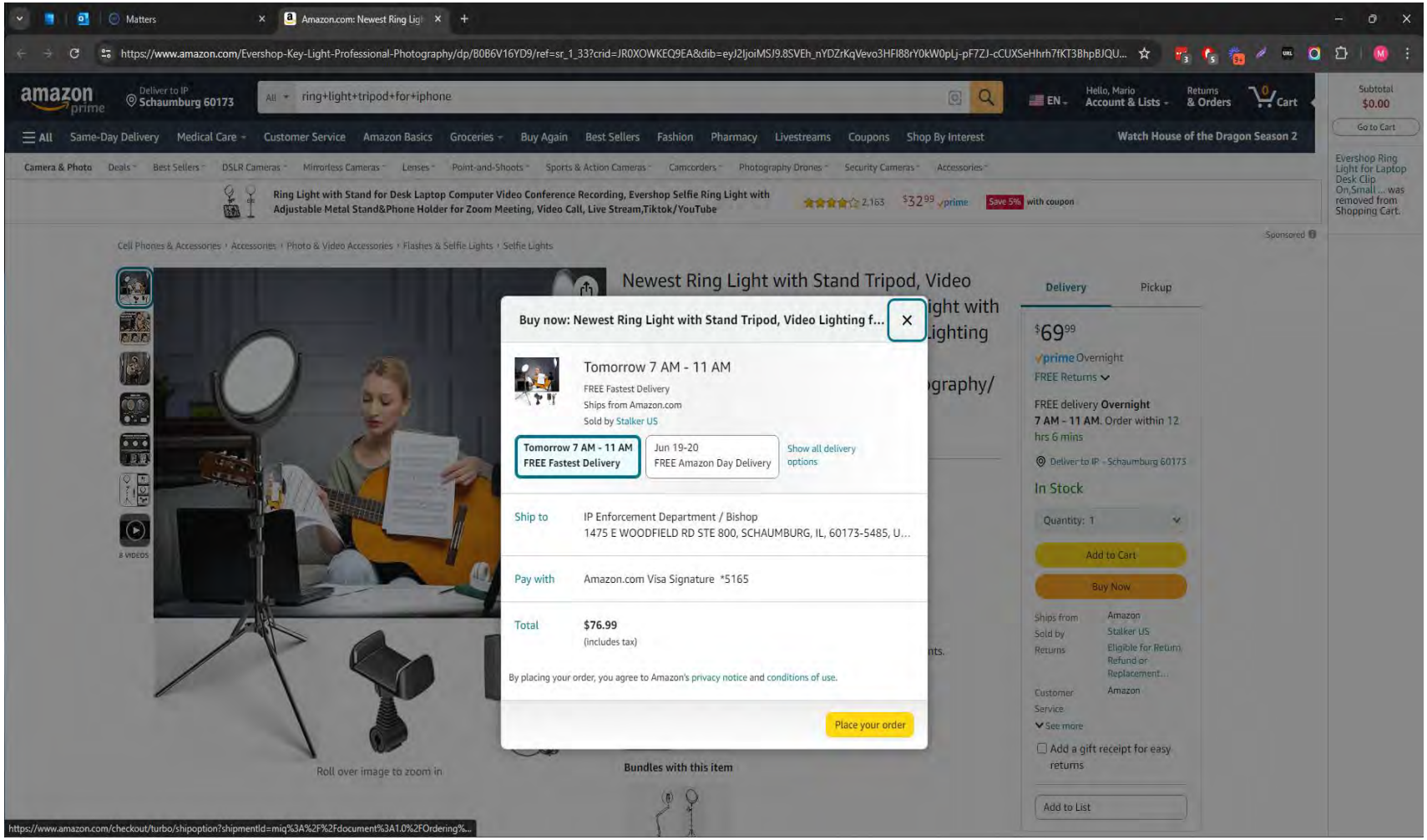


Screenshot Date: 16-06-2024 7:39AM

#52 - Stalker US a/k/a STALKER HK CO., LIMITED
https://www.amazon.com/Evershop-Key-Light-Professional-Photography/dp/B0B6V16YD9
Screenshots:

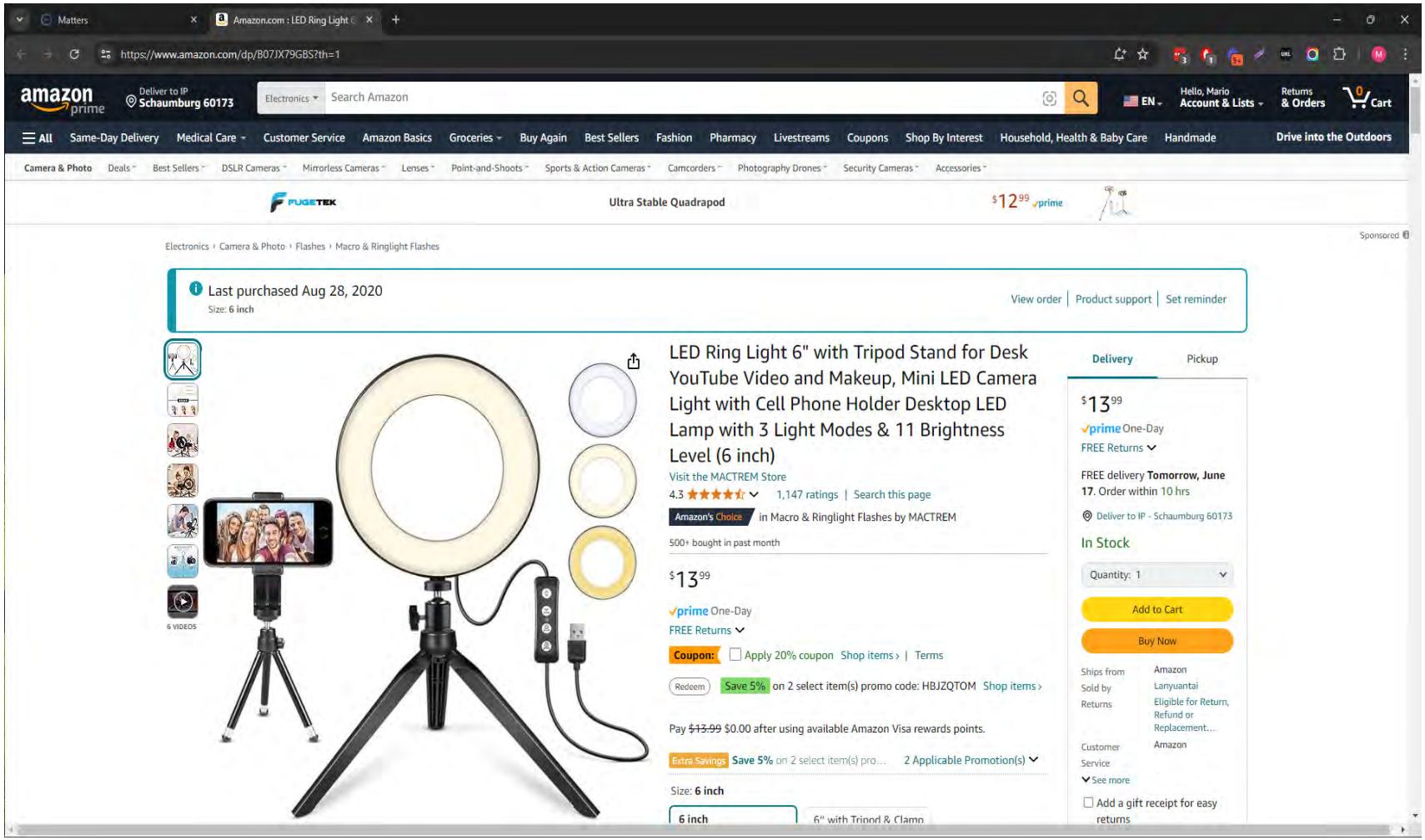


Screenshot Date: 16-06-2024 7:38AM

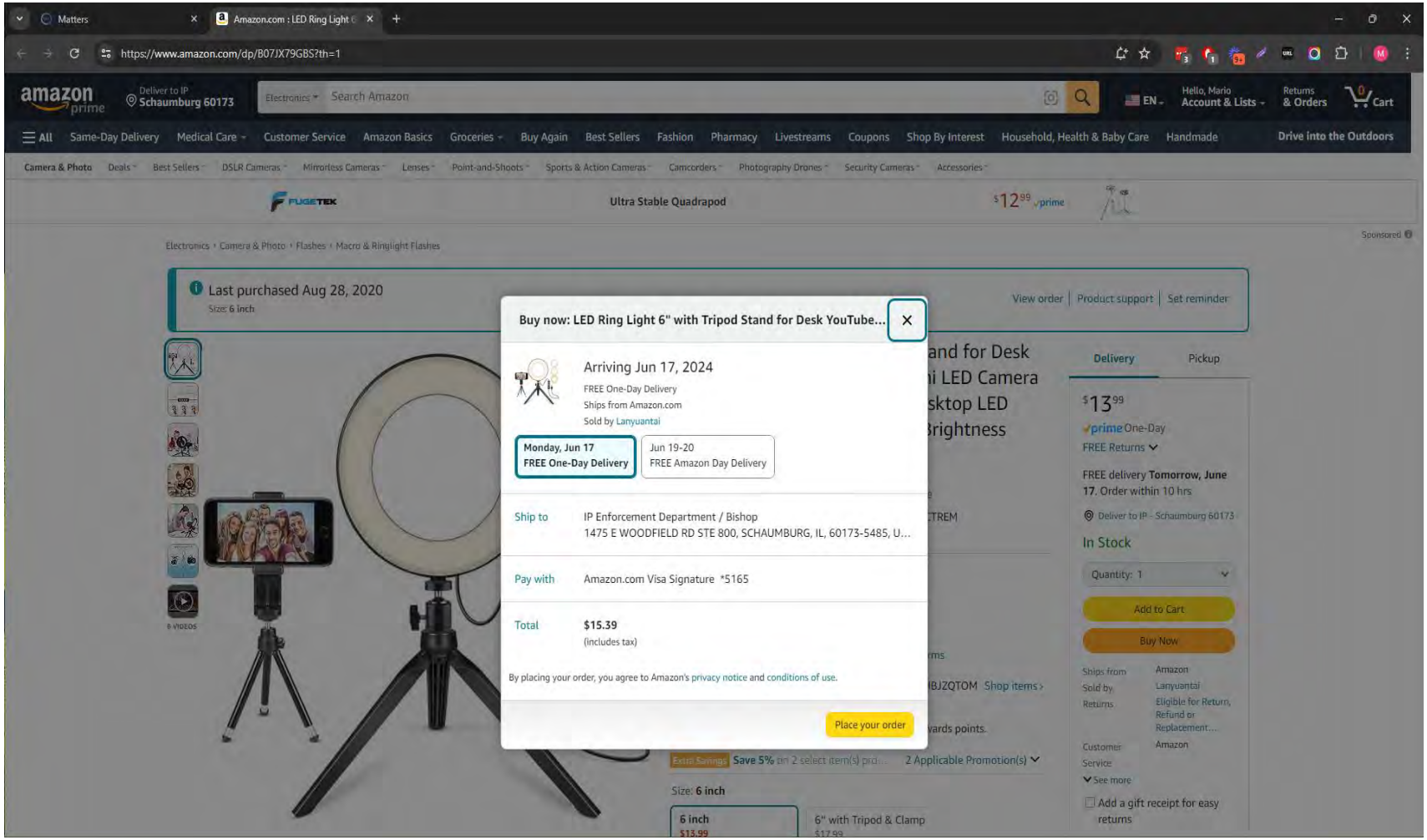


Screenshot Date: 16-06-2024 7:38AM

#53 - Lanyuantai a/k/a shen zhen shi lan yuan tai ke ji you xian gong si
https://www.amazon.com/dp/B07JX79GBS?psc=1
Screenshots:

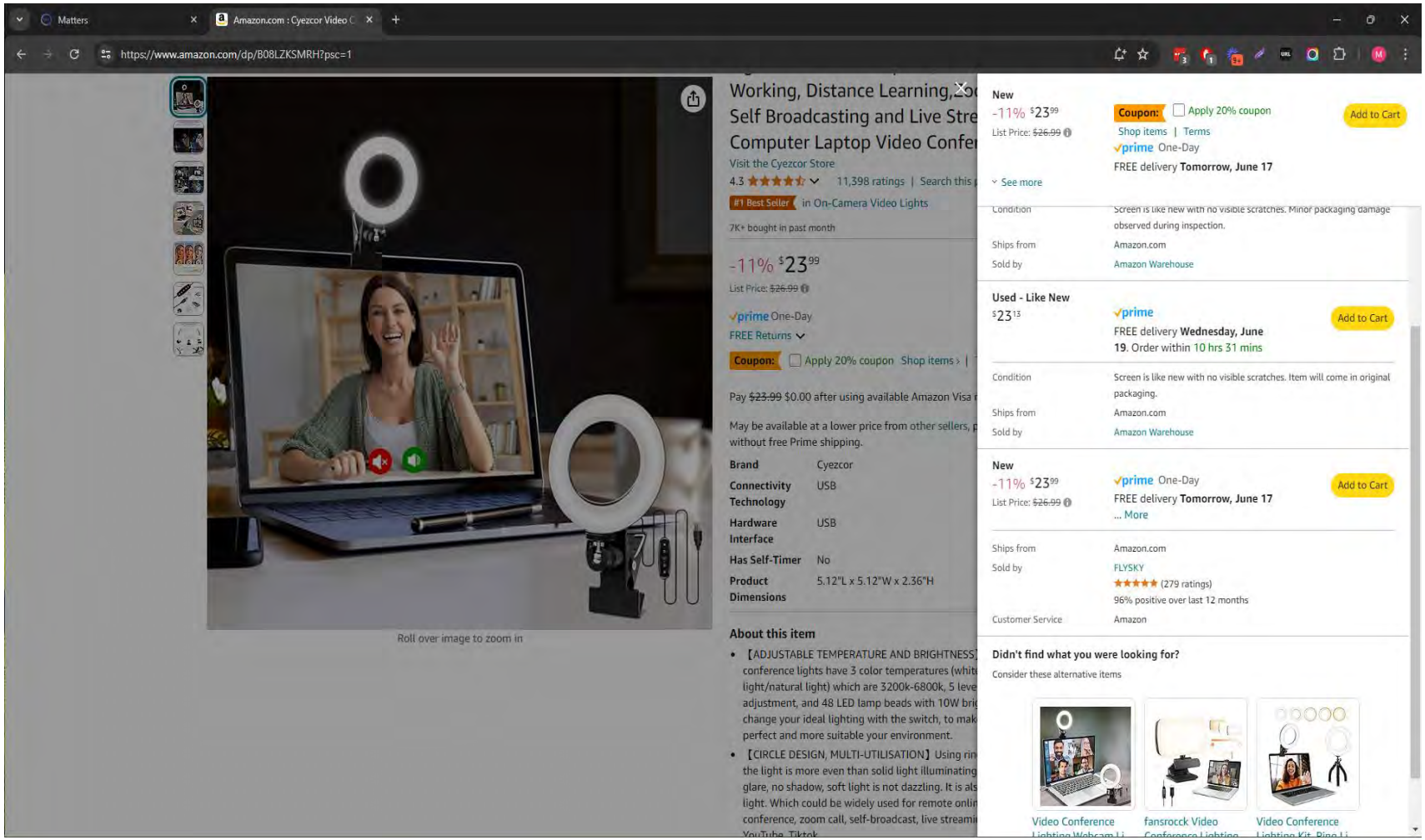


Screenshot Date: 16-06-2024 11:29AM

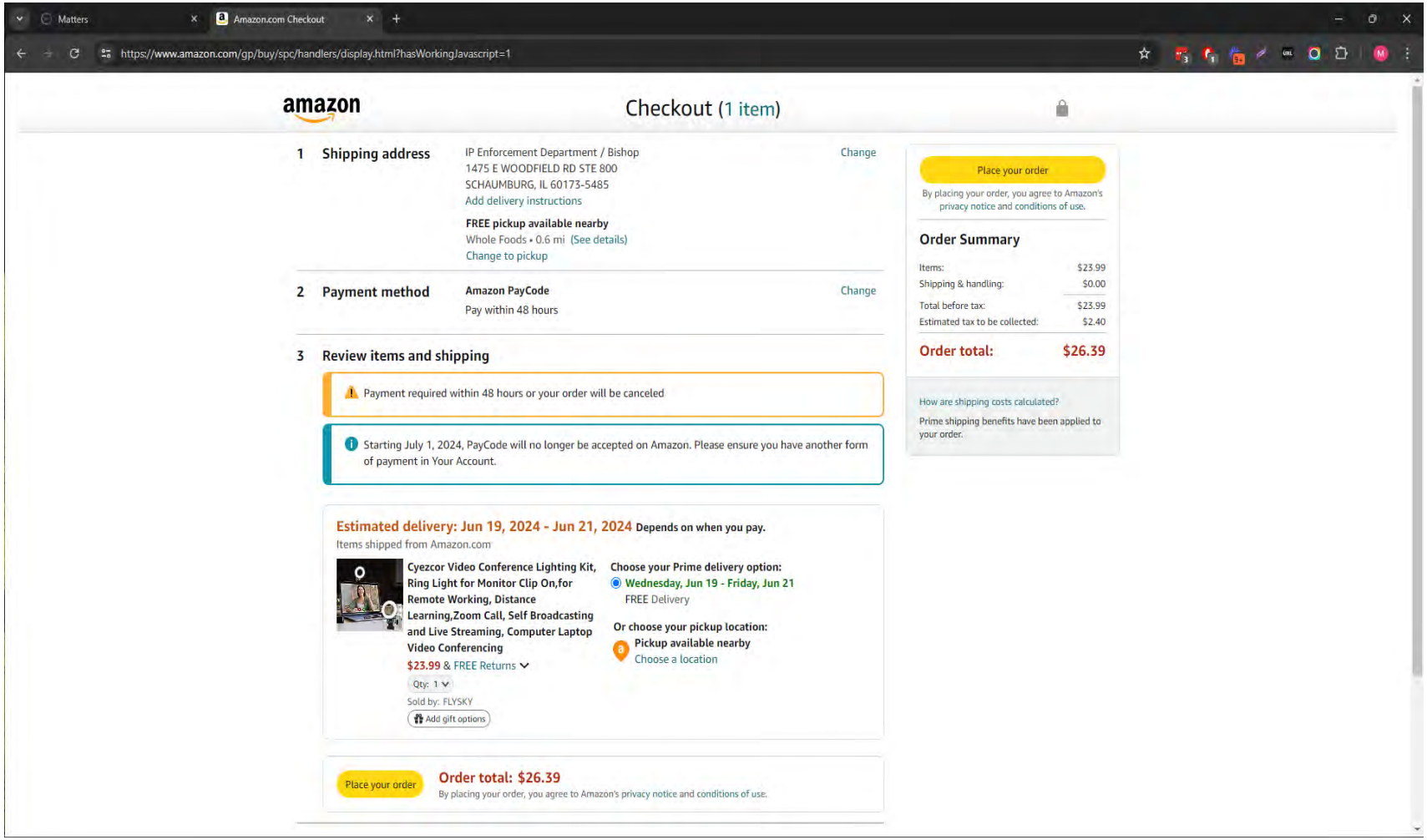


Screenshot Date: 16-06-2024 11:29AM

#54 - FLYSKY a/k/a huizhoushi huayun keji youxiang gongsi
https://www.amazon.com/dp/B08LZKSMRH?psc=1
Screenshots:

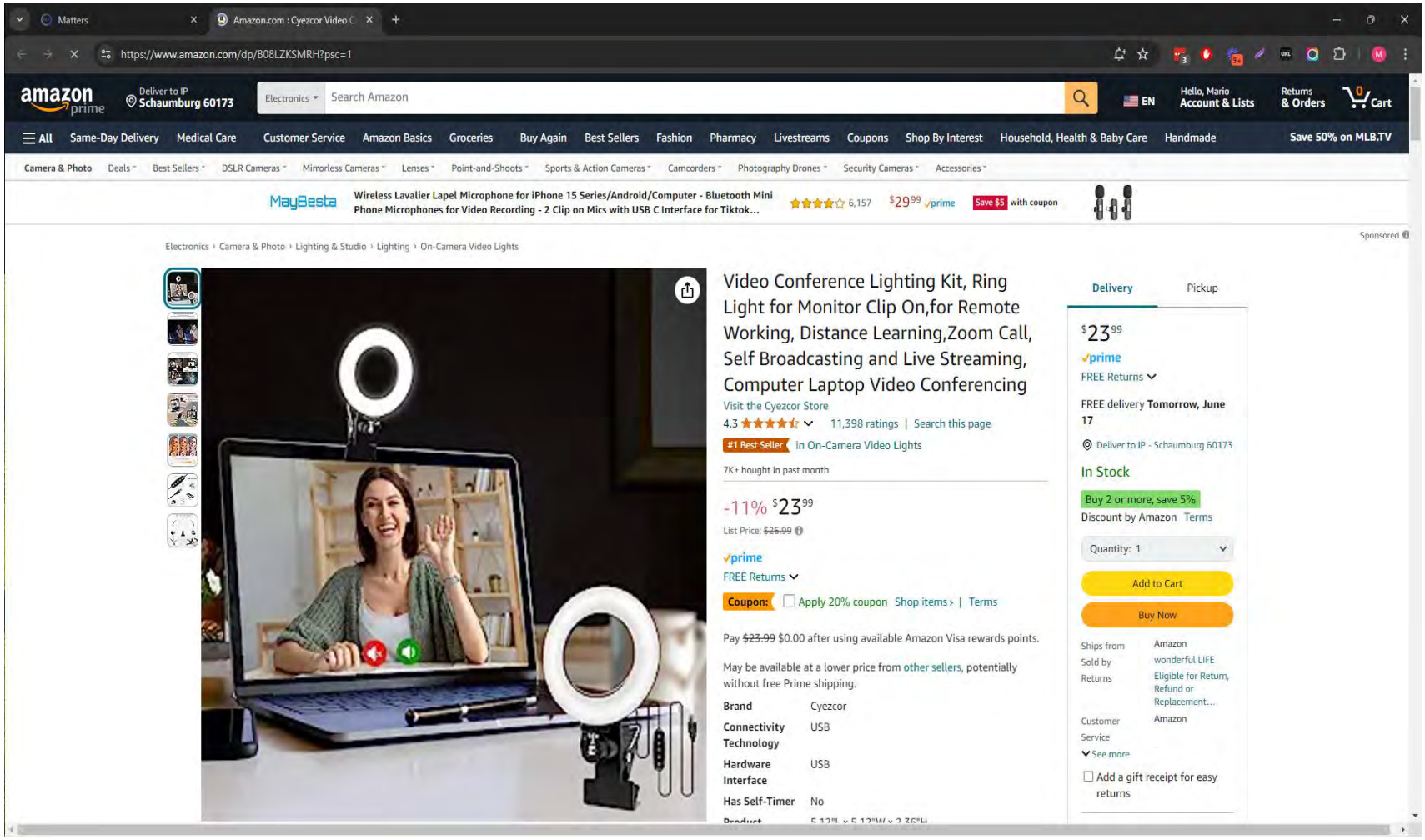


Screenshot Date: 16-06-2024 11:28AM

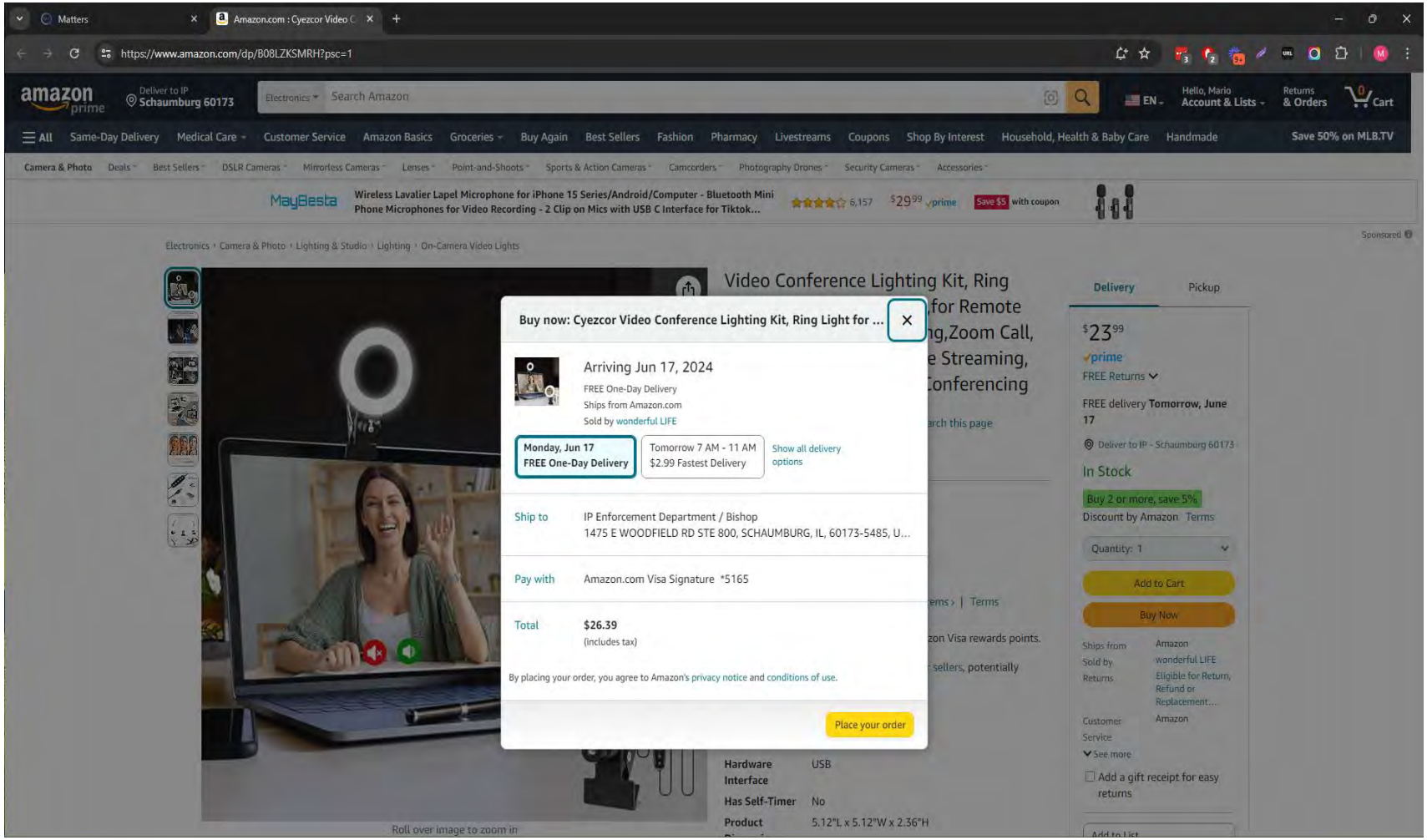


Screenshot Date: 16-06-2024 11:28AM

#55 - wonderful LIFE a/k/a shenzhenshijinfengxindianziyouxiangongsi
https://www.amazon.com/dp/B08LZKSMRH?psc=1
Screenshots:

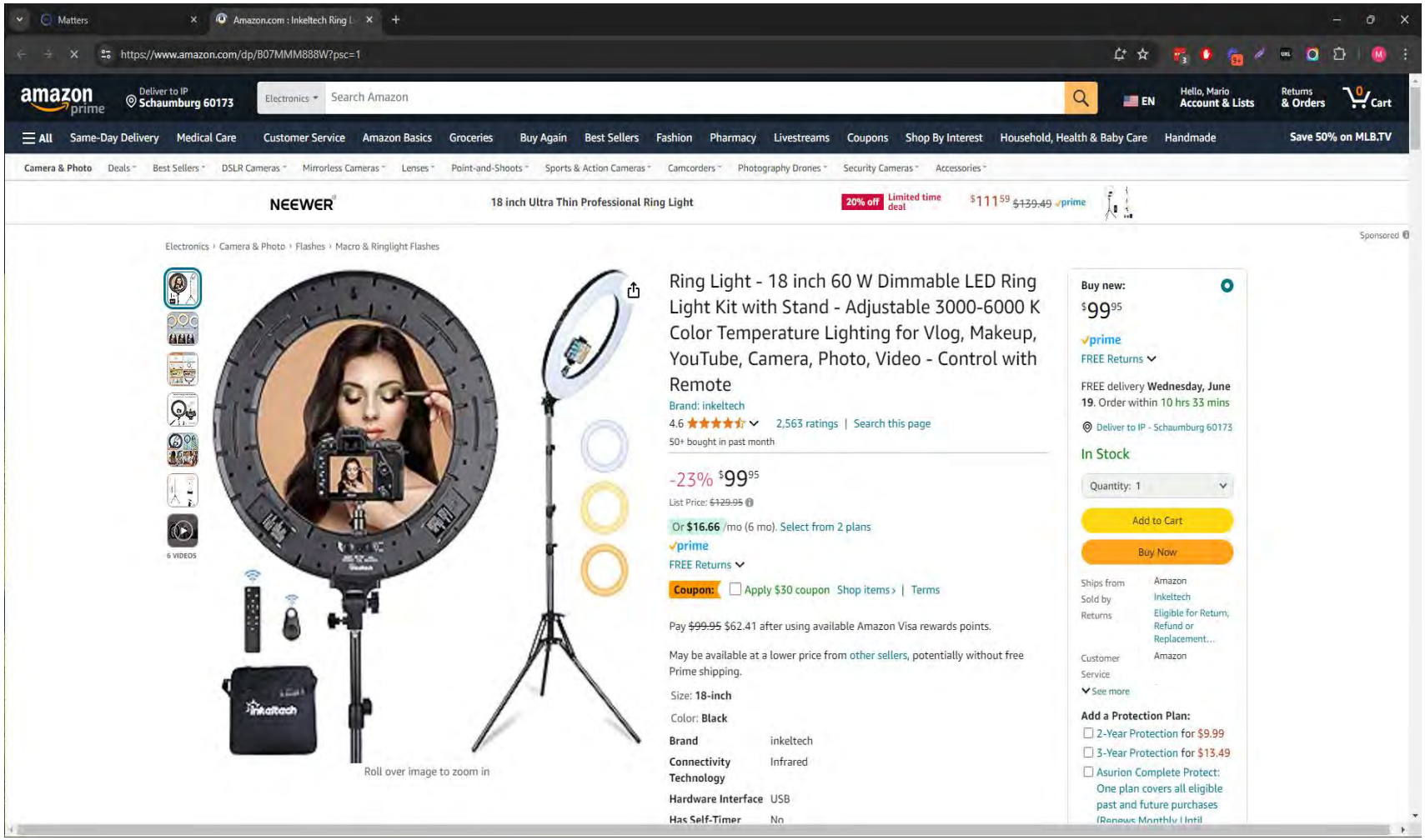


Screenshot Date: 16-06-2024 11:27AM

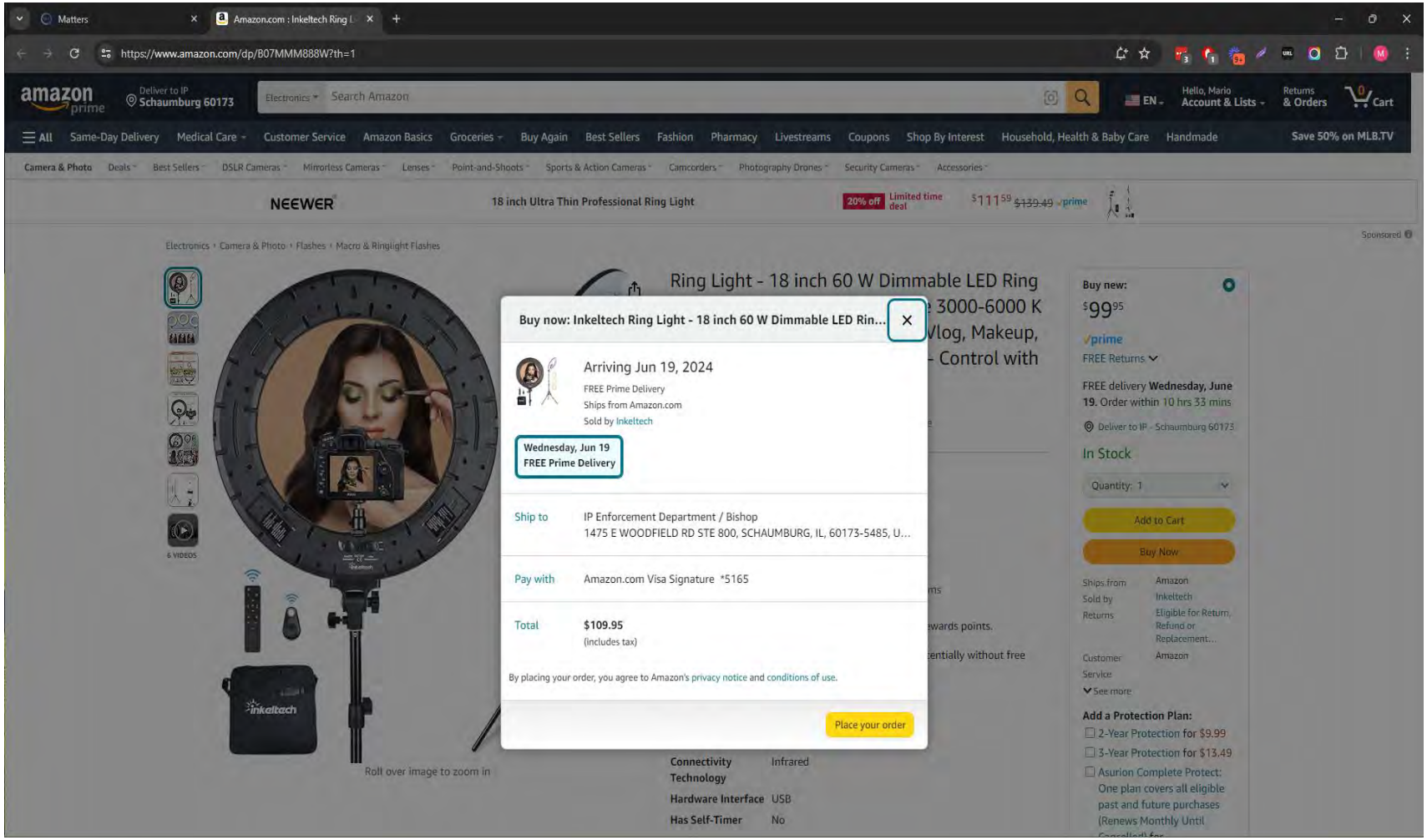


Screenshot Date: 16-06-2024 11:27AM

#56 - Inkeltech a/k/a Haining Di Long Co., Ltd.
https://www.amazon.com/dp/B07MMM888W?psc=1
Screenshots:

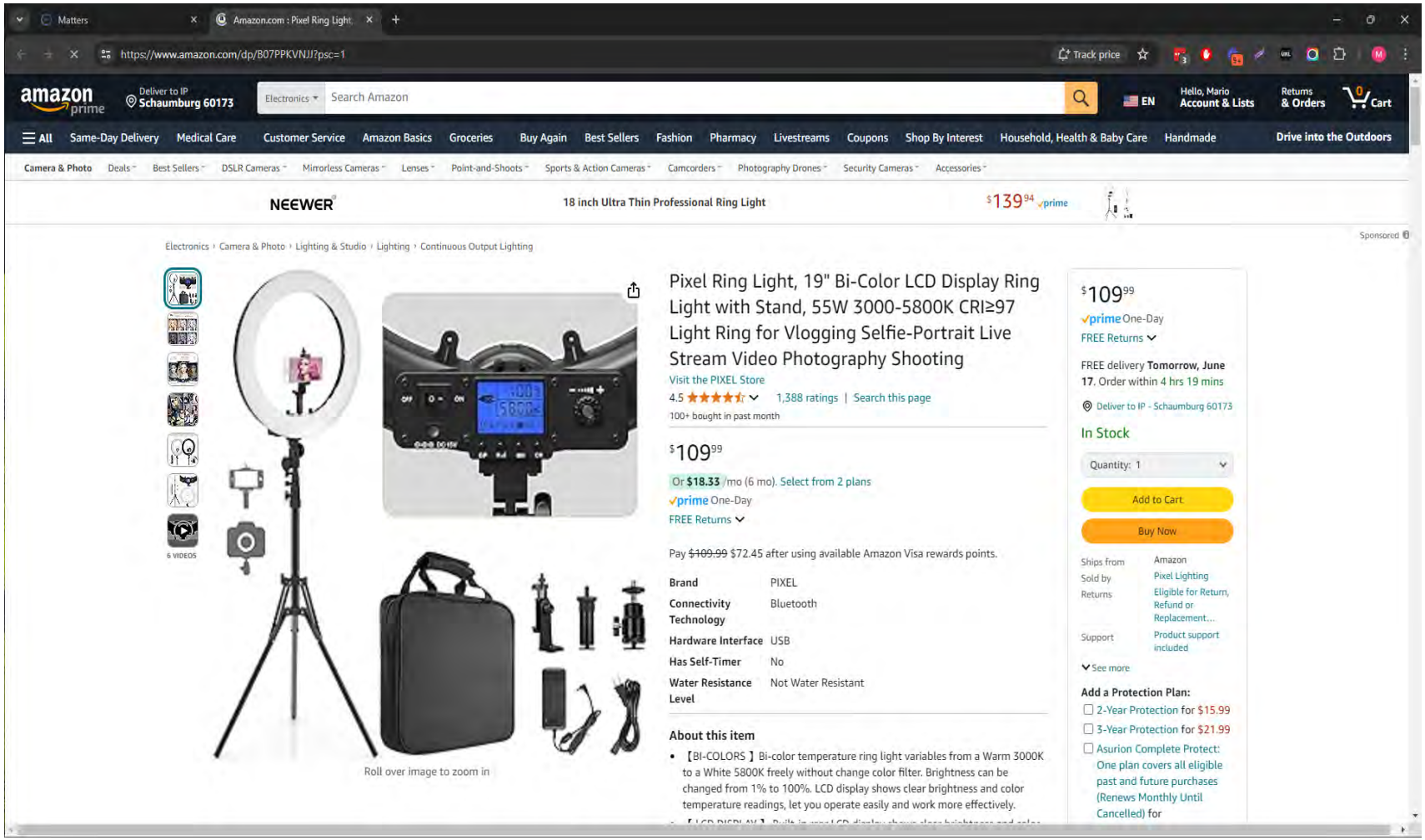


Screenshot Date: 16-06-2024 11:26AM

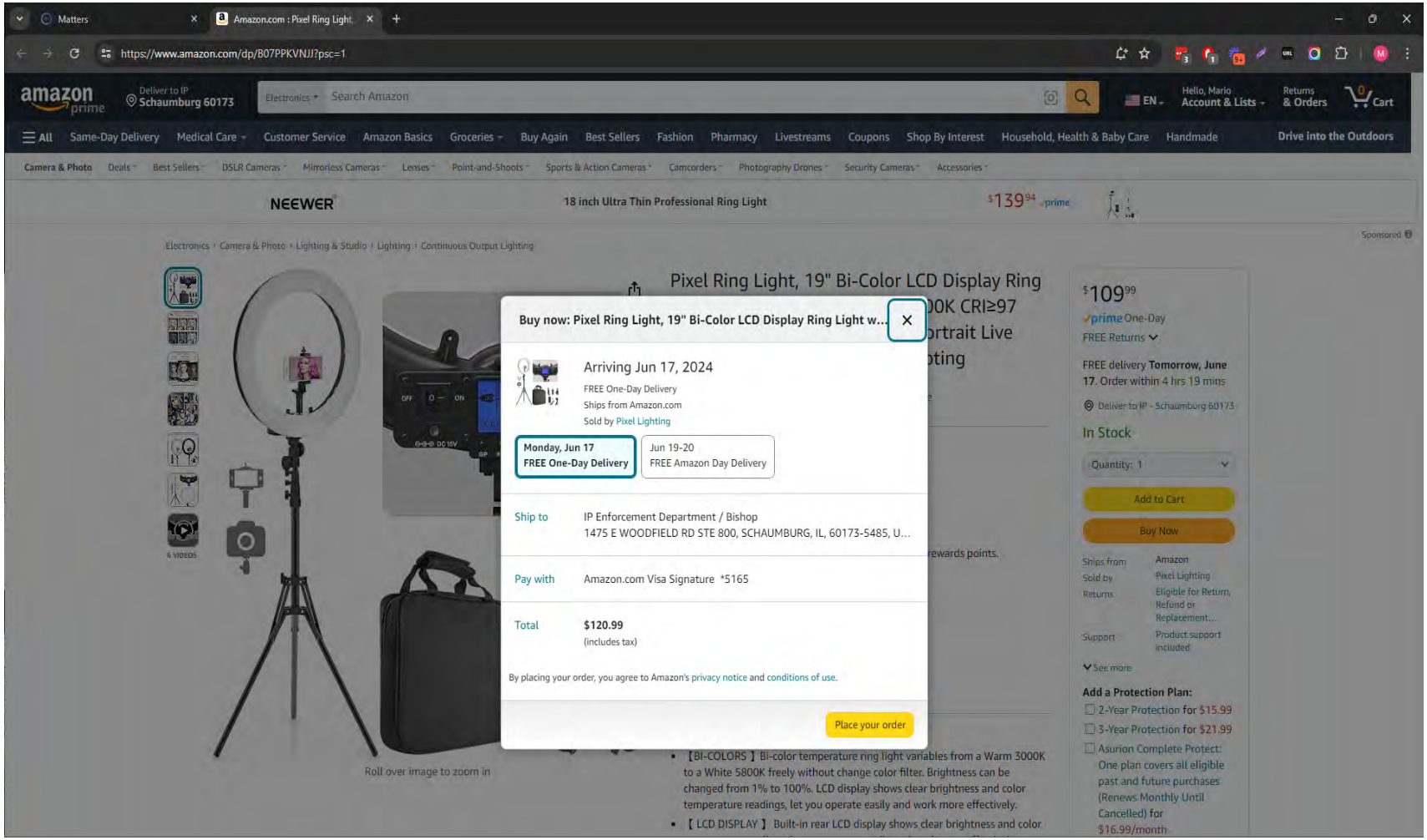


Screenshot Date: 16-06-2024 11:26AM

#57 - Pixel Lighting a/k/a Shen zhen shi rui de xiang mao yi you xian gong si
https://www.amazon.com/dp/B07PPKVNJJ?psc=1
Screenshots:

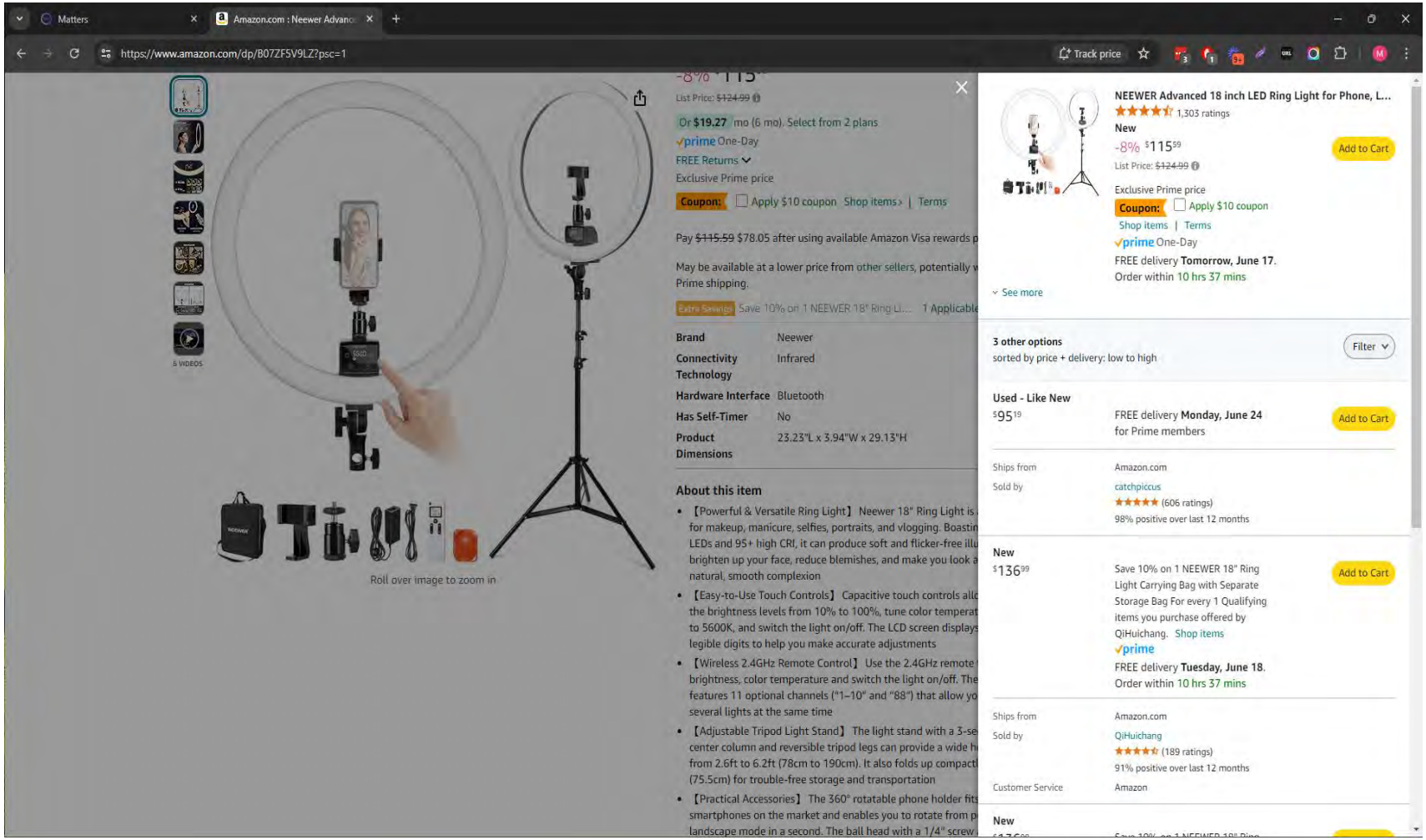


Screenshot Date: 16-06-2024 11:25AM

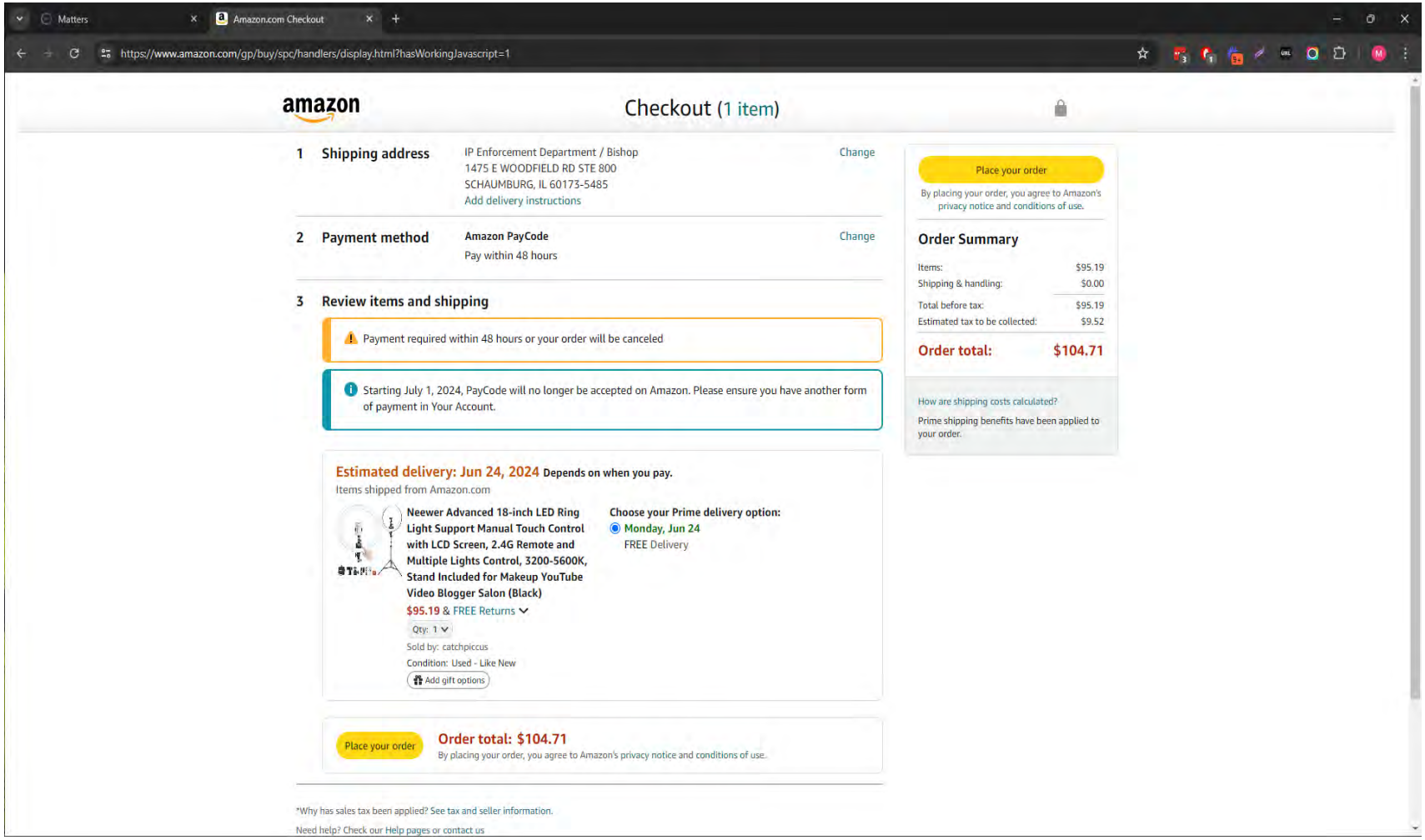


Screenshot Date: 16-06-2024 11:25AM

#58 - catchpiccus a/k/a shenzhenshiruilidakejiyouxiangongsi
https://www.amazon.com/dp/B07ZF5V9LZ?psc=1
Screenshots:

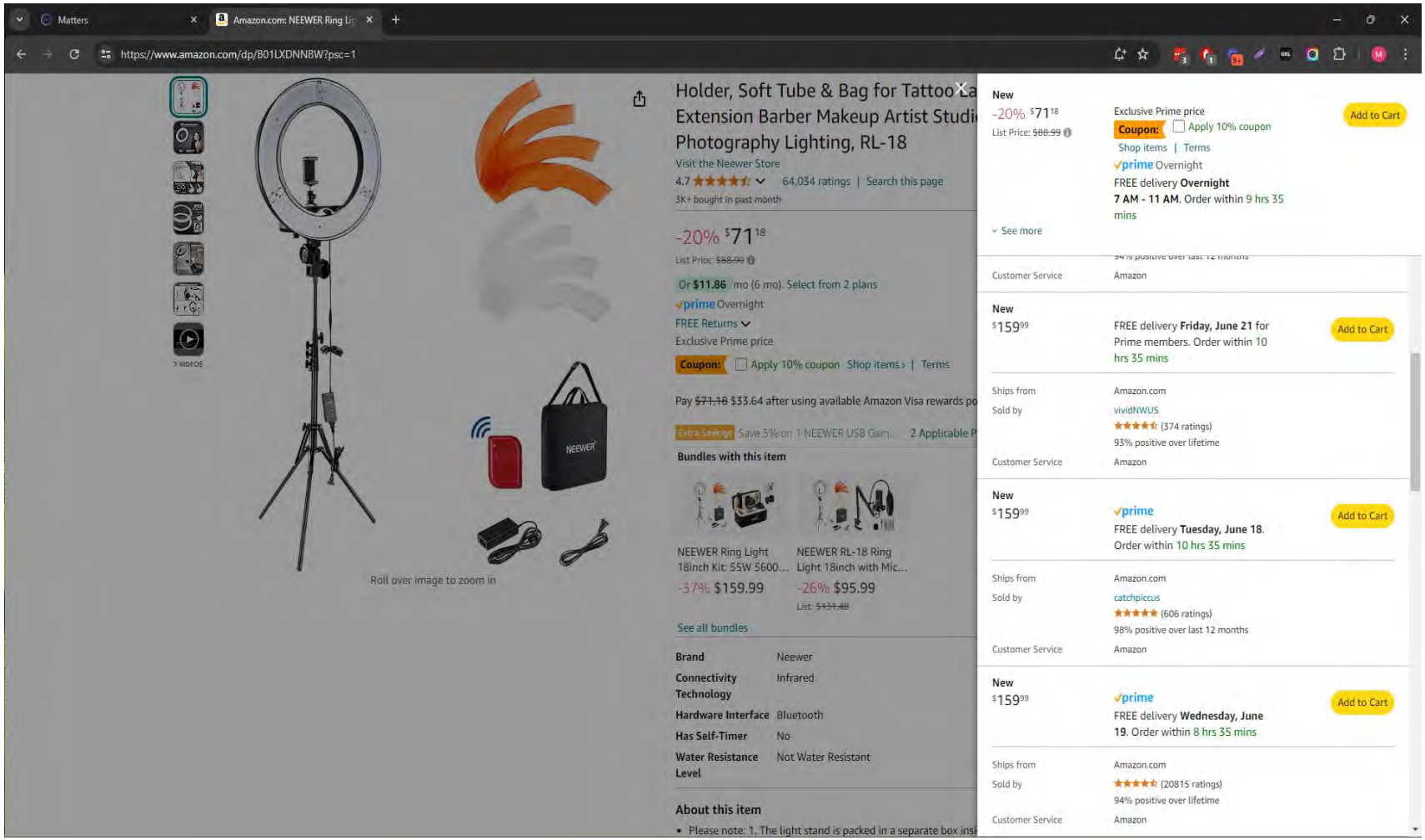


Screenshot Date: 16-06-2024 11:23AM

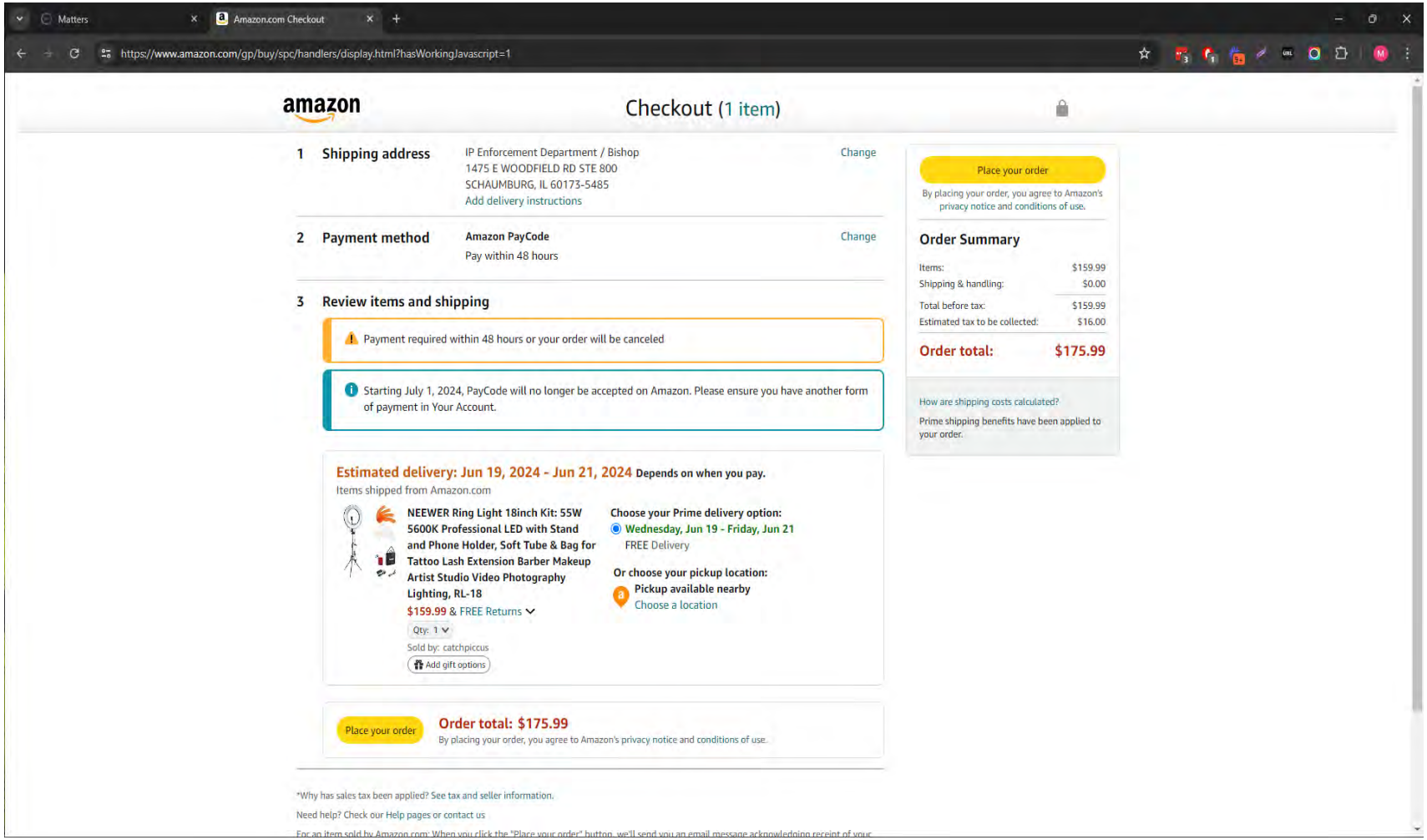


Screenshot Date: 16-06-2024 11:23AM

#58 - catchpiccus a/k/a shenzhenshiruilidakejiyouxiangongsi
https://www.amazon.com/dp/B01LXDNNBW?psc=1
Screenshots:

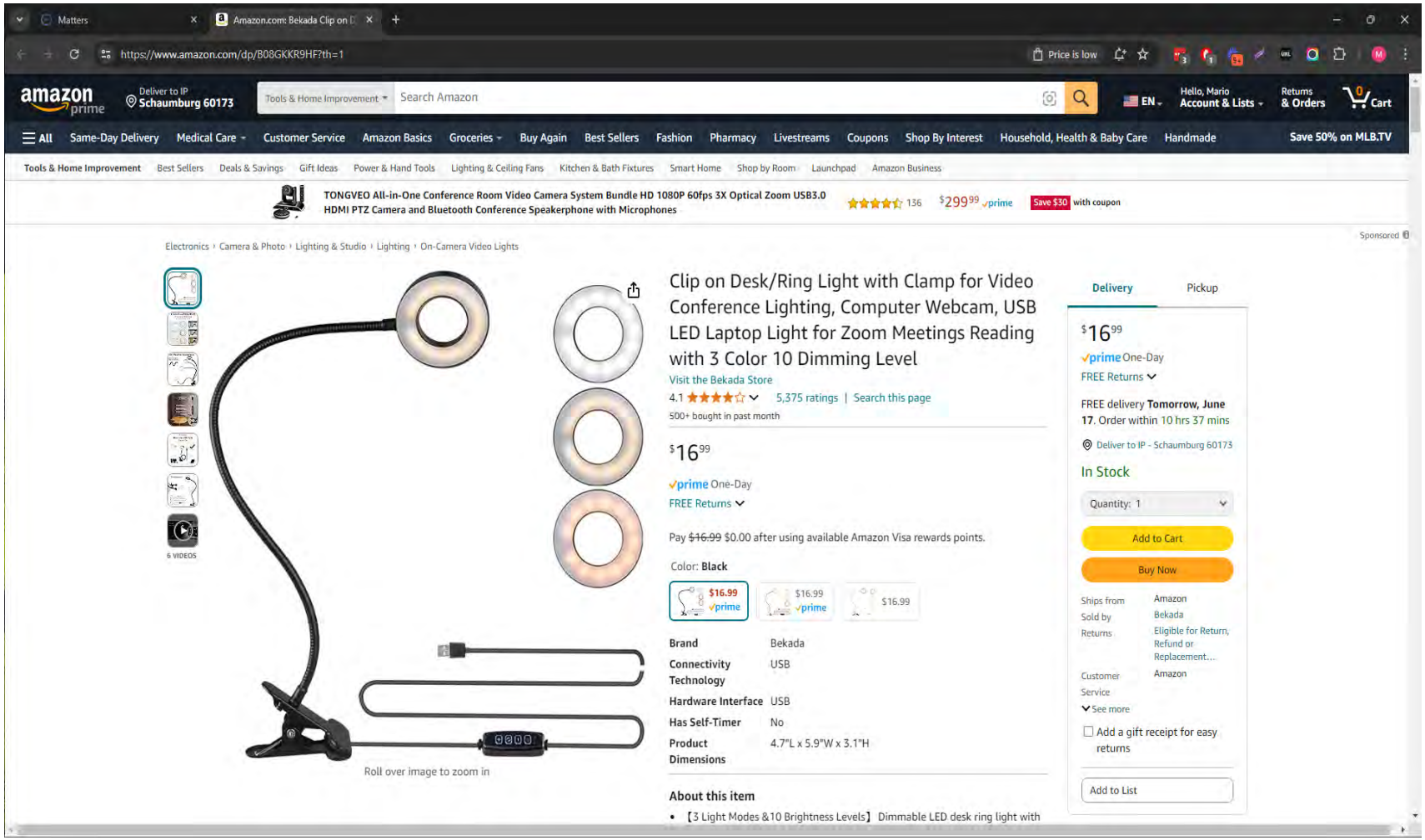


Screenshot Date: 16-06-2024 11:25AM

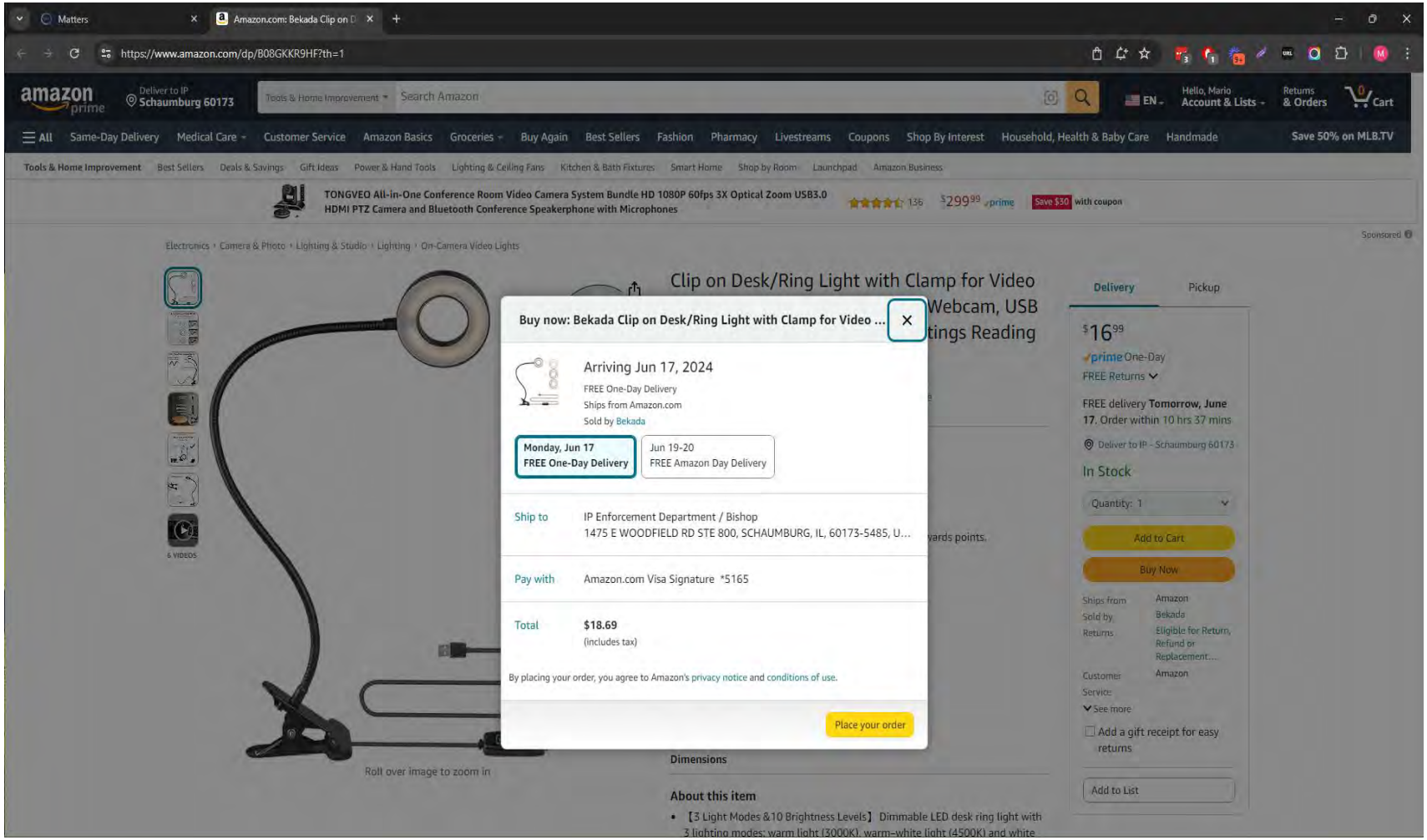


Screenshot Date: 16-06-2024 11:25AM

#59 - Bekada a/k/a Guangzhou Bilian Technology Co., Ltd - Chenru
https://www.amazon.com/dp/B08GKKR9HF?psc=1
Screenshots:

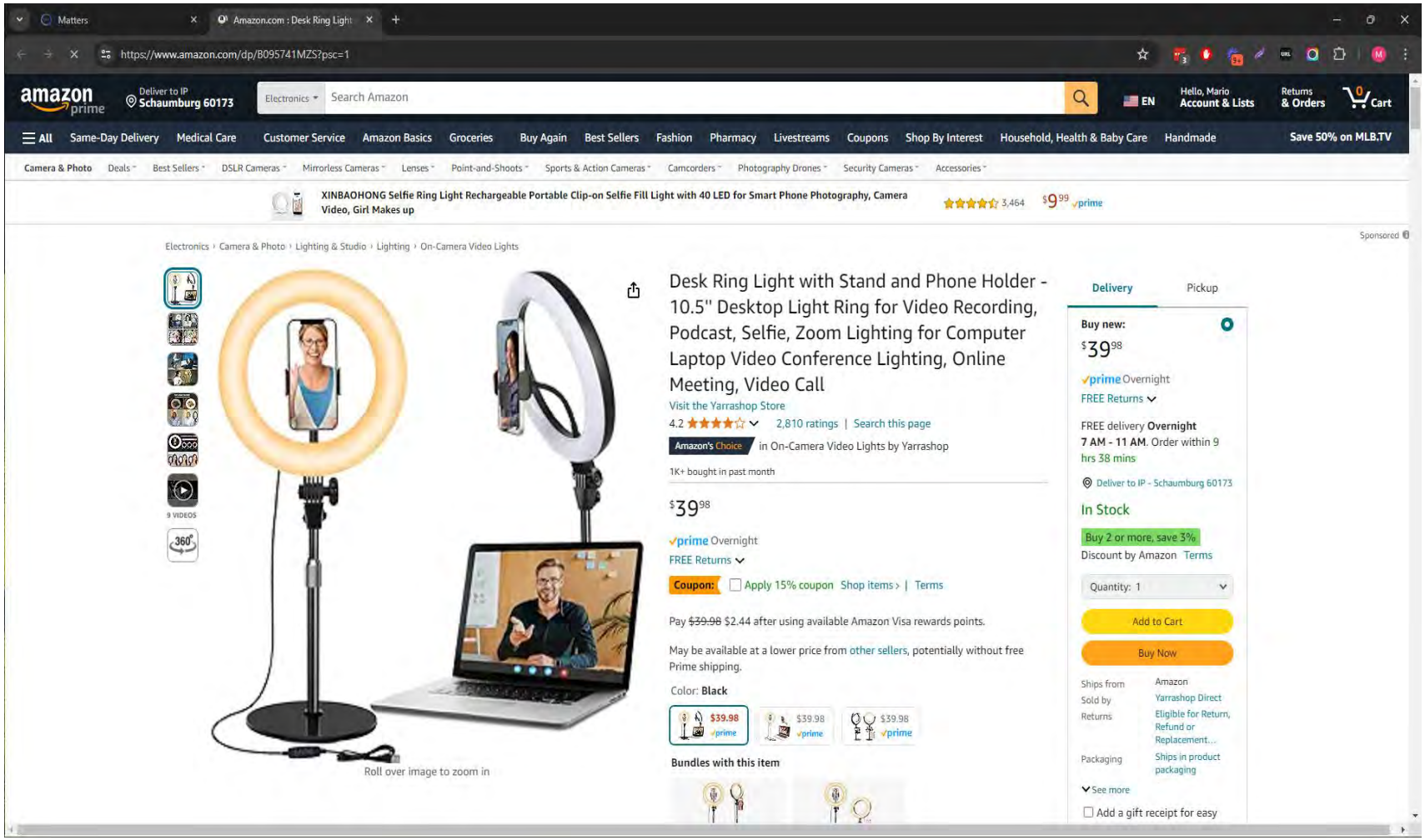


Screenshot Date: 16-06-2024 11:22AM

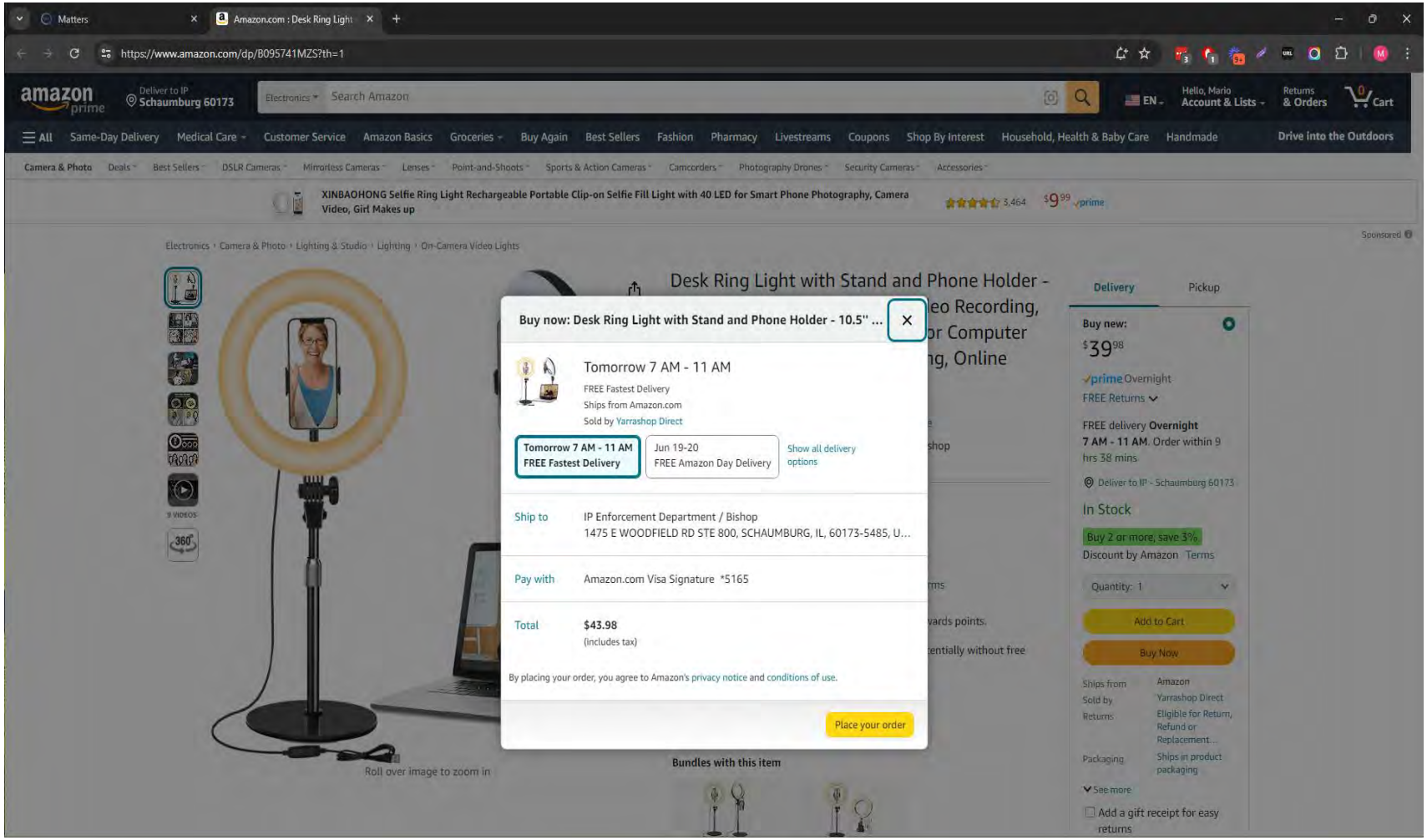


Screenshot Date: 16-06-2024 11:22AM

#60 - Yarrashop Direct a/k/a Shenzhen Massa photography equipment CO.,Ltd
https://www.amazon.com/dp/B095741MZS?psc=1
Screenshots:

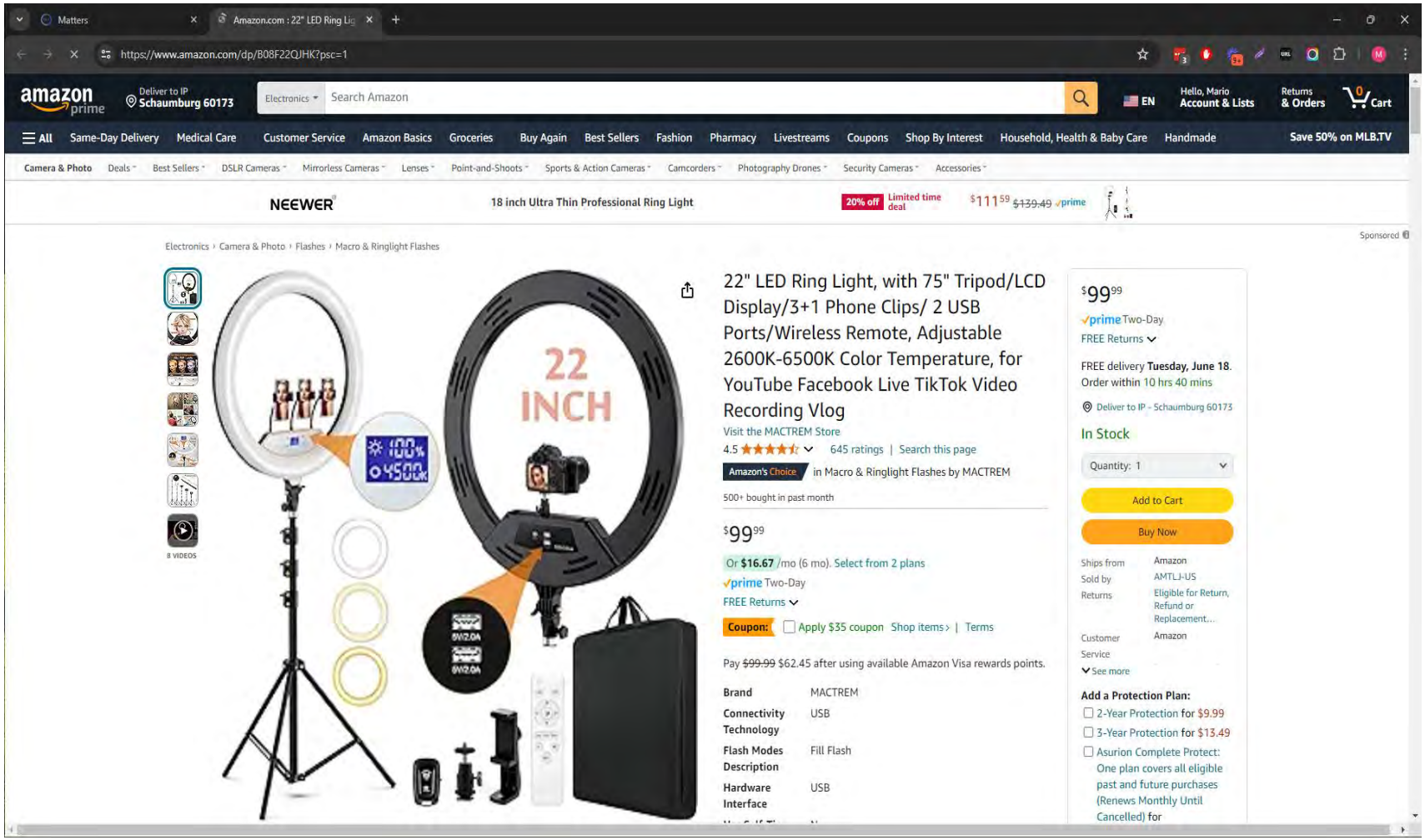


Screenshot Date: 16-06-2024 11:21AM

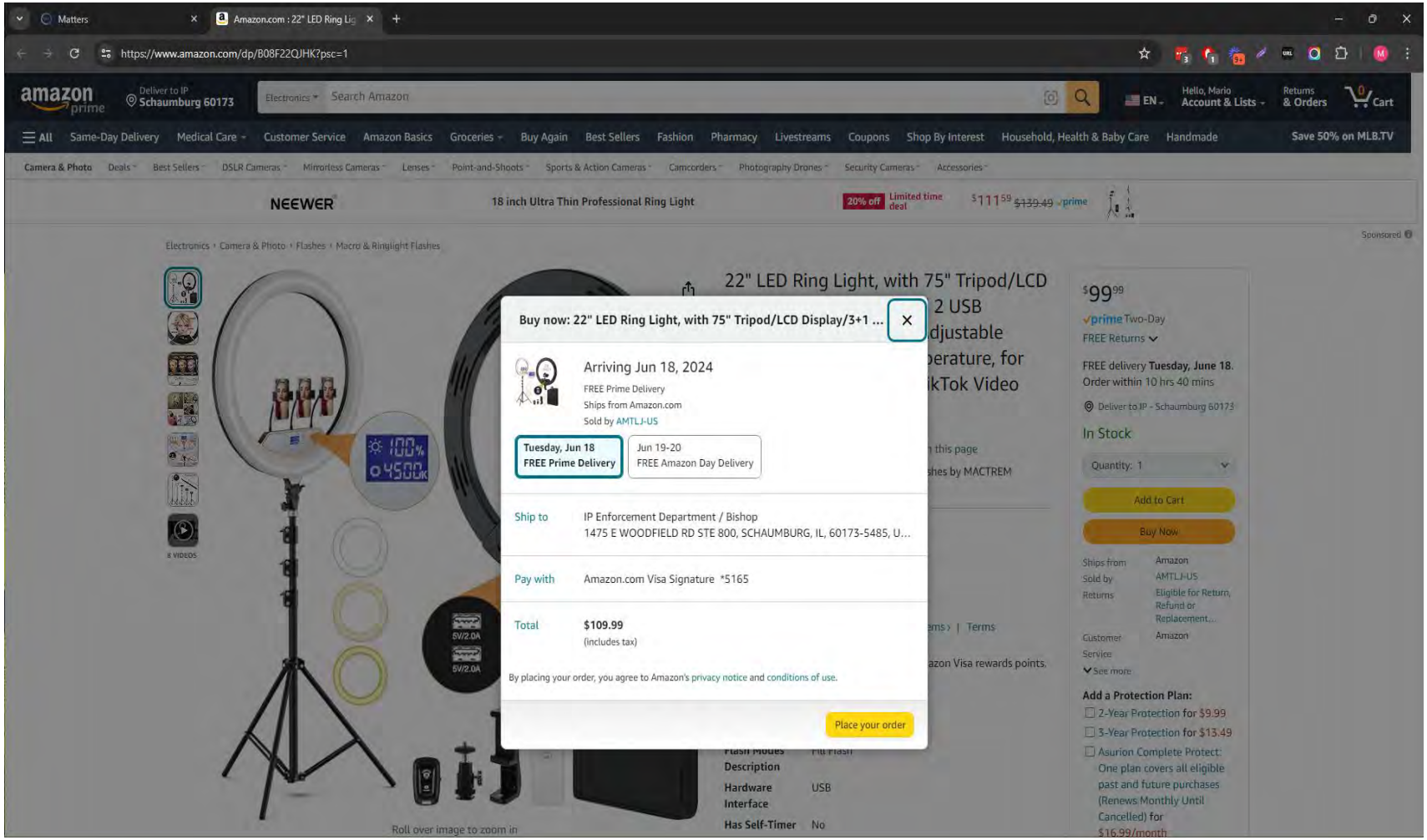


Screenshot Date: 16-06-2024 11:21AM

#61 - AMTLJ-US a/k/a shanghaishitianlaijunkejiyouxiangongsi
https://www.amazon.com/dp/B08F22QJHK?psc=1
Screenshots:

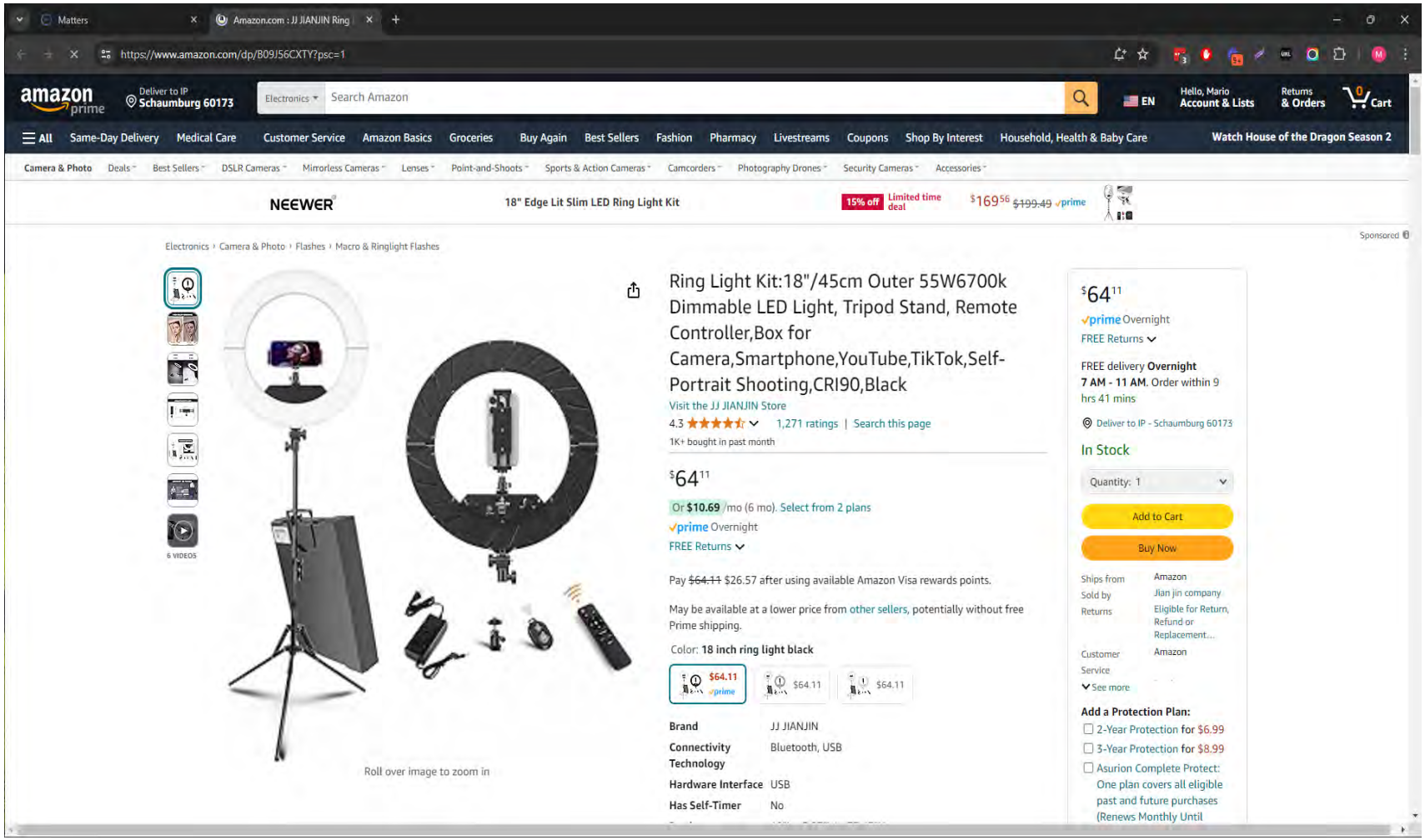


Screenshot Date: 16-06-2024 11:20AM

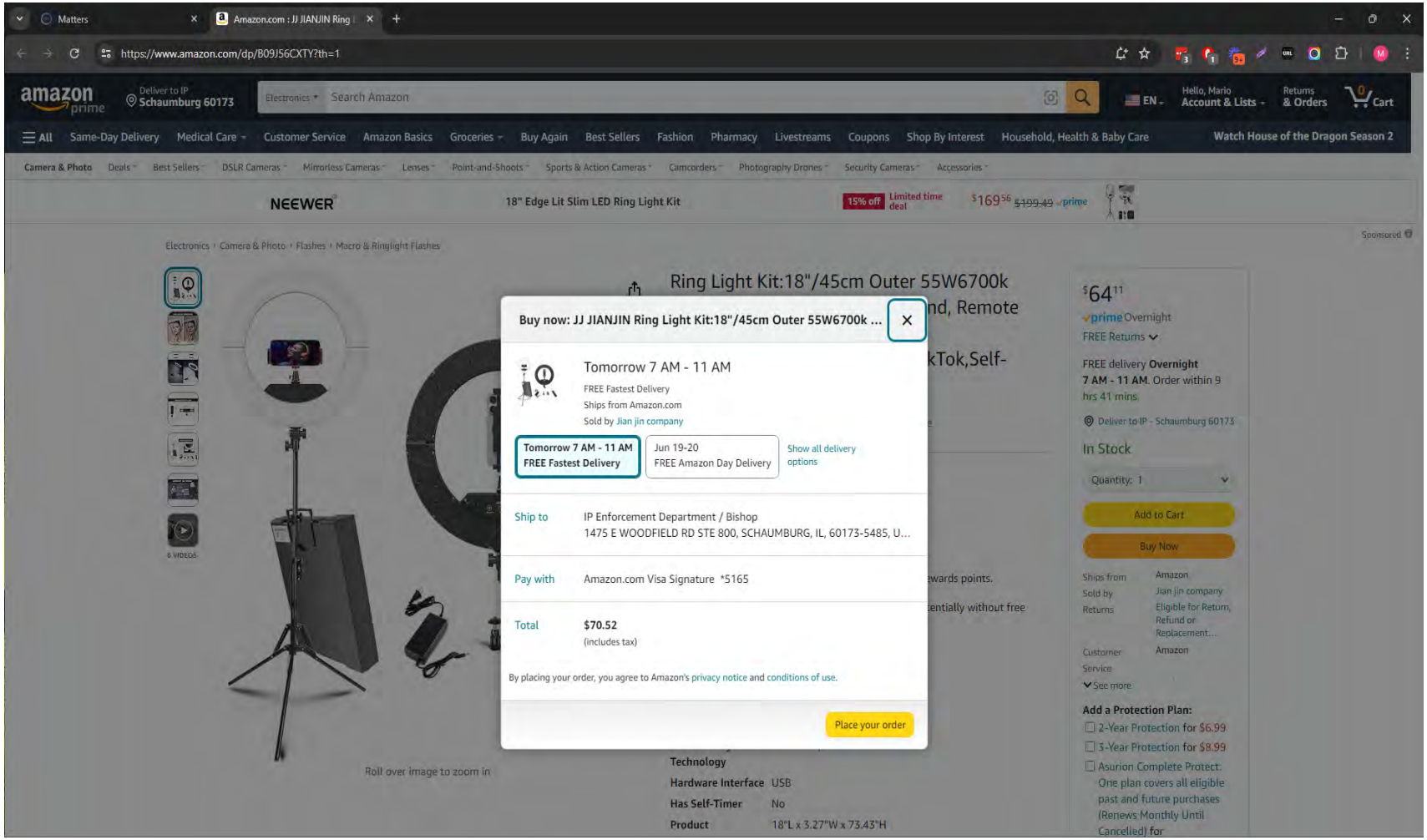


Screenshot Date: 16-06-2024 11:20AM

#62 - Jian jin company a/k/a YuYao Jian Jin SuYe You Xian Gong Si
https://www.amazon.com/dp/B09J56CXTY?psc=1
Screenshots:

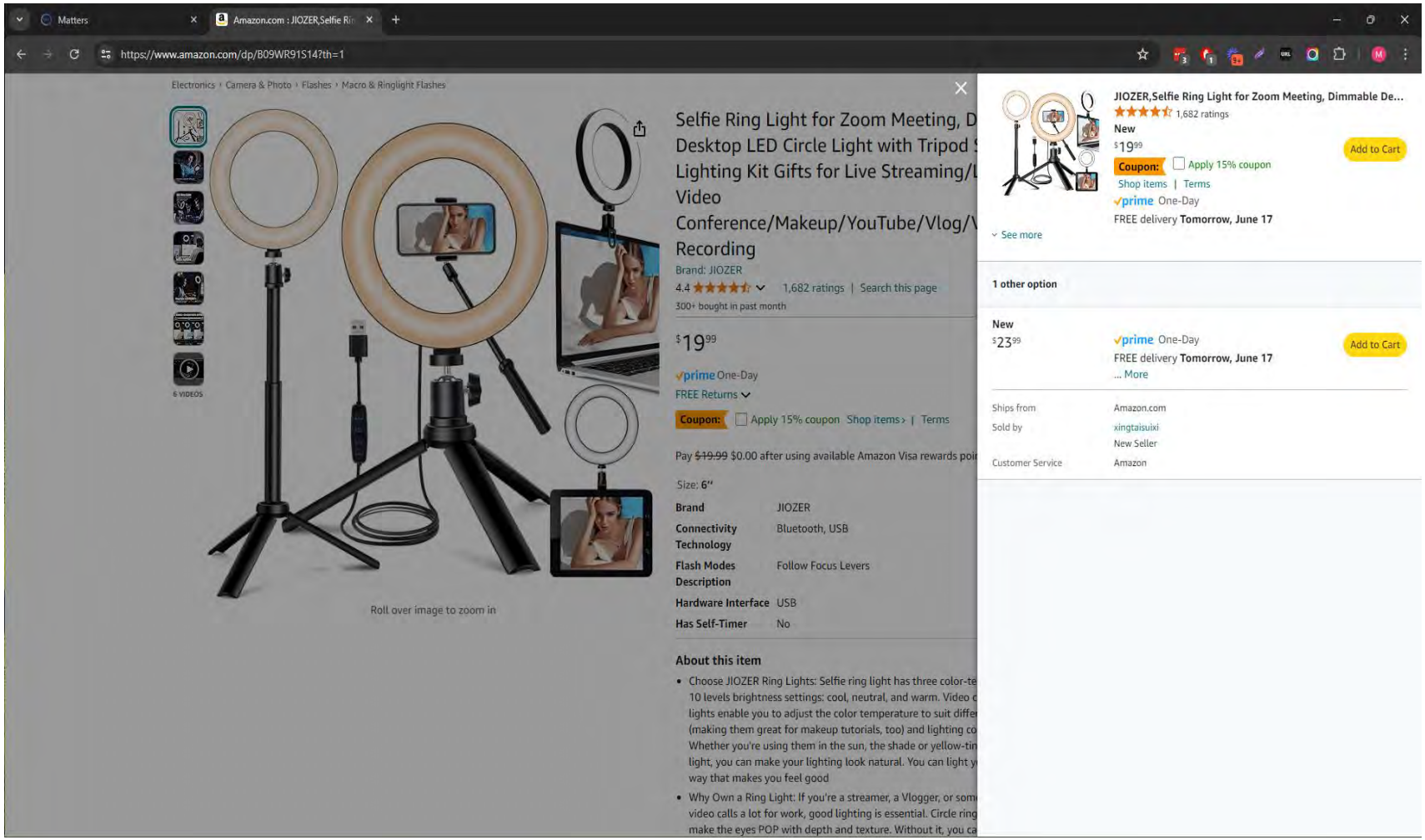


Screenshot Date: 16-06-2024 11:19AM

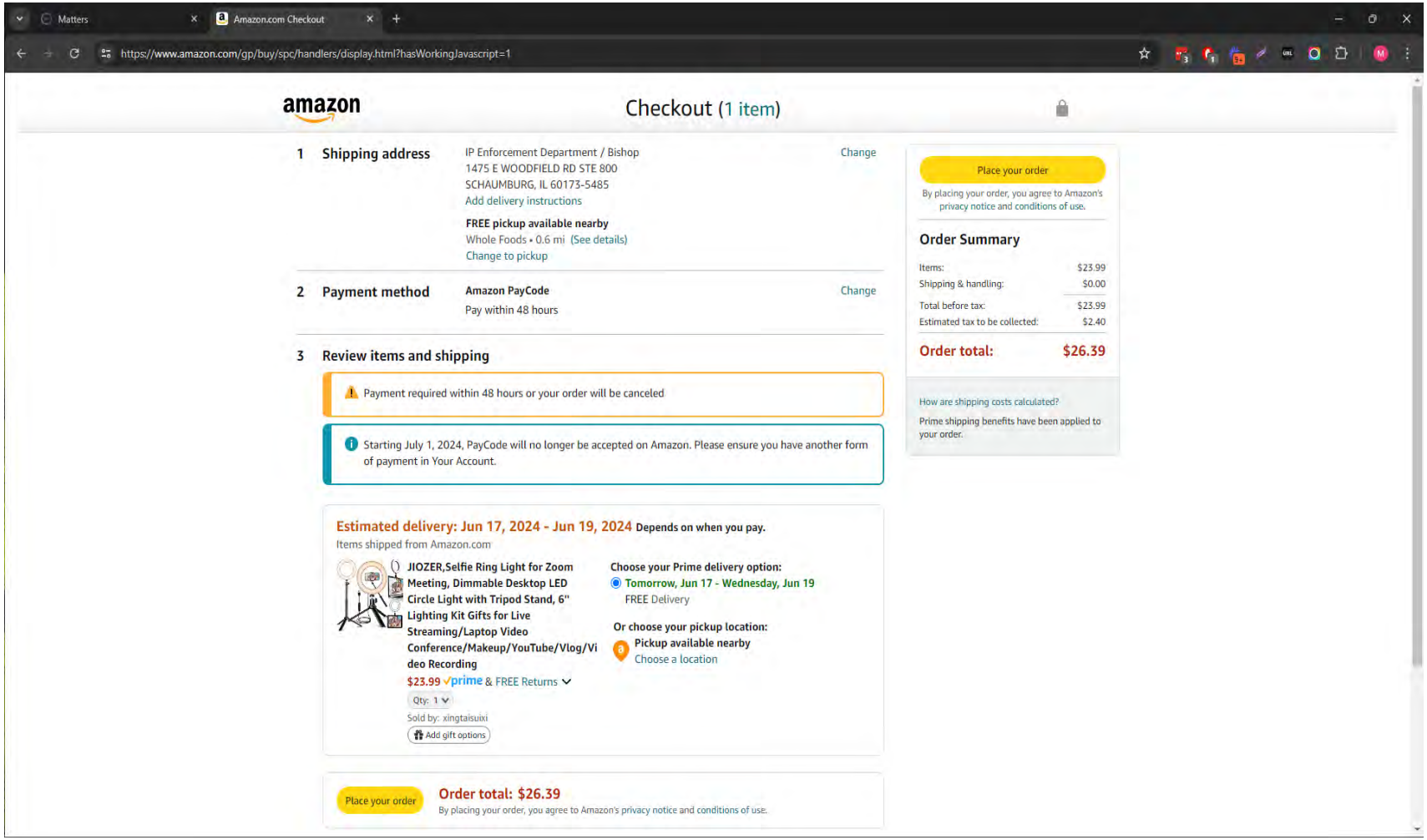


Screenshot Date: 16-06-2024 11:19AM

#63 - xingtaisuixi a/k/a xingtaixisuiwenhuachuanboyouxiangongsi
https://www.amazon.com/dp/B09WR91S14?psc=1
Screenshots:

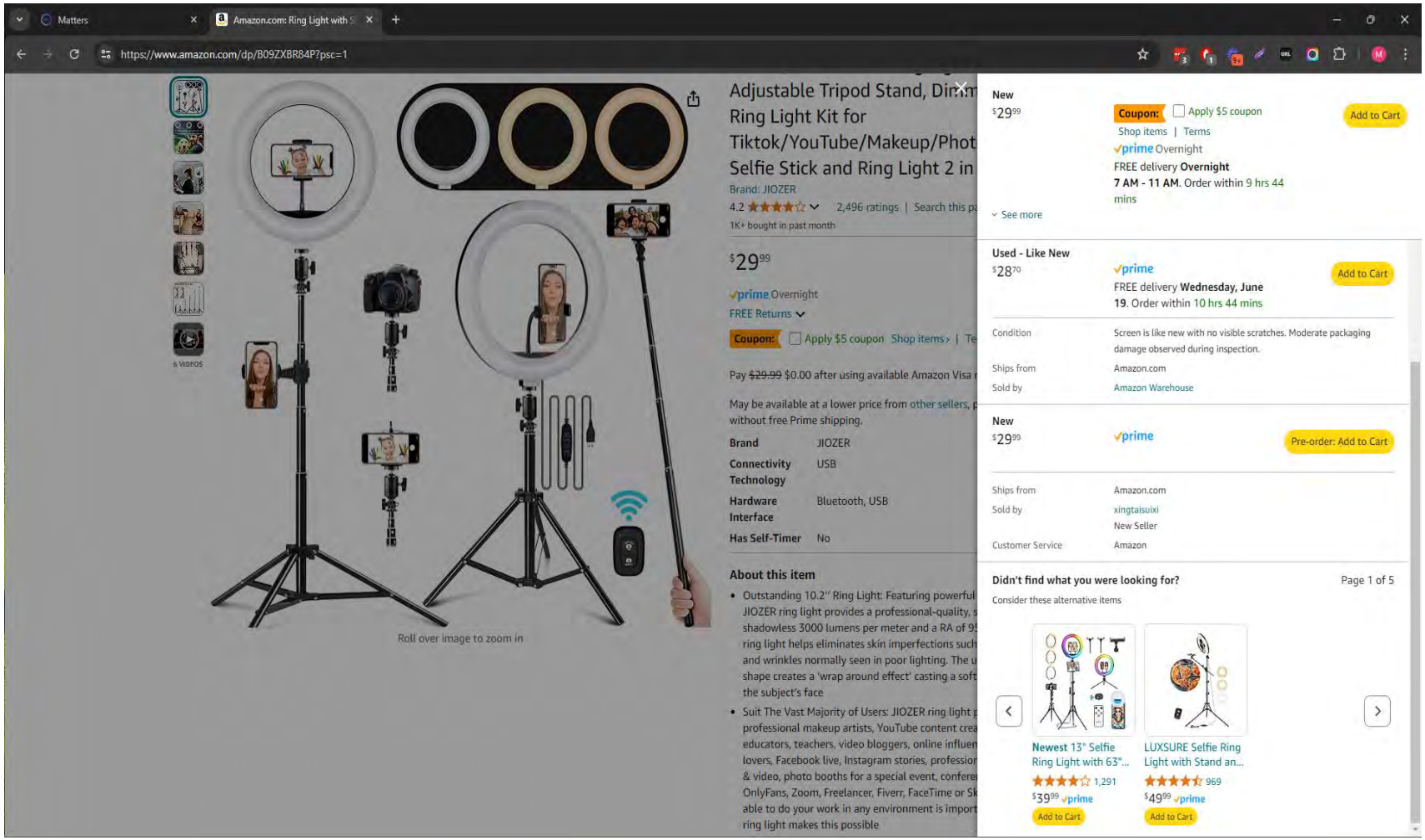


Screenshot Date: 16-06-2024 11:18AM

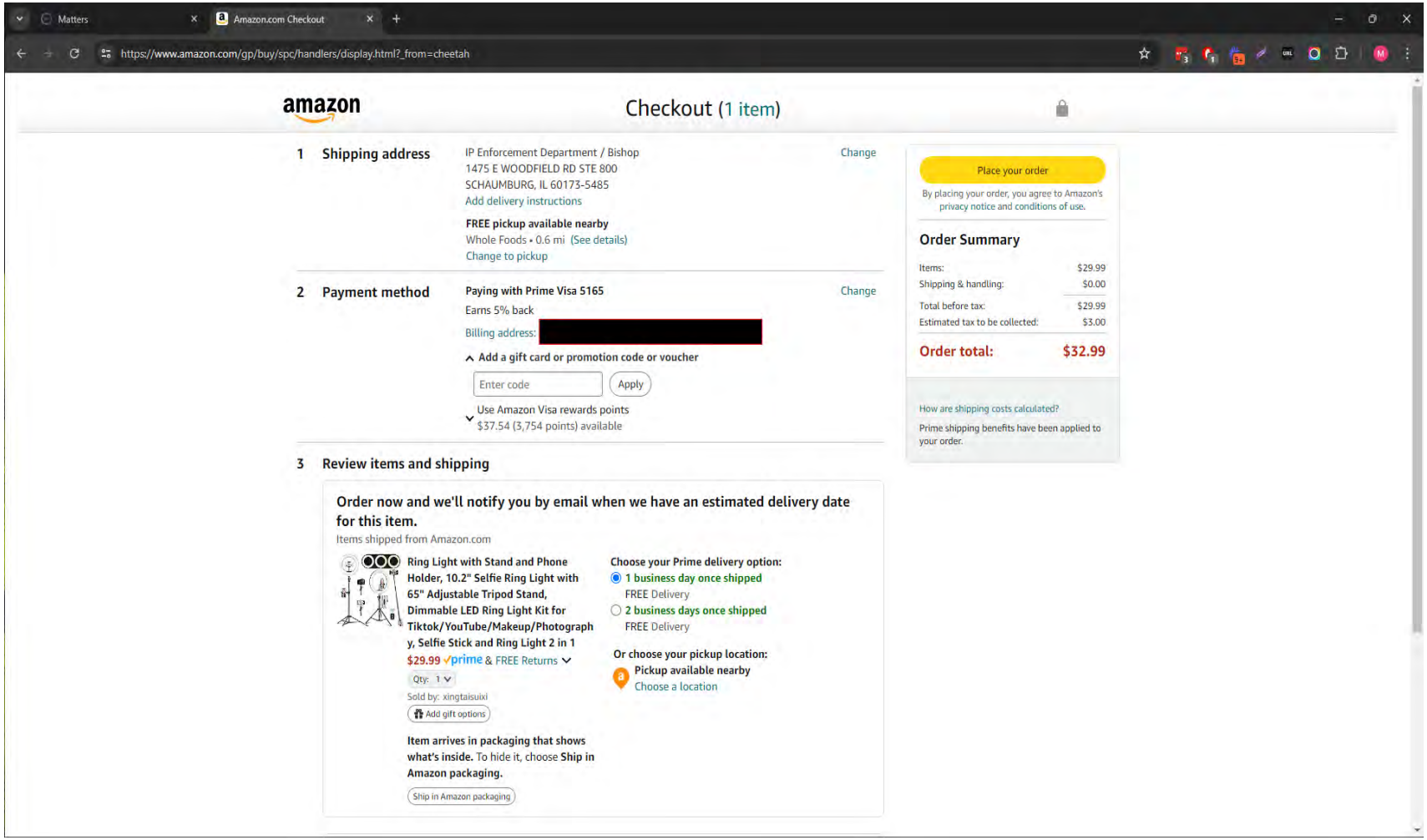


Screenshot Date: 16-06-2024 11:18AM

#63 - xingtaisuixi a/k/a xingtaixisuiwenhuachuanboyouxiangongsi
https://www.amazon.com/dp/B09ZXBR84P?psc=1
Screenshots:

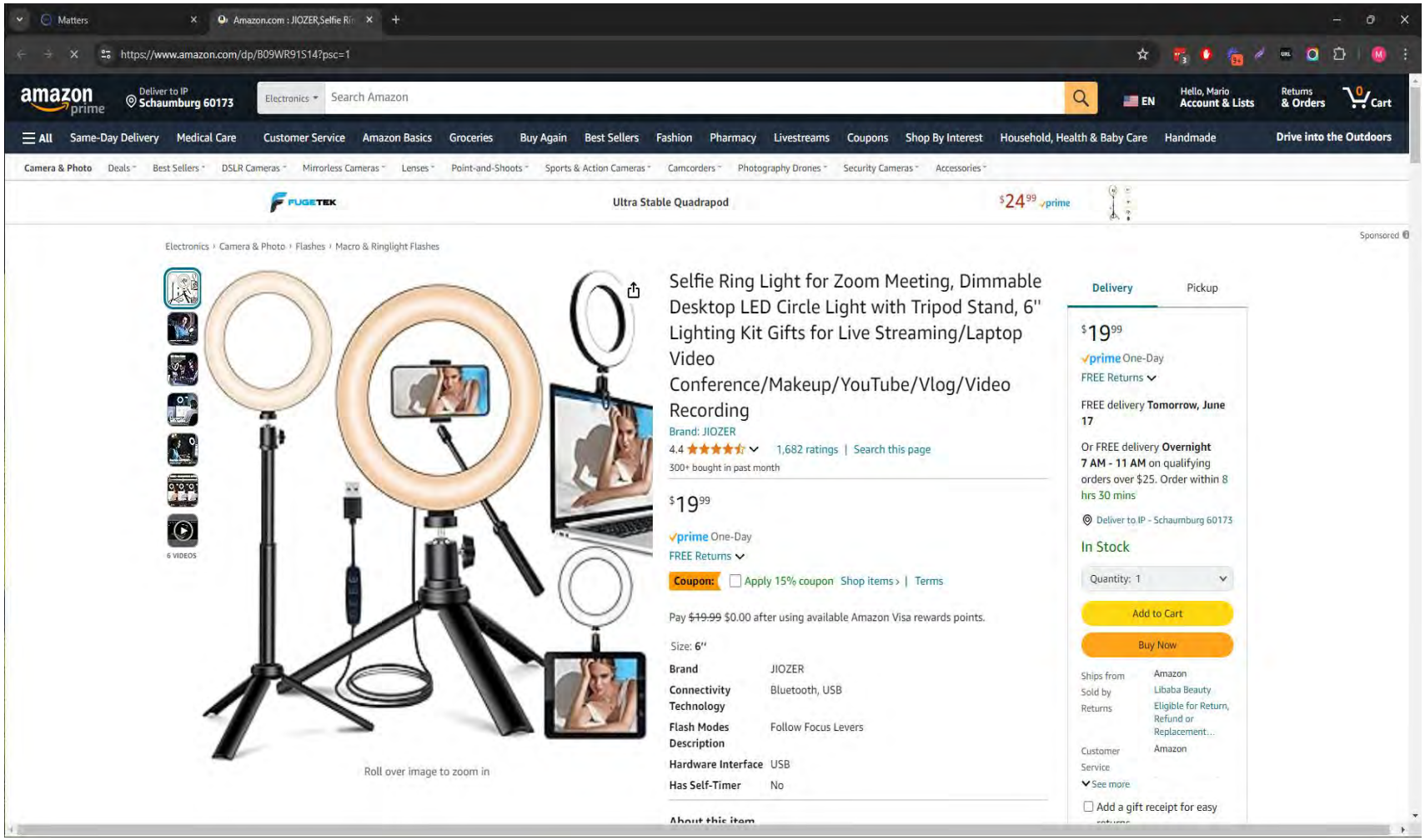


Screenshot Date: 16-06-2024 11:17AM

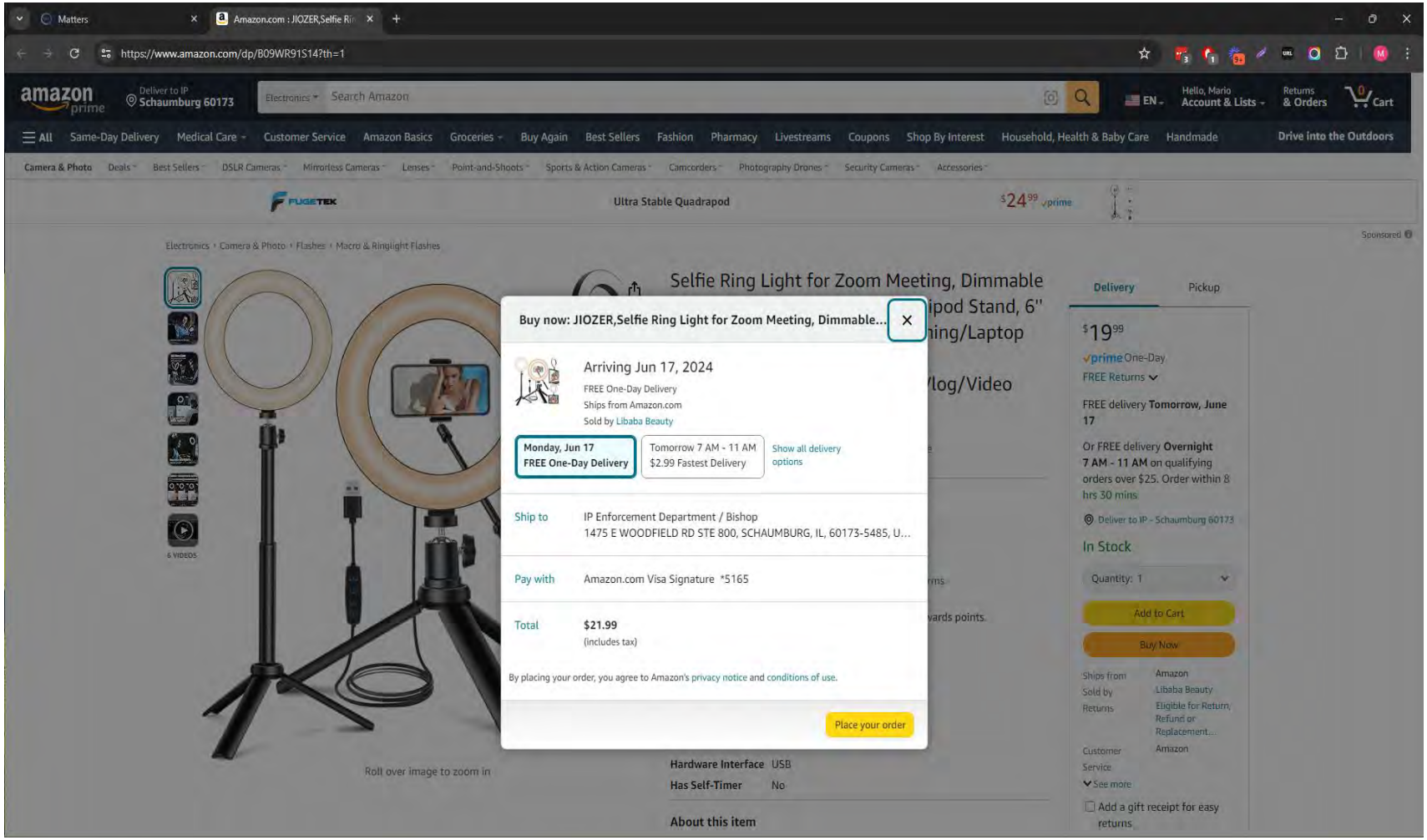


Screenshot Date: 16-06-2024 11:17AM

#64 - Libaba Beauty a/k/a Xuchang Libaba Maoyi Youxian Gongsi
https://www.amazon.com/dp/B09WR91S14?psc=1
Screenshots:

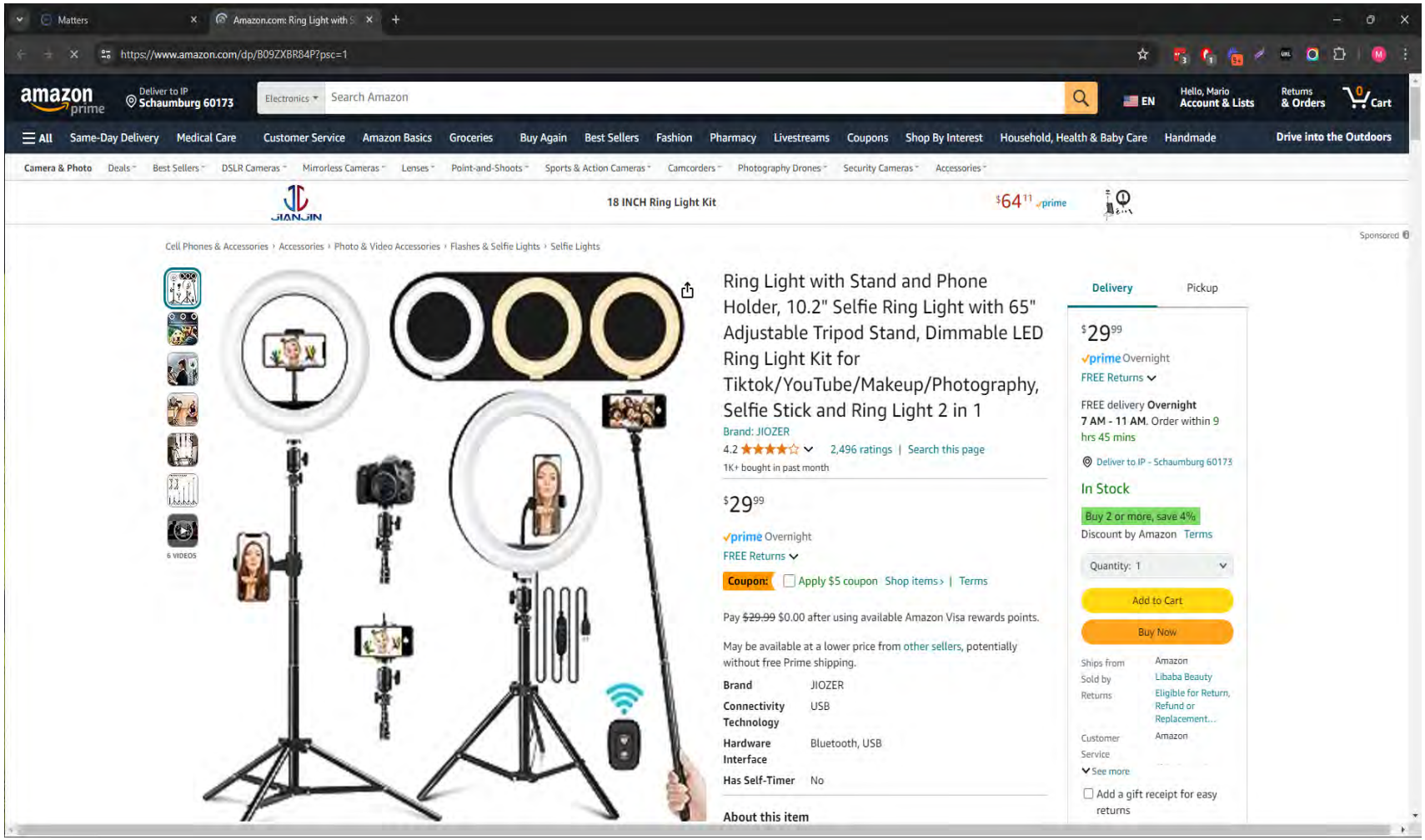


Screenshot Date: 16-06-2024 11:15AM

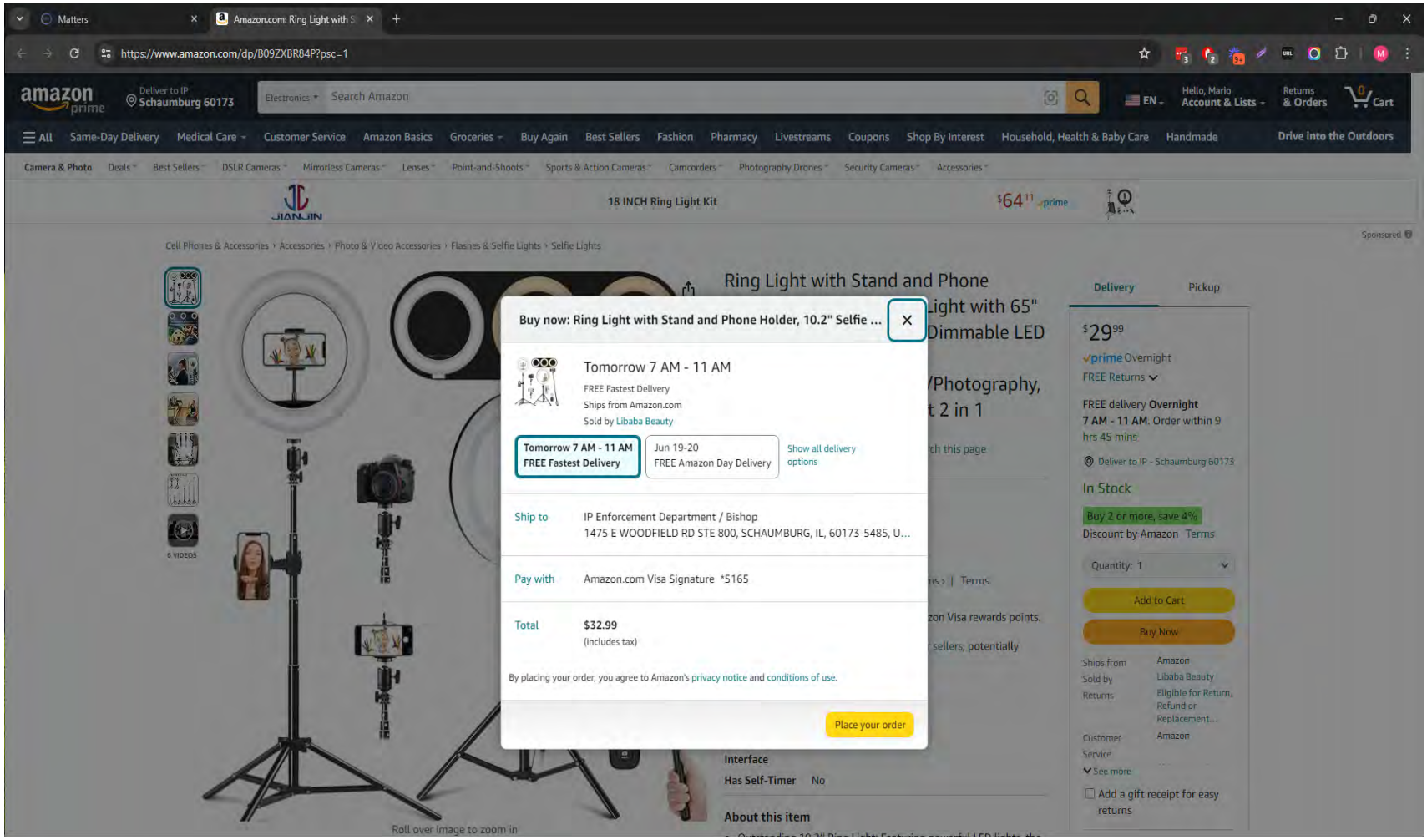


Screenshot Date: 16-06-2024 11:15AM

#64 - Libaba Beauty a/k/a Xuchang Libaba Maoyi Youxian Gongsi
https://www.amazon.com/dp/B09ZXBR84P?psc=1
Screenshots:

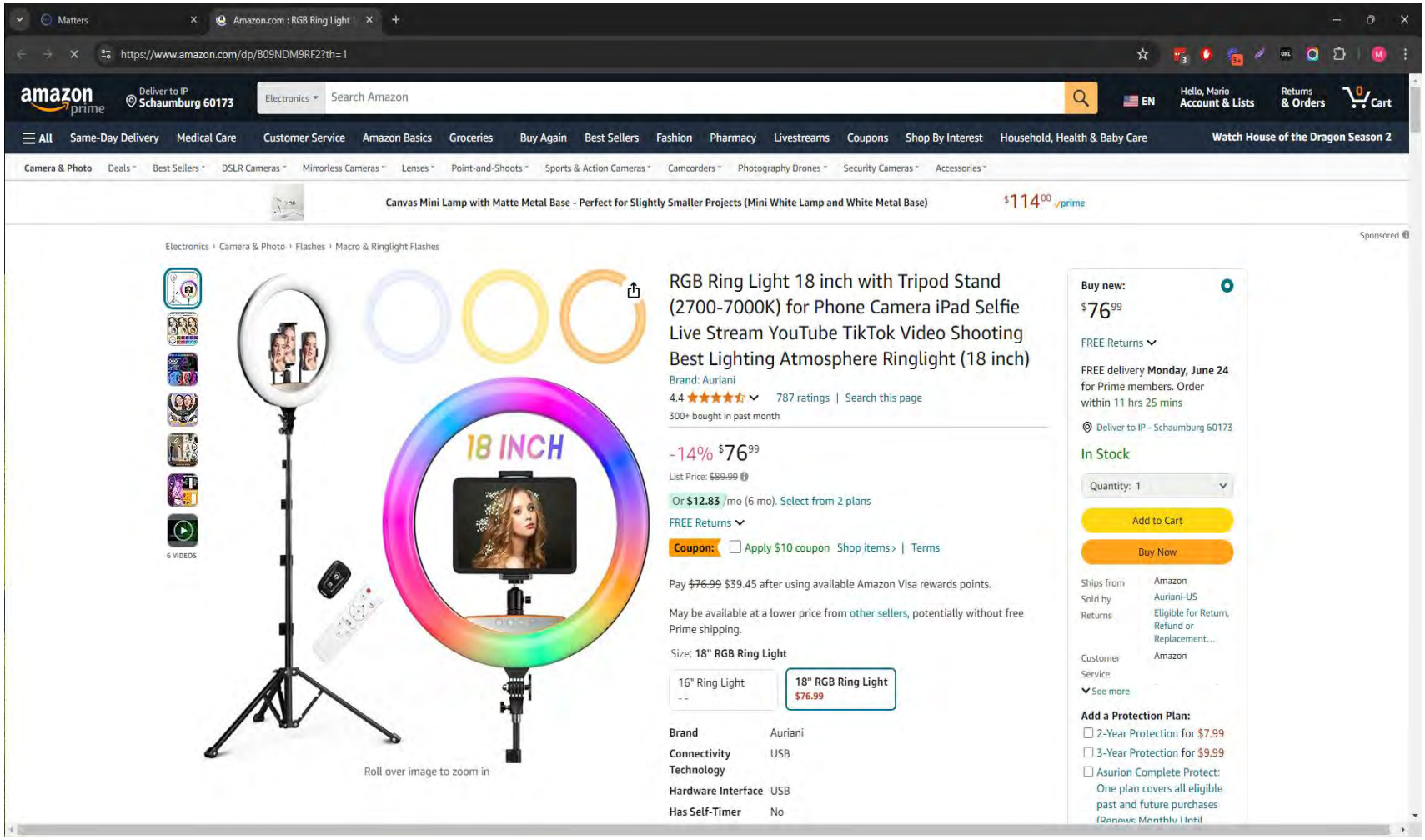


Screenshot Date: 16-06-2024 11:14AM

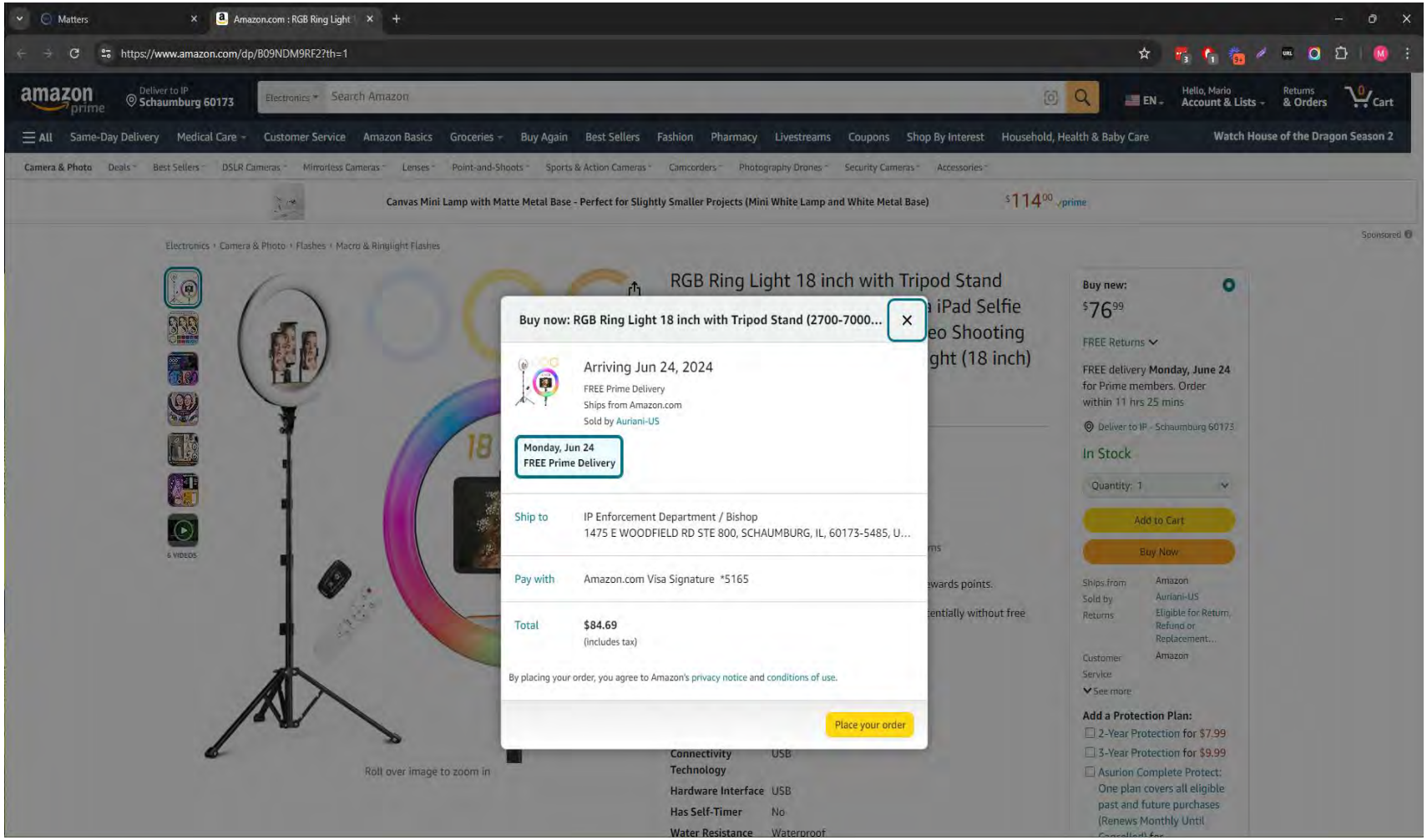


Screenshot Date: 16-06-2024 11:14AM

#65 - Auriani-US a/k/a shenzhenshijiameigaokejiyouxiangongsi
https://www.amazon.com/dp/B09NDM9RF2?psc=1
Screenshots:

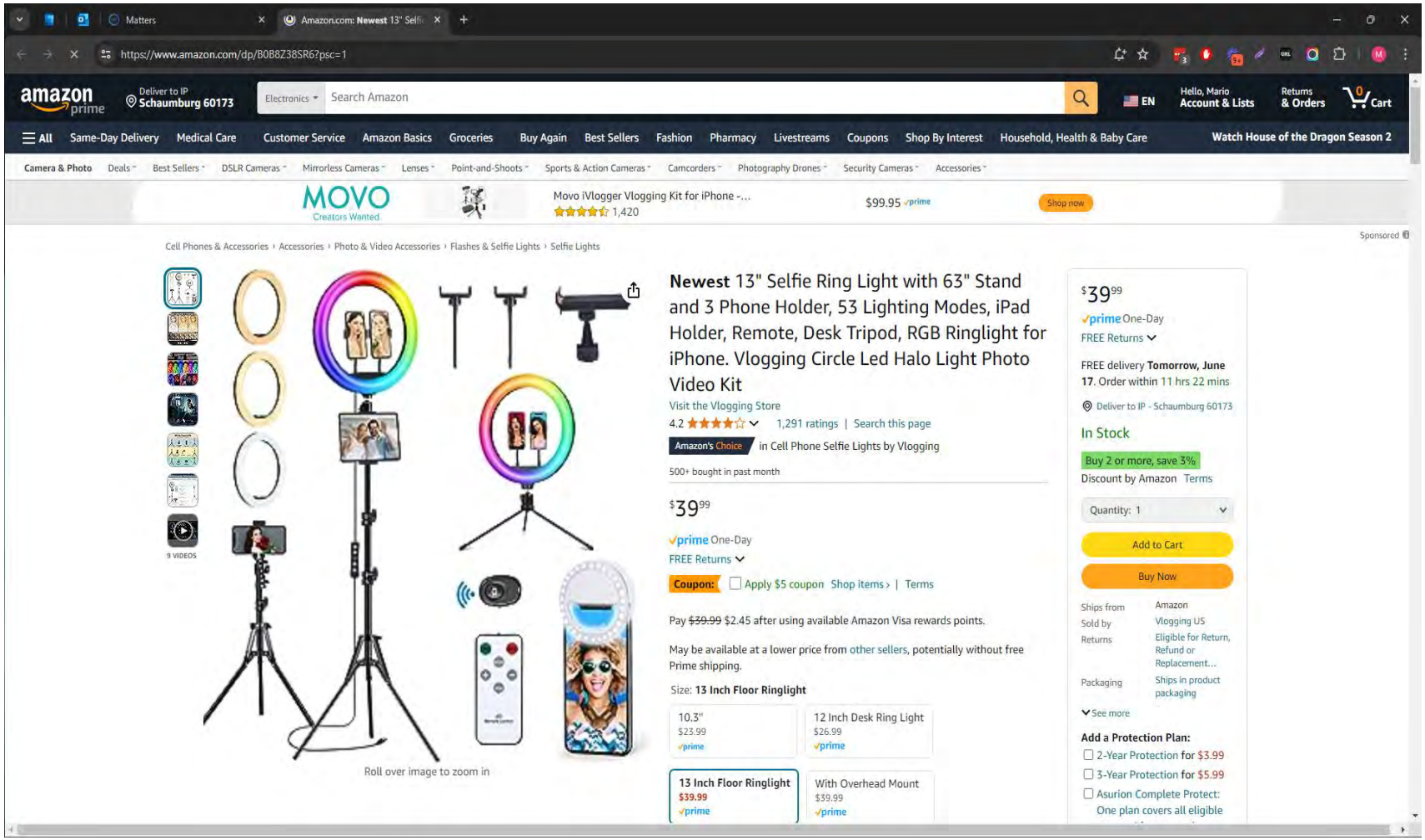


Screenshot Date: 16-06-2024 10:34AM

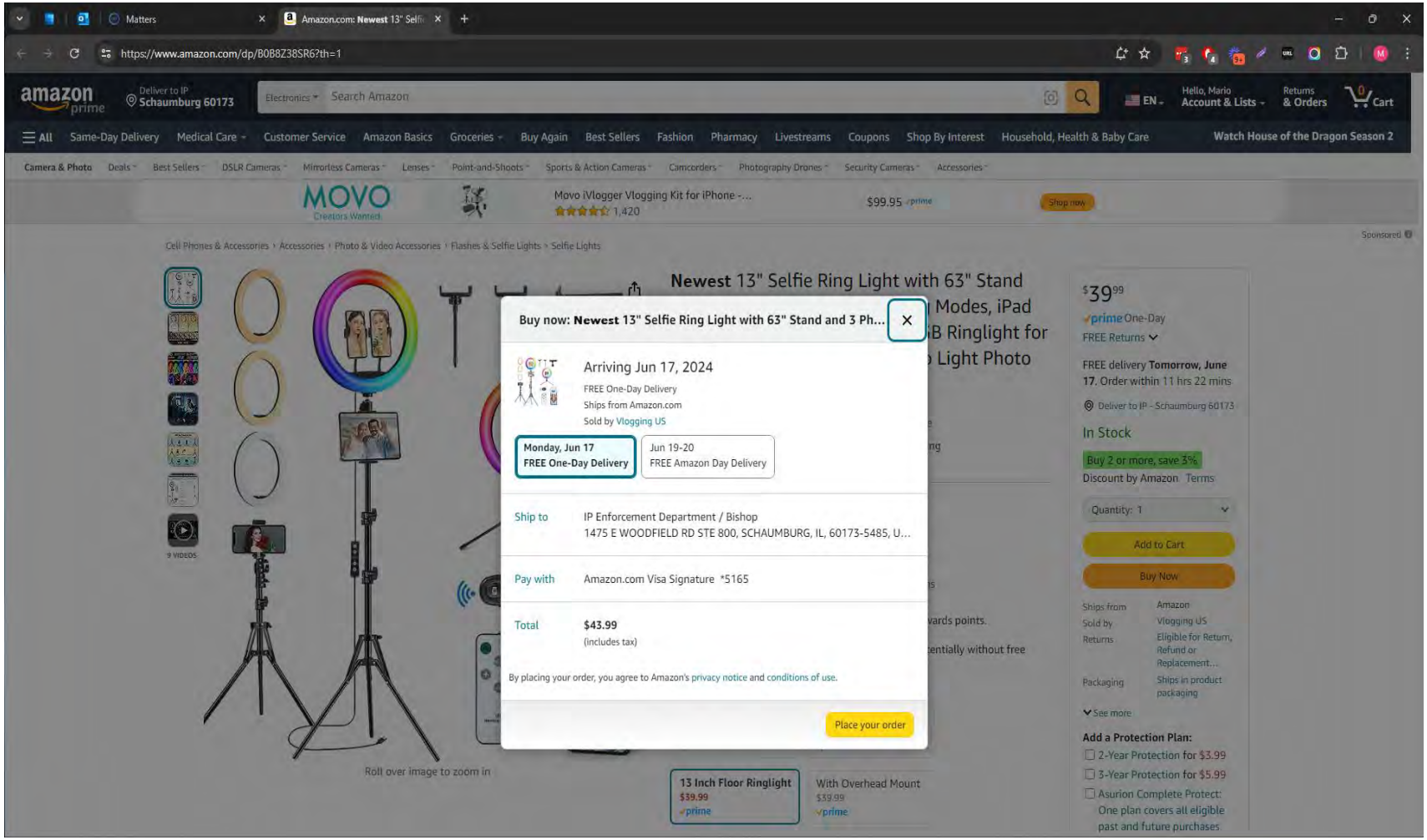


Screenshot Date: 16-06-2024 10:34AM

#66 - Vlogging US a/k/a Yichun Xuntong Keji Youxian Gongsi
https://www.amazon.com/dp/B0B8Z38SR6?psc=1
Screenshots:

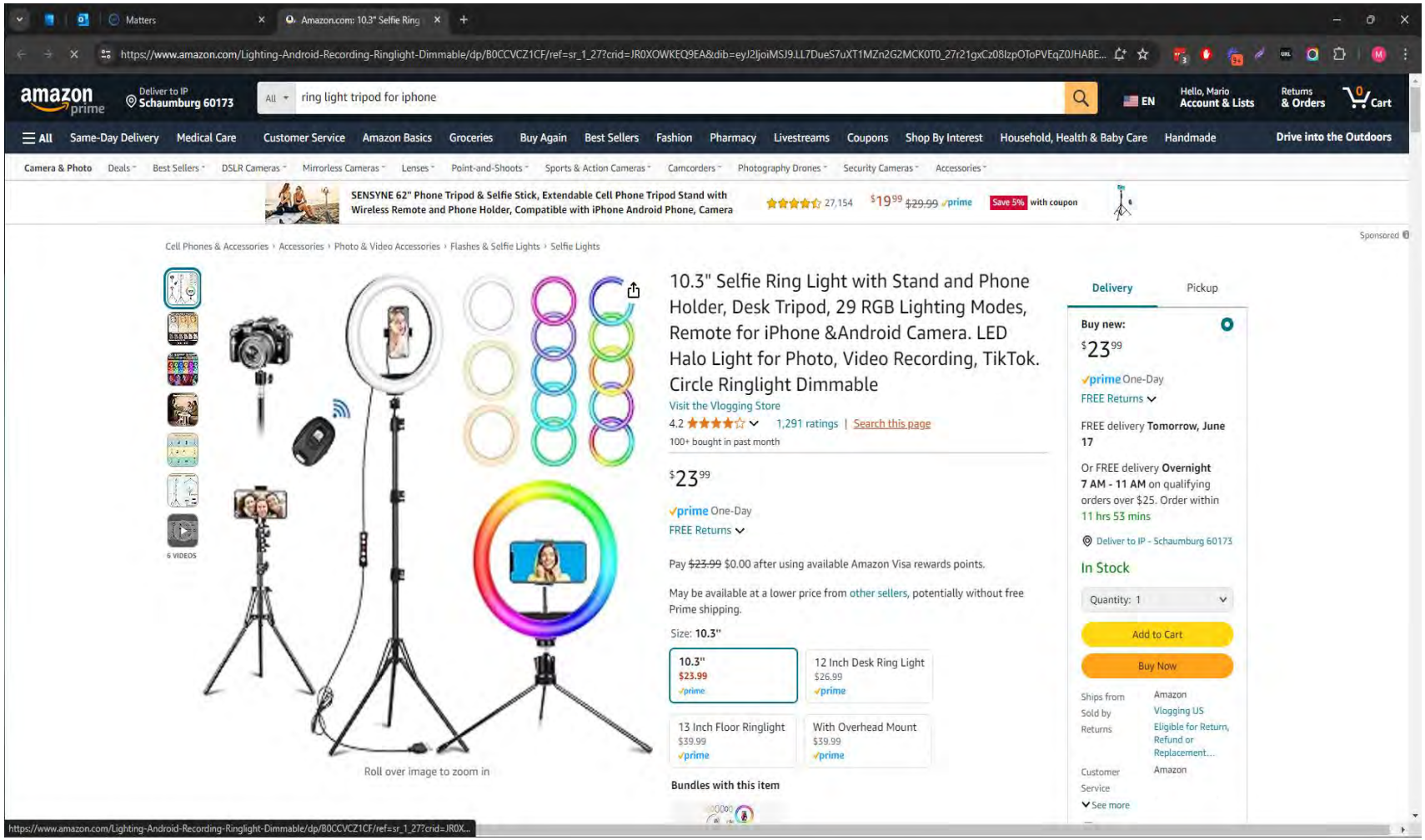


Screenshot Date: 16-06-2024 7:52AM

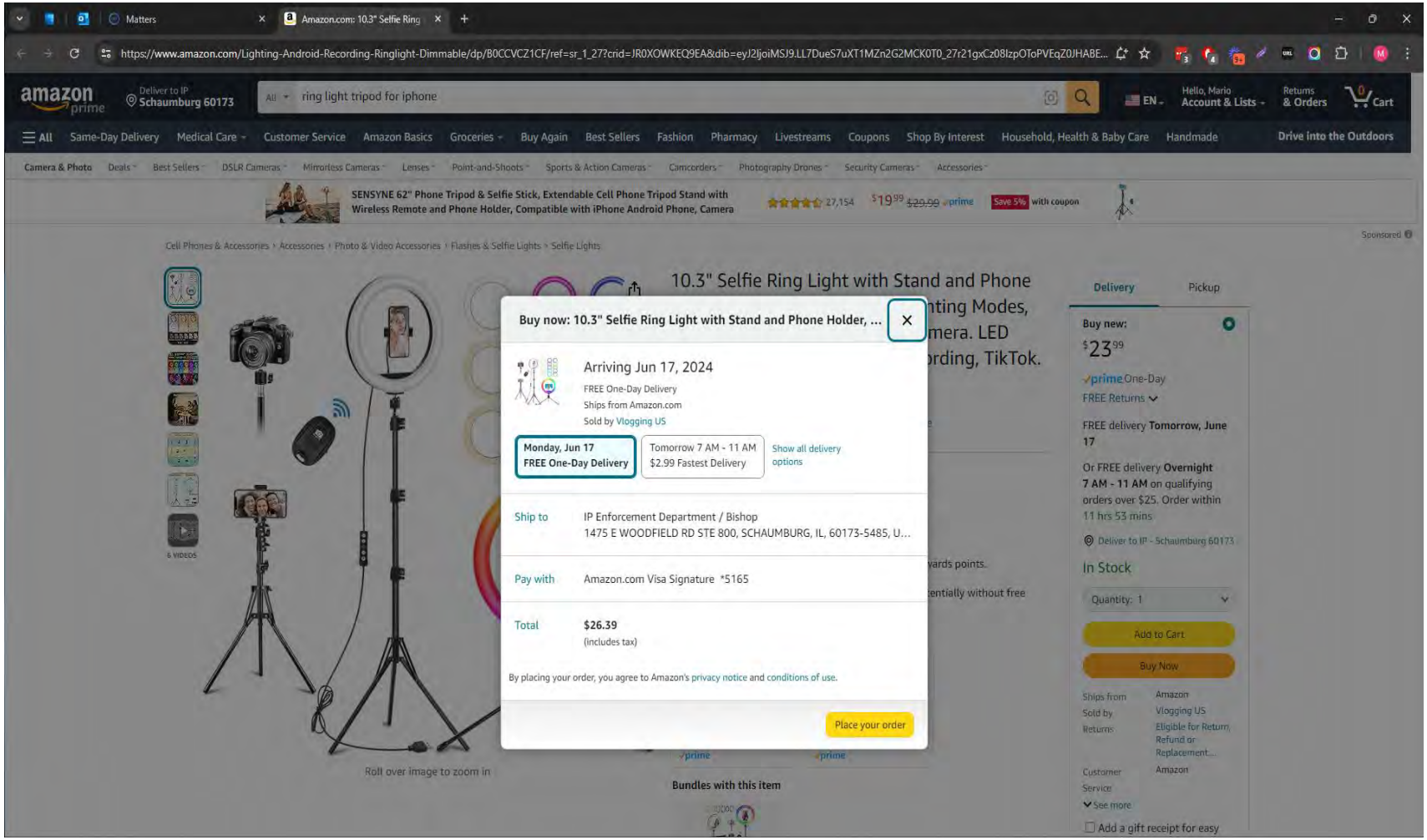


Screenshot Date: 16-06-2024 7:52AM

#66 - Vlogging US a/k/a Yichun Xuntong Keji Youxian Gongsi
https://www.amazon.com/Lighting-Android-Recording-Ringlight-Dimmable/dp/B0CCVCZ1CF
Screenshots:

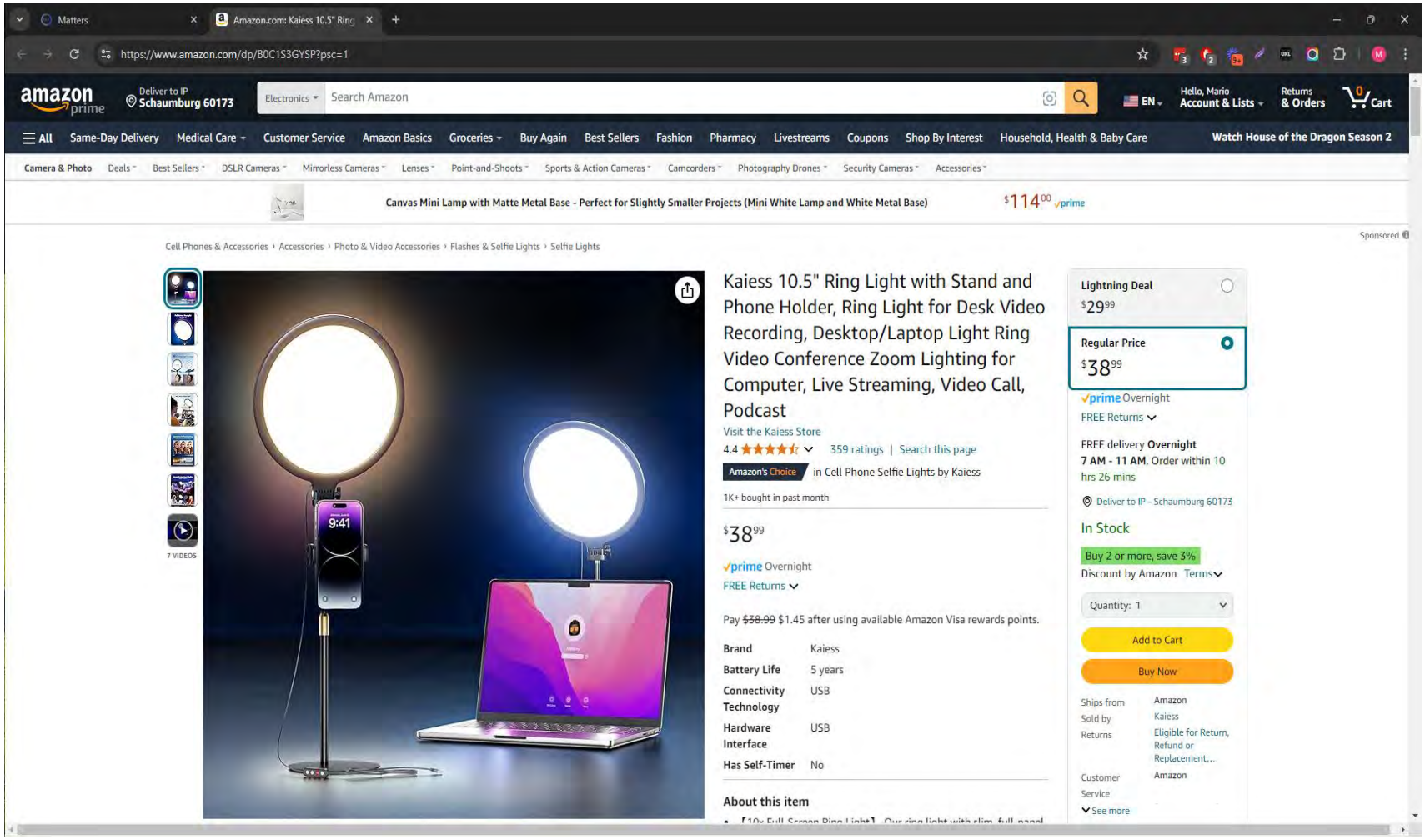


Screenshot Date: 16-06-2024 7:51AM

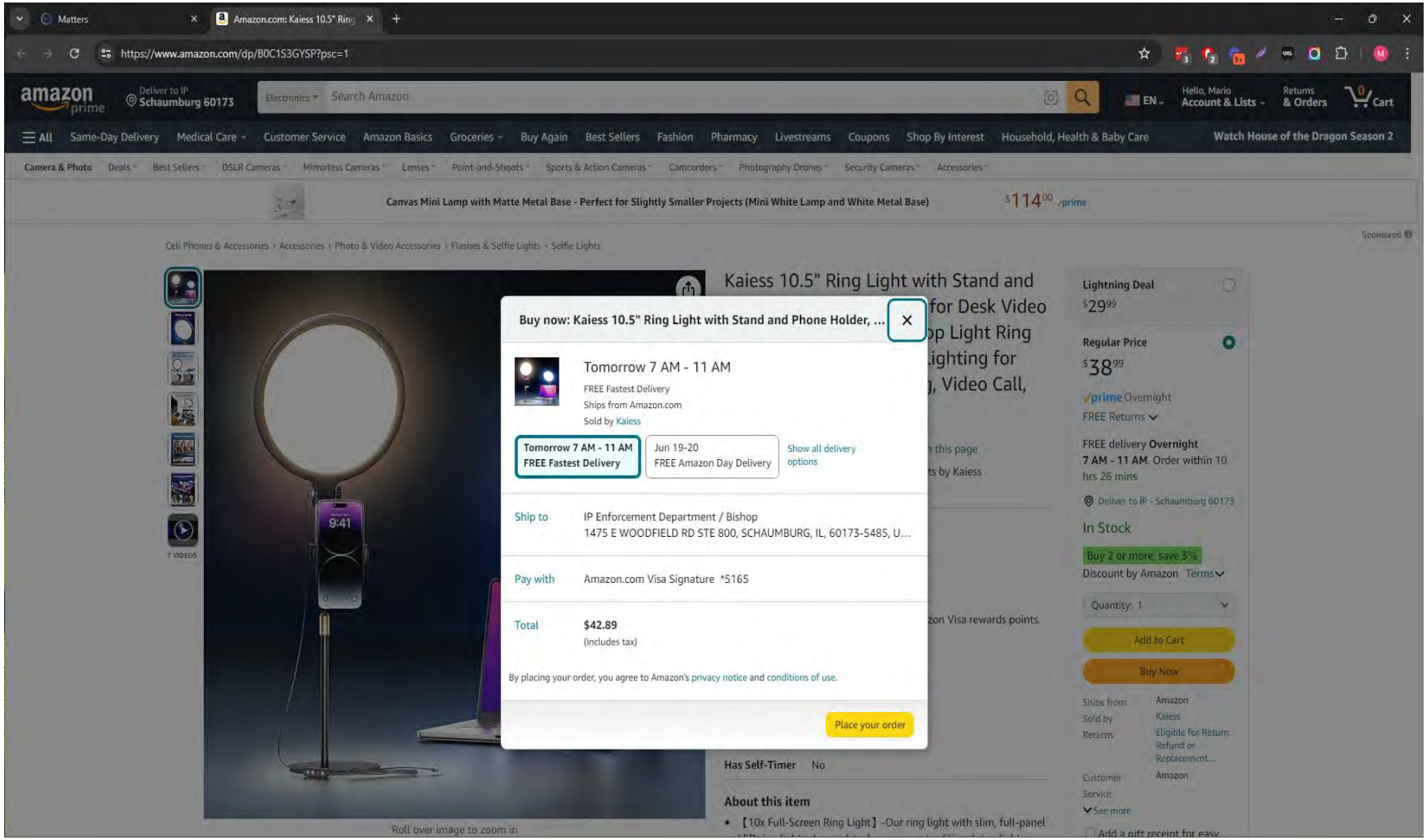


Screenshot Date: 16-06-2024 7:51AM

#67 - Kaiess a/k/a Shenzhenshi Huanyuchuang Electronics Co., Ltd.
https://www.amazon.com/dp/B0C1S3GYSP?psc=1
Screenshots:

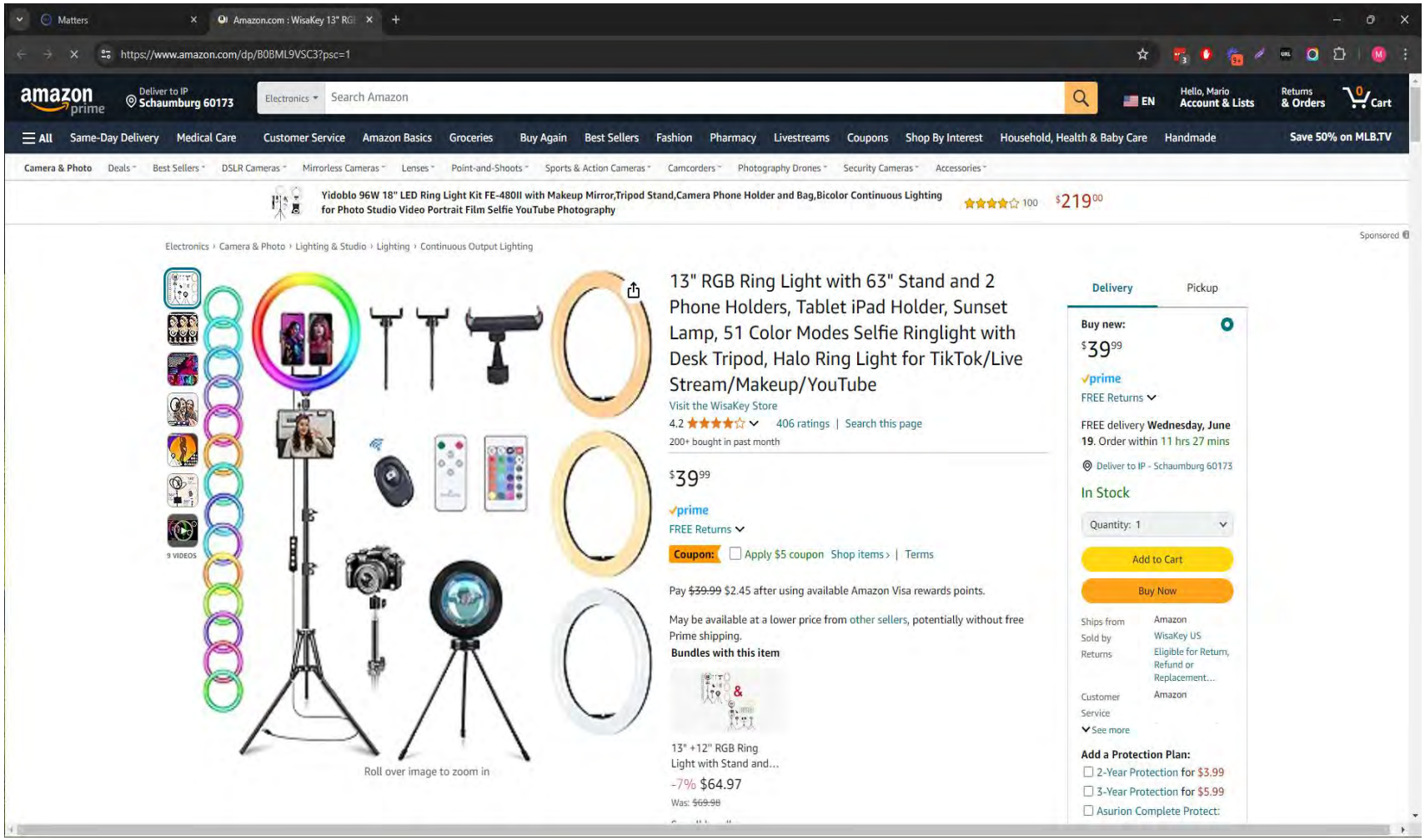


Screenshot Date: 16-06-2024 10:33AM

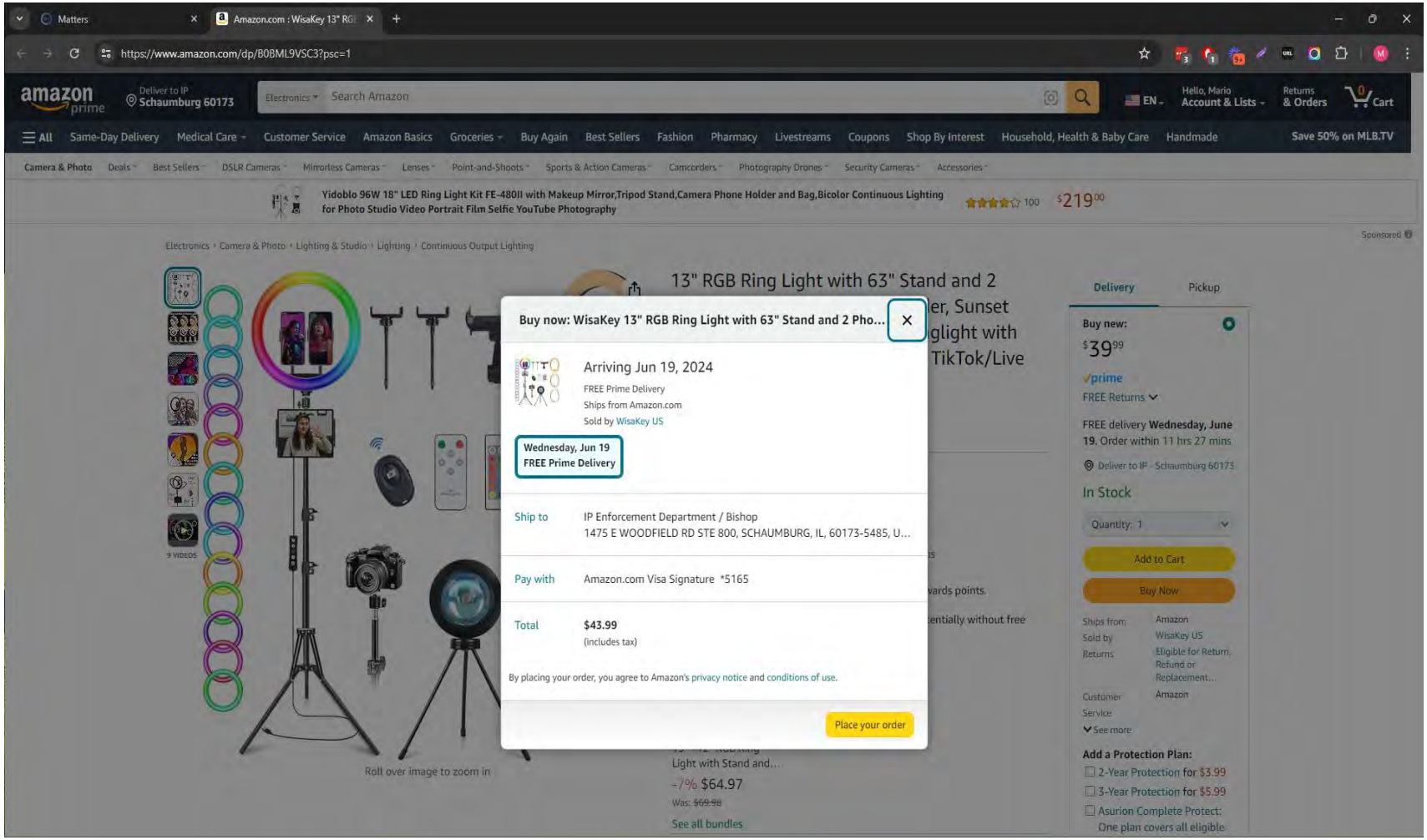


Screenshot Date: 16-06-2024 10:34AM

#68 - WisaKey US a/k/a Yichun Zhixuan Maoyi Youxian Gongsi
https://www.amazon.com/dp/B0BML9VSC3?psc=1
Screenshots:

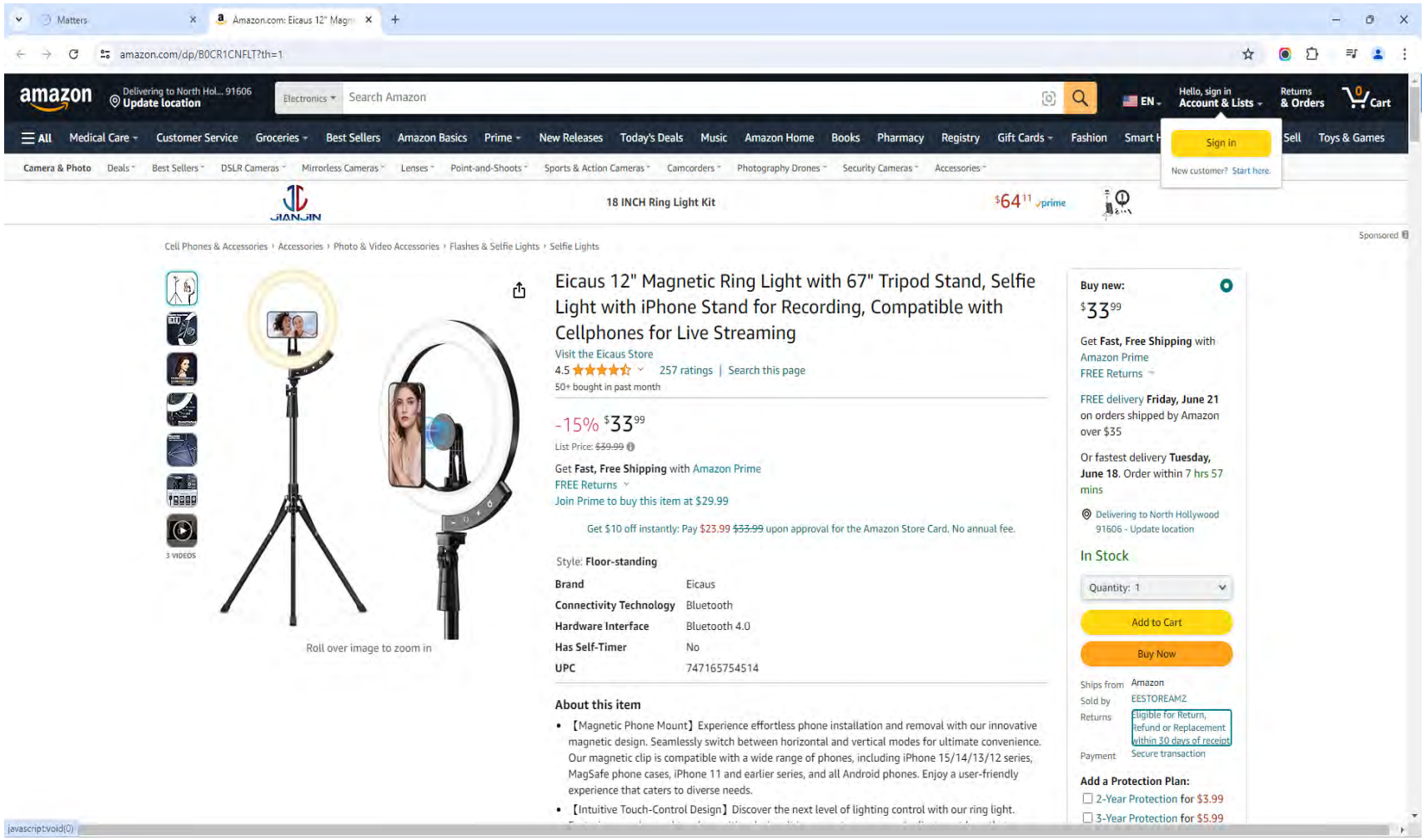


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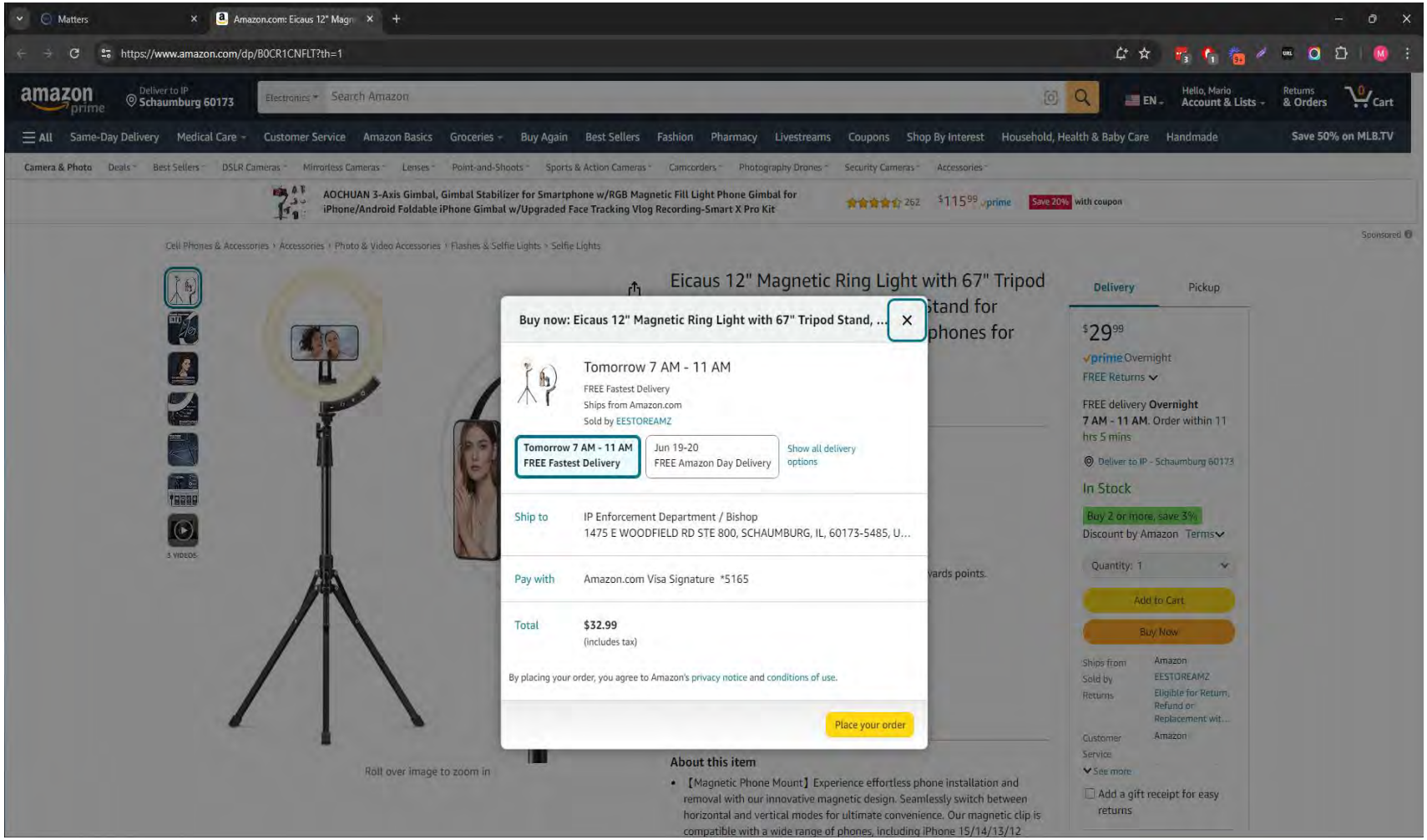


Screenshot Date: 16-06-2024 10:33AM

#69 - EESTOREAMZ a/k/a shenzhenshiyongjiejingmijixieyouxiangongsi
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Screenshots:

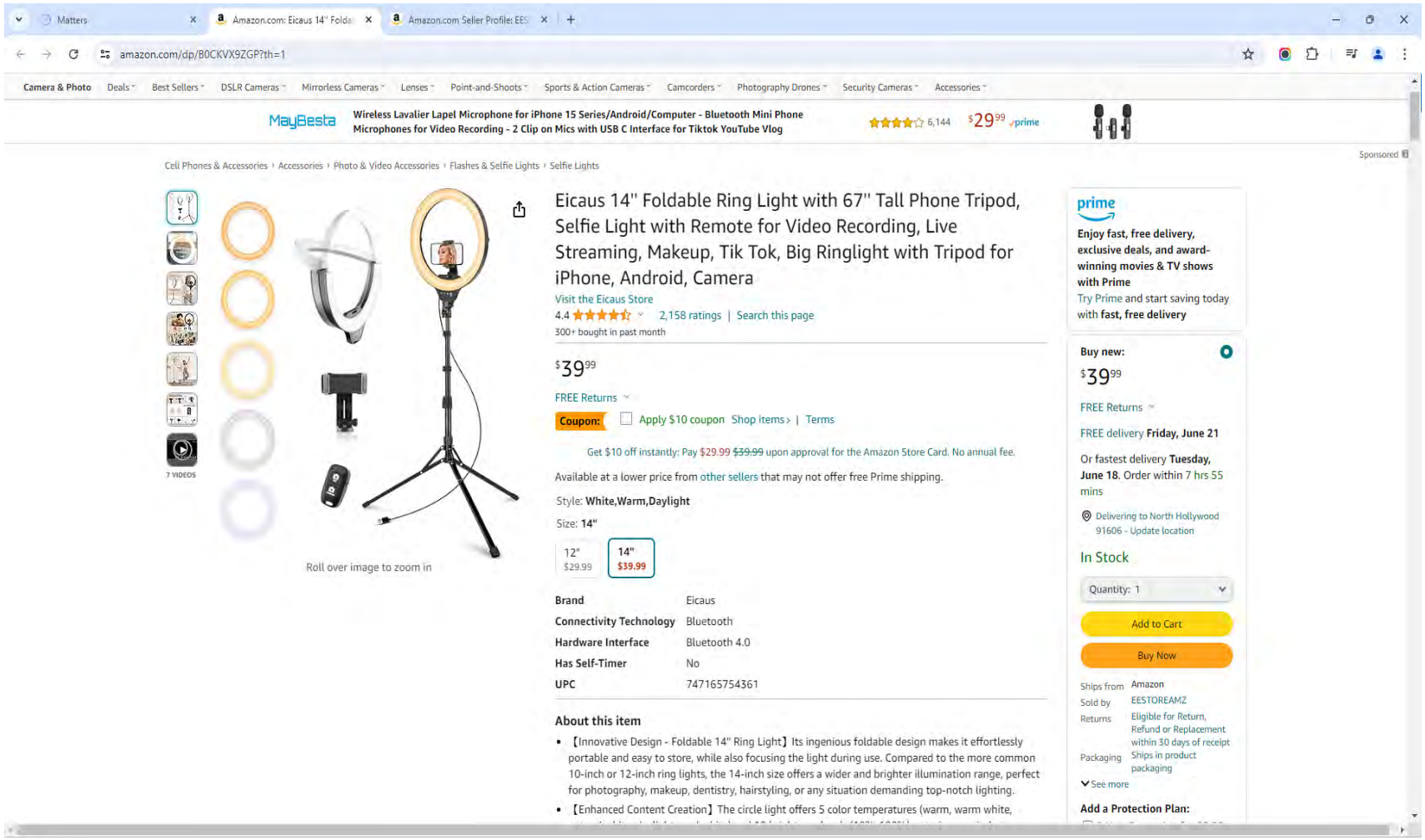


Screenshot Date: 15-06-2024 16:03PM

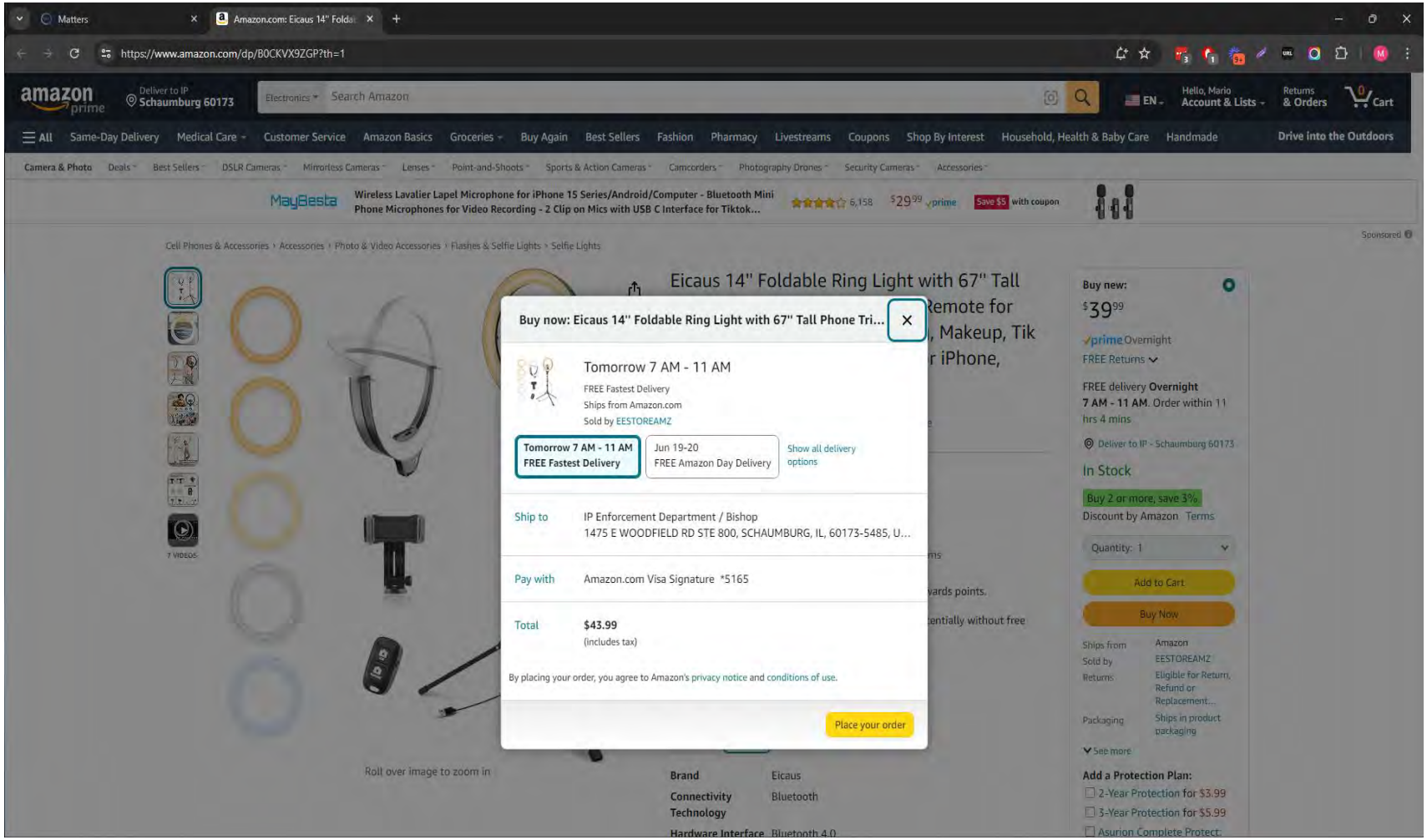


Screenshot Date: 16-06-2024 8:40AM

#69 - EESTOREAMZ a/k/a shenzhenshiyongjiejingmijixieyouxiangongsi
https://www.amazon.com/dp/B0CKVX9ZGP?psc=1
Screenshots:

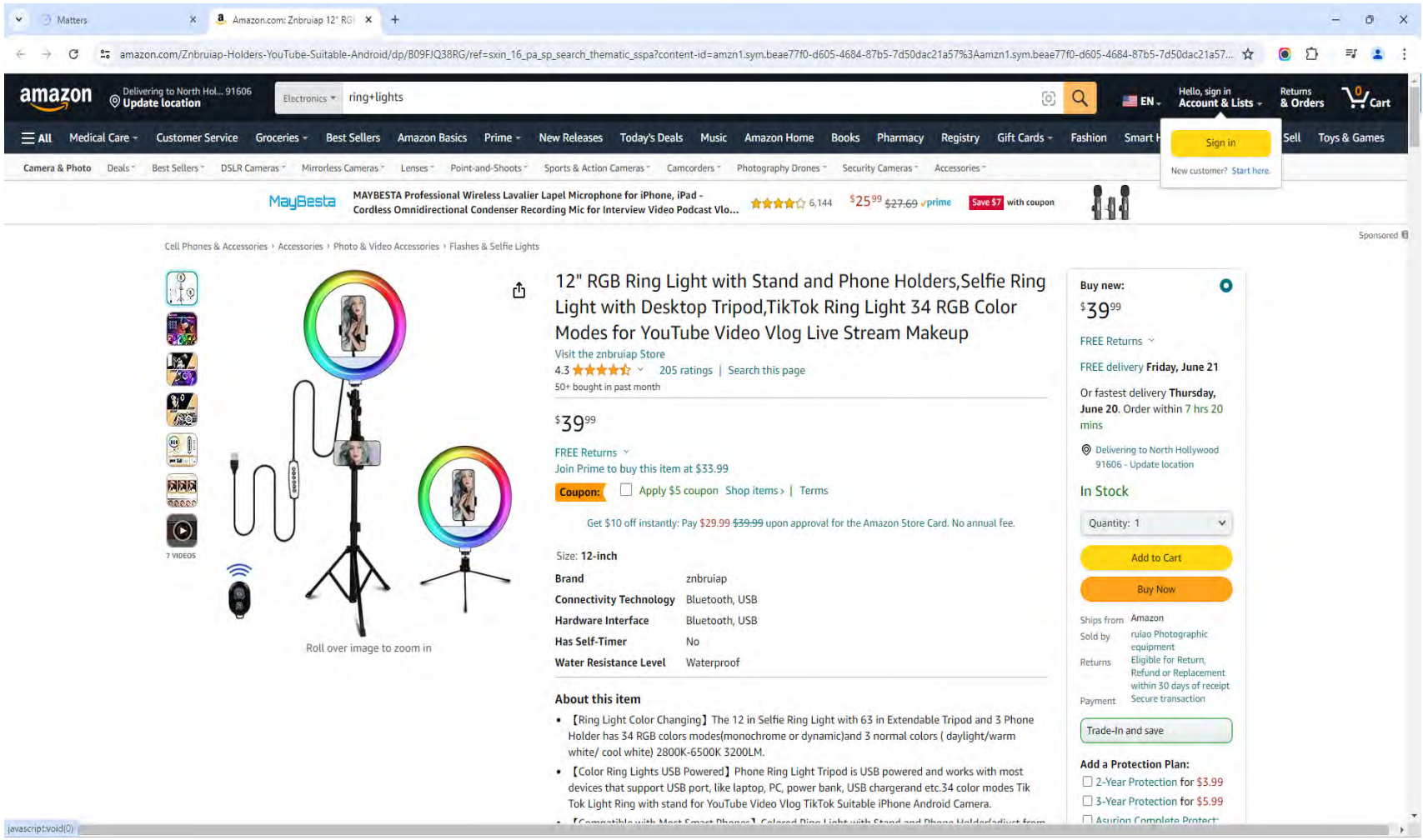


Screenshot Date: 15-06-2024 16:05PM

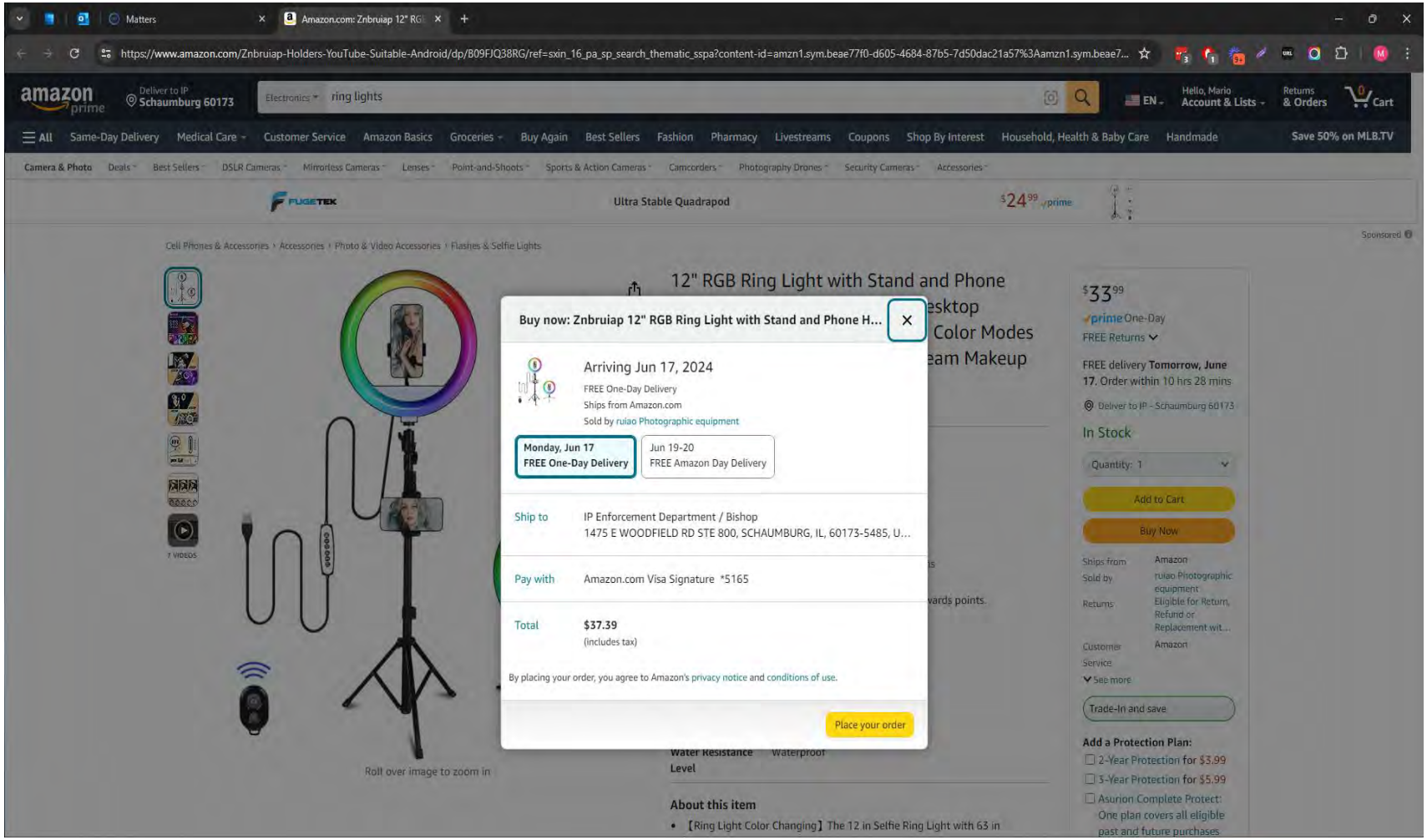


Screenshot Date: 16-06-2024 8:40AM

#70 - ruiao Photographic equipment a/k/a NingBoShiSiWangWangLuoKeJiYouXianGongSi
https://www.amazon.com/Znbruiap-Holders-YouTube-Suitable-Android/dp/B09FJQ38RG
Screenshots:

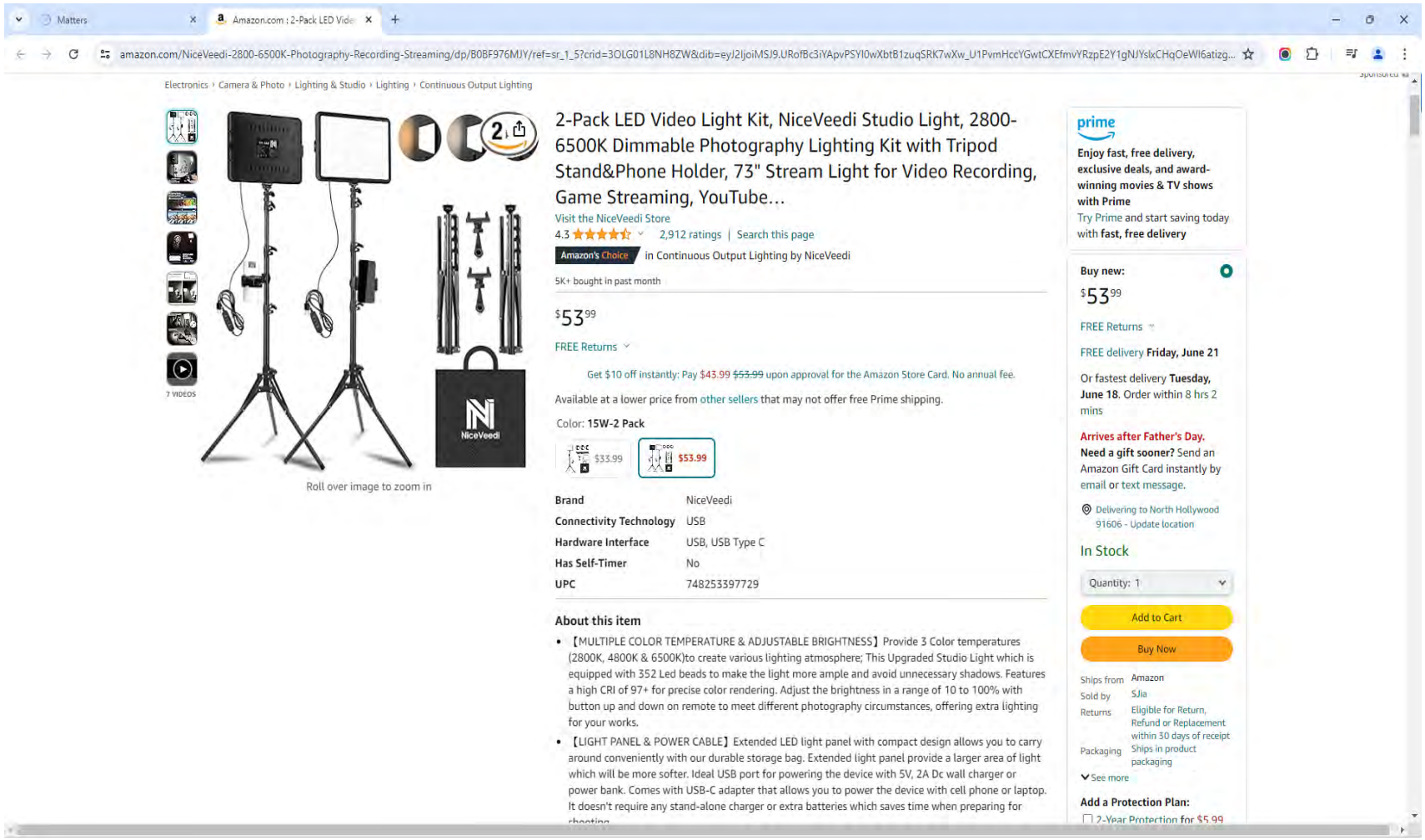


Screenshot Date: 15-06-2024 15:55PM

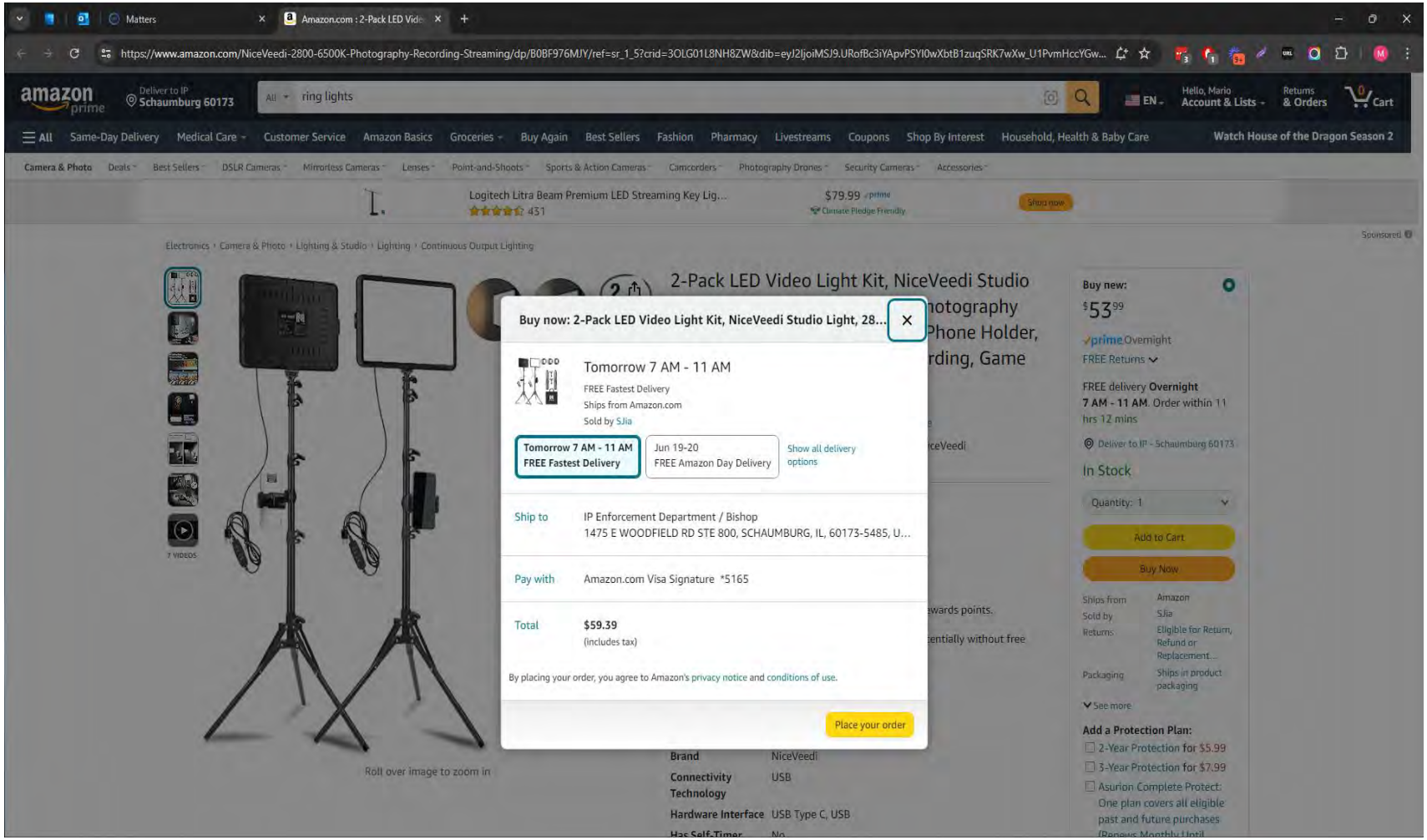


Screenshot Date: 16-06-2024 8:31AM

#71 - SJia a/k/a ning bo shuai jia mao yi you xian gong si
https://www.amazon.com/NiceVeedi-2800-6500K-Photography-Recording-Streaming/dp/B0BF976MJY
Screenshots:

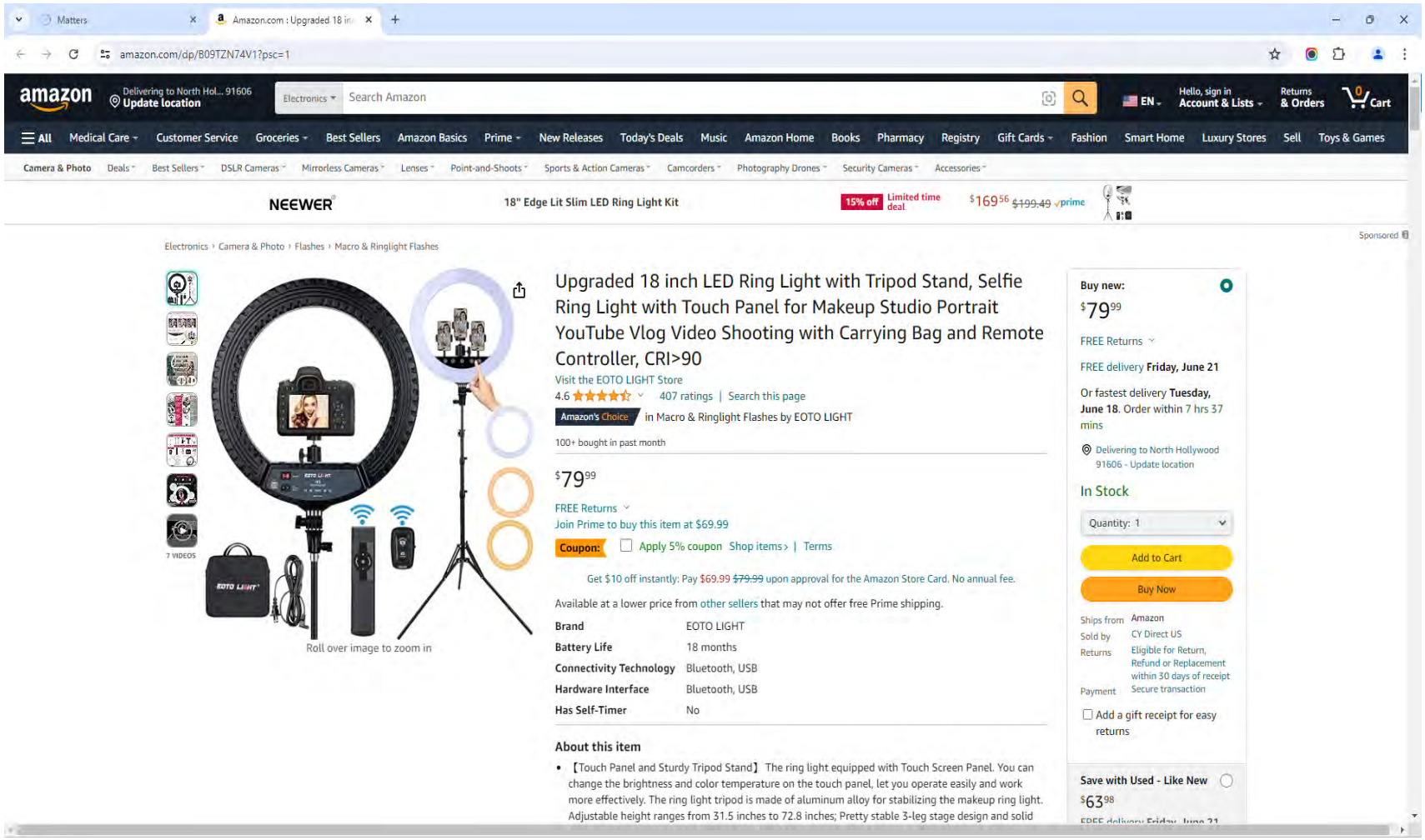


Screenshot Date: 15-06-2024 15:57PM

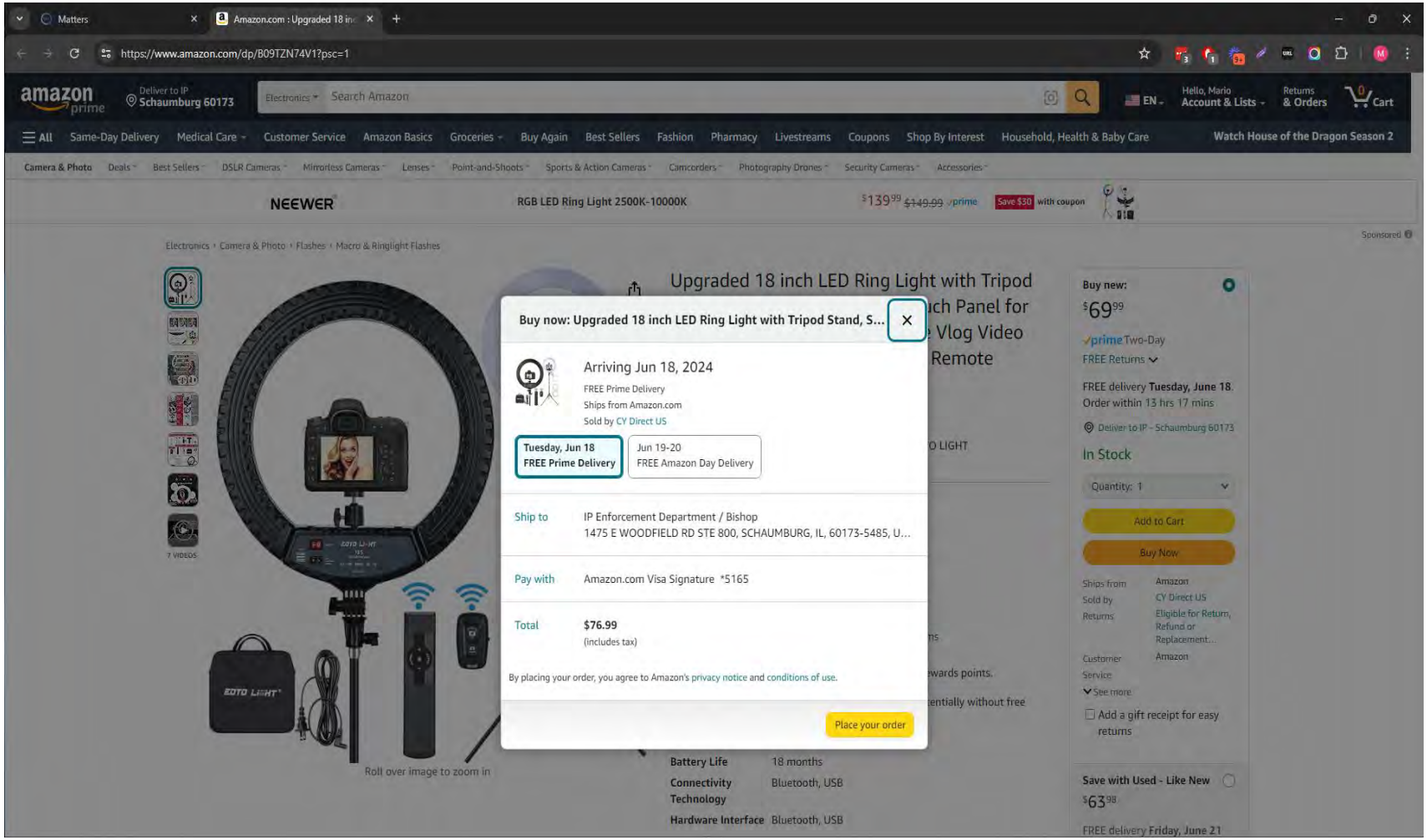


Screenshot Date: 16-06-2024 8:32AM

#72 - CY Direct US a/k/a Wuhanchenyikejiyouxiangongsi
https://www.amazon.com/dp/B09TZN74V1?psc=1
Screenshots:

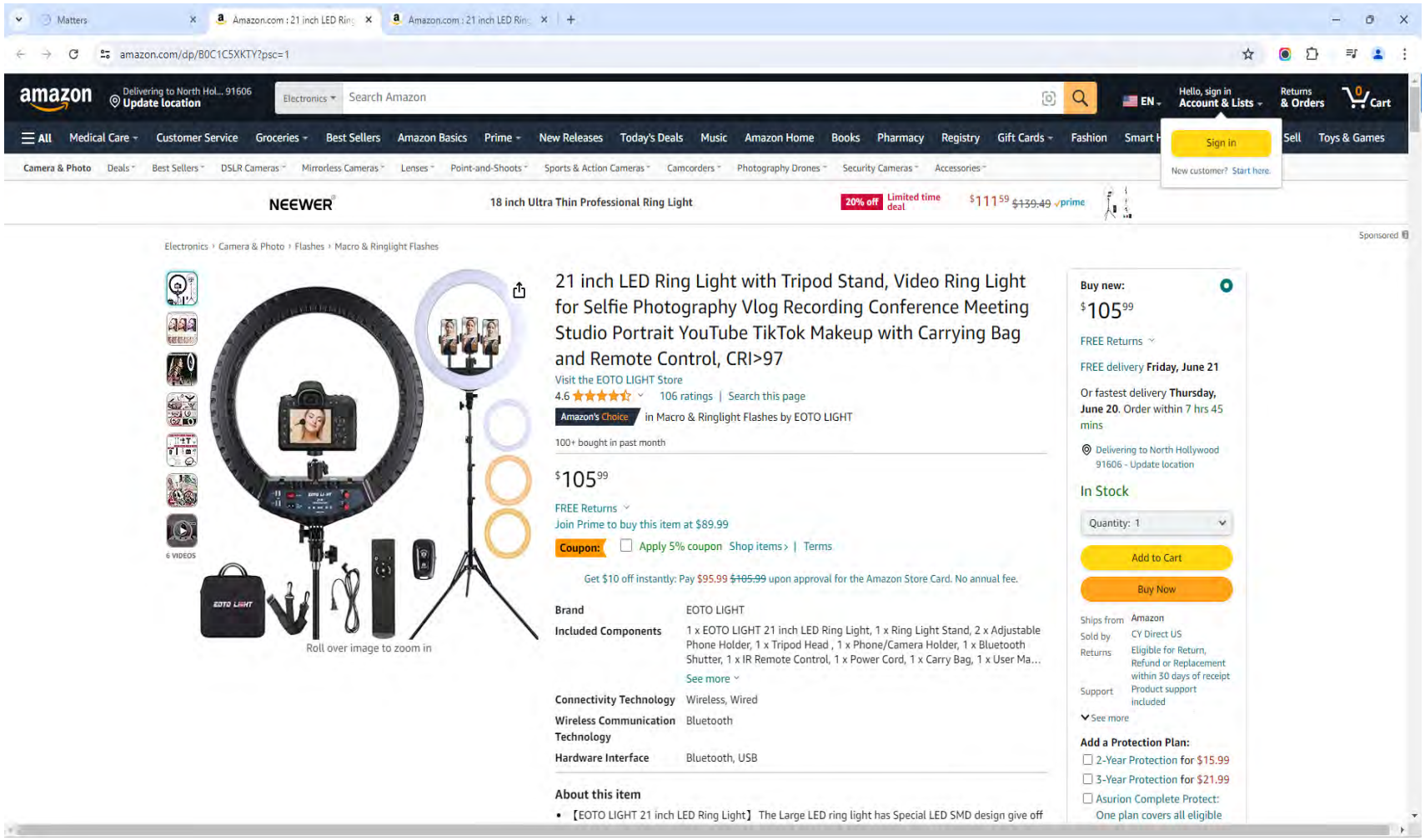


Screenshot Date: 15-06-2024 16:22PM

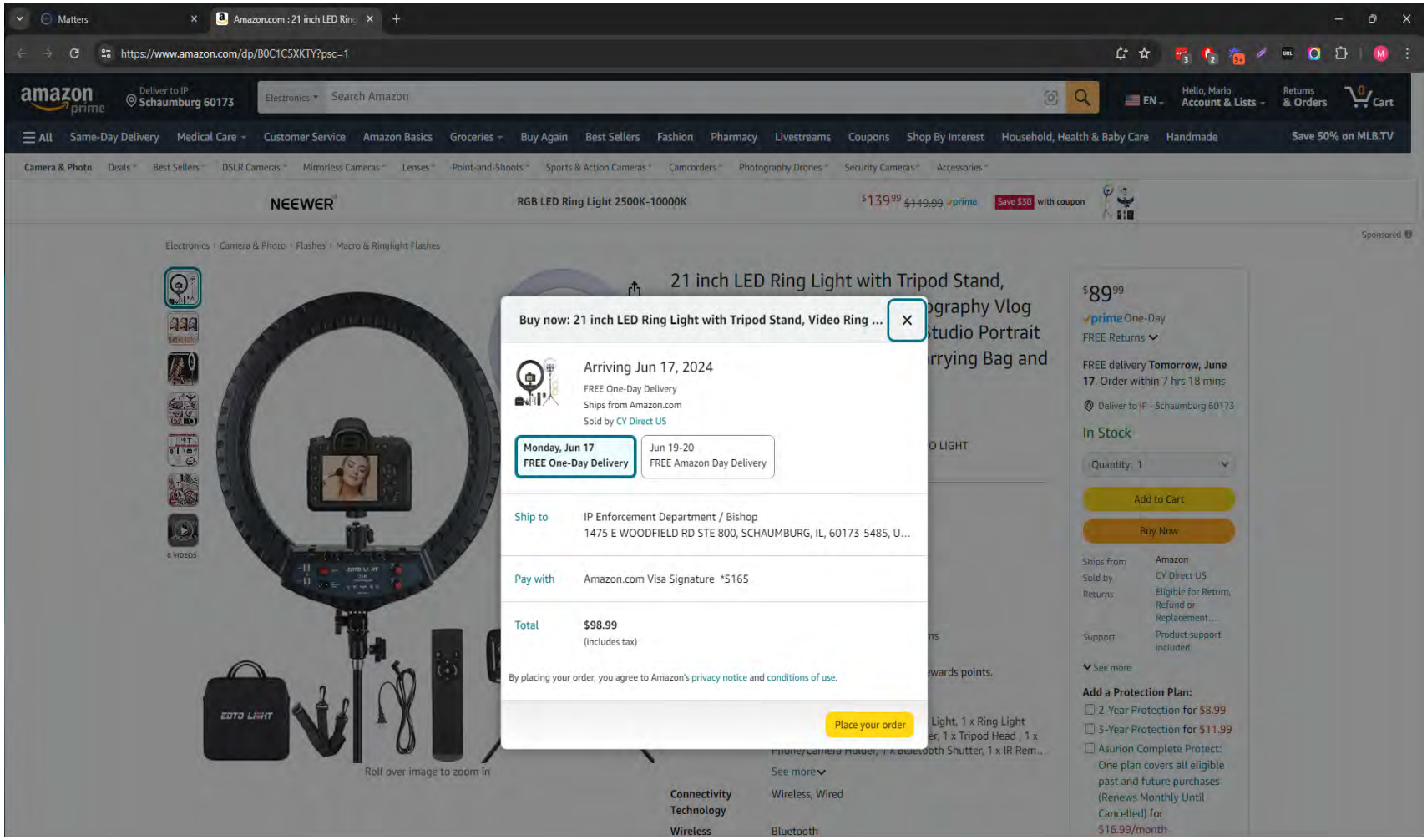


Screenshot Date: 16-06-2024 8:42AM

#72 - CY Direct US a/k/a Wuhanchenyikejiyouxiangongsi
https://www.amazon.com/dp/B0C1C5XKTY?psc=1
Screenshots:

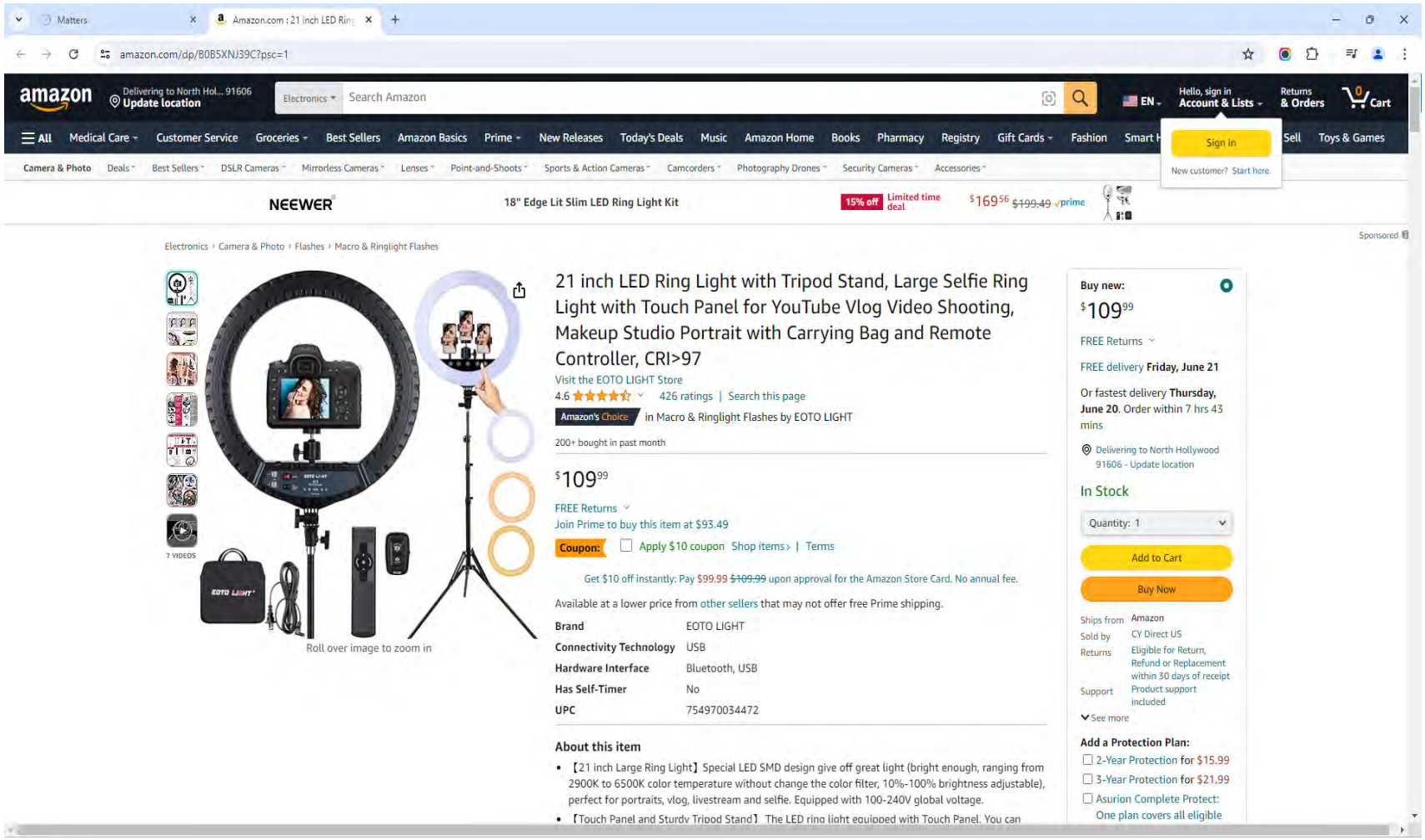


Screenshot Date: 15-06-2024 16:15PM

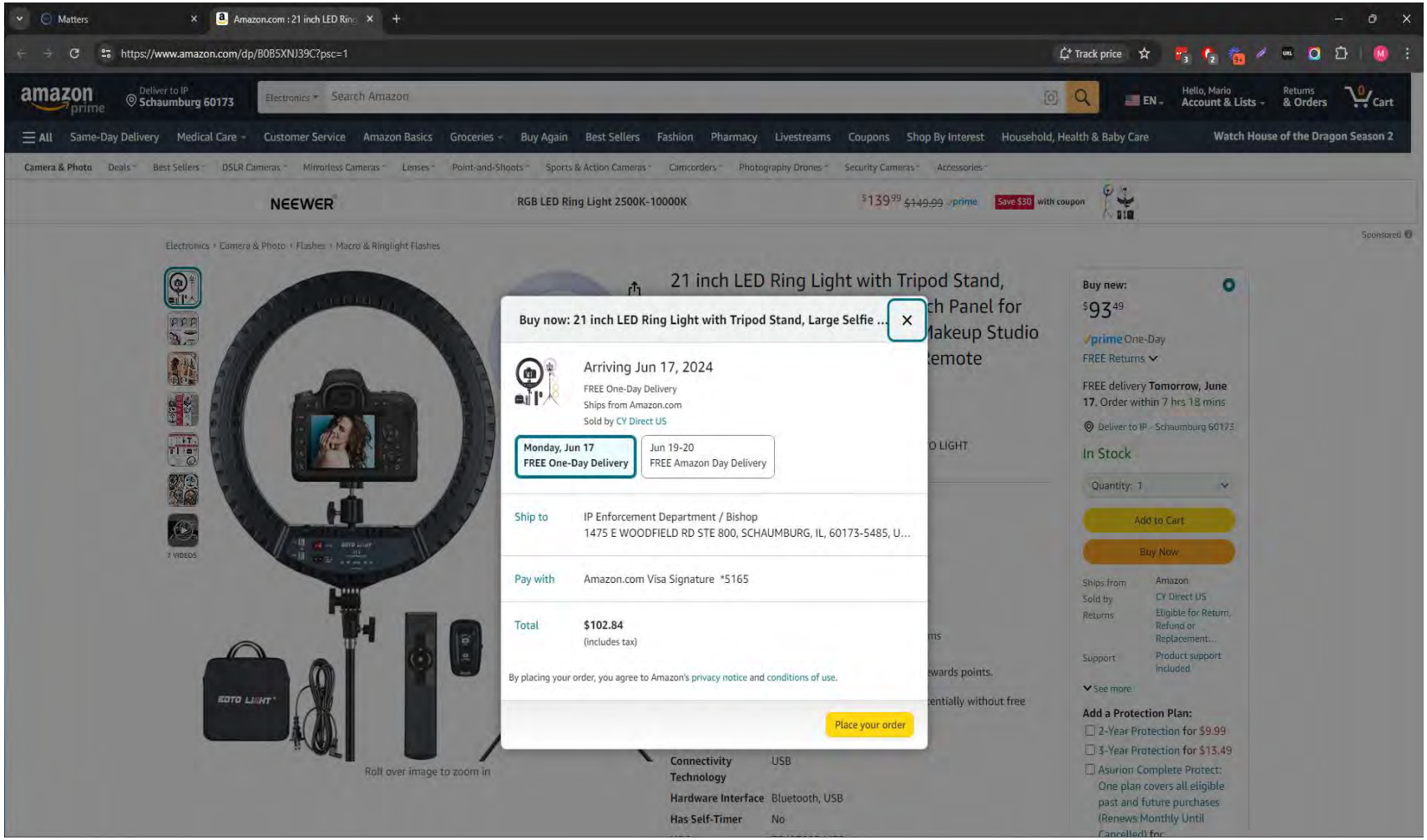


Screenshot Date: 16-06-2024 8:41AM

#72 - CY Direct US a/k/a Wuhanchenyikejiyouxiangongsi
https://www.amazon.com/dp/B0B5XNJ39C?psc=1
Screenshots:

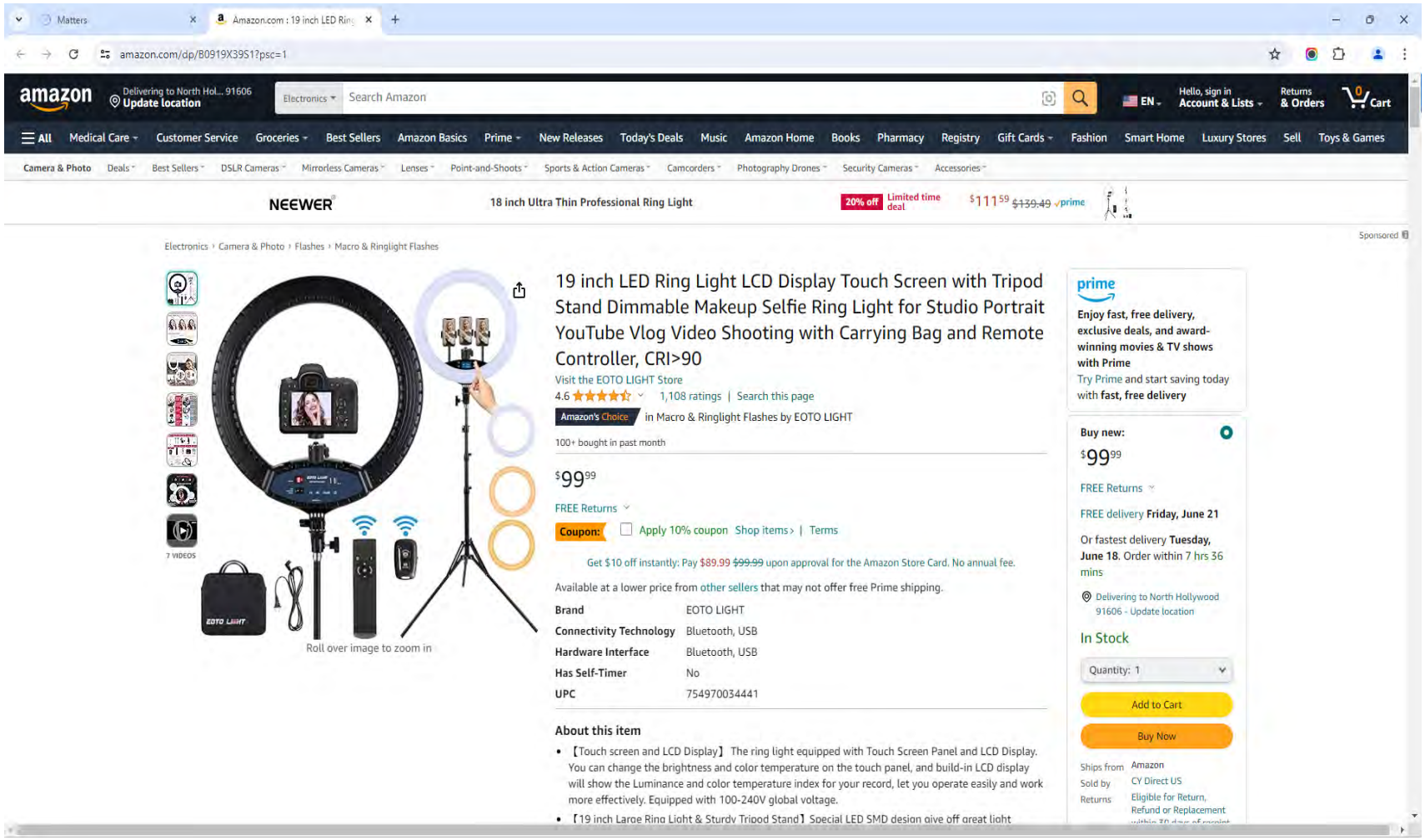


Screenshot Date: 15-06-2024 16:16PM

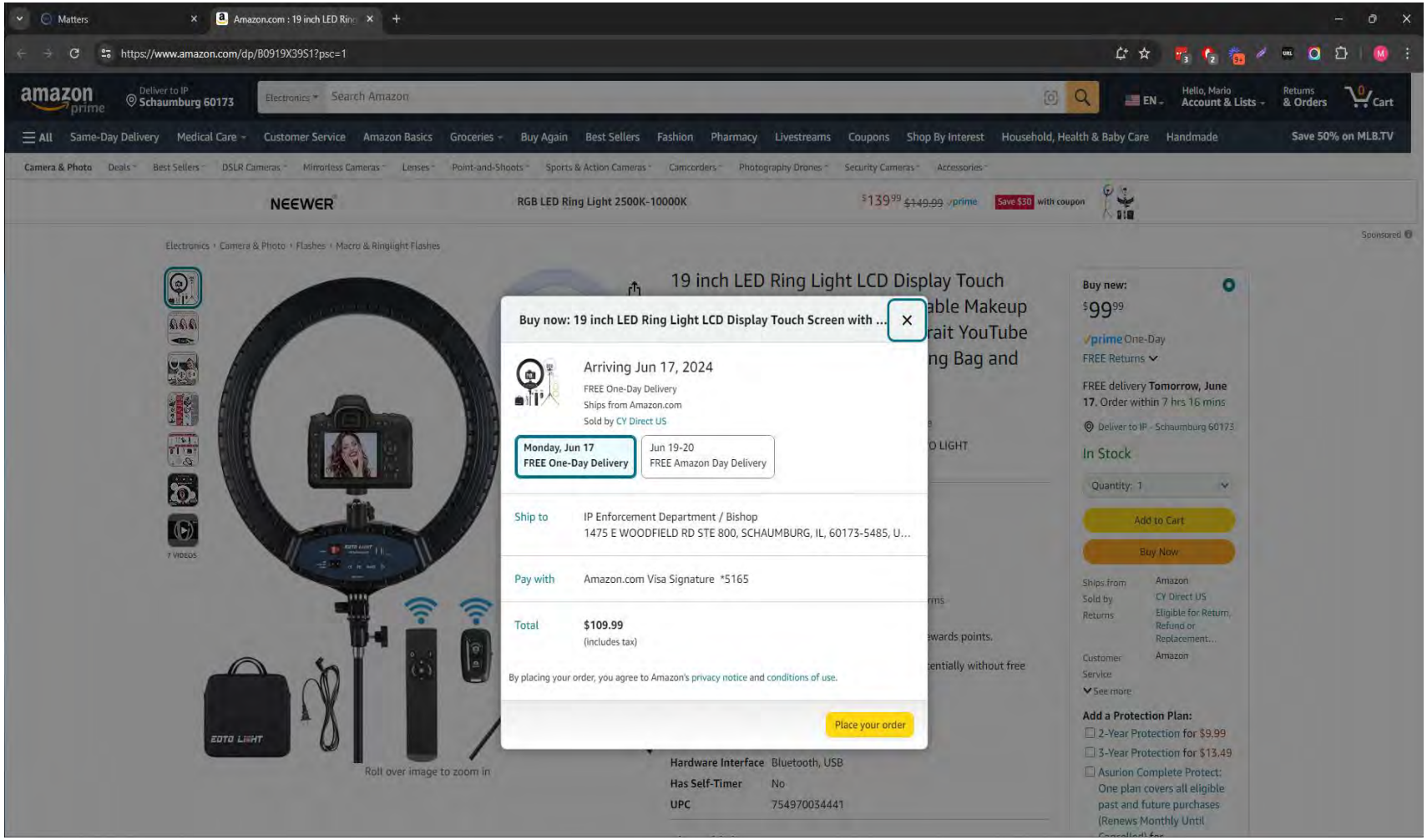


Screenshot Date: 16-06-2024 8:42AM

#72 - CY Direct US a/k/a Wuhanchenyikejiyouxiangongsi
https://www.amazon.com/dp/B0919X39S1?psc=1
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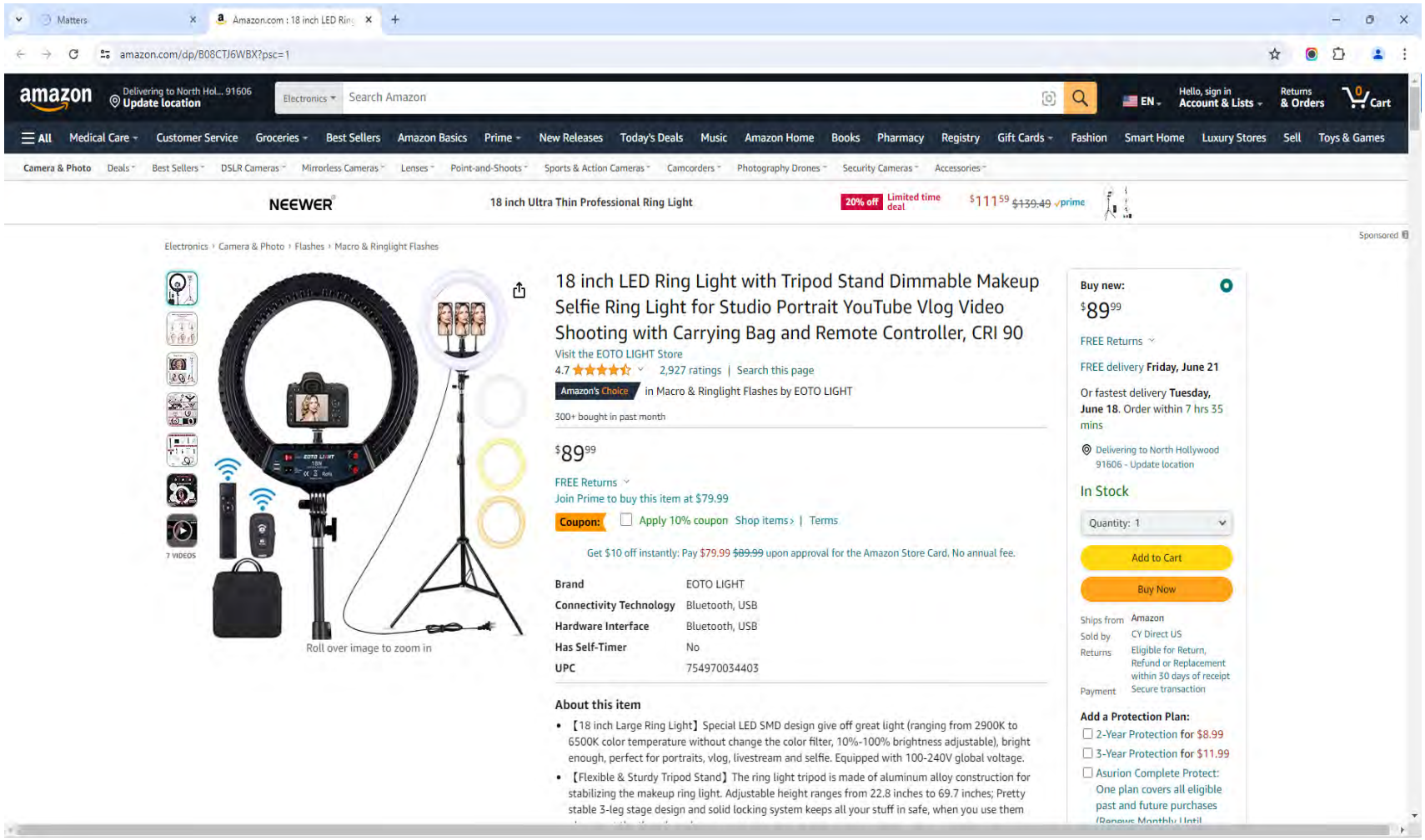


Screenshot Date: 15-06-2024 16:23PM

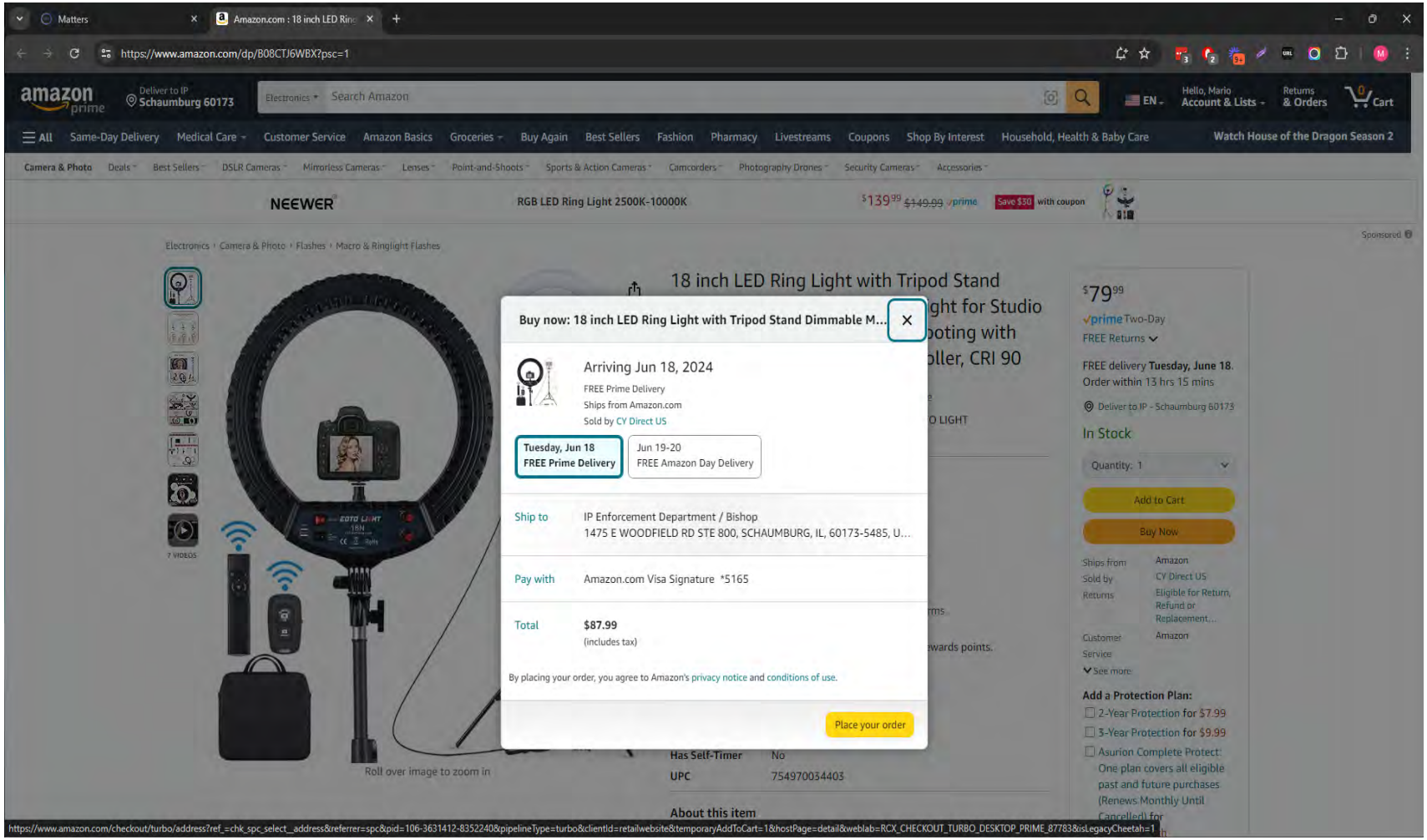


Screenshot Date: 16-06-2024 8:43AM

#72 - CY Direct US a/k/a Wuhanchenyikejiyouxiangongsi
https://www.amazon.com/dp/B08CTJ6WBX?psc=1
Screenshots:

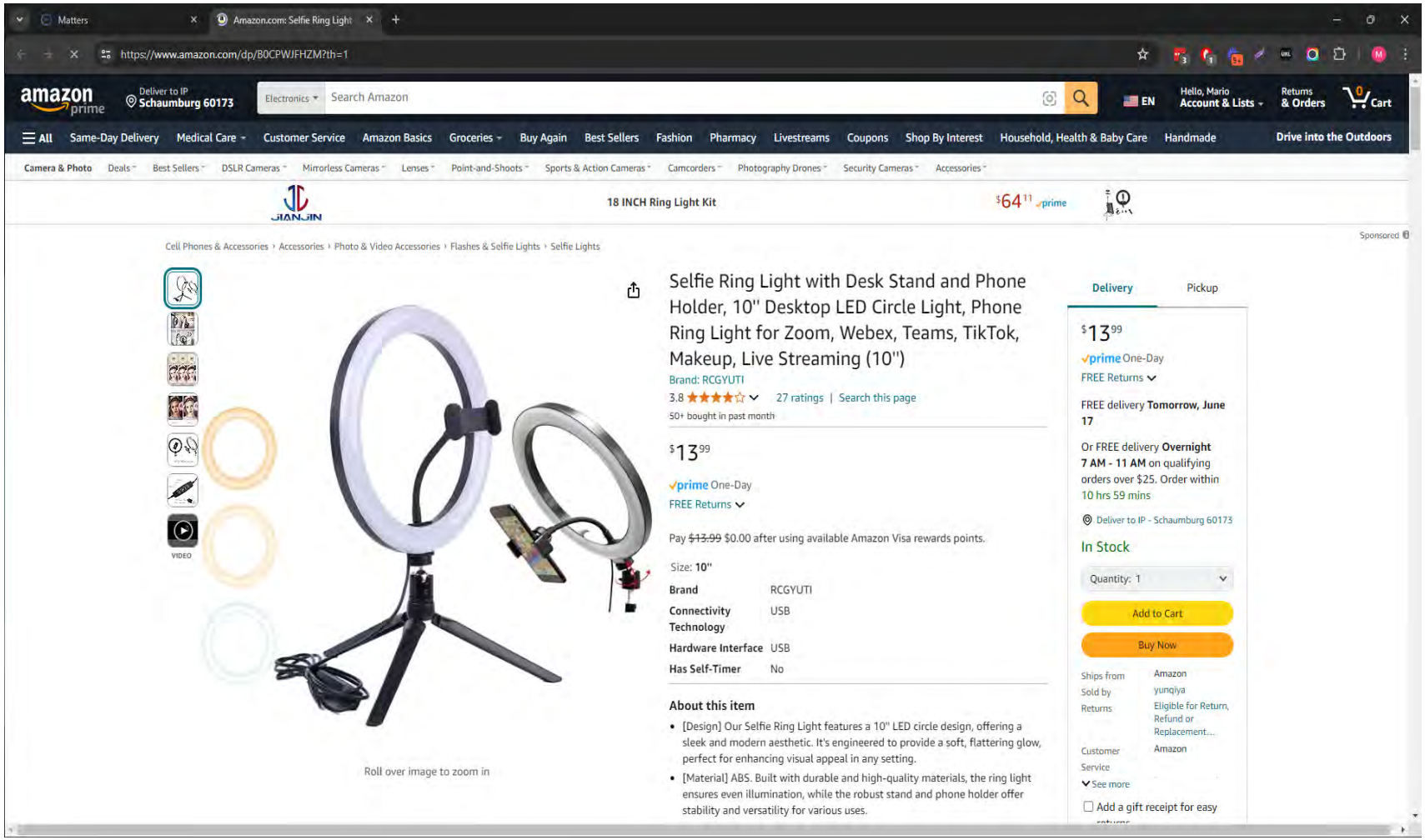


Screenshot Date: 15-06-2024 16:25PM

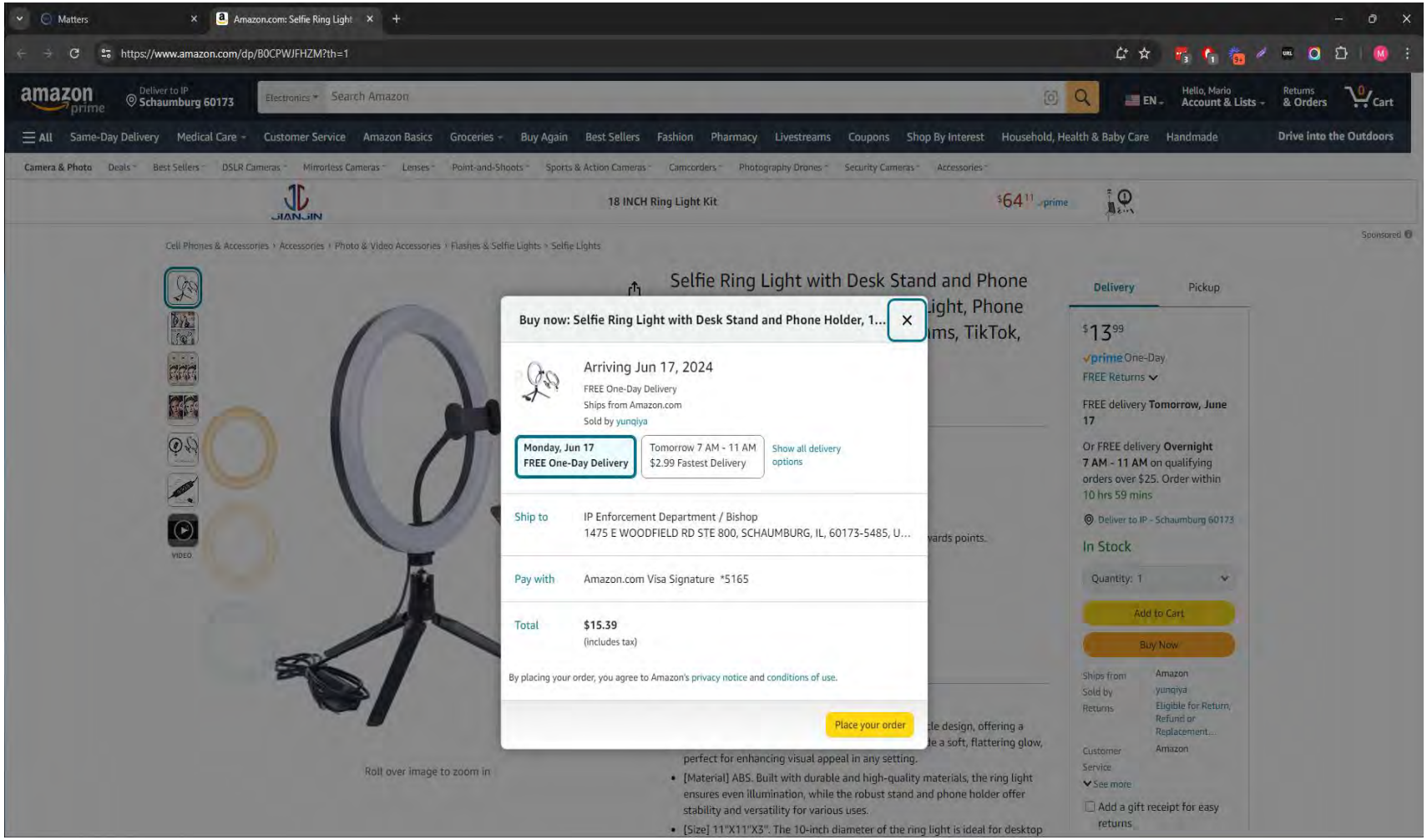


Screenshot Date: 16-06-2024 8:44AM

#73 - yunqiya a/k/a shashiquyunqiyadianshangjingyingbu
https://www.amazon.com/dp/B0CPWJFHZM?psc=1
Screenshots:

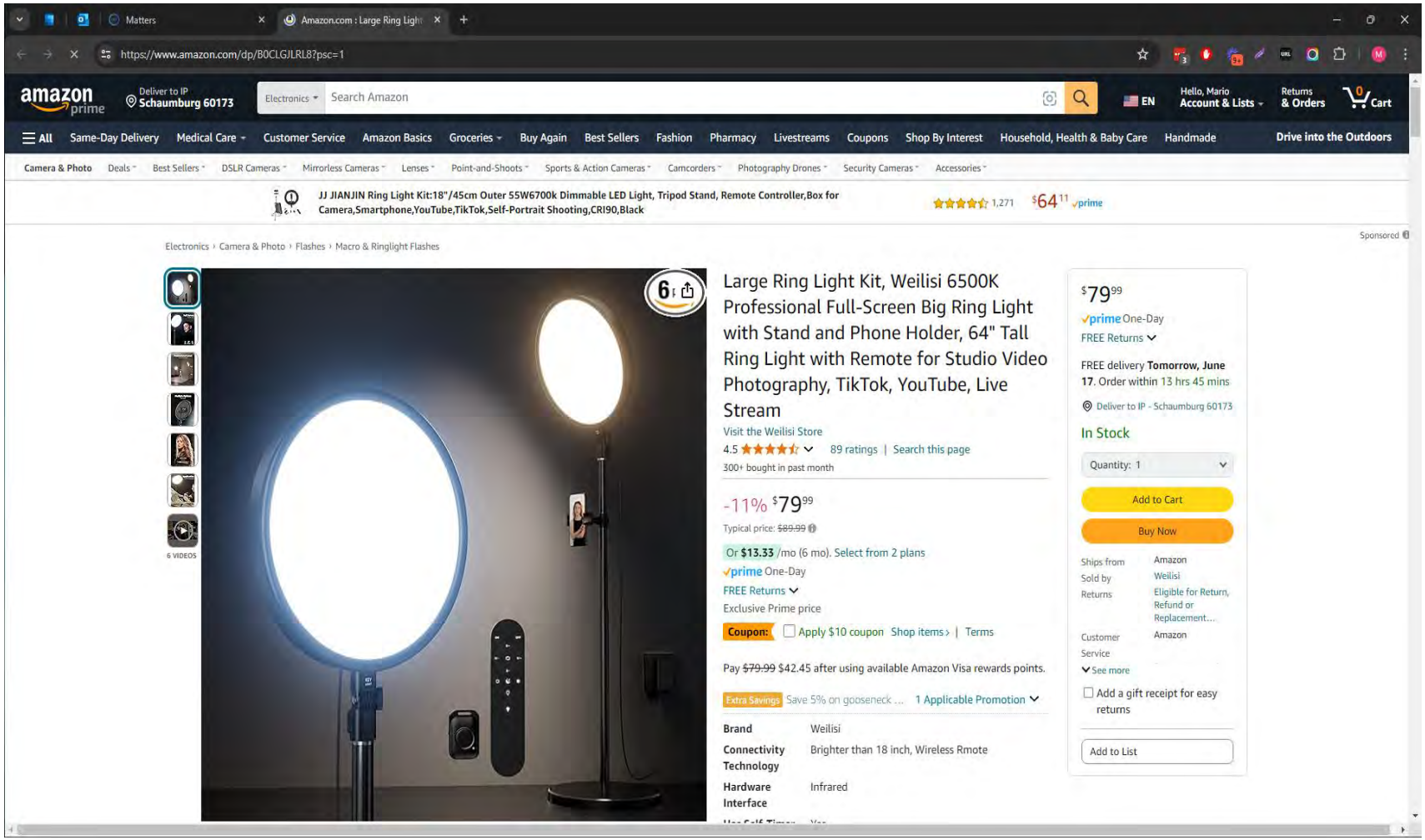


Screenshot Date: 16-06-2024 8:45AM

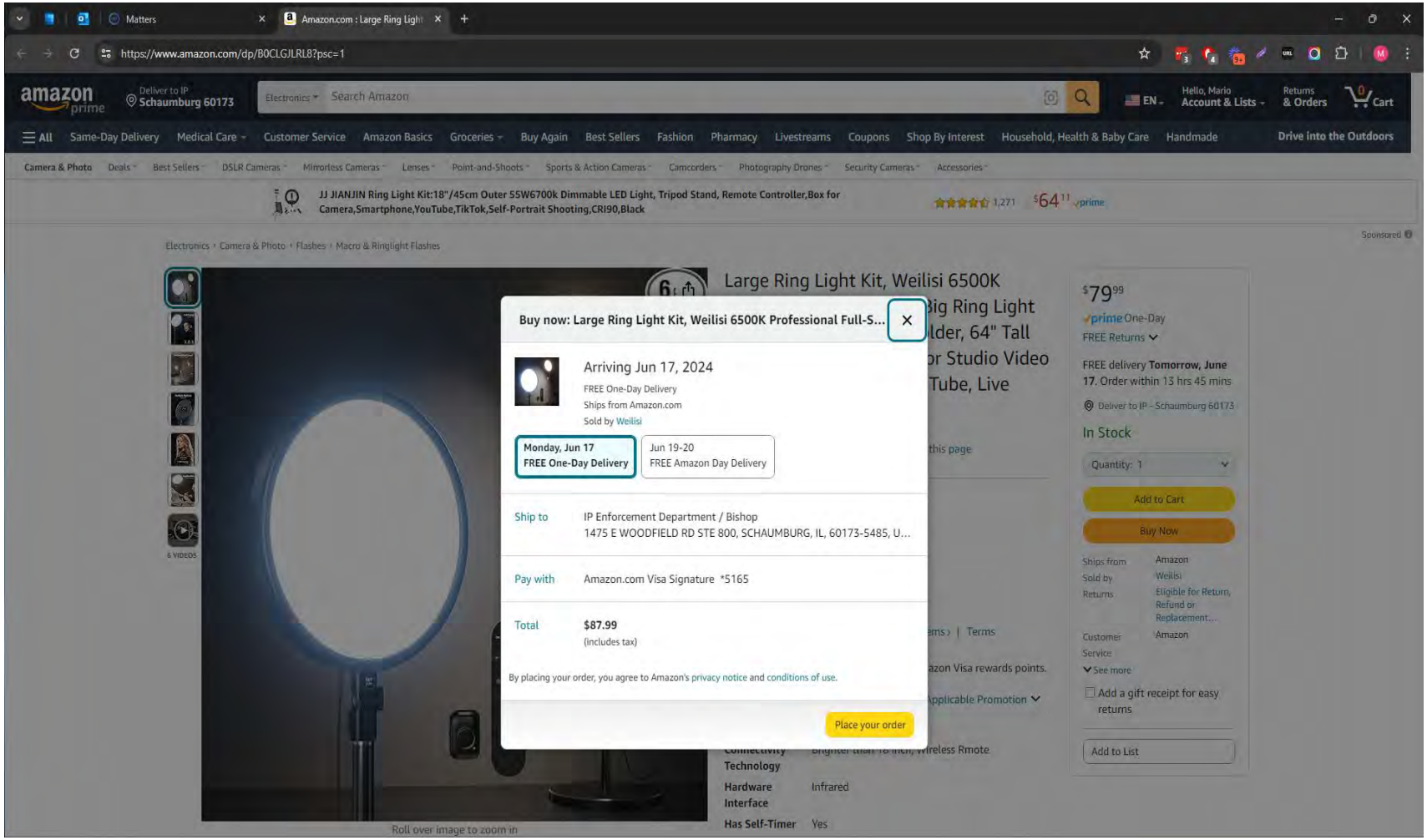


Screenshot Date: 16-06-2024 8:46AM

#74 - Weilisi a/k/a Strushine
https://www.amazon.com/dp/B0CLGJLRL8?psc=1
Screenshots:

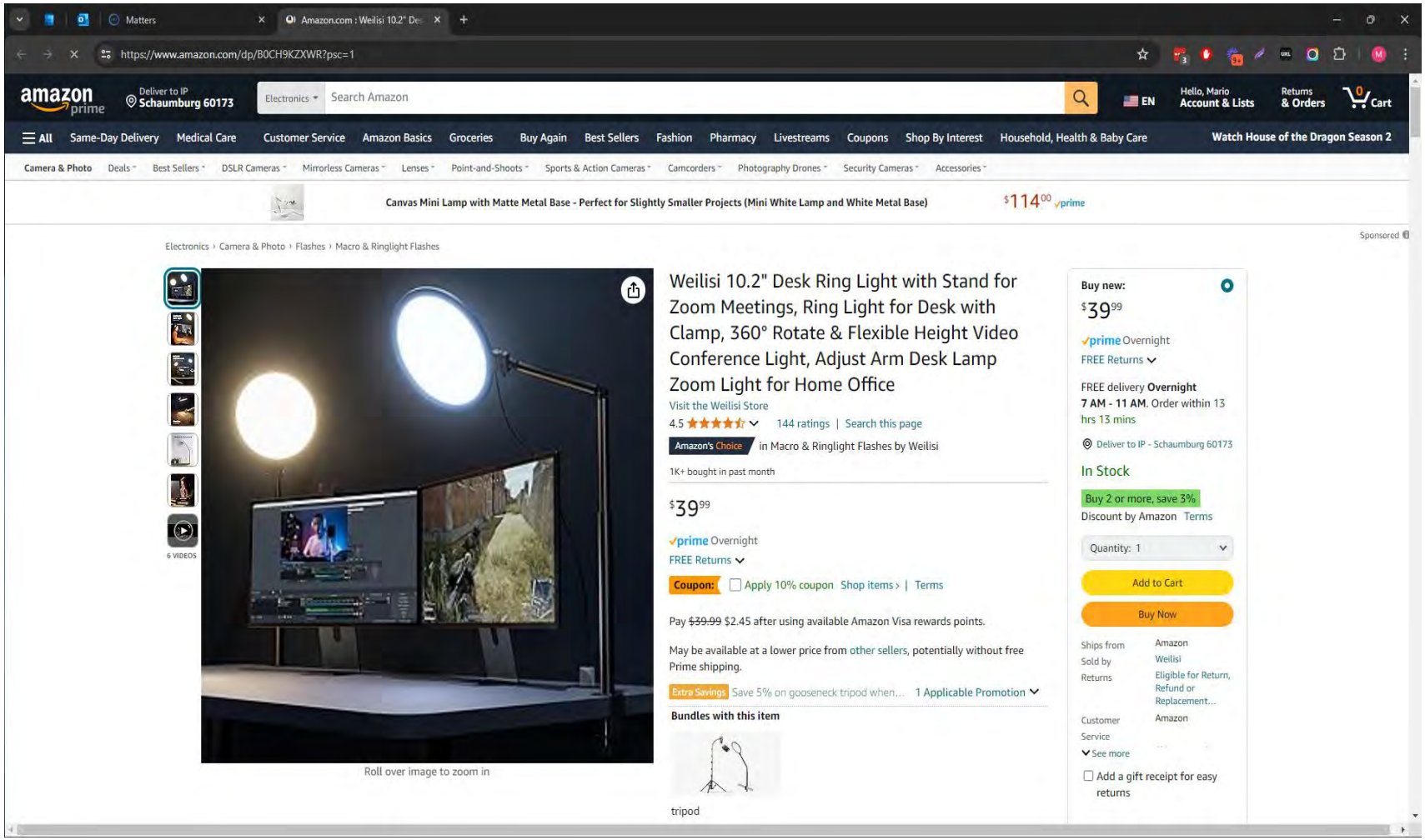


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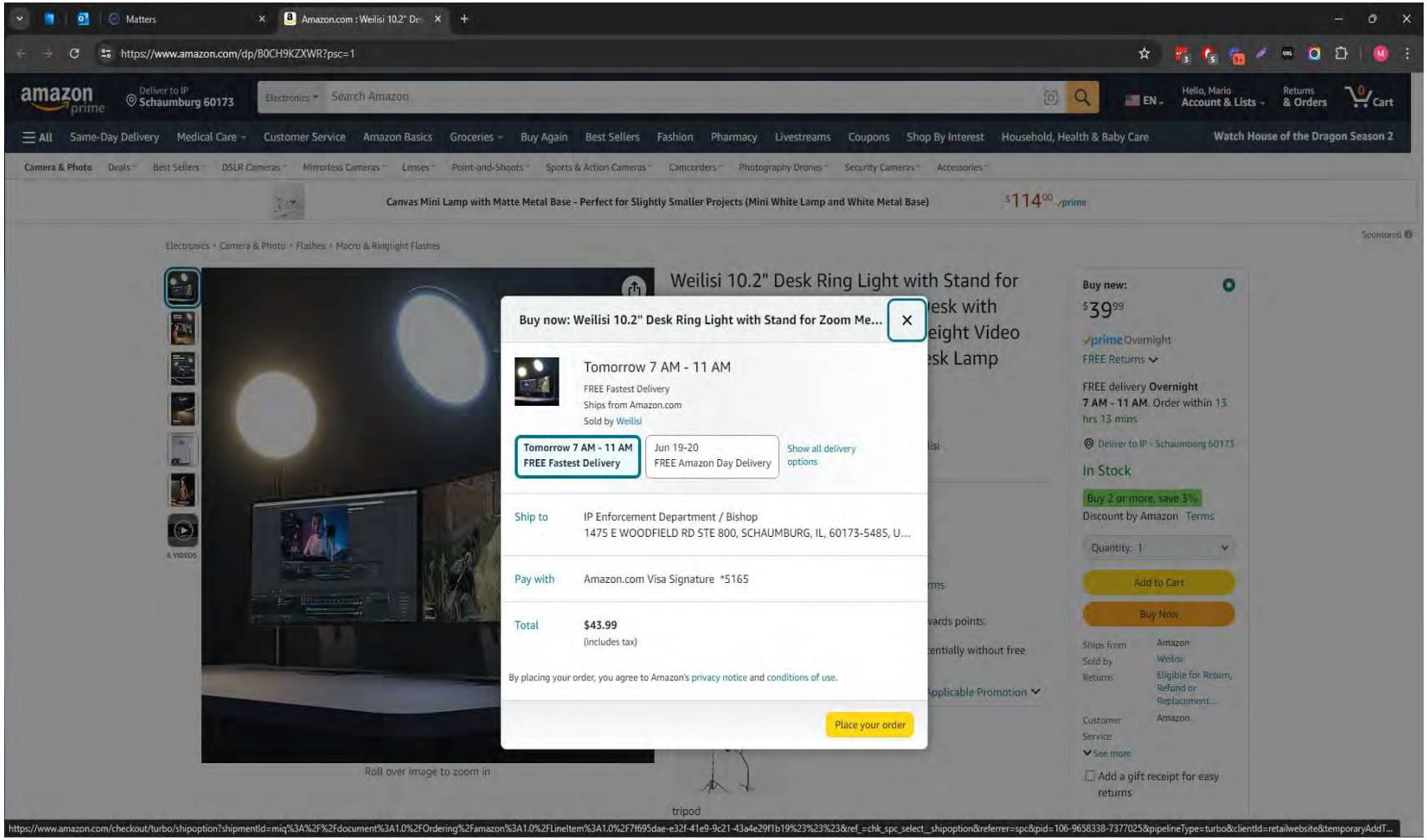


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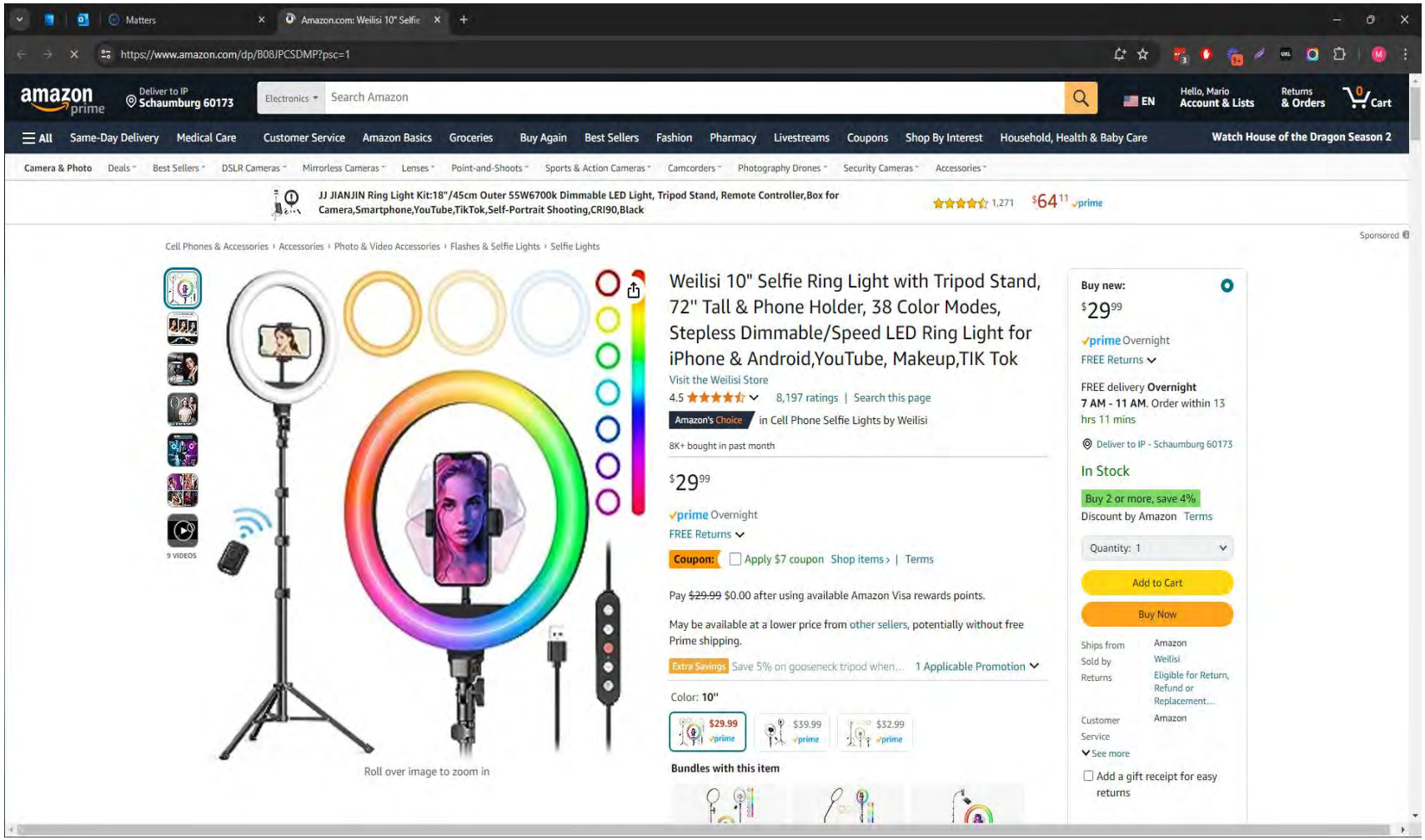


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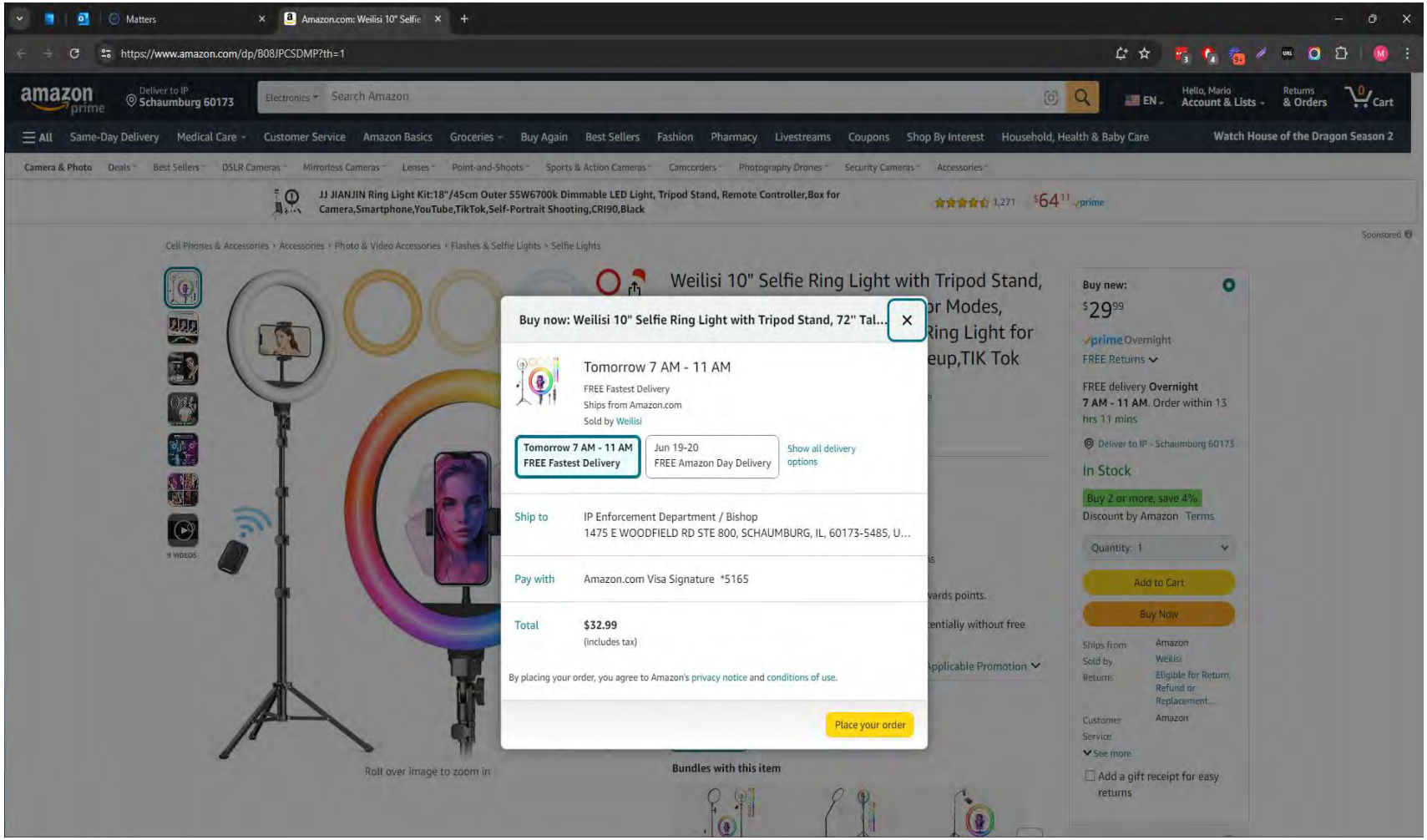


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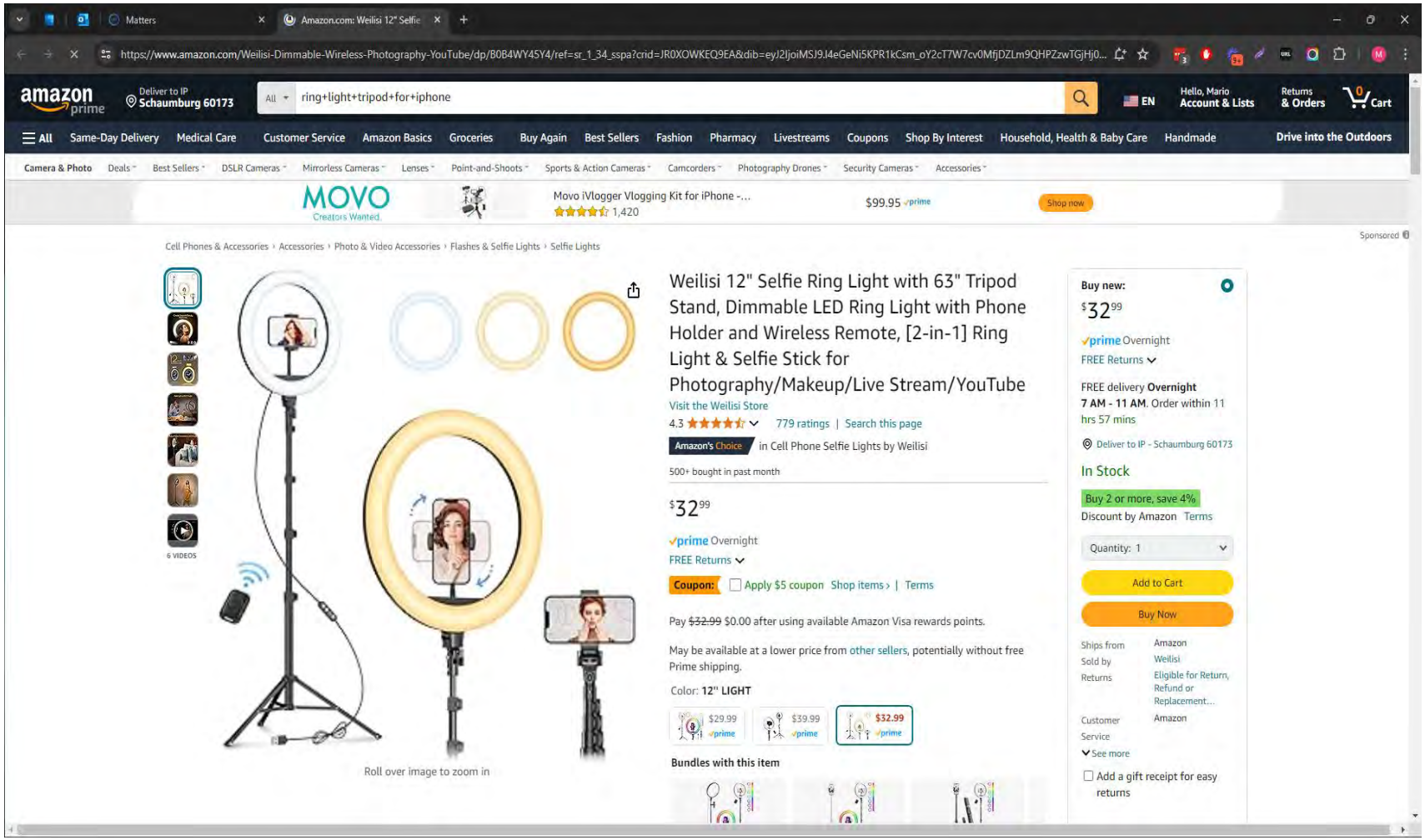


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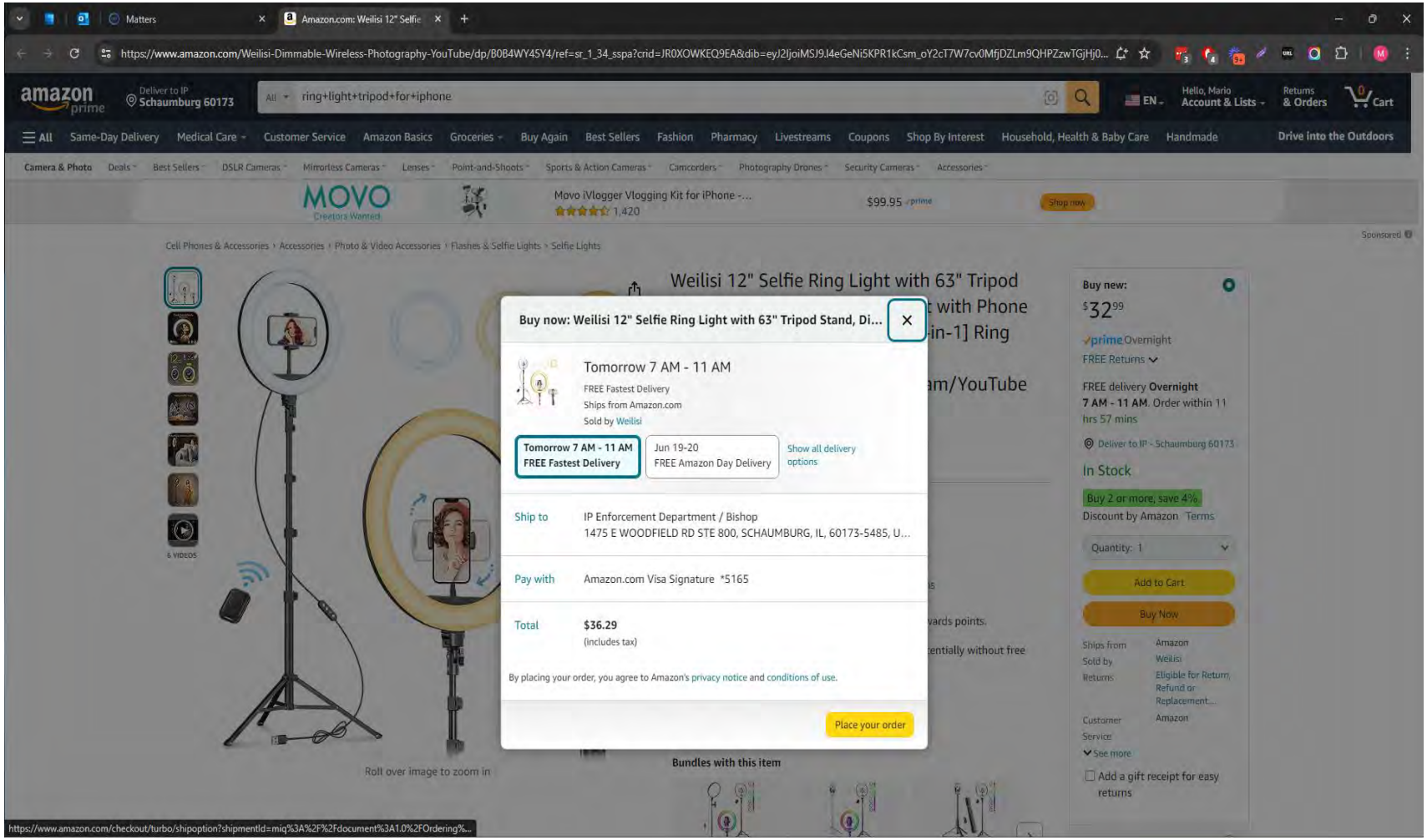


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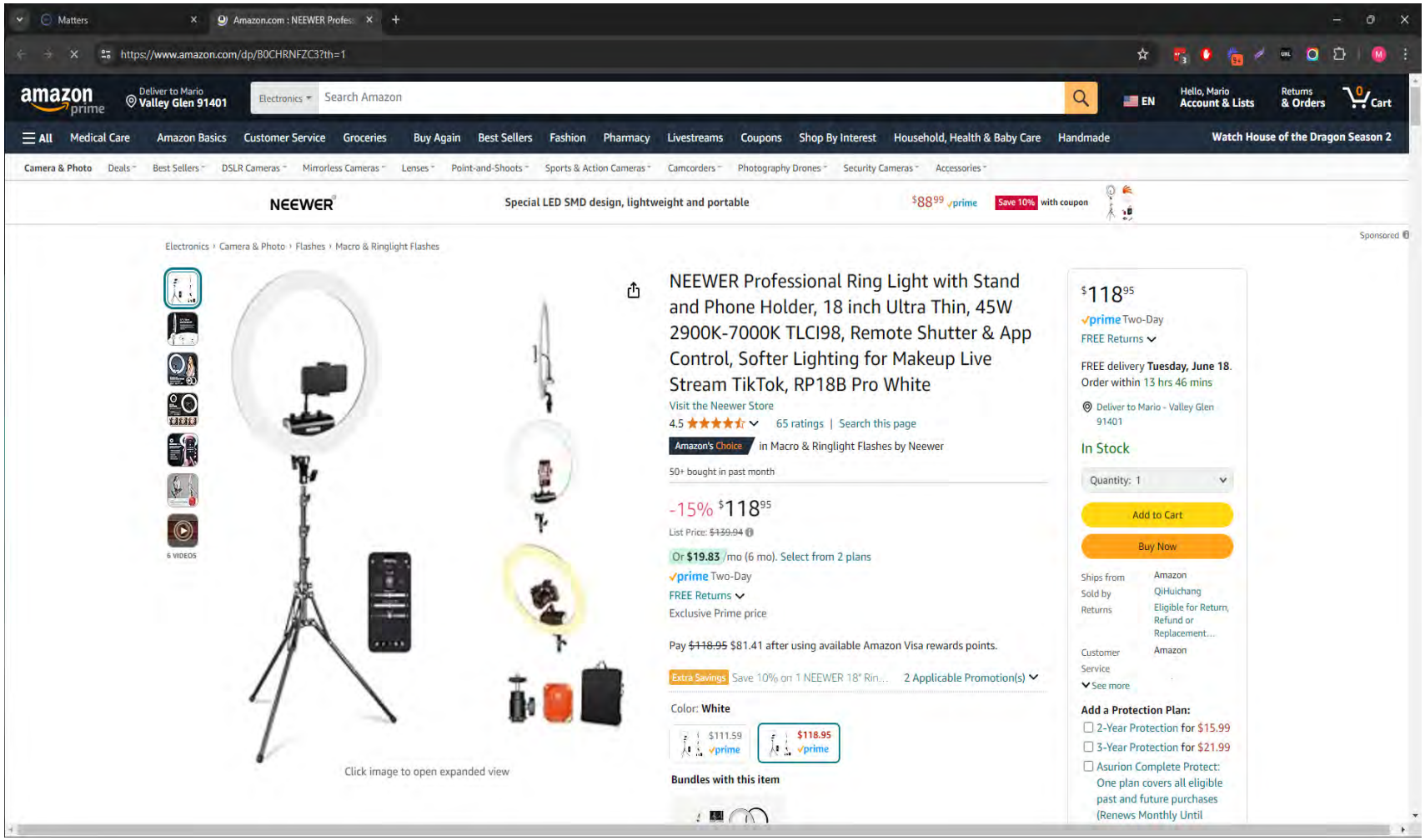


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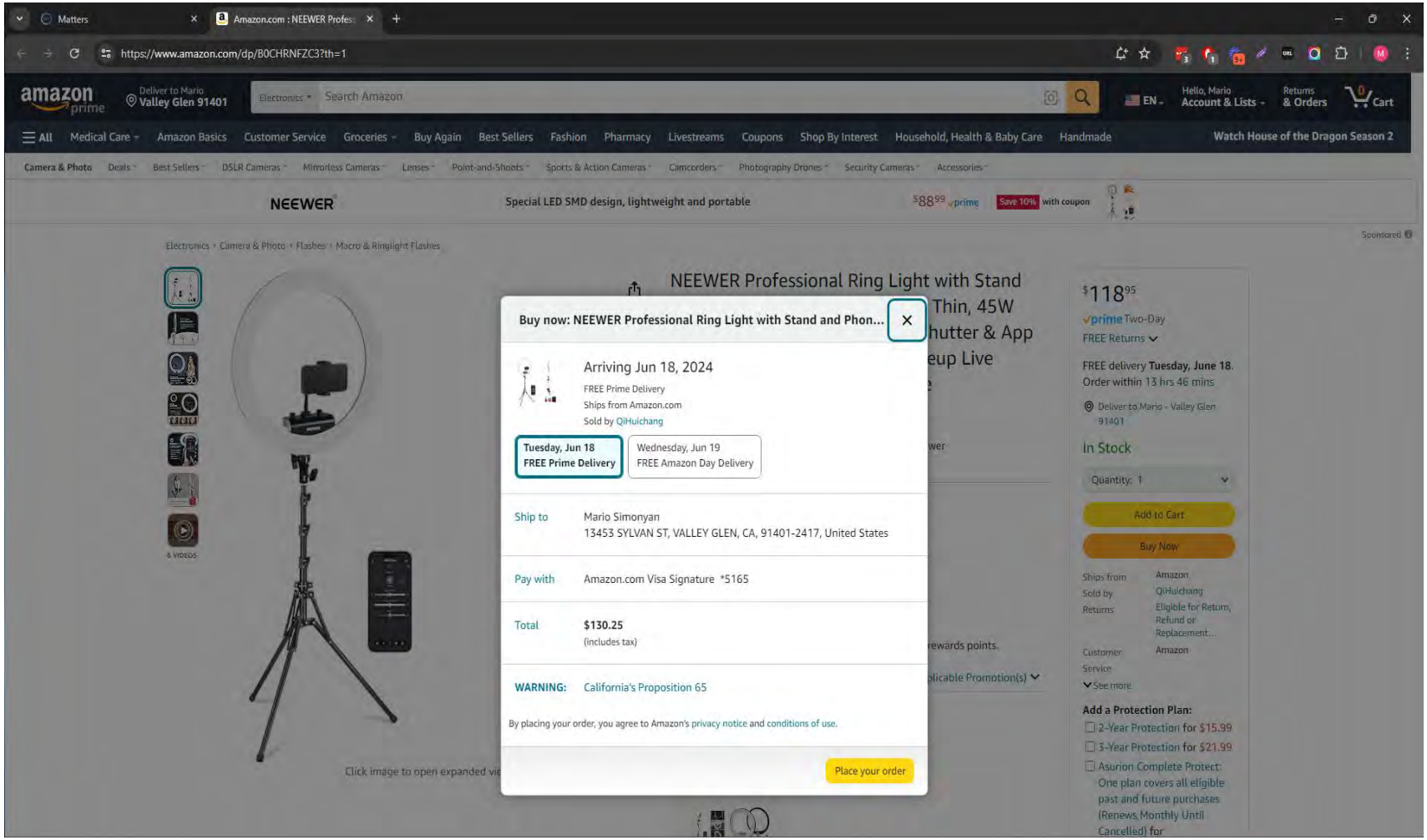


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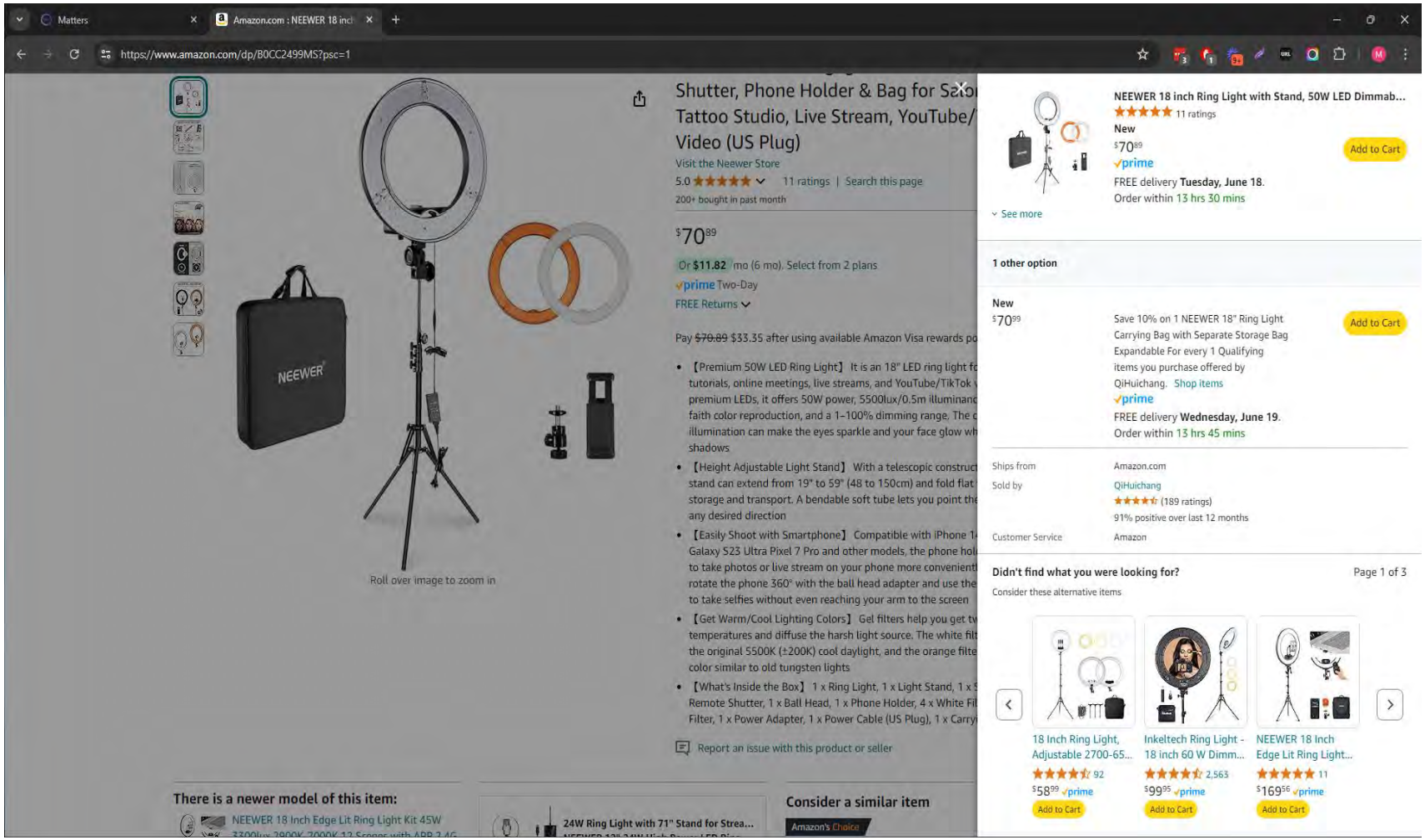


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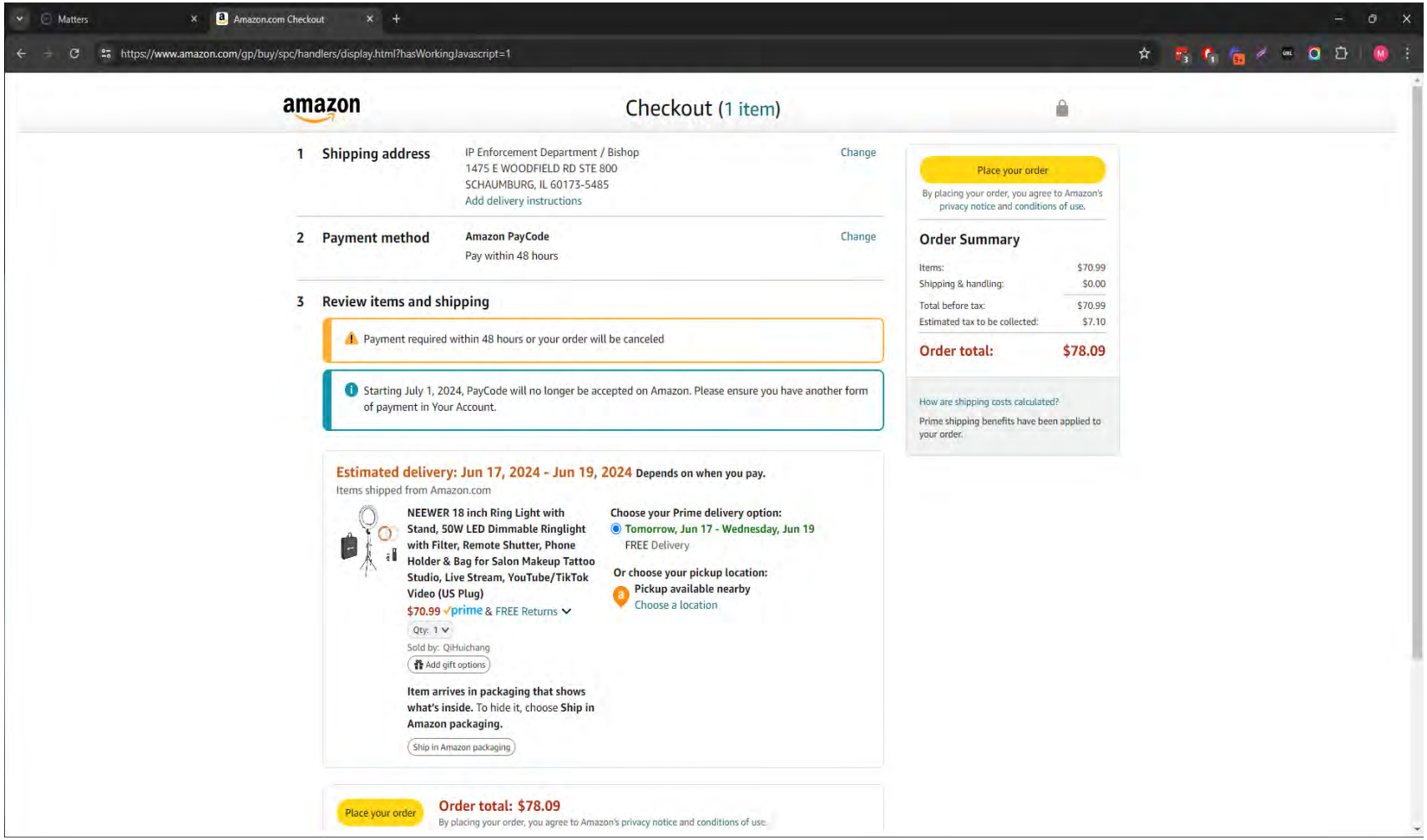


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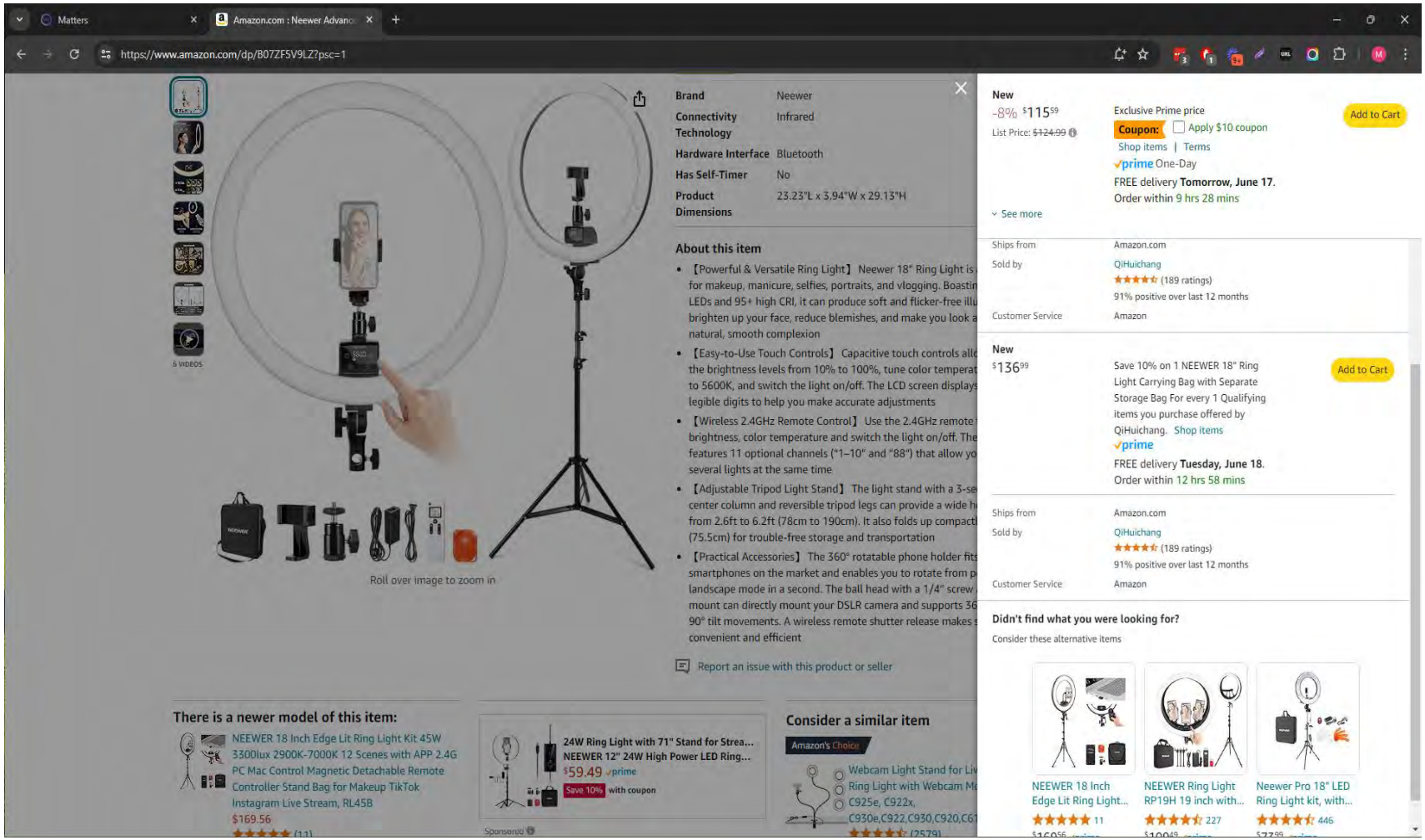


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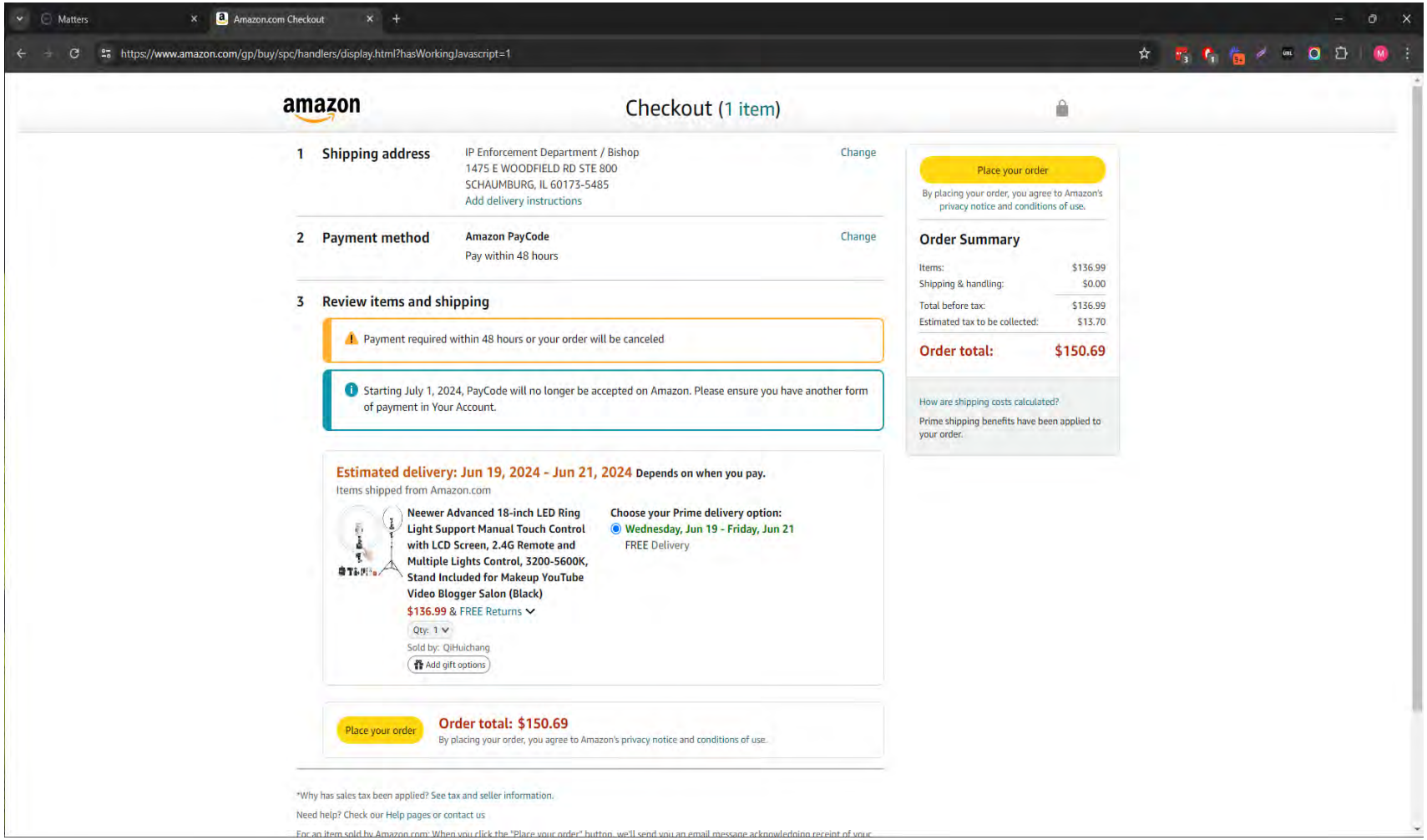


Screenshot Date: 16-06-2024 10:16AM

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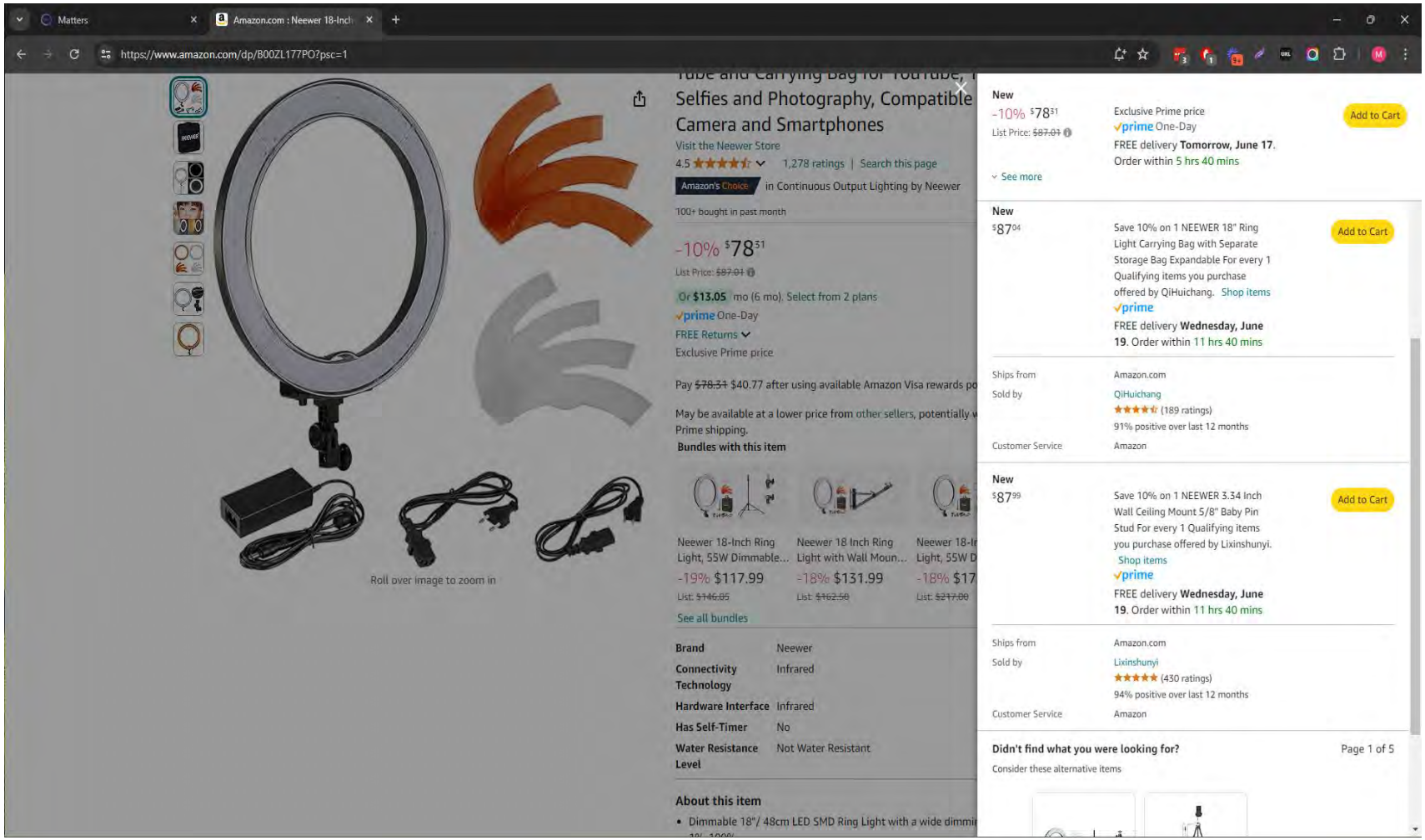


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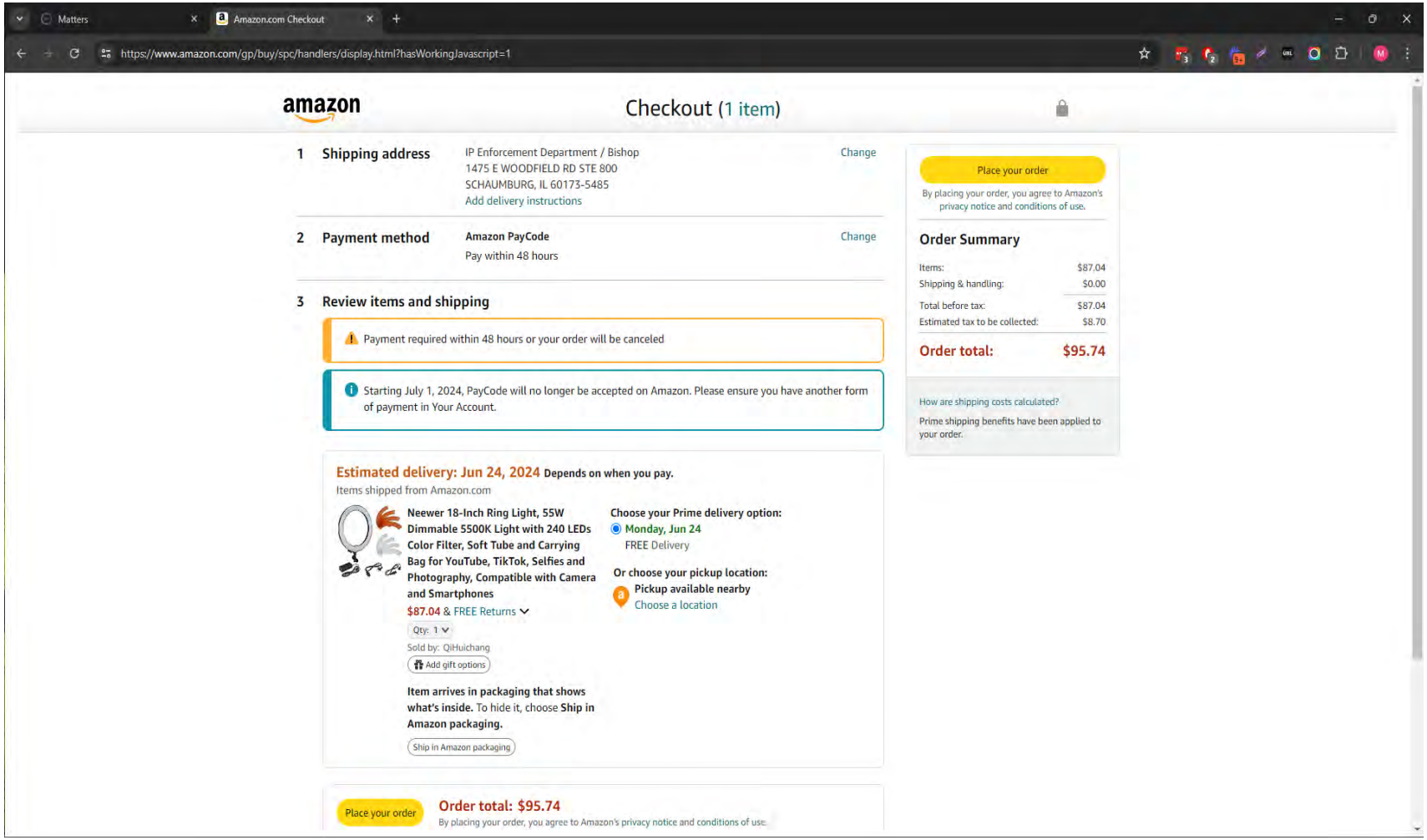


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#75 - QiHuichang a/k/a shenzhenshiqihuichangkejiyouxiangongsi
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Screenshot Date: 16-06-2024 10:19AM

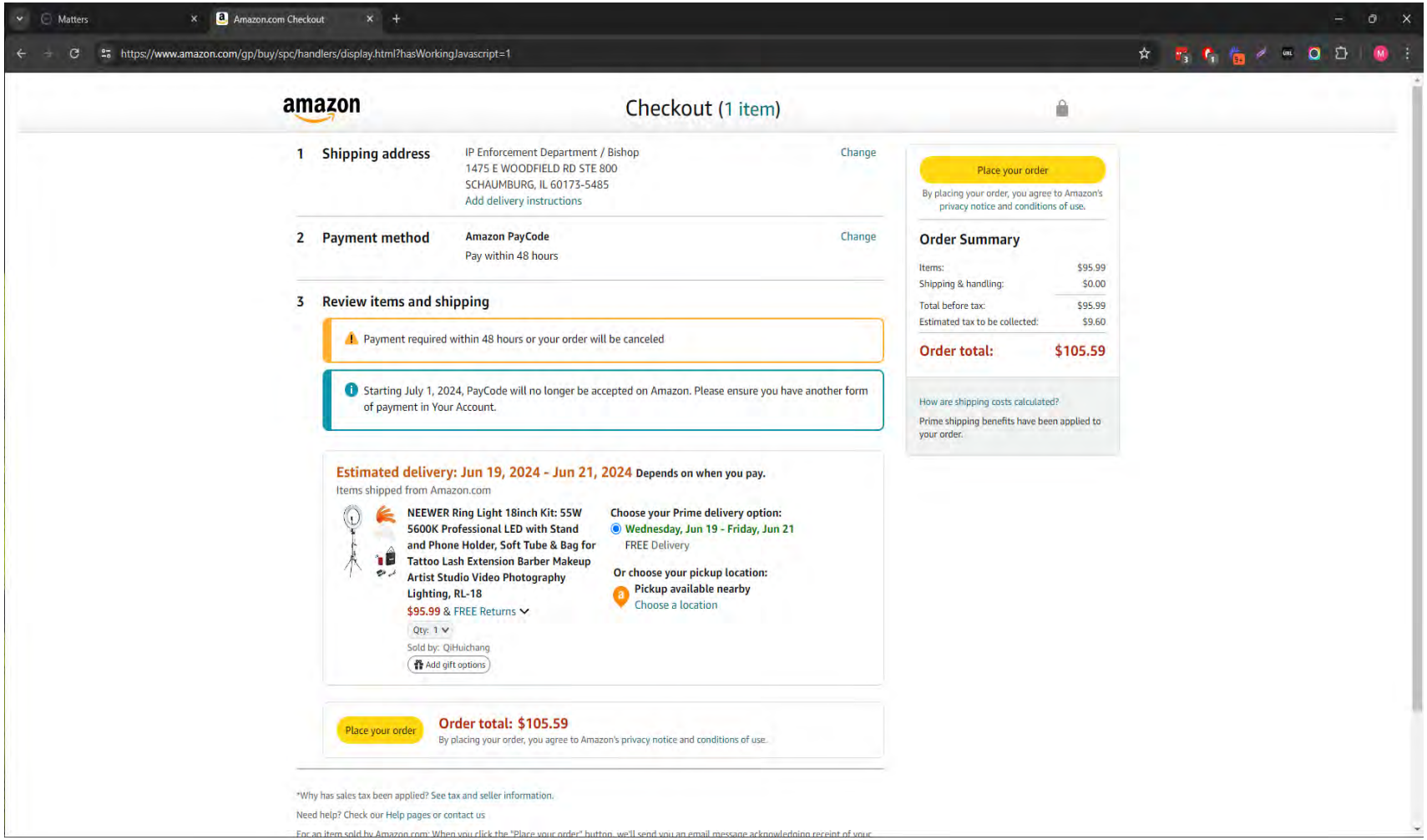


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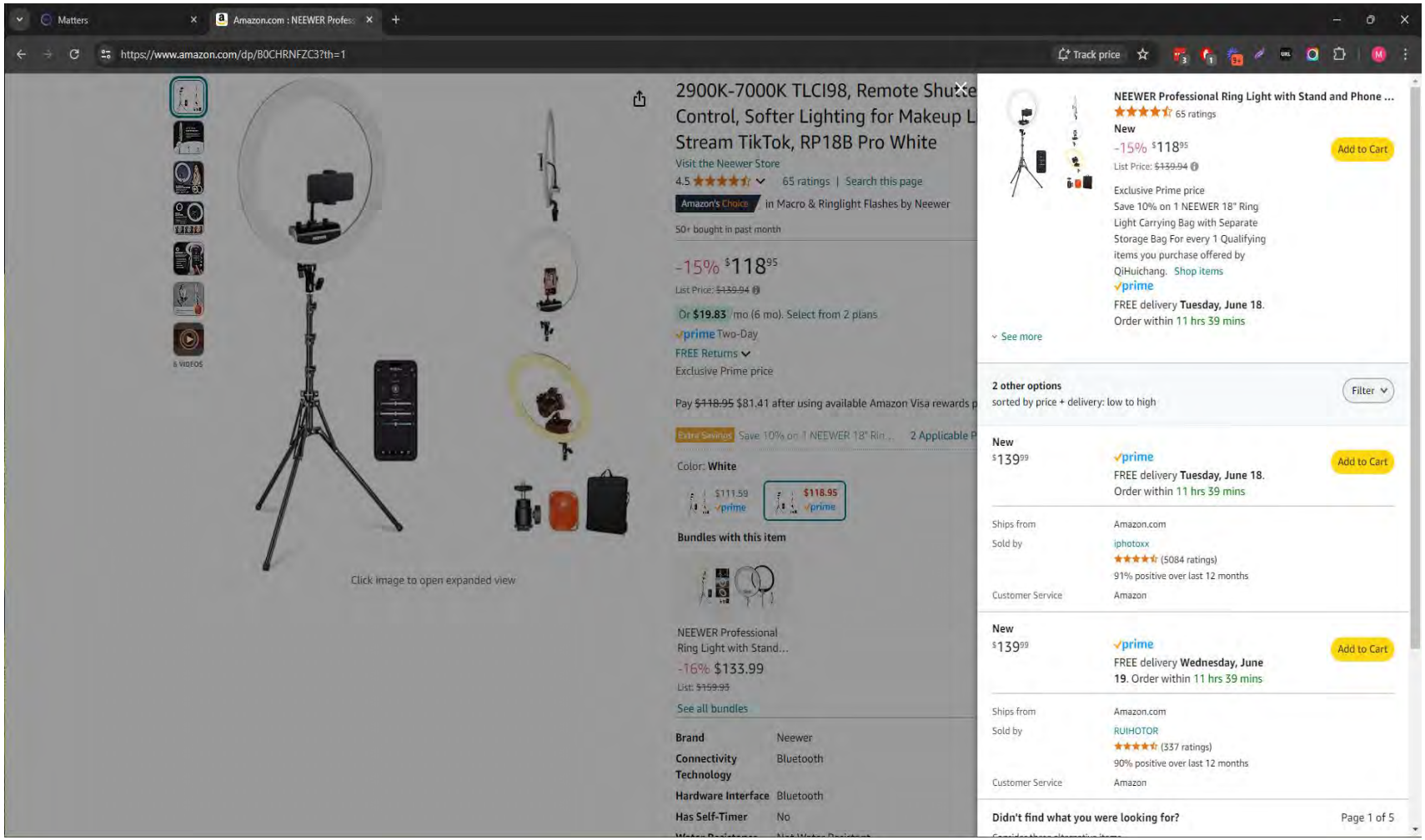


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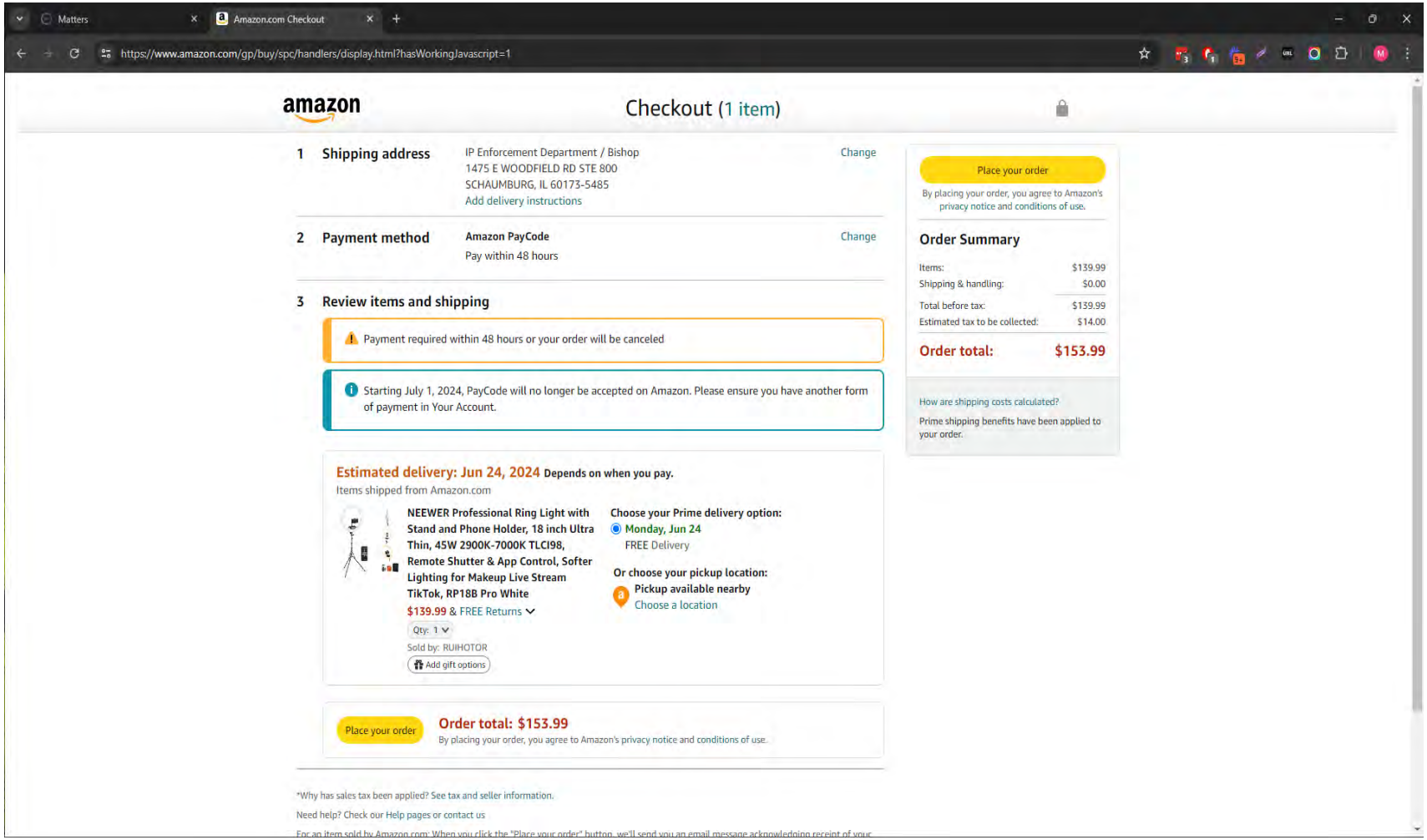


Screenshot Date: 16-06-2024 10:19AM

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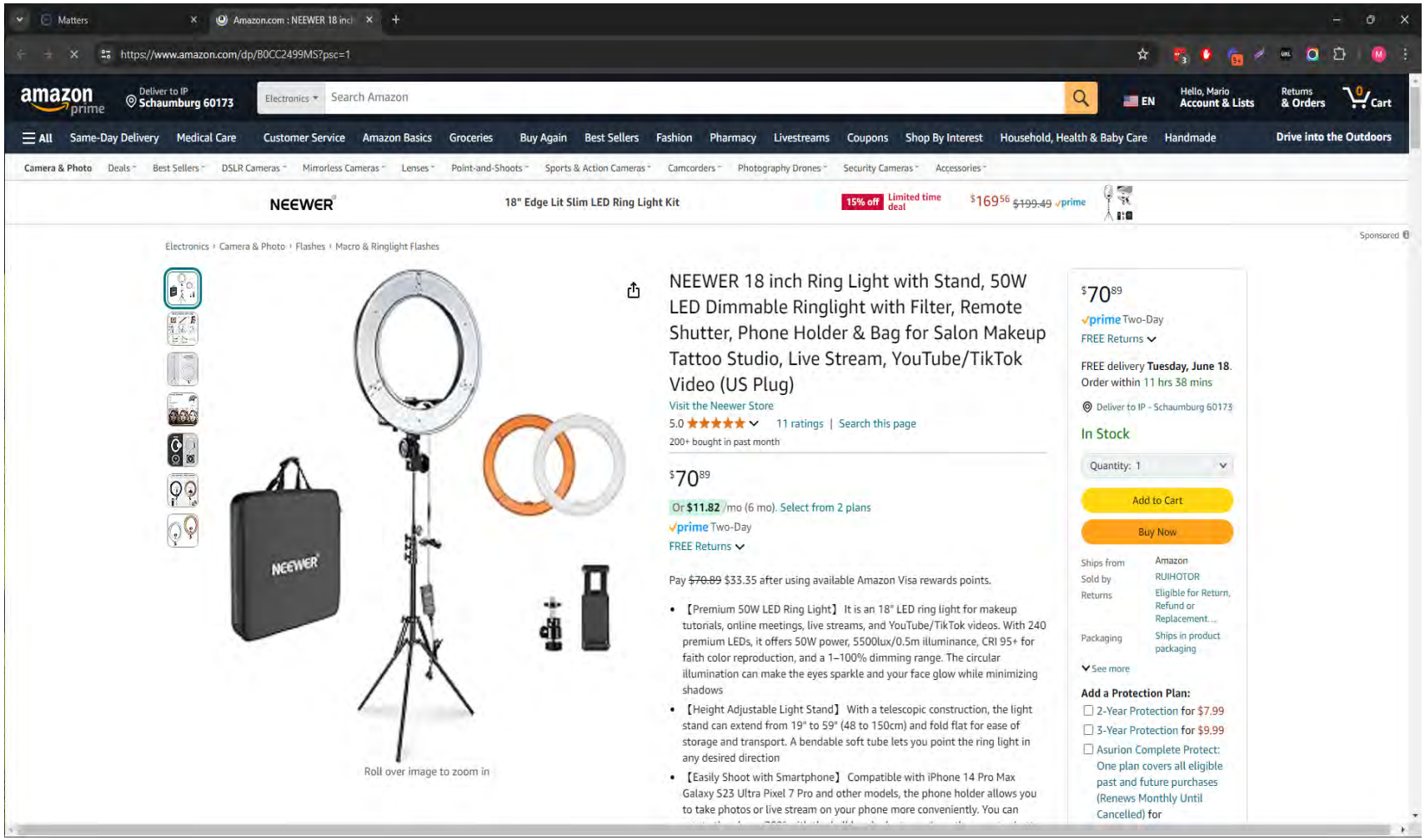


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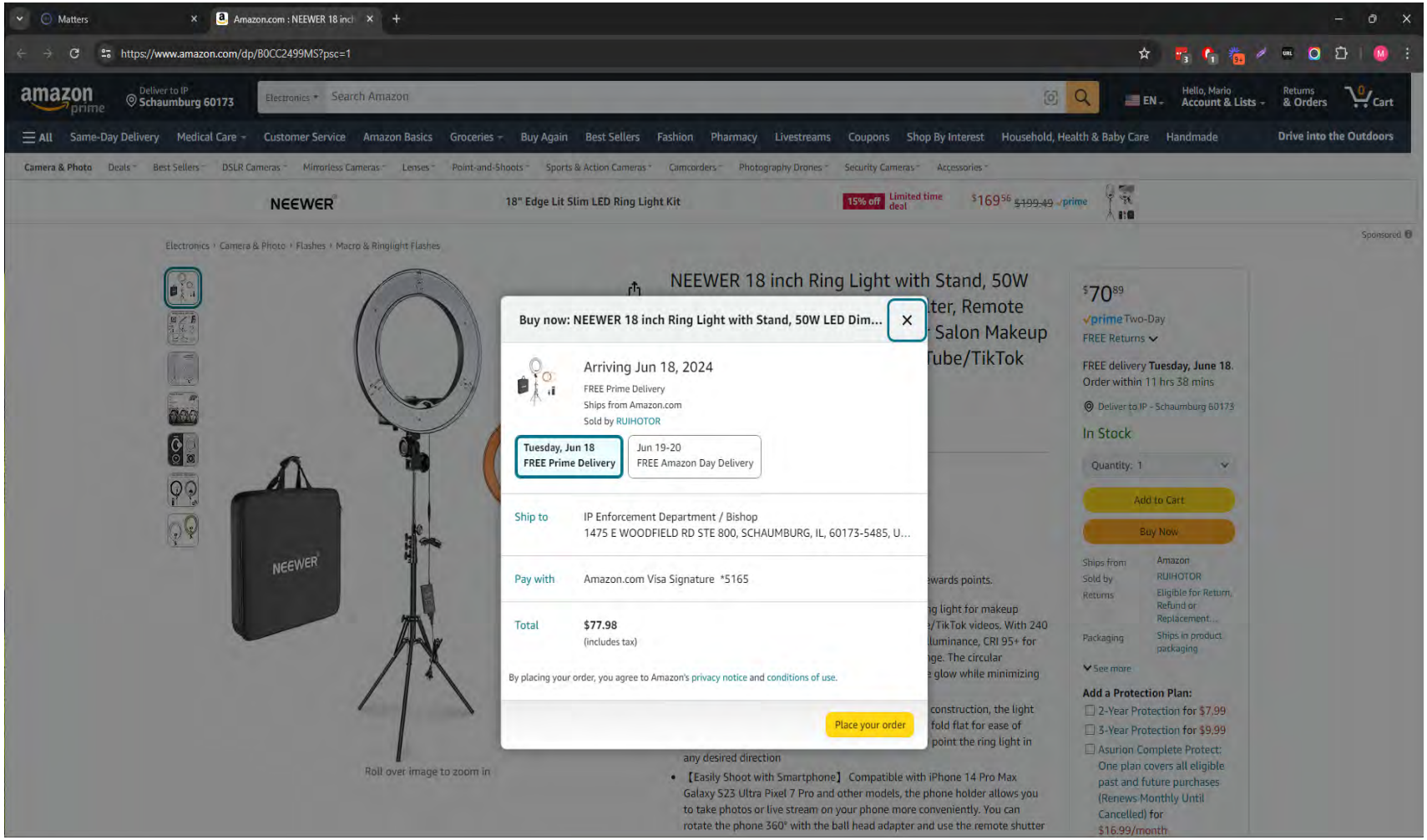


Screenshot Date: 16-06-2024 10:21AM

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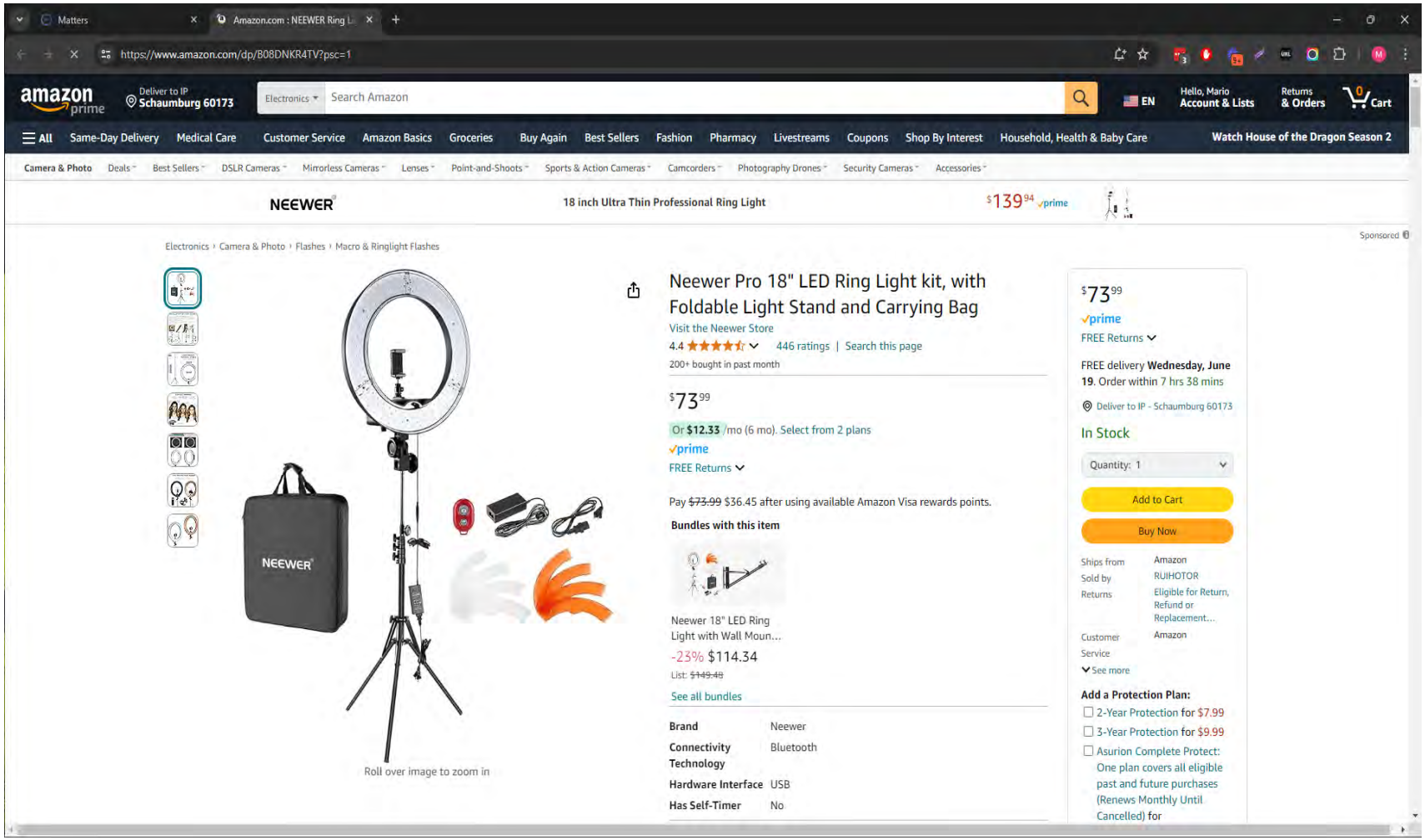


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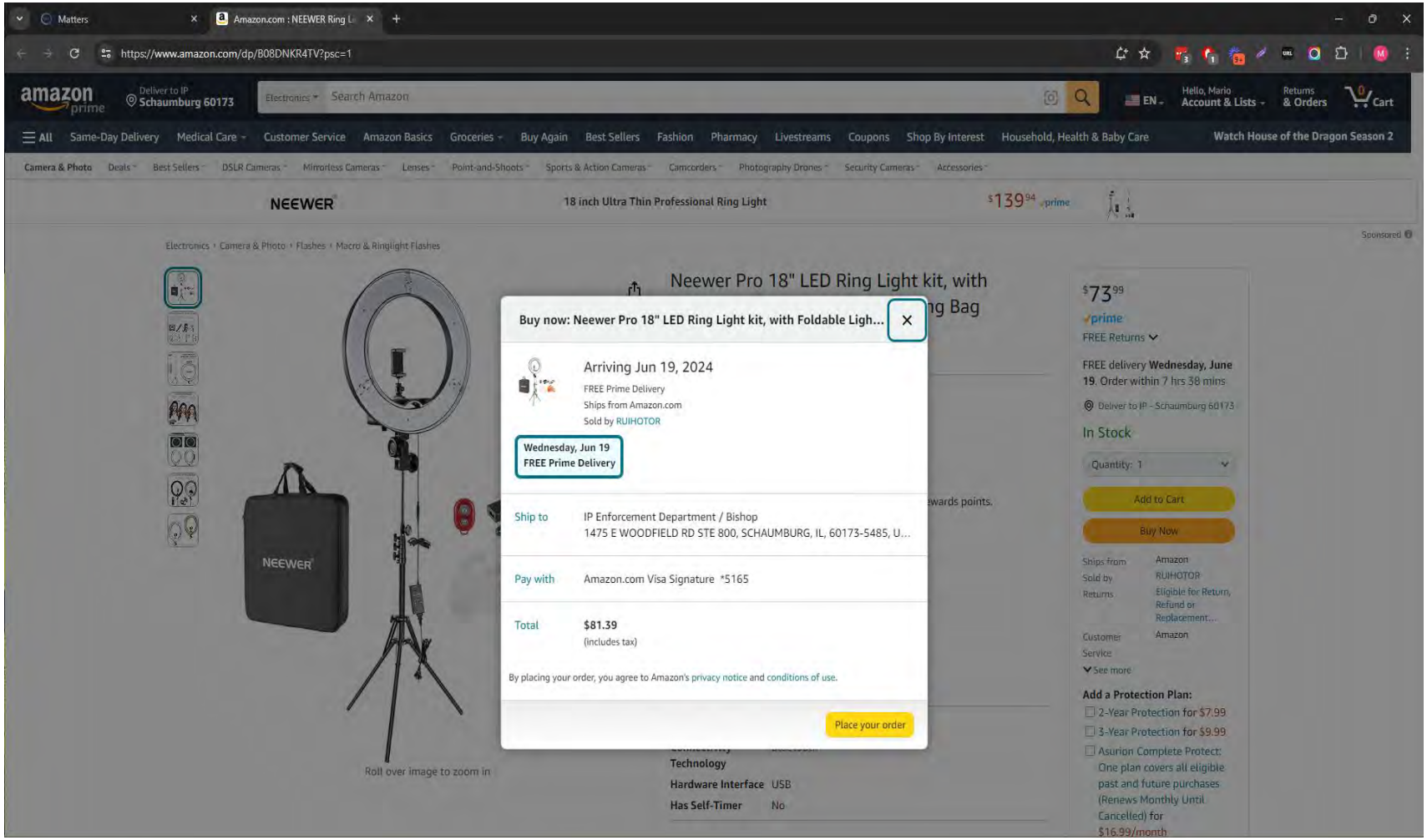


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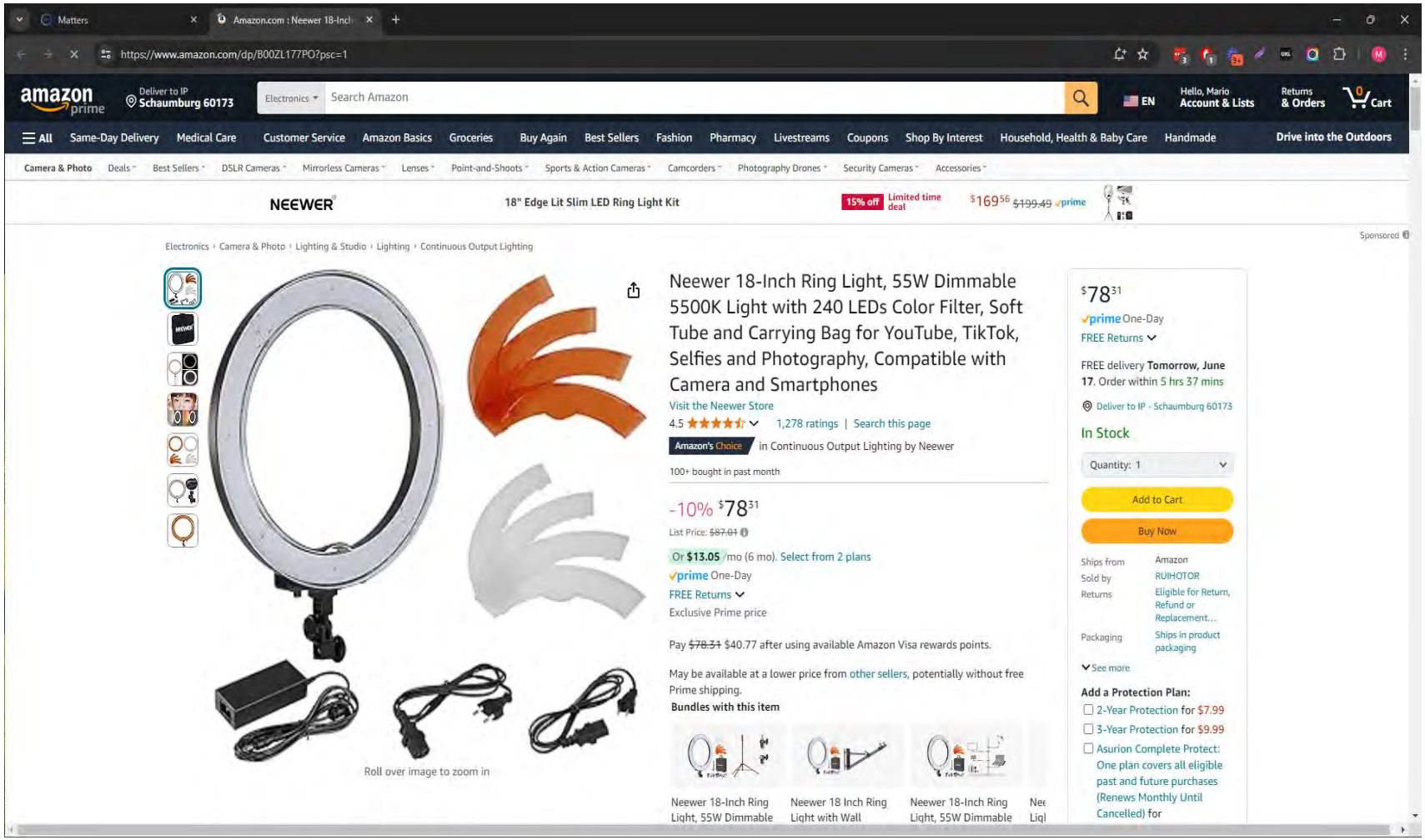


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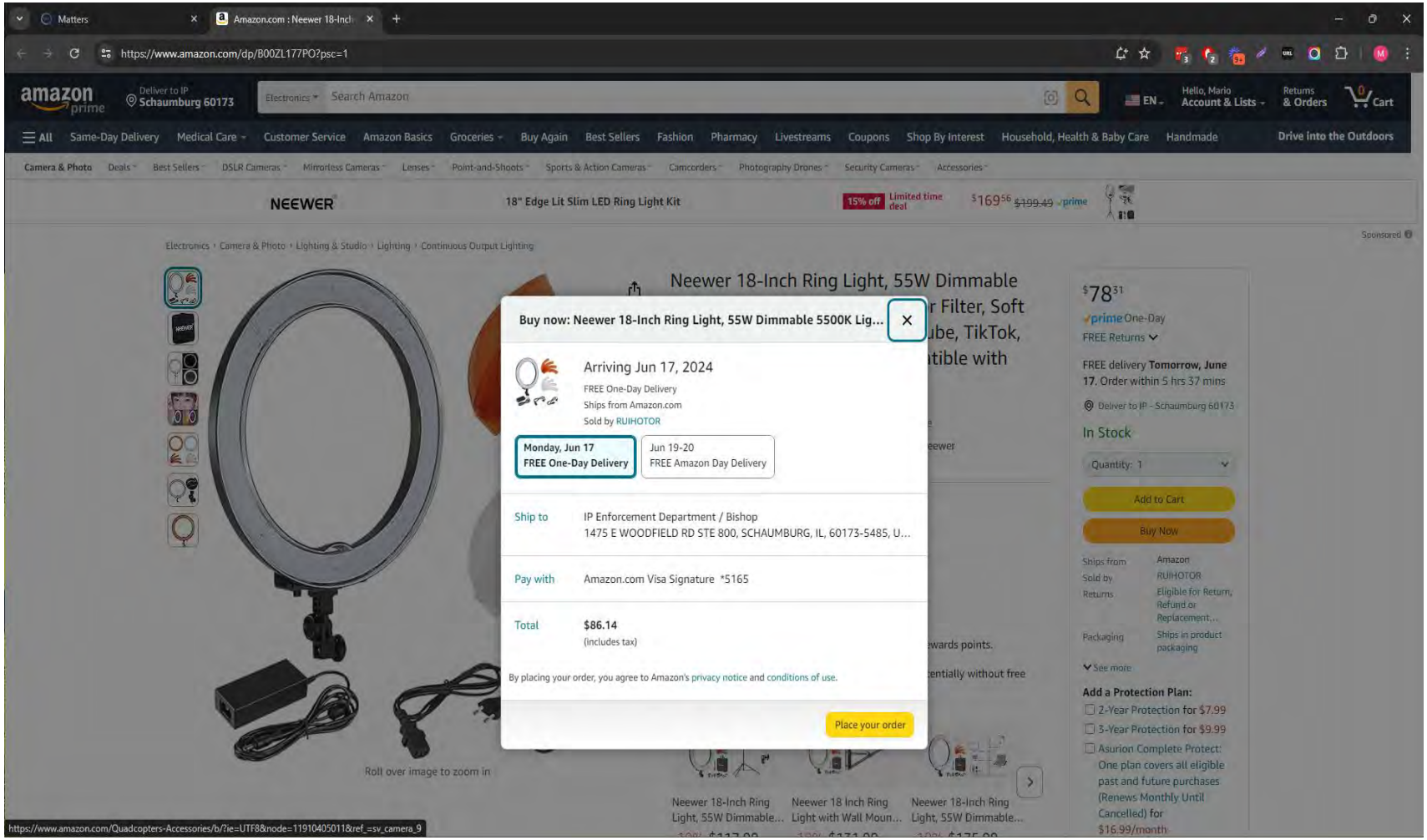


Screenshot Date: 16-06-2024 10:22AM

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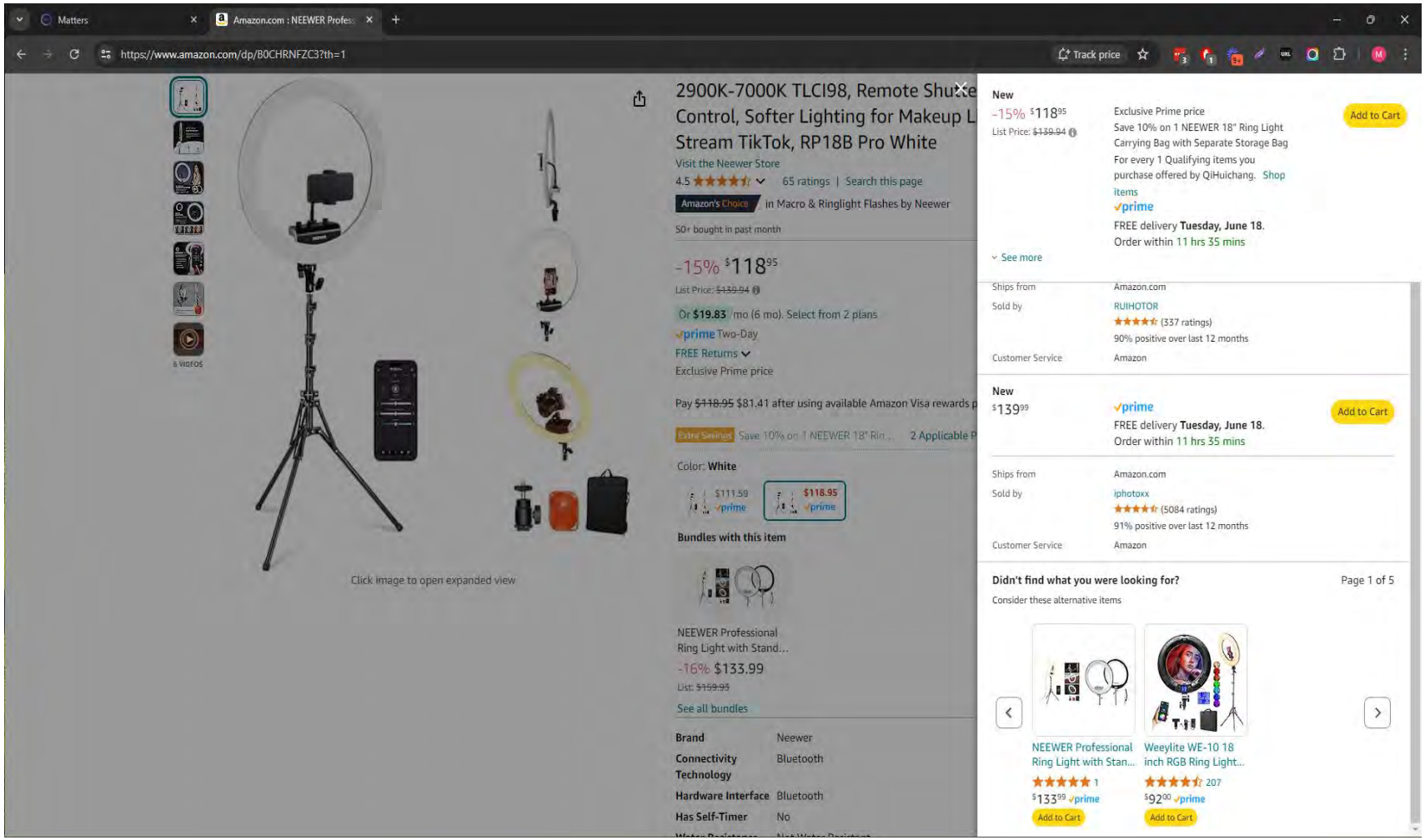


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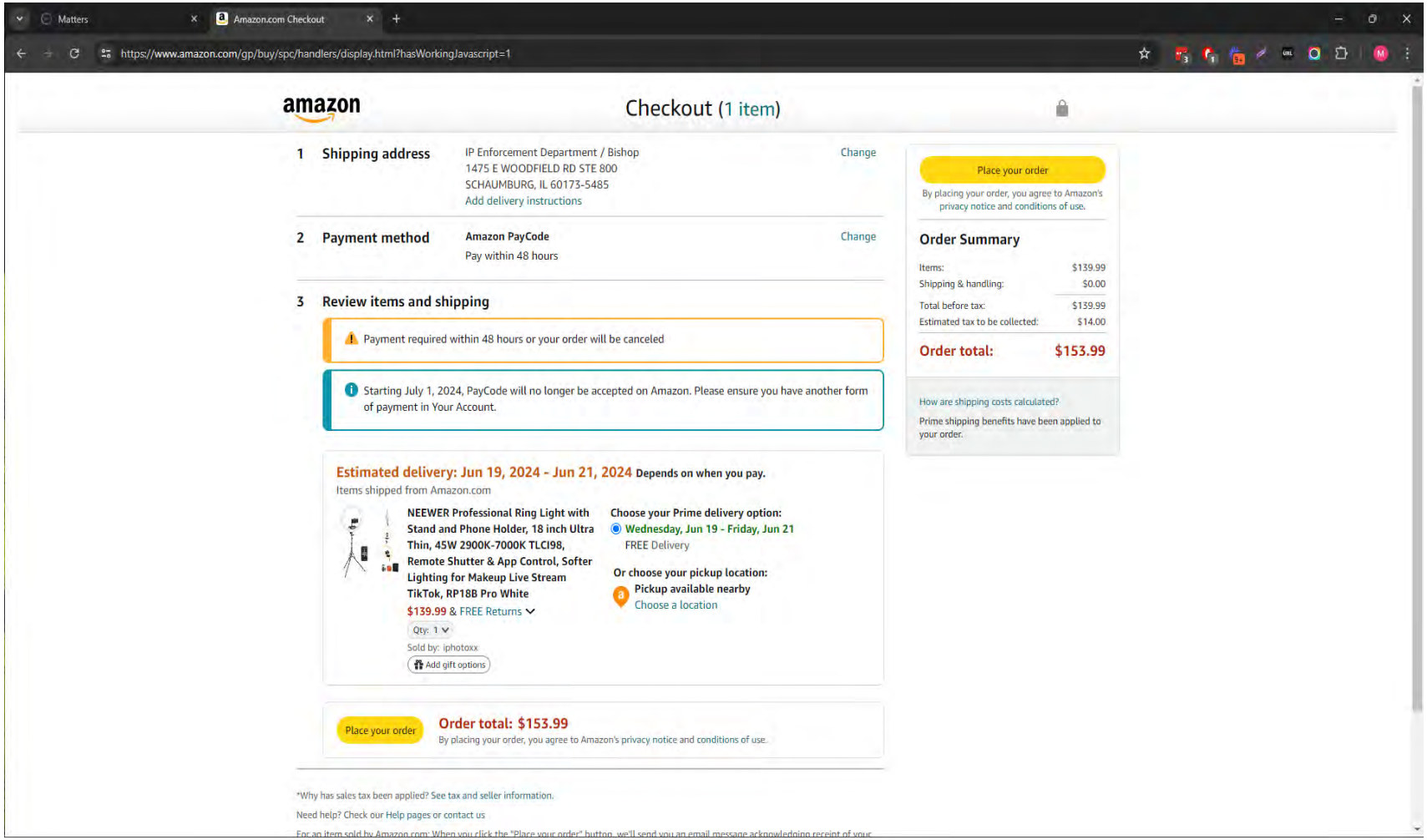


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Screenshots:

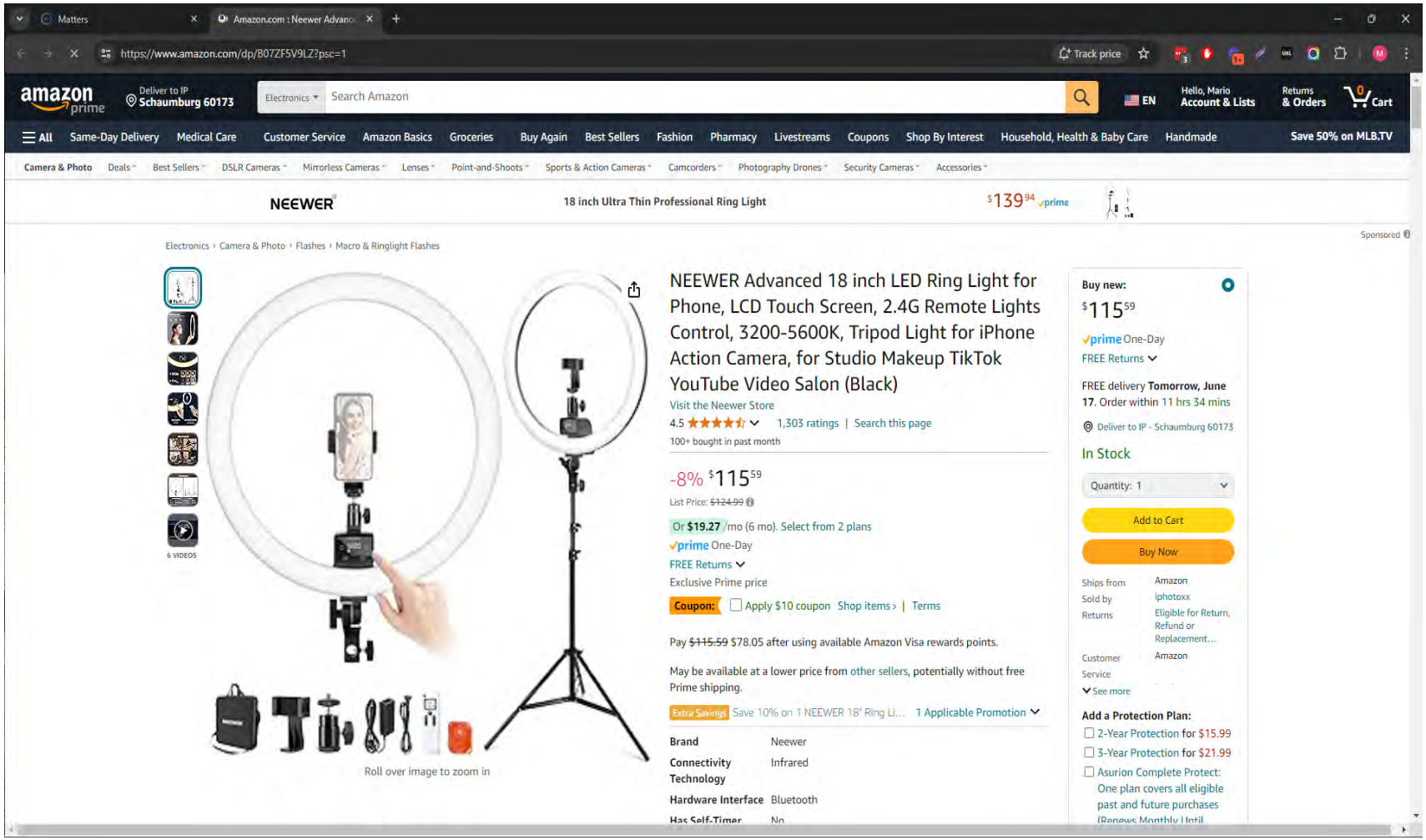


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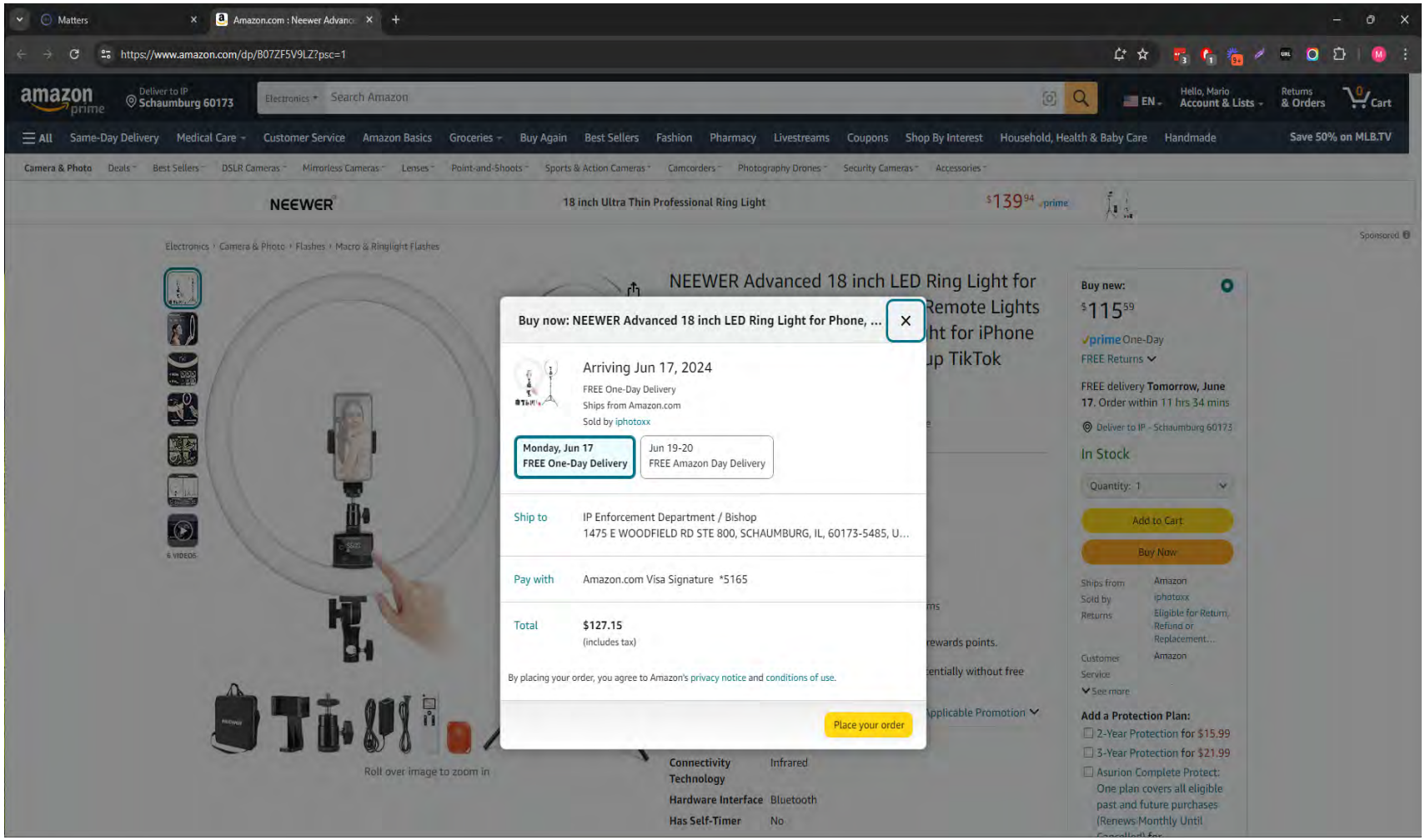


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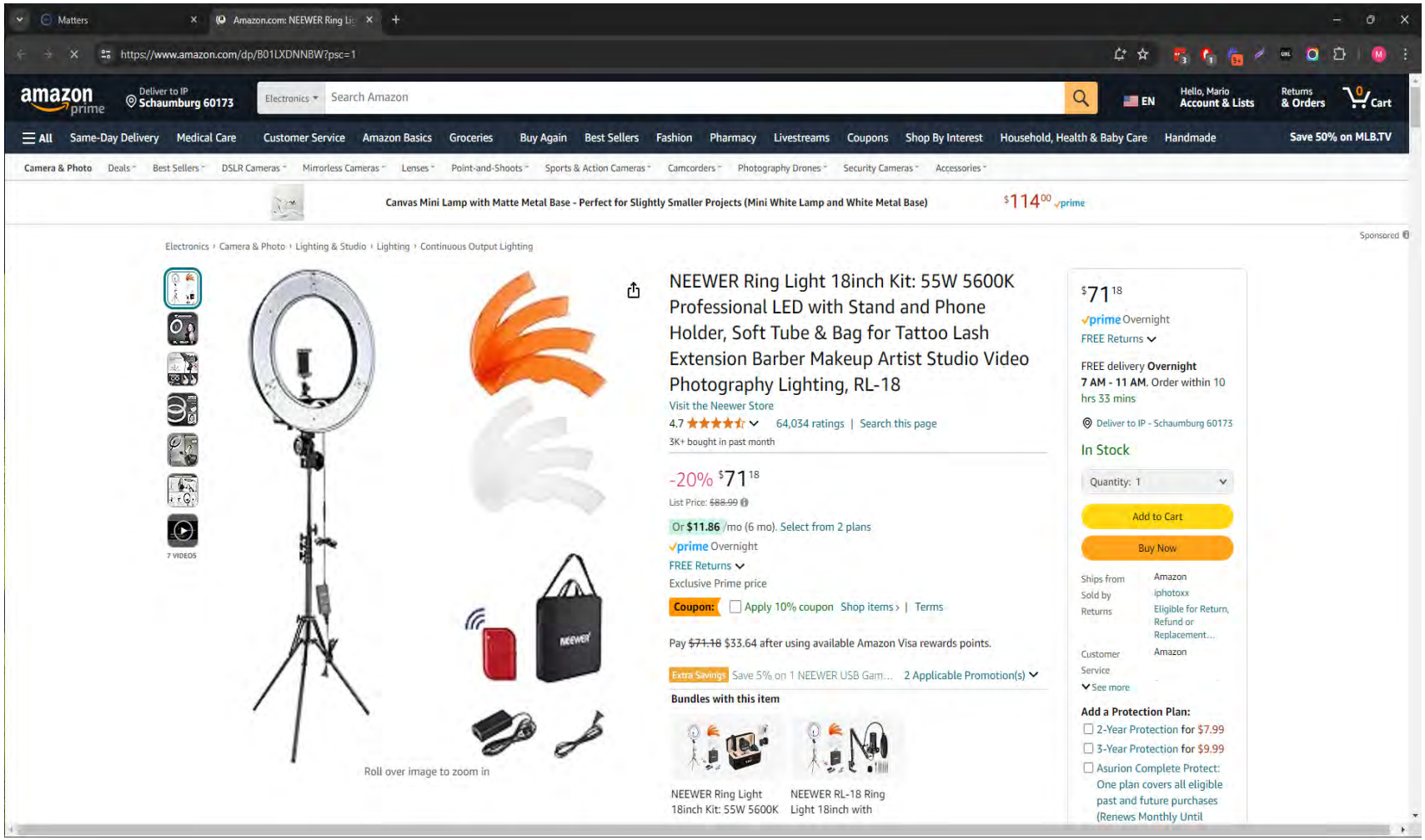


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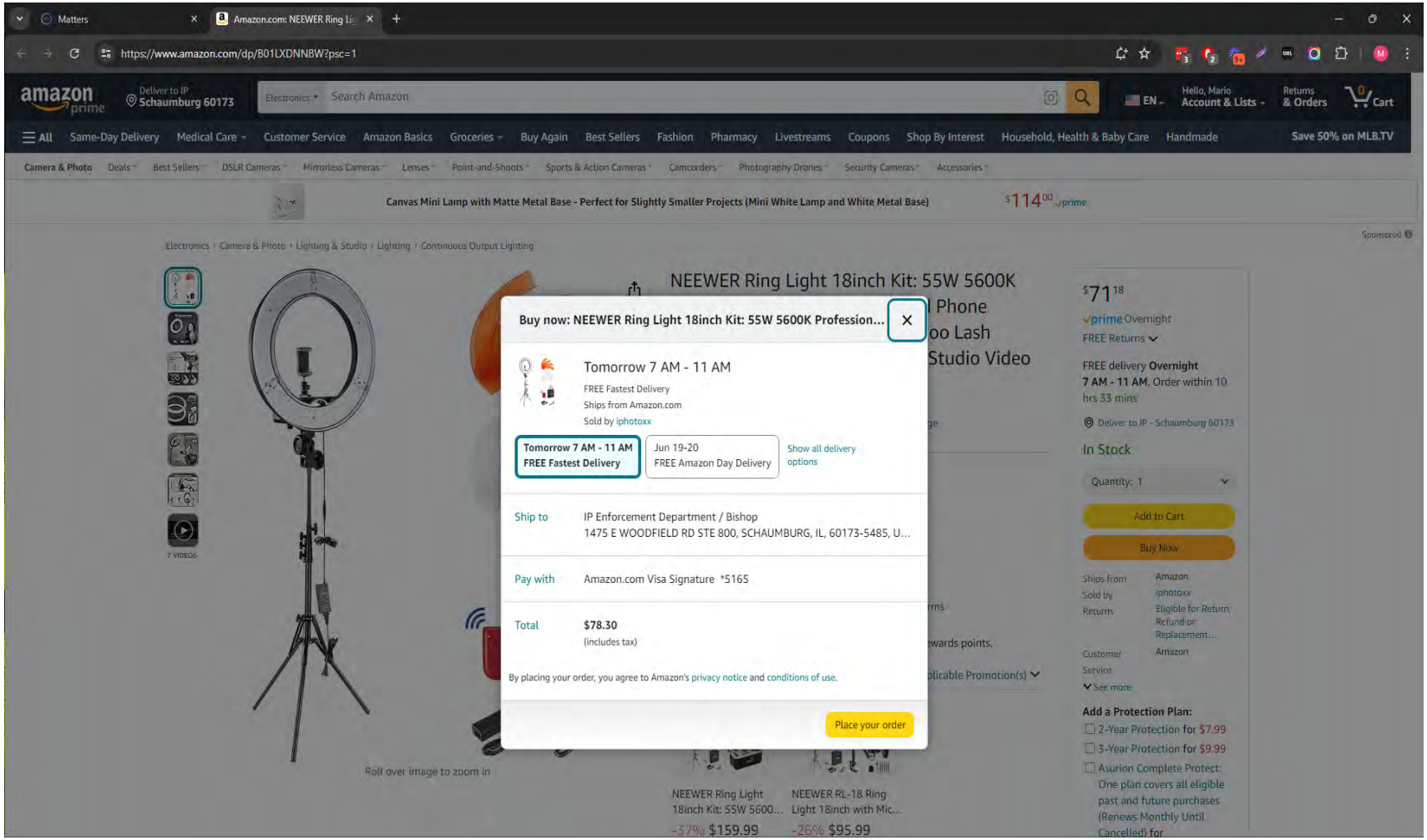


Screenshot Date: 16-06-2024 10:26AM

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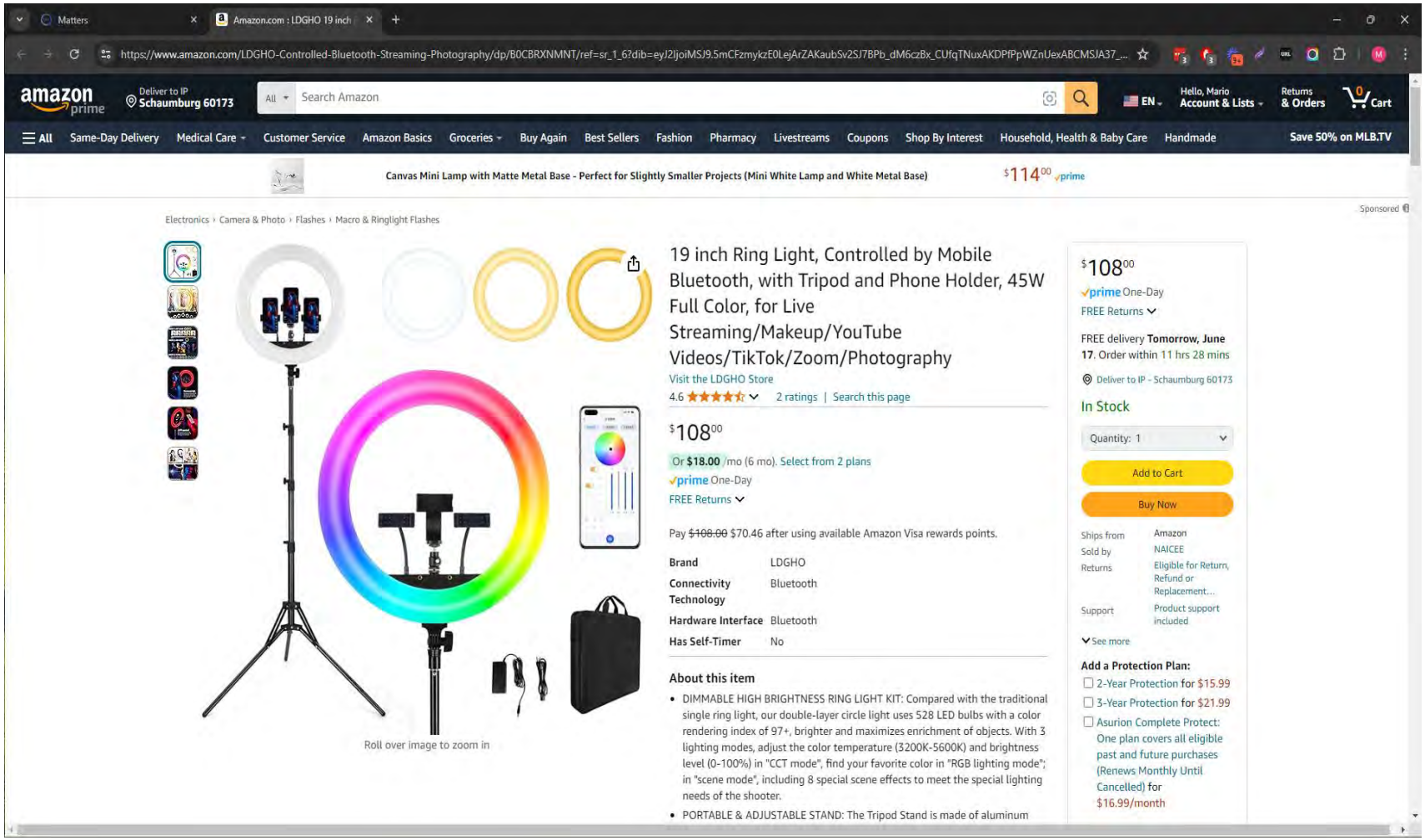


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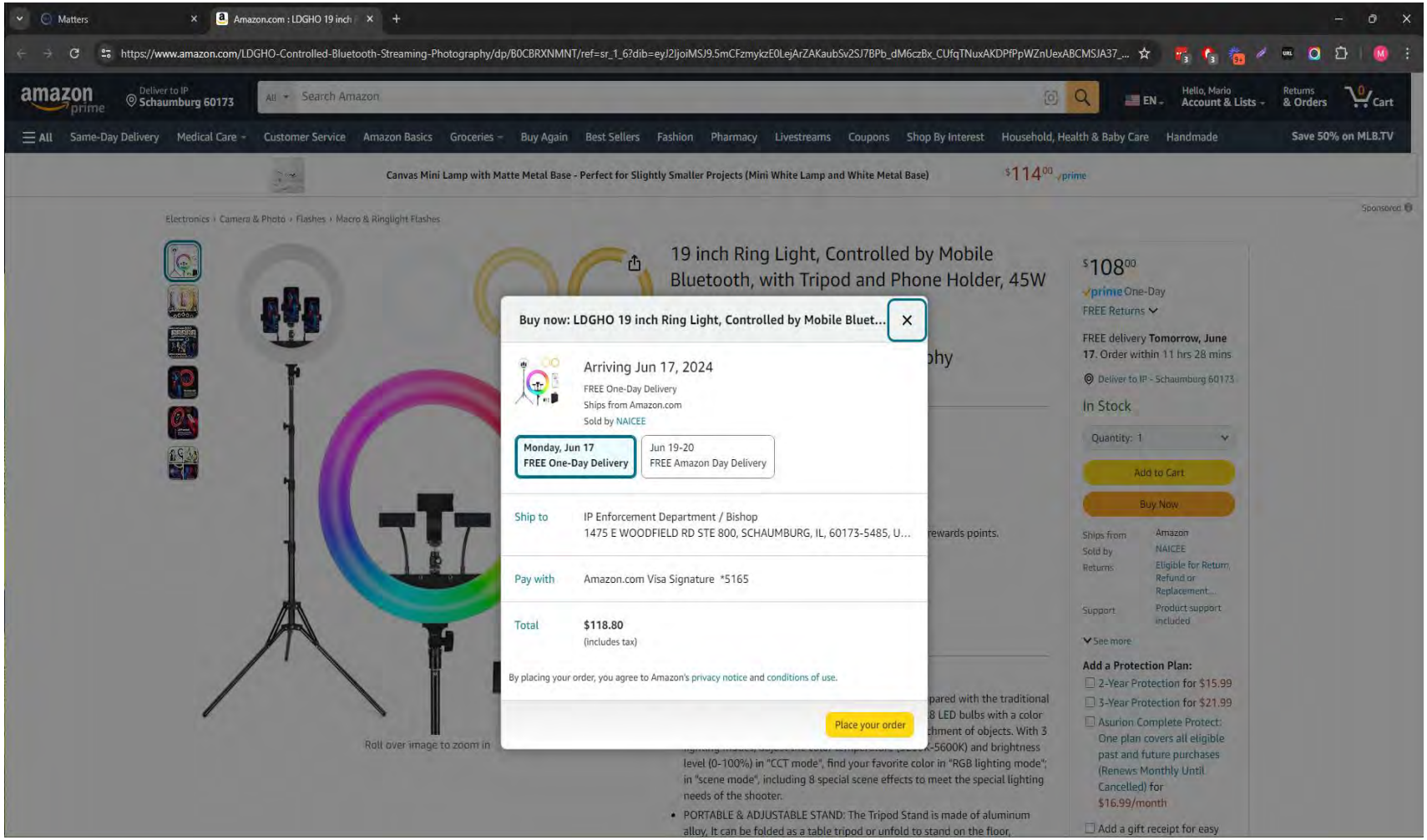


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#78 - NAICEE a/k/a Shaoxing Longwen Textile Co., Ltd.
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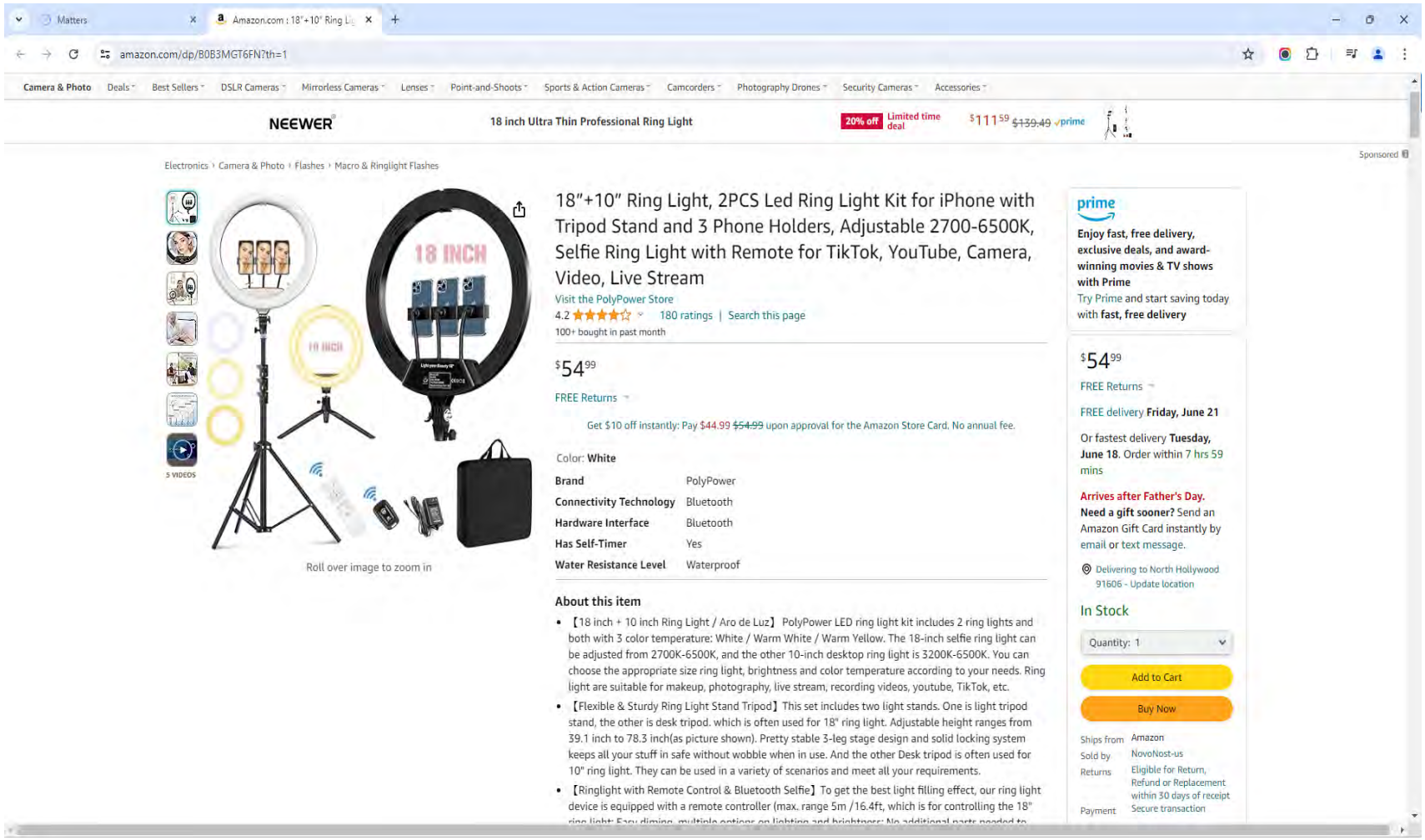


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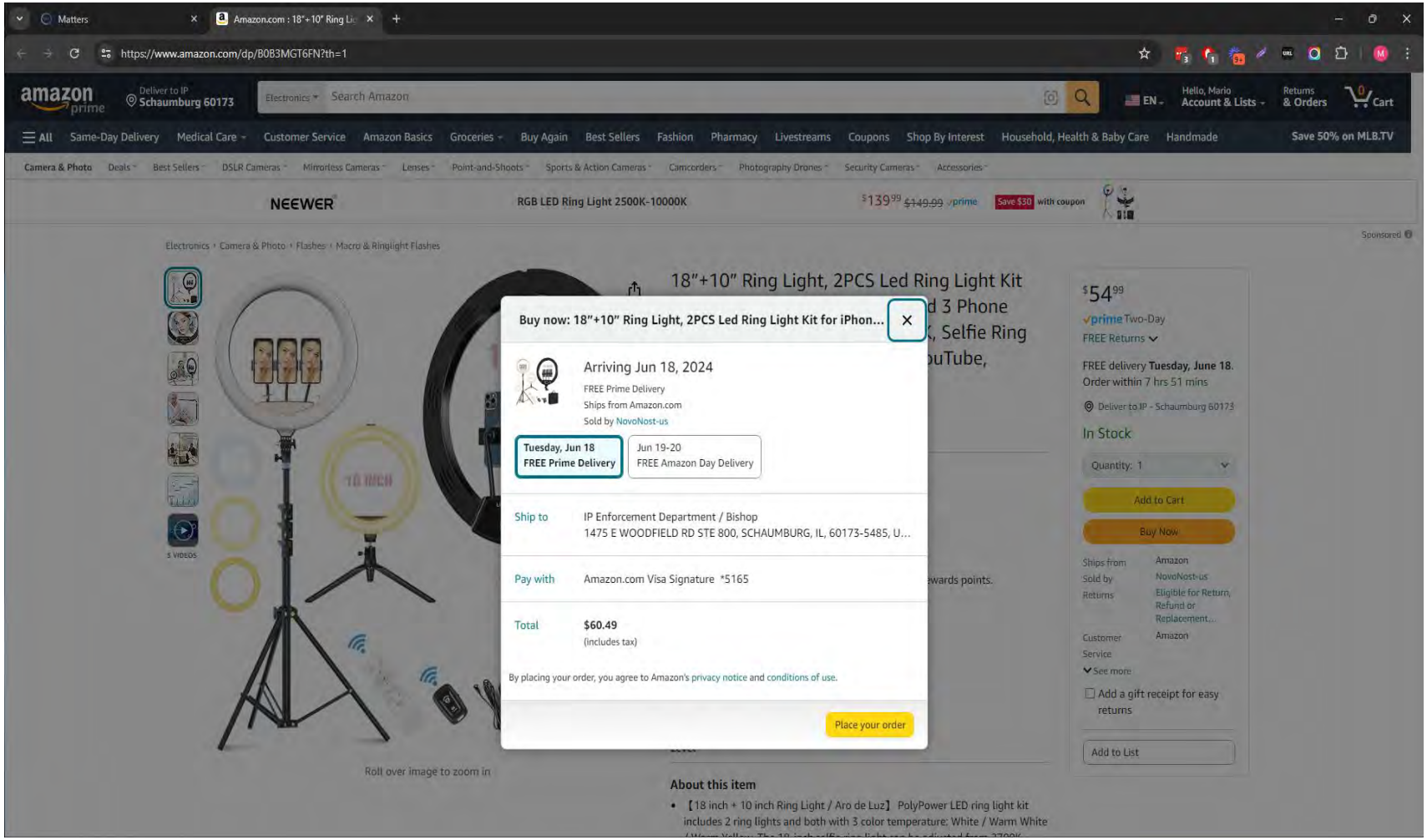


Screenshot Date: 16-06-2024 10:32AM

#79 - NovoNost-us a/k/a Shenzhenshi chenyulin keji youxiangongsi
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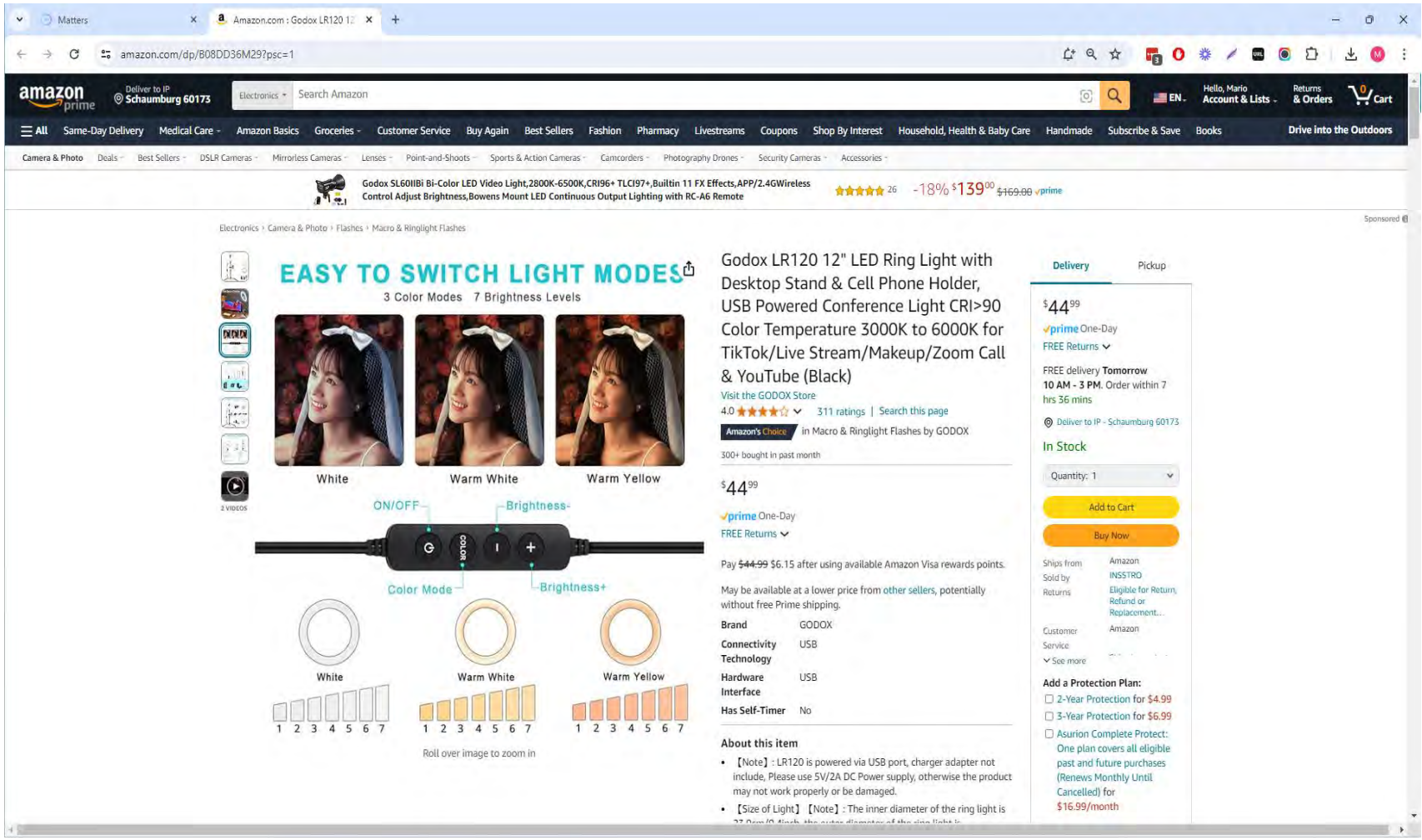


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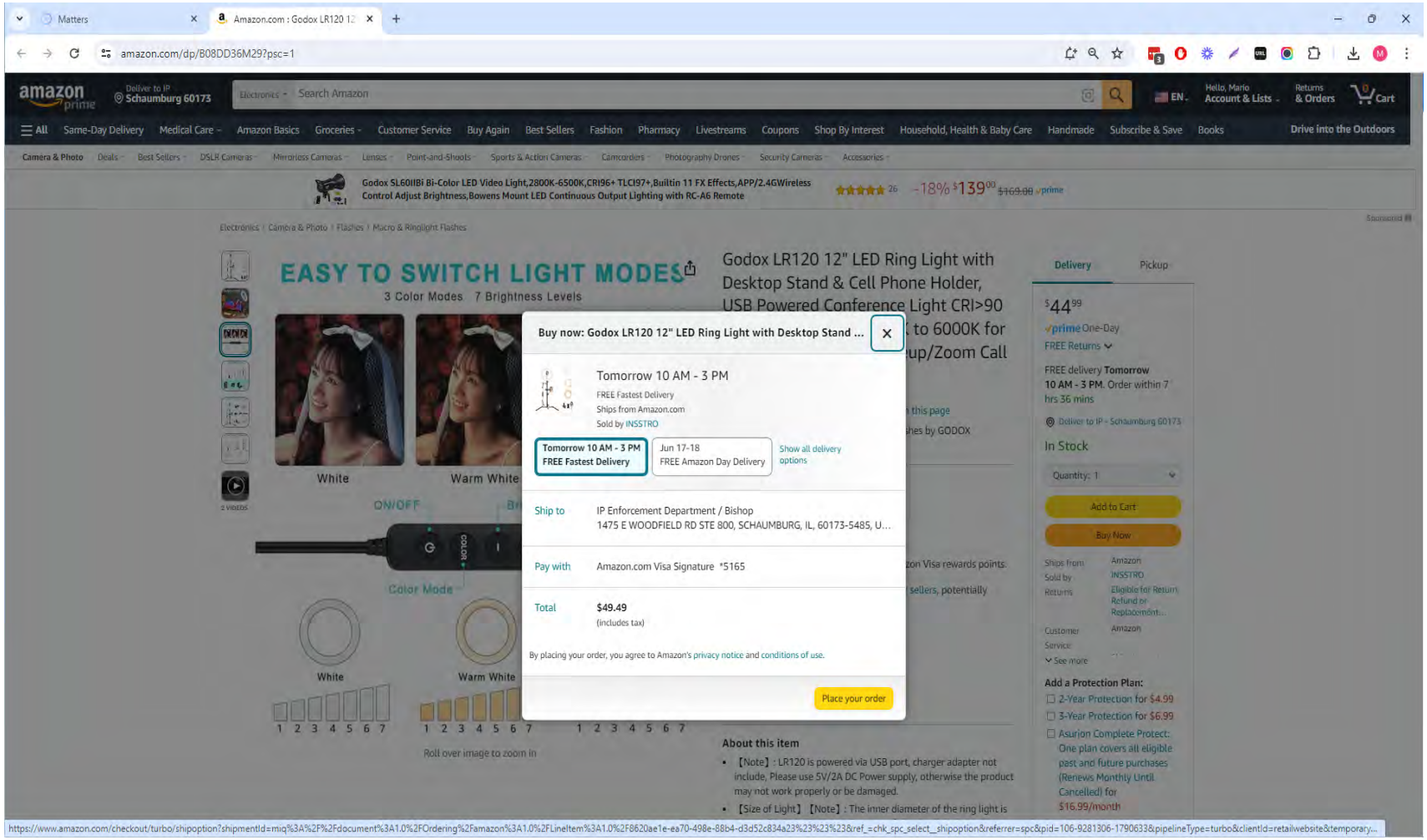


Screenshot Date: 16-06-2024 8:39AM

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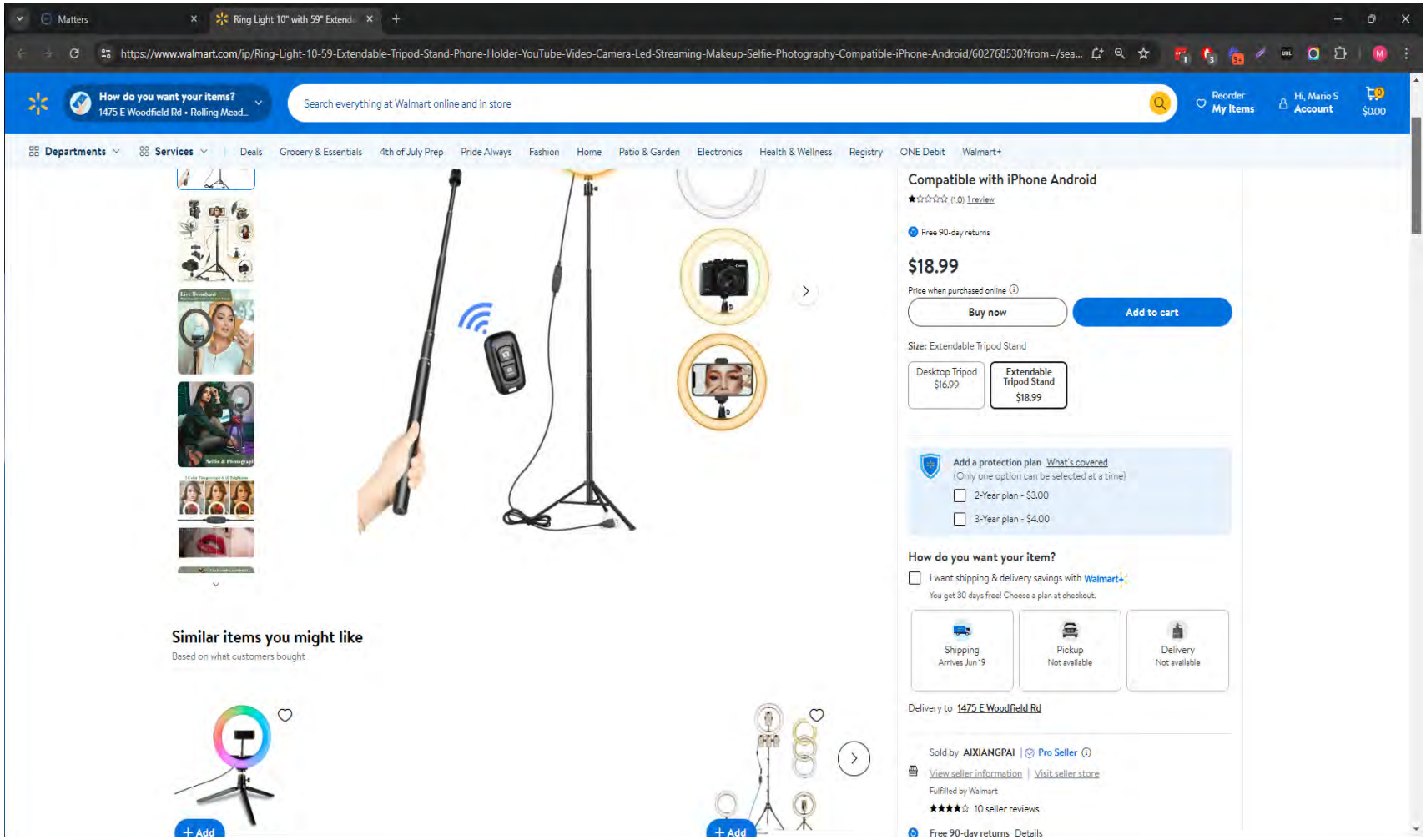


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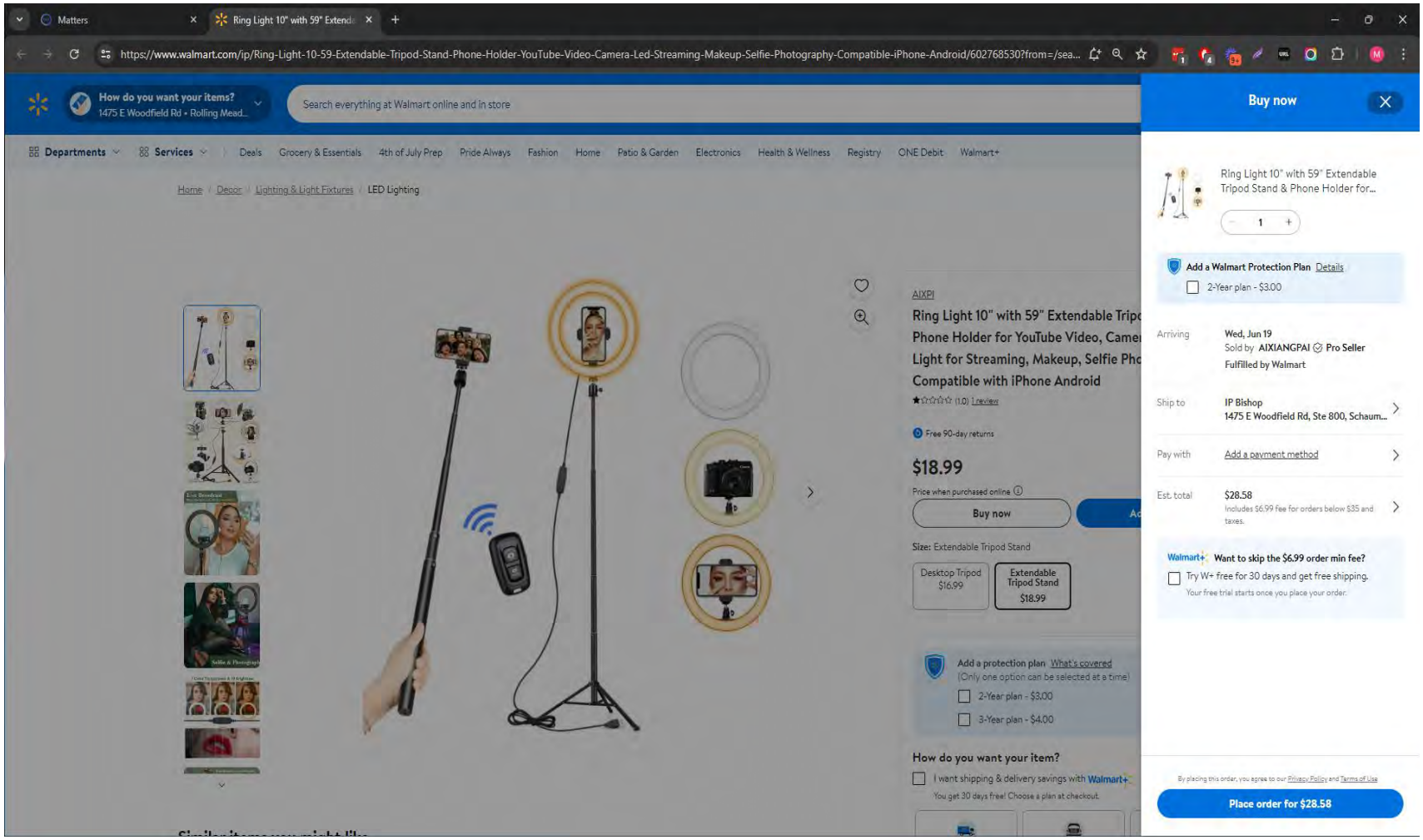


Screenshot Date: 13-06-2024 15:09PM

#81 - AIXIANGPAI a/k/a shenzhenshiaixiangpaidianzishangwuyouxiangongsi
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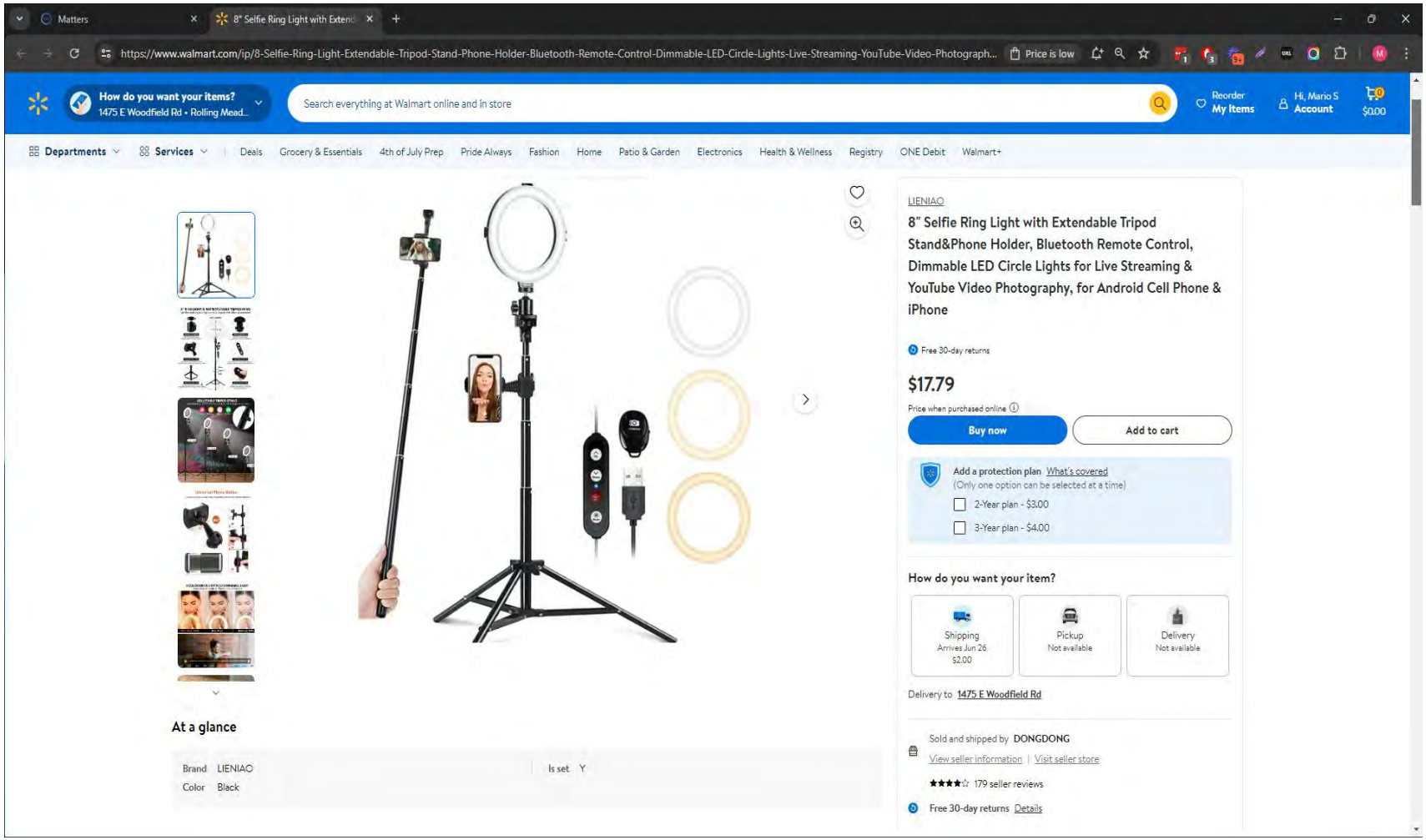


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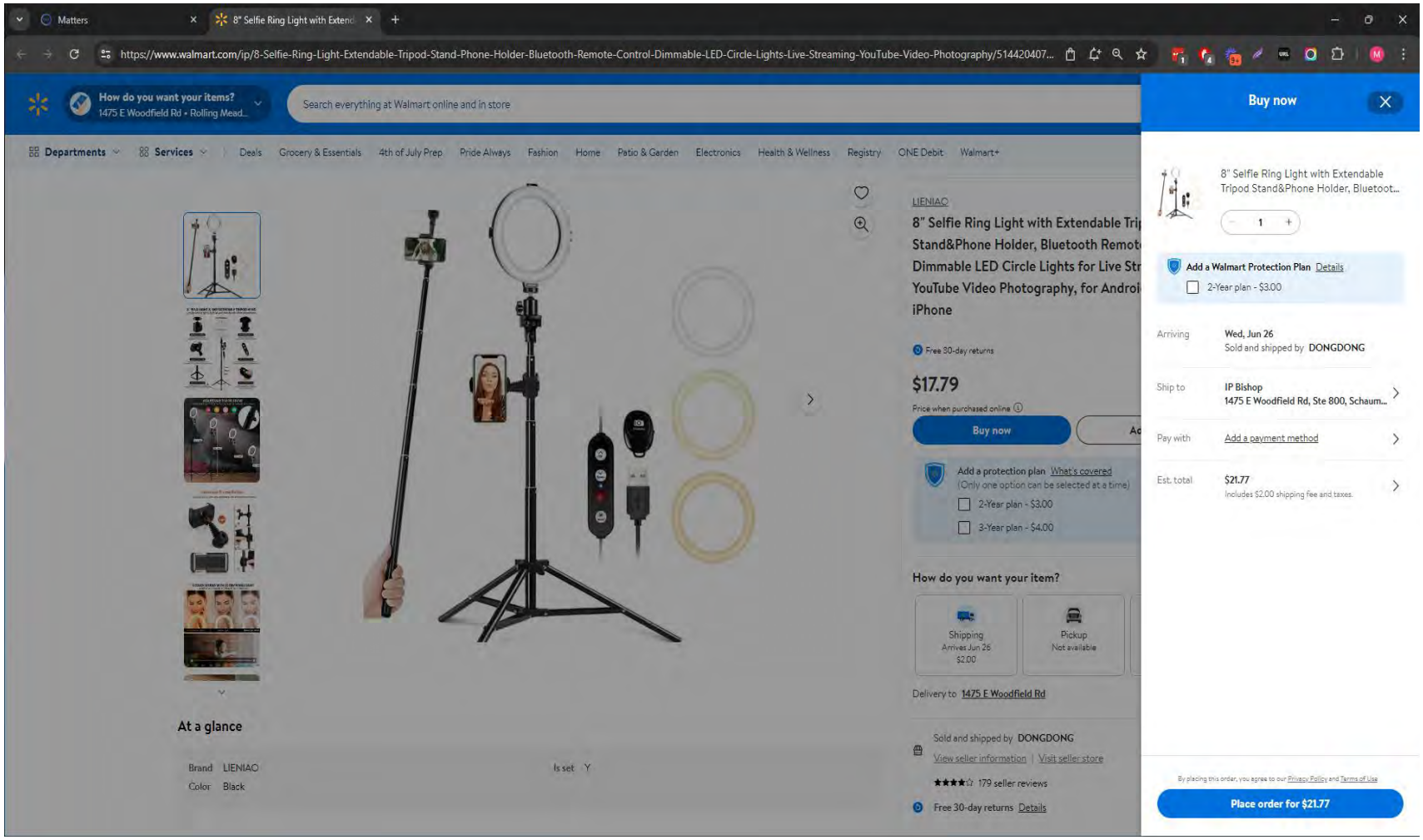


Screenshot Date: 16-06-2024 23:00PM

#82 - DONGDONG a/k/a SHENZHENSHILIENIAOJINCHUKOUYOUXIANGONGSI
https://www.walmart.com/ip/8-Selfie-Ring-Light-Extendable-Tripod-Stand-Phone-Holder-Bluetooth-Remote-Control-Dimmable-LED-Circle-Lights-Live-Streaming-YouTube-Video-Photography/5144204072?from=/search
Screenshots:



Screenshot Date: 16-06-2024 22:12PM



Screenshot Date: 16-06-2024 22:12PM

EXHIBIT



THE COUNTERFEIT SILK ROAD

IMPACT OF COUNTERFEIT CONSUMER PRODUCTS SMUGGLED INTO THE UNITED STATES

PREPARED FOR:

THE BUY SAFE AMERICA COALITION

BY:

JOHN DUNHAM & ASSOCIATES

BUY SAFE AMERICA COALITION

Pathway - Exh. 2002-281, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231

THE IMPACT OF COUNTERFEIT CONSUMER PRODUCTS SMUGGLED INTO THE UNITED STATES

EXECUTIVE SUMMARY

The Buy Safe America Coalition represents a diverse group of responsible retailers, consumer groups, manufacturers, intellectual property advocates and law enforcement officials who support efforts at all levels of government to protect consumers and communities from the sale of counterfeit and stolen goods.

One important issue facing US businesses is the massive growth in the availability and sales of illicit products, both from counterfeit imports — increasingly from China — and from products stolen from legitimate retailers and sold through online marketplaces, where the anonymity of a screenname has made it easier and more profitable to fence counterfeit and stolen goods. The Coalition asked John Dunham & Associates (JDA) to examine the data around these illicit sales to determine how they impact the US economy, federal tax revenues, and criminal activity.

This is the first of a series of papers examining the issue of counterfeit and stolen goods and its effect on the United States economy. This analysis will focus on the importation of illicit products, notably counterfeits that violate producers' intellectual property rights. Future analysis will examine the effects of domestic smuggling, the resale of stolen goods, and the effects of contraband on overall criminal activity.

According to the analysis:

- A large share of contraband items are delivered to US consumers by mail or by express consignment. These transactions account for over 60.8 percent of all seizures by the US customs service and over 90 percent of intellectual property rights (IPR) seizures. The growth in these types of shipments has increased along with the use of online marketplaces. Amazon, for instance, now derives more than 75 percent of their ecommerce revenue from marketplace sales.[1]

- In effect, as companies like the Chinese ecommerce marketplace Alibaba and the Amazon marketplace, have linked more consumers to more shippers, many companies producing illegitimate products have gained access to unwitting consumers in America.

- The bulk of counterfeit products to the US come from China and its dependent territories, accounting for over 90.6 percent of all cargo with IPR violations. Of the $1.23 billion in total IPR violations intercepted, $1.12 billion was from China.

- Examining just those data where CBP can provide an HS code, in some cases, the amount of contraband cargo is nearly equal to the entire import base.[2] For example, imports of certain sweaters, jumpsuits and toys from China are almost 100 percent contraband, as are large amounts of handbags, jewelry and belts.

- While there is substantial academic literature on the smuggling of narcotics, people and tobacco, there is very little written on counterfeit products. Using a very conservative model it is estimated that $44.3 billion in additional illicit cargo is escaping detection.

- These lost sales alone mean that over 39,860 jobs in wholesaling and nearly 283,400 retail jobs are lost due to the impact of counterfeit goods skirting normal trade channels. All told, the sale of counterfeit items is expected to cost the wholesale and retail sectors of the US economy nearly 653,450 full-time equivalent jobs, that pay over $33.6 billion in wages and benefits to US workers.

- It is estimated that the smuggling of counterfeit goods costs the US government nearly $7.2 billion in personal and business tax revenues alone.

- This analysis is based on the current level of CBP intercepts of illicit cargo. It is likely that the number of illegal imports is much larger than even estimated here.

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[1] In 2020, $295 billion worth of products were sold by third-parties on the Amazon marketplace. Meanwhile, Amazon's own retail sales were only $180 billion. Kaziukenas, Jouzas, *Marketplaces Year in Review 2020*, Marketplace Pulse, at: www.marketplacepulse.com/marketplaces-year-in-review-2020

[2] Over 7.2 percent of the cargo identified as seized in the data provided by CBP was labeled as CGD, CID, EVD, GEN, NONE, VEH or blank.

BACKGROUND

The Buy Safe America Coalition represents a diverse group of responsible retailers, consumer groups, manufacturers, intellectual property advocates and law enforcement officials who support efforts at all levels of government to protect consumers and communities from the sale of counterfeit and stolen goods.

One important issue facing US businesses is the massive growth in the availability and sales of illicit products, both from counterfeit imports — increasingly from China — and from products stolen from legitimate retailers and sold through online marketplaces where the anonymity of a screenname has made it easier and more profitable to fence counterfeit and stolen goods. The Coalition asked John Dunham & Associates (JDA) to examine the data around these illicit sales to determine how they impact the US economy, federal tax revenues, and criminal activity.

This is the first of a series of papers examining the issue of organized retail crime (ORC), and its effect on the US economy. This analysis will focus on the importation of illicit products, notably counterfeits that violate producers' intellectual property rights. Future analysis will examine the effects of domestic smuggling, the resale of stolen goods, and the effects of contraband on overall criminal activity.

CUSTOMS SERVICE DATA

One source of illicit products sold through fences and ecommerce sites are counterfeit products brought into the United States illegally. According to US Customs and Border Protection (CBP), most counterfeit products now come through international mail and express courier services. Since FY2013, CBP has seen a 168 percent increase in the number of express consignment and international mail shipments, and in FY 2019, the agency processed over 600 million express consignment and international mail shipments.[3]

Table 1
Cargo Seized by CBP by Mode of Transportation

Mode of Transportation		Value	Percent
Express Consignment	$	550,850,543	44.8%
Commercial Vessel	$	277,761,292	22.6%
Commercial Air	$	196,568,270	16.0%
Mail	$	179,544,146	14.6%
Other	$	12,818,618	1.0%
Train	$	12,327,801	1.0%
Truck	$	1,052,214	0.1%
Total	$	1,230,922,884	100.0%

[3] *CBP Trade and Travel Report: Fiscal Year 2019*, US Customs and Border Protection, January 2020, at: https://www.cbp.gov/sites/default/files/assets/documents/2020-Jan/CBP%20FY2019%20Trade%20and%20Travel%20Report.pdf

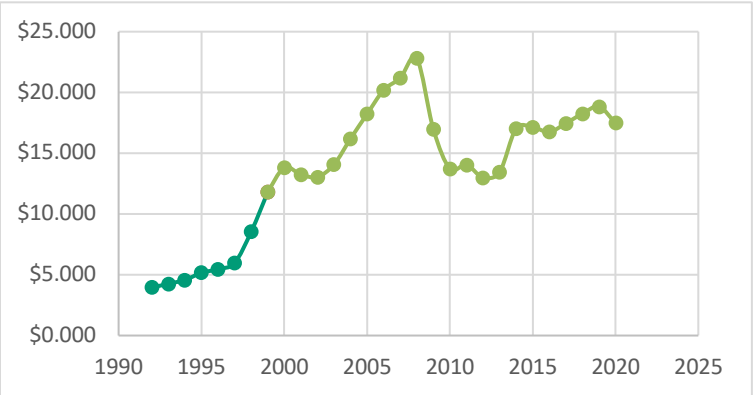
In FY2019, over 90 percent of intellectual property rights (IPR) seizures were found in express and international mail shipments,[4] and based on data provided through a freedom of information request, over 59.3 percent of all goods seized by CBP were being shipped by mail or international express consignment services.[5] This compares to just 22.6 percent arriving by ocean vessel. Table 1 outlines the source of illicit shipments seized by carrier type.

This is not a new phenomenon. According to CBP data, mail and express consignment services have been the primary source of IPR seizures since at least 2007.[6] During that year, seizures from these sources accounted for roughly 75 percent of all interceptions, a number which fell to roughly 70 percent until FY 2013, when they rose to about 90 percent. Seizures from express consignment and mail deliveries have averaged 89.6 percent since then.

The growth in IPR seizures from mail and express consignment delivery has closely tracked the growth in ecommerce sales.

Figure 1

Growth in Section 321 Shipments



Rather than being imported by smugglers and then sold through illegitimate retailers, street vendors or ecommerce sites, according to CPB, the US consumer now initiates most imports, most of which are *Section 321 shipments* that meet de minimis requirements to

Smugglers Hide Behind Ecommerce Services

The growth in IPR violations has closely tracked the growth in ecommerce. Before the advent of Alibaba, Amazon, Ebay, and other on-line services, smugglers had to ship goods to a network of traffickers who used street dealers and other physical means to get counterfeit products to market. This can still be seen today in places like New York City, where operatives working for criminal networks sell counterfeit watches and handbags on the street.

Now, with the advent of ecommerce, most of these illicit transactions are enacted by the buyer when they order products on-line, through catalogues or by phone. In many of these cases, third-party sellers working under the umbrella of legitimate ecommerce sites, then directly ship the counterfeit product to the seller either by mail or courier service. Many, if not most of these consumers may not be aware that the products are illicit in any way.

The growth in these transactions closely matches the growth in ecommerce services. In fact, there is a strong correlation between the growth in ecommerce services and the percentage of IPR seizures made from mail or express courier deliveries. As ecommerce shopping has grown from about 3 to about 10 percent of all retail transactions, the percentage of seizures from non-cargo shipments has risen as well, from about 70 to nearly 90 percent.

This growth parallels changes in ecommerce marketplaces, with the Chinese Alibaba launching AliExpress.com in 2010 and 11 Main in 2014, a site geared to the US market that hosts more than 1,000 merchants in categories such as clothing, fashion accessories and jewelry. Meanwhile, Amazon.com, which began as an online book broker in 1995, launched its *Prime* service in 2005, the same year that Etsy began its service for third-party retailers.

A significant increase in these shipments began in 2014 when Amazon launched its *Marketplace* for third-party retailers.

[4] Ibid.

[5] Freedom of Information Act (FOIA) request CBP-2020-080130 to U.S. Customs and Border Protection (CBP), September 14, 2020. Seizure data from October 2018 through September 2019.

[6] The earliest year for which data are available. See: *IPR Annual Seizure Statistics*, U.S. Customs and Border Protection, Office of Trade, Various Years at: https://www.cbp.gov/trade/priority-issues/ipr/statistics

enter duty-free into the US. Generally, these are shipments with a value of $800 or less.[7]

As Figure 1 shows, Section 321 shipments have grown dramatically over the past 35 years, from just around $4.0 billion in 1992 to $17.5 billion last year.[8] While part of this is due to inflation, the largest increases occurred as companies like Alibaba and Amazon were promoting their ecommerce services to outside parties. It is interesting to note that overall, 321 shipments fell dramatically following the 2007-2008 recession and have stabilized in the $18 billion range since then (see box).

As expected, the fastest growth in 321 shipments in dollar terms has been from the People's Republic of China, with other major trade partners like Mexico and Germany following at a distant 2nd and 3rd place.

Table 2

Growth in Section 321 Shipments by Exporting Country

Country	Growth ($)	Country	Growth (%)
China	$ 3,394,006,143	Djibouti	27636.0%
Mexico	$ 1,595,827,914	Niue	17293.8%
Germany	$ 596,736,024	Bosnia & Herzegovina	10706.2%
Italy	$ 302,611,914	Kyrgystan	10420.4%
Taiwan	$ 291,530,755	Laos	7993.5%
South Korea	$ 235,785,303	Sierra Leone	6521.1%
Ecuador	$ 159,471,486	St. Helena	5794.6%
Vietnam	$ 151,085,343	Ethiopia	5555.7%
Columbia	$ 147,449,646	Bangladesh	5458.9%

Examining the seizure data provided by the customs service shows that almost 36.9 percent of all shipments intercepted were Section 321 shipments; however, these represented just 0.6 percent of the total value of products seized by the customs service. Table 3 below shows how the vast majority of shipments with IPR violations seized by the CBP are generally small in size.

7 Op. cit., *CBP Trade and Travel Report.*

8 Data from USA Trade Online, US Department of Commerce, Bureau of the Census, at: https://usatrade.census.gov/index.php?do=login

Table 3

Cargo Seized by CBP by Value of Shipment

Value Range	Number of Shipments Siezed	Percent of Shipments Siezed
$0-$100	3,764	6.2%
$101-$800	18,548	30.6%
$801-$1,000	3,315	5.5%
$1,001-$5,000	19,793	32.7%
$5,001-$10,000	5,210	8.6%
$10,001-$100,000	8,198	13.5%
$100,001-$1,000,000	1,561	2.6%
Over $1,000,000	153	0.3%
Total	60,542	100.0%

Obviously, with so many small shipments being drop-shipped to consumers from sources located all over the world, it is difficult to ensure that counterfeit and dangerous products don't reach American households. Fortunately for law enforcement, the shipments that do violate IPR, or other laws, originate mainly from China or its dependent territories of Macau and Hong Kong, meaning that the customs service can concentrate on these particular countries of origin.

Again, looking at the seizure statistics, over 90.6 percent of all cargo with IPR violations comes from China or its dependent territories. Of the total $1.23 billion in IPR violations intercepted, $1.12 billion was from China. This is equal to over 29.0 percent of all Section 321 shipments from China and its dependent territories. Compare this to the $0.11 billion intercepted from all other countries – just 0.08 percent of shipments.

This cargo tends to be concentrated into just a few products. Examining just those data where CBP can provide an HS code, in some cases, the amount of contraband cargo is nearly equal to the entire import base.[9] For example, imports of certain sweaters, jumpsuits and toys are almost 100 percent contraband, as are large amounts of handbags, jewelry and belts.

[9] Over 7.2 percent of the cargo identified as seized in the data provided by CBP was labeled as CGD, CID, EVD, GEN, NONE, VEH or blank.

As Table 4 on the following page shows, nearly all these products emanate from China and its dependent territories. No other country is the source for this much IPR related contraband, only Turkey (which represents 1.2 percent of contraband sales) and Vietnam (1.1 percent), even top one percent. China, on the other hand, accounts for 90.6 percent of all seized goods.[10] In addition, contraband imports from China are highly skewed toward parcels and general mail, suggesting that a large portion are drop-shipped via an Internet sale. Nearly 60.4 percent of all of this IPR-related contraband cargo seized from China entered the country this way, while a smaller share, 49.0 percent, came via parcel from other countries.

To counteract the problem, CBP ran a public awareness campaign on the "Truth Behind Counterfeits" during FY2019. The campaign, which was intended to educate the public on the negative impacts associated with the purchase of counterfeit goods, highlighted how purchasing knockoffs can damage the US economy, destroy American jobs, support criminal activity, and be harmful to the health and safety of consumers.[11]

While it is impossible to fully document the extent of contraband goods entering US commerce, the very fact that such a large percentage of overall recorded imports are captured by the customs service for certain product categories suggests that most other recorded cargo is likely being legitimately shipped, at least in the case of items like handbags, garments, jewelry, electronic parts and certain chemicals. What is not known is what comes in through the black market, where the good is never recorded as entering the country. With such a small amount of cargo entering US customs territory over land, this may be a major source for these goods.[12]

It's Not Just Fancy Watches

Buying a fake Rolex or Fendi bag on New York City's Canal Street is seen by many as an innocent tourist experience. However, it is not, in that it costs American companies billions of dollars in lost sales, and often sends money to gangs, terrorist organizations and even North Korea.

But smuggling of illicit products goes well beyond the designer brands featured on Canal Street. According to Fox Business, the Customs Service intercepted 171,460 fake N95 masks that originated in China. (https://www.foxnews.com/us/cbp-intercepts-counterfeit-n95-masks-worth-)350k-originated-china

The counterfeit masks, which would be used to protect front-line workers from infections, such as COVID-19, came in boxes with the National Institute for Occupational Safety and Health logo on them.

CBP has seized approximately 18 million counterfeit masks in the first three months of 2021 – well above the 12 million that the agency seized for all of fiscal year 2020 and a mere 1,300 in fiscal year 2019.

[10] Op. cit., Freedom of Information Act (FOIA) request CBP-2020-080130.
[11] Op. cit., *CBP Trade and Travel Report.*
[12] As it is with illegal narcotic drugs.

ESTIMATES OF ADDITIONAL SMUGGLED CONTRABAND PRODUCTS

The Danger of Illicit Products

Counterfeit products do not only cause economic losses, as legitimate manufacturers, wholesalers and retailers see their markets undercut by products violating international property rights regulations, but illicit products can also be extremely dangerous.

For example, an investigation by reporters with the Wall Street Journal, found 4,152 items for sale on Amazon's Marketplace that have been declared unsafe or banned by federal regulators, or have deceptive labels. These include 116 products that were falsely listed as "FDA-approved" including 98 eyelash-growth serums that never undertook the drug-approval process to be marketed as approved. It also included 80 listings for infant sleeping wedges the FDA has warned can cause suffocation. (Wall Street Journal, August 23, 2019)

According to a recent report by the Department of Homeland Security, *counterfeiting is no longer confined to street-corners and flea markets*. The report cites figures from the Organization for Economic Cooperation and Development (OECD) which suggest that the amount of counterfeit goods traded internationally was $509 billion in 2016.[13] While this is the worldwide figure, the amount of counterfeit products imported into the United States alone is staggering.

Using the data from the customs service, and US overall trade data, it is possible to estimate the overall scope of contraband goods being imported into the United States. It is obvious from the outset that the Customs Service is not intercepting anywhere near the volume of contraband cargo entering the country, for were they, there would be no counterfeit handbags, perfume or Gucci watches being sold on the streets of America. But while data on what is intercepted are available, what is not intercepted is, by definition, unknown. In addition, while there is substantial academic literature on the smuggling of narcotics, people and tobacco, there is very little written on counterfeit products.[14]

Using a Monte Carlo analysis to determine the total size of the illicit import market (see Methodology), gives an estimated total market of over approximately $45.5 billion, of which the customs service intercepted $1.2 billion, or about 2.7 percent. This suggests that as much as 10 percent of the counterfeit goods shipped worldwide come to the United States. Table 5 on the following page shows the estimated illegitimate imports by major category. Over 99.3 percent of the products are manufactured goods, however, there are products classified under the agriculture, mineral and other sectors as well. Of these, most are food products (see box), while others are items made of glass, crystal and stone.

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13 *Combating Trafficking in Counterfeit and Pirated Goods: Report to the President of the United States*, US Department of Homeland Security, Office of Strategy, Policy & Plans, January 24, 2020, at: https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf

14 The most detailed literature concerns cigarette smuggling, both international and domestic. See the Methodology section for details on how this is used to estimate overall smuggling of counterfeit goods.

Pathway - Exh. 2002-289, Shenzhen Ronglida v. Pathway IP, IPR 2025-01

Table 4

Major Contraband Categories Intercepted by US Customs

HS Code	Product	Contraband	Contraband from China	Contrabnd as pct of Legitimate Chinese Imports
7117199000	Other Imitation Jewelry Of Base Metal (kg)	$ 412,878,484	$ 383,051,477	39.21%
7117909000	Othr Imit Jwlry Ov $.20 Pr Dz Pcs O Prts (kg)	$ 222,115,977	$ 211,471,534	53.65%
4203300000	Belts & Bandoliers With Or Without Buckles (no)	$ 52,499,758	$ 48,726,800	9.92%
3303003000	Perfumes And Toilet Waters Containing Alcohol (kg)	$ 42,826,986	$ 27,413,044	1.83%
6110303005	B/g Sweater & Smlr Art As Plyst Pt Of Ot mmf, Knit (doz)	$ 33,011,504	$ 30,440,792	98.08%
4202299000	Handbags,nesoi (no)	$ 31,981,086	$ 27,844,980	67.70%
9004100000	Sunglasses (doz)	$ 30,968,007	$ 29,164,031	1.85%
4202216000	Handbags, Outer Surface Leather,val Not Over $20 E (no)	$ 27,072,304	$ 25,307,061	18.75%
8421210000	Water Filtering Or Purifying Machinery & Apparatus (no)	$ 26,253,183	$ 25,034,297	1.95%
8517700000	Parts Or Apps For Trasmisit/recp Of Voice/img/data (no)	$ 25,033,796	$ 22,040,444	0.54%
4202322000	Art For Pocket Or Handbg,of Plastic Sheeting,nesoi (no)	$ 23,513,798	$ 19,820,708	25.46%
6103431550	Men's Shorts Of Other Synthetic Fibers, Knit (doz)	$ 19,984,185	$ 18,951,185	5.59%
7117196000	Othr Toy Jewelry, Base Metal, Not Over 8 Cents Ea (kg)	$ 17,737,171	$ 16,927,078	94.72%
6211431007	W/g Cvrals & Sim Apparel mmf, Insltd Nesoi, Nt Kt (doz)	$ 17,032,176	$ 16,370,498	97.08%
4202219000	Handbags,outer Surface Of Leather,val Over $20 Ea (no)	$ 14,299,405	$ 11,960,259	0.79%
Total		$ 1,230,922,884	$ 1,115,732,323	0.05%

The wide range of products being smuggled from China is hard to imagine. In February of this year, the CBP confiscated 36 counterfeit guitars at Dulles Airport.[15] Some of these were even autographed with fake signatures.

Based on these confiscation data, the universe of smuggled products violating international property rights that is not detained by US Customs may be as much as $44.3 billion.

ECONOMIC IMPACT OF SMUGGLED GOODS

Smuggled and contraband goods, particularly those being drop-shipped by Chinese and other foreign entities, do not enter the normal trade channels in the United States. Even for imported goods that are designed, sourced and manufactured in a foreign country, the transportation, wholesaling and retailing services provided by US based companies account for a large part of the overall value of the product at retail. It is estimated that just 21 product types account for over 60 percent (60.7 percent) of all of the contraband goods entering the United States. These illegitimate imports alone cost domestic retailers nearly $54.1 billion in sales.

[15] *Dulles CBP Picks Counterfeit Guitars to the Tune of $158K*, US Department of Homeland Security, US Customs and Border Protection, Press Release, February 8, 2021, at: https://www.cbp.gov/newsroom/local-media-release/dulles-cbp-picks-counterfeit-guitars-tune-158k

Table 5

Estimate of Contraband Smuggled into the United States (Major Categories Only)

Sector	Est. Illegitimate Imports	Wholesale Losses	Retail Losses
Manufacturing	$ 45,224,623,043	$ 14,262,504,241	$ 23,754,108,620
Agriculture	$ 248,739,709	$ 29,781,905	$ 49,780,439
Other	$ 44,289,545	$ 1,105,391	$ 11,636,053
Stone/Glass/Mineral	$ 16,587,330	$ 893,257	$ 10,113,624
Grand Total	$ 45,534,239,628	$ 14,294,284,794	$ 23,825,638,735

As Table 6 shows, these products range from cellular telephones ($6.8 billion in illegitimate imports) to toys ($1.5 billion in illegitimate imports) to industrial chemicals ($681.6 million in illegitimate imports). A full list of estimated illegitimate imports is presented in the Appendix.

Table 6

Estimated cost to Wholesalers and Retailers of Contraband Smuggled into the United States (Major Categories Only)

Product	Est. Illegitimate Imports	Wholesale Losses	Retail Losses
Broadcast and wireless communications equipment manufacturing	$ 6,788,446,370	$ 2,930,859,162	$ 4,369,776,756
Electronic computer manufacturing	$ 3,838,501,673	$ 1,119,699,991	$ 1,509,552,606
Womens and girls cut and sew apparel manufacturing	$ 1,563,024,952	$ 556,673,289	$ 884,442,075
Doll, toy, and game manufacturing	$ 1,520,801,703	$ 661,492,117	$ 1,418,772,581
Footwear manufacturing	$ 1,345,429,047	$ 479,176,236	$ 761,314,819
All other miscellaneous manufacturing	$ 1,279,247,514	$ 645,520,088	$ 1,387,851,772
Computer terminals and other computer peripheral equipment manufacturing	$ 1,278,541,938	$ 373,081,559	$ 495,379,647
Audio and video equipment manufacturing	$ 1,118,366,652	$ 595,857,979	$ 1,345,192,102
Small electrical appliance manufacturing	$ 1,056,908,994	$ 292,227,241	$ 650,526,925
Other plastics product manufacturing	$ 1,034,964,317	$ 114,045,158	$ 150,270,891
Curtain and linen mills	$ 787,949,724	$ 323,460,951	$ 554,879,284
Other basic organic chemical manufacturing	$ 681,573,354	$ 118,775,611	$ 235,052,448
Other leather and allied product manufacturing	$ 659,815,628	$ 174,701,020	$ 269,969,439
Lighting fixture manufacturing	$ 658,256,763	$ 189,154,242	$ 412,528,583
Other motor vehicle parts manufacturing	$ 622,294,826	$ 84,913,830	$ 106,226,764
Jewelry and silverware manufacturing	$ 620,786,696	$ 357,566,372	$ 578,312,995
Other fabricated metal manufacturing	$ 619,792,428	$ 127,303,234	$ 245,601,786
Institutional furniture manufacturing	$ 571,878,265	$ 118,562,675	$ 276,546,864
Sporting and athletic goods manufacturing	$ 571,171,845	$ 230,416,705	$ 491,583,357
Mens and boys cut and sew apparel manufacturing	$ 569,791,383	$ 202,931,913	$ 322,418,060
All other miscellaneous electrical equipment and component manufacturing	$ 461,899,543	$ 132,271,233	$ 178,463,573
Total	$ 27,649,443,616	$ 9,828,690,606	$ 16,644,663,327

Based on data provided by the US Department of Commerce, Bureau of Economic Analysis, the economic losses to domestic wholesalers and retailers from counterfeits entering US commerce is over $38.1 billion. This is not the loss in retail sales, but rather the value added that wholesalers and retailers would have generated had these products gone through normal supply chains.

These value-added figures can be converted into jobs using the IMPLAN input/output model. A full description of the model is included in the methodological section to this report, but in basic terms, the model uses the production structure of the US economy to calculate how much production is generated by each employee in each sector of the economy.

In this case, based on where these types of products are sold, it is estimated that 39,860 jobs in wholesaling and nearly 283,400 retail jobs are lost due to the impact of counterfeit goods skirting normal trade channels. Table 7 outlines these losses, along with the lost jobs from suppliers that would serve those establishments, and the lost jobs that would have been induced by employees re-spending their wages in the economy.

Table 7

Estimated 2020 Economic Impact of Contraband Smuggled into the United States (Major Categories Only)

	Jobs		Wages		Output
Wholesale	39,863	$	3,700,006,458	$	14,133,127,968
Retail	283,393	$	9,929,601,160	$	23,568,099,880
Total Direct	323,256	$	13,629,607,618	$	37,701,227,848
Supplier	137,786	$	9,207,399,939	$	26,076,081,172
Induced	192,405	$	10,764,205,892	$	34,113,113,912
Total	653,447	$	33,601,213,448	$	97,890,422,932

In effect, an imported belt, handbag, or bottle of perfume owes the bulk of its retail value to services provided by wholesalers, retailers and transportation companies that package, distribute and hold the product in inventory until such time as the consumer wishes to purchase it. All told, smuggling of counterfeit items is expected to cost the wholesale and retail sectors of the US economy nearly 323,260 full-time equivalent jobs, paying over $13.6 billion in wages and benefits to workers.

LOST TAXES DUE TO SMUGGLED PRODUCTS

In addition to leading to lost jobs, the smuggling of counterfeit products into the country reduces tax revenues. This not only includes sales tax revenues that are not collected when consumers purchase items through normal trade channels, but customs duties for the federal government.

Table 8

Estimated Fiscal Losses due to Reduced Economic Activity

	Federal		State & Local		Total
From Wholesaling Activities	$ 2,401,440,480	$	1,834,330,233	$	4,235,770,713
From Retailing Activities	$ 4,750,056,860	$	4,559,275,826	$	9,309,332,686
Total	$ 7,151,497,340	$	6,393,606,059	$	13,545,103,399

In addition, the lost jobs and wages resulting from smuggling lead to losses in taxes from businesses and workers. The loss of 653,450 workers due to smuggling will reduce state and local tax collections from income taxes, property taxes, sales taxes and excise taxes that these workers would have generated in the economy, but also lost profits, taxes and license fees from businesses. The same is true for the federal government, which would see reduced income taxes, social security taxes and excise taxes. All told, it is estimated that smuggling of counterfeit goods costs the government over $13.5 billion in these tax revenues alone.

CONCLUSION

Based on an extremely conservative analysis of smuggled contraband products, over $45.5 billion in contraband products are likely entering US commerce each year. This is on top of the over $1.2 billion worth of products detained by the US Customs Service, which represents nearly 10 percent of all contraband products shipped between countries.

Its More Than Just the Economics

A recent report in the Cincinnati Enquirer stated that US Customs officers in that city seized 242 fake Cartier bracelets from China with a retail value of $3.6 million. (https://www.cincinnati.com/story/news/2021/04/19/fake-cartier-bracelets-seized-cincinnati-were-headed-indiana-customs-says/7283940002/)

According to Cincinnati Port Director Richard Gillespie, "Purchasing counterfeit goods not only damages our small businesses and enterprises, but also supports criminal institutions that often engage in human rights violations such as child labor and forced labor."

Since these products do not enter normal distribution channels, they likely cost the US economy nearly 653,450 full-time equivalent jobs, paying over $33.6 billion in wages and benefits to workers. In addition, over $13.5 billion in personal and business tax revenues alone, not to mention state and local sales taxes, would be lost.

The majority of these products come from China and its dependent territories. Of the total $1.23 billion intercepted, $1.12 billion, or 91.1 percent was from China.

ABOUT JOHN DUNHAM & ASSOCIATES

John Dunham & Associates (JDA) is a leading economic consulting firm specializing in the economics of fast-moving issues. JDA is an expert at translating complex economic concepts into clear, easily understandable messages that can be transmitted to any audience. Our company's clients have included a wide variety of businesses and organizations, including some of the largest Fortune 500 companies in America, such as:

- Altria
- Diageo
- Feld Entertainment
- Forbes Media
- MillerCoors
- Verizon
- Wegmans Stores

John Dunham is a professional economist with over 35 years of experience. He holds a Master of Arts degree in Economics from the New School for Social Research as well as an MBA from Columbia University. He also has a professional certificate in Logistics from New York University. Mr. Dunham has worked as a manager and an analyst in both the public and private sectors. He has experience in conducting cost-benefit modeling, industry analysis, transportation analysis, economic research, and tax and fiscal analysis. As the Chief Domestic Economist for Philip Morris, he developed tax analysis programs, increased cost-center productivity, and created economic research operations. He has presented testimony on economic and technical issues in federal court and before federal and state agencies.

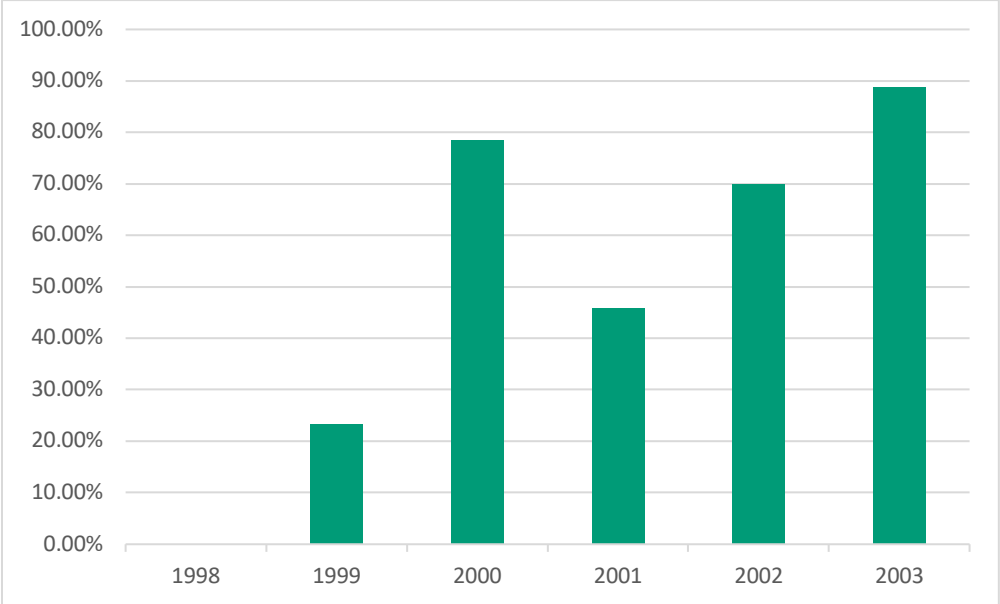
Prior to Phillip Morris John was an economist with the Port Authority of New York and New Jersey as well as for the City of New York.

METHODOLOGICAL APPENDIX

The most studied form of international smuggling for products legitimately sold at retail is the illicit trade in cigarettes. Spurred by what were then extraordinarily high excise taxes, and more stringent marketing restrictions in the late 1990s - the volume of contraband cigarettes exploded. In fact, based on research conducted by the General Accounting Office, in the early part the 2000s, when high taxes and minimal penalties began to encourage cigarette smuggling, seizures of cigarettes indicated that as many as 80 percent were counterfeit.[16]

Figure 2

Counterfeit Cigarettes as a Percent of Internationally Smuggled Cigarettes



Because of the profitability of the trade, by 2003, cigarettes accounted for about 44 percent of all illicit cargo seized by US customs agents, whereas today, watches and jewelry account for about 45 percent of the cargo seized. As is the case today, much of this was shipped by on-line retailers based in off-shore locations.

These figures suggest that the size of the counterfeit cigarette trade in the early part of the century can serve as a good proxy, at least when it comes to the larger IPR smuggling categories. And this market was substantial. Based on a number of studies by academics on both sides of the cigarette debate, the size of the overall tobacco market supplied by internationally smuggled products ranges fairly widely, but generally falls in the neighborhood of at least 10 percent.[17]

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16 *CIGARETTE SMUGGLING Federal Law Enforcement Efforts and Seizures Increasing*, General Accounting Office, GAO-04-641, May 2004, at: https://www.gao.gov/assets/gao-04-641.pdf

17 See for example: von Lampe, Klaus, *The cigarette black market in Germany and in the United Kingdom*, Journal of Financial Crime, Vol. 13, No. 2, April 2006, at: www.emeraldinsight.com/1359-0790.htm. This paper reports that international smuggling accounts for between 15 and 21 percent of the market in the UK and 9.5 percent in Germany; Levinson, Bruce, *An Inquiry into the Nature, Causes and Impacts of Contraband Cigarettes*, Center for Regulatory Effectiveness, January 2011, which reports

The literature on international cigarette smuggling can be a good model to use to determine the volume of IPR related smuggling, since a large portion of this product is indeed counterfeit. The model uses a bounded Monte Carlo simulation analysis.

Monte Carlo simulation is a probability simulation used to estimate the possible outcomes of an uncertain event. In this case, the model is used to estimate the average amount of contraband cargo for each of the product categories imported from China.

The technique was invented during World War II to improve decision making under uncertain conditions and uses a probability simulation similar to a game of roulette – thus the name. Monte Carlo simulation predicts a set of outcomes based on a set of fixed input values and a given probability distribution. In this case, the model uses a normal probability distribution and a mean value of 10 percent (from the tobacco literature) and a standard deviation of 0.273, which is the measure of the amount of variation in the percentage of imports by HS code from China. In effect, the model is based on a simulation of smuggling values representing the range of legitimate imports from China and an average smuggling rate of 10 percent.

The Monte Carlo Simulation builds a model of possible results using the probability distribution, by recalculating the results over and over, each time using a different set of random numbers between the minimum and maximum values. In this case, the minimum value is the amount of contraband intercepted by US Customs in 2019, and the upper value is unbounded. The model is run 250 times, and the average mean percent of those 250 simulations is used in this model.

The model uses data from the US Customs service to measure overall imports in 2019 by commodity, for a total of 20,074 commodity types. The same data are used to estimate imports from China and its dependent territories of Hong Kong and Macau.[18]

For HS 9999950000 (Estimated Imports Of Low Valued Transactions), the percentage of low-value transactions from the customs smuggling data (0.7 percent by value) was split across categories and added back into the overall import data. So too was the intercepted contraband data. This provides an estimate of overall imports into the US of all products both legitimate and illegitimate. This was the baseline dataset that the Monte Carlo simulation was run with.

In this case, the model predicts that the overall value of smuggled counterfeit imports was approximately $46.1 billion. From this, about $612.5 million was removed because they were products classified as returns of US goods, or other non-commercial categories. This brought the total estimate of smuggled products to $45,534.2 million of which the customs service intercepted $1,230.9 million, or about 2.7 percent. The vast share of these imports would be from China.

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that the smuggled share of the Brazilian cigarette market reached 20 percent, Joossens, Luk and Martin Raw, *From cigarette smuggling to illicit tobacco trade*, Tobacco Control, February 2012, at: https://tobaccocontrol.bmj.com/content/tobaccocontrol/21/2/230.full.pdf, which suggests that updated estimates of the illicit cigarette trade from 84 countries around the world showed that 11.6% of cigarette consumption in these countries is illicit, 16.8% in low-income countries, 11.8% in middle-income countries, 12.7% in low-income and middle-income countries combined and 9.8% in high-income countries.

[18] *Margins After Redefinitions: 2007 Detail*, Industry Economic Accounts Directorate, Bureau of Economic Analysis (BEA), U.S. Department of Commerce.

The estimated illegitimate import data were linked to wholesale and retail margin data from the US Department of Commerce, Bureau of Economic Analysis. These data provide the markups that bring the import price of each product to both the wholesale and retail prices. This allows for a calculation of the value added domestically at each stage that is lost because the products are not going through normal retail channels. These value-added estimates are used to calculate the economic impacts of smuggled products on US wholesalers and retailers using the IMPLAN model.

IMPLAN Model

The analysis utilizes the IMPLAN model to calculate economic impacts.[19] The model adopts an accounting framework through which the relationships between different inputs and outputs across industries and sectors are computed. This model can show the impact of a given economic decision – such as a retailer opening – on a pre-defined, geographic region. It is based on the national income accounts generated by the US Department of Commerce, Bureau of Economic Analysis (BEA).[20]

The IMPLAN model is designed to run based on the input of specific direct economic factors. It uses a detailed methodology (see IMPLAN Methodology section) to generate estimates of the other direct impacts, tax impacts and supplier and induced impacts based on these entries. In the case of this model, estimated changes in the estimated retail sales price of contraband products is a starting point for the analysis.

Once the changes in sales have been established, they are entered into a model linked to the IMPLAN database. The IMPLAN data are used to generate estimates of employment direct wages and output. Wages are derived from the U.S. Department of Labor's ES-202 reports. IMPLAN uses this data to provide annual average wage and salary, establishment counts, employment counts, and payrolls at the county level. Since this data only covers payroll employees, it is modified to add information on independent workers, agricultural employees, construction workers, and certain government employees. Data are then adjusted to account for counties where non-disclosure rules apply. Wage data include not only cash wages, but health and life insurance payments, retirement payments and other non-cash compensation. In short, it includes all income paid to workers by employers.

Total output is the value of production by industry in a given state. It is estimated by IMPLAN from sources similar to those used by the Bureau of Economic Analysis (BEA) in its RIMS II series. Where no Census or government surveys are available, IMPLAN uses models such as the Bureau of Labor Statistics' growth model to estimate the missing output.

The model also includes information on income received by the federal, state and local governments and produces estimates for the following taxes at the federal level: corporate income; payroll, personal income, estate and gift, customs duties; and fines, fees, etc. State and local tax revenues include estimates of:

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[19] The model uses 2018 input/output accounts.

[20] The IMPLAN model is based on a series of national input-output accounts known as RIMS II. These data are developed and maintained by the U.S. Department of Commerce, Bureau of Economic Analysis as a policy and economic decision analysis tool.

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corporate profits, property, sales, severance, estate and gift and personal income taxes; licenses and fees and certain payroll taxes.

IMPLAN Methodology[21]

Input-output analysis, for which Wassily Leontief received the 1973 Nobel Prize in Economics for, is an econometric technique used to examine the relationships within an economy. It captures all monetary market transactions for consumption in a given period and for a specific geography. The IMPLAN model uses data from many different sources – as published government data series, unpublished data, sets of relationships, ratios, or as estimates. IMPLAN gathers this data, converts them into a consistent format, and estimates the missing components.

There are three different levels of data generally available in the United States: federal, state, and county. Most of the detailed data are available at the county level, but there are many issues with disclosure, especially in the case of smaller industries. IMPLAN overcomes these disclosure problems by combining a large number of datasets and estimating variables that are not found in the merged data. The data are then converted into national input-output matrices (Use, Make, By-products, Absorption, and Market Shares) as well as national tables for deflators, regional purchase coefficients, and margins.

The IMPLAN Make matrix represents the production of commodities by industry. The Bureau of Economic Analysis (BEA) Benchmark I/O Study of the US Make Table forms the bases of the IMPLAN model. The Benchmark Make Table is updated to current year prices and rearranged into the IMPLAN sector format. The IMPLAN Use matrix is based on estimates of final demand, value-added by sector, and total industry and commodity output data as provided by government statistics or estimated by IMPLAN. The BEA Benchmark Use table is then bridged to the IMPLAN sectors. Once the re-sectoring is complete, the Use tables can be updated based on the other data and model calculations of interstate and international trade.

In the IMPLAN model, as with any input-output framework, all expenditures are in terms of producer prices. This allocates all expenditures to the industries that produce goods and services. As a result, all data not received in producer prices are converted using margins derived from the BEA Input-Output model. Margins represent the difference between producer and consumer prices. As such, the margins for any good add up to one.

Deflators, which account for relative price changes during different time periods, are derived from the Bureau of Labor Statistics (BLS) Growth Model. The 224 sector BLS model is mapped to the 544 sectors of the IMPLAN model. Where data are missing, deflators from BEA's Survey of Current Businesses are used.

Finally, the Regional Purchase Coefficients (RPCs) – essential to the IMPLAN model – must be derived. IMPLAN is derived from a national model, which represents the "average" condition for a particular industry. Since national production functions do not necessarily represent particular regional differences, adjustments need to be made. Regional trade flows are estimated based on the Multi-Regional Input-

[21] This section is paraphrased from IMPLAN Professional: Users Guide, Analysis Guide, Data Guide, Version 2.0, MIG, Inc., June 2000.

Output Accounts, a cross-sectional database with consistent cross interstate trade flows developed in 1977. These data are updated and bridged to the 544 sector IMPLAN model.

Once the databases and matrices are created, they go through an extensive validation process. IMPLAN builds separate state and county models and evaluates them, checking to ensure that no ratios are outside of recognized bounds. The final datasets and matrices are not released until extensive testing takes place.

Appendix
Detail of all Estimated Illegitimate Imports 2020

Industry/Product	Illegitimate Imports	Wholesale Cost	Retail Cost
Printed circuit assembly (electronic assembly) manufacturing	$ 6,788,446,370	$ 2,930,859,162	$ 4,369,776,756
Telephone apparatus manufacturing	$ 3,838,501,673	$ 1,119,699,991	$ 1,509,552,606
Apparel accessories and other apparel manufacturing	$ 1,563,024,952	$ 556,673,289	$ 884,442,075
Gasket, packing, and sealing device manufacturing	$ 1,520,801,703	$ 661,492,117	$ 1,418,772,581
Sawmills	$ 1,345,429,047	$ 479,176,236	$ 761,314,819
Other communications equipment manufacturing	$ 1,278,541,938	$ 373,081,559	$ 495,379,647
Semiconductor and related device manufacturing	$ 1,118,366,652	$ 595,857,979	$ 1,345,192,102
Household laundry equipment manufacturing	$ 1,056,908,994	$ 292,227,241	$ 650,526,925
Rubber and plastics hoses and belting manufacturing	$ 1,034,964,317	$ 114,045,158	$ 150,270,891
Rope, cordage, twine, tire cord and tire fabric mills	$ 787,949,724	$ 323,460,951	$ 554,879,284
Synthetic rubber manufacturing	$ 681,573,354	$ 118,775,611	$ 235,052,448
Wood preservation	$ 659,815,628	$ 174,701,020	$ 269,969,439
Household refrigerator and home freezer manufacturing	$ 658,256,763	$ 189,154,242	$ 412,528,583
Other aircraft parts and auxiliary equipment manufacturing	$ 622,294,826	$ 84,913,830	$ 106,226,764
Office supplies (except paper) manufacturing	$ 620,786,696	$ 357,566,372	$ 578,312,995
Lawn and garden equipment manufacturing	$ 619,792,428	$ 127,303,234	$ 245,601,786
Office furniture, except wood, manufacturing	$ 571,878,265	$ 118,562,675	$ 276,546,864
Sign manufacturing	$ 571,171,845	$ 230,416,705	$ 491,583,357
Other cut and sew apparel manufacturing	$ 569,791,383	$ 202,931,913	$ 322,418,060
Heavy duty truck manufacturing	$ 461,899,543	$ 132,271,233	$ 178,463,573
Institutional furniture manufacturing	$ 370,895,568	$ 99,770,948	$ 221,438,797
Ball and roller bearing manufacturing	$ 358,461,471	$ 72,980,180	$ 101,690,901
Special tool, die, jig, and fixture manufacturing	$ 352,923,469	$ 116,277,766	$ 170,344,856
Printing machinery and equipment manufacturing	$ 352,325,522	$ 62,469,064	$ 87,368,081
Other apparel knitting mills	$ 351,407,665	$ 38,721,461	$ 73,553,608
Search, detection, and navigation instruments manufacturing	$ 340,804,265	$ 47,952,359	$ 65,887,161
Industrial process furnace and oven manufacturing	$ 339,978,357	$ 60,951,654	$ 84,580,057
Other major household appliance manufacturing	$ 316,579,085	$ 87,527,022	$ 118,910,696
Petroleum refineries	$ 306,228,776	$ 33,490,188	$ 55,221,063
Machine shops	$ 283,466,010	$ 108,639,147	$ 165,027,891
Other motor vehicle parts manufacturing	$ 282,658,043	$ 38,544,167	$ 48,079,575
Prefabricated metal buildings and components manufacturing	$ 281,469,096	$ 115,646,873	$ 178,675,956
Storage battery manufacturing	$ 279,050,693	$ 78,270,316	$ 105,577,776
Footwear manufacturing	$ 276,237,820	$ 98,382,445	$ 156,309,949
Lighting fixture manufacturing	$ 275,092,801	$ 80,280,849	$ 108,317,387
Computer terminals and other computer peripheral equipment manufacturing	$ 273,072,137	$ 56,205,724	$ 83,123,205
Dental laboratories	$ 271,125,276	$ 95,689,488	$ 134,256,356
Electronic connector manufacturing	$ 256,455,845	$ 35,422,288	$ 49,551,993
Biological product (except diagnostic) manufacturing	$ 247,024,930	$ 99,811,333	$ 148,111,793
Custom architectural woodwork and millwork	$ 245,868,146	$ 50,973,759	$ 118,896,047
Flat glass manufacturing	$ 240,974,918	$ 115,211,532	$ 247,368,416
Household cooking appliance manufacturing	$ 240,716,871	$ 69,122,729	$ 92,814,270
Automatic environmental control manufacturing	$ 238,028,784	$ 32,876,904	$ 45,991,337
Other communication and energy wire manufacturing	$ 222,824,794	$ 43,422,991	$ 55,142,213
Rolled steel shape manufacturing	$ 218,048,842	$ 20,901,055	$ 29,782,759
Custom compounding of purchased resins	$ 206,789,271	$ 101,473,642	$ 161,927,503
Sporting and athletic goods manufacturing	$ 197,696,075	$ 46,169,040	$ 60,035,431
Fabricated structural metal manufacturing	$ 195,165,711	$ 80,187,504	$ 123,890,759
Motor vehicle metal stamping	$ 185,470,035	$ 25,615,379	$ 32,122,030

Industry/Product	Illegitimate Imports	Wholesale Cost	Retail Cost
Primary battery manufacturing	$ 185,177,107	$ 46,294,277	$ 57,867,846
Surgical and medical instrument manufacturing	$ 182,983,294	$ 37,915,457	$ 88,444,281
All other miscellaneous electrical equipment and component manufacturing	$ 167,767,484	$ 23,172,304	$ 32,415,621
Commercial fishing	$ 158,129,048	$ 12,939,629	$ 17,574,023
Oil and gas field machinery and equipment manufacturing	$ 157,039,825	$ 58,171,765	$ 87,339,755
Elevator and moving stairway manufacturing	$ 145,505,739	$ 26,259,912	$ 36,375,161
Cut and sew apparel contractors	$ 144,001,132	$ 51,286,183	$ 81,483,446
Motor vehicle body manufacturing	$ 143,825,208	$ 34,817,321	$ 50,997,554
Automobile manufacturing	$ 142,118,534	$ 19,629,632	$ 27,459,794
Wood kitchen cabinet and countertop manufacturing	$ 141,498,854	$ 29,190,946	$ 38,095,261
Other rubber product manufacturing	$ 133,848,747	$ 26,619,380	$ 36,199,157
Ophthalmic goods manufacturing	$ 126,638,468	$ 44,506,998	$ 62,507,960
Other commercial service industry machinery manufacturing	$ 126,583,460	$ 26,851,037	$ 38,126,148
Air and gas compressor manufacturing	$ 125,699,822	$ 35,257,267	$ 47,558,053
Mining machinery and equipment manufacturing	$ 122,911,184	$ 45,529,600	$ 68,358,664
Audio and video equipment manufacturing	$ 121,861,140	$ 32,552,392	$ 43,146,958
Metal coating and nonprecious engraving	$ 120,456,985	$ 46,132,462	$ 69,309,935
Conveyor and conveying equipment manufacturing	$ 119,668,223	$ 21,596,928	$ 29,916,008
Heating equipment (except warm air furnaces) manufacturing	$ 117,906,047	$ 29,242,762	$ 42,179,332
Explosives manufacturing	$ 117,652,955	$ 46,633,771	$ 69,220,575
Fiber optic cable manufacturing	$ 115,087,944	$ 32,280,765	$ 43,543,089
Plastics pipe and pipe fitting manufacturing	$ 113,315,800	$ 12,486,535	$ 16,452,805
Ready-mix concrete manufacturing	$ 112,461,168	$ 40,255,087	$ 82,064,057
Other textile product mills	$ 110,756,421	$ 64,103,950	$ 114,127,840
Power, distribution, and specialty transformer manufacturing	$ 106,455,880	$ 29,442,222	$ 40,221,367
Ammunition, except for small arms, manufacturing	$ 105,754,361	$ 40,530,657	$ 61,567,943
Air conditioning, refrigeration, and warm air heating equipment manufacturing	$ 100,646,401	$ 37,550,815	$ 56,086,335
Analytical laboratory instrument manufacturing	$ 100,577,730	$ 50,461,087	$ 78,557,183
Glass product manufacturing made of purchased glass	$ 100,265,031	$ 35,889,522	$ 73,164,412
Other electronic component manufacturing	$ 98,983,340	$ 28,345,229	$ 38,244,074
Leather and hide tanning and finishing	$ 98,755,991	$ 35,172,070	$ 55,881,356
Musical instrument manufacturing	$ 97,813,301	$ 10,746,869	$ 32,120,118
Paper mills	$ 94,337,692	$ 17,656,915	$ 29,885,037
Construction machinery manufacturing	$ 88,817,515	$ 32,900,391	$ 49,397,024
Totalizing fluid meter and counting device manufacturing	$ 88,654,963	$ 30,030,111	$ 60,089,638
Plastics material and resin manufacturing	$ 86,954,523	$ 6,441,076	$ 19,084,669
Small arms ammunition manufacturing	$ 84,473,528	$ 17,198,203	$ 23,964,052
Motor vehicle steering, suspension component (except spring), and brake systems manufacturing	$ 82,227,314	$ 11,202,752	$ 14,037,580
Printing	$ 81,387,796	$ 8,901,790	$ 14,703,850
Motor vehicle seating and interior trim manufacturing	$ 81,309,982	$ 11,055,543	$ 13,817,432
Electric lamp bulb and part manufacturing	$ 79,317,199	$ 39,794,417	$ 61,951,445
Spring and wire product manufacturing	$ 77,521,603	$ 7,402,225	$ 10,358,093
Turned product and screw, nut, and bolt manufacturing	$ 76,608,765	$ 10,152,969	$ 13,878,319
Brick, tile, and other structural clay product manufacturing	$ 75,501,714	$ 18,843,273	$ 25,594,886
Sanitary paper product manufacturing	$ 75,413,520	$ 8,309,994	$ 10,949,611
Other household nonupholstered furniture manufacturing	$ 74,955,760	$ 20,163,108	$ 44,751,447
Capacitor, resistor, coil, transformer, and other inductor manufacturing	$ 73,798,110	$ 10,383,654	$ 14,267,274
Pottery, ceramics, and plumbing fixture manufacturing	$ 69,436,795	$ 14,174,025	$ 18,884,941
All other industrial machinery manufacturing	$ 69,085,576	$ 12,249,216	$ 17,131,527
Industrial process variable instruments manufacturing	$ 67,961,041	$ 23,999,444	$ 33,672,301
Nonwoven fabric mills	$ 67,676,547	$ 9,401,256	$ 15,650,694

Industry/Product	Illegitimate Imports	Wholesale Cost	Retail Cost
Stationery product manufacturing	$ 67,168,118	$ 7,400,559	$ 12,296,758
Photographic and photocopying equipment manufacturing	$ 66,354,133	$ 11,449,514	$ 16,038,798
Packaging machinery manufacturing	$ 64,436,986	$ 2,872,283	$ 3,746,577
Watch, clock, and other measuring and controlling device manufacturing	$ 64,197,800	$ 32,208,828	$ 50,142,296
Bare printed circuit board manufacturing	$ 64,093,069	$ 9,379,474	$ 10,752,079
Other basic organic chemical manufacturing	$ 63,370,994	$ 8,536,140	$ 14,575,026
Support activities for printing	$ 62,408,815	$ 6,848,933	$ 11,720,844
Unlaminated plastics profile shape manufacturing	$ 62,268,631	$ 20,828,677	$ 33,131,374
Dehydrated food products manufacturing	$ 60,882,286	$ 9,916,861	$ 13,813,392
Custom roll forming	$ 60,617,980	$ 12,341,385	$ 17,196,540
Crown and closure manufacturing and metal stamping	$ 59,627,131	$ 12,139,655	$ 16,915,449
Other engine equipment manufacturing	$ 59,482,969	$ 8,098,500	$ 10,122,738
Burial casket manufacturing	$ 58,915,073	$ 29,729,089	$ 63,916,785
Cutting tool and machine tool accessory manufacturing	$ 58,737,756	$ 10,152,205	$ 13,894,376
Aircraft manufacturing	$ 58,171,970	$ 8,310,281	$ 9,497,464
Wood windows and door manufacturing	$ 58,076,523	$ 10,870,016	$ 18,397,939
Industrial mold manufacturing	$ 55,113,861	$ 18,174,398	$ 26,696,662
Mens and boys cut and sew apparel manufacturing	$ 54,464,622	$ 19,397,643	$ 30,818,960
Wood office furniture manufacturing	$ 53,706,278	$ 10,864,427	$ 25,500,992
Mineral wool manufacturing	$ 53,629,081	$ 7,045,057	$ 17,448,176
Switchgear and switchboard apparatus manufacturing	$ 53,310,059	$ 14,754,122	$ 20,073,918
Dental equipment and supplies manufacturing	$ 51,961,942	$ 21,330,877	$ 36,591,935
Nonferrous metal (exc aluminum) smelting and refining	$ 50,364,633	$ 4,316,969	$ 6,413,782
Metal window and door manufacturing	$ 49,571,596	$ 4,664,741	$ 6,691,639
Railroad rolling stock manufacturing	$ 49,522,776	$ 2,153,164	$ 2,743,644
Secondary smelting and alloying of aluminum	$ 48,741,232	$ 4,672,087	$ 6,657,446
Artificial and synthetic fibers and filaments manufacturing	$ 48,568,695	$ 5,351,899	$ 7,051,896
Propulsion units and parts for space vehicles and guided missiles manufacturing	$ 48,556,918	$ 2,111,170	$ 2,690,134
Welding and soldering equipment manufacturing	$ 48,493,189	$ 8,598,083	$ 12,025,120
Blank magnetic and optical recording media manufacturing	$ 48,406,072	$ 24,285,923	$ 37,808,018
Turbine and turbine generator set units manufacturing	$ 47,770,146	$ 8,469,884	$ 11,845,824
Pump and pumping equipment manufacturing	$ 46,867,145	$ 6,380,878	$ 7,975,793
Textile bag and canvas mills	$ 46,209,370	$ 22,079,820	$ 36,976,296
Other pressed and blown glass and glassware manufacturing	$ 45,994,989	$ 21,990,476	$ 47,215,319
Reconstituted wood product manufacturing	$ 44,531,053	$ 8,334,749	$ 14,106,898
Rolling mill and other metalworking machinery manufacturing	$ 43,630,978	$ 7,541,157	$ 10,320,878
Ground or treated mineral and earth manufacturing	$ 41,939,623	$ 8,530,093	$ 18,639,832
Metal barrels, drums and pails manufacturing	$ 41,843,293	$ 3,953,697	$ 5,525,836
Mechanical power transmission equipment manufacturing	$ 41,393,393	$ 11,610,342	$ 15,661,034
Air purification and ventilation equipment manufacturing	$ 40,972,345	$ 78,013,001	$ 231,888,988
Cement manufacturing	$ 40,601,136	$ 14,533,037	$ 29,627,062
Bread and bakery product, except frozen, manufacturing	$ 40,213,536	$ 3,290,656	$ 4,469,221
Broadcast and wireless communications equipment manufacturing	$ 39,176,366	$ 11,432,913	$ 15,425,637
Nonupholstered wood household furniture manufacturing	$ 38,987,679	$ 1,737,878	$ 2,266,871
Electromedical and electrotherapeutic apparatus manufacturing	$ 38,769,203	$ 11,102,090	$ 14,979,211
Broom, brush, and mop manufacturing	$ 38,072,127	$ 9,501,817	$ 12,906,353
Veneer and plywood manufacturing	$ 38,060,712	$ 7,123,714	$ 12,057,172
Paint and coating manufacturing	$ 36,977,704	$ 14,940,978	$ 22,171,180
Tire manufacturing	$ 35,933,824	$ 12,862,389	$ 26,221,277
Motor vehicle transmission and power train parts manufacturing	$ 35,802,573	$ 1,501,030	$ 1,984,570
Wiring device manufacturing	$ 35,359,925	$ 10,165,548	$ 13,674,833

Industry/Product	Illegitimate Imports	Wholesale Cost	Retail Cost
Fabric coating mills	$ 33,111,746	$ 19,164,521	$ 34,119,666
Computer storage device manufacturing	$ 33,105,732	$ 5,869,811	$ 8,209,409
Motor and generator manufacturing	$ 32,096,434	$ 8,878,472	$ 12,004,985
Phosphatic fertilizer manufacturing	$ 31,908,201	$ 3,516,040	$ 4,632,888
Electronic computer manufacturing	$ 31,864,503	$ 5,724,809	$ 7,951,388
Motor vehicle gasoline engine and engine parts manufacturing	$ 30,148,153	$ 1,263,968	$ 1,671,140
Hosiery and sock mills	$ 30,114,347	$ 3,903,712	$ 6,229,931
Gypsum product manufacturing	$ 29,979,259	$ 4,088,081	$ 10,406,024
Metal tank (heavy gauge) manufacturing	$ 29,809,611	$ 6,069,023	$ 8,456,602
Software and other prerecorded and record reproducing	$ 29,583,939	$ 10,447,134	$ 14,657,799
Surgical appliance and supplies manufacturing	$ 29,110,978	$ 6,035,332	$ 14,077,384
Glass container manufacturing	$ 28,278,550	$ 10,122,209	$ 20,635,145
Curtain and linen mills	$ 28,005,895	$ 3,766,875	$ 5,997,501
Metal cans manufacturing	$ 27,693,575	$ 9,132,259	$ 13,414,520
Electricity and signal testing instruments manufacturing	$ 27,265,866	$ 8,983,290	$ 13,160,361
Textile and fabric finishing mills	$ 27,075,452	$ 3,608,602	$ 5,755,585
Surface active agent manufacturing	$ 25,974,737	$ 2,636,626	$ 3,514,761
Forestry, forest products, and timber tract production	$ 25,847,313	$ 2,847,392	$ 6,065,171
Beet sugar manufacturing	$ 25,243,676	$ 4,051,118	$ 5,685,021
Nonferrous metal, except copper and aluminum, shaping	$ 25,024,546	$ 2,144,961	$ 3,186,799
Asphalt shingle and coating materials manufacturing	$ 24,581,594	$ 1,903,692	$ 4,154,405
Showcase, partition, shelving, and locker manufacturing	$ 23,421,081	$ 4,804,324	$ 11,168,706
Pharmaceutical preparation manufacturing	$ 22,663,763	$ 10,195,284	$ 15,632,383
Ferrous metal foundries	$ 21,998,937	$ 1,885,623	$ 2,801,497
Semiconductor machinery manufacturing	$ 21,922,747	$ 3,887,012	$ 5,436,303
Knit fabric mills	$ 21,297,099	$ 12,326,402	$ 21,945,381
Motorcycle, bicycle, and parts manufacturing	$ 21,196,070	$ 944,816	$ 1,232,409
Bottled and canned soft drinks & water	$ 21,041,116	$ 3,427,362	$ 4,649,064
Ornamental and architectural metal work manufacturing	$ 20,443,616	$ 4,162,173	$ 5,799,591
Optical instrument and lens manufacturing	$ 20,339,253	$ 3,606,251	$ 5,043,636
Relay and industrial control manufacturing	$ 20,311,887	$ 5,077,972	$ 6,347,465
Miscellaneous nonmetallic mineral products manufacturing	$ 20,289,498	$ 9,700,529	$ 20,827,814
Blind and shade manufacturing	$ 20,086,834	$ 5,403,360	$ 11,992,606
Nitrogenous fertilizer manufacturing	$ 19,108,502	$ 2,105,611	$ 2,774,445
Manufactured home (mobile home) manufacturing	$ 18,991,849	$ 3,554,650	$ 6,016,387
Light truck and utility vehicle manufacturing	$ 18,227,262	$ 5,219,625	$ 7,042,445
Cut stock, resawing lumber, and planing	$ 17,816,495	$ 3,334,662	$ 5,644,049
Animal production, except cattle and poultry and eggs	$ 16,477,928	$ 1,176,389	$ 1,736,868
Flour milling	$ 16,148,052	$ 2,629,001	$ 3,567,387
Jewelry and silverware manufacturing	$ 15,874,121	$ 5,578,948	$ 7,835,367
All other converted paper product manufacturing	$ 15,838,224	$ 1,737,113	$ 2,944,176
Sawmill, woodworking, and paper machinery	$ 15,467,696	$ 2,742,499	$ 3,835,609
Machine tool manufacturing	$ 15,411,449	$ 2,663,707	$ 3,645,568
Fluid power cylinder and actuator manufacturing	$ 15,065,186	$ 7,602,032	$ 16,344,175
Vegetable and melon farming	$ 14,927,553	$ 4,813,178	$ 8,924,808
Polystyrene foam product manufacturing	$ 14,349,612	$ 1,581,218	$ 2,083,481
Breakfast cereal manufacturing	$ 14,173,890	$ 2,308,547	$ 3,275,929
Canned fruits and vegetables manufacturing	$ 14,096,985	$ 2,296,501	$ 3,202,105
Fasteners, buttons, needles, and pins manufacturing	$ 14,000,203	$ 4,023,047	$ 8,773,907
Power-driven handtool manufacturing	$ 13,757,535	$ 613,243	$ 799,908
Fluid power pump and motor manufacturing	$ 13,750,111	$ 2,437,963	$ 3,409,690
Industrial truck, trailer, and stacker manufacturing	$ 13,152,212	$ 586,261	$ 764,713
Other fabricated metal manufacturing	$ 12,887,559	$ 5,112,949	$ 7,774,168
Carbon and graphite product manufacturing	$ 12,250,133	$ 4,384,893	$ 8,939,046
Mayonnaise, dressing, and sauce manufacturing	$ 12,141,101	$ 1,978,510	$ 2,647,731
Handtool manufacturing	$ 12,067,763	$ 2,468,979	$ 3,444,536

Industry/Product	Illegitimate Imports	Wholesale Cost	Retail Cost
Printing ink manufacturing	$ 11,966,283	$ 5,871,979	$ 9,370,265
Confectionery manufacturing from purchased chocolate	$ 11,920,339	$ 1,703,799	$ 2,284,444
Iron, steel pipe and tube manufacturing from purchased steel	$ 11,122,124	$ 417,080	$ 7,345,429
Other millwork, including flooring	$ 11,029,186	$ 2,064,301	$ 3,493,912
Dry, condensed, and evaporated dairy product manufacturing	$ 10,850,472	$ 1,767,388	$ 2,461,830
Food product machinery manufacturing	$ 10,840,416	$ 1,922,060	$ 2,688,157
All other crop farming	$ 10,591,817	$ 3,410,239	$ 6,324,125
Manufactured ice	$ 10,209,574	$ 1,564,808	$ 2,195,588
All other food manufacturing	$ 9,659,933	$ 1,573,495	$ 2,134,376
Polish and other sanitation good manufacturing	$ 9,029,646	$ 720,407	$ 1,049,497
Secondary processing of other nonferrous metals	$ 8,800,758	$ 754,351	$ 1,120,750
Rendering and meat byproduct processing	$ 8,438,593	$ 3,566,997	$ 5,618,248
Nonferrous metal foundries	$ 8,411,298	$ 315,424	$ 5,555,107
Tree nut farming	$ 8,335,891	$ 2,382,416	$ 4,272,779
Prefabricated wood building manufacturing	$ 7,967,465	$ 1,491,248	$ 2,523,996
Irradiation apparatus manufacturing	$ 7,915,839	$ 3,971,474	$ 6,182,740
Narrow fabric mills and schiffli machine embroidery	$ 7,860,605	$ 1,018,967	$ 1,626,169
Iron and steel mills and ferroalloy manufacturing	$ 7,724,714	$ 2,765,035	$ 5,636,803
All other miscellaneous manufacturing	$ 7,235,708	$ 3,651,205	$ 7,849,997
Aluminum sheet, plate, and foil manufacturing	$ 7,042,747	$ 603,664	$ 896,872
Drilling oil and gas wells	$ 6,603,486	$ 309,538	$ 4,348,047
Doll, toy, and game manufacturing	$ 6,423,645	$ 2,267,127	$ 3,180,873
Animal, except poultry, slaughtering	$ 6,156,704	$ 561,292	$ 765,918
Greenhouse, nursery, and floriculture production	$ 6,104,286	$ 876,547	$ 1,743,027
Scales, balances, and miscellaneous general purpose machinery manufacturing	$ 6,076,192	$ 2,003,691	$ 2,943,253
Pulp mills	$ 5,305,671	$ 222,441	$ 294,098
Speed changer, industrial high-speed drive, and gear manufacturing	$ 5,246,153	$ 502,870	$ 716,559
All other transportation equipment manufacturing	$ 5,172,980	$ 211,168	$ 274,932
Fiber, yarn, and thread mills	$ 5,156,957	$ 2,326,946	$ 3,685,230
Concrete block and brick manufacturing	$ 5,153,572	$ 702,760	$ 1,788,843
Roasted nuts and peanut butter manufacturing	$ 4,777,010	$ 778,202	$ 1,036,455
Cookie and cracker manufacturing	$ 4,473,872	$ 728,819	$ 970,540
Laminated plastics plate, sheet (except packaging), and shape manufacturing	$ 4,471,119	$ 492,683	$ 649,181
Copper rolling, drawing, extruding and alloying	$ 4,413,782	$ 378,324	$ 562,082
Rice milling	$ 4,384,732	$ 713,861	$ 968,664
In-vitro diagnostic substance manufacturing	$ 4,197,708	$ 1,696,099	$ 2,516,872
Ice cream and frozen dessert manufacturing	$ 4,013,242	$ 653,698	$ 929,293
Soap and other detergent manufacturing	$ 3,982,268	$ 683,043	$ 941,337
Fruit farming	$ 3,738,782	$ 1,205,517	$ 2,235,324
Malt manufacturing	$ 3,537,674	$ 576,643	$ 962,296
Frozen fruits, juices and vegetables manufacturing	$ 3,434,659	$ 490,923	$ 658,227
Small electrical appliance manufacturing	$ 3,385,426	$ 987,662	$ 1,332,740
Paperboard container manufacturing	$ 3,359,511	$ 370,183	$ 703,184
Fats and oils refining and blending	$ 3,282,020	$ 534,596	$ 760,817
Toilet preparation manufacturing	$ 3,121,250	$ 1,531,630	$ 2,444,113
Phosphate rock mining	$ 3,113,671	$ 145,953	$ 2,050,188
Broadwoven fabric mills	$ 3,031,579	$ 1,470,063	$ 2,258,273
Hardware manufacturing	$ 3,020,228	$ 285,376	$ 398,852
Pesticide and other agricultural chemical manufacturing	$ 3,016,974	$ 1,358,852	$ 2,287,045
Aircraft engine and engine parts manufacturing	$ 2,919,665	$ 706,939	$ 1,035,506
Paper bag and coated and treated paper manufacturing	$ 2,890,972	$ 318,526	$ 529,263
Wood container and pallet manufacturing	$ 2,730,007	$ 510,968	$ 864,833
Canned specialties	$ 2,681,739	$ 436,871	$ 581,881
Wet corn milling	$ 2,532,769	$ 30,166	$ 472,718
Support activities for oil and gas operations	$ 2,311,056	$ 108,331	$ 1,521,709
Grain farming	$ 2,302,584	$ 27,424	$ 429,756

Industry/Product	Illegitimate Imports	Wholesale Cost	Retail Cost
Coffee and tea manufacturing	$ 2,142,028	$ 305,232	$ 399,718
Motor home manufacturing	$ 2,045,321	$ 91,170	$ 118,922
Adhesive manufacturing	$ 2,015,230	$ 814,261	$ 1,208,296
Overhead cranes, hoists, and monorail systems manufacturing	$ 1,969,791	$ 355,495	$ 492,431
Iron and steel forging	$ 1,777,338	$ 361,853	$ 504,208
Oilseed farming	$ 1,751,747	$ 20,864	$ 326,947
Other leather and allied product manufacturing	$ 1,591,360	$ 565,189	$ 896,040
Sand and gravel mining	$ 1,568,112	$ 180,936	$ 278,363
Plastics packaging materials and unlaminated film and sheet manufacturing	$ 1,566,812	$ 1,995,406	$ 5,459,039
Small arms, ordnance, and accessories manufacturing	$ 1,553,870	$ 616,475	$ 937,342
Other clay, ceramic, refractory minerals mining	$ 1,486,922	$ 69,699	$ 979,059
Military armored vehicle, tank, and tank component manufacturing	$ 1,348,372	$ 55,043	$ 71,663
Fertilizer mixing	$ 1,291,332	$ 581,618	$ 978,906
Tortilla manufacturing	$ 1,285,363	$ 209,396	$ 275,464
Photographic film and chemical manufacturing	$ 1,260,813	$ 618,694	$ 987,286
Dry pasta, mixes, and dough manufacturing	$ 1,258,522	$ 205,023	$ 269,712
Distilleries	$ 1,105,216	$ 528,800	$ 852,616
Alumina refining and primary aluminum production	$ 1,059,392	$ 101,548	$ 144,700
Meat processed from carcasses	$ 1,017,876	$ 92,797	$ 126,628
Synthetic dye and pigment manufacturing	$ 1,007,546	$ 78,028	$ 170,280
Power boiler and heat exchanger manufacturing	$ 976,390	$ 198,786	$ 276,989
Other basic inorganic chemical manufacturing	$ 858,911	$ 64,418	$ 268,410
Nonchocolate confectionery manufacturing	$ 697,268	$ 99,662	$ 133,626
Potash, soda, and borate mineral mining	$ 634,801	$ 29,756	$ 417,983
Other aluminum rolling, drawing and extruding	$ 631,714	$ 54,147	$ 80,447
Sugar cane mills and refining	$ 547,905	$ 89,240	$ 119,518
Flavoring syrup and concentrate manufacturing	$ 497,302	$ 70,864	$ 92,800
Copper, nickel, lead, and zinc mining	$ 461,345	$ 12,815	$ 284,158
Paperboard mills	$ 452,578	$ 49,633	$ 87,120
All other miscellaneous wood product manufacturing	$ 405,523	$ 17,002	$ 22,479
Commercial logging	$ 392,831	$ 73,525	$ 124,444
Asphalt paving mixture and block manufacturing	$ 342,530	$ 38,252	$ 62,819
Breweries	$ 329,990	$ 55,615	$ 73,371
Tobacco product manufacturing	$ 323,305	$ 209,248	$ 366,263
Cut stone and stone product manufacturing	$ 321,208	$ 45,887	$ 117,995
Boat building	$ 290,554	$ 12,633	$ 16,097
Seafood product preparation and packaging	$ 231,423	$ 18,937	$ 25,720
Cheese manufacturing	$ 229,086	$ 37,315	$ 52,847
Fabricated pipe and pipe fitting manufacturing	$ 197,345	$ 78,294	$ 119,045
Guided missile and space vehicle manufacturing	$ 193,654	$ 8,420	$ 10,729
Industrial gas manufacturing	$ 192,987	$ 14,946	$ 32,616
Other chemical and fertilizer mineral mining	$ 166,920	$ 7,824	$ 109,908
Travel trailer and camper manufacturing	$ 162,651	$ 39,383	$ 57,687
Mattress manufacturing	$ 156,220	$ 33,138	$ 77,465
Other nonmetallic minerals	$ 142,989	$ 6,703	$ 94,151
Truck trailer manufacturing	$ 116,169	$ 5,178	$ 6,754
Upholstered household furniture manufacturing	$ 106,961	$ 4,768	$ 6,219
Sheet metal work manufacturing	$ 105,276	$ 10,091	$ 14,379
All other petroleum and coal products manufacturing	$ 99,369	$ 7,696	$ 16,794
Beef cattle ranching and farming, including feedlots and dual-purpose ranching and farming	$ 94,197	$ 3,747	$ 12,437
Coal mining	$ 90,641	$ 20,681	$ 28,542
Steel wire drawing	$ 72,678	$ 6,967	$ 9,927
Chocolate and confectionery manufacturing from cacao beans	$ 60,359	$ 8,627	$ 11,567
Tobacco farming	$ 39,406	$ 4,341	$ 9,247
Petrochemical manufacturing	$ 32,866	$ 2,545	$ 5,555
Other concrete product manufacturing	$ 23,786	$ 3,244	$ 8,256
Frozen cakes and other pastries manufacturing	$ 22,869	$ 2,627	$ 3,467
Abrasive product manufacturing	$ 21,111	$ 3,016	$ 7,755
Fluid milk manufacturing	$ 14,618	$ 1,679	$ 2,216
Petroleum lubricating oil and grease manufacturing	$ 10,704	$ 829	$ 1,809
Other metal ore mining	$ 5,902	$ 681	$ 1,048
Wineries	$ 4,348	$ 733	$ 967
Cotton farming	$ 3,763	$ 415	$ 883
Poultry processing	$ 2,695	$ 454	$ 599
Sugarcane and sugar beet farming	$ 2,561	$ 282	$ 601
Oil and gas extraction	$ 1,484	$ 339	$ 467
Soybean and other oilseed processing	$ 391	$ 64	$ 106

EXHIBIT

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ALIBABA, AMAZON, AND COUNTERFEITING IN THE AGE OF THE INTERNET

Daniel C.K. Chow*

Abstract:

The advent of e-commerce marketplaces such as Alibaba and Amazon in the new millennium has led to the proliferation of the sale of counterfeit goods around the world through the Internet. Brand owners find that Internet counterfeiters operating in the digital world present even more challenges than those using only brick-and-mortar operations. Internet counterfeiters have unprecedented access to consumers. They use false identities and addresses and vanish into cyberspace at the first sign of trouble. Brand owners seeking help from Alibaba and Amazon to remove listings of counterfeits have become frustrated by their convoluted and labyrinthine notice and take-down procedures. Even when these procedures are used successfully, brand owners find that the process can take months only to have the counterfeiter reappear in short order using a new false identity. Many brand owners find that dealing with Alibaba and Amazon only adds to their misery and believe that both tolerate counterfeits as they earn revenue from all sales, including sales of counterfeit goods.

This Article sets forth for the first time how brand owners can use a set of currently available information technology tools to help create an effective deterrent to counterfeits on the Internet. Using these tools, brand owners can force counterfeiters to abandon the subterfuge and disguise that they rely on so that brand owners can—without the assistance of e-commerce platforms—directly pursue counterfeiters in civil and criminal actions in China where most of the counterfeiters are located and in the United States. The proposed approach should help deter counterfeiters who always work in secrecy and disguise by

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exposing them to what they fear and loathe the most: transparency and accountability for their illegal actions.

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I. INTRODUCTION

The advent of internet commerce (e-commerce) in the early 2000s coincided with the unprecedented and historic rise of counterfeiting in the People's Republic of China (PRC or China) that had begun in the 1990s.[1] Although sales of counterfeits through brick-and-mortar establishments had already gained a substantial share of the market in China by the early 2000s,[2] the rise of the Internet in the new millennium has allowed counterfeiters in China unparalleled access to consumers not just in China but also in the United States and worldwide by transcending the physical limitations inherent in the use of brick-and-mortar operations.[3] Recent studies show that counterfeits and infringing products have proliferated on the Internet and have reached levels of saturation that were unattainable by counterfeiters selling through brick-and-mortar distributors.[4] For example, Xinhua, China's official news agency stated that more than 40% of all goods sold online through Chinese e-commerce platforms in a recent year were "counterfeits or of bad quality."[5] Since Xinhua is controlled by the Communist Party of China (the Party) and would want to present China in the best light possible, the 40% figure might understate the severity of the problem. Most consumers in China believe that the likelihood of a product sold on the Internet is counterfeit is very high, and those who wish to buy genuine products avoid the use of the Internet altogether.[6] This 40% figure cited by Xinhua is double the estimated 15-20% rate of counterfeits sold in brick-and-mortar establishments in China.[7] In the United States, the U.S. General Accounting Office recently conducted a study and found that among a selection of 47 items belonging to four types of frequently counterfeited goods (i.e., sneakers, mugs, cosmetics, and phone chargers) purchased online, 27 were

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[1] *See* Daniel C.K. Chow, *Counterfeiting in the People's Republic of China*, 78 WASH. U.L Q. 1, 3 (2000).

[2] By the early 2000s, brand owners estimated that counterfeits comprised 15-20% of all goods sold on the market in China. *See id.* at 3 n.3 (citing Joseph T. Simone, *Countering Counterfeiters*, CHINA BUS. REV., Jan. 1, 1999, at 12).

[3] *See* U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-18-216, INTELLECTUAL PROPERTY: AGENCIES CAN IMPROVE EFFORTS TO ADDRESS RISKS POSED BY CHANGING COUNTERFEITS MARKET 11 (2018), https://www.gao.gov/assets/690/689713.pdf (discussing how the use of the internet allows counterfeiters to transcend limits of brick and mortar counterfeiting) [hereinafter GAO REPORT].

[4] *See infra* Parts II.A & II.B.

[5] *More than 40 Per Cent of China's Online Sales 'Counterfeits or Bad Quality',* TELEGRAPH (Nov. 3, 2015), https://www.telegraph.co.uk/news/worldnews/asia/china/11971401/More-than-40-per-cent-of-Chinas-online-sales-counterfeit-or-bad-quality html. Xinhua does not distinguish between counterfeits and products of poor quality; it is unclear whether Xinhua believes that these are two separate categories of goods or a single category as most counterfeits are of poor quality.

[6] This observation is based upon the author's own experience living and working in China and on discussions with colleagues and associates.

[7] *See* Chow, *supra* note 1, at 3 n.3.

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authentic and 20 were counterfeit.[8] After Seattle-based Amazon made efforts in 2015 to woo Chinese manufacturers to sell directly on its platform, complaints about counterfeits and infringing products sold on Amazon have risen sharply.[9]

Efforts by multinational companies (MNCs) that own trademarks (or brands), copyrights, and other intellectual property rights to stem the flow of counterfeits through the Internet have been largely unsuccessful, leading to anger and frustration.[10] Under current legal regimes, e-commerce platforms are in general not liable for counterfeits sold by third-party online vendors using the site;[11] liability lies with the vendor itself, but many brand owners argue that Internet commerce sites facilitate the sales of counterfeits.[12] E-commerce platforms earn revenues from sales, including sales of counterfeits.[13] Many brand owners argue that e-commerce platforms facilitate counterfeiting by allowing webpages or postings of counterfeit goods to remain on their sites despite the many protests of brand owners.[14] Some of these offending webpages are removed after brand owners suffer through a long and convoluted notice and takedown procedure only to reappear under a new false name and address in short order.[15] In China,

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[8] *See* GAO REPORT, *supra* note 3, at 15. The products were Nike Air Jordan shoes, Yeti travel mugs, Urban Decay cosmetics, and UL-certified phone chargers. *Id.*

[9] Wade Shepard, *How Amazon's Wooing of Chinese Sellers Is Killing Small American Businesses*, FORBES (Feb. 14, 2017), https://www forbes.com/sites/wadeshepard/2017/02/14/how-amazons-wooing-of-chinese-sellers-is-hurting-american-innovation/#13af78741df2.

[10] *See infra* Parts II.B & II.D.

[11] *See* Digital Millennium Copyright Act of 1998 (DMCA), 17 U.S.C. § 512 (Westlaw through Pub. L. No. 116-68) (creating a "safe harbor" from vicarious liability for ISPs that upon notification remove infringing material expeditiously). For cases holding that the ISP is not vicariously liable for the sale by third party vendors, s*ee generally Milo & Gabby, LLC v. Amazon.com, Inc.*, 2015 WL 4394673 (W.D. Wash. July 16, 2015); *Perfect 10, Inc. v. Amazon.com, Inc.*, 2009 WL 1334364 (C.D. Cal. May 12, 2009); *Hendrickson v. Amazon.com, Inc.*, 298 F. Supp. 2d 914 (C.D. Cal. 2003).

[12] *See infra* Parts II.B, II.D & II.E.

[13] *See* David Pierson, *Extra Inventory. More Sales. Lower Prices. How Counterfeits Benefit Amazon*, L.A. TIMES (Sept. 28, 2018), https://www.latimes.com/business/technology/la-fi-tn-amazon-counterfeits-20180928-story html ("Not only has [Amazon] avoided any serious backlash for allowing the sale of fake goods, it's actually thrived from it, say more than two dozen brand owners, e-commerce consultants, attorneys, investigators and public policy experts.").

[14] *See infra* Parts II.D & II.E.

[15] *See* Pierson, *supra* note 13 ("[I]f Amazon shutters one store for selling knockoffs, the owner often shifts operations to another."); Alana Semuels, *Amazon May Have a Counterfeit Problem*, THE ATLANTIC (Apr. 20, 2018), https://www.theatlantic.com/technology/archive/2018/04/amazon-may-have-a-counterfeit-problem/558482/ ("'These problems come up once a week.'"). *Cf.* Jeff Bercovici, *Huge Counterfeiting Problem. This "Shark Tank" Company Is Fighting Back*, INC.COM (Apr. 2019), https://www.inc.com/magazine/201904/jeff-bercovici/amazon-fake-copycat-knockoff-products-small-business html ("A recent Pointer report noted that Amazon in among the least responsive of all e-commerce platforms to takedown

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MNCs have waged a decades-long struggle against Alibaba to stem the sale of counterfeits with few tangible results.[16] Although Alibaba claims to have made many serious efforts in combatting the sale of counterfeit goods, many brand owners remain frustrated and dissatisfied.[17] As in the case of Alibaba, brand owners in the United States are frustrated with what they perceive to be Amazon's half-hearted efforts to battle the flow of counterfeits.[18] This Article examines counterfeiting on the Internet with a focus on Alibaba and Amazon, the largest e-commerce platforms in China and the United States respectively and in the world.[19] The lessons learned can be immediately applied to other e-commerce platforms.

This Article focuses on why the sale of counterfeits on the Internet has exploded and allowed counterfeiters to penetrate markets that were previously unavailable when counterfeiters were limited to brick and mortar operations. Not only has the Internet given counterfeiters vast new opportunities for profit but it has also allowed them to operate in the digital world in the open, while simultaneously being able to use false cyber identities and addresses to evade detection and capture by brand owners and law enforcement authorities.[20] With the emergence of the Internet, counterfeiting and piracy—already a worldwide problem—have entered into a new and even more potent phase.[21] Up to the present, MNCs have been frustrated by their inability to curtail the growth of counterfeits on the Internet.[22]

Although the problems created by the Internet are daunting, this Article argues that a simple and effective deterrent exists in China but has been overlooked or ignored by MNCs and e-commerce platforms and explains how this deterrent can be used effectively. This Article sets forth for the first time how these remedial measures can be used to curtail the explosion of

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notices, removing only 25 percent of infringing listings.").

[16] *See infra* Part II.D.

[17] *See id.*

[18] According to one brand owner representative, "Amazon is making money hand over fist from counterfeiters, and they've done about as little as possible for as long as possible to address the issue." Ari Levy, *Amazon's Chinese Counterfeit Problem Is Getting Worse*, CNBC (July 8, 2016), https://www.cnbc.com/2016/07/08/amazons-chinese-counterfeit-problem-is-getting-worse html. *See also* Semuels, *supra* note 15 (describing Amazon's low level of responsiveness to brand owner concerns).

[19] Alibaba is the world's largest e-commerce marketplace and Amazon is the second largest. *See infra* notes 103 & 107.

[20] *See* Pierson, *supra* note 13.

[21] *See* BUS. ACTION TO STOP COUNTERFEITING AND PIRACY & INT'L CHAMBER OF COMMERCE, ROLES AND RESPONSIBILITIES OF INTERMEDIARIES: FIGHTING COUNTERFEITING AND PIRACY IN THE SUPPLY CHAIN 5 (2015), https://iccwbo.org/publication/roles-responsibilities-intermediaries/ ("The Internet has been particularly vulnerable . . . to counterfeiters and other criminal capitalizing on the success (and intellectual property) of legitimate businesses while remaining anonymous and avoiding detection.").

[22] *See infra* Part III.

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counterfeits on the Internet. In setting forth this analysis, this Article will underscore the following three major points that must be understood by all MNCs and other brand owners in modern e-commerce. First, the emergence of e-commerce platforms such as Alibaba and Amazon have given counterfeiters a vast new tool to reach end use consumers. Prior to the Internet, counterfeiters were subject to the physical limitations created by brick-and-mortar distribution and retail sites and were unable to penetrate distribution channels that would allow them to sell counterfeits in reputable retail outlets.[23] Consumers had to travel to less desirable locations to buy counterfeits as state-owned department stores and high end retailers in China and large reputable retail chains such as Walmart, Target, and Costco in the United States refused to deal with distributors of counterfeit goods.[24] Instead, consumers in China or the United States who wished to purchase counterfeits had to go to small discount stores, mom-and-pop stores, flea markets, street vendors, or private addresses in side streets, back alleys or other undesirable locations, a prospect that deterred many consumers.[25] The emergence of the Internet has now given what counterfeiters have always sought: a legitimate distribution channel that consumers can access at any time from their computers without having to travel to undesirable locations to buy counterfeits from brick-and-mortar sellers.[26] The Internet also gives counterfeiters the ability to disguise their identities and to disappear into the vastness of cyberspace at the first sign of trouble.[27] All counterfeiters and pirates, whether they sell in brick-and-mortar locations or through the Internet, are very fearful of detection and capture.[28] Counterfeiters that use brick-and-mortar establishments are subject to surprise raids and seizures by enforcement authorities,[29] but Internet counterfeiters have found ways to use false identities that are untraceable by brand owners; even when they are detected, Internet pirates that are shut down are able to immediately create new false identities and return to their illegal operations on the Internet.[30]

Second, PRC enforcement officials have recently acknowledged in an

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[23] *See* GAO REPORT, *supra* note 3, at 11.

[24] This observation is based on the author's own experience as an attorney working for U.S. brand owners in tracking the distribution channel of counterfeits.

[25] *Id. See* GAO REPORT, *supra* note 3, at 10 (counterfeits were traditionally sold in "underground" or secondary markets such as flea markets or sidewalk vendors).

[26] *See* GAO REPORT, *supra* note 3, at 11–12.

[27] *See id.*

[28] This observation is based on the author's firsthand experience in pursuing counterfeiters.

[29] *See* Chow, *supra* note 1, at 19 –21 (describing raids conducted in Yiwu City, "a significant wholesale distribution center for counterfeit goods in the PRC[,]" from 1998 to 1999).

[30] *See* Pierson, *supra* note 13 ("[B]rands say the same fraudsters keep showing up under different names[.]"); Semuels, *supra* note 15 ("Milo and Gabby tried to track down the [counterfeit] sellers, but almost all of the sellers had given false names when setting up their Amazon seller accounts, and the addresses they gave turned out to be bogus as well[.]").

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official report that Alibaba sees itself as above the law in China and feels no need to follow it.[31] MNCs have long suspected that Alibaba tolerates or encourages counterfeiting on its sites.[32] Brand owners have persistently complained that Alibaba and Amazon appear reluctant to assist brand owners in tracking down counterfeiters and create unnecessary bureaucratic and technical hurdles in the detection of counterfeiters.[33] Some brand owners have attributed these difficulties to an economic motive: e-commerce platforms earn revenue through sales, including sales of counterfeit goods.[34] In the case of Alibaba, brand owners have long suspected that it tolerates or supports counterfeiting and these sentiments have been confirmed by official statements by PRC enforcement authorities. According to PRC officials, Alibaba's attitude towards the law and enforcement authorities is marked by a fundamental "arrogance."[35] In China, it is not unusual for powerful entities to view themselves as above the law.[36] The Communist Party, the most powerful entity of all, sees the law as a mere instrument to be used to serve the ends of the Party.[37] Alibaba is not intimidated by or fearful of law enforcement authorities; to the contrary, Alibaba sees itself as more powerful than government law enforcement authorities and answerable only to the Party.[38] For these reasons, MNCs must accept the reality that Alibaba, in the words of PRC officials, tolerates and supports counterfeiters in order to protect its revenues from sales of counterfeit goods and that it will likely take an intervention by the Party at its highest levels to effect meaningful change in Alibaba's conduct. Any plan to stem the sales of counterfeits on Alibaba's platform that requires Alibaba's active participation must proceed with the assumption that it will be met with resistance or efforts that are half-hearted.

Third, although the use of the Internet to sell counterfeits presents formidable new challenges to brand owners, this Article argues that simple and effective measures are available under PRC law to brand owners to deter

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[31] *See* Gongshang Zongju (工商总局), Guanyu Dui Alibaba Jituan Jinxing Xingzheng Zhidao Gongzuo Qingkuang de Baipishu (关于对阿里巴巴集团进行行政指导工作情况的白皮书), *translated in* STATE ADMIN. OF INDUS. & E-COMMERCE, PEOPLE'S REPUBLIC OF CHINA, WHITE PAPER ON ALIBABA GROUP HOLDINGS ADMINISTRATIVE GUIDANCE WORK SITUATION (2015) [hereinafter SAIC WHITE PAPER]. A partial English translation is available at Zheping Huang, *The Chinese Government Has Erased a Damning Report on Alibaba, but You Can Read It Here*, QUARTZ (Jan. 29, 2015), https://qz.com/335675/the-chinese-government-has-erased-a-damning-report-on-alibaba-but-you-can-read-it-here/. The SAIC White Paper is extensively discussed in Part II.B.

[32] *See infra* Part II.B.

[33] *See infra* Part III.A.

[34] *See e.g.*, Pierson, *supra* note 13 ("Not only has [Amazon] avoided any serious backlash for allowing the sale of fake goods, it's actually thrived from it, say more than two dozen brand owners, e-commerce consultants, attorneys, investigators and public policy experts.").

[35] SAIC WHITE PAPER, *supra* note 31, at 20.

[36] *See infra* Part II.D.2.b.

[37] *Id.*

[38] *Id.*

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many counterfeiters from using the Internet and to detect and identify those that do.[39] This Article proposes and sets forth for the first time a set of simple and effective methods that MNCs can use to create effective deterrence to counterfeiting on the Internet.[40] To the best of the author's knowledge, no MNC, brand owner, or any professional or academic study has previously identified these methods, although they are openly available in plain sight in China's legal system, and their use is required and regularly encouraged by PRC officials. Although certain aspects of China's information technology industry, such as protection and enforcement of intellectual rights, are weak by comparison to the United States, other aspects of China's information technology industry are far ahead of the United States.[41] In particular, China's obsessive need to exert pervasive control over and to monitor its citizens and all aspects of Chinese society have created the informational technology tools available to deter counterfeiters.[42] In fact, Chinese government officials have urged Internet sites to use the tools available to control entry onto Internet sites and to monitor entities on the Internet.[43] Brand owners, however, either do not trust PRC officials or understand the potential effectiveness of these tools.

Unlike brick-and-mortar counterfeiters who need no permission to operate, counterfeiters must obtain a "pass" through a digital port of entry in order to obtain access to the Internet to sell their products.[44] Operators of e-commerce platforms have the ability to exercise absolute control over entry. Controlling this point of entry through the use of tools created by the PRC government is the key to controlling counterfeiting on the Internet. Counterfeiters wish to operate in hiding and secrecy; they fear and detest transparency and accountability. E-commerce platforms can remove the anonymity of the Internet by following a straightforward registration system

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[39] *See infra* Part III.

[40] *Id.*

[41] China is far ahead of the U.S. in the use of technologies, such as facial recognition, to closely monitor its citizens. *See* Zhou Jiaquan, *Drones, Facial Recognition, and a Social Credit System: 10 Ways China Monitors Its Citizens*, S. CHINA MORNING POST (Aug. 4, 2018), https://www.scmp.com/news/china/society/article/2157883/drones-facial-recognition-and-social-credit-system-10-ways-china.

[42] China closely monitors its citizens. Recently, China announced a "social credit" system in which the activities of each citizen will be ranked, and each citizen given a score evaluating the social merit of his or conduct. For a discussion on how China monitors its citizens, *see* Charlie Campbell, *How China Is Using "Social Credit Scores" to Rewards and Punish Its Citizens*, TIME (Jan. 16, 2019), https://time.com/collection/davos-2019/5502592/china-social-credit-score/.

[43] *See infra* Part III.

[44] Online vendors are required by e-commerce platforms to register before they are allowed to access the site. *See e.g.*, *Selling on Amazon: Frequently Asked Questions*, AMAZON, https://services.amazon.com/selling/faq htm (last visited July 1, 2019) (requiring a business name, address, and contact information among other information in order to open an Amazon seller account).

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as required by PRC law.[45] However, Alibaba does not faithfully apply the requirements of PRC law but instead is careless and loose in verifying entity registration.[46] Brand owners also complain that Amazon has lax registration requirements and registers many entities with fictitious identities and addresses.[47]

As a condition of gaining access to e-commerce sites, PRC law requires all vendors to submit a business license issued by PRC government authorities. These licenses have strict disclosure requirements that will reveal their true legal identities and locations in strict accordance with the detailed and specific information contained in official PRC government records and electronically on government websites to the public.[48] To obtain this official business license, business operators must undergo a review and approval process by PRC government authorities over the legality and economic feasibility of their proposed business operations.[49] Most counterfeiters will not wish to submit to such an approval process for fear of being detected and being subject to capture and prosecution. Those entities that do undergo this official review will then need to openly display their business licenses on the website In turn, counterfeiters will be unable to escape detection as brand owners will be able to bring suit directly against them.[50]

A unique concept of PRC law is that each business entity must have a natural person who serves as its legal representative and who is subject to civil liability and criminal prosecution.[51] The legal representative must be identified in the business license so brand owners will have a person in flesh and blood against whom they can directly file civil or criminal actions in China or in the United States if U.S. contacts exist.[52] The faithful execution of these requirements should help brand owners to deter many counterfeiters from selling through Internet sites. Currently, however, brand owners do not insist on enforcement of these requirements and neither Alibaba nor Amazon faithfully follows PRC law on entity registration.[53]

This Article will proceed as follows. Part II examines the background

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[45] *See infra* Part III.

[46] *See* text accompanying notes *231-34 infra.*

[47] *See infra* note 95.

[48] *See* Administrative Measures for Online Trading, art. 23 (promulgated by the State Admin. of Indus. & E-Commerce, Order No. 60, Jan. 26, 2014, effective Mar. 15, 2014), CLI.4.218557(EN), http://en.pkulaw.cn/display.aspx?id=16309&lib=law&EncodingName=big5. *See also infra* Part III.

[49] *See infra* Part III.

[50] *Id.*

[51] *See* General Principles of the Civil Law of the People's Republic of China, ch. III, art. 57 (promulgated by the Nat'l People's Cong., Order No. 66, Mar. 15, 2017, effective Oct. 1, 2017), *translated by* Whitmore Gray & Henry Ruiheng Zheng, *General Principles of the Civil Law of the People's Republic of China*, 34 AM. J. COMP. L. 715, 726 (1986) [hereinafter General Principles of the Civil Law of the PRC].

[52] *See infra* Part III.

[53] *Id.*

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of counterfeiting in China and how the advent of the Internet has propelled this illegal activity to new heights. The ability to transcend the physical limitations created by brick-and-mortar counterfeiting operations has created a vast new opportunity in cyberspace for counterfeiters who can now compete directly with genuine goods and vanish at the first sign of trouble. Part II also discusses brand owner concerns about Alibaba and Amazon. In the case of Alibaba, brand owners have long claimed that Alibaba tolerates or supports counterfeiting on its websites. A recent in-depth investigation and report by PRC national authorities not only confirms this suspicion but also sets forth the PRC government's view that Alibaba sees itself as being above the law. Brand owners have also complained that Amazon is unresponsive to their concerns about counterfeits, requiring byzantine notice and takedown procedures that only add to brand owners' misery. Part III examines the hurdles that brand owners claim that they face in attempting to work with Alibaba and Amazon in removing infringing webpages or postings from their sites; these frustrations are due to cumbersome notice and takedown procedures that can take months and tax brand owners through heavy costs in time, energy, and money. Part III then sets forth this Article's proposed method of using existing online tools in the PRC to help create deterrents to counterfeiting on the Internet. These tools can be used to combat counterfeits on Alibaba and Amazon as well as on other e-commerce platforms. Part IV contains concluding observations.

II. COUNTERFEITING AND THE INTERNET

A. Brief Overview of Counterfeiting in China

As early as 2000, China was described as having the most serious counterfeiting problem in world history.[54] The origin of this problem can be traced to 1) China's access to advanced technology (i.e. intellectual property) brought into China by MNCs that make foreign direct investments in China and 2) to China's weak and developing legal system,[55] which does not create effective deterrence for counterfeiters and infringers of intellectual property rights.[56] Although U.S. companies have made many efforts through the first two decades of the twenty-first century to combat counterfeiting in China, China remains the largest source of counterfeits in the world. For example, a recent study cited in Forbes indicates that China produces 80% of the world's counterfeits and that counterfeiting is now a $1.7 trillion per year industry.[57]

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[54] Chow, *supra* note 1, at 3. The background and history of the rise of counterfeiting before the advent of the internet is set forth in this article. *See infra* Parts II.A & II.B.

[55] DANIEL C.K. CHOW & THOMAS J. SCHOENBAUM, INTERNATIONAL BUSINESS TRANSACTIONS 537–38 (3d. ed. 2015).

[56] DANIEL C.K. CHOW & THOMAS J. SCHOENBAUM, INTERNATIONAL TRADE LAW 643 (3d. ed. 2017) (China's weak legal system does not create effective deterrence.).

[57] Wade Shepard, *Meet the Man Fighting America's Trade War Against Chinese Counterfeits (It's Not Trump)*, FORBES (Mar. 29, 2018), https://www.forbes.com/sites/wade

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The U.S. General Accountability Office reports that in 2016, 88% of all seized counterfeit goods by the United States originated from China and Hong Kong.[58] The European Union claims that China is the largest source of counterfeit goods sold into the EU.[59] Counterfeiting is now the largest criminal enterprise in the world,[60] and China is the epicenter of counterfeiting.[61] The highest number of shipments of counterfeits seized around the world originates from East Asia, with China as the top source.[62]

On April 3, 2019, the Trump Administration issued a Presidential Memorandum announcing that combatting counterfeiting and piracy had been elevated to a new level of priority for the United States.[63] The memorandum specifically tasked the Justice Department and the Department of Homeland Security to focus on and investigate "online third party marketplaces."[64] This indicates a recognition by the United States that counterfeiting on e-commerce platforms is a specialized priority area of concern.

B. The Advent of the Internet

The rise of Internet sales platforms in the early 2000s created a valuable new opportunity for counterfeiters. To understand the significance of this development, it is necessary to recognize that there are two main components to counterfeiting: manufacturing and distribution.[65]

The manufacturing of counterfeits tends to arise in proximity to the manufacturing of genuine goods.[66] In the early 1990s, one of the first areas open to foreign investment in China was in the southern region of Guangdong Province, near Hong Kong. MNCs opened manufacturing facilities in special

shepard/2018/03/29/meet-the-man-fighting-americas-trade-war-against-chinese-counterfeits/#321a1941c0d6.

[58] GAO REPORT, *supra* note 3, at 13.

[59] EUROPEAN COMM'N, EU SEIZURES AT THE BORDER OF GOODS INFRINGING ON INTELLECTUAL PROPERTY RIGHTS (2018), https://ec.europa.eu/taxation_customs/sites/taxation/files/factsheet_ipr_report_2018_en.pdf.

[60] *See* Shepard, *supra* note 57 ("The trade in counterfeit and pirated goods is currently at $1.7 trillion . . . and is expected to grow to $2.8 trillion and cost 5.4 million jobs by 2022.").

[61] *See id. See also* EUROPEAN COMM'N, *supra* note 59 (reporting that China and Hong Kong, together, accounted for over 83% of counterfeit goods).

[62] OECD & EUROPEAN UNION INTELLECTUAL PROP. OFFICE, TRADE IN COUNTERFEIT AND PIRATED GOODS: MAPPING THE ECONOMIC IMPACT 49 (2016), http://dx.doi.org/10.1787/9789264252653-en.

[63] Memorandum on Combatting Trafficking in Counterfeit and Pirated Goods, Section 1 (Apr. 3, 2019), https://www.whitehouse.gov/presidential-actions/memorandum-combating-trafficking-counterfeit-pirated-goods/.

[64] *Id.*

[65] Daniel C.K. Chow, *Organized Crime, Local Protectionism and the Trade in Counterfeit Goods in China*, 14 CHINA ECON. REV. 473, 474 (2003).

[66] *Id.*

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economic zones that created financial incentives for investment.[67] Soon after these facilities were established, the brand owners found that counterfeits began to appear in the same locations.[68] MNCs discovered that employees working in their facilities or their relatives, friends, or associates had begun to use the know-how that they acquired from the MNC to establish their own manufacturing operations in order to produce counterfeits.[69]

A counterfeiter that has manufactured a fake good must then sell it to consumers. The illegal factory may be located far away from densely populated urban areas where large numbers of consumers are found, so the counterfeiter must find a distribution channel for the goods to reach the end-use consumer. Distribution is the second major component of counterfeiting.

Prior to the rise of the Internet, counterfeiters faced a problem: legitimate distributors would have nothing to do with counterfeits.[70] MNCs distribute their products in China only through qualified distributors that are able to sell to high-end state-owned department stores and other retail outlets in high-end shopping centers.[71] Qualified distributors are those entities that are able to pass a stringent set of criteria established by brand owners.[72] These distributors will not work with counterfeiters for fear of losing their contracts with legitimate brand owners, and, as a result, counterfeiters are unable to penetrate into legitimate distribution channels to reach high-end retailers.[73] Rather, counterfeiters had to rely on brick-and-mortar wholesale distributors of lesser and questionable repute who would be willing to sell counterfeits, smuggled goods, and inferior quality products.[74] These wholesale distributors are found in markets in China that are either enclosed or open air spaces with hundreds or thousands of wholesale vendors.[75] Retailers appear at these wholesale markets with trucks or vans to transport the counterfeits purchased at these markets.[76] Large reputable retailers, such as state-owned department stores, do not buy at these wholesale markets.[77] Only retailers that are small mom and pop stores, street stalls, or open air vendors in China will purchase from these markets.[78] This left the counterfeiter with the problem that it could

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67 *Id.*

68 *See id.* at 474–75.

69 This observation is based upon the author's own experience working as in-house counsel for an MNC with major operations in China. It is a pattern that is repeatedly occurs in China: counterfeiting tends to arise in locations with legitimate manufacturing operations.

70 *See* Chow, *supra* note 65, at 476.

71 *Id.*

72 *Id.*

73 *Id.*

74 *See id.* at 476–77.

75 *Id.* at 476.

76 *See* Chow, *supra* note 65, at 476.

77 *Id.*

78 *Id.*

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almost never penetrate into high-end retail stores.[79] Purchasers of counterfeits would have to travel to side streets, back alleys, and other areas in less desirable urban locations to buy counterfeits from small and less reputable retailers.[80] The need to travel to unsavory locations deterred many consumers.

In the United States, counterfeits are also unable to penetrate into legitimate distribution channels to reach large department stores or other large retailers.[81] Counterfeits are almost never found in large chain stores such as Costco, Target, or Walmart. These companies either use qualified distributors or have vertically integrated business models that allow them to control distribution themselves.[82] These distributors refuse to deal in counterfeits, smuggled goods, or gray market goods.[83] Only less reputable distributors will deal in these secondary goods, but they do not sell to large and high end retailers who refuse to deal with them.[84] These distributors sell to discount stores, small mom-and-pop stores, street vendors, or private persons who arrange for sales through word of mouth.[85]The advent of the Internet has now given counterfeiters what they have long sought: a legitimate and broad-reaching distribution channel to reach retail consumers who are now able to purchase products without having to travel to specific and undesirable locations where counterfeits are sold. Counterfeiters can now place their products on the Internet to reach consumers worldwide and are no longer confined to using illegal wholesale markets to reach lower retail quality stores. While in the past, consumers would not encounter counterfeits on the next shelf adjacent to authentic goods in brick and mortar stores because high end retailers refused to deal with distributors of counterfeit goods, the same is no longer true on the Internet. It is now possible for counterfeits to be on the digital shelf next to genuine goods on the same or an adjacent webpage.[86] Counterfeits can now compete directly with genuine goods.[87] Counterfeiters can also use false digital images that hide the low

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[79] *Id.*

[80] *Id.*

[81] This observation is based on the author's own experience as an expert witness in U.S. litigation involving U.S. multinational companies in cases involving counterfeits from China.

[82] *Id.*

[83] Gray market goods (sometimes also called parallel imports) are genuine goods that are intended for sale in a foreign market but that are purchased abroad and shipped back to the home market. For example, genuine goods that are sold by the manufacturer to Japan are purchased by a foreign distributor in Japan who then resells them to an importer in China. The foreign distributor is able to take advantage of a lower price in Japan or favorable currency exchange rates in order to sell the products in China at a price that is lower than the genuine goods are sold directly by the manufacturer to buyers in China. See CHOW & SCHOENBAUM, *supra* note 55, at 567-68.

[84] *See* Chow, *supra* note 65, at 476.

[85] *Id.*

[86] *See* GAO REPORT, *supra* note 3, at 11.

[87] *Id.* ("In the past, consumers could often rely on indicators such as appearance, price, or

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quality of their goods in competition with genuine goods.[88]

The rise of counterfeits coincides with shifts in consumer habits. In June 2000, approximately 22% of U.S. consumers purchased goods online, but by December 2016 that portion had risen to 79%.[89] By 2020, worldwide e-commerce sales are expected to reach $4 trillion, and e-commerce is expected to reach nearly 15% of global retail spending by 2020.[90]

Prior to the advent of the Internet, counterfeiters in China that sought to sell their goods in the United States loaded the goods in large shipping containers with false documentation to transport the goods by ocean carriage to a port in the United States.[91] While detection was difficult, if a brand owner had reliable specific intelligence of an illegal shipment,[92] customs authorities in the United States would open and inspect the container.[93] With Internet sales, thousands or hundreds of thousands of small, individual packages are now shipped to the United States by mail, making it nearly impossible to detect and stop these shipments.[94]

Not only do e-commerce platforms allow counterfeiters unprecedented access to end use consumers, counterfeiters are also able to take advantage of the anonymity of the internet to evade capture and detection by using false identities, business names, and locations.[95] The Internet has created an irresistible new opportunity for counterfeiters and has opened vast new avenues for generating profit.

C. Liability Regimes for Internet Service Providers

Under the Digital Millennium Copyright Act (DMCA)[96] in the United

location of sale to identify counterfeit goods in the marketplace, but counterfeiters have adopted new ways to deceive customers.").

[88] *Id. Cf. id.* ("The physical appearance of counterfeit goods may no longer serve as a 'red flag' for consumers that the good they are considering purchasing is not genuine. Counterfeit goods and their packaging are becoming more sophisticated and closely resemble genuine goods[.]").

[89] *Id.* at 12.

[90] *Id.*

[91] *See* Chow, *supra* note 65, at 475.

[92] Such intelligence can be gathered through the use of private investigation companies that penetrate counterfeit rings. A number of companies, such as Kroll and Pinkerton, specialized in these investigations.

[93] The author was involved as an attorney in a counterfeiting case in the United States in which U.S. Customs authorities stated that they would be willing to conduct an inspection of shipping containers but only on the basis of reliable specific information.

[94] *See* Pierson, *supra* note 13 ("Customs agents had a fighting chance when pirated goods predominantly arrived in cargo containers. But with the rise of e-commerce, counterfeiters and their middlemen can ship goods in parcels too innumerable to catch.").

[95] *See id.* ("[B]rands say the same fraudsters keep showing up under different names[.]"); Semuels, *supra* note 15 ("Milo and Gabby tried to track down the [counterfeit] sellers, but almost all of the sellers had given false names when setting up their Amazon seller accounts, and the addresses they gave turned out to be bogus as well[.]").

[96] 17 U.S.C. § 512 (Westlaw through Pub. L. No. 116-68). DMCA implements two World

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States and similar provisions in China,[97] Internet service providers (ISPs) are not directly liable for the sale of counterfeits listed on their sites by third-party vendors.[98] While ISPs may be subject to vicarious liability for facilitating the sales, DCMA provides a "safe harbor."[99] ISPs are entitled to immunity from vicarious liability for third-party listings and sales of counterfeit goods if they have no knowledge of the infringing material and remove it expeditiously upon receiving notice of its illegal nature.[100] To implement DCMA and the corresponding PRC law, e-commerce companies such as Alibaba and Amazon have set forth internal notice and takedown procedures that brand owners are required to follow when they find infringing material.[101] As detailed in a later section, brand owners often complain that these procedures are cumbersome, time consuming, and ineffective.[102]

D. Alibaba

1. Brand Owner Concerns

Alibaba is currently the world's largest e-commerce platform in the world.[103] In 2016, Alibaba's Internet marketplaces in China had 423 million

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Intellectual Property Organization (WIPO) treaties: the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. WIPO Copyright Treaty, Dec. 20, 1996, 112 Stat. 2861, 2186 U.N.T.S. 121; WIPO Performances and Phonograms Treaty, Dec. 20, 1996, 112 Stat. 2861, 2186 U.N.T.S. 203. As of 2007, the United States and the People's Republic of China are now contracting parties to both treaties. *Contracting Parties – WIPO Copyright Treaty*, WIPO, https://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=16 (last visited July 1, 2019); *Contracting Parties – WIPO Performances and Phonograms Treaty*, WIPO, https://www.wipo.int/treaties/en/ShowResults.jsp? lang=en&treaty_id=20 (last visited July 1, 2019).

[97] *See generally* Trademark Law of the People's Republic of China (promulgated by the Nat'l People's Cong., adopted Aug. 23, 1982, most recently revised Apr. 23, 2019, effective Nov. 1, 2019); Law Against Unfair Competition of the People's Republic of China (promulgated by the Nat'l People's Cong., Order No. 10, Sept. 2, 1993, revised Nov. 4, 2017, amended Apr. 23, 2019).

[98] *See* 17 U.S.C. § 512(c)(1).

[99] *Id. See generally* Susanna Monseau, *Fostering Web 2.0 Innovation: The Role of the Judicial Interpretation of the DMCA Safe Harbor, Secondary Liability and Fair Use*, 12 J. MARSHALL REV. INTELL. PROP. L. 70 (2012).

[100] *See* 17 U.S.C. § 512(c)(1).

[101] *See Intellectual Property Policy for Sellers*, AMAZON, https://sellercentral.amazon.com/gp/help/external/201361070 (last visited July 1, 2019); *Intellectual Property Rights (IPR) Protection Policy*, ALIBABA, https://rule.alibaba.com/ rule/detail/2049.htm (last visited July 1, 2019).

[102] *See infra* Part III.

[103] Comment Submitted by Eric Pelletier, Vice President of Alibaba, to the Honorable Probir Mehta, Assistant United States Trade Representative re: 2016 Special 301 Out-of-Cycle Review Notorious Markets (Docket Number USTR-2016-2013), at 2 (Oct. 7, 2016), https://www.alizila.com/wp-content/uploads/2016/10/P-Alibaba-Group-Comments-for-2016-Notorious-Markets-Report-2_FINAL_compressed.pdf?x95431 (last visited Nov. 25,

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active purchasers with a combined gross merchandise volume (GMV) of $485 billion.[104] In 2018, in the span of just two years, active purchasers in China grew to 636 million and GMV grew to exceed $768 billion,[105] creating the prospect that Alibaba's users may soon surpass one billion and its GMV may soon surpass $1 trillion, numbers that seemed almost inconceivable just a decade ago. In 2015, package delivery from Alibaba's e-commerce platform in China averaged thirty million per day.[106] The sheer size and scope of Alibaba's operations dwarfs even that of its closest competitors. For example, Alibaba's GMV in 2018 at $768 billion is more than three times that of Amazon, the world's second e-commerce platform, at $239 billion.[107]

From Alibaba's earliest days of operation, back in 1999, MNCs have claimed that counterfeits are abundantly available on Alibaba's websites.[108] Frustrated with the lack of results in China, U.S. companies have raised these concerns with the U.S. government and, as a result, Alibaba has been repeatedly placed on U.S. government blacklists. Despite its many claims that it is implementing new changes to effectively combat counterfeiting on its websites, Alibaba was first placed on the Out-of-Cycle Notorious Markets List in 2011[109] and sought to remove itself from the list in anticipation of its initial public offering (IPO) in the United States in 2014. Although Alibaba was dropped from the 2012 list,[110] Alibaba found itself once again on the

2019).

[104] *Id.*

[105] Press Release, Alibaba Group Announces December Quarter 2018 Results (Jan. 30, 2019), https://www.alibabagroup.com/en/news/press_pdf/p190130.pdf.

[106] Jen Wieczner, *Alibaba: Here's Why Our Mind-Blowing Numbers Are Real*, FORTUNE (Sept. 23, 2015), https://fortune.com/2015/09/23/alibaba-says-numbers-real-not-fake/.

[107] Adam Levy, *The 7 Largest E-Commerce Companies in the World*, THE MOTLEY FOOL (Dec. 26, 2018), https://www fool.com/investing/2018/12/26/the-7-largest-e-commerce-companies-in-the-world.aspx.

[108] *See, e.g.*, *Alibaba and the 2,236 Thieves: An Online-Fraud Scandal in China*, THE ECONOMIST (Feb. 22, 2011), https://www.economist.com/newsbook/2011/02/22/alibaba-and-the-2236-thieves;

[109] OFFICE OF U.S. TRADE REPRESENTATIVE, 2011 OUT-OF-CYCLE REVIEW OF NOTORIOUS MARKETS 3 (Dec. 20, 2011), https://ustr.gov/sites/default/files/uploads/gsp/speeches/reports/2011/Notorious%20Markets%20List%20 FINAL.pdf (discussing Alibaba's subsidiary site Taobao.com).

[110] Doug Palmer, *U.S. Drops China's Taobao Website from "Notorious" List*, REUTERS (Dec. 13, 2012), https://www reuters.com/article/net-us-usa-trade-piracy/u-s-drops-chinas-taobao-website-from-notorious-list-idUSBRE8BC1IG20121213.

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Notorious Markets list in 2014[111], 2016[112], 2017[113], and 2018[114]. Furthermore, in 2016, a group of 17 international trade associations reiterated their concerns in a letter to USTR, stating:

> During the ten months since USTR published [the 2015 USTR Special 301 Notorious Markets Report] we have seen little evidence that there has been any noticeable change on the Alibaba platforms themselves; and at any given moment, a consumer around the world can chose from hundreds of thousands of counterfeit clothes, shoes, travel goods, handbags, toys, auto parts, jewelry, watches, furniture, electronics, pharmaceuticals, and other articles.[115]

Many brand owners have concluded that Alibaba, despite its protestations to the contrary, actually tolerates and supports counterfeiting on its websites because Alibaba earns revenues from all sales, including sales of counterfeit goods. Labelling Alibaba as "our most dangerous and damaging adversary,"[116] one brand owner stated:

> Alibaba's strategy has consistently been to provide lip service to supporting brand enforcement efforts while doing as little as possible to impede the massive flow of counterfeit merchandise on its platforms.[117]

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[111] OFFICE OF U.S. TRADE REPRESENTATIVE, 2014 OUT-OF-CYCLE NOTORIOUS MARKETS LIST 8 (Mar. 5, 2015), https://ustr.gov/sites/default/files/2014%20Notorious%20Markets%20List%20-%20Published_0.pdf (discussing Alibaba's subsidiary site Taobao.com).

[112] OFFICE OF U.S. TRADE REPRESENTATIVE, 2016 OUT-OF-CYCLE NOTORIOUS MARKETS LIST 12–13 (Dec. 2016), https://ustr.gov/sites/default/files/2016-Out-of-Cycle-Review-Notorious-Markets.pdf (discussing Alibaba's subsidiary site Taobao.com).

[113] OFFICE OF U.S. TRADE REPRESENTATIVE, 2017 OUT-OF-CYCLE NOTORIOUS MARKETS LIST 20–23 (Jan. 11, 2018), https://ustr.gov/sites/default/files/files/Press/Reports/2017%20Notorious%20Markets%20List%201.11.1 8.pdf (discussing Alibaba's subsidiary site Taobao.com).

[114] OFFICE OF U.S. TRADE REPRESENTATIVE, 2018 OUT-OF-CYCLE NOTORIOUS MARKETS LIST 26–27 (Jan. 11, 2018), https://ustr.gov/sites/default/files/2018_Notorious Markets_List.pdf (discussing Alibaba's subsidiary site Taobao.com).

[115] Comment Submitted AFL-CIO et al. to the Honorable Probir Mehta, Assistant United States Trade Representative re: 2016 Special 301 Out-of-Cycle Review Notorious Markets (Docket Number USTR-2016-2013), at 2 (Oct. 26, 2016), https://www.mema.org/sites/default/files/resource/Multi-Org%20Letter%20on%20Alibaba%20102616.pdf.

[116] Letter from Lee S. Sporn of Michael Kors (USA), Inc. to Bob Barchiesi, President, International Anti-Counterfeit Coalition (IACC), at 2 (Apr. 21, 2016) [Hereinafter Letter from Lee S. Sporn]. *See* Erika Kinetz, *Some Howl Over Alibaba's Place in Anti-Counterfeiting Group*, ASSOC. PRESS (May 5, 2016), https://www.apnews.com/2c9381cb0c2841aba956abef1a3005b3.

[117] Letter from Lee S. Sporn, *supra* note 116, at 2. *See* Kathy Chu, *Brands Voice Doubts After Alibaba Joins Group Fighting Fake Goods*, WALL ST. J. (Apr. 28, 2016), https://www.wsj.com/articles/brands-voice-doubts-after-alibaba-joins-group-fighting-fake-goods-1461763178.

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a. Alibaba's Defense of Counterfeits

Many brand owners' skepticism about Alibaba's sincerity in combatting counterfeiting can be attributed to statements made by its Chairman and founder, Jack Ma, that defend counterfeiting. In responding to criticism by luxury brands about the sale of counterfeits on Alibaba, Ma made clear his position in 2015. A commentator observed:

> The longer Ma talks, the more it's clear where his sentiments fall. The second-richest man in China thinks the very idea of luxury retail—selling belts and accessories and the like for thousands of dollars—is inherently absurd. "How can you sell Gucci or whatever branded bag for so much money? It is ridiculous," he says. "I understand the branded companies are not happy, but I also say that's your business model. You have to check your business model, too."[118]

The following year, in a speech at Alibaba's headquarters, Ma stated:

> The problem is the fake products today are of better quality and better price than the real names. They are exactly the [same] factories, exactly the same raw materials but they do not use the names.[119]

These statements suggest that Ma believes that there is a normative justification for Alibaba's support of counterfeits. Ma believes luxury brands like Gucci are inviting unauthorized copies by charging prices so high that they are "absurd." Alibaba sees itself as helping out small-time sellers that sell counterfeits or infringing products to lift themselves into the middle class. Jack Ma and Alibaba take on a modern "Robin Hood" persona. Just as the fictional Robin Hood robbed from the rich to give to the poor, Alibaba is assisting small-time Chinese sellers to take a free ride on the goodwill of luxury brands owned by MNCs that have invited counterfeiting through their greed, avarice, and attempts to gouge vulnerable Chinese consumers. China's consumers also benefit from having access to fakes that are "of better quality and better price than thee real names."[120] Ma's position may help Alibaba to further gain popularity in China by enhancing Ma's reputation as a true national hero and great patriot of China, but it also infuriates brand owners.[121]

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[118] Michael Schuman, *Why Alibaba's Massive Counterfeit Problem Will Never Be Solved*, FORBES (Nov. 4, 2015), https://www forbes.com/sites/michaelschuman/2015/11/04/alibaba-and-the-40000-thieves/#31848fd729dc.

[119] Charles Clover, *Alibaba's Jack Ma Says Fakes Are Better Than Originals*, FIN. TIMES (June 14, 2016), https://www.ft.com/content/6700d5cc-3209-11e6-ad39-3fee5ffe5b5b.

[120] *Id.*

[121] *See* Letter from Lee S. Sporn, *supra* note 116. When Alibaba was accepted as a member of the International Anti-Counterfeiting Coalition, Sporn, who represents Michael Kors, a fashion house, resigned in protest. Chu, *supra* note 117.

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b. Counterfeits for Sale on Alibaba

To test the claims of brand owners that counterfeits are found in abundance on Alibaba's sites, the author recently did a search of Alibaba sites and immediately found many examples of counterfeits and infringing products. Photographs of the webpages containing three of these examples are set forth in the Appendices. These examples are discussed below, but there are other examples on this site that are too numerous to discuss within the confines of this Article.

> (a) Appendix 1 is an advertisement for handbags being sold under a "big brand name" ("Da Pai") called "Gucci Guccio." These handbags copy the design and trade dress of Gucci handbags and use the name "Gucci" as part of their brand name.[122] Gucci was singled out by Alibaba Chairman Jack Ma as a luxury brand owner selling its products at absurdly high prices.[123] The advertised price for these products is 1500 Renminbi ("people's currency" or RMB, the Chinese fiat currency). At the currency exchange rate of 1 RMB to 0.15 U.S. dollar, this price is the equivalent of about $225 U.S. dollars. On Gucci's website in the United States, genuine Gucci bags similar to the ones advertised on Alibaba sell for over $2000 U.S. dollars with some bags selling for as much as $7500.[124] It is highly unlikely for a genuine Gucci handbag of the type in this advertisement to sell for $225. It is also highly unlikely that these types of prices can be charged for gray market goods.[125] In addition, nothing in the advertisement indicates that these are second hand or used goods. Chinese consumers have an aversion to purchasing secondhand goods due to cultural reasons, and Chinese merchants are well aware of consumers' dislike of secondhand goods.[126] It is highly likely that the products advertised in the attached Alibaba webpage are counterfeits.
>
> (b) Appendix 2 is an advertisement for a 700 ml bottle of Hennessy

[122] The author was told by an associate in China that Alibaba did not consider "Gucci Guccio" to be an infringing or counterfeit use because the name "Gucci" did not appear alone but was accompanied or modified by another name as part of the product's brand name. Only the unauthorized use of a trademark such as Gucci appears alone would be considered an infringing use.

[123] *See infra* text accompany note 117.

[124] *Women's Handbags*, GUCCI, https://www.gucci.com/us/en/ca/women/womens-handbags-c-women-handbags/1 (last visited July 1, 2019).

[125] While prices for gray market goods are usually lower than prices for genuine goods intended for the home market, the price differential would not be as great as that set forth in the case of the handbags in Appendix 1, i.e. it would be highly unlikely that a genuine handbag that sold for approximately $2,000 to $7,500 in Japan could be sold as a gray market good in China for $225. CHOW & SCHOENBAUM, *supra* note 55, at 567.

[126] *See* Yiling Pan, *Why the Second Hand Luxury Market isn't Thriving in China*, JING DAILY (Aug. 24, 2017), https://jingdaily.com/what-blocks-secondhand-luxury-market-thriving-in-china/ (last visited July 12 2019) (Chinese consumers "still prefer to purchase new luxury goods and look down on the value of second-hand goods").

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> XO cognac with an advertised price of 432 RMB or $65. A similarly sized bottle (750 ml) sells for approximately $160 in the United States.[127] It is highly likely that the bottle sold on the Alibaba website is a counterfeit.
>
> (c) Appendix 3 is an advertisement for fashion workout pants made by Abercrombie and Fitch, based in Columbus, Ohio, selling at a price of 80 RMB or $12. Based on the photograph and the author's experience in tracking counterfeiters in the consumer products industry, it is apparent that these products are of low quality and are inferior to what Abercrombie and Fitch would sell in retail stores. By comparison, Appendix 4 includes a photograph of a similar Abercrombie and Fitch product from its website that sells for $58.[128] These facts indicate that it is highly likely that the product advertised on the Alibaba website is a counterfeit.

To understand why brand owners view examples such as these as threats to their business, it is necessary to realize that in China (as in many other countries) there is a huge appetite for counterfeit goods, and many consumers actively search for and buy counterfeits.[129] The vast majority of consumers in China who visit the webpages for the products described in the examples above are fully aware that these are counterfeit goods, but these consumers are actively seeking these goods.[130] In the case of counterfeit Gucci handbags and counterfeits of other famous brand names, consumers are actively seeking to buy cheap imitations of the famous brand that they can purchase for a tenth or less than the genuine product.[131] These consumers want the prestige of the brand, trademark, or trade dress and are not concerned about the quality of the actual merchandise itself.[132] So long as the product has the trademark or trade dress, the purchaser of the counterfeit is able to enjoy the

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[127] *Hennessy Cognac XO*, WINE CHATEAU, https://www.winechateau.com/products/hennessy-cognac-xo (last visited July 1, 2019).

[128] *See* Appendix 4 *infra*.

[129] Jay Kennedy, *Commentary: More Buying Counterfeits and Knockoff - It's Costing Billions and More* (May 12, 2019), CHANNEL NEWS ASIA, https://www.channelnewsasia.com/news/commentary/more-buy-knock-off-counterfeit-fake-goods-branded-drug-crime-11499382 (noting that "there are many consumers who willingly buy counterfeit goods"). *See also The Counterfeit Goods Industry in Modern China* (April 15, 2019), DAXUE CONSULTING, https://daxueconsulting.com/counterfeit-products-in-china/ (noting that "the market for fake goods in China is largely driven by consumers who actively search for and purchase counterfeit products").

[130] This observation is based on the author's own experience in China. *See* Liz Robbins, Investigators Seize Fake Luxury Goods, N.Y. TIMES (Aug. 16, 2018), https://www nytimes.com/2018/08/16/nyregion/fake-luxury-goods-handbags.html.

[131] This observation is based on the author's work with private investigation companies tracking counterfeiters in China.

[132] *See* DANIEL C.K. CHOW & EDWARD LEE, INTERNATIONAL INTELLECTUAL PROPERTY: PROBLEMS, CASES, AND MATERIALS 784 (3d ed. 2017) (consumers will knowingly purchase fake luxury goods).

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good will associated with the brand name or trademark.[133] In China today (as in many other countries), there is an enormous demand for counterfeit luxury branded handbags that offer the prestige of the genuine brand at a fraction of the price of the genuine product.[134]

The same is true with counterfeit liquor as shown in example (b) above. Consumers in China who purchase counterfeit bottles of famous brand name liquor are not in general buying the liquor for private or personal consumption.[135] In China, for personal or professional reasons, people often have banquets or dinners where highly alcoholic drinks are served and consumed in large quantities as part of social drinking rituals.[136] It is a mark of prestige for a host to serve a famous foreign brand of liquor, such as a French made cognac like Hennessy or a western brand of whiskey such as Johnny Walker Black Label.[137] There is a huge demand for this type of counterfeit liquor, where the counterfeiter uses a bottle that is either a copy or a genuine used bottle and fills it with a cheap but potent liquor.[138] The host can enjoy the good will of serving his guests a high prestige brand while only paying for a common liquor that, while inexpensive, is just as potent but is not contaminated or harmful to the guests.

In the case of (c), young adults in China are highly fashion-conscious and are hungry for famous international brands.[139] Most consumers viewing the webpage with Abercrombie and Fitch pants selling for $12 are fully aware that these are counterfeits and that the product is of low quality. They reason, however, that they can pay about the same price for a low-quality product without the prestige of the counterfeit Abercrombie label or pay a little bit more for the same low-quality product but enjoy the prestige of the Abercrombie brand name. Many consumers will choose the latter.[140]

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[133] *Id.*

[134] *Id.*

[135] These observations about the use of alcohol in China are based upon the author's own experience and based on discussions with colleagues and associates.

[136] See Nathan H. Gray, *"Gan Bei": Business and Ritualistic Drinking in China*, WORD PRESS (Apr. 22, 2010), https://nathanhgray.wordpress.com/2010/04/22/gam-bei-business-and-ritualistic-drinking-in-china/ (discussing the importance of drinking rituals).

[137] *See* Jiani Ma, *Rich Post-80s Drive Chinese Whiskey Market Growth*, JING DAILY (Apr. 16, 2018), https://jingdaily.com/chinese-whiskey-market/ (noting the demand for premium and super premium brands of whiskey and cognac in China).

[138] Natalie Wang, *Nearly 40% of Chinese Consumers Admit to Purchasing Fake Booze*, THE DRINKS BUS. (Mar. 19, 2018), https://www.thedrinksbusiness.com/2018/03/nearly-40-chinese-consumers-admit-to-purchasing-fake-booze/ (noting that consumers admit to intentionally purchase fake booze in China).

[139] *See e.g.*, *Luxury Brands Tailor Their Marketing to Asian Millennial Consumers*, THE FASHION LAW (Aug. 7, 2018), http://www.thefashionlaw.com/home/luxury-brands-tailor-their-marketing-to-millennial-consumers-in-the-far-east.

[140] This observation is based upon the authors' experience in investigating counterfeit consumer products in China.

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2. Alibaba's "Arrogance" and Illegal Activities

While MNCs have consistently complained about Alibaba's tacit approval and support of counterfeiting, these sentiments were recently confirmed for the first time by enforcement authorities in China in connection with an extraordinary national level investigation of Alibaba. The State Administration of Industry and Commerce (SAIC) and its local branches (AICs) are charged with maintaining orderly markets in the PRC and are primarily responsible for stemming the flow of counterfeit goods.[141] In the case of Alibaba, the SAIC took the unprecedented step of conducting an administrative guidance meeting with Alibaba officials in July 2014.[142] The Director of the SAIC emphasized the unique nature of the meeting when he stated, "For this meeting, I didn't know whether it's the first ever of its kind, or the last, but I hope that this would be the last time for a meeting of this nature."[143]

Enforcement actions are usually the provenance of local AICs as the SAIC, the central level authority, is a supervisory and policy-making body.[144] However, the SAIC believed that in the case of Alibaba, it was necessary for the agency to step in to resolve a case that had proven to be intractable to local authorities.[145] In the administrative guidance meeting, the SAIC and appropriate local level AICs met with Alibaba officials in order to set forth an agreed upon set of steps to remediate counterfeiting on Alibaba platforms.[146]

The administrative guidance meeting between the SAIC and Alibaba executives occurred on July 16, 2014,[147] and on January 28, 2015, the SAIC issued a White Paper as a follow up to the meeting to formally set forth a

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[141] *State Administration of Industry and Commerce*, IP CHANNEL (Feb. 9, 2010), http://ip.people.com.cn/ GB/152255/10960401 html.

[142] *See* Transcript of Administrative Guidance Meeting Between SAIC and Alibaba (held July 14, 2016) (on file with author) [hereinafter Transcript of Admin. Guidance Meeting]; Huang, *supra* note 31 ("On July 16, 2014, the administrative guidance group of the Internet Supervision Department . . . held an administrative guidance forum at the Zhejiang Province Industry and Commerce Bureau. Principal officers and management teams of the core departments of Alibaba Group attended the meeting and accepted administrative guidance."). *See also* Heather Timmons, *Chinese Regulators Flagged Illegal Practices at Alibaba Months Before Its Monster IPO*, QUARTZ (Jan. 28, 2015), https://qz.com/334863/chinese-regulators-flagged-illegal-practices-at-alibaba-months-before-its-monster-ipo/. Administrative guidance is governed by the SAIC's Comprehensive Promotion of Administrative Guidance Work (2009).

[143] Transcript of Admin. Guidance Meeting, *supra* note 142, at 128.

[144] *State Administration of Industry and Commerce*, *supra* note 141 ("The [SAIC] . . . is the competent authority of ministerial level directly under the State Council in charge of market supervision/regulation and related law enforcement through administrative means.").

[145] *See* SAIC WHITE PAPER, *supra* note 31, at 11–12.

[146] The steps were later summarized in the SAIC White Paper. *Id.* at 19.

[147] *See id.*; Huang, *supra* note 31.

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plan of remediation.[148] In both the transcript of the meeting and in the SAIC White Paper, the SAIC makes the point repeatedly that at the time of the meeting in July 2014 there were numerous counterfeits, infringing products, and other violations of Chinese laws on advertising, product information, and licensing on Alibaba's websites.[149]

However, the point being made by the SAIC White Paper and during the administrative guidance meeting is more subtle, and even more deep-seated, than the need to control persistent illegal activities. For example, the SAIC states:

> Alibaba Group, for a long time, *has failed to take seriously* the operational violations on its e-commerce platforms and did not take effective measures to address the violations. This caused a miniscule issue to snowball into a serious problem, leading Alibaba to its greatest crisis since its incorporation.[150]

This critique is not directed at practices involving IP rights; it is directed at an underlying culture at Alibaba, which is one of viewing itself as above the law, including an attitude of a willful refusal to obey the law. At another point, the SAIC White Paper states:

> It is suspected that [Alibaba] knowingly, intentionally, by negligence or in spite of their presumed knowledge facilitates unlicensed operations, trademark infringements, untruthful publicity, pyramid schemes and violations of consumers' rights.[151]

The SAIC traces Alibaba's flouting of the law to an attitude of "arrogance."[152] An AIC official at the July 16, 2014 meeting stated that when speaking to Alibaba employees, he felt "a kind of arrogant emotion sprouting and growing."[153] In its White Paper, the SAIC specifically tells Alibaba that it should "redress arrogance."[154] The SAIC informs Alibaba that it cannot expect to "receive special treatment under law. . . . Regulators . . . shall treat businesses equally under law."[155] The SAIC also admonishes Alibaba to "ethically conduct business" and warns that "[a]n enterprise shall not get

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[148] *See* SAIC WHITE PAPER, *supra* note 31. The purpose of the White Paper is to provide "various understandings and information about the said administrative guidance meeting" to Alibaba. *See id.* at 11.

[149] Transcript of Admin. Guidance Meeting, *supra* note 142, at 3–8.

[150] SAIC WHITE PAPER, *supra* note 31, at 11–12 (emphasis added).

[151] *Id.* at 14.

[152] *Id.* at 20.

[153] Transcript of Admin. Guidance Meeting, *supra* note 141, at 117.

[154] SAIC WHITE PAPER, *supra* note 31, at 20.

[155] "No market player shall receive special treatment under law. The management of Alibaba family shall understand their bottom line. Regulators in the applicable jurisdiction shall treat businesses equally under law." *Id.*

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what it wants at its own will."[156] The SAIC additionally warns Alibaba that it cannot flout the law when it finds the law interferes with its interests and then assert the law when it needs the law's protection despite acting without credibility or integrity.[157]

Although the SAIC stood in the position of a government regulator at the meeting, it at times seemed to descend into the role of a sycophant flattering the Alibaba executives for the purpose of cajoling and pleading with them to respect the law. For example, at the administrative guidance meeting, AIC officials lavishly praised Alibaba, telling the executives how proud the PRC was of their accomplishment,[158] mentioning that all of the Alibaba executives at the meeting were "famous people"[159]and "big shots,"[160] and joking that the monthly salary of just one of the Alibaba executives were as much as the combined annual salaries of all the AIC officials present at the meeting.[161]

a. Specific Practices

Alibaba's lack of respect for the law manifested in two practices that drew the SAIC's special attention and were the focus of discussion during the administrative guidance meeting: taking bribery from the platform participants and colluding with the counterfeiters. The SAIC states that "a large number of Alibaba staffers take business bribes in exchange for giving platform participants [preferential business opportunities] to squeeze out their competitors."[162] While Alibaba was already aware of the bribery problem and took some steps to control it, the AICs stated that bribery was still a problem as of the July 16, 2014 administrative guidance meeting,[163] and an Alibaba vice president at the meeting acknowledged that "temptation from the outside" is a problem among the Alibaba staff.[164] The SAIC also cited Alibaba employees' active participation in misleading consumers and committing various consumer protection violations. For example, the SAIC

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[156] *Id.*

[157] "An enterprise shall not get what it wants at its own will, i.e. when needing credibility to protect an enterprise's interest, it boasts about credibility but throws the law away; when needing law to protect itself, it raises up high the flag of law but intentionally ignores its duties regarding credibility and integrity." *Id.*

[158] Transcript of Admin. Guidance Meeting, *supra* note 141, at 13.

[159] *Id.* at 39.

[160] *Id.*

[161] *Id.* at 109.

[162] SAIC WHITE PAPER, *supra* note 31, at 16.

[163] Transcript of Admin. Guidance Meeting, *supra* note 141, at 9 ("The sixth problem is what was included in governance, that is, the commercial bribery existing among the staff of Taobao.com. Suppliers and users of the platform are all involved. You have realized this problem and tried to keep it under control. However, the situation still exists.").

[164] Alibaba executive Xiaofeng Shao: "Recently, we have continued to improve the punishment system, even including the standards for our internal staff because this is also a big problem we face like the temptation from the outside." *Id.* at 92.

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notes that "[s]ome of the online shops, through the trading with others, delete negative comments, providing business information to themselves and others that disrupts normal business order . . . . But [Alibaba's] supervision and punishment are not strict enough. There are staff in [Alibaba] involved in this violation."[165] A second set of practices involves Alibaba employees working together with counterfeiters, tipping the counterfeiters off to enforcement actions. For example, an SAIC official stated that in one instance the SAIC asked Alibaba for information about ten online stores suspected of selling counterfeits; although Alibaba provided the information, seven of the stores promptly closed, two cancelled their accounts, and one started to sell authentic products.[166] The SAIC concluded that "[t]his indicated information disclosure by your company staff"[167] to the counterfeiters. In another instance, the SAIC stated that after local AICs provided Taobao, an e-commerce platform owned by Alibaba, with information about their investigations, Taobao was suspected of tipping off counterfeiters and manufacturers of illegal narcotics.[168]

The unlawful activities by Alibaba employees discussed at the administrative guidance meeting in July 2014 came just three years after a major scandal in 2011 that involved about 100 Alibaba employees, including supervisors and sales managers, who after an internal investigation were found to be directly responsible for allowing over 2,300 China Gold Suppliers to defraud international buyers.[169] Long time CEO David Wei Zhe and COO Elvis Lee Shi Huei were forced to resign as a result of the scandal.[170] According to news reports, Alibaba lost $933 million in market share due to the scandal.[171] Three years after this scandal, according to the SAIC, numerous members of Alibaba's staff continued to conduct illegal activities adding further to its perception of a culture of lawlessness at Alibaba.

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[165] *Id.* at 10.

[166] *Id.* at 11.

[167] *Id.*

[168] SAIC WHITE PAPER, *supra* note 31, at 17.

[169] Pascal-Emmanuel Gobry, *Huge Fraud at China E-Commerce Giant Alibaba.com: Management Out, 100+ Employees Dismissed*, BUS. INSIDER (Feb. 21, 2011), https://www.businessinsider.com/alibaba-ceo-resigns-over-huge-fraud-scandal-2011-2; Kelvin Soh, *Alibaba.com CEO Resigns After Jump in Fraudulent Sales*, REUTERS (Feb. 21, 2011), https://www reuters.com/article/us-alibaba/alibaba-com-ceo-resigns-after-jump-in-fraudulent-sales-idUSTRE71K1QA20110221 ("'Members of our company's senior management knew of a noticeable increase of fraud claims by global players against China Gold Supplier customers on the international marketplace that began in late 2009,' Ma said in the statement.").

[170] Gobry, *supra* note 169; Soh, *supra* note 169.

[171] Mark Lee, *Alibaba Shares Tumble After Fraud Leads to CEO Departure*, BLOOMBERG (Feb. 22, 2011), https://www.bloomberg.com/news/articles/2011-02-22/alibaba-comdown graded-by-morgan-stanley-after-ceo-wei-resigns.

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b. Above the Law in China

Alibaba's "arrogance" needs to be understood in the context of China's legal and political culture. In China today, it is not unusual for powerful entities to routinely disregard the law. In general, the more powerful an entity, the less compelled it feels to follow the law. Alibaba is among a handful of the most powerful entities in China. As a mundane example familiar to every citizen in China, cars registered to the People's Liberation Army ("PLA") do not obey traffic laws.[172] Every car registered to the PLA has a special license plate. These cars will routinely drive through red lights, speed, and refuse to pay tolls. Under China's current security systems, cars that drive through red lights are recorded by cameras stationed at every traffic stop, and letters containing fines are sent to transgressors. PLA cars, however, do not pay fines. No regular police officer with the Public Security Bureau will dare to stop a PLA car for a traffic violation, and no toll collector will dare to challenge a PLA car that refuses to pay the toll. This is a deeply embedded cultural attitude that starts at the top with the most powerful entity of all in Chinese society: the Communist Party, which views itself as above the law and views the law as a mere instrument for it to use to achieve its own ends.[173] These Party attitudes will be familiar to Jack Ma, the chairman of Alibaba, who is also a member of the Communist Party,[174] as are other senior Alibaba executives.[175]

As noted earlier, Alibaba's size is prodigious, and its financial power overwhelming.[176] In China today, an entity that is as large and powerful as Alibaba does not believe that it needs to answer to lowly government enforcement officials. Alibaba executives, such as Chairman Jack Ma, himself a Communist Party member, and other senior Alibaba officials who are also Party members, believe that they do not answer to the law but only to the Party, the ultimate authority in China.[177] One example of the close link between Alibaba and the Party is that Alibaba runs China's new social credit system.[178] Alibaba assigns a three digit score (from 350 to 950) to each citizen in China based on the social desirability of the citizen's conduct,

[172] The author has witnessed these practices by the PLA firsthand in China.

[173] DANIEL C.K. CHOW, THE LEGAL SYSTEM OF CHINA IN A NUTSHELL 62 (3d ed. 2015): "[N]either Imperial China nor pre-reform modern China recognized or accept the rule of law . . . . [T]he Communist Party views itself as holding unchallenged authority. In modern China, the Communist Party is supreme."

[174] Li Yuan, *Jack Ma, China's Richest Man Belongs to the Communist Party. Of Course.*, N.Y. TIMES (Nov. 27, 2018), https://www nytimes.com/2018/11/27/business/jack-ma-communist-party-alibaba html.

[175] The author has personal knowledge that senior Alibaba officials are Party members from his current work as a legal expert in litigation involving China.

[176] *See supra* text accompanying notes 103–107.

[177] This observation is based upon the author's own assessment and analysis.

[178] Campbell, *supra* note 42.

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allowing the government to punish or reward its citizens.[179] These close ties further suggest that Alibaba is not intimidated by and does not fear PRC enforcement authorities. For their part, PRC enforcement authorities are reluctant to shut down or seriously harm Alibaba because such actions will lead to significant financial losses for China and the possible demise of one of the world's leading technology companies and a great source of national pride.[180]

An indication of how Alibaba continues to view itself as above the law in China is that on April 25, 2019, the USTR placed Alibaba on its Notorious Markets List for the third year in a row.[181] This designation occurred five years after the SAIC administrative guidance meeting in July 2014 and four years after the SAIC issued the White Paper detailing a plan of remediation in 2015. In its 2018 report, the USTR stated, "[a]lthough Alibaba has taken some steps to curb the offer and sale of infringing products, right holders . . . continue to report high volumes of infringing products and problems with using takedown procedures."[182] After a history of misconduct, scandals, vehement protests by brand owners, an extraordinary effort by the PRC government, and numerous blacklists by the U.S. government, Alibaba's conduct has not changed appreciably. Under these circumstances, brand owners must confront the reality that Alibaba is not likely to change its conduct without intervention by the highest levels of the Party, probably only by a personal decision by Xi Jinping, China's President and the General Secretary of the Communist Party.[183] Until senior Party leaders intervene, brand owners must accept the likelihood that Alibaba believes that it can operate outside of the law in China with impunity and without fear of government reprisals.

E. Amazon

Amazon is currently the largest e-commerce marketplace in the United States[184] and is the second largest in the world, trailing only Alibaba.[185] As of 2016, the market value of Amazon exceeded that of the eight largest U.S. brick-and-mortar retailers combined, including Walmart, Target, and Best

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[179] *Id.*

[180] This observation is based upon the author's assessment of the overall tone of the SAIC White Paper, *supra* note 31, and the transcript of the administration guidance meeting, *supra* note 141.

[181] OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, SUPRA NOTE 114.

[182] *Id.*

[183] This is the author's professional opinion based on his experience and knowledge of China. For a summary of Xi's positions, *see President Xi Jinping*, THE U.S.-CHINA BUS. COUNCIL, https://www.uschina.org/president-xi-jinping (last visited July 1, 2019). *See also #1 Xi Jinping*, FORBES, https://www.forbes.com/profile/xi-jinping/#2f2f40051601 (last visited July 1, 2019) (President Xi became the "core" leader of the Communist Party in 2016.).

[184] *See* Levy, *supra* note 107.

[185] *See id.*

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Buy.[186] In December 2018, Amazon's GMV reached $239 billion.[187] One of its most popular online retail services, Amazon Prime, now has over 100 million members worldwide.[188] Amazon's official anti-counterfeiting policy states that it is the responsibility of the seller or supplier to ensure that its products are genuine, not counterfeits.[189] Two aspects of Amazon's business practices have led to a rise in online counterfeits.

Once a brand owner agrees to sell its products on Amazon's e-commerce marketplace, Amazon will source products not only from the brand owner, but also from other third-party vendors that sell the branded products. In order to have sufficient inventory on hand to satisfy customer orders expeditiously, Amazon's warehouses will co-mingle products from the brand owner and from other third-party vendors into a single source of supply.[190] If a third-party vendor ships a counterfeit product to Amazon, it becomes co-mingled with genuine products in Amazon's warehouse. When a customer orders a product online, the customer may receive a product from the warehouse from either the brand owner or a third-party vendor, which might be a counterfeit. The source of the product is not clear to the customer when he or she makes a purchase, but the customer will generally assume that it was manufactured by the brand owner.

Unable to make inroads into China's e-commerce marketplace against competitors such as Alibaba, Amazon decided in 2015 to woo Chinese manufacturers to sell directly to U.S. consumers on its e-commerce site.[191] As China is the world's largest source of counterfeits, the result was predictable: beginning in 2015, counterfeits soon began to proliferate on Amazon's e-commerce sites, much to the chagrin and exasperation of brand owners. Brand owners' complaints against Amazon also echo some of the complaints against Alibaba. For example, according to one brand owner representative, "Amazon is making money hand over fist from counterfeiters, and they've done about as little as possible for as long as possible to address the issue."[192]

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[186] Jeff Desjardins, *The Extraordinary Size of Amazon in One Chart*, VISUAL CAPITALIST (Dec. 30, 2016), https://www.visualcapitalist.com/extraordinary-size-amazon-one-chart/.

[187] *See* Levy, *supra* note 107.

[188] Austen Hufford & Georgia Wells, *Amazon Prime Has More Than 100 Million Members*, WALL ST. J. (Apr. 18, 2018), https://www.wsj.com/articles/amazon-prime-has-more-than-100-million-members-1524088630.

[189] *Amazon Anti-Counterfeiting Policy*, AMAZON, https://sellercentral.amazon.com/gp/help/external/201165970 (last visited July 1, 2019).

[190] Pierson, *supra* note 13.

[191] Shepard, *supra* note 9.

[192] Levy, *supra* note 18.

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III. ENTITY VERIFICATION MEASURES AND THE REQUIREMENTS OF PRC LAW

The discussion in Part II centers on how the concern is different in each case, although brand owners voice similar concerns about counterfeits available on Alibaba and Amazon. The major complaint by brand owners with Alibaba is that it facilitates the sale of counterfeits in order to satiate the enormous appetite for counterfeits among China's consumers. In the case of Amazon, the major concern of brand owners is that U.S. consumers who seek to purchase genuine products are instead deceived into purchasing a counterfeit. In both cases, brand owners have expressed frustration with the lack of effective enforcement by these e-commerce platforms against webpages or postings selling counterfeits on Alibaba or Amazon's websites. These problems are further discussed below.

A. Problems with Enforcement

Although brand owners have many complaints about enforcement issues against counterfeiters on Alibaba and Amazon platforms, the crux of these complaints can be summarized as follows: (1) counterfeiters use false identities and addresses and thus are untraceable; (2) brand owners must suffer through the use of cumbersome and ineffective notice and takedown procedures; and (3) existing measures used by e-commerce platforms do not deter repeat infringing activity.

1. False Names, Identities, and Addresses

Current e-commerce platforms, including Alibaba and Amazon, do not subject new sellers to adequate verification or confirmation although Alibaba is required to do so under PRC law; without an enforced verification or confirmation process, counterfeiters routinely use false or inaccurate names and addresses when registering with these e-commerce platforms.[193] When brand owners pursue counterfeiters in enforcement actions, they discover that names and addresses are fictional, and the counterfeiters then disappear into the vast expanse of cyberspace. Brand owners argue that Alibaba and Amazon have few requirements for registration and that verification of this information is not thorough or adequate. In the case of Alibaba, the SAIC White Paper stated that "only lip service is paid to credential review and registration of vendors."[194] Brand owners often complain that vendors on Amazon use fictitious names and addresses.[195]

2. Burdensome Notice and Takedown Procedures

E-commerce platforms create bureaucratic or technical hurdles in

[193] SAIC WHITE PAPER, *supra* note 31, at 13.
[194] *Id.*
[195] *See* [a hereinafter reference], *supra* note 13.

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helping brand owners to locate or identify sources of counterfeits and counterfeiters.[196] These hurdles delay, frustrate, and create additional financial burdens for brand owners.[197] Both Amazon and Alibaba use a notice and takedown procedure that is based upon requirements set forth in the DMCA[198] and similar provisions in PRC law, respectively.[199] When a brand owner discovers an offending webpage or posting, the brand owner is required to submit notices to the ISP under a certain set of criteria that results in the ISP requiring the removal of an offending webpage or posting. Brand owners have described the experience of using notice and takedown procedures as "Kafka-esque"[200] and likened their use to being imprisoned in "Amazon purgatory."[201] Brand owners are required to place an order for the counterfeit goods, buy and receive the goods from the offending website, test the goods, verify that they are counterfeit, and then submit both the counterfeit and genuine product with notices documenting these actions.[202] Alibaba has a "three strikes" policy,[203] requiring proof of three completed transactions involving counterfeits and submission of notices before an offending webpage can be removed. This process can take months, is expensive, and consumes significant time and effort by the brand owner. Even when brand owners satisfy this arduous process, they complain that the notices are still often ultimately rejected for technical reasons.[204]

3. Lack of Deterrence

In those instances in which brand owners can achieve a takedown of the offending website or otherwise bring pressure to bear on counterfeiters, brand owners complain that once the counterfeit goods disappear, they reappear in short order on a new webpage.[205] Some brand owners refer to this process as a futile game of "Whac-A-Mole" in which a counterfeiter disappears only to immediately reemerge under a new name, identity, and location to resume its counterfeiting operations.[206] In the meanwhile, brand owners have expended significant time, effort, and money in pursuing the

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[196] *See supra* text accompanying note 15; *see also supra* text accompanying note 101.

[197] *See* Bercovici, *supra* note 15.

[198] *See* 17 U.S.C. § 512 (Westlaw through Pub. L. No. 116-68). *See also Intellectual Property Policy for Sellers*, *supra* note 101 (Amazon); *Intellectual Property Rights (IPR) Protection Policy*, *supra* note 101 (Alibaba).

[199] *See generally* Trademark Law of the People's Republic of China, *supra* note 97; Law Against Unfair Competition of the People's Republic of China, *supra* note 97.

[200] Bercovici, *supra* note 15.

[201] *Id.*

[202] *Id.*

[203] *Enforcement Actions for Intellectual Property Rights Infringements Claims on Alibaba.com*, ALIBABA (Nov. 1, 2017), https://rule.alibaba.com/rule/detail/2043.htm.

[204] *See* Bercovici, *supra* note 15.

[205] *See supra* text accompanying note 15.

[206] Bercovici, *supra* note 15.

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counterfeiting without achieving any tangible results.

B. Proposed Remedial Measures

While counterfeiting on the Internet is a daunting problem, China provides the information technology tools that can be used to deter counterfeiters and that can address each of the three major enforcement issues faced by brand owners: false identities and addresses, convoluted notice and takedown procedures, and rampant recidivism. Most brand owners are completely unaware of or otherwise do not understand these potent tools.

1. AIC Business License

As part of China's extensive system of industrial and social control, a legal regime of identification and attribution of legal liability exists that can be used against counterfeiters involved in e-commerce commerce. Both in the July 16, 2014 administrative guidance meeting and in its White Paper, the SAIC repeatedly refers to Alibaba's need to control counterfeiting at the point of entry (i.e., registration on the Alibaba websites). The AICs stressed that if entry is well controlled, many of Alibaba's current problems can be solved.[207] This Article argues that brand owners should heed the advice of China's enforcement authorities and seek to have e-commerce platforms implement effective registration procedures in accordance with the specific requirements of PRC law. These measures can create prophylactic measures at the point of entry that can create an effective deterrent to counterfeiting.

Article 23 of SAIC Order No. 60, Measures on the Administration of Online Transactions ("MAOT")[208] requires business operators of online platforms to verify the legal identities of all entities or persons applying for access to their platform for the sale of products:

> The business operator of a third-party transaction platform shall examine and register as business operators the identities of the legal persons, other economic organizations or industrial and commercial sole proprietors that apply for access to the said platform for sale of products or provision of services, establish registration files and conduct regular verification and updating, and *make public the information specified in their business licenses or provide electronic links to their business licenses in eye-catching locations on its main web pages for business activities*.[209]

As set forth above, Article 23 requires the e-commerce platform to display information in the business licenses of business operators or to

[207] Hua Yu of Fujian Provincial AIC: "Until now, it seems that there are some difficulties in solving some problems. But in fact, if the entity is well controlled, I don't think it will be a problem." Transcript of Admin. Guidance Meeting, *supra* note 141, at 27.

[208] *See* Administrative Measures for Online Trading, *supra* note 48.

[209] *Id.* at art. 23 (emphasis added).

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provide a link to their business licenses.[210] Under PRC law, every lawful business entity in the PRC must have a business license issued by the local AICs that contains the lawful business scope of the entity, its address, and the name of its legal representative.[211] All lawful enterprises must have an official, AIC-issued business license; any entity that does not have a business license cannot lawfully operate.[212]Business operators obtain a business license by applying to local AICs that review their proposed business operations to ascertain that they are lawful and economically feasible.[213] For example, if a business operator proposes to sell trademarked products, the AICs will ask for proof of a trademark registration or trademark licensing agreement.[214] The issuance of a business license means that the AICs have reviewed and approved the proposed business plan of the applicant and found it to be lawful.

Among its other functions, the business license sets forth the lawful business scope of the entity. For example, a business license might state that the entity is lawfully authorized to engage in the sale of laundry detergent or other cleansing agents for laundry. Such an entity would be acting unlawfully if it engaged in any business outside of that scope, such as, for example, the sale of peripheral equipment for computers or mobile phones. A business operator that obtains a business license for the sale of genuine products but instead sells counterfeits is in violation of its license and faces a fine or suspension of the license, which would require ceasing business operations.

The business license also prevents the business operator from using a business name and address on an e-commerce site different from that on the business license. Only the business identified in the license by its name and address is lawfully entitled to use the business license, i.e. such licenses are not transferable and cannot be used by an entity other than the one that

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[210] *Id.*

[211] Companies Law of the People's Republic of China, ch. I, art. 7 (promulgated by the President of the PRC, Order No. 42, Oct. 27, 2005, effective on Jan. 1, 2006) ("The business license for a company shall state therein such matters as the name, domicile, registered capital, actual paid-up capital, business scope, the name of the legal representative, etc.") [hereinafter Companies Law of the PRC].

[212] *See id.* ("Company registration authorities shall issue business licenses for companies established under the law. The date of issuance of a business license for a company shall be the date of establishment of the company."). *See National Enterprise Credit Information Publicity System*, SAIC, http://www.gsxt.gov.cn/index html (last visited July 1, 2019). *See also The 5-in-1 China Business License (WFOE/WOFE)*, FDI CHINA (July 11, 2018), https://www fdichina.com/blog/china-company-registration/wfoe-wofe/5-in-1-business-license/.

[213] This observation is based upon the author's own experience in applying for business licenses in China. *See* Matt Slater, *What Is a China AIC?*, CHINA CHECKUP (Dec. 9, 2013), https://www.chinacheckup.com/blogs/articles/china-aic ("China AICs . . . provide official registration records for all companies in their jurisdiction[.]").

[214] The author has applied for business licenses in China and was asked by the AIC to provide proof of ownership or authorized use of trademark rights for products sold under the mark to ensure that the business had the legal right to sell the branded products.

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applied for and received the business license. A business operator that has sold counterfeit goods and that has been the subject of an enforcement action cannot just simply disappear and reappear on the Internet under a different business name and address; if the name and address do not match that on the license, the use of the license is unlawful. Strictly verifying the information on the business license will prevent business operators accused of counterfeiting from disappearing and immediately reappearing under a different name and address. To use a different name and address, the business operator would have to apply for a new business license from the AIC, a process that could take months.[215]

Requiring a valid business license will preclude many underground counterfeiting factories, petty criminal organizations, smugglers, and other illegal entities from registering to sell on an e-commerce platform because such entities are unwilling to undergo scrutiny by the AICs for fear that their illegal activities will be exposed, leading to prosecution by AICs and other PRC authorities, such as the Public Security Bureau (the police). These types of nefarious entities and persons are also involved in brick-and-mortar counterfeiting; they operate illegal underground factories and have no business licenses.[216] However, without a valid business license, these entities will be unable to register on an e-commerce platform such as Alibaba in accordance with Article 23 of the MAOT.

2. Legal Representative

The business license will also contain the name of the business entity's legal representative.[217] Under PRC law, every lawful business must have a natural person who serves as the legal representative of the business entity.[218] According to PRC law, the legal representative has the clear authority to act on behalf of the business entity and can bind the business entity to contracts and other legal relationships.[219] In many cases, the chairman of the board of directors of a company or a person of a similar rank in other organizations will serve as the legal representative.[220] PRC authorities wanted to make sure that under the law, it was always clear which person within a business enterprise could sign a legally binding contract or create other legal

[215] This observation is based on the author's own personal experience in applying for business licenses in China.

[216] The author's own experience is that many of these counterfeiters do not operate their businesses within the boundaries of the laws and regulations.

[217] Companies Law of the PRC, *supra* note 211, at ch. I, art. 7

[218] General Principles of the Civil Law of the PRC, *supra* note 51, at ch. III, art. 38 ("In accordance with the law or the articles of association of the legal person, the responsible person who acts on behalf of the legal person in exercising its functions and powers shall be its legal representative.").

[219] *Id.*

[220] Any person can serve as a legal representative, but companies usually appoint a high ranking official.

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relationships.[221] Although not specifically required by the MAOT, e-commerce platforms should require the business entity's legal representative to undergo the registration procedures so as to make certain that the business entity has lawfully committed to legal obligations created by registration.

Under PRC law, the legal representative is also personally subject to administrative and criminal liability whenever the company conducts illegal operations beyond the range approved by registration authorities, commits fraud, secretly withdraws or transfers funds, or engages in other illegal activities.[222] The existence of the legal representative ensures the PRC government that there is always a flesh and blood person who will be responsible to PRC authorities for violations of the law by legal "persons," such as a business enterprise. [223] PRC authorities did not want ultimate civil or criminal liability to rest solely with a legal fiction while natural persons escaped responsibility.[224]

By identifying a business entity's legal representative through requiring submission of its business license, e-commerce platforms such as Alibaba would provide the brand owner with a flesh and blood person against whom it can directly bring a complaint in a civil lawsuit under the PRC Trademark Law[225] or Anti-Unfair Competition Law[226] or whom the Public Security Bureau (the police) can arrest under the PRC Criminal Law.[227]

With these requirements, brand owners would not be limited to using the e-commerce platform owner's internal enforcement mechanism, such as

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[221] General Principles of the Civil Law of the PRC, *supra* note 51, at ch. III, art. 38.

[222] General Principles of Civil Law of the People's Republic of China, Article 49:

Under any of the following circumstances, an enterprise as legal person shall bear liability, its legal representative may additionally be given administrative sanctions and fined and, if the offence constitutes a crime, criminal responsibility shall be investigated in accordance with the law:

(1) conducting illegal operations beyond the range approved and registered by the registration authority;

(2) concealing facts from the registration and tax authorities and practicing fraud;

(3) secretly withdrawing funds or hiding property to evade repayment of debts;

(4) disposing of property without authorization after the enterprise is dissolved, disbanded or declared bankrupt;

(5) failing to apply for registration and make a public announcement promptly when the enterprise undergoes a change or terminates, thus causing interested persons to suffer heavy losses;

(6) engaging in other activities prohibited by law, damaging the interests of the State or the public interest.

General Principles of the Civil Law of the PRC, *supra* note 51, at ch. II, art. 49.

[223] General Principles of the Civil Law of the PRC, *supra* note 51, at ch. III, arts. 38 & 49.

[224] *Id.*

[225] Trademark Law of the People's Republic of China, *supra* note 97.

[226] Law Against Unfair Competition of the People's Republic of China, *supra* note 97.

[227] Selling counterfeits violates Article 140 of the Criminal Law of the People's Republic of China. *See* Criminal Law of the People's Republic of China, ch. III, art. 140 (promulgated by the President of the PRC, Order No. 83, Mar. 14, 1997).

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the notice and takedown procedures. As PRC law requires that the business operator make its business license available on the e-commerce platform and as business licenses are publicly available on the AIC websites, the brand owner does not need to go through the platform owner to obtain the necessary information to directly pursue the business operator.[228] Instead, the brand owner can immediately act against the legal representative listed in the business license upon discovering an offending webpage or posting rather than be subject to the long and frustrating delays of the notice and takedown procedures. Of course, the brand owner can also use the platform owner's internal procedures in addition to bringing an action directly against the business operator through PRC enforcement authorities or, under some circumstances, in the United States if the offender has sufficient U.S. contacts.[229]

The use of an enforcement method that does not rely on the active participation of the e-commerce platform is particularly useful in the case of Alibaba, which the PRC authorities themselves have identified as viewing itself above the law. Any method of enforcement against counterfeiters that requires the active participation of Alibaba could be met with half-hearted efforts or resistance, as many brand owners have persistently suspected and complained. Directly pursuing the counterfeiter will also relieve brand owners from the burden of using Amazon's convoluted internal procedures.

3. Verification and Deterrence

Requiring, verifying, and displaying seller information should create an effective deterrent against selling counterfeits on Alibaba and other e-commerce platforms, since fewer counterfeit sellers would even turn to the platform in the first place if such sufficient safeguards were in place. Counterfeiters always rely on the use of false identities, false names, and false addresses because they are fearful of detection, capture, arrest, and prosecution.[230] This is true of counterfeiters who sell in brick-and-mortar outlets as well as counterfeiters who sell on the Internet. The essential tools

[228] A similar procedure can be used in the case of sole proprietorships that would require individuals to register, i.e. Alibaba should do a strict review of the identity card of the registrant. "A natural person who intends to engage in online product transactions shall carry out business activities via a third-party transaction platform, and submit to the third-party transaction platform his/her name, address, valid identity proof, valid contact details and other real identity information." General Principles of the Civil Law of the PRC, *supra* note 51, at ch. I, art. 7. The same principle applies: identifying the name and address of a flesh and blood person who can be held civilly and criminally responsible can be an effective deterrent against counterfeits on Alibaba websites.

[229] It would be possible to file an action against a Chinese counterfeiter in the United States only if the counterfeiter is subject to the personal jurisdiction of U.S. courts under the minimum contacts standard set forth in *Int'l Shoe v. Wash.*, 326 U.S. 310 (1945) and its progeny.

[230] This observation is based on the author's own extensive experience in pursuing counterfeiters in China and in the United States.

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of the counterfeiter are secrecy, subterfuge, and artifice. The counterfeiter relies on these tools to disappear at the first sign of trouble. Denying the counterfeiter the use of these tools of secrecy and disguise would force the counterfeiter to operate openly and transparently subject to legal actions in China or in the United States, a prospect that counterfeiters abhor. Many counterfeiters would find the price of transparency and the risks of capture too high a price to pay for operating on the Internet and, as a result, will be deterred from registering on e-commerce platforms.

Currently, however, as the SAIC notes, Alibaba "only pays lip service"[231] to verifying information. The SAIC specifically criticized Alibaba for numerous careless and lax practices in its examination of business licenses that fail to verify that the entity named in the business license was the user of the license.[232] A review of the Alibaba webpages contained in the Appendix indicates the business operator has not displayed or provided access to its business license on its webpage as required by Article 23 of the MAOT.[233] At present, many individuals register on Alibaba's websites by using false identification papers, sets of which—as the SAIC noted—can be purchased on Alibaba's websites.[234] Under its guidelines, Amazon does not require online sellers from China to submit an AIC business license or identify a legal representative. Currently, Amazon only requires a business name, a telephone number, and some form of personal identification, and, as a result, many vendors provide fictitious information.[235]

4. Amazon and PRC Law

Although Alibaba is clearly subject to the SAIC Measures on the Administration of Online Transactions, it is arguable that Amazon is also subject to these provisions as applied to business entities in China that register on Amazon. Under traditional choice of law principles, the physical location of the business entities in China provides a basis for choosing Chinese law to govern the matter of the registration of those entities.[236] Even

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[231] SAIC WHITE PAPER, *supra* note 31, at 13.

[232] "Some online stores that are required to upload business licenses to pass the true name authentication have an entity name, business address, residential information that apparently are not consistent with the entity name, business address or residential address on the business license. Some vendors uploaded business license information of other companies." *Id.*

[233] *See* Appendices 1-3.

[234] Transcript of Admin. Guidance Meeting, *supra* note 142, at 98.

[235] *Selling on Amazon: Frequently Asked Questions*, *supra* note 44 (requiring a business name, address, and contact information among other information in order to open an Amazon seller account); *see also supra* note 13 (brand owners find vendors provide bogus information).

[236] Under the Restatement (Second) of Conflicts of Law § 188(2), the following factors would support a finding of PRC law to govern the registration requirements: (a) place of contracting, (c) place of performance, (d) location of the subject matter of the contract, and (e) place of incorporation and place of business of the parties. Restatement (Second) of Conflicts of Law § 188(2) (Am. Law Inst. 1971).

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if choice of law rules do not dictate the application of the SAIC Measures, nothing prevents Amazon from choosing on its own, through a choice of law clause in its contracts with vendors, to follow PRC law and require each Chinese business to submit an AIC business license or a link to the license on its websites as well as requiring the legal representative to undergo registration procedures.[237] This process will allow brand owners in the United States to bring an action directly against business operators in China that use offending webpages or posts on Amazon in lieu of or in addition to pursing notice and takedown procedures. As the vast majority of counterfeits originate from China,[238] such measures could be an effective deterrent to counterfeits on Amazon.

5. Consent to Arbitration before CIETAC

Although not required by MAOT or other PRC law, e-commerce sites should also include in their registration procedures a clause requiring the resolution of disputes involving foreign elements by arbitration before the China International Economic and Trade Arbitration Commission (CIETAC).[239] CIETAC has its headquarters in Beijing and facilities in other cities in China and Hong Kong;[240] it lists many foreign experts among its roster of arbitrators,[241] and parties can choose English as the language of the arbitration.[242] The clause should include a provision that the business operator consents to the arbitration of disputes with the platform owner or an entity authorized by the platform owner, i.e., the brand owner.

Arbitration clauses providing for resolution of disputes by CIETAC are now commonly used by many companies to resolve international business disputes that involve China,[243] and arbitration is generally the normal method for resolving international disputes.[244] The advantage of such a clause for the brand owner is the certainty that an action can be filed against the legal

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[237] Parties can also choose the applicable law through a choice of law provision. *See id.* § 187.

[238] *See supra* Part II.A.

[239] China Int'l Econ. & Trade Arbitration Comm'n (CIETAC) Arbitration Rules, art. 3(2) (revised and adopted by the China Council for the Promotion of International Trade and China Chamber of International Commerce on Nov. 4, 2014 and effective on Jan. 1, 2015), http://www.cietac.org/Uploads/201904/5caae5be03bb5.pdf [hereinafter CIETAC Arbitration Rules].

[240] CIETAC Arbitration Rules, *supra* note 239, art. 2(3).

[241] *Arbitrators*, CIETAC, http://www.cietac.org/index.php?g=User&m=Arbitrator&a=index&l=en (last visited July 1, 2019).

[242] CIETAC Arbitration Rules, *supra* note 239, art. 30.

[243] *See Model Clause: China International Economic and Trade Arbitration Commission (CIETAC)*, INT'L TRADE CENTR., http://www.intracen.org/Model-Clause-China-International-Economic-and-Trade-Arbitration-Commission-CIETAC/ (last visited July 1, 2019) (promoting the use of a model arbitration clause using the CIETAC).

[244] CHOW & SCHOENBAUM, *supra* note 55, at 593 (noting that arbitration is now the normal way to resolve international business disputes).

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representative of the business operator with CIETAC and that CIETAC will have jurisdiction over the respondent. This will allow brand owners to move expeditiously when filing an action with CIETAC without having to deal with the uncertainty of preliminary issues such as proper notice and jurisdiction in a court-based litigation. The brand owner will also not need to suffer through the agony of waiting months required by using notice and takedown procedures.

CIETAC awards enjoy a high degree of respect and enforceability in China. PRC law requires parties to implement CIETAC arbitral awards[245] and the awards are enforceable by Chinese courts at the local level.[246] Consent to arbitration before a prestigious entity such as CIETAC would act as a further powerful deterrent to counterfeiters in China, who are used to dodging legal authorities not consenting to appear before them. The threat of being brought before CIETAC should further deter counterfeiters from registering on e-commerce platforms. For those merchants that do register, brand owners will have a quick and effective method of enforcement.

IV. CONCLUSION

The dawn of the age of e-commerce in the new millennium opened new possibilities for legitimate commerce, but it also created vast new opportunities for illegal commerce, such as the sales of counterfeits on a previously impossible scale and level of penetration. This Article has detailed some of the daunting challenges the Internet created for brand owners and the brand owners' numerous but frustrated efforts in dealing with this potent new threat.

This study has focused on the two largest e-commerce sites in the world that dominate online retail services in China and the United States and the lessons learned can be immediately applied to other sites. The kinds of problems that brand owners face on Alibaba and Amazon are both different and similar.

The problems are different in that Alibaba facilitates the sale of counterfeits to satiate the enormous demand for counterfeits by Chinese consumers, whereas Amazon sells counterfeits on its e-commerce site to U.S. consumers who are deceived into buying a counterfeit when they sought to buy a genuine product. Together, Alibaba and Amazon can deliver a crippling one-two punch to brand owners: Alibaba facilitates the sale of counterfeits of their products to those consumers who seek them, and Amazon facilitates the sale of counterfeits to those who do not. Considering

[245] CIETAC Arbitration Rules, *supra* note 239, art. 55(1) ("The parties shall perform the arbitral award within the time period specified in the award. If no time period is specified in the award, the parties shall perform the award immediately.")

[246] CIETAC Arbitration Rules, *supra* note 239, art. 55(2) ("Where one party fails to perform the award, the other party may apply to a competent court for enforcement of the award in accordance with the law.")

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that there are other huge e-commerce sites such as JD.com and Tencent in China and e-Bay and Groupon in the United States with similar issues, brand owners are faced with numerous dangerous threats.

The problems are similar in that brand owners find the pursuit of counterfeiters through these two e-commerce giants to be frustrating and ineffective and the direct pursuit of counterfeiters to be futile, as counterfeiters quickly vanish into cyberspace at the first sign of trouble.

Both sets of problems can be remediated through the suggested course of action set forth in this Article. However, while brand owners have made many demands to Alibaba and Amazon to streamline and improve their internal procedures for the monitoring of counterfeits and their notice and takedown procedures, to the best of the author's knowledge, no brand owner has looked closely at PRC law for help despite the urging of PRC officials.[247] Given the poor reputation of China in protecting foreign intellectual property rights,[248] this lack of trust in PRC law is understandable, but information technology tools are available that can be put to effective use. Of course, these tools were not created by the PRC with the goal of protecting foreign brand owners, but instead for the purpose of satisfying China's obsessive need to closely monitor all aspects of Chinese civil society. While China is far behind the United States in protecting intellectual property rights, China is far ahead of most countries in using information technology to monitor and supervise all aspects of Chinese civil society.[249] These tools can provide a level of effective deterrence to Chinese counterfeiters that seek to sell their illegal wares on internet commerce sites based in China or the United States. Brand owners can use the tools detailed in this Article on their own, or in conjunction with existing and developing new tools through internet commerce sites as an overall strategy of deterrence.

To be able to use the tools discussed in this Article, brand owners only need to insist on what they have every right to receive: e-commerce sites in China, such as Alibaba, must faithfully obey relevant provisions of PRC law that are simple and straightforward, an area in which Alibaba falls far short;[250] and e-commerce sites in the United States, including Amazon, should apply PRC law on entity registration of Chinese business operators

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[247] *See supra* note 206.

[248] *See* Daniel C.K. Chow, *The Myth of China's Open Market Reforms and the World Trade Organization*, U. PENN. J. INT'L L. 8 (forthcoming 2019) (file on copy with the author).

[249] One example is China's recent social credit system, which involves assigning a social credit score indicating the desirability of a citizen's conduct to each citizen in China, a country of over 1.38 billion people. *See supra* note 42. There is also a more menacing side to China's use of technology in monitoring its citizens. Critics have argued that China has used advanced technology to create an "all seeing police state" in the rebellious Muslim-dominated area of Xinjiang Province. *See China's Hi-Tech Police State in Fractious Xinjiang a Boon for Security Firms*, S. CHINA MORNING POST (Jun. 27, 2018), https://www.scmp.com/news/china/diplomacy-defence/article/2152749/chinas-hi-tech-police-state-fractious-xinjiang-boon.

[250] *See supra* Part II.D.2.

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under traditional choice of law rules, a choice of law clause, or voluntarily. Verification of entity registration should become easier with the enactment of proposed new data security legislation that would impose civil and criminal liability for the misuse of electronic information.[251] Entities that register on e-commerce sites could become liable for the use of false, misleading, or inaccurate business licenses and thus would have an additional legal incentive to use business licenses accurately. [252]

Alibaba poses a particularly formidable challenge to brand owners due to its overwhelming size and power within China and its leading role in facilitating the online sale of counterfeits. Alibaba's prodigious wealth and strength has led, in the words of PRC officials, to a culture of "arrogance."[253] Brand owners have suspected for years that Alibaba tacitly tolerates and supports counterfeiting in order to earn revenue from these sales. Recently, PRC national government authorities have confirmed these suspicions as the result of an extraordinary national-level intervention intended to discipline Alibaba. Beyond tolerating and supporting counterfeiting, Alibaba, in the words of PRC national authorities, views itself as above the law and unafraid of and not intimidated by PRC enforcement authorities.[254] In fact, the opposite seems to be the case, as the 2014 investigation of Alibaba by the SAIC indicates: government authorities are reluctant to seriously discipline Alibaba or its business due to Alibaba's exalted stature and reputation as a national paragon in China.[255] This raises a deeper issue with Alibaba for brand owners, as this attitude is unlikely to change without intervention by the highest levels of the Communist Party, a topic that deserves further scholarly exploration but is beyond the scope of this Article.

The proposed course of action described in this Article has the advantage of not having to rely on Alibaba's active participation; all that is required is that Alibaba mechanically apply the law as is required for registration of online vendors, and brand owners can on their own enforce their rights against offending parties in civil and criminal actions in China or the United States. The proposals set forth in this Article also apply to problems that brand owners face on Amazon and other U.S.-based e-commerce sites, so long as these sites apply PRC law as a result of choice of law analysis, a choice of law clause, or voluntarily. So long as Amazon follows PRC law in entity registration verification, brand owners can proceed directly with legal actions against counterfeiters and infringers in China or

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[251] Shuju Anquan Guanli Banfa (Zhengjiu Yijian Gao) Di Si Tiao (数据安全管理办法（征求意见稿）第四条), *translated in* Security Measures for Data Security Management (Draft for Comments), art. 4, COVINGTON UNOFFICIAL TRANSLATION, https://www.inside privacy.com/wp-content/uploads/sites/6/2019/05/Measures-for-Data-Security-Management_Bilingual-1.pdf (last visited Nov. 25, 2019).

[252] *Id.*

[253] *See supra* text accompanying note 151.

[254] *See supra* text accompanying notes 151-156.

[255] *See supra* text accompanying note 182.

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the United States and are not relegated to the misery of relying solely on Amazon's convoluted and cumbersome internal procedures.

Ironically, while most brand owners have focused their attention on streamlining the internal monitoring procedures of e-commerce platforms, they have ignored the more effective tools that are available in plain sight in China's legal system. By using these tools created by China's obsessive need to closely monitor and control all aspects of its civil society, brand owners can help to deter counterfeiters by forcing them to shed their concealment and anonymity and by exposing them to what they fear and loathe the most: transparency and accountability for their illegal actions.

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V. APPENDICES

Appendix 1. Alibaba Listing: Gucci Guccio Handbags



y - Exh. 2002-350, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231

Appendix 2. Alibaba Listing: Hennessy XO



y - Exh. 2002-351, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231

Appendix 3. Alibaba Listing: Abercrombie & Fitch Sweatpants



y - Exh. 2002-352, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231

Appendix 4. Abercrombie & Fitch Sweatpants



y - Exh. 2002-353, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231

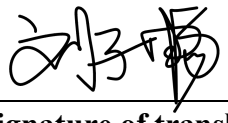
CERTIFICATE OF TRANSLATION

I, JESSIE ZICHANG LIU, a certified Mandarin interpreter and translator by the Judicial Council of California (Certification Number: 313563), am competent to translate from Chinese/Mandarin into English, and certify that the translation of

Utility Model Patent Specification (ZL Patent No. 95204396.3)

is true and accurate to the best of my abilities.

Additionally, as a native speaker of Mandarin Chinese, I transcribed, to the best of my knowledge and ability, the Mandarin-speaking portions of the video clips.



(signature of translator)

JESSIE ZICHANG LIU

(typed/printed name of translator)

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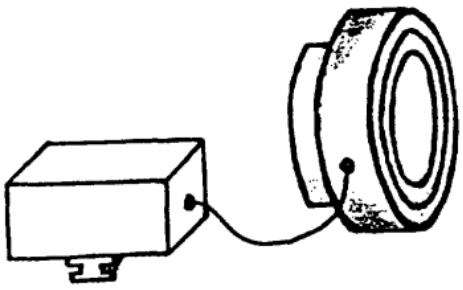
Claims 1 Page; Description 2 Page; Drawings 1 Page

[54] Name of the Invention

Shadowless flash

[57] Summary

This utility model discloses a shadowless flash, which consists of a power supply unit and a ring flash. The axis of the ring flash is aligned with the axis of the camera lens, thereby solving the problem commonly found in traditional flash photography where shadows are cast on the film, and as a result, producing more aesthetically pleasing photographs.



（BJ）No.1452

Pathway - Exh. 2002-355, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231
Shenzhen Ronglida Tech. v. Pathway IP
Shehzhen Ronglida Tech. EX1013

Claims

1. A shadowless flash comprising a power supply (5), connecting wires (4), clips (6), a toroidal lamp tube (2), a circular reflector (3), and a housing for the ring flash (1), characterized in that the power supply (5) is connected to the ring flash (1) via the connecting wires (4), and the circular reflector (3) and toroidal lamp tube (2) are mounted inside the housing of the ring flash (1) by means of clips (6).

2. The shadowless flash according to claim 1, characterized in that it comprises a housing for the ring flash (1).

3. The shadowless flash according to claim 1, characterized in that it comprises a toroidal lamp tube (2).

4. The shadowless flash according to claim 1, characterized in that it comprises a circular reflector (3).

5. The shadowless flash according to claim 1, characterized in that it comprises an independent power supply (5).

Pathway - Exh. 2002-356, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231
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Shehzhen Ronglida Tech. EX1013

Description

Shadowless Flash

The utility model relates to an improved type of flash, which consists of a ring flash and a power supply unit, designed to prevent the occurrence of shadows during photography.

Conventional flash units are typically mounted above the camera body. Since the axis of the flash is angled relative to the axis of the camera lens, this often results in shadow formation on the film, thereby compromising the overall aesthetic quality of the photograph.

The objective of the utility model is to provide a flash device in which the axis of the flash aligns with the axis of the camera lens, thereby eliminating shadows on the film.

This utility model achieves the objective as follows: A power supply and charging unit is inserted into the flash socket above the camera. A wire connects the ring flash to the power supply unit. The ring flash is friction-fitted onto the camera lens after the lens cap is removed, such that the axis of the ring flash coincides with the axis of the camera lens.

Further details of the shadowless flash will be described below in conjunction with the drawings.

Figure 1 is a front view of the shadowless flash.

Figure 2 is a cross-sectional view along line A–A in Figure 1.

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Referring to Figures 1 and 2, the power supply unit (5) is mounted on the flash socket above the camera. A connecting wire (4) links the power supply (5) to the ring flash (1) to form a circuit. Clips (6) are used to secure a toroidal lamp tube (2) and a circular reflector (3) inside the ring flash housing (1), thereby forming an integrated structure.

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Shehzhen Ronglida Tech. EX1013
Page 5

Drawings

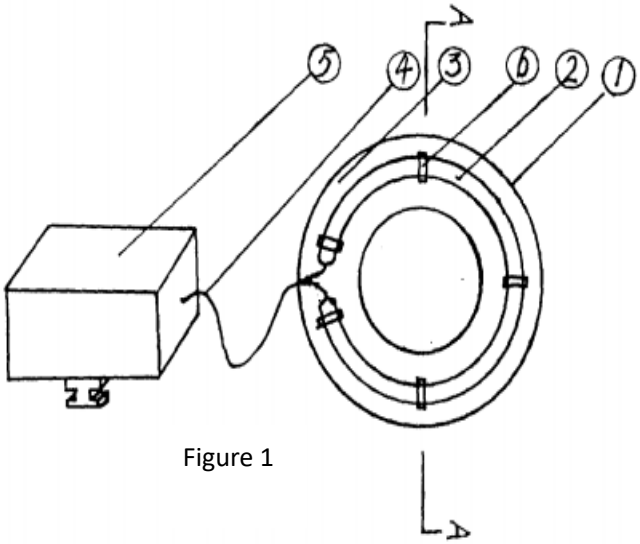


Figure 1

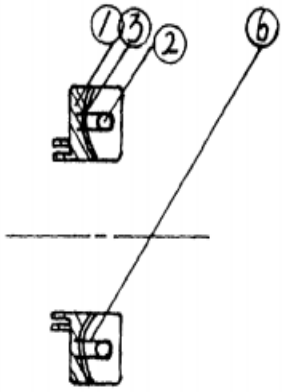


Figure 2 (A–A)

Pathway - Exh. 2002-359, Shenzhen Ronglida v. Pathway IP, IPR 2025-01231
Shenzhen Ronglida Tech. v. Pathway IP
Shehzhen Ronglida Tech. EX1013
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EXHIBIT 6

Claim Chart – US Patent No. 7,841,729 v. Exemplary Defendants Listed on Schedule A to the Complaint

US7841729	Defendant #51 Peyou US Ltd a/k/a PE YOU TRADING LIMITED
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone, but can also be used for a laptop.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	This arm contains a ball and socket for 360 degree bulb adjustment relative to the phone camera.
	

US7841729	Defendant #60 Yarrashop Direct
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	The arm is the U shaped bulb holder and the neck above the one or 2 mobile devices. The bulb is "positionable relative to the camera" as it is rotable both around the horizontal axis and the vertical axis while the camera is in place.
	 

US7841729	Defendant #74 Weilisi a/k/a Strushine
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	The arm is the bendable structure that holds the mobile device, enabling adjustment of the mobile relative to the bulb.
	  Roll ov

US7841729	Defendant #39 SHQ Global a/k/a Longyanshuihengqinghuanbaokejiyouxiangongsi
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	1. The arm is a structure having a flat pad that clamps into the inner circumference of the ring at the bottom. So, it is "between said bulb and the terminal" 2. The arm also includes a ball and socket for 360 degree of mobile phone/camera movement relative to the bulb. This meets the "bulb is positionable relative to the web camera"
	

US7841729	Defendant #29 Kimwood Official
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	The arm is the clip-on portion at the bottom of the device that is positioned between the bulb and the mobile phone (or laptop). This arm enables the bulb to be positioned relative to the camera (top, side, bottom and anywhere on the periphery).
	

US7841729	Defendant #27 Woputne-US a/k/a shen zhen shi ai wei te mao yi you xian gong si
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	The below can be clipped to a communication terminal.
	 

US7841729	Defendant #28 Herrfilk a/k/a Yichun Hongdian Keji Youxian Gongsi
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	The arm is a bendable structure that screws into the inner circumference of the ring at the bottom and holds the mobile device. The arm includes a ball and socket for 360 degree of mobile phone/camera movement relative to the bulb.
	

US7841729	Defendant #36 Winseting a/k/a yiwushiwensetingdianzishangwuyouxiangongsi
1. An illuminator device for illuminating one or more users in front of a web camera and a communication terminal comprising:	This device infringes claim 1. Marketed for a smart phone, but can also be used for a laptop.
a bulb having a toroidal shape for emitting light;	The device includes a donut shaped bulb for emitting light.
a reflector having a circular configuration to conform to the toroidal shape of said bulb for projecting the emitted light;	The device includes a circular pc board which coated with a reflective (shiny) white color.
and an arm disposed between said bulb and the terminal for connection to the terminal, wherein said bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera.	1. The arm is a bendable structure at the bottom of the light ring that clamps to another arm structure that holds the mobile phone/camera. The arm is thus disposed between said bulb and the terminal for (indirect) connection to the terminal. 2. "wherein" - As seen below, the "bulb is positionable relative to the web camera to provide optimal viewing of the user through the web camera."
	