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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stopping Harmful Of-
5 fers on Platforms by Screening Against Fakes in E-com-
6 merce Act of 2021” or the “SHOP SAFE Act of 2021”.

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

3 (a) PLATFORM LIABILITY.—Section 32 of the Act en-
4 titled “An Act to provide for the registration and protec-
5 tion of trademarks used in commerce, to carry out the pro-
6 visions of certain international conventions, and for other
7 purposes”, approved July 5, 1946 (commonly known as
8 the “Trademark Act of 1946”) (15 U.S.C. 1114), is
9 amended by inserting at the end the following:

10 “(4)(A) Subject to subparagraph (C), an elec-
11 tronic commerce platform shall be deemed
12 contributorily liable in a civil action by the registrant
13 for the remedies hereinafter provided for a case in
14 which without the consent of the registrant, a third-
15 party seller uses in commerce a counterfeit mark in
16 connection with the sale, offering for sale, distribu-
17 tion, or advertising of goods that implicate health
18 and safety on the platform, unless the platform dem-
19 onstrates that the platform took each of the fol-
20 lowing steps to prevent such use on the platform be-
21 fore any infringing act by the third-party seller:

22 “(i) Determined after a reasonable inves-
23 tigation, and reasonably periodically con-
24 firmed—

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

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

10 “(ii) Verified through governmental identi-
11 fication or other reliable documentation the
12 identity, principal place of business, and contact
13 information of the third-party seller.

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

15 “(I) take reasonable steps to verify
16 the authenticity of goods on or in connec-
17 tion with which a registered mark is used;
18 and

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

23 “(iv) Imposed on the third-party seller as
24 a condition of participating on the platform
25 contractual requirements that—

1 “(I) the third-party seller agrees not
2 to use a counterfeit mark in connection
3 with the sale, offering for sale, distribu-
4 tion, or advertising of goods on the plat-
5 form;

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

11 “(III) the third-party seller designates
12 an agent for service of process in the
13 United States, or, in the case of third-
14 party seller located in the United States,
15 the third-party seller designates a verified
16 address for service of process in the United
17 States.

18 “(v) Displayed conspicuously on the plat-
19 form the verified principal place of business,
20 contact information, and identity of the third-
21 party seller, and the country from which the
22 goods will be shipped, except the platform shall
23 not be required to display any such information
24 that constitutes the personal identity of an indi-
25 vidual, a home street address, or personal con-

1 tact information of an individual, and in such
2 cases shall instead provide alternative, verified
3 means of contacting the third-party seller.

4 “(vi) Displayed conspicuously in each list-
5 ing the country of origin and manufacture of
6 the goods, unless such information was not rea-
7 sonably available to the third-party seller and
8 the third-party seller had identified to the plat-
9 form the steps it undertook to identify the
10 country of origin and manufacture of the goods
11 and the reasons it was unable to identify the
12 same.

13 “(vii) Required each third-party seller to
14 use images that the seller owns or has permis-
15 sion to use and that accurately depict the ac-
16 tual goods offered for sale on the platform.

17 “(viii) Implemented at no cost to the reg-
18 istrant reasonable proactive technological meas-
19 ures for screening goods before displaying the
20 goods to the public to prevent any third-party
21 seller’s use of a counterfeit mark in connection
22 with the sale, offering for sale, distribution, or
23 advertising of goods on the platform.

24 “(ix) Implemented at no cost to the reg-
25 istrant a program to expeditiously disable or re-

1 move from the platform any listing for which a
2 platform has reasonable awareness of use of a
3 counterfeit mark in connection with the sale, of-
4 fering for sale, distribution, or advertising of
5 goods. Reasonable awareness of use of a coun-
6 terfeit mark may be inferred based on informa-
7 tion regarding the use of a counterfeit mark on
8 the platform generally, general information
9 about the third-party seller, identifying charac-
10 teristics of a particular listing, or other cir-
11 cumstances as appropriate. A platform may re-
12 instate a listing disabled or removed under this
13 clause if, after an investigation, the platform
14 reasonably determines that a counterfeit mark
15 was not used in the listing. A reasonable deci-
16 sion to reinstate a listing shall not be a basis
17 for finding that a platform failed to comply
18 with this clause.

19 “(x) Implemented a policy that requires
20 termination of a third-party seller that has rea-
21 sonably been determined to have engaged in re-
22 peated use of a counterfeit mark in connection
23 with the sale, offering for sale, distribution, or
24 advertising of goods on the platform. Use of a
25 counterfeit mark by a third-party seller in three

1 separate listings within one year shall be con-
2 sidered repeated use, except when reasonable
3 mitigating circumstances exist. A platform may
4 reinstate a third-party seller if, after an inves-
5 tigation, the platform reasonably determines
6 that the third-party seller did not engage in re-
7 peated use of a counterfeit mark or that rea-
8 sonable mitigating circumstances existed. A rea-
9 sonable decision to reinstate a third-party seller
10 shall not be a basis for finding that a platform
11 failed to comply with this clause.

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

18 “(xii) Provided a verified basis to contact
19 a third-party seller upon request by a registrant
20 that has a bona fide belief that the seller has
21 used a counterfeit mark in connection with the
22 sale, offering for sale, distribution, or adver-
23 tising of goods on the platform except that the
24 platform is not required to provide information
25 that constitutes the personal identity of an indi-

1 vidual, a home street address, or personal con-
2 tact information of an individual (in such case,
3 the provider shall provide an alternative means
4 of contacting the third-party seller).

5 “(B) In this paragraph:

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

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

16 “(iii) The term ‘goods that implicate
17 health and safety’ means goods the use of
18 which can lead to illness, disease, injury, serious
19 adverse event, allergic reaction, or death if pro-
20 duced without compliance with all applicable
21 Federal, State, and local health and safety reg-
22 ulations and industry-designated testing, safety,
23 quality, certification, manufacturing, packaging,
24 and labeling standards.

1 “(iv) The term ‘third-party seller’ means a
2 person other than the electronic commerce plat-
3 form who uses the platform to arrange for the
4 sale, purchase, payment, or shipping of goods.

5 “(C) This paragraph shall apply—

6 “(i) to an electronic commerce platform
7 that has annual sales on the platform of
8 \$500,000 or more; or

9 “(ii) to an electronic commerce platform
10 with less than \$500,000 in annual sales six
11 months after the platform has received ten no-
12 tices (in which there is a reference to this para-
13 graph and an explicit notification to the plat-
14 form of the ten-notice limit), in aggregate, iden-
15 tifying listings on the platform that reasonably
16 could be determined to have used a counterfeit
17 mark in connection with the sale, offering for
18 sale, distribution, or advertising of goods that
19 implicate health or safety.

20 “(D) Nothing in this paragraph may be con-
21 strued to limit liability in a context other than that
22 outlined in this paragraph, including any cause of
23 action available under other provisions of this Act,
24 notwithstanding that the same facts may give rise to
25 a claim under this paragraph.”.

1 (b) EFFECTIVE DATE.—This Act and the amend-
2 ment made by this Act shall take effect one year after
3 the date of the enactment of this Act.