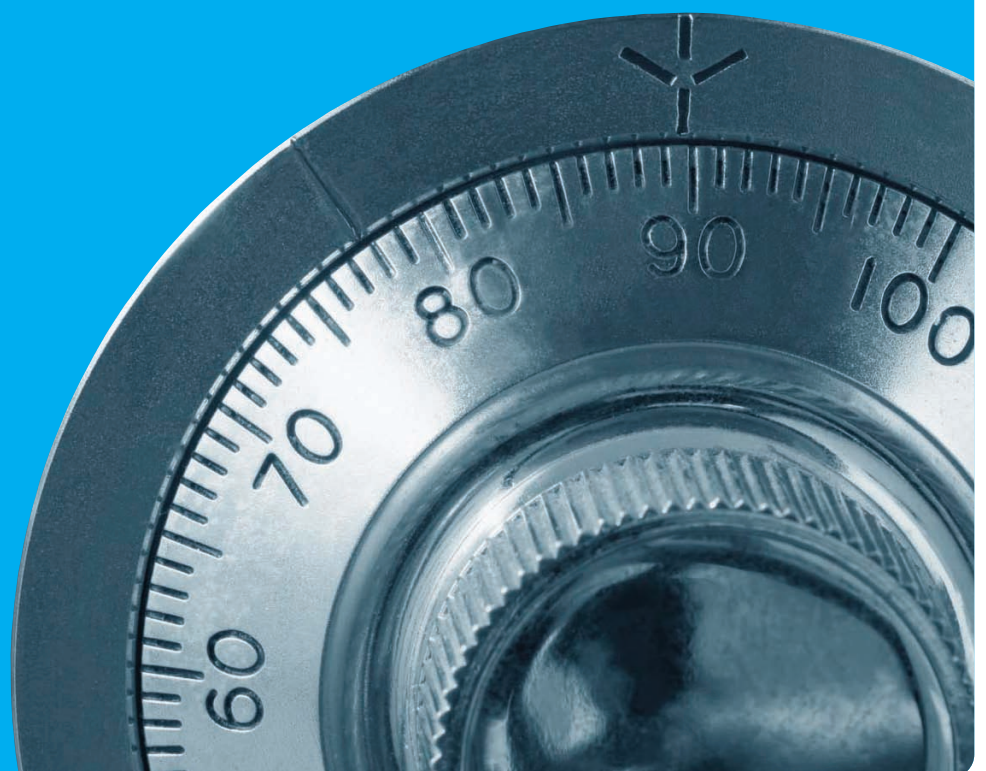


# FIGHTING COUNTERFEITS WITH EBAY

An information pack about how to protect your brand on eBay through the Verified Rights Owner programme (VeRO)



Dear Sir/Madam,

Recent high profile litigation against eBay by a small number of Rights Owners is an all too obvious indication that some brands believe eBay is not doing enough to prevent counterfeit items from appearing on the site.

We fully appreciate how damaging counterfeits are to your brand and your business, the risk they pose to consumers who buy them and how they undermine businesses selling genuine products on sites such as ours.

For over 11 years, we have been working hard to tackle counterfeits on eBay:

- We work with more than 31,000 Rights Owners around the world, as part of our Verified Rights Owner programme (VeRO);
- We invest tens of millions of dollars annually in making sure that counterfeits don't appear on our site and that when they do, we take them down as quickly as possible and often before anyone sees them;
- 100% of counterfeits reported are removed entirely from the site and 75% of them are taken down within just 4 hours;
- Last year we removed 2.1 million listings reported to us by Rights Owners. eBay proactively removed another 2.1 million listings that were potentially problematic. While this may seem a considerable figure, it needs to be put in context with the 2.7 billion listings that eBay hosted globally last year.

### **Get involved**

I would like to invite you to join our VeRO programme and help us to tackle the global challenge of counterfeit goods together.

We've developed this membership pack to illustrate how easy it is to join VeRO; the benefits of membership; how we're working to tackle counterfeits on the site and the support we can offer when pushing for the arrest of a counterfeit seller. And if you are already a member of VeRO, we hope this pack reinforces why we can achieve so much more when we work together.

### **Working with us**

We are all too aware of how sophisticated counterfeiters are getting and how hard it is to differentiate the real thing from a fake. As the authority on your brand's products we need your help in identifying potentially infringing goods, so that we can remove them from the site before consumers are able to buy them.

**I do hope you will consider joining our VeRO Programme, so that together, we can tackle counterfeits head on and in partnership.**

Warm regards,



**Douglas McCallum**, Senior Vice President, Europe

# COUNTERFEITS – THE FACTS BEHIND THE HEADLINES

Counterfeits are a global challenge affecting every part of society, from the child labour involved in the production of counterfeit goods, to the environmentally damaging manufacturing methods. Their availability also damages consumer confidence and impacts the reputation of Rights Owners and legitimate businesses alike.

As an issue, counterfeits predate the internet; however the harmful effects of counterfeits threaten both legitimate online businesses as well as genuine offline businesses.

We understand that many Rights Owners are concerned about counterfeiters using the internet to sell infringing items to a global market. Inevitably those concerns have meant allocating resources in order to protect trademarks from abuse and protect consumers from buying a fake product.

The fight against counterfeits needs a coordinated and global approach – with Government, Rights Owners, law enforcement and Industry working together to combat the issue.

Online marketplaces, such as eBay, have a clear business incentive and moral obligation to act against attempts to use their site to sell counterfeits. Trust is the engine of eBay and the minority of sellers who attempt to trade counterfeit products undermine this trust and damage the reputation of eBay and that of our many legitimate sellers.

Steve Baker, Director of Intellectual Property Management Services (IPMS)

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As a monitoring service, we support eBay's new anti-counterfeits campaign to raise awareness of the VeRO programme and drive recruitment of new Rights Owners. Working together with sites such as eBay is an important way for Rights Owners to tackle the global issue of counterfeits online.

Liz Bales, Director General of the Industry Trust

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eBay has demonstrated a clear commitment to tackling copyright theft by engaging with thousands of film, TV and DVD Rights Owners through its VeRO programme.

By working in partnership with eBay, Rights Owners should see a significant reduction in the number of potentially counterfeit items listed on the site and help to protect UK consumers from buying a fake item.

## The Facts

99%

99% of all items listed on eBay have no suspicion of counterfeit

2.7 billion

eBay hosted 2.7 billion listings globally in 2008, with only 0.15% of them identified as potentially counterfeit

100%

Ongoing dialogue and cooperation with brand owners rather than litigation is the only way to reach 100% authenticity, which is why VeRO is so vital

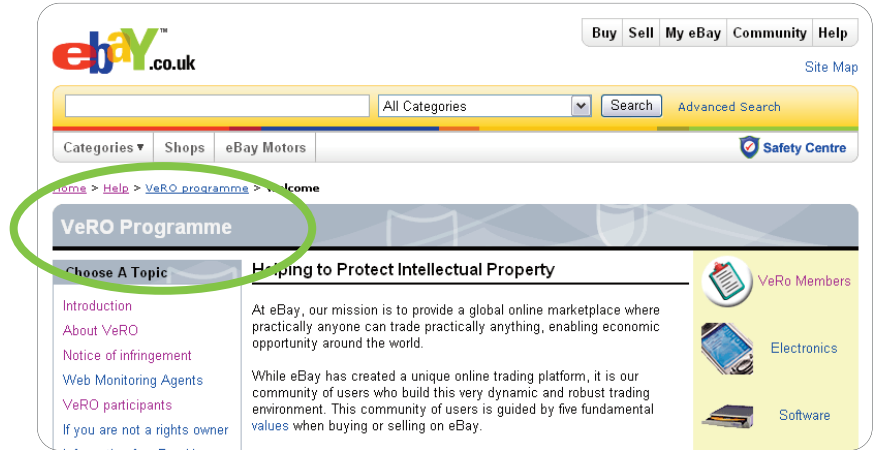
# EBAY COMBATING COUNTERFEITS

## The VeRO programme

Counterfeits are bad for everyone – Rights Owners, eBay, buyers and respectable sellers, and eBay’s commitment to fighting them is resolute. But we can’t tackle the problem alone and through working with Rights Owners who have expertise in their products, we can successfully prevent the availability of counterfeit products from appearing on the site.

In 1998, eBay established a programme to enable Rights Owners to report potentially infringing listings and have them quickly removed from the site - the Verified Rights Owner (VeRO) programme.

Since launching the VeRO programme, we have worked hard to build a global network of over 31,000 Rights Owners, with whom we work to identify and remove counterfeits from our sites. However we would like to encourage even more Rights Owners to join the programme.



**The results** Working collaboratively with Rights Owners has generated demonstrable results:

# 2.1 million

Globally, 2.1 million listings were removed in 2008 following VeRO reports from Rights Owners. Proactively eBay removed another 2.1 million potentially problematic listings

# 75%

70-80% of the reported listings are removed within 12 hours, 75% of them within 4 hours

# 0.15%

eBay globally hosted 2.7 billion listings in 2008 and only 0.15% of them were identified as potentially counterfeit

# 40,000

eBay blocked 40,000 previously suspended sellers from coming back by using stronger identity verification methods

# 100%

100% of listings reported to be counterfeit are removed

# 30,000

In 2008, eBay suspended approximately 30,000 sellers

## What does eBay do to proactively fight counterfeits?

eBay invests millions of dollars each year updating and developing industry-leading technology and we employ a large number of highly trained professionals to proactively look for infringing listings on the site and to take them down as quickly as possible.

### Technology

eBay uses technology which searches for activity that violates our anti-counterfeit policies. An anti-fraud engine is designed in part to capture listings of goods that contain information that an item may be counterfeit. This means we are sometimes able to withdraw those listings without requiring the detailed expertise from Rights Owners about a particular brand or product.

For example, eBay proactively removes listings that expressly offer “knock-off,” “counterfeit,” “replica,” or “pirated” merchandise and we are constantly seeking to adapt the technology in order to fight newly emerging threats and fraud patterns, as well as reviewing the likely keywords used by fraudsters.

For products favoured by counterfeiters, eBay has developed a number of innovative solutions to act as a deterrent, including delaying listings to give our fraud team a better chance of detecting a counterfeit item and allowing them to remove it before anyone can buy it.

We have also eliminated one and three day auctions, as it became apparent that fraudsters were listing goods for a short period of time in the hope that the item would sell before it was detected.

Unlike many fraudulent sellers who trade on a market stall, eBay sellers must provide a plethora of personal information, including contact details, a verifiable email address as well as their financial information. We also now require all sellers to trade on eBay from recognised computers which prevents fraudsters from taking over an eBay account and listing fraudulent items.

Such transparency makes it increasingly difficult for fraudsters to commit criminal activity on our site or to get away with it.

The screenshot shows the eBay.co.uk website interface. At the top, there are navigation links for 'Buy', 'Sell', 'My eBay', 'Community', and 'Help', along with a 'Site Map' link. A search bar is prominently displayed with a 'Search' button and an 'Advanced Search' link. Below the search bar, there are links for 'Categories', 'Shops', and 'eBay Motors'. The main heading is 'eBay Against Counterfeits', which is circled in green. To the right of this heading is a red tag graphic that says 'eBay AGAINST COUNTERFEITS'. The page is divided into several sections:

- Advice on Fakes:** A sidebar with links such as 'Learn how to spot a fake DVD', 'Bought a fake? Advice on what to do next', 'How to report a fake as a buyer', 'What are we doing to stop fakes?', 'How to claim PayPal Buyer Protection', 'Why do we care?', 'What can you do to help?', and 'Become an anti-counterfeiting partner with us'.
- Helpful info:** A sidebar with links for 'Rules & Policies', 'Law Enforcement', 'Know Your Rights', 'Answer Centre', 'PayPal Security Centre', and 'eBay Explained'.
- What is eBay doing about counterfeits?:** A main section with the heading 'eBay is committed to the fight against counterfeit products because:' followed by a bulleted list: 'Trust in our site is undermined by the presence of counterfeits', 'It's illegal', 'Buying a counterfeit is a bad consumer experience', and 'Honest sellers face lower average selling prices'. Below this is another section: 'At eBay, we're constantly looking at better ways to prevent counterfeit sellers from trading on our site, including:' followed by a bulleted list: 'Proactively removing blatant counterfeits', 'Removing items reported to us as counterfeit by over 18,000 brand owners', 'Removing counterfeit sellers from the site', 'Working closely with Law Enforcement to prosecute offenders', 'Enforcing selling limits on items favoured by counterfeiters', 'Restricting seller activity in certain categories', and 'Providing free tools for Right Owners to efficiently identify and report items'.
- Don't put up with 'garbage' DVDs...:** A section featuring a video player showing a person holding a DVD. To the right of the video, it says 'Find out from Ratatouille's Remy why you shouldn't buy Knock-Off DVDs.'
- Top 5 helpful tips:** A list of five tips: 1. Buy with confidence - read our Buying Guide and Know Your Rights. 2. Never pay with cash or instant money transfers, such as Western Union or MoneyGram. These methods of payment are banned on eBay because they are unsafe. If you are buying, make sure that you are paying with PayPal as you may then be eligible for PayPal Buyer Protection. 3. Never reply to emails that ask for your personal information to protect yourself from identity theft and other crimes. 4. Download the eBay Toolbar with Account Guard to let you know when you're on fraudulent websites. 5. Brush up on online safety at our partner site www.getsafeonline.org. Get Safe Online is a British government and business sponsored site offering free, objective advice.
- Partner Organizations:** Logos and descriptions for 'The Authenticity Foundation' (My Authenticity), 'The Industry Trust' (the industry trust), and 'The Office Of Fair Trading' (OFT).

## Education

**One important line of attack in fighting counterfeits focuses on education.** We have found that many users are unsure of intellectual property laws and the impact counterfeit items have on society.

**To help our members, we have established several help pages,** which include tips and tutorials on how to avoid inadvertently buying or selling a counterfeit online.

**Charlie McCreedy, European Commissioner for Internal Market and Services.** *Empowering consumers by promoting access to the 21st Century Market, Brussels, 24 June 2008.*

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**I firmly believe that brand owners, online platforms and consumers have a common interest in jointly finding a common solution to the problems caused by the sale of counterfeit goods over the internet.**

## Industry Trust

We worked in partnership with the Industry Trust on its 'Knock Off Nigel' campaign which aimed to limit the trade in counterfeit DVDs by teaching users about how to spot a fake. With one in ten consumers confused about how to spot fakes according to the Trust's research, the campaign aimed to reduce buyer demand, educate users about how to avoid them and what to do if they unwittingly bought one.



## Intellectual Property Office

The Intellectual Property Office's (IPO) enforcement unit has recently given its support to eBay to encourage Rights Owners, anti-piracy units and representatives from the music, film and computer games industry, including FACT, the BPI and ELSPA, to work more closely with the site to tackle the challenge of counterfeits.

## eBay looks for support in the fight against video game piracy

Online auction giant hopes publishers will join its campaign to stamp out counterfeits

by Christopher Dring

ONLINE auction giant eBay wants to join forces with publishers in order to stamp out counterfeit video games.

The company ran an anti-counterfeit campaign last year, which attracted support from the Intellectual Property Office (IPO). And eBay now hopes this will encourage rights

State for intellectual property David Lammy.

"But we need to make it easier for consumers to do that without the worry of receiving counterfeit goods.

Counterfeiting undermines innovation and destroys jobs. Industry, Government and law enforcement must work together to tackle what is a global problem."



“Counterfeits are a global challenge and we all have a

## Authenticity Foundation

The Authenticity Foundation featured on the 'eBay Against Counterfeits' page is an international non-governmental organisation dedicated to raising public awareness of counterfeits. eBay works closely with the Foundation, enabling users to access the latest news and information on counterfeits and educate the public on the dangers of counterfeiting and its wider impact on society.

### The Authenticity Foundation

The Authenticity Foundation is an international non-governmental organization dedicated to raising public awareness of counterfeits. Visit [myauthenticity.com](http://myauthenticity.com)



## eBay's top tips for Rights Owners

The accessibility and visibility of the internet can offer a number of opportunities for Rights Owners concerned about the issue of counterfeits online. Rights Owners can monitor online distribution channels such as eBay, which has a variety of tools which can make this easier:

### 1. Requesting a seller's information

As well as removing reported listings, you may wish to obtain a seller's personal information in order to prepare and institute legal proceedings against the individual.

eBay supports these efforts by providing users' personal information such as their name, address, phone number and email address. To balance the legitimate interests of Rights Owners in accessing information required to take legal action and the rights of eBay sellers to privacy, eBay protects its users' privacy rights by requiring Rights Owners to sign a Personal Information Agreement (PIA) which will be sent to you once you have become a member of the VeRO programme.

### 2. Basic search

Rights Owners can perform a general search from the eBay homepage, using keywords that describe items you are looking for (e.g. trademark name, movie or album titles).

### 3. Advanced search function

The advanced search function allows Rights Owners to run a more detailed search by selecting particular characteristics, such as bidder, category, sellers or postcode.

### 4. Favourite search function

If you have an eBay account, you can save your regular searches. To save you time eBay will send you a daily email notification with any newly listed items that fit your search criteria.

### 5. Monitoring agents

There are companies that specialise in offering reporting services for Rights Owners. Rather than just monitoring the eBay website, these third parties have developed tools and processes to help identify potentially infringing materials throughout the internet based on information provided by you.

### 6. About Me pages

You can create your own About Me page on eBay and choose its content for free. This allows you to deliver your brand's messages directly to the eBay community, and educate users on specifics about your products.

## Top tips

eBay suggests Rights Owners include the following information on their About Me page which is particularly useful for eBay users:

#### FAQ

Answers to frequently asked questions received from eBay users

#### List of your brands, trademarks, copyrights

Explain why a particular trademark is important to your company

#### Information on how to detect counterfeits

Educate buyers on how they can identify that an item is counterfeit

#### List of items never manufactured

Educate proactively by listing items that misuse your trademark

#### Legal information / anti-counterfeit initiatives

Inform about potential consequences of breaching your IP rights

#### Contact details

Provide an avenue for sellers and buyers to request more information

#### Links to your company website

A list of Right Owner's About Me pages on the site can be found at:

<http://pages.ebay.co.uk/vero/participants.html>



**Pamela Brady is a Rights Owner relationship manager for eBay. She works with a number of brands across the UK, Ireland, Poland, Sweden and the Netherlands.**

**“I am responsible for the day to day contact with the Rights Owners that are members of our VeRO programme.** I make sure that the team works quickly to respond to VeRO reports by removing potentially fake goods from the site before they can be seen or bought by consumers. I also work closely with eBay’s law enforcement team as well as with PayPal, as we are able to provide information for criminal investigations and prosecutions.

**We have a good relationship with many of our Rights Owner partners and I spend the majority of my time providing them with as much support as possible.** When Rights Owners join the programme, they’re often surprised that someone like me even exists, so it’s nice to be able to show them that we take their concerns seriously.”

## Working with VeRO first hand

**Julian Sammon, International Commercial Executive at Slendertone**

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**SLENDERTONE®**

The VeRO programme has proved an invaluable tool in helping us to ensure that buyers of Slendertone® products on eBay can be assured that they are purchasing genuine products; whether from our eBay store or one of our official online resellers. It gives us a sense of security as we can prevent the misrepresentation of our brand on eBay while allowing us to engage with the eBay marketplace in a positive way that benefits the eBay consumer.

**Steve Baker, Director of Intellectual Property Management Services (IPMS)**

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IPMS protects the intellectual property rights of a number of major high-street brands, including Miss Sixty, Rock & Republic and Henri Lloyd.

We work closely with our partner Rights Owners and are experts in their specific trademark policies and have the tools to enforce these policies online, including on sites such as eBay.

We’ve been members of the VeRO programme for five years which means we can easily report infringing listings direct to eBay and get them removed quickly. Membership of VeRO also means that we can contact eBay users who may unwittingly have listed a counterfeit item and educate them on trademark policies.

As a monitoring service, we support eBay’s new anti-counterfeits campaign to raise awareness of the VeRO programme and drive recruitment of new Rights Owners. Working together with sites such as eBay is an important way for Rights Owners to tackle the global issue of counterfeits online.

## How law enforcement works with eBay

**eBay has built close relationships with law enforcement authorities over the years.** Our Fraud Investigation Team (FIT) is dedicated to working with law enforcement agencies across the world by supporting their investigations into counterfeit sellers.

**As well as collecting and analysing evidence in response to official requests, eBay's Special Investigations Group (SIG) investigates potentially fraudulent cases on a proactive basis.** If eBay identifies a large fraud scam, a detailed case is prepared and proactively presented to the authorities. Our cooperation has proved to be very effective and has helped lead to the arrest and conviction of thousands of fraudsters.

## Successful work with law enforcement

# 4,200

In 2008 eBay trained more than 4,200 law enforcement officials in Europe, North America and Asia on our platforms and how best to use the site to assist in their investigations to ensure that anyone attempting to use the site for illegal purposes is caught and prosecuted.

Globally, in 2008:

# 71,332

eBay assisted law enforcement in 71,332 investigations

# 567

eBay assisted law enforcement in the arrest or conviction of 567 individuals

# \$29,000,000

eBay proactively referred 505 cases to law enforcement worth an estimated \$29,000,000 in actual and potential fraud

Steve Edwards, Senior Manager Law Enforcement Relations eBay (UK) Ltd

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Trust is the engine of eBay, and with 16 million people in the UK visiting our site each month we have a duty to make it as safe and secure as possible.

We do this by working closely with law enforcement agencies like the police and trading standards. In 2008 in the UK we assisted them in over 7,500 investigations and with the arrest or conviction of nearly 200 criminals.

We can offer a wealth of evidence to assist police investigations and even provide a forensic financial 'footprint' of a suspected fraudsters' online activities. This can prove very useful when it comes to law enforcement agency efforts to seize the proceeds of crime.

Our collaborative approach with law enforcement agencies has contributed to a significant reduction in the number of people having a bad experience or being defrauded on eBay in 2008, sending a clear signal to criminals that they won't get away with illegal activity on our site.



# HOW TO JOIN VeRO

It is quick, free and simple to join the VeRO Programme. eBay automatically enrolls Rights Owners into the VeRO programme the first time they submit a Notice of Infringement form. All you need to do is fill out and fax the form to eBay, specifying the potentially infringing listings complete with an original authorised signature.

The information requested by the Notice of Infringement is designed to ensure that parties reporting items are either the appropriate Rights Owners or an authorised agent, and to enable eBay to correctly identify the listing to be ended. After a Rights Owner's first Notice of Infringement is received by eBay, you will be able to send through future notices by email.

## How do you report an infringing item?

Once you have joined the VeRO programme, you can choose whether you prefer to report listings via email or using the VeRO Bulk Reporting Tool (BRT), an integrated online tool which will allow you to:

1. Report the listing directly to eBay when viewing a listing
2. Report single items, or multiple items per seller
3. Select an option from a drop-down menu to explain the reason why the item is being reported
4. You can send a message to the seller via the special text box incorporated in the tool

The screenshot shows the eBay.co.uk website interface. At the top, there are navigation links for 'Buy', 'Sell', 'My eBay', 'Community', and 'Help', along with a 'Sign out' link and a 'Site Map' link. Below this is a search bar with 'All Categories' selected and a 'Search' button. A secondary navigation bar includes 'Categories', 'Shops', and 'eBay Motors', with a 'Safety Centre' icon. The breadcrumb trail 'Home > Help > VeRO programme > Notice of Infringement' is highlighted with a green circle. The main content area is titled 'VeRO Programme' and 'Notice of Infringement'. It includes a 'Choose A Topic' sidebar with links like 'Introduction', 'About VeRO', 'Notice of infringement', 'Web Monitoring Agents', 'VeRO participants', 'If you are not a rights owner', and 'Information for eBay Users'. A 'Helpful Links' sidebar contains 'eBay Explained', 'Safety Centre', 'Rules & Policies', and 'Contact Customer Support'. The main text explains how to report an infringing item and provides a link to download the 'Notice of Infringement form', which is circled in green. A red 'Register now!' button is visible. A 'VeRo Members' sidebar on the right lists categories like Electronics, Software, Apparel, and Miscellaneous. A note at the bottom states: 'Note: You will need Adobe® Reader to view and print these documents. Free downloads are available at Adobe's website.'

### **About eBay**

Founded in 1999, eBay.co.uk is the UK's largest online marketplace. There are currently 17 million live listings on the UK site and over 16m unique visitors per month (Nielsen / Netratings, January 2009) buying and selling brand new, unique and used items.

eBay's mission is to provide a global online marketplace where practically anyone can trade practically anything, enabling new economic opportunities around the world. As part of this mission, eBay is fundamentally committed to providing its members with a safe and enjoyable place to trade and helping to protect the intellectual property rights of third parties.

For more information regarding our Verified Rights Owner programme (VeRO) please contact or visit us at:

[vero@ebay.co.uk](mailto:vero@ebay.co.uk)  
[www.ebay.co.uk/vero](http://www.ebay.co.uk/vero)

