



The Dual Brand Reputation™ Approach: A More Effective and Efficient Path to Brand Protection for Medium-Sized Manufacturers and Brand Owners

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Justin Pierce is a co-chair of Venable's Intellectual Property Division. He has guided clients around the world through a wide range of matters involving patent litigation, trademark and brand protection, anti-counterfeiting initiatives, copyright, design rights, trade secrets, and licensing. He routinely advises companies with respect to artificial intelligence and cutting-edge issues involving the strategic management of intellectual property.

Justin earned his J.D. from George Washington University Law School. He is a graduate of the United States Military Academy at West Point and is a U.S. Army veteran. He has been recognized by a number of premier publications, including *World Trademark Review* for Enforcement and Litigation, as well as Prosecution and Strategy. He is also ranked by *Legal 500 United States*, *Managing Intellectual Property*, and *IAM Strategy 300*.



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William Mansfield is an attorney and business consultant focusing on creating global brand protection and anticounterfeiting programs for small and medium-sized businesses. His work has taken him to 58 foreign nations. He has over 24 years' experience working at all levels of brand protection (starting as an undercover investigator and working his way up) and is a major thought leader in the brand protection community.

Mr. Mansfield earned his J.D. and M.B.A. from Indiana University. His brand protection work has earned him a spot on *World Trademark Review's* annual list of the World's Leading Corporate Trademark Professionals for the past 3 years. He is a U.S. Army veteran and an adjunct professor and advises a variety of brands through his company.

The Standard Approach and Why it Doesn't Get the Job Done

- The failed promise of online and social media takedowns:
 - Removing fake listings ≠ Anti-counterfeiting
- Misuse of lawsuits:
 - Costly and ineffective, if not targeted or part of a comprehensive strategy
- Why do people keep doing what doesn't work?
 - Culture and habit (perception that fighting fakes is too hard)
 - Focus on activity metrics instead of impact metrics

A Better Option – The Dual Brand Reputation Approach™

- ❖ Our paper on this approach can be found [here](#).
- Key Elements of the Dual Brand Reputation Approach™ :
 - Dual – (1) reputation of the brand in the mind of the consumer and market and (2) what it means to counterfeiters.
 - Three key steps to this approach:
 1. Develop a clear and achievable goal
 2. Have a rational understanding of what motivates counterfeiters and how they can be pressured to change their behavior
 3. Implement effective tactics

The Approach

- Step 1 – Develop a Clear and Achievable Goal
 - The goal
 - Counterfeiters as an Industry
- Step 2 – Have a Rational Understanding of What Motivates Counterfeiters and How They Can Be Pressured to Change Their Behavior
 - Profit Effort Risk (PER) Analysis and Opportunity Costs
 - (Profit / Effort) × Risk
 - Profit – How much can I make?
 - Effort – What do I have to do to make it?
 - Risk – What negative things might happen to me?

The Approach Cont'd

- Step 3 – Implement Effective Tactics to Achieve Your Goal
 - What Works
 - The Counterfeiters' Point of View
 - Aim for Criminal Penalties
 - Engage the Right Level of Law Enforcement
 - Seizure and Destruction
 - Work with Customs
 - Go to the Source
 - What Does Not Work
 - Whac-a-Mole (Activity Metrics, Fighting the “Smoke” Instead of the Fire)
 - When to Sue (and, More Importantly, When Not To)



Scenarios for Real-Life Applications

The Importance of Systemic Investigation

- Case Study – Ongoing case for an anonymous company
 - Discovery of high-quality fakes being sold
 - Investigators conducted several controlled purchases
 - Data gleaned from these purchases provides leads to identification of foreign source
 - Conducted on-the-ground investigation in the source country
 - Local investigation team makes additional controlled purchases
 - Coordinate and work with local law enforcement
 - Work with local law enforcement to conduct site raid, equipment seizure/destruction, and arrests (where applicable)

Focus on Key Markets and Areas of Manufacture

- Global monitoring is important, but in reality you have only enough resources to focus on your key markets
- As a result of the proliferation of e-commerce platforms and social media, counterfeits can essentially be marketed everywhere all the time
 - The shortcut in dealing with this challenge is **finding the source**:
 - Manufacturers (Who? Where are counterfeits made?)
 - Distributers (Who? How are counterfeits distributed?)

Focus on Key Markets and Areas of Manufacture Cont'd

- Important to use **trusted and vetted** local investigators to gather evidence on counterfeiters
 - Always reach out to and cooperate and work with local law enforcement and government officials
 - Once you identify high-priority targets or sources of illicit products, work with law enforcement to pursue:
 - ✓ Raids
 - ✓ Fines
 - ✓ Seizure of manufacturing equipment
 - ✓ Destruction of counterfeit goods
 - ✓ Arrest and jail time for criminals behind the illicit business

The De Minimis Challenge and Anticounterfeiting

- De Minimis loophole and its abuse by counterfeiters
 - The number of packages arriving in the U.S. under de minimis exception rose from 140 million a year ten years ago, to over 1 billion
 - Current shipments to the U.S. with aggregate retail value of <\$800 qualify for a de minimis exemption
 - Allows importers to provide less information and avoid import duties

The De Minimis Challenge and Anticounterfeiting Cont'd

Given this challenge, what do you do?

1. Develop a clear and achievable goal:

- Conduct regular investigations and gather intelligence to identify major counterfeiters; provide this info to local law enforcement
- In the U.S., support current efforts to better address the De Minimis loophole

2. Have a rational understanding of what motivates counterfeiters and how they can be pressured to change their behavior:

- Conduct onsite raids of high-priority manufacturers
- Focus raids that result in fines, jail time, seizure of manufacturing equipment, and destruction of counterfeit goods

3. Implement effective and impactful tactics to achieve your goal:

- Conduct test buys for quality checks and for leads to illicit suppliers or manufacturers
- Interact with your consumer online and through social media to provide resources on where to buy legitimate products and how to identify them (educate your consumers)

Social Media Influencers

Threat and Opportunity

- Brands that increasingly work with social media personalities can positively drive attention and sales to your brand on various social media platforms
- Counterfeiters also use social media influencers and leverage their popularity and trust of social media influencers to promote illicit goods (counterfeits, knockoffs, dupes)
- Compromised influencers are often an essential component in the distribution of counterfeits and dupes via social media. Policing this requires the following:
 - ✓ Develop authorized influencers who will maintain a watch on the ecosystem
 - ✓ Monitor unauthorized influencers for offerings of potentially infringing products
 - ✓ Conduct consistent and targeted controlled purchases of suspect merchandise

Gray Market and Parallel Imports

- Get Your House in Order
 - Clear, strong, written agreements with all distributors
- Stress Test (Quality Control, Audit, Inspections)
 - Give all components in the supply chain opportunities to do right or wrong
 - Undercover investigators contact and propose unauthorized actions
- Stress Test Results (Consequences)
 - If they pass = no further action. You can either tell them or not.
 - If they fail = renegotiate your contract as their failure to comply constitutes a breach that should allow you to (1) renegotiate better deal terms or (2) terminate and find a more trustworthy partner.

Summary

- Effective and efficient brand protection is possible, and it is worth the effort for any brand that intends to continue growing in success for the long term.
- The most common approaches to brand protection that are generally offered either require a large in-house staff exclusively committed to this work, or consist of expensive, but ultimately futile, actions, which medium-sized enterprises cannot afford.
- The Dual Brand Reputation™ approach provides a focused, cost-effective, long-term alternative to brand protection that can serve brand owner interests, create a secure foundation for their valuable intellectual property and allow dramatic brand growth for years to come.

Thank You

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