

A SAFE HARBOR FOR TRADEMARK: REEVALUATING SECONDARY TRADEMARK LIABILITY AFTER *TIFFANY V. EBAY*

By Elizabeth K. Levin

The risk of trademark infringement poses a tremendous threat to a company's business and reputation. As merchandise sales on the Internet have skyrocketed, so have online sales of counterfeit goods.¹ United States "businesses and industries lose about \$200 billion a year in revenue and 750,000 jobs due to the counterfeiting of merchandise,"² and worldwide, counterfeiting accounts for more than half a trillion dollars in global trade each year.³ Counterfeiters can easily distribute forgeries globally through online auction websites such as eBay.com,⁴ where warranties of authenticity and quality are basically nonexistent. Meanwhile, the cost for an individual trademark holder to police the Internet for infringement is enormous. As a result, trademark owners across the globe have brought lawsuits against eBay for trademark infringement on the eBay website.⁵ First, European companies including Montres Rolex SA, L'Oreal, Chris-

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1. According to the National Consumer League, goods never delivered or misrepresented through auction sites made up thirteen percent of all internet scams in 2007. National Consumer League Internet Fraud Watch, 2007 Top 10 Internet Scams, <http://www.fraud.org/ifw.htm> (last visited Mar. 2, 2009).

2. Press Release, U.S. Customs and Border Protection, U.S. Customs Announces International Counterfeit Case Involving Caterpillar Heavy Equipment (May 29, 2002), available at http://www.cbp.gov/xp/cgov/newsroom/news_releases/archives/legacy/2002/52002/05292002.xml.

3. Press Release, U.S. Customs and Border Protection, Passage of Anti-Counterfeiting Law Strengthens CBP's Efforts to Seize Counterfeit Goods (Apr. 03, 2006), available at http://www.cbp.gov/xp/cgov/newsroom/news_releases/archives/2006_news_releases/042006/04032006_5.xml.

4. "During 2007, Internet auction fraud was by far the most reported offense, comprising 35.7% of referred crime complaints." NATIONAL WHITE COLLAR CRIME CENTER, 2007 INTERNET CRIME REPORT 5 (2007), http://www.ic3.gov/media/annualreport/2007_IC3Report.pdf.

5. This threat is also reflected in the recently enhanced criminal penalties for trademark counterfeiting in the Prioritizing Resources and Organization for Intellectual Property Act (PRO-IP Act). Public Law No. 110-403 § 204 (amending 18 U.S.C. § 2320) (2008).