



Brand Protection Report



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Introduction

Amazon strives to be Earth's most customer-centric company, offering vast selection, low prices, and fast delivery. We deliver on that vision by creating shopping experiences that customers, sellers, and brands can trust. Today, we have more than 300 million active customer accounts and over 1.9 million selling partners worldwide. Many of these selling partners are small and medium-sized businesses, and they represent the majority of physical products sold in our stores. We are proud to help these small businesses thrive and create hundreds of thousands of new jobs in their local communities.

In the face of COVID-19, we are grateful that Amazon could continue to serve our customers and selling partners. Customers were able to order and receive what they needed during a global pandemic and our selling partners, in many cases, grew their businesses as their physical storefronts saw decreased sales. The pandemic also attracted bad actors who tried to take advantage of the situation, and despite their attempts, we continued to make strong progress driving counterfeits to zero in our store. In 2020, Amazon invested over \$700 million and employed more than 10,000 people to protect our store from fraud and abuse. As a result, the vast majority of our customers continued to only find authentic products in our store.

We approach our anti-counterfeiting efforts through three strategies:

1. **Robust proactive controls.** We leverage a combination of advanced machine learning capabilities and expert human investigators to protect our store proactively from bad actors and bad products. We are constantly innovating to stay ahead of bad actors and their attempts to circumvent our controls. In 2020, we prevented over 6 million attempts to create new selling accounts, stopping bad actors before they published a single product for sale, and blocked more than 10 billion suspected bad listings before they were published in our store.
2. **Powerful tools for brands.** Brands know their products best. They know their logos, patterns, and intellectual property inside and out. We empower brands to work with us through tools like Brand Registry, Transparency, and Project Zero. These tools are powered by Amazon's advanced technology and each brand's expert knowledge of their products. Together, we can more effectively detect and stop counterfeiters, which allows us to better protect customers and rights owners. In 2020, we continued to enhance these tools and grow the number of brands that use them. The number of brands using Transparency grew from 10,000 to more than 15,000, and the number of brands using Project Zero grew from 10,000 to more than 18,000.
3. **Holding counterfeiters accountable.** We continue to innovate on our robust proactive controls and our powerful tools for brands, and we won't rest until we have zero counterfeits in our store. This is an escalating battle with criminals that attempt to sell counterfeits, and the only way to permanently stop counterfeiters is to hold them accountable through litigation in the court system and through criminal prosecution. In 2020, we established a new Counterfeit Crimes Unit to build and refer cases to law enforcement, undertake independent investigations or joint investigations with brands, and pursue civil litigation against counterfeiters.

Amazon continues making significant investments to proactively stop counterfeits from being sold in our store. However, we cannot end counterfeiting alone. Governments must increase prosecution of counterfeiters, increase resources for law enforcement fighting counterfeiters, and incarcerate these criminals globally.

Amazon will continue to enhance our proactive controls, develop tools for brands to partner with us, and investigate and hold counterfeiters accountable wherever they are. It is the relentless efforts of our teams and the partnership of rights owners, law enforcement, and other public and private organizations that have made these innovations possible. I invite you to read more about our efforts in our Brand Protection Report.



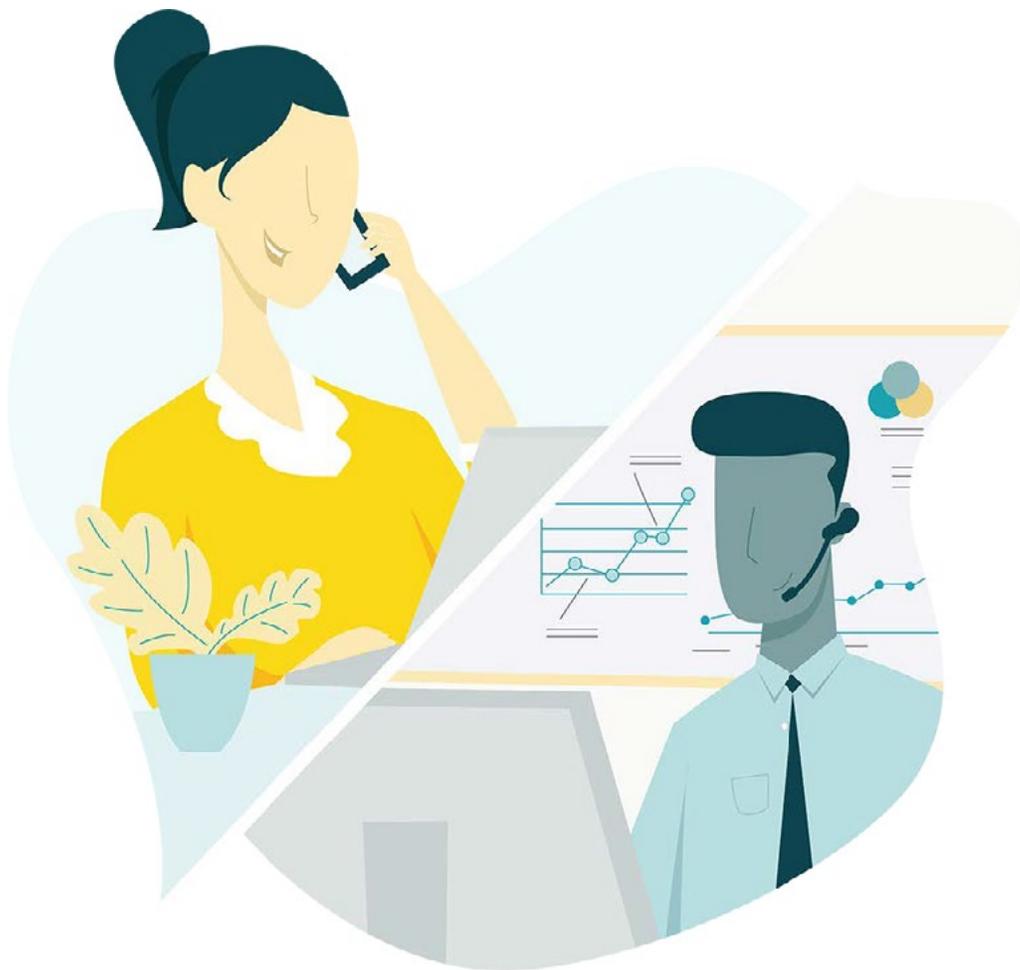
Thank you,

Dharmesh Mehta

Vice President, Worldwide Customer Trust and Partner Support, Amazon

Section 1:

Robust Proactive Controls



Selling in Amazon's store opens a world of opportunity for entrepreneurs. We make it straightforward for entrepreneurs to set up a selling account, and difficult for bad actors.

Amazon has built industry-leading tools to verify potential sellers' identities by using a combination of machine learning technology and expert human review. Prospective selling partners are required to provide a government-issued photo ID and information about their identity, location, taxpayer information, bank account, credit card, and more. Our proprietary systems analyze hundreds of unique data points to verify the information and detect potential risk.

In 2020:

- We innovated on new live video and physical address verification. Amazon connects one on one with prospective sellers through a video chat or in person at an Amazon office to verify sellers' identities and government-issued documentation. Amazon also verifies new and existing sellers' addresses by sending information including a unique code to the seller's address. Both of these innovations are straightforward for entrepreneurs, while making it more difficult for bad actors to hide.
- Our verification processes stopped over 6 million attempts to create a selling account before they were able to publish a single listing for sale. This is a significant increase from the 2.5 million attempts we stopped in 2019, and it was driven by increased bad actor attempts to get into our store that we successfully thwarted.
- We began displaying U.S. sellers' business names and addresses on their Amazon seller profile page. This was already required of sellers in our stores in Europe, Mexico, and Japan, and we will expand the display of seller contact information to all of our stores worldwide in 2021. As far as we know, we are the only store that provides this seller information globally, and we took this step to provide greater transparency to customers.
- Only 6% of attempted new seller account registrations passed our robust verifications processes and listed products.

Multi-layered account verification



We match information against third-party or government records, such as verifying taxpayer identification numbers against tax authority records.



We work with payment service providers to identify where funds are disbursed and who the recipient is to make it harder for bad actors to mask their identity.



We conduct live verification through video chat to ensure prospective sellers match their government-issued IDs.



We use advanced machine learning to analyze hundreds of data points and signals to detect and block bad actors, including those related to a previously detected and blocked bad actor.

Working with payment providers to thwart bad actors

Sellers on Amazon receive payments for their sales to either a traditional bank account directly issued by a bank or a virtual bank account issued by a payment service provider. Payment service providers create virtual bank accounts to make it easier for entrepreneurs to grow their business internationally through currency conversion and transfers across virtual accounts. However, bad actors can attempt to use these features to hide their identities and the final location of their funds. In February 2021, we launched our Payment Service Provider Program to enhance our ability to detect, prevent, and take action against bad actors. This allows us to better identify the bank account where payments are directed and the person ultimately receiving these payments. Sellers who choose to use a payment service provider to receive their funds must use a participating provider, and participating providers must meet our requirements for risk and compliance controls. Participating providers also exchange information with Amazon to reduce the potential for fraud and to make it even harder for bad actors to hide.

Continuous monitoring to stay ahead of bad actors

Once a seller is allowed to sell in our store, we continue monitoring their account and behaviors for new risks. If we identify a bad actor, we immediately close their account, withhold funds disbursement, and determine if this new information brings other related accounts into suspicion. We also determine if the case warrants civil or criminal prosecution and report the bad actor to law enforcement.

In 2020:

- Amazon scanned more than 5 billion attempted changes to product detail pages daily for signs of potential abuse.
- We seized and destroyed more than 2 million products sent to our fulfillment centers and that we detected as counterfeit before being sent to a customer.
- Fewer than 0.01% of all products sold on Amazon received a counterfeit complaint from customers. Those complaints were quickly investigated for accuracy, and Amazon took appropriate action on listings and accounts. Valid complaints were also used to inform and continuously improve our proactive detection.

Section 2:

Powerful Tools for Brands



Amazon Brand Registry

In 2017, we launched Amazon Brand Registry, a free service that gives a brand owner— regardless of whether they sell in our store—access to a set of powerful tools that help them manage and protect their brand and intellectual property rights. Through Brand Registry, brands have more control over the text, photos, and content on detail pages for their products; Amazon can more effectively protect the brand through automated protections that leverage machine learning and the data brands provide in Brand Registry; and brands can more quickly find and report suspected infringement.

- More than 500,000 brands were enrolled in Brand Registry in 2020.
- We have teams around the world ready to investigate any report of infringement, 24 hours a day, 7 days a week.
- Brands are, on average, reporting 99% fewer suspected infringements than before the launch of Brand Registry.



“We created Brand Registry to capture accurate and actionable information from brands to prevent infringements and protect their IP in Amazon’s stores. It is the foundation of automated brand protections that use machine learning to predict, prevent, and suppress infringement and proactively protect a brand’s IP.”

– Mary Beth Westmoreland, Vice President, Technology, Brand Protection, Amazon

Amazon Transparency fully protects every product unit

Transparency is a serialization service that protects each individual product unit. Brands apply a unique 2D code, similar to a QR code, to their products, and Amazon scans the code to verify authenticity before shipping it to a customer. If a product fails this authenticity check, it is immediately set aside for further investigation. Customers can also verify the authenticity of their product by scanning the Transparency code using the Amazon mobile app. Once scanned, customers can be confident their product is authentic, and learn more about the product, including its manufacturing date, manufacturing location, and expiration date.

In 2020:

- Transparency expanded to Japan and Australia and is now available in 10 countries.
- More than 15,000 brands were using Transparency, from large Fortune 500 companies to small independent entrepreneurs.
- Transparency enabled the protection of more than 500 million product units.



“LG sees Transparency as a great way to ensure that consumers use genuine LG filters while protecting them from counterfeit products.”

– LG

“With Transparency, we’re now more confident than ever that our customers are receiving legitimate products—which is a win for us and for customers.”

– Cards Against Humanity



Project Zero empowers brands to drive counterfeits to zero

Project Zero combines Amazon's advanced technology with the sophisticated knowledge brands have of their own intellectual property and how best to detect counterfeits of their brands. This happens through three powerful tools:

1. Amazon's automated protections proactively block suspected bad product listings before they are published. These automated protections are powered by Amazon's machine learning and are continuously fed new information so we continue to get better to automatically prevent and block potential counterfeit listings.
2. Project Zero provides brands with unprecedented power by giving them the ability to directly remove listings from our store. These removals by brands also feed into our automated protections so we can better catch potential counterfeit listings proactively in the future.
3. Project Zero also features product serialization, which is enabled by a unique code that brands apply on their product or its packaging. While product serialization is optional, enrolled brands see the best results when using our product serialization technology.

In 2020:

- There were more than 18,000 brands enrolled in Project Zero.
- For every 1 listing removed by a brand through our self-service counterfeit removal tool, our automated protections removed more than 600 listings through scaled technology and machine learning that proactively addresses potential counterfeits and stops those listings from appearing in our store.
- More than 75% of brands enrolled in Project Zero have never used the self-service counterfeit removal tool.



“We are excited to see that Project Zero is expanding into new marketplaces. The program has already had a very positive impact on our enforcement and we are glad to see Amazon’s continued commitment to protecting our brand across the world.”

– Adrienne McNicholas, co-founder and CEO of Food Huggers

“Project Zero has been a very easy and effective tool at protecting BMW on Amazon. We are very appreciative of the tools Amazon has built to enable us to protect our brand.”

– BMW

**BMW
GROUP**



“By working closely with brands, we continue to improve on our programs to drive counterfeiters out of business. It is rewarding to see the impact that our programs have.”

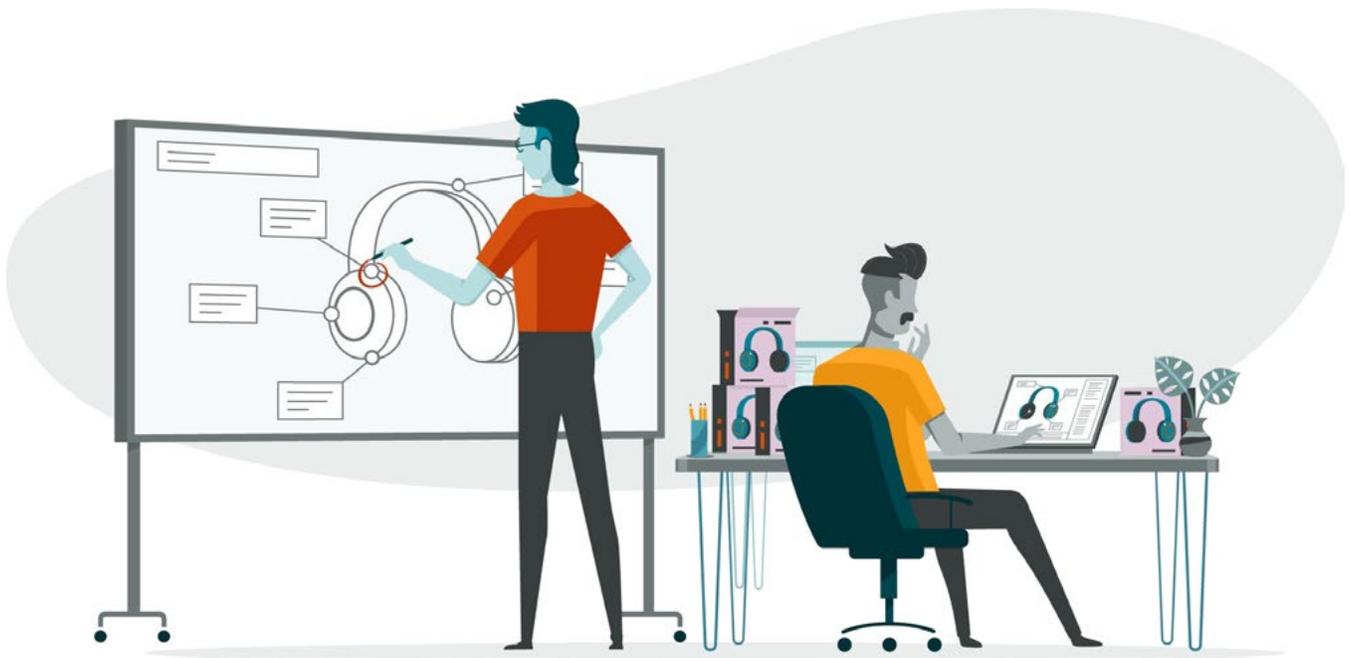
– Anna Dalla Val, Director, Brand Protection, Amazon

Helping protect utility patent owners

Utility patents cover the inner workings of a product, its technology, and/or its design, so it can be complicated to determine if a product is infringing based on visual cues alone. The Amazon Utility Patent Neutral Evaluation Process brings in neutral third-party evaluators who have expertise in technology and patent law to determine if they believe a product is infringing. The process is an efficient means for patent owners and those accused of infringing on a patent to address the concerns – it is significantly faster than the court system and is free for the party that the evaluator determines is correct.

In 2020:

- Utility patent disputes handled through Amazon’s process were decided in an average of 7 weeks, significantly faster than the median time-to-trial of 2.4 years for a U.S. patent lawsuit.



According to research conducted by IPWATCHDOG.COM, the median time-to-trial period for a US patent lawsuit is 2.4 years. <https://www.ipwatchdog.com/wp-content/uploads/2018/09/2018-pwc-patent-litigation-study.pdf>.

Helping entrepreneurs secure intellectual property rights

A key part of helping small or medium-sized businesses grow and succeed is ensuring they are able to protect their intellectual property. Securing intellectual property rights can be confusing and costly, but it is a necessary step for brands to protect their name, logo, product designs, and other aspects of their brand. For instance, in the European Union only 9% of small and medium-sized businesses register their intellectual property, whereas larger businesses are 4 times more likely to do so.

Amazon designed IP Accelerator specifically with small and medium-sized businesses in mind, making it easier and more cost effective for them to protect their unique products and intellectual property. IP Accelerator connects entrepreneurs with a curated network of law firms that specialize in intellectual property. Amazon vetted each of the participating law firms for experience, expertise, and customer service, and all have agreed to competitive, pre-negotiated rates. When entrepreneurs use these law firms to file a trademark application, Amazon also provides their brand with early access to Brand Registry and its powerful brand protection tools.

In 2020:

- Amazon expanded IP Accelerator to France, Germany, India, Italy, Japan, Netherlands, and the U.K.
- More than 7,000 small and medium-sized businesses were connected to trusted law firms in the U.S. and Europe, successfully submitted trademark applications, and received early access to Brand Registry's brand protection tools.



“Knowing that I am supporting the growth of small brands through IP Accelerator is the type of fulfilling work that excites me to go to work each day. We are connecting small businesses with high-quality law firms to help get them started on their brand building journey. The feedback we’ve heard from brands has been overwhelmingly positive, including brands that had previously struggled to secure IP rights.”

– Ben Okeke, Senior Corporate Counsel, IP Operations, Amazon

“One of the biggest benefits of Amazon’s IP Accelerator is the additional security it provides businesses like ours in terms of stopping potential counterfeiters. As with any quickly growing business, there is always risk of people copying or stealing your hard work and capitalizing on your growth. As a result of filing our trademark, I am more confident that our brand is secure, leaving me and my team more time to concentrate on providing awesome products to our incredible customers.”

– Dewar Gaines, Owner and Operator of Gaines Family Farmstead



Cross-industry partnerships to stop counterfeits

Amazon works directly with brands and in partnership with leading industry associations to get feedback that allows us to continue to improve our programs, share our best practices to help others be more successful, identify trends, pilot new capabilities, and ultimately better protect customers and brands.

In 2020, we have memoranda of understandings with:

- Confindustria Moda
- European Commission
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Imaging Supplies Coalition (ISC)
- Indian Beauty & Hygiene Association
- International Anti-Counterfeiting Coalition (IACC-Amazon Program)
- The Italian Association for the Protection of Intellectual Property (INDICAM)
- Michigan State University's Center for Anti-Counterfeiting and Product Protection (A-CAPP)



“It started out several years ago as quite a complex relationship, where trust needed to be built to bring effective results for brand owners. The willingness to work closely together for a common goal has shaped this journey, and eventually helped deliver tangible improvements and better outcomes. That made INDICAM’s relationship with Amazon keep growing stronger. We have an MoU in place that proves that collaboration and a proactive approach—and lots of listening and trying-to-figure-out-solutions—are key in this joint effort. This has truly helped to create and enhance a more reliable and transparent environment.”

– INDICAM

“Over the past three years, the IACC-Amazon Program has seen real, practical and substantive results; improving the IP enforcement experience for both our brand participants and the rights-holder community as a whole.”

– Bob Barchiesi, IACC President



“The collaboration between Confindustria Moda and Amazon, started more than three years ago, has been mutual and fruitful and it has definitely helped our member companies to better understand and properly use Amazon’s brand protection system. I’m pleased to acknowledge the development that Amazon is conducting both in terms of IP protection tools and human resources involved in it.”

– Cirillo Coffen Marcolin, President Confindustria Moda

Section 3:

Holding Counterfeiters Accountable



We proactively vet sellers and products, and we work with brands to ensure only authentic products are offered in our store. As we continue to improve the sophistication of our programs, we unfortunately find that counterfeiters are also working to improve the sophistication of their abuse, creating an escalating battle. To permanently stop counterfeiters, we must hold them accountable through the court system and criminal referrals.

Amazon Counterfeit Crimes Unit

In 2020, we made significant advances to hold bad actors accountable through the establishment of the Amazon Counterfeit Crimes Unit, increasing our litigation efforts and collaboration with law enforcement agencies around the world. The Counterfeit Crimes Unit is a global team dedicated to holding bad actors accountable by building and referring cases to law enforcement, undertaking independent investigations or joint investigations with brands, and pursuing civil litigation against bad actors.

Through close collaboration, many of the Counterfeit Crimes Unit's lawsuits were filed jointly with brands, including household names like YETI; British cosmetics brand KF Beauty; Italian luxury brands Maison Valentino and Ferragamo; and small businesses like JL Childress, which sells travel products for parents, and Dutch Blitz, a family-owned card game manufacturer.

Salvatore Ferragamo

“The joint action with Amazon underlines how the protection of intellectual property is a priority for Ferragamo and how the company is pursuing the fight against counterfeiting with full awareness and resolution.”

– Micaela le Divelec Lemmi, CEO of Salvatore Ferragamo

“We are seeing real results from Amazon’s work to eliminate counterfeit products from being sold in their store. It has been incredible to work with their team on these efforts, which have had a meaningful and measurable impact on our brand. We will continue to partner with Amazon to deliver on the commitment we’ve made to our customers who enjoy our game every day.”

– Mary Fisher, President of Dutch Blitz



Law enforcement engagement

In 2020, Amazon began reporting all confirmed counterfeiters to law enforcement agencies in Canada, China, the European Union, U.K., and U.S. This voluntary reporting helps law enforcement more effectively identify and target repeat counterfeiters across retail channels and drive more successful prosecutions.

In cases where counterfeit products are in our fulfillment centers, we separate the inventory and destroy those products so they are not resold elsewhere in the supply chain.

In November 2020, the Counterfeit Crimes Unit and the National Intellectual Property Rights Coordination Center (IPR Center) launched 'Operation Fulfilled Action,' a joint operation to prevent counterfeits from entering the U.S. The joint operation focuses on inspections at U.S. ports of entry to prevent counterfeit products from entering the supply chain. This operation was expanded in February 2021 to target counterfeit Super Bowl merchandise in real time as goods come through the nation's ports. By sharing information such as physical addresses, supply routes, shippers, consignees, and other potential fraud identifiers, Amazon and the IPR Center more quickly and effectively stop and prevent counterfeits from reaching consumers not only in our store, but across the retail industry.

Amazon also participated in the IPR Center's pilot to develop a private information exchange to enable industry participants—stores, payment service providers, banks, and shipping companies—to better identify and stop counterfeits before they can reach consumers. We fully support this effort, as an exchange can lead to more effective law enforcement referrals and better detection by industry participants.



“The IPR Center plays a critical role in securing the global supply-chain to protect the health and safety of the American public. However, our efforts are increased with partners like Amazon to identify, interdict, and investigate individuals, companies, and criminal organizations engaging in the illegal importation of counterfeit products. This joint operation is our latest public-private initiative bringing us one step closer to border security.”

– Steve Francis, IPR Center Director

