

### A Discussion With Amazon Counterfeit Crimes Unit's Joe Wheatley: How Amazon Finds Bad Actors and Removes Counterfeit Products

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**GP** Welcome to this episode of Knobbe IP+ Podcast. I'm your host of today's episode, Greg Phillips, a partner in the trademark and brand protection practice at the law firm Knobbe Martens. Today I'll be speaking with Joe Wheatley, Senior Corporate Counsel in the Counterfeit Crimes Unit at Amazon. We'll be discussing how brand owners of all sizes can strategically collaborate with Amazon's Counterfeit Crimes Unit to ensure that all their brands are protected. This is going to be an engaging and practical conversation for a lot of brand owners. Let's jump right in. Joe, welcome to the podcast.

**JW** Thank you for having me, Greg. I appreciate this opportunity.

**GP** You're welcome, we're excited to have you here. So why don't we start out with – why don't you give us your background and what led you to Amazon.

Sure. Well I started my career as a lawyer, as a prosecutor at the Justice Department, based out of Main Justice in Washington, D.C., where I worked on organized crime and racketeering, gang-type cases, large criminal organizations. I wrapped up my time at DOJ in 2021, on a task force created by the Attorney General, and then moved to Amazon, where I've been in the Counterfeit Crimes Unit ever since June of 2021, where I work on civil and criminal matters for the Unit.

**GP** That's great. And why don't you give us a little background on what exactly is Amazon's Counterfeit Crimes Unit.

**JW** Sure. When we were created in June of 2020 by senior leadership at the company, the company had identified a gap in that we had all these outstanding proactive controls, which are always improving – they're not perfect but they're always improving – and they're world class, but sometimes bad actors get through. Through circumvention efforts, they're always looking for ways to commit fraud and abuse to get their way into

the store to sell counterfeit products. We are very successful at keeping them out, but when they do get through we needed an enforcement team to work with brands and law enforcement on criminal and civil matters to hold those bad actors accountable wherever they may be operating. And so it was staffed up with the intention of serving as a sort of a path or part of former law enforcement, right? People that had served as agents and prosecutors and analysts on that side, but then also married up with people who are data experts, brand protection experts from within Amazon - data engineers, analysts, what have you - to be able to make sense of all that data that we have and put it in a form, whether it's a civil filing - you know, a joint civil complaint that we would file in court – or in a criminal referral that we would file with a branch of law enforcement, or both.

**GP** Fantastic. So do you go to court? Are you one of the lawyers that tries the cases or is it something where you allow the criminal prosecution, the state does it?

**JW** So for criminal matters, we do the investigation on the front end and prepare the criminal referral working with the brand. So we review the data, work with outside investigators, and compile that whole historical record that the brand may have also accumulated, and provide to law enforcement and then support it all the way through conviction at trial. So we've provided witness testimony, in court, for our team to support law enforcement, all the way through that conviction. On the civil side, we work with outside counsel. They prepare our filings – our joint civil complaints – because they're almost always jointly filed, and they then file them and argue in court and do the pleadings themselves. Our role is to help build the investigation that leads to it and support it as it goes. But also to provide feedback and approvals, guidance, consistency, that sort of thing to it. But it's ultimately handled in court by outside counsel.

**GP** Okay that's great. Let's talk about how brand owners – because there's so many of them on Amazon – how does a brand owner reach out to the Counterfeit Crimes Unit, or do you reach out to them? Why don't you kind of give us some background on that.

**JW** Sure. So it does go both ways. For a brand owner to reach out to us there are a couple of different ways. We do have an external facing website that's on the Amazon site for the Counterfeit Crimes Unit in our brands services page. It's actually the same page where all of our proactive controls are listed and summarized to sort of educate the general public, educate brand owners, people in the IP world, and so on. So they can contact us through that website. But then we also have regular contact with brands and their associations that they may belong to through conferences that we attend, through people that we've worked with before, through outside counsel that know us or know a brand, as well, that they've partnered with, for it. But then we also do reach out to brands ourselves. Sometimes if we'll see a signal in the data that indicates there may be counterfeiting activity, either because we're already investigating another brand and we happen to see a second one, or it's a fresh lead from one of our teams or within our own team, we'll then reach out to the brand to tell them what we're seeing and ask if they'd like to work with us to investigate this further and hold the bad actors accountable. And requests for partnership may be in the form of authenticating a

product, in order for them to confirm counterfeit or to help build out our investigation on one of the bad actors that may have come to their attention, all with a view towards turning this into a suit or a referral or both.

**GP** And you mentioned the brand owners coming in to authenticate the products, whether they're counterfeit – I guess that's my next question. So the brand owner contacts you or you contact them, why don't you walk us through the interaction between you and that brand owner as you build up that evidence.

**JW** Sure. For us the authentication of the product to confirm it is counterfeit is essential. For us to be able to be involved in this process, there has to be that authentication or confirmation of counterfeit. And the brand is the rights holder – rights owner. They have that expertise for it. So their partnership is vital. Whether they want to ultimately do a joint suit with us or a joint referral or neither, we would still like to get that confirmation of counterfeit so that we, independently, can refer it, if that's something that we can make happen for law enforcement, so that they can try to hold these bad actors accountable. You know so we may file a suit, for instance, as well. They don't necessarily have to join us. We would like them to. That's our preference. And that's what we almost always do. But if a brand declines, which is their prerogative, right? That's perfectly fine but then we may ask if they sign a declaration, so that we can still nonetheless file and hold these bad actors accountable. Our view is that the collaborative partnership that we have with the brand, going to law enforcement with a referral or going into court with a civil suit, is best. It's at its highest when we're doing it jointly. But if that's not possible we nonetheless want to hold those bad actors accountable.

**GP** Yeah definitely. And I know my experience is a lot on requesting take downs which, when a post is taken down do you also go out and actually try to find these counterfeit goods and confiscate them?

**JW** We do. We do. And that happens in sort of various forms. I'll start with the U.S. So if we're doing a referral or a suit, one of the goals is to get that product out of the hands of the bad actor so that it can be disposed of appropriately. So to protect customers, protect the brand, Amazon, and the general public, right? To get it out of the physical trade. And we'll do that through both the referral process and civil suits. You know in a referral it would be the law enforcement that seizes it. Under a civil suit you can use, for instance, the Lanham Act, to get a seizure order or some other order from a court. Overseas you know we have various members of our team in China, both attorneys and investigators, that work daily with impacted brands to conduct investigations and ultimately refer those matters to law enforcement for action. And so there, as well, product is being seized, not just taking listings or bad actors off of the store. We want that product to be seized and then ultimately destroyed.

**GP** Yeah that's great.

**JW** And it happens in other countries, as well. I just cited the U.S. and China but it actually happens in many other places, as well.

- GP** Okay yeah that's what I was going to ask, if it's worldwide or—
- JW** It is. You know we have worked on matters in the E.U., in the U.K., as well, U.S. and then China. And always looking to expand, I should say. We have people located in various countries. Our view is that this is a global problem and only a global coalition of interested parties, you know, law enforcement, companies, associations, academia, what have you, can solve together.
- GP** Yeah that's one thing Amazon has provided even the small entrepreneur to be a worldwide entrepreneur and that's great.
- JW** Correct. Correct. And I should add you know we're talking about bad actors trying to sell products. Really the vast majority of people selling in the Amazon store are legitimate business owners. They have families and they've got employees and livelihoods. And we want to stop the bad actors who sort of you know abuse the Amazon store, right? To sell to people, to sell to the customers and to brands and impact them with the counterfeits. But to also protect the real sellers, like the legitimate ones, that they want no part of that kind of activity either, right? It hurts them too.
- GP** Yeah because their budgets are limited, so Amazon helping is fantastic.
- JW** Yeah that's right.
- GP** A reminder listeners, that I'm Greg Phillips, a partner with Knobbe Martens. I'm here today talking with Joe Wheatley, Senior Corporate Counsel in the Counterfeit Crimes Unit at Amazon. And Joe you mentioned, we were just talking about different brand owners. Is the services that the – and the anti-counterfeiting that you perform – is it more aimed at the big luxury brands or is it open to anybody?
- JW** It's open to anybody. We work with small, medium, large businesses. And I take great pride in that it's all sorts of companies, all sorts of product categories you know, it's not just large luxury. We work with luxury and they're fantastic partners, but we also work with small businesses that make household goods. You know products made by companies that may have a handful of employees versus others that have thousands of employees. But you know the unifying factor there, the common denominator is that they were all victimized by counterfeiters and so we want to do what we can to help make them whole again, to hold the bad actors accountable, and to stop it from happening again. So all kinds. And you know we have on our public site various brand partners that we've worked with which are now in the public domain so you can mention what they are. But then there are many other brand partners we have where it's just a referral, and it's kept quiet while the law enforcement does what they do for the investigation. But I'm quite proud to say big companies, medium sized, small, all kinds.
- GP** That's great that it's open to everybody. And you know most brand owners are on Amazon if they have products. Is the Counterfeit Crimes Unit only for those that sell on Amazon or is it if you see something where you think, well these products seem a little

odd, even though the owner doesn't sell in the stores. Is that something you would also go for?

**JW** Correct. It is not a requirement that that brand sell in the store at all. In the same way that it's not a requirement for a brand that doesn't sell in the store to register for Brand Registry. They can register their IP for protection in the Amazon store through Brand Registry. It is not required that they sell in the store for them to have access to Brand Registry. And it's also, we do not charge for Brand Registry for brands, whether they sell in the store or not. Likewise, actually we do not charge for the Counterfeit Crimes Unit to work with a brand. That sometimes is a question we get. No, there is no charge for working with us.

**GP** Wow that's great. Fantastic. And then you touched on a little bit of the activities in the U.S. versus worldwide and China, so that's good. I've seen some of the videos on the Amazon website that you guys have, which are fantastic, which shows the law enforcement confiscating goods. Why don't you give us a little kind of background of how you work with those law enforcement – you know there's so many different law enforcement – FBI, the sheriff, the police – how do you connect with them?

**JW** So we have many relationships with law enforcement in the U.S. and outside the country and they're all fantastic. Anyone who's listening here, if you've not worked with us before, we would love to work with you and please reach out.

With respect to how we coordinate on those things, a couple of considerations come into play. A lot of it depends on where the bad actor is operating from. So that geographic jurisdictional nexus. In some instances, their activity spans various states, various countries. They may also be involved in other kinds of criminal activity at the same time. That may be sort of apparent from what we're seeing in the data or working with the brand. On the federal level, we work very closely with what's called the IPR Center, Intellectual Property Rights Center. It's an inner agency entity led by the Department of Homeland Security through CBP and HSI. And they're very close, frequent, dedicated partners on this. And so because they have that reach across the country and with international partners as well, we often go to them for our referrals, and they help and get the case moving and actioned.

In other instances, something that's a much more localized event, we may deal directly with local law enforcement, you know for a given city, town, county. But sometimes also with the visibility of federal partners, as well in case they may have a task force that they're working on together. Overseas, we have had enforcement actions in China carried out by the PSB, the Public Security Bureau, working with brands, but also the Market Supervision Authority, which is a more administrative type of seizure and penalty process. The Intellectual Property Unit, the Intellectual Property Crime Unit of the City of London Police, IPCU, is another outstanding partner. We have submitted referrals to them working with brands that have also resulted in law enforcement action. And then there's a very long list – Europol, Interpol, the FBI, of course, working through the IPR Center, as well because they're represented there. It's quite a varied list and we're always looking to expand. So we have various other countries that we're building

towards having matters in. I can't say them at the time because they're not yet at that appropriate stage but always looking to expand them.

**GP** That's great. That's fantastic. It takes a lot of time to get those connections and networking.

**JW** It does.

**GP** Fantastic. And you had mentioned Brand Registry because that was one of the things a lot of my clients really enjoy and, as they talk to other businesses, recommend. So why don't we chat about those other programs at Amazon because I believe, when we talked before, the Counterfeit Crimes Unit interacts with those programs. And so you mentioned Brand Registry so why don't we start there and kind of give us a little background on what Brand Registry is.

**JW** Sure. Brand Registry was created, I believe it's within the last 10 years or so, by the company to serve as the sort of nerve center for registering your IP for brand protection in the Amazon store. And as I mentioned earlier you do not have to sell in the store to avail yourself of Brand Registry. Anyone with IP can register it and then avail yourself of those protections. And likewise it does not charge for it. And it's essentially it's the nerve center of what we do and so many of our partner teams are internal teams to identify fraud and abuse relating to this IP. If someone has an issue to report for infringement, they can go to Brand Registry and identify what's going on there. Or, if it's not come to the attention of Brand Registry yet, file a notice of infringement relating to trademark, copyright, and patent issues. My team focuses on primarily trademarks, and that sort of then feeds into our larger set of proactive controls and actually validates them. I kind of call that out for everyone because people ask, "Oh if we're working with the Counterfeit Crimes Unit should we still be submitting notices of infringement through Brand Registry?" And our response is yes. And that's because that then validates the tool to make it smarter so it can be better at identifying this going forward. And it feeds into basically what we do every day for our data. It's only as good as the data. What we do is only as good as the data that comes in and out of those proactive controls.

**GP** Machine learning, right? The more data the better it is.

**JW** Correct. Right. The more validating of it, the more of the authentications. And we identify brands sometimes to approach too, using that data. We'll reach out and tell them okay we saw what appears to be a cluster of bad actors, can you authenticate some products for us? In some instances they've already been authenticating and they didn't realize that we were looking at it too, from two different ends of the stream. But then we can then amplify our efforts together using that.

**GP** That's fantastic. And Project Zero I know is a sort of an expansion of Brand Registry. My understanding is the brand owner actually participates a little bit more in taking down listings.

**JW** They do. That is it's kind of an extension right, as you said, of Brand Registry, where the rights holder themselves can pull an offending listing off the store. You know, it

requires their involvement. You can't have your agent, you know your representative, do it, it has to be the rights holder themselves, for that program. Another outstanding program, and we work with them extensively.

**GP** And then the last one, I just had a client enroll in Transparency, and they're very happy with that. Can you give us a little background on that.

**JW** Glad to hear that. Thank you. Transparency is a fascinating program. It's individuals serializing or a special - stickers really - of a code that goes on every single unit that can be authenticated through the entire sort of supply chain. Sometimes if you've ordered something you'll see it on your product, when you order from Amazon. It's sort of a T-shaped with a code there. And you can scan it with your cell phone. But it can also be scanned as it's moving its way through the supply chain. We have found terrific success in reducing counterfeiting activity. So anyone who is dealing with counterfeiting issues, I recommend the transparency team for you to reach out to. They're actually listed on that same page that we have for Amazon, but also with Project Zero and Brand Registry. It's sort of the full array of brand protection programs.

**GP** Yeah they're fantastic. And my understanding is that Amazon makes the stickers, right? And then somehow they're put on the product.

**JW** You know I don't know how the production for it works. I think so but I'm not positive.

**GP** It definitely ensures that what you're buying is authentic and not counterfeit. Well, perfect, Joe, thank you very much. That wraps up today's episode. A big thank you to you, Joe Wheatley and be sure to visit [knobbe.com](http://knobbe.com) to listen and view our written transcript of this and other episodes of Knobbe IP+. Until next time I'm Greg Philips with Knobbe Martens. Thank you.