



SHOP SAFE Act: Bad For Small Businesses; Bad For Consumers

Internet companies work hard to protect sellers and consumers alike from counterfeits. Internet Association’s members have learned from experience that anti-counterfeiting policy must reflect the partnership between brands and marketplaces and focus on measures that encourage effective technology to target bad actors, including advanced learning machines, and dedicated investigative and trust and safety teams. A thriving online economy benefits all stakeholders, including millions of small and medium-sized businesses that are able to access global customers thanks to IA’s member companies. While well-intended, the SHOP SAFE Act could drastically change the online marketplace as we know it. The harms of passage could be extreme.

“ Small Business Online Sellers Have Concerns:

“The purpose of selling online is to reach a wide audience via an online marketplace. I am proud to offer and deliver quality products. Legislation that requires individual or small business sellers to disclose personal information and provide a government ID may attempt to close one door to crime, but will manage to open many others. These requirements could potentially lead to an increase in burglaries or even cybersecurity risks.”

– Tanya J.

“Having an online presence for my business has given me the security and flexibility I wanted. This flexibility became even more important when COVID-19 hit. Selling online gave me a steady flow of income, and without it my business would not have survived. If legislation that would require me to disclose my contact information or business address had passed during the pandemic, I’m not sure what decision I would have made: give up selling online, or sacrifice my privacy and security so I could continue to make a living?”

– Libby B.

“As a female business owner and a mother of four young children, the right to privacy is extremely important to me. I am careful to keep my personal information private. Legislation that would require me to disclose my location, contact information, and provide a government ID just to list my products is very frightening.”

– Jessica P.

- The bill would require platforms to take action against third parties selling goods that “implicate health and safety.” Internet companies want to create an ethical marketplace, but this broad definition could be used to describe nearly any product. Broad definitions harm competition of all sizes and creates administrative challenges for small businesses.
- SHOP SAFE fails to address the true cause of counterfeiting: the infringer. A company that delivers products ordered by consumers from third parties may have no way of knowing whether the third-party bought them from a legitimate supplier.
- Changing the current law to increase the costs and risks platforms face may handicap smaller players in the market. The proposed rules are stringent and vague, and smaller platforms and startups could be forced out of the market or worse, decide not to engage at all.
- The legislation raises serious privacy and safety concerns by requiring online sellers to disclose location, contact information, and provide government identification.

Internet Association’s members have heavily invested in developing collaborative and productive relationships with brands across industries and around the world. Protecting sellers and consumers from harmful counterfeit products – no matter how they enter the supply chain – is an important priority. Because professional counterfeiters are incredibly resourceful and adept at circumventing enforcement activities, it is essential to examine and understand the unintended consequences of proposed solutions.