

COMMERCE

## Belstaff awarded \$42M after victorious counterfeiting suit

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*Belstaff's Pure Motorcycle collection*

By JEN KING

British apparel and accessories brand Belstaff has won a lawsuit that resulted in the closure of more than 650 counterfeit Web sites.

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Heard by a United States civil court, the judges ordered offending counterfeiters to pay more than \$42 million in damages and turn over domain names to Belstaff. While this is only the most recent victory in the ongoing battle against counterfeiting, Belstaff's strategy to combat the issue through digital protection tactics will offer an effective solution for both luxury and mass brands facing a similar predicament.

"Most businesses now realize that the highest growth element of their channel to market is online it is easier, faster and more cost effective to take new brands and products global via the digital channel than any other means," said Charlie Abrahams, senior vice president of **MarkMonitor**. "The issue with this is that it is also the place where it is easiest for fraudsters to misrepresent a brand without much fear of being caught.

"The digital channel has only become so important to luxury brands in the last few years and so they have an increasing dependency on it and therefore are at greater risk of falling foul of online criminality than some other sectors that went online earlier and so have 'tooled up' to protect themselves financially," he said.

MarkMonitor, a Thomson Reuters Intellectual Property and Science business, works with brands to offer digital solutions and services that safeguard brand reputation and revenue from online risks, especially counterfeiting.

**Belstaff**, a client of MarkMonitor, did not respond by press deadline.

Protecting one's own

Online counterfeiting haunts luxury brands as consumers mistakenly purchase knock-off goods and dealers make money off the naivety of the buyer.

According to an infographic from MarkMonitor, most consumers are looking for deals on luxury items and are misled to counterfeiters' Web sites, and these people are often middle aged, less educated and make less than \$100,000 a year. It is important for luxury brands to understand the demographics of shoppers that are led to rogue sites so they can better tailor their online presence to capture traffic from these consumers ([see story](#)).

Gavin Haig, CEO of Belstaff, said in a statement, "At Belstaff, ecommerce has been a major driver for the growth of

our brand. However, alongside the clear benefits of venturing into the online retail market, we were aware of the potential negative impact from counterfeiters. Right from the outset, we have been determined to stop our customers falling prey to counterfeiters, we want to do everything in our power to protect our loyal consumer base and our hard-earned 91-year-old heritage."



*Belstaff women's wear*

In the case of Belstaff, the majority of products produced by counterfeiters were jackets and outerwear, with an emphasis on copying the brand's signature leather jackets. The knock-off goods were from seasons past and copies of designs that are no longer produced by the brand, allowing the counterfeits to be more apparent.

Belstaff's legal action followed the brand's protection program with MarkMonitor to fight against unauthorized production of goods designed to look like its wares. To protect its intellectual property, Belstaff registered trademarks for individual products in addition to activating a MarkMonitor program to monitor marketplaces and individual Web sites selling counterfeits. The MarkMonitor technology that explored networks of Web sites that included both index and non-index results.

MarkMonitor also helped Belstaff to examine the Web site design and payment processes of unauthorized sellers of its goods.



*Belstaff Mr Porter Racemaster collaboration*

"MarkMonitor's brand protection technologies were able to automate and expand upon the detection and analysis work traditionally done by human investigators and paralegals in cases like these and both find and validate higher volumes of sites in less time and also accurately identify groups of sites owned by single infringers or groups of infringers," Mr. Abrahams said.

As a result, Belstaff uncovered 3,000 Web sites selling knock-off goods with more than 800 of the offending Web sites being managed by a single person based out of China. In total, the U.S. courts disbanded 678 counterfeit goods Web sites selling fake Belstaff items.

In a statement, head of legal counsel at Belstaff Elena Mauri said, "We are delighted with the results from the ruling. There are other high profile luxury brands that have taken advantage of the U.S. counterfeiting law, however we believe that our has set the bar even higher due to the unprecedented number of sites that were taken down in one go.

"The whole legal process took less than four months and none of the single top 20 Web sites that were cited in the

case are still in operation today," she said. "We certainly wouldn't hesitate to take this legal route in the future, and we will continue to take a zero tolerance approach to any further illicit counterfeiting behavior."

#### Fighting back

This year a number of luxury brands and retailers, including conglomerate Kering, have begun to take action against the increasingly important problem of counterfeit goods in China.

The combination of producing a large percentage of products and lax government regulation makes China particularly susceptible to counterfeiters looking to copy luxury items and sell them at a cheaper price.

Counterfeiting can have a negative impact on a wide range of individuals, and until brands and nations can come together to regulate the practice, it will continue ([see story](#)).

Beyond being harmful for the brands that are being copied for profit, the country of origin that produces the product is also being duped of income in the form of lost taxes.

Each year, more than \$28.5 billion in profits is lost in the European Union due to counterfeit apparel and accessories, according to a new report by the EU Observatory. Also, the fashion industry in Europe has seen 363,000 jobs lost due to the counterfeiting of clothing, footwear and accessories.

The sale of knock-off goods in the EU accounts for nearly 10 percent of the total sales in the fashion sector throughout the 28 countries in the union ([see story](#)).

While Belstaff was initially protecting its own intellectual property, British apparel and accessories maker has in turn safeguarded others in the industry that were also being misrepresented on these Web sites. Going forward, as more brands take the defensive digitally, it may become harder for counterfeiters to get away with hocking fake goods.

"The steps that Belstaff has just taken protect not only their own consumers but have also suspended the sale of other luxury goods on these deceptive sites not only in the seizure of 676 sites that the public is now protected from, but also in sending a warning to these counterfeiters and further establishing precedent that empowers the luxury industry," Mr. Abrahams said.

#### Final Take

*Jen King, lead reporter on Luxury Daily, New York*

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