

## **Advisory Committee on Enforcement**

### **Eighteenth Session**

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#### **DANGERS OF THE DIGITAL DEVALUE CHAIN OF COUNTERFEITS**

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#### **ABSTRACT**

This contribution introduces the Digital Devalue Chain of Counterfeits® advocacy campaign by the American Apparel and Footwear Association (AAFA) and explains how counterfeits harm consumers and brands. The campaign includes a video explainer<sup>1</sup> and other creative elements to help educate policymakers and consumers, and to seek help in identifying short- and long-term solutions to counter the digital devalue chain. The video underlines that counterfeits are widespread across various online platforms and shows how counterfeiters lure consumers by deception, exploit workers, fund criminal activity and skirt compliance standards. It ends with a call for action from the United States Congress and to hold online platforms more accountable. The contribution outlines comments filed by the Association<sup>2</sup> with the Office of the United States Trade Representative in October 2025 for the annual Notorious Markets List (NML) process and recent information from AAFA members. Reference is also made to a study on counterfeiting released in February 2026, with evidence that counterfeit apparel, footwear and accessories present serious chemical and product safety hazards to consumers.

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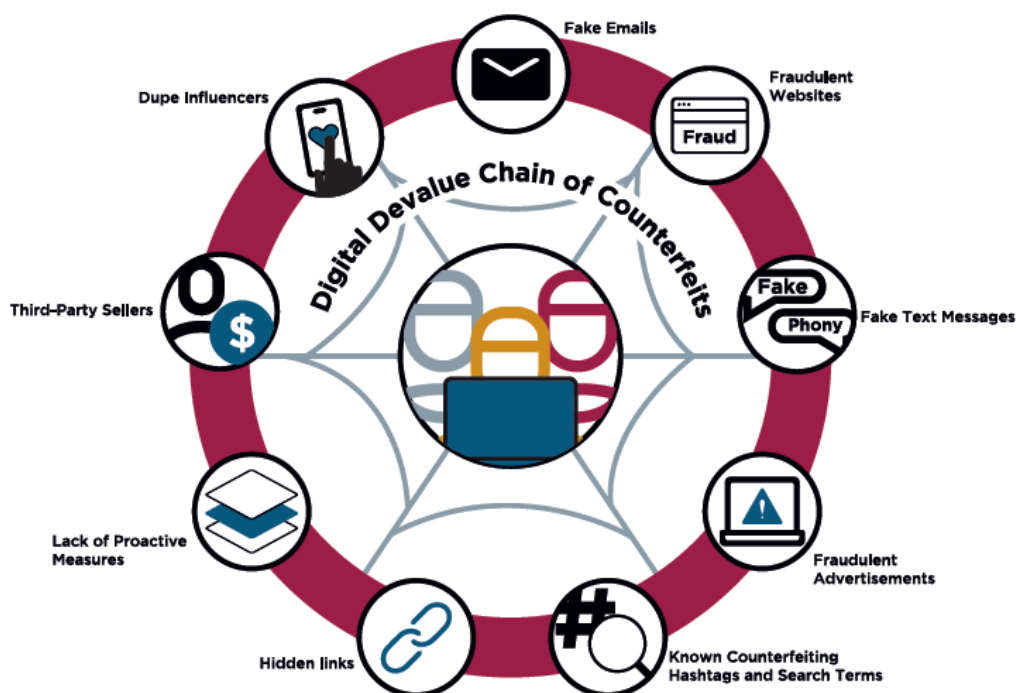
\* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

<sup>1</sup> <https://www.aafaglobal.org/counterfeitdevaluechain>.

<sup>2</sup> <https://www.regulations.gov/comment/USTR-2025-0018-0039>.

## I. OVERVIEW: THE DIGITAL DEVALUE CHAIN OF COUNTERFEITS

1. The Digital Devalue Chain of Counterfeits® is a web of misinformation and consumer deception. Schemes range from “dupe influencers” promoting knockoffs to fraudulent advertisements linking to fraudulent websites, and everything in between. Each such scheme is designed to direct unsuspecting consumers to illicit goods or to commit fraud against the consumer.



## II. SCOPE AND IMPACT

2. The footwear and apparel industry faces one of the highest levels of threat of intellectual property (IP) theft. The American Apparel and Footwear Association (AAFA) is particularly concerned that counterfeiters are the main beneficiaries of a tariff-induced trade war. Because counterfeiters’ pricing is often much lower than that of authentic products, owing to low or non-existent input costs, they can undercut authentic, responsibly sourced, goods.

3. As shown in the Digital Devalue Chain of Counterfeits® campaign video, counterfeiters have a different world view. Their business model is based on stealing somebody else’s innovation and identity, so it is with little remorse that they exploit workers, engage in wage theft, employ shoddy factories, dump hazardous waste into rivers and lakes, and use dangerous chemicals. When they lure consumers into buying their fake products, they often dabble in more thievery, exposing consumers to financial scams. The fact that authentic brands invest so much in social and ethical efforts only widens the profit margins of counterfeiters, as they are often able to score a sale without paying for any compliance, while duping consumers into believing it has occurred.

### A. DIGITAL DEVALUE CHAIN: COORDINATED TACTICS TO DECEIVE SHOPPERS

4. The following are some of the major digital devalue chain concerns for AAFA members.

#### (a) Dupe influencers

5. As outlined in AAFA's report on dupe influencers, a dupe influencer is “an individual with a social media following who shares links to, and reviews, counterfeit goods”, generating millions of views and likes.<sup>3</sup> If “dupe influencers” are banned from a social media platform, they can easily create new accounts. If content promoting counterfeit goods is reshared by others, it lives on after the initial post is removed.

6. In its 2025 Notorious Markets List (NML) submission, the AAFA chronicled the abundance of counterfeits and IP-infringing products across five named platforms. One AAFA member requested the removal of approximately 250 dupe influencer profiles between January and June 2025. The member notes that the influencers were only removed if more than half of their items contained infringing content or products from the brands of this company. Thus, the more brands the infringer sold, the less likely it was that one brand could have the seller removed. The brand noted an increase in the prevalence of dupe influencers from Latin America and the United States in 2025 compared to 2024. A second brand reported over 40 dupe influencers with a combined 209,000 followers across Brazil and Mexico.

(b) Fraudulent websites

7. Fraudulent websites often mimic the website of a legitimate brand, using its protected trademarks on the webpage and perhaps copyright-protected images. The sites appear authentic and consumers are often directed to them via fraudulent advertisements placed across social media. They lure buyers by offering steep discounts with a call to “act now” before the fictitious sale ends. The sites will often collect payments, then either fail to deliver the goods, ship unsafe counterfeit products or steal the consumer’s financial information.

8. In 2025, AAFA published “The Rising Risk of Fraudulent Websites: Spotlight within the Digital Devalue Chain of Counterfeits” to highlight and explain the growing concerns surrounding a part of the digital devalue chain. Through this white paper, AAFA flags current trends, details limitations of the current system, and highlights concerns for policymakers and elected leaders.

9. Some highlights include:

- A member survey concluding that respondents agreed across the board – the most concerning result arising from fraudulent websites is the loss of consumer trust in the brand. One member observed that customers blame the brand when their credit card information is stolen through such websites.
- Feedback from AAFA members outlining that the current mechanisms to combat fraudulent websites are ineffective, including the costly and timely route of obtaining a Uniform Domain-Name Dispute-Resolution Policy (UDRP) via the Internet Corporation for Assigned Names and Numbers (ICANN).

10. During the 2025 NML reporting period, one AAFA member reported over 480 fraudulent advertisements on a social media platform from April 2024 to July 2024, which linked to 60 fraudulent websites. The current problem and lack of solutions were discussed by the Motion Picture Association during the seventeenth session of ACE as it related to piracy and global website blocking solutions. However, there are wider issues with fraudulent websites. Removing them due to trademark and/or copyright infringement is an unworkable system due to its current limitations and the whack-a-mole structure. Having a reactionary versus proactive structure leaves brands impacted and consumers vulnerable to scams. Below is a real-world

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<sup>3</sup> AAFA. Brand Protection Tips: Dupe Influencers on Social Media. Report available at [https://www.aafaglobal.org/AAFA/Solutions\\_Pages/Dupe\\_Influencers\\_The\\_Concerning\\_Trend\\_of\\_Promoting\\_Counterfeits.aspx](https://www.aafaglobal.org/AAFA/Solutions_Pages/Dupe_Influencers_The_Concerning_Trend_of_Promoting_Counterfeits.aspx).

example of the risks faced by consumers of being exposed to potential fraud and scams through these fraudulent websites:

- A consumer complaint received by an AAFA member was shared in AAFA's NML comments stating: "I am worried I may have fallen into a scam or fraudulent websites. On a social media platform, an ad came across my newsfeed for a sale on NFL jerseys at \$42.99!

I jumped on it. It appeared to take me to [brand website] but after I had placed my order, I noticed the website confirmation was from funsersey.com, so now I am worried I got scammed".

(c) Fraudulent advertisements

11. The link between fraudulent advertisements and fraudulent websites is becoming the top concern for AAFA members. In AAFA's NML process, members attributed the growth primarily to the widespread use of artificial intelligence (AI) across social media to fuel paid advertisements. The examples below were included in AAFA comments for the 2025 data below is from AAFA's 2025 NML comments.

- One AAFA member found more than 1,000 fraudulent advertisements per month on a social media platform. Many of them were identical or nearly identical and targeted Türkiye, Belgium, Mexico, the Czech Republic and Kyrgyzstan. The advertisements used the same language, translated for the country or region. What is even more concerning is that during August and September 2025, this member found on three separate occasions that approximately half of all advertisements identified during a global search on a social media platform were either selling counterfeits or were connected to a fraudulent website.
- Another member reported identifying and notifying a social media platform of more than 15,000 fraudulent advertisements. The advertisements – targeting United States and European Union consumers – all shared the same urgent-sounding wording: "LAST DAY Sale! Only \$16/Pair! Shop all collections at Unbeatable Prices. We're sure it won't last long. Get your favorite pairs now!" The AAFA member reports that the advertisements all appeared to be linked to a single website: [brand]outlets.com. All advertisements were published by the same user profile. Over a month after this batch of ads was removed, the user profile still remained active.

(d) Marketplaces with third-party sellers

12. E-commerce marketplaces and social media platforms often host third-party sellers without the necessary proactive measures to prevent counterfeits and illicit products from being listed on their platforms. The United States INFORM Consumers Act, effective since June 2023, was passed by Congress to help address gaps in the market for illicit sellers of stolen or counterfeit goods by requiring marketplaces to collect information from and verify "high-volume" third-party sellers<sup>4</sup>. However, the gap in compliance with INFORM Consumers<sup>5</sup> and the lack of proactive measures create opportunities for counterfeiters to flourish while dangerous counterfeit products harm consumers.

<sup>4</sup> Federal Trade Commission (2023). What Third-Party Sellers Need to Know About the INFORM Consumers Act.

<sup>5</sup> Fonrouge, Gabrielle (September 19, 2025). CNBC. "Walmart's Marketplace boom: How lax vetting came with identity theft and fakes".

13. AAFA released a summary of findings from a 2022 laboratory review. Of the 47 counterfeit products tested—including clothing, footwear, and other accessories—17 products (or 36.2 percent) failed to comply with United States product safety standards with dangerous levels of arsenic, cadmium, phthalates, lead and more. An updated report was released in February 2026.<sup>6</sup>

### III. CONCLUSION

14. Brands have limited ability to hold platforms accountable, while platforms apply inconsistent and often inadequate approaches to combating counterfeiting and fraud. Brands are expected to monitor—and report across—massive volumes of listings across multiple platforms and jurisdictions. Brands are also often required to build individual relationships with platforms to access enhanced enforcement programs, which are typically granted on a discretionary, brand-by-brand basis tied to commercial value or relationships.

15. AAFA is working across other associations with common IP goals to identify where policy changes are needed as the association continues dialogues with platforms to address short term struggles and learn best practices per platform. The association has advanced a series of policy recommendations in the United States aimed at curbing counterfeiting, promoting equitable digital trade, and disrupting key elements of the Devalue Chain of Counterfeits®.

16. Furthermore, AAFA offered robust comments regarding the Organisation for Economic Co-operation and Development's (OECD) Draft Voluntary Guidelines process to ensure that guideline global best practices were balanced and would help to address the issue of counterfeits<sup>7</sup>. AAFA reiterated that platforms must have key proactive measures to get away the reactive status-quo of today. Seller vetting, removal of repeat infringers, stay-down measures, robust reporting tools, and quick response times were other key measures encouraged for global best practices.

17. We need effective, holistic, multifaceted and global approaches to stay ahead of counterfeiters.

18. This fragmented and relationship-dependent approach is unsustainable. Meaningful reforms to the current enforcement framework are necessary to curb illicit activity and to create an online marketplace that supports legitimate commerce.

19. AAFA's CEO often asks the introspective question, "What is the acceptable number of unsafe counterfeits being sold online today?"

20. And we must not let up until our words and actions ensure that the answer is Zero.

[End of contribution]

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<sup>6</sup> AAFA (March 23, 2022). "Fashion Industry Study Reveals Dangerous Chemicals, Heavy Metals in Counterfeit Products".

<sup>7</sup> AAFA (July 27, 2025). AAFA Submits Comments to USPTO re OECD Marketplace Guidelines.