

# 2014 Transparency Report

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Etsy

Etsy is a global marketplace where people around the world connect, both online and offline, to make, sell and buy unique goods.

Etsy's core values include operating as a mindful, transparent, and humane business. We strive every day to integrate our company values, our responsibility to our members, and our legal obligations. In the spirit of transparency, this report describes the steps we take when items are listed on our platform that do not meet our guidelines, or when listed items are alleged to infringe third party rights. This report also explains what we do when we receive legal requests to disclose private member information, such as subpoenas and court orders.

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Etsy is not a curated or juried marketplace, which means that Etsy does not choose the items that Etsy sellers list for sale. Selecting or previewing listed items would be nearly impossible: as of March 31, 2015, more than 30 million items were listed for sale; we had 1.4 million active Etsy sellers, doing business in nearly every country in the world. But we do have policies and guidelines about the type of items that belong on Etsy, and we work hard to enforce those policies. First and foremost, we require that goods listed in our marketplace be [handmade](#), [vintage items](#) or [craft supplies](#). Second, even if an item fits into one of those three categories, it must not fall into one of our prohibited categories, such as weapons or items that violate our [intellectual property policies](#). (For more information, see our [Prohibited Items policies](#).) When opening a shop or listing an item, Etsy sellers agree to comply with our policies as well as [local and national laws](#).

Most of the time, Etsy members understand and follow our policies. Sometimes members do post items that don't meet our guidelines or that are explicitly prohibited. This transparency report provides context and data about what we do when that happens.

This Transparency Report is divided into four parts:

[Intellectual Property Takedowns](#)

[Policy Enforcement](#)

[Resolving Member Disputes](#)

[Requests for Member Information](#)

**A message from our lawyers**

We are planning to provide transparency reports in the future; however, we don't have any obligation to do so or to otherwise update the statements in this report even if new information becomes available in the future.

## Intellectual Property Takedowns

Intellectual property (“IP”) is a complex system of legal protection for human creativity and invention. Common forms of IP include copyrights, trademarks and patents. People may claim intellectual property protection for a wide variety of subjects, such as visual works of art, songs, logos, photographs, literature, computer software, designs, images, inventions, and product and company names.

As a service provider and marketplace, Etsy does not and cannot make judgments about whether every Etsy seller has the necessary intellectual property rights for every item listed and all content displayed in the marketplace. When an Etsy seller lists an item for sale, our policies require that she have the necessary intellectual property rights. We do not curate the items listed or the content posted, nor do we independently check the intellectual property rights of any listing or post. Each IP owner can decide when and how to enforce its intellectual property rights.

Etsy sometimes receives communications challenging sellers’ intellectual property rights to items listed or content posted by our members. Sometimes these communications come from a popular brand, other times from a burgeoning company, another Etsy seller, a trademark enforcement agency, or an attorney. Often the communications ask us to take down seller content based on an allegation of IP infringement. We have a designated agent to receive these notices, as described in our [Copyright and Intellectual Property Policy](#).

Etsy’s legal support team reviews each of these take down requests. We evaluate them in accordance with our [Intellectual Property Policy](#), applicable law such as the Digital Millennium Copyright Act (DMCA), and practices that are widely adopted in the online service industry. When appropriate, Etsy pushes back, such as when a takedown request is incomplete, the request contains invalid or misleading information, the material is not accessible, or the request is overly broad. (For example, we would push back if the (fictional) owner of the trademark Bobby’s Banjos asked us to remove all listings using the word “banjo.”) Otherwise, when we receive a properly submitted takedown notice alleging IP infringement, we remove the allegedly infringing materials in accordance with the procedures sanctioned by the DMCA, without determining whether the allegations have legal merit.

When we remove material, we provide the Etsy seller with specific information about the notice and the third party infringement claim, an explanation of our policies, and the contact information of the party who sent us the notice.

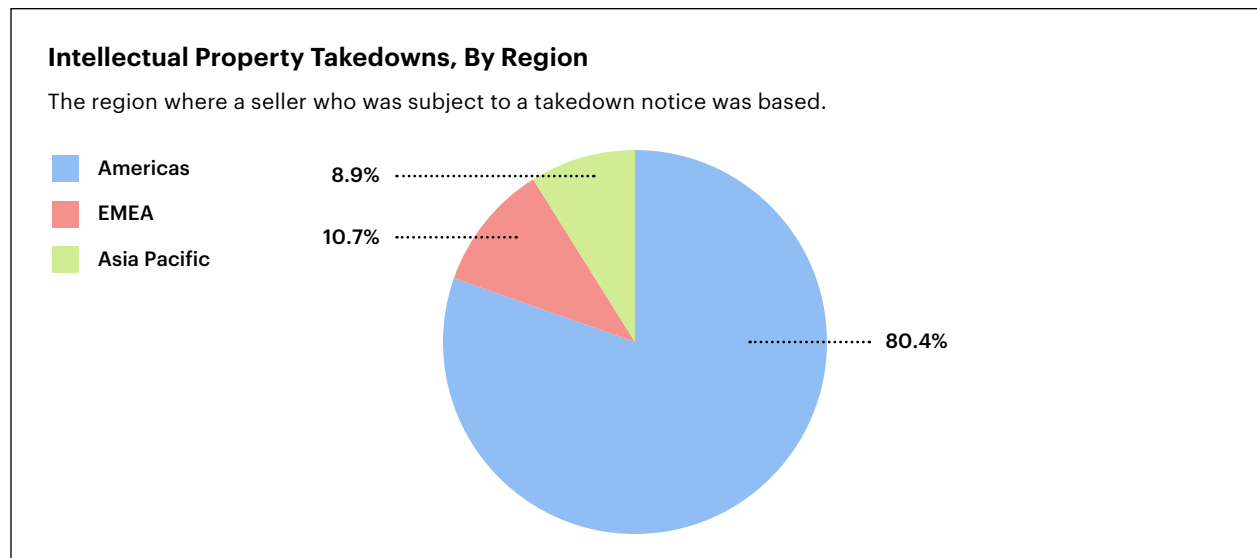
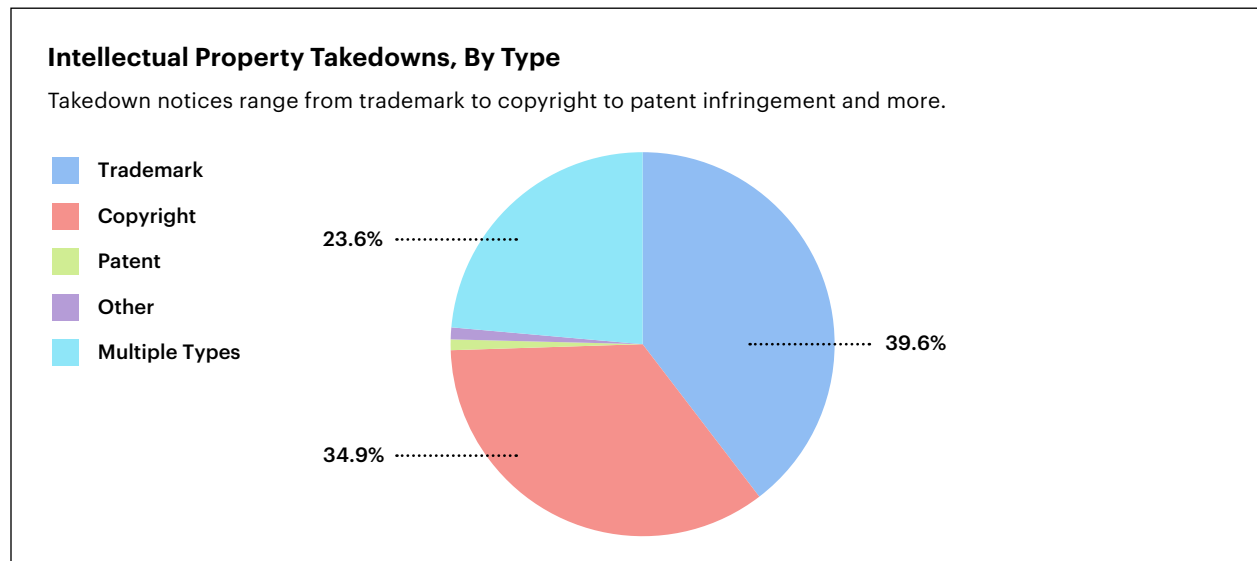
We do not take a role in resolving intellectual property disputes, and we do not take sides. We encourage the parties to resolve the issues themselves and to consider engaging legal advisors.

We’re proud that the Electronic Frontier Foundation awarded Etsy a 4-star rating in their 2014 [“Who Has Your Back?”](#) report about the state of copyright and trademark activity across major online platforms. (We did not earn the fifth star because we had not yet published this transparency report.)

## Insights from 2014

In 2014, Etsy executed 6,997 properly submitted listing takedown notices. We responded by removing or disabling access to 176,137 listings, from 42,526 sellers. To put these numbers in perspective, about one half of one percent (0.5%) of listings were affected by a properly submitted notice and takedown, but this does not mean all of these listings actually infringed IP rights. In 2014, we closed 3,993 shops for repeat violations of our intellectual property.

Etsy received 115 DMCA [counter-notices](#) opposing copyright claims. Complaining parties formally withdrew their notice(s) 246 times. Please see our guidelines for more information about how we process [takedown notices](#) and [counter notices](#).



Etsy’s largest community of sellers is in the Americas and the distribution of takedowns by region reflects this.

## Stories<sup>1</sup>

**SITUATION:** A seller created party invitations using images found via a popular online search engine. Some of the images featured well-known characters.

**REQUEST:** The company owning intellectual property rights to one of the characters provided proper DMCA notice to Etsy, claiming infringement of its copyright in the character.

**RESULT:** Without determining if IP rights were infringed, Etsy removed the listing for the party invitations and notified the seller.

**SITUATION:** A seller listed handmade merchandise showing the image of a popular singer.

**REQUEST:** An authorized agency working on behalf of the singer provided proper notices of infringement to Etsy, asserting that the merchandise violated the singer's intellectual property rights.

**RESULT:** The seller disagreed with the notices, explaining to Etsy that the merchandise was official promotional material for the singer, and that the seller had a license to make the items. Etsy encouraged the seller to explain her position to the complaining party directly. Eventually, the complaining party withdrew its notices.

**SITUATION:** Etsy received a takedown request from someone claiming to represent a famous 90s pop singer.

**REQUEST:** The notifier sent a confusing request. Etsy's legal support team, concerned that the notice might be fraudulent, requested documentation to prove that the notifier was authorized to act on behalf of the musician.

**RESULT:** Etsy never received authorization. Etsy determined that the notifier was not authorized by the singer. Etsy did not take down the items identified in the takedown request

## Resources

Etsy's Legal Team publishes legal educational articles in Etsy's [Seller Handbook](#). Here you'll find some [general information](#) about intellectual property. You may also review these [FAQs](#) and Etsy's [Copyright and Intellectual Property Policy](#).

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<sup>1</sup> The stories in this Transparency Report are fictional composites based on real-life examples.

## Policy Enforcement

As we explained in the [prior section](#), Etsy’s Legal Support team removes items and sellers from the marketplace based on accusations of intellectual property (IP) infringement. Etsy’s Trust and Safety team reviews and removes items and member accounts (including sellers) that should not be in our marketplace for other reasons. For example, the team will remove items that do not meet our criteria for being handmade, and items that are [specifically prohibited](#) such as alcohol, certain animal products, and mature content that is not labeled appropriately.

### Tools and Methods

Our Trust and Safety team uses a combination of community-generated flags and reports, human review, machine learning, and automated systems to detect items and accounts that may be in violation of our site policies. The automated systems we utilize aim to quickly adjust to the changing dynamics of the marketplace and were built on the experience we have developed through years of human review and conversations with our community.

### Community Flags and Automated Detection

The Etsy community can flag listings or shops that appear to violate our policies by clicking the “Report this item to Etsy” button on any listing or shop page. Members can flag items for several reasons. For example, members can flag items they believe are “not handmade,” “prohibited or use prohibited materials,” or “not properly labeled as mature content.”

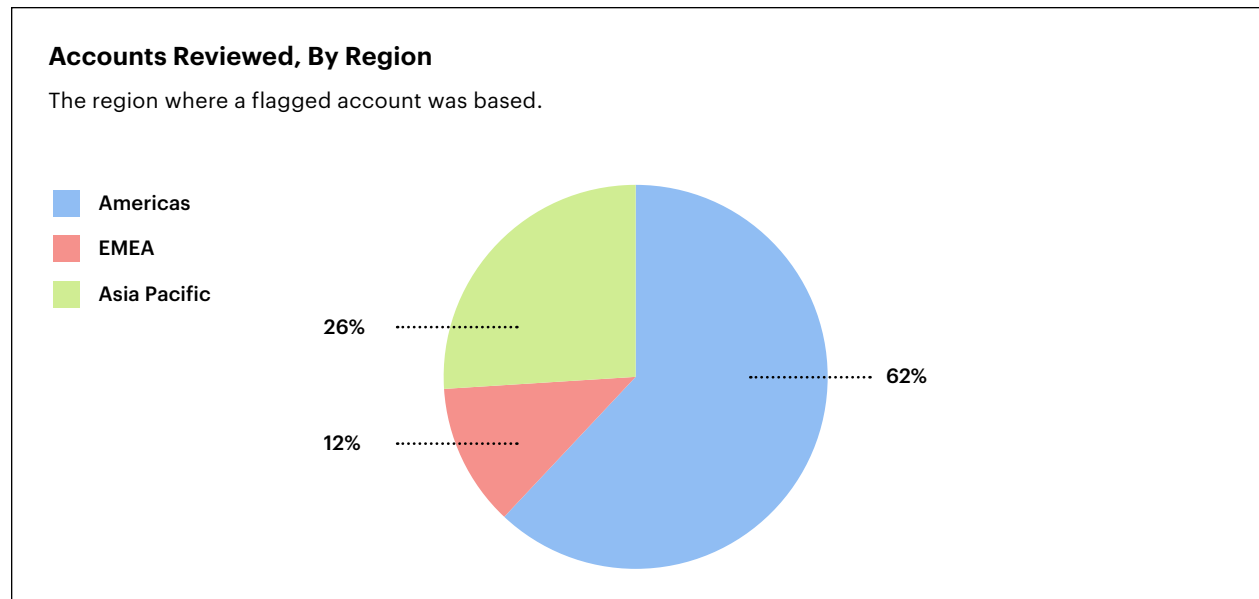
We also have proactive detection software that sweeps the marketplace for potential non-IP policy violations. That software analyzes hundreds of different indicators, identifies items and accounts that are problematic and potentially abuse marketplace policies, and alerts us to review them. In some cases, our software removes items or accounts automatically before they reach potential buyers.

### Review and Enforcement

For flags that are reviewed, the team works to determine whether an account is in compliance with Etsy’s guidelines, whether further investigation is warranted, or whether the item or account is in violation such that it must be either removed or closed.

If an account is in compliance with [Etsy’s guidelines](#), the account will typically not receive further review (unless the nature of the items related to that account changes). If an item or shop appears to violate Etsy’s guidelines, the team may contact the seller and ask for detailed information about their shop, materials, and process to ensure that the item or shop meets our standards.

If Etsy’s investigation reveals that the item or shop is in fact in compliance with our guidelines, no action will be taken. We aim to educate the seller on our guidelines and ask for specific changes to be made or items to be removed. If an item is [specifically prohibited](#) by Etsy’s policies, we may remove it before reaching out to the seller. In egregious cases, the entire account may be closed immediately.

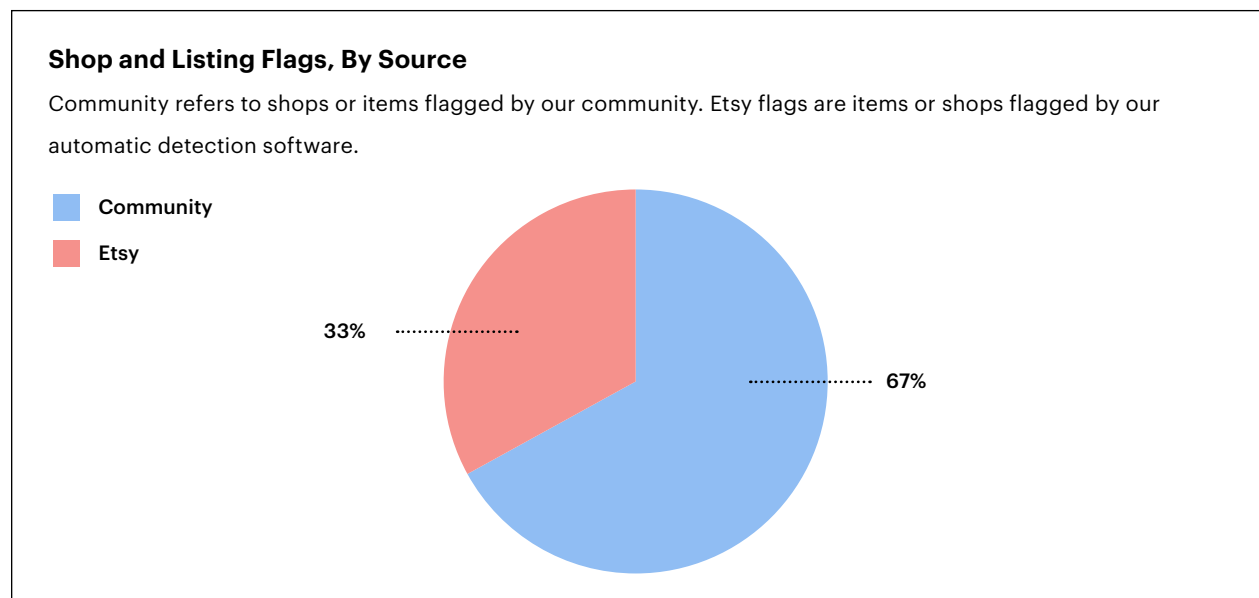


## Insights from 2014

In 2014, we received 305,762 flags, including both Etsy and community-generated flags. Sixty-seven percent (67%) of the flags were generated by our community and 33% by our software. Some flags cited individual items while other flags pertained to entire shops or accounts. In some instances, we received more than one flag for the same listing or account.

The majority of flags, 73%, were manually reviewed in 2014. The rest of the flags were processed automatically by our software systems.

In total, the Trust and Safety team closed 168,288 accounts for non-IP policy violations in 2014.



## Stories<sup>2</sup>

**SITUATION:** A person created an account and listed several suspect listings within a short amount of time. Our automatic systems detected them and created a report to be reviewed by an Etsy team. After reviewing the user's behavior in the marketplace, Etsy refused service to this seller. The user attempted to create a second account later that day.

**ACTION:** Our software recognized the similar behavior patterns and determined that this new account appeared to belong to the same user who was previously refused service.

**RESULT:** The account was automatically suspended and prevented from listing more items in our marketplace.

**SITUATION:** A dress shop was flagged by Etsy community members who recognized the photographs of dresses from other online retail sites, suggesting that the dresses were not handmade.

**ACTION:** After reviewing a report about this shop, Etsy suspended the account and sent the seller an inquiry asking for details about her handmade process. The seller responded to Etsy's inquiry but was unable to show or describe how her dresses were being made.

**RESULT:** Based on the seller's inability to provide information on their process, an Etsy team determined that these items did not qualify as handmade and closed the shop.

**SITUATION:** A shop was flagged for listing two vintage ocelot fur coats, which are [prohibited](#) on Etsy because ocelots are designated as endangered by the U.S. Endangered Species Act.

**ACTION:** After the report was investigated, the team found that we had contacted the seller in the past year about the same violation and items, even temporarily suspending the shop and issuing a final warning.

**RESULT:** Due to continued policy violations even after educational outreach, the team removed this shop from the Etsy marketplace.

## Resources

You can read Etsy's guidelines [here](#) and find out more about flagging an item [here](#).

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<sup>2</sup> The stories in this Transparency Report are fictional composites based on real-life examples.



## Resolving Member Disputes

The Trust and Safety team also mediates disputes between Etsy buyers and sellers. These usually come in the form of non-delivery or not-as-described cases filed by buyers through Etsy's [Case System](#). The team takes action against shops with a high volume of cases.

Etsy has programs and guidelines in place to help buyers and sellers protect themselves, and our Trust and Safety team is standing by to assist when needed. You can read more about both our Buyer and Seller protection [here](#).

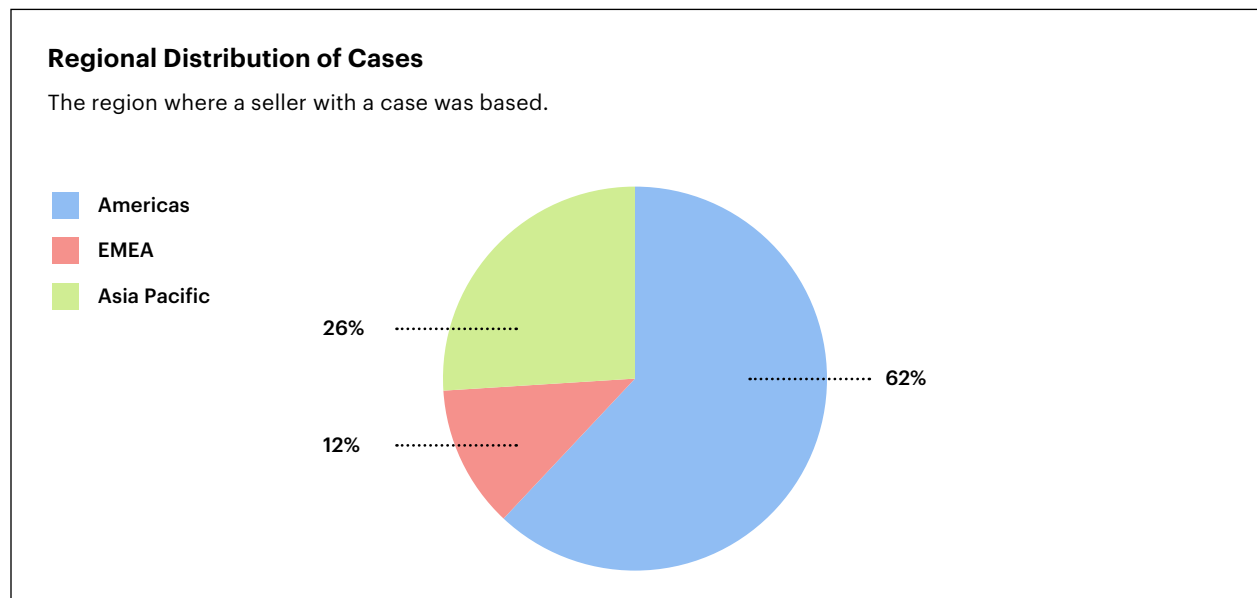
### Case System

Our [Case System](#) is one way that Trust and Safety supports buyers and sellers. If a buyer does not receive an item or believes the item they received is not as described based on the listing, the buyer can open a case. The Case System is a platform designed for buyers and sellers to work together to resolve disputes.

If they do not reach a resolution, the case can be escalated for Etsy to review.

### Insights from 2014

In 2014, a quarter of one percent (0.25%) of orders in 2014 resulted in a case. Less than one percent (0.73%) of buyers who made a purchase in 2014 filed a case. Six and one half percent (6.5%) of sellers who made at least one sale in 2014 received a case.



Etsy's largest community of sellers is in the Americas and the distribution of sellers with cases by region mirrored this.

## Stories<sup>3</sup>

**SITUATION:** A buyer had not received her order after a two-week processing time. She opened a non-delivery case on Etsy.

**REQUEST:** Once the case had opened, both the buyer and the seller received an email to alert them to the open case. The seller was prompted to update the buyer in the case log. After one week without reaching a resolution in their open case, the buyer escalated the case to Etsy for intervention. Etsy commented in the case and asked that the seller provide either proof of shipping or proof of a refund.

**RESULT:** The seller uploaded proof that she had refunded the buyer. Etsy closed the case.

**SITUATION:** A buyer ordered a necklace with a 16" chain and instead received a necklace with a 24" chain and she wanted to work out a solution with the seller. She filed a not-as-described case.

**REQUEST:** After one week without reaching a resolution, the buyer escalated the case to Etsy for intervention. Etsy commented in the case and asked that the buyer provide photos to show how the item was not as described. After reviewing the photos and the listing description, Etsy asked that the seller provide a resolution by either accepting an exchange/return or refunding the buyer.

**RESULT:** The seller chose to exchange the item and was able to use Etsy's [Case System](#) to work out the details of the return with the buyer. After receiving an accurately described necklace with a 16" chain, the buyer closed the case.

## Resources

We have information about how to qualify for Seller Protection [here](#). You can read more about Etsy's Case System [here](#).

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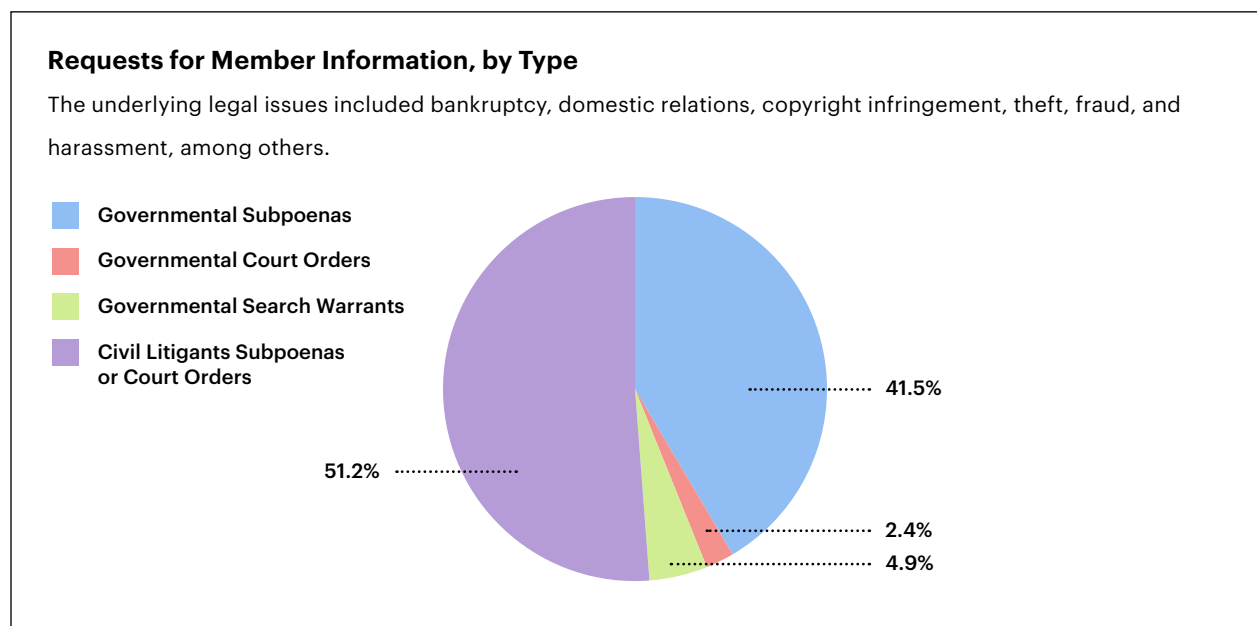
## Requests for Member Information

Our members trust us with important private information in order to shop and do business in the Etsy marketplace. At times, Etsy receives legal requests to disclose private member information. Our Legal Team thoughtfully reviews each and every request we receive, weighing our privacy commitment with our responsibility to follow the law and to protect the integrity of our marketplace.

We take these responsibilities seriously: We push back when a request is overly broad. We ask for clarification when a request is unclear. We comply when required by law or when the request is in keeping with our [Privacy Policy](#).

### Insights from 2014

Etsy was contacted hundreds of times by attorneys, law enforcement, government entities or other third parties requesting the private information of our members. Our policy is to comply with lawful process, but we often push back in response to many of these informal contacts by requiring a formal request, and we may object to a subpoena if doing so is appropriate. This process yielded 41 official requests. The chart below shows the breakdown of those 41 requests.



Etsy produced information in response to 32 of the 41 requests, pertaining to 43 member accounts. To put these numbers in perspective, Etsy produced information on less than one in a million member accounts.

On rare occasions, Etsy provided information to law enforcement investigating fraud where Etsy had also identified and confirmed fraudulent behavior. In these scenarios, Etsy worked with law enforcement agents in order to protect Etsy's community, and aid the persons (usually members) victimized by the behavior.

Etsy did not receive a national security request, including a national security letter (“NSL”), a Foreign Intelligence Surveillance Act (“FISA”) order, or other classified request for information.

## Stories<sup>4</sup>

**SITUATION:** An employee of a small business allegedly concocted an elaborate scheme to steal from her employer.

**REQUEST:** Etsy received a proper subpoena to aid in a fraud investigation.

**RESULT:** Etsy responded to the subpoena and provided the requested information.

**SITUATION:** Law enforcement was investigating the potential violation of a court order.

**REQUEST:** Etsy received a subpoena which demanded that we produce records of transactions between two members.

**RESULT:** Etsy objected in this case, because we deemed the subpoena overly broad in requesting the content of communications (like Etsy ‘Convos’).

## Resources

You can view Etsy’s Legal Process Response guidelines [here](#). You may also review Etsy’s Privacy Policy [here](#).

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# Etsy

**Contact**

[press@etsy.com](mailto:press@etsy.com)

[legal@etsy.com](mailto:legal@etsy.com)

55 Washington St. #512

Brooklyn, NY 11201