

INTELLECTUAL PROPERTY

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As a result of its massive growth and success, the vast majority of shippable goods sold to consumers are offered on Amazon directly by manufacturers or by distributors. Many of those goods incorporate intellectual property (IP), such as trademarks, design rights, or patent rights, which creates abundant opportunities for counterfeiters and infringers. This newsletter discusses means of summary enforcement of IP for goods listed on Amazon, including the due process and other concerns raised by those tools.

The Basics of Intellectual Property Enforcement on Amazon

ABOUT THE AUTHORS



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The Growing Importance of IP Enforcement on Amazon

The growth and penetration of Amazon has been incredible to witness over the last several years, with US consumers being more likely to buy from Amazon.com than any other online store. The commercial dominance of the Amazon Marketplace has meant that the vast majority of shippable goods sold to consumers are offered on Amazon, either directly by manufacturers, or by distributors. Many goods also incorporate intellectual property (IP), such as trademarks, design rights, or patent rights. There are abundant opportunities for counterfeiters who may manufacture close copies of branded goods and subsequently also sell on Amazon.

This paper discusses means of summary enforcement of IP for goods listed on Amazon. These enforcement mechanisms operate distinctly and in parallel to the traditional enforcement mechanisms through the courts. We will also highlight the issues with such summary procedures and the potential lack of due process for IP assertions on Amazon. For anyone practicing IP litigation and enforcement, given the growing importance of Amazon as a sales channel to clients who make or sell goods on Amazon, it will be useful to understand the available enforcement tools.

In this article, we provide an overview of the powerful IP enforcement options on Amazon.

We also comment on the concerns with these tools when they are not used to report legitimate infringement, as well as options for disputing infringement allegations.

Amazon Listing Basics

To understand the online enforcement process and associated limitations, it is important to understand the context of what Amazon vendors agree to when they sign up with Amazon. We see that Amazon retains a high degree of autonomy to impact listings and accounts.

In listing on Amazon, vendors sign an Amazon Services Business Solutions Agreement,¹ which specifies that Amazon:

- “. . . has the right to determine, the design, content, functionality, availability and appropriateness of its websites, selection, and any product or listing in the Amazon Stores, and all aspects of each Service, including your use of the same. Amazon may assign any of these rights or delegate any of its responsibilities.” (S-6)
- “. . . may terminate your account or this Agreement for convenience with 30 days’ advance notice. We may suspend or terminate your account or this Agreement immediately if we determine that (a) you have materially breached the Agreement and failed to cure within

¹ The current version of the Amazon Services Business Solutions Agreement is available at <https://sellercentral.amazon.com/help/hub/reference>

</external/G1791?r=&locale=en-US> (last accessed October 31, 2023).

7 days of a cure notice unless your breach exposes us to liability toward a third party, in which case we are entitled to reduce, or waive, the aforementioned cure period at our reasonable discretion; (b) your account has been, or our controls identify that it may be used for deceptive or fraudulent, or illegal activity; (c) your use of the Services has harmed, or our controls identify that it might harm, other sellers, customers, or Amazon's legitimate interests; (d) your Account Health Rating falls below our published threshold(s) for deactivation; or (e) if we are required to do so by law." (s. 3)

Vendors also sign a Participation Agreement² which states:

- "Amazon.com may investigate any reported violation of its policies or complaints and take any action that it deems appropriate. Such action may include, but is not limited to, issuing warnings, suspension, or termination of service, denying access, and/or removal of any materials on the Site, including listings and bids."

Vendors are therefore required to grant Amazon wide discretion over their listings, including the ability to deactivate or redesign

their listings for virtually any reason. In practical terms, this would be most likely to occur in response to complaints from competitors, such as of IP infringement.

In addition to listing deactivation, Amazon has discretion to remove advantageous features such as the "Buy Now" feature. The presence of this feature materially increases sales of listed products and removing it can cause severe disadvantage to a vendor even if the listing remains active.

Given the broad powers vendors give Amazon in order to participate on the Amazon platform, vendors who are unjustly impacted by IP enforcement activities have limited recourse against Amazon. There may be legal options against the third party who made the IP infringement allegations, which are discussed later in this article.

Types of IP Enforceable on Amazon

While Amazon's US Marketplace generally has the most extensive IP enforcement processes, Amazon offers enforcement mechanisms around the world. IP Rights Owners seeking to enforce their IP rights must report infringement via the Amazon country site where the infringing listing is found.

Amazon provides online mechanisms to enforce all of the registrable types of IP: **trademarks, copyright, utility patents, and design patents.** In addition to these IP rights,

² Amazon filed a version of the Participation Agreement as part of an SEC filing, available at <https://www.sec.gov/Archives/edgar/data/1160164/0>

[00100201402000003/exh1031.htm](https://www.sec.gov/Archives/edgar/data/1160164/00100201402000003/exh1031.htm) (last access October 26, 2023).

Amazon also responds to infringement claims related to the right of publicity, also known as **personality rights**. This is a person's right to control the commercial use of their name, image, likeness, or other unequivocal aspects of their identity.

There are also some specific IP or commercial rights in other jurisdictions:

- In the European Economic Area (EEA) and Brazil some **parallel imports**, also known as "grey goods," can be prevented.
- Amazon also has mechanisms to enforce **exclusive distribution rights** on the China, UAE, and France Amazon sites.

In this article, we focus on enforcement in the US of trademarks and utility patents, which are the most commonly asserted IP rights.

Amazon's general takedown regime

Amazon offers a general IP infringement reporting and takedown regime that is available to any member of the public, using their "**Report Infringement**" form.³

Submitters must be logged into an Amazon account in the relevant country and must be either the rights owner of the IP at issue or an agent with permission to submit notices on

the owner's behalf. The form requires specific information according to the type of IP right being asserted, the relevant IP registration number, and the offending listings, as identified by their Amazon Standard Identification Numbers (ASINs). Amazon then investigates the allegations.

Completing the form is straightforward. After submitting the form, Amazon will send a confirmation message that it is reviewing the notice and follow-up again when the notice has been processed. If the notice is deemed valid, the seller will be informed of the claim and will receive the submitter's contact information in case of any questions. Amazon will then remove the reported content and take action against the responsible sellers. If the notice is rejected, Amazon will not take action against the reported content and seller. It will also notify the submitter of the reason for rejection.

While there are ways to challenge the removal of a listing following the submission of a Report Infringement form,⁴ in practical terms no formal dispute mechanism exists. A significant amount of profits may be lost during the period when the listing is offline. Despite the simplicity of submitting the Report Infringement form, there may be hundreds or thousands of infringing listings, in which case this process becomes cumbersome and time consuming. Many

³ The Report Infringement form is available at <https://www.amazon.com/report/infringement> (last accessed October 31, 2023).

⁴ Amazon Seller Central: Intellectual Property Policy for Sellers, online:

<https://sellercentral.amazon.com/help/hub/reference/external/G201361070> (last accessed October 26, 2023).

owners of registered IP will qualify for one or more of Amazon's enhanced programs for IP enforcement, which may be a better fit for their needs.

Amazon specialty programs for IP Rights Owners

Amazon offers a variety of programs and takedown tools that IP Rights Owners can leverage to remove infringing content from Amazon's Marketplace. This section provides background information about these tools and outlines the procedures for using them.

I. Amazon Brand Registry

While the Report Infringement form described above is effective, a brand owner's registration in the Amazon Brand Registry offers additional benefits. An owner of a pending or registered trademark in the relevant country qualifies for registration, which is free.

Amazon Brand Registry is the entry point to Amazon's enhanced brand protection programs for most IP Rights Owners, and the site's primary trademark enforcement program. Registrants enjoy additional benefits for preventing and identifying infringements:

- The Brand Registry uses machine learning to scan daily listing update attempts to proactively prevent the approval of infringing listings.

- The Report a Violation (RAV) tool is available to registrants and provides trademark owners with access to global search tools to monitor, identify, and report trademark infringement. Once reported, Amazon's investigators typically take action within 24 hours, requiring violators to remove infringing trademarks from their listings or removing counterfeit listings altogether.

Amazon provides no opportunity for vendors who feel they have been wrongly accused of infringement to defend or appeal the claim. If a seller believes its listing was improperly removed because no trademark infringement occurred, the seller must seek relief through the appropriate courts in the relevant countries. While this more cumbersome requirement applies to accused vendors, registrants in the brand registry who repeatedly submit unjustified infringement allegations will become barred from utilizing some of Amazon's more advanced IP enforcement tools on the platform. There are two more advanced programs offered by Amazon: Amazon Project Zero for trademark owners, and APEX for patent owners.

II. Amazon Project Zero

Brand Registry participants who submit infringement reports using the RAV tool with a 90%+ acceptance rate over a 6-month period, may become eligible for Amazon Project Zero.⁵ Project Zero includes an

⁵ Amazon Project Zero: Empowering brands against counterfeits (Canada), online:

<https://brandservices.amazon.com/projectzero> (last accessed October 31, 2023).

automated protection service that scans daily listings and listing updates, and blocks or removes listings suspected of being fraudulent, infringing, or counterfeit. Amazon claims that over 99% of blocked or removed listings are found by its proactive controls, rather than by manual detection and reporting by users.

Project Zero also includes a **self-service counterfeit removal tool** which allows users to independently remove counterfeit listings without the need to report infringements to Amazon and await action. Because of the significant level of responsibility entrusted to rights owners, users must undergo training during enrollment and maintain a high level of accuracy to maintain their Project Zero privileges.

III. APEX

The Amazon Patent Evaluation Express (APEX) program is also available to patent owners who have registered for the Brand Registry. The APEX program uses third-party patent lawyers to serve as neutral evaluators to decide whether an asserted utility patent has been infringed. If a neutral evaluator finds infringement, Amazon removes the infringing product.

The process is quick and cost-effective for both patent owners and alleged infringers, involving a \$4,000 deposit from each, and a defined process of written submissions. The case is decided in seven weeks, and the winning party is returned their \$4,000 deposit. For US patent owners who are combating infringement from a foreign

vendor, this process is particularly advantageous over traditional litigation, as there are no jurisdictional requirements.

Participation in the APEX program is voluntary. However, the alleged infringer's failure to participate in the program results in the immediate removal of the allegedly infringing products from Amazon. Nevertheless, the APEX program is unique in that it provides the only formal process through Amazon for an alleged infringer to dispute an infringement notice.

Patent enforcement through the APEX program is arguably the most practical and attractive way for most patent owners to combat high volume patent infringement by foreign sellers on Amazon. The APEX process moves quite quickly with minimal expense, which can be particularly beneficial to patent owners when the infringing products are sold primarily via Amazon.

Disputing IP infringement allegations on Amazon

Given the powerful tools Amazon provides to IP rights owners, as well as the broad powers ceded to Amazon by vendors, there is concern that unjustly accused vendors have proportionally little recourse. In this section of the article, we focus on actions available to vendors to dispute infringement allegations on Amazon's platform. While the case law on vendor actions is scant as this is a relatively new area of IP infringement, we refer to known case law in the footnotes below.

It is important to note that due to the terms of the agreements signed with Amazon, vendors likely have little recourse against Amazon itself when Amazon takes down or removes important features like the “Buy Now” button. Therefore, court actions by vendors for harm suffered by an unjustified infringement allegation acted upon by Amazon have largely focused on the IP rights owners.

For Amazon vendors who have been accused of infringement, the following are the courses of action they may take:

- **Negotiations with Amazon / Vendor:** In response to a deactivated or altered Amazon listing, vendors may contact Amazon to submit evidence to show that there has been no violation of Amazon’s processes or policies, and no infringement. Amazon may reinstate the listing. Amazon also provides vendors with the contact information for the IP rights owner or its agent to potentially resolve the dispute directly.
- **Declaratory Judgment:** A vendor may file for declaratory judgment in

US federal Court, seeking a declaration of noninfringement or invalidity. Upon doing so, the vendor can request that Amazon suspend the takedown request.

- **Unfair Competition (*Lanham Act*):** In several cases, unfair competition claims in situations where the defendant falsely reported infringement to Amazon have at least survived the pleadings stage.⁶
- **Defamation:** An Amazon vendor’s allegation of defamation arising from false statements to Amazon regarding counterfeit goods has survived the pleadings stage.⁷
- **Antitrust (*Sherman Act*):** A claim for antitrust violations by an Amazon vendor who pressured Amazon to delist a party’s products survived a motion to dismiss.⁸
- **Trade Libel, Interference with Economic Relations, Unfair Business Practices (State Law):** There has been mixed success for Amazon vendors in such cases. Depending on the jurisdiction, allegations of bad faith or malice may be required to support these causes of action.⁹

⁶ *Garmon Corp. v. Vetnique Labs, LLC*, No. 19C 8251, 2020 WL 3414983, at *6 (N.D. Ill. June 22, 2020); *Unicorn Global, Inc. v. GoLabs, Inc.*, 447 F. Supp. 3d 535, 544-45 (N.D. Tex. 2020); *Eminah Props. LLC v. Energizer Holdings Inc.*, 531 F. Supp. 3d 592, 606 (E.D.N.Y. 2021); *Fossil Grp. v. Angel Seller LLC*, No. 20-CV2441 (WFK) (TAM), 2021 WL 5409605, at *12 (E.D.N.Y. Aug. 27, 2021); *BLM Prods., Ltd. v. Covves, LLC*, No. 2:17-cv-06224-RGK-PLA, 2017 WL 8811269, at *6 (C.D. Cal. Oct. 26, 2017); *Wilco Trading LLC v. Shabat*, No. 8:29-cv-579-TPB-JSS, 2021 WL 1146634, at

*4 (M.D. Fla. Mar. 8, 2021), *report and recommendation adopted*, 2021 WL 1140097 (M.D. Fla. Mar. 25, 2021).

⁷ *Wilco Trading LLC v. Shabat*, No. 8:29-cv-579-TPB-JSS, 2021 WL 1146634, at *4 (M.D. Fla. Mar. 8, 2021), *report and recommendation adopted*, 2021 WL 1140097 (M.D. Fla. Mar. 25, 2021).

⁸ *Unicorn Global, Inc. v. GoLabs, Inc.*, 447 F.Supp.3d 535, 544-45 (N.D. Tex. 2020).

⁹ *BLM Prods., Ltd. v. Covves, LLC*, No. 2:17-cv-06224-RGK-PLA, 2017 WL 8811269, at *6 (C.D. Cal. Oct. 26,

- **Tortious Interference with a Business Relationship:** Such a case survived the pleadings stage where malice was alleged regarding the complaints to Amazon that resulted in delisting.¹⁰
- **False and Misleading Statements:** In Canada, a court has held that a notice of infringement made to Amazon based on an invalid trademark registration may be false and misleading and create the possibility for an award of damages.¹¹

Conclusion

Enforcement of intellectual property on online platforms such as Amazon is becoming an important practice area to understand for IP and commercial litigation practitioners. It will be crucial for IP rights owners dealing with infringement on Amazon to be advised of the powerful tools offered by Amazon as an alternative to traditional litigation. It will be interesting to see how the case law evolves in this emerging area.

2017) (quoting *Globetrotter Software, Inc. v. Elan Computer Grp. Inc.*, 362 F.3d 1367, 1374 (Fed. Cir. 2004)); *Sky Billiards, Inc. v. WolVol, Inc.*, No. 5:15-CV-02182 RGK (KKx), 2016 WL 7479428, at *5 (C.D. Cal. July 11, 2016).

¹⁰ *Hotaling & Co., LLC v. LY Berditchev Corp.*, No. 20-cv-16366, 2022 WL 1134851, at *5 (D.N.J. Apr. 18, 2022).

¹¹ *Yiwu Thousand Shores E-Commerce Co Ltd. v. Lin*, Federal Court of Canada, 2021 FC 1040.

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