

The background of the entire page is a dark blue, abstract composition. It features a prominent, metallic chain link in the upper left quadrant, which curves diagonally across the frame. Overlaid on this and the rest of the background are numerous strings of white binary code (0s and 1s) in various sizes and orientations, creating a sense of digital connectivity and data flow.

Online Brand Enforcement 2020

Protecting Your Trademarks in
the Electronic Environment

**Lost in the Amazon: how to combat trademark infringement in
the e-commerce marketplace**

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Lost in the Amazon: how to combat trademark infringement in the e-commerce marketplace

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With the growing popularity of e-commerce, the rules by which sellers and buyers interact have changed. The barriers to entering the market have lowered, meaning that sellers can add products digitally and have them available for purchase worldwide in real time. With the ease with which items are listed, counterfeit products will inevitably end up in front of buyers.

As the number of infringing products in these marketplaces increases, e-commerce sites are under pressure to address counterfeit listings. Various e-commerce marketplaces have implemented initiatives to minimise or stop infringement, in part to ensure that they do not lose the safe harbour protections afforded to internet service providers through the Digital Millennium Copyright Act. One example is the Amazon Brand Registry, which is a proactive tool that searches for and finds infringing products. Trademark, copyright and patent owners can also submit a notice of infringement to Amazon detailing allegedly infringing products that are being sold on the site. Amazon will review this information to determine infringement. If an infringement determination is made, the seller's products will be removed from the site and the seller can potentially be suspended or banned.

Trademarks and trademark registrations

A trademark is a word, phrase, symbol, design or a combination thereof, that identifies and distinguishes the source of the goods of one

party from those of others (15 USCA Section 1127). Trademarks typically protect brand names and logos on goods and services. Many trademark owners choose to register their marks with the USPTO; however, in the United States, registration is not required to obtain enforceable rights. Nevertheless, if a mark owner chooses not to register its trademark, legal rights will be limited to the geographic areas in which the mark owner operates (*Credit One Corp v Credit One Fin Inc*, 661 F Supp 2d 1134, 1138 (CD Cal 2009)).

Although unnecessary, the benefits of registering a trademark are significant. Registration affords its owner evidentiary presumptions of validity, ownership and exclusivity. A registration can deter third parties from adopting and using a trademark similar to a registered mark and it also allows for the potential to recover monetary damages and attorney fees against infringers. Regarding Amazon, trademark registration gives owners the ability to fight infringement.

Trademark infringement on Amazon

The Global Brand Counterfeiting Report suggests that the global market for counterfeit goods reached \$1.2 trillion in 2018 and is expected to reach \$1.8 trillion by 2020. Because consumers are purchasing from counterfeit sellers rather than brand owners, these owners have lost more than \$300 billion in revenue. Further, the Government of Accountability

Office found that in 2018 two out of every five products purchased through e-commerce marketplaces were infringing products. With over 12 million products available, Amazon is the leader in online sales and more than 197 million people around the world visit Amazon.com each month. In 2018, Amazon's share of the US e-commerce market hit 49% – 5% of all retail dollars spent across the entire country. As a result, it is no surprise that trademark infringement can happen frequently on the site.

There are several ways that trademark or brand infringement may occur on Amazon Marketplace. To prevail on a trademark infringement allegation, a party must prove that:

- it owns a valid trademark; and
- the defendant's use of the trademark is likely to cause confusion.

Both federal district courts and the USPTO use the 'likelihood of confusion' standard when analysing trademark infringement (*B & B Hardware Inc v Hargis Indus Inc*, 135 S Ct 1293, 1301 (2015)). Each judicial circuit has a similar but unique set of likelihood-of-confusion factors and, while each factor will be considered, the factors that the courts and the USPTO consider to be the most important are:

- similarity of the marks;
- similarity of the goods or services;
- strength of the plaintiff's trademark; and
- any actual confusion or lack thereof.

Trademark infringement does not require the seller's specific malicious intent (*In re Luby*, 438 BR 817, 840 (Bankr ED Pa 2010)). Certain types of trademark infringement can occur without the seller even being aware that they are infringing. This typically occurs when sellers fail to practise due diligence to ensure that their products are not confusingly similar to those of other brands.

Due to the increasing popularity and subsequent increase of infringing products, Amazon has implemented initiatives for registered trademark owners to protect their marks. These include:

- the Amazon Brand Registry;
- procedures to submit notices of infringement for Amazon intervention; and
- the Utility Patent Neutral Evaluation Procedure (UPNEP).



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Amazon Brand Registry

The Amazon Brand Registry is maintained by Amazon to protect registered trademarks. The registry has existed for several years but was overhauled in 2017. The registry now includes more than 130,000 global brands and provides IP rights holders with tools to find and search potentially infringing content in Amazon stores using images, keywords or lists of Amazon standard identification numbers (ASINs). An ASIN is a 10-character alphanumeric unique identifier assigned by Amazon.com and its partners for product identification within the Amazon organisation. ASINs are found on the item's product information page on the site.

Not only are trademark owners able to search the registry, but the tool is also proactive and often removes suspected infringing or



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inaccurate content automatically. One caveat to the automated feature is it relies on the owner's uploaded information. Thus, the more information trademark owners upload about their marks, the more effective protection they receive.

Trademark owners can list their marks on the registry if they have a registered trademark in one of several jurisdictions, including the United States, Canada and the European Union. Trademarks must contain text, words, letters or numbers to be eligible for the tool. Once the trademark is registered, the validity of the mark is verified by Amazon, which can take between two and 10 days. On activation, Amazon sends a verification code to the contact for the registered trademark as designated by the USPTO or selected trademark office. That

code can then be used to register products on the site.

Amazon reports that its brand registry is highly effective. In excess of 95% of notices of infringement submitted by rights holders are investigated and actioned within 24 hours. Further, enrolled brands report that 99% of their infringement problems have gone away due to the registry.

The Amazon Brand Registry is available only to those who have registered trademarks and not to owners of common law rights. Compared to other types of IP protection, trademark registrations are granted relatively quickly in the United States (taking about 10 months on average) and require low filing fees. Thus, the Amazon Brand Registry is a further incentive to register a mark.



Filing a notice of infringement can result in a seller being banned or suspended from the site. However, once an account is suspended, sellers can still submit a plan of action to Amazon

Even if a trademark is not registered on the registry, owners may still obtain protection for their marks by filing a notice of infringement.

Filing a notice of infringement

Along with its brand registry, Amazon also offers trademark owners the ability to file a notice of infringement. If the trademark owner is enrolled in the registry, it can use the 'report a violation' tool to report an allegedly infringing product listing. If the trademark owner is not enrolled, it can still submit a written notice of infringement. The written notice should include:

- the specific identification of the mark that is infringed;
- the nature of infringement;
- a list of infringing products, using either ASINs or URLs; and
- additional information to help Amazon better process the complaint.

After submitting a notice, owners will receive confirmation that it is being reviewed. If Amazon deems the notice of infringement to be valid, Amazon informs the responsible seller about the claim and shares the trademark owner's contact information with the seller. Trademark owners that have filed notices have reported that Amazon responded to their notice within 12 to 24 hours.

Amazon has not yet made public the standards used to compare trademarks to allegedly infringing products. However, presumably, Amazon uses the same or a similar legal standard used by the USPTO and district courts (eg, the likelihood of confusion standard).

If the notice is rejected, Amazon will not remove the allegedly infringing products and will take no further action against the seller.

In such instances, Amazon will send the trademark owner a notification containing the reason for rejection.

If the notice is accepted, Amazon will remove the infringing product from the website and take appropriate action against the responsible sellers. These actions can include site suspension or ban. However, Amazon's specific actions, and how it determines which to apply, are confidential.

What happens after a seller is suspended from the site?

Filing a notice of infringement can result in a seller being banned or suspended from the site. However, once an account is suspended, sellers can still submit a plan of action to Amazon. Experts suggest that this plan should include:

- proof of the authenticity of the infringing listings;
- steps that sellers have taken to end infringement;
- steps to ensure that it does not happen again;
- any additional information that the seller finds relevant; and
- whether the seller believes that the suspension was erroneous (including supporting evidence).

Banned or suspended sellers have noted that the appeal process is difficult, meaning that it may be advantageous to consult an attorney for an appeal.

Other avenues of enforcement outside of Amazon

Amazon's registry and the submission of a notice of infringement are not the only avenues that trademark owners have for enforcing

their IP rights. If unsuccessful with Amazon's infringement processes, owners can still send a cease and desist letter or file a trademark lawsuit in federal court against the seller.

The 'first sale' doctrine will protect sellers of used items from potential claims of trademark infringement as long as the items were originally lawfully purchased (*Au-Tomotive Gold Inc v Volkswagen of Am Inc*, 603 F3d 1133, 1136 (9th Cir 2010)). Authentically manufactured goods that were stolen before being listed on the e-commerce site are known as 'grey market goods' (*Moroccanoil Inc v Groupon Inc*, 278 F Supp 3d 1157, 1163 (CD Cal 2017)). Such goods may be flagged on Amazon as inauthentic, but the initiatives described here may not be effective to completely remove these listings.

Other IP enforcement mechanisms

Although the Amazon Brand Registry applies only to registered trademarks, copyright and patent owners may still submit notices of infringement to Amazon. The requirements for these notices mirror the trademark requirements.

Regarding patents, in 2019 Amazon implemented a streamlined process for patent owners to assert claims of infringement against product sellers on Amazon Marketplace. The process, the UPNEP, allows patent owners to request a neutral evaluator to determine whether a single claim of a granted utility patent is infringed by up to 50 separate products. Although the cost of the procedure is \$4,000 for each party, the winner of the process will get its money back and the loser's \$4,000 is allotted to the attorney. This process has several limitations, such as lack of a discovery process and no avenue for appeals or requests for reconsideration. However, from

request to decision, the process takes only a few months.

The filings are similar to the standard motion for summary judgment practice, with the first filing from the patent owner attempting to show how the accused product infringes the single identified claim, with images, claim charts and written arguments. Sellers can respond by arguing non-infringement or invalidity. Finally, the patent owner can reply to the seller's response.

The procedure does not prevent a patent owner from commencing a lawsuit. However, many sellers do not reside in the United States and thus their access to US courts is limited. Without the UPNEP, patent owners' recourses would be limited by jurisdiction.

Comment

As Amazon grows as a global powerhouse, infringing listings naturally increase. Trademark owners must equip themselves with tools such as trademark registration so that they can use enforcement avenues such as the Amazon Brand Registry and notice letters of infringement to protect their marks. **WTR**



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