STRATEGIES FOR STOPPING PATENT INFRINGEMENT ON AMazon

VORYS

TUESDAY, APRIL 19, 2022

12 PM ET
Jessica Cunning

Jessica is a strategy leader in the firm’s nationally recognized practice group Vorys eControl, focusing her efforts on developing brand protection strategies in the U.S. and globally.

She advises on online go-to-market strategies best suited to protect and grow brands, revamping outdated distribution models to support brand success, executing legal strategies to remove unauthorized sellers and minimum advertised price (MAP) violators, and advising brands on how to expand or obtain online sales control globally. She has counseled brands on how to expand to international online marketplaces, including Amazon (.ca, .mx, .br), Mercado Libre (South America), Tmall (China), and Coupang (Korea), and has represented numerous brands in those negotiations with third-party sellers or the online marketplace operators.
Jeremy Harrison

Jeremy is a partner in the Vorys Houston office and member of the technology and intellectual property group. He advises clients on intellectual property matters, including patent and trademark law. Jeremy has experience preparing and prosecuting foreign and domestic patent applications in the mechanical, electrical, computer and chemical fields. In addition, he has extensive experience with foreign and domestic trademark prosecution and procurement. In recent years, Jeremy has assisted clients with patent related issues with downhole tools used in the oil and gas industry, as well as with medical devices, turbomachinery, pumps, compressors, separators, bearings and seals.

Jeremy received his J.D. *cum laude* from Franklin Pierce Law Center, where he was a senior articles editor for the *Pierce Law Review*. 
Timothy D. Ardizzone

Tim is of counsel in the Vorys Cincinnati office and a member of the Vorys eControl group. His practice focuses on helping clients establish and maintain control of online pricing for products.

Tim has over ten years of experience with patents in biotech, chemical and mechanical technologies. He assisted with all phases of his prior firm’s intellectual property practice including patent and trademark preparation and prosecution, drafting freedom-to-operate, invalidity, and patentability opinions, due diligence investigations, litigation, counseling clients on IP matters relating to employees, and negotiating and drafting IP transfer agreements.

Tim received his J.D. from the University of Cincinnati College of Law. He received his Ph.D. in Pharmacology from the Louisiana State University Health Sciences Center. Timothy received his B.S. from Tulane University.
Jake Morgan

Jake Morgan is Senior Director of Brand Management for the Vorys eControl group. With more than 15 years of experience serving in product and global operations management capacities in the brand protection industry, he has developed processes and technical solutions to assist hundreds of organizations in protecting their IP rights online.
Initial Thoughts

Online marketplaces, such as Amazon.com, provide brands unprecedented growth opportunities, but also give a similar advantage to brand competitors by offering an inexpensive and easy forum to market copycat, counterfeit, or infringing products. U.S. patent rights are traditionally enforced in federal courts or through International Trade Commission investigations, but these enforcement strategies can be slow and expensive, and deploying them against numerous sellers on Amazon.com is generally cost-prohibitive.

Fortunately, Amazon has three avenues through which patent owners can leverage their patents to remove infringing products from the Amazon.com marketplace that are much quicker and less expensive than traditional enforcement methods. This presentation will focus on how brands can use their patent portfolios to protect against competitors marketing copycat and competitive products that infringe their patent rights on Amazon.com.
Your Brand Must Optimize the eCommerce Revenue Equation

\[ \text{REVENUE} = \text{TRAFFIC} \times \text{CONVERSION} \times \text{PRICE} \]

REPEAT FOR CUSTOMER LIFETIME VALUE
Control is Key to Optimal Marketplace Sales
Competitors have a much more efficient route to find products and put them on the market.
Poll Question: Have you noticed potentially patent infringing products on Amazon?
These Violations Are Always Changing

- Unauthorized Sellers (domestic & parallel-import)
- Counterfeit goods
- Patent Infringers
- Authorized seller policy violations
- MAP violations

Off channel pricing issues
Lack of Marketplace Control Also Triggers a Profitability Death Spiral Across All Channels

1. **eCommerce Booms**
2. Infringers flock to marketplaces
3. Infringing competition drives down brand value
4. DivertedTraffic, Lost Sales
5. Brick & mortar match online prices
6. Retail profits decline
7. eCommerce profits decline
8. All channels less profitable
Addressing the Violations Requires Different Strategies

- Unauthorized Sellers (domestic & parallel-import)
- Counterfeit goods
- Patent Infringers
- Authorized seller policy violations
- MAP violations
- Off channel pricing issues
Poll Question: Have you enforced a patent (design or utility) on Amazon?
Three Amazon Procedures to Enforce IP Rights

1. Report Infringement Form via Amazon
   Copyrights, TM, Patents

2. Report a Violation via Amazon’s Brand Registry
   Copyrights, TM, U.S. Utility & Design Patents

   U.S. Utility Patents
Report Infringement Form

https://www.amazon.com/report/infringement
2 Report a Violation through Amazon’s Brand Registry

Build and protect your brand

Enrolling in Amazon Brand Registry unlocks a suite of tools designed to help you build and protect your brand, creating a better experience for customers.

Get started
What if 1 and 2 are unsuccessful?
Utility Patent Neutral Evaluation Procedure (UPNEP)

- 2019 initiative by Amazon for utility patents
- Low cost and fast
- Voluntary and confidential
- Copycat, counterfeit, and competitive products sold solely by third-party Sellers
- Invitation only
Utility Patent Neutral Evaluation Procedure

- **Patent Owner or Agent**
  - "Complaint Date"
  - Amazon Patent Evaluation Agreement (Exhibit 1)
    - Limited to 1 claim from 1 active U.S. utility patent
    - May include up to 20 ASINs per Exhibit
    - Patent Owner need not identify Sellers
  - Amazon
    - Infringing Seller
      - 3 Weeks

Agrees to participate in the process

If not, ASINs are delisted off amazon.com
Utility Patent Neutral Evaluation Procedure

- Independent Neutral Evaluator (not affiliated with Amazon)
- $4,000 per participant
  - 2 Weeks
- Briefing Schedule:
  1. Patent owner +21 days for initial argument
  2. Sellers +14 days for response
  3. Patent owner has +7 days for a reply
- No discovery, no hearings
- Patent Owner has 20 pages total for both initial brief and reply
- Each seller has 15 pages
- Only infringement can be addressed
- Up to 4 sellers per evaluation; concurrent evaluations possible if more than 4 sellers targeted and patent owner pays additional evaluation fee

Decision:
- Winner gets $4,000 back
  - Yes, seller is delisted within 10 days
  - No, Amazon takes no action

Total to decision:
- 21 + 14 + 21 + 14 + 7 + 14 = 91 days (max)
Amazon Patent Evaluation Express (APEX)
Amazon Patent Evaluation Express (APEX)

- Must go through Brand Registry’s Report a Violation
- “Extremely technical utility patents ... may not be eligible for APEX”
- Same “neutral” evaluation; same $4,000 buy in
- Check status of application
Potential Risks to Amazon Patent Enforcement?
Example #1 of Retaliatory Action

Example #2 of Retaliatory Action
Mitigating Amazon Patent Enforcement Risks
Disruption: Authorized and Unauthorized Sellers
Addressing the Violations Requires Different Strategies

Unauthorized Sellers (domestic & parallel-import)
Counterfeit goods
Patent Infringers
Authorized seller policy violations
MAP violations
Off channel pricing issues

VORYS eCONTROL
Unauthorized Amazon Seller/Sales

Brick & Mortar Businesses & Unauthorized Sales

Manufacturer
$50

Distributor
$35

Retailer
$45

Diverter
$40

$55
eControl 360 Strategy

Precision eControl

Optimize Online Marketplace Distribution

Authorized Seller Program

IP Quick Strike

MAP Policy

Unauthorized Seller Legal Foundation
Poll Question: How do you prioritize patent infringers on Amazon?

A. Research Myself
B. Data Tools
C. All of the above
Precision eControl Enforcement

- Change in ASP Impact on Margin This Week: $1.98 x 6.130 = $12.13K
- Projected Annual Impact: $630.51K
- Additional Weekly Authorized Revenue Enabled by Program: 1.4% x $94.1K = $1.29K
- Projected Annual Impact: $66.67K

Prepared by VORYS eCONTROL

Online Sellers
- Seller Segment A
- Seller Segment B
- Seller Segment C

- Precise tactic
- Benefit
- Benefit
- Benefit
# Counterfeit Flagging

## Active Sellers with Reviews Flagging Fake/Counterfeit/Knockoff

<table>
<thead>
<tr>
<th>Amazon Seller Name</th>
<th>Merchant ID</th>
<th>Count of Reviews Flagging Fake/Counterfeit/Knockoff</th>
<th>Percentage of Reviews Flagging Fake/Counterfeit/Knockoff</th>
<th>Total Review Count</th>
<th>Amazon Storefront URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kitchen Dazzle, LLC</td>
<td>A1H09A85K49KV</td>
<td>13</td>
<td>2%</td>
<td>743</td>
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</tr>
<tr>
<td>Veterans Sell</td>
<td>A22U48BMEB1BM6H</td>
<td>11</td>
<td>1%</td>
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<tr>
<td>Hypnotic</td>
<td>A12VY4K6S4H8V</td>
<td>5</td>
<td>0%</td>
<td>1441</td>
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<tr>
<td>PartsStop</td>
<td>A2QLKV7645GL9P</td>
<td>5</td>
<td>0%</td>
<td>1442</td>
<td></td>
</tr>
<tr>
<td>Factory Hardware Store</td>
<td>A3EQ16CEAAUOF</td>
<td>5</td>
<td>0%</td>
<td>2273</td>
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<tr>
<td>Trusted Online Superstore</td>
<td>A3RARV15SL9R1Q</td>
<td>5</td>
<td>0%</td>
<td>5717</td>
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<tr>
<td>UnbeatableSale, Inc</td>
<td>A1L4LS2KND8WYV</td>
<td>4</td>
<td>0%</td>
<td>6218</td>
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<tr>
<td>The Factory Depot</td>
<td>A2PHY40KRCGVS</td>
<td>3</td>
<td>0%</td>
<td>2959</td>
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<tr>
<td>Professional Grade Products</td>
<td>A2VCOZMMU5A8B1</td>
<td>3</td>
<td>0%</td>
<td>774</td>
<td></td>
</tr>
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## Sellers by Count of Reviews Flagging Fake/Counterfeit/Knockoff

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<td>Veterans...</td>
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<td>GrindTim...</td>
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## Sellers by Percentage of Total Reviews Flagging Fake/Counterfeit/Knockoff

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<td>1%</td>
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<td>GrindTim...</td>
<td>1%</td>
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### Enforcement Insights: Active Amazon Sellers

<table>
<thead>
<tr>
<th>Most Recent Status Change</th>
<th>All Enforcement Actions</th>
<th>Notes</th>
<th>All Contact Information</th>
<th>Amazon Storefront URL</th>
<th>PDD URL</th>
<th>PDD Related Sellers</th>
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<tr>
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<td>Jason Kleiner</td>
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<td></td>
<td>Amy Kleiner</td>
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</table>
Takeaway: There is an efficient, effective, data-driven way to pursue Amazon patent infringers.
WE WANT YOUR FEEDBACK