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E-commerce Patent Enforcement: Protecting Rights Holders in Online Retail

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Too often, a company will create a new product, market it via online retail channels, and then discover someone (often multiple entities) has copied their product, interfering with profits and brand development for the original creator of the product. The tide of copycats may feel overwhelming, but there are a variety of ways to push back if a creator has adequate protection for its intellectual property.

Many of the largest online retailers, including Amazon, Walmart, and Temu, have developed mechanisms allowing intellectual property rights holders to enforce their rights without entering into litigation. In order to take advantage of these protections, a creator typically needs to have a valid patent or other intellectual property protections. Attorneys at Workman Nydegger have successfully asserted both utility and design patent rights for their clients on these platforms.

When a creator notices that another entity is selling a copy of their patented product, Workman Nydegger attorneys can assist by ordering and analyzing the copy to determine whether the apparent copy includes the required elements of the patent claim. Once infringement has been confirmed, different retail platforms offer different methods for removing infringing listings. These methods generally include submitting a report through the platform's intellectual property enforcement portal. Depending on the type of patent at issue, supporting evidence of infringement (for example, product images or videos and recitations of claim elements) may be submitted as part of the report. Frequently, submitting an infringement report results in the removal of the infringing listing for a tiny fraction of the cost of litigation that would otherwise be required to remove the listing.

For Amazon listings, if an infringement report does not result in the removal of the listing, the patent owner has the option to pursue patent enforcement through a process called Amazon Patent Evaluation Express, or APEX. Through APEX actions, Amazon allows patent owners and accused infringers to submit arguments to a third-party neutral evaluator who determines whether the patent owner is likely to be able to prove infringement in court. If the neutral evaluator finds in favor of the patent owner, the infringing listing will be removed. If the patent owner loses the APEX action, the listing remains active.

An APEX proceeding consists of three written briefs submitted over a period of several weeks. First, the patent owner submits an opening brief, laying out its infringement contentions. The seller accused of infringement is permitted to submit a response brief addressing its non-infringement contentions. Arguments regarding invalidity are not considered. Finally, the patent owner is allowed a reply brief before the neutral evaluator makes a decision. The entire process takes around two to three months, in contrast with litigation spanning multiple years. While no monetary damages are available in an APEX proceeding, nothing bars a patent owner from later suing the accused infringer and obtaining damages.

APEX is not a compulsory proceeding. Accused sellers have the option of not responding to the patent holder's APEX request, in which case the accused listing will be removed without further evaluation, or the seller can file a declaratory judgment action for noninfringement and/or invalidity in U.S. district

court, thereby preventing the APEX from moving forward.

APEX is a quick, cost-efficient alternative to litigation for sellers who engage in substantial business on Amazon. The speed of the process has a substantial impact on patent holder profits with less financial investment in obtaining a decision.

Though online retailers provide opportunities for copycats to infringe patents, they also provide ways for patent holders to protect their rights without incurring the full cost of litigation.