

Gov't, Amazon Programs Offer IP Protection During Pandemic

By **Jake Neu and Timothy Capria** (May 19, 2020)

As if retailers did not have enough worries during the coronavirus pandemic already, the threat of counterfeit goods produced by (often Chinese) manufacturers appears to be on the rise again.

Unfortunately, counterfeit goods include personal protective equipment needed by health care workers. Indeed, in February alone, Chinese authorities seized over 31 million counterfeit respirator masks that were improperly marked as inspected and approved by the National Institute for Occupational Safety and Health.

Moreover, counterfeiters of non-PPE goods, who stopped production during the height of the coronavirus impact in China, now appear to be resuming production and offering their goods online — just when U.S. businesses are relying on online sales more than ever due to social distancing measures aimed to prevent the spread of the virus. In view of this threat, here are some tips on how to economically protect your brands and patented products.

Use the Amazon neutral patent evaluation procedure to remove counterfeit products.

If your product is patented and you find knock-offs being sold on Amazon.com Inc., the Amazon neutral patent evaluation procedure can be a highly effective — and cost-efficient — tool worth consideration for getting the counterfeit sellers off the market.

Currently, the NPEP is a pilot program at Amazon, so Amazon must invite the patent owner to participate. You may also reach out to Amazon to ask to participate. If you use an internal or external Amazon relationship manager, he or she may be a good person to involve in the process. Amazon will ask the patent owner to provide a claim chart comparing the accused product to the patent claims.

To initiate the NPEP, the patent holder executes an agreement to target a single product with a single claim of a single issued U.S. patent. Only one product may be targeted at a time. If the patent owner finds numerous seller pages with identical or near-identical products, the patent owner can list all of those multiple sellers' products in a single NPEP. The patent holder provides the Amazon standard identification number for each targeted product and a claim chart with the compared claim.

Once Amazon receives the executed NPEP participant agreement, Amazon notifies each identified seller and invites them to participate in the NPEP process. Any seller that does not agree within three weeks of being notified by Amazon will have its product removed from the site. Importantly, the patent owner does not submit any payment to Amazon before the seller agrees to participate. Chinese counterfeit producers often simply refuse to participate, and their product listings are removed.

If a seller does agree to participate, then the patentee and seller each pay \$4,000 to Amazon, and a neutral patent lawyer is hired to evaluate the infringement claim. The patent



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owner submits a brief within two weeks of payment, and the seller submits a brief in response. The neutral lawyer then decides the likelihood of patent infringement.

If the patent holder wins, the targeted product page comes down, and the patent holder is refunded its \$4,000. If the seller wins, the seller is returned its \$4,000, and the product page remains active on Amazon. The patent lawyer receives the losing party's \$4,000 as compensation for acting as the adjudicator. At any time before the neutral lawyer makes a decision, the patentee and seller may resolve the matter amicably.

The NPEP provides numerous benefits:

- The patent holder can target sellers who may not be subject to U.S. jurisdiction for patent infringement — if it can even determine who the seller is in the first place.
- The process is very fast. It may be completed within three to four weeks after the initial submission, and in any case, the process is over within about eight to 10 weeks if seen through adjudication.
- The process is cost-efficient. Patent holders pay only the \$4,000 arbitration fee and the cost of preparing the claim chart and a single brief. At most, these costs run about \$10,000-\$15,000 — far less than a patent infringement suit.
- The patent holder's patent cannot be challenged as invalid in the NPEP process unless the seller can show that they were selling the product on Amazon before the filing date of the patent. Otherwise, the only issue to be decided is infringement. This minimizes risk to the patentee in bringing the NPEP action

Given these benefits, Amazon's NPEP process may be a very effective and quick means for retailers seeking removal of infringing patented products from the world's largest e-retailer. We encourage patent owners to consider the Amazon neutral patent evaluation procedure as a tool for enforcing patents against counterfeiters.

Use the Amazon brand registry to remove counterfeit trademarked goods.

Retailers with federally registered trademarks can also use the Amazon brand registry to protect their trademarks from counterfeiters. Many counterfeiters on Amazon will attempt to use a popular trademark, or a confusingly similar variation thereof, to market their products, either on the goods themselves or in the product listing.

The Amazon brand registry permits owners of federally registered trademarks (and certain other jurisdictions) to upload those registered marks into an Amazon database. Trademark owners can then use a specific Amazon search tool for words, phrases and images that are similar to their registered trademarks. If infringing product listings are located, the owner can alert Amazon to the infringing product listings for appropriate action, including removal of the accused product from Amazon.

To sign up, owners first need to identify their registered marks to Amazon, which then sends an email for verification to the listed correspondent of the trademark registration (typically the attorney who manages your trademark portfolio) and provides a code to the correspondent for submission to Amazon as confirmation. In addition, the correspondent must confirm the email by replying to Amazon. Once that code is verified and the reply email sent, Amazon will grant access to the searching and reporting tools.

Like the neutral patent evaluation procedure, the brand registry can provide a quick and inexpensive option for removing trademark-infringing goods from the site.

Record registered U.S. trademarks with Customs and Border Protection.

For counterfeit products outside of Amazon, retailers should utilize the U.S. Customs and Border Protection for assistance. Owners of federal trademark or copyright registrations can record their products and associated trademarks and copyrights with CBP for a fee of \$190 per copyright or trademark registration class.[1] Making this information available to CBP permits its inspectors to notify brand owners when suspected counterfeit goods are found entering U.S. ports.

These recordations must be renewed every time the trademark is renewed (i.e., every 10 years). CBP has only limited authority to seize or detain suspicious goods in the case of registered but unrecorded marks. On the other hand, it can seize colorable simulations of marks and other suspicious or gray market goods if the marks are recorded with CBP.

Further, CBP welcomes product information, tutorials and guides for spotting counterfeit goods directly from the trademark owners who have recorded their marks. Letting CBP be your eyes and ears in the field can help reduce counterfeiting and let you focus on your customers and sales during these times.

Conclusion

Counterfeit goods result in lost sales and reputational harm to retailers. These are bad enough in good times, but during the coronavirus shutdown, they may have an atypically high impact while brick-and-mortar demand drops and supply chains are disrupted. The Amazon neutral patent evaluation procedure, Amazon brand registry, and CBP trademark and copyright recordation are efficient and cost-effective tools for fighting counterfeiting while conserving resources.

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[1] <https://iprr.cbp.gov/>.