



DIGITAL MARKETING LEGAL & ETHICS

Amazon, Infringers And Enforcement: Battling Counterfeits On The E-Commerce Platform



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New Markets, New Issues

In a little over two decades, Amazon has gone from online bookseller start-up to global e-commerce giant, with hundreds of millions of active product listings on its marketplace at any one time.


While it has largely managed to evade the counterfeits stigma attached to some of its rivals, including Alibaba and Taobao, Amazon has not gone untouched. Recent efforts to break into new markets in Asia in order to compete with its Chinese counterparts have seen the number of Asia-based sellers rapidly increase, and with them a noticeable influx of listings for fake goods.

The market for counterfeit goods remains strong, with footwear, clothing and accessories some of the most targeted sectors. While such products infringe trade marks, copyright, design rights, and even patents, brand owners are equally concerned with the potential reputational damage. Quality issues, negative online reviews and product safety concerns are all very real problems.

Despite Amazon's continued efforts to thwart this, the increasing scale and severity of the situation have already proven too much for some brands, with the German footwear giant Birkenstock one of the first opting to cut-and-run. In an announcement last year, it made clear that from 1 January 2017 it would no longer list, nor allow third party listings of, its product on the e-commerce site.

Manipulating The Model

Using universal product listing pages (PLPs) and product-specific Amazon Standard Identification Number codes (ASINs), infringers are able to "piggy back" onto genuine listings and offer their products at an attractive, cut-price rate. The fact that products can be listed quickly, cheaply and with minimal checks means the infringers can appear and withdraw from the market with minimal detection, making e-commerce platforms the ideal breeding ground for counterfeits. This being said, cut prices, unusual trading names and minimal seller information are all helpful indicators to customers that something might be amiss!

But it's not just the listing model which has allowed counterfeits to flourish. "Fulfilled by Amazon" (FBA) provides sellers with a simple and efficient solution to handling storage and shipment services. In 2016 alone an estimated 2 billion units were sold via FBA, showing the level of consumer confidence attached to FBA products. However, ["Fulfilled by Amazon" offers no guarantee as to the legitimacy of the products purchased](#) , with counterfeiters quick to recognise and exploit this common misconception by using this shipping service. Further, as Amazon co-mingles stock of identical goods from different sellers at its fulfilment centres, concerns arise that counterfeit goods could, in theory, be unknowingly delivered to consumers who purchased from a genuine retailer.

Notice, Takedown And The Registry

The 2010 US case of *Tiffany v eBay* made clear that the online policing of IP rights firmly remained the responsibility of brand owners. While the decision protects this marketplace business model, more recent legislative changes, made in an attempt to combat online IP infringement, also require e-commerce platforms to provide suitable notice-and-takedown reporting functions.

Placing Amazon on notice starts a formalised procedure for the investigation and removal of any infringing listings, and therefore offers some comfort to brand owners seeking recognition and protection of their rights. This being said, the efficiency and effectiveness of the takedown process is reliant on brand owners providing proof of ownership of the rights in question, together with sufficient evidence that the seller's actions amount to infringement of those rights. Carefully compiled and considered submissions by brand owners are therefore central to successful outcomes.

Amazon's latest service offering, Brand Registry 2.0, undoubtedly helps streamline this process, by allowing rights holders to register their trade marks for the purposes of advance verification. With this notification requirement already handled, brand owners can enjoy a simplified and expedited process when reporting infringers. In addition, registered brand owners can also enjoy further control over both their PLPs and the associated "Buy Boxes".

However, the reality remains that such efforts are only reactive, and do not tackle the bigger question of how to prevent infringement in the first place.

A Switch-Up In Tactics

Despite the reporting procedures set up by Amazon, the recent trend among the big fashions houses, particularly in the US, has been to bring legal proceedings against the individual sellers behind the counterfeit listings. Most notable of late have been the successful actions brought by Chanel, in relation to counterfeit jewellery; Apple, in respect of fake charging cables; and Adidas, concerning knock-off sportswear.

Although a new "tactic" in relation to Amazon's platform, the approach has been adopted with some success elsewhere before. In particular, since 2013 Louis Vuitton, Lacoste, and Gucci have all pursued similar claims against infringing


sellers on the US-platform, iOffer. But just how successful is this approach in terms of protecting the brand itself?

While the brand owner may succeed in obtaining a court order in its favour, enforcement is essentially restricted to injunctive relief, with Amazon required to shut down infringers' stores. The relative anonymity enjoyed by these shady sellers means brand owners face a serious uphill struggle in identifying the individuals behind the stores, for the purposes of enforcing any damages awards against them. As such, this approach serves predominantly as a deterrent to the individual sellers involved, rather than providing barriers to market entry for the counterfeit industry as a whole.

Others have chosen to dedicate resources elsewhere, with Nike's recent announcement of its decision to partner with Amazon and begin selling directly on the platform showing an alternative approach altogether. By working alongside Amazon, Nike intends to take a tighter grip on its online "brand presentation".


Recently, Amazon has also begun trialling a new "brand gating" programme in the US, focused on encouraging brand and consumer confidence. In return for a fee, brand owners can apply to control which sellers are entitled to list products against their PLPs and ASIN codes. With access subject to pre-authorisation and the payment of a fee, brand owners are essentially left to police the 'live' listings for their own products.

Striking The Balance

[In tackling counterfeits on Amazon, brands must be careful to still strike a balance](#)  , as the platform remains a popular means to allow small, legitimate retailers to clear excess stock. In some cases, the purchase and onward sale of small quantities of clearance or liquidation stock forms their primary business model. Often unknown to the brand owners, these shopfronts can attract suspicion and find their business operations slowed as they respond to misplaced notice-and-takedown complaints, or even stalled while listings are temporarily removed.

Brand gating could also give rise to potential competition issues, as the requirement for small shops or sole traders to clear certain authorisation hurdles to sell particular brands could inadvertently bully such sellers out of the market. Brand owners would find themselves in a dominant position, controlling who can sell their goods, and at what price.

Stronger Together...

While Amazon continues to implement new measures to restrict the flow of counterfeits through its platform, it is not realistic for brand owners to believe that Amazon can achieve this alone. Working alongside Amazon, [the primary responsibility still falls to brand owners to protect their own IP rights and interests online.](#) 

As a brand owner, consider what steps you currently take to protect your brand and the underlying IP, and then consider if you could be doing more. As any successful global brand will tell you, an effective online brand protection campaign remains constant, requiring continued financial investment and resources. The war against counterfeits remains one of cat and mouse, with those brands which are quick to react most likely to reap the rewards long-term.

 Brand Protection,E-Commerce,Intellectual Property,Reputation Management,Trade Mark



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