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Amazon APEX Complaints Convey Personal Jurisdiction in Amazon Seller's Forum

Most reputable online marketplaces have long offered policing programs to address counterfeiting of registered copyrights and trademarks. The copyright or trademark owner needs only to provide the marketplace with a copy of the registration and show where a seller is using it without permission. Doing so eliminates the marketplace's safe harbor protections such that it is in the marketplace's best interest to remove the accused content while the registrant and seller work out the issue. This works well for trademarks and copyrights because the marketplace need not assess infringement. In most cases, identifying that the registered content is being used by the seller is a simple matter. Such is not the case with utility patents, which typically require some form of construction and interpretation of the claims. Thus, online marketplaces have traditionally only taken down products accused of patent infringement when the patentee presents the marketplace with a court order.

In 2022, Amazon launched the Amazon Patent Evaluation Express ("APEX") program as a new option for patent enforcement on its platform. Through APEX, patent holders can initiate takedown requests on Amazon for products that are potentially infringing their utility patents by filing an APEX complaint. In response to such a complaint, Amazon notifies the seller and presents it with three options to avoid automatic removal of the accused product: (1) opt-in to resolution under the

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APEX program; (2) quickly resolve the claim directly with the patent holder; or (3) file a declaratory judgment action (“DJ”) against the patent holder and provide Amazon with confirmation of the filing. If the seller elects to opt-in to the APEX program, a neutral third-party evaluator is brought in to determine whether the product likely infringes the asserted patent. If so, Amazon removes the product listing from its website. The APEX program limits its determination to infringement arguments and does not provide for patent validity arguments. Thus, if the seller believes the asserted patent to be invalid but does not have strong non-infringement arguments, the APEX program would not be a good choice. Such cases often result in a DJ filed in federal court if a resolution between the seller and patent holder cannot be quickly reached.

DJs are not uncommon in patent law, and patent owners should always be prepared for this risk when making a patent infringement accusation. However, DJs are often filed in the infringer’s home court and dismissed for lack of personal jurisdiction over the patent holder. Last week, the Court of Appeals for the Federal Circuit clarified that personal jurisdiction will not be a basis for dismissal when a domestic seller files a DJ in its home venue in response to an APEX complaint. In *SnapRays, dba SNAPPOWER v. Lighting Def. Group*, No. 2023-1184 (Fed. Cir. May 2, 2024), the seller was a Utah business based in Utah. In response to an APEX complaint against products listed on Amazon, the seller filed a DJ against the patent holder in the District of Utah. The patent holder, a Delaware limited liability company with a principal place of business in Arizona, initially convinced the Utah district court to dismiss the suit for lack of personal jurisdiction, analogizing the APEX program to the sending of a cease and desist letter. The Federal Circuit reversed the decision noting that, unlike with the sending of a cease and desist letter, an APEX complaint has the direct



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negative effect of having the accused products removed from Amazon if the seller does not respond.

While utility patent holders should be aware that using Amazon's APEX program subjects them to personal jurisdiction in a seller's home state forum, the program does provide patent holders with a potentially efficient and cost-effective option for patent enforcement on Amazon, particularly for patentees where the alleged infringement is clear and they are prepared to defend their patent rights, or where an APEX complaint is directed to a foreign seller that has no clear home state forum. When dealing with potentially infringing Amazon product listings, patentees should weigh the pros and cons of the APEX program with their patent attorney before deciding the best path forward.

Should you have any questions concerning Amazon's APEX program, do not hesitate to contact Mike Turner, Charlie Shih or your NGE attorney.

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