

Unpacking Amazon's Patent Infringement Evaluation Process

By **Tammy Terry and Lisa Margonis** (March 19, 2021, 6:03 PM EDT)

From the start, Amazon.com Inc.'s utility patent neutral evaluation program, or UPNE, promised a way for certain patentees to at least attempt to clear the Amazon marketplace of infringing products at a fraction of the cost and in a fraction of the time it would take to go through typical district court litigation.

Some sellers, however, were not willing to go away so easily. Through fabricating prior sales evidence, these sellers exploited an evidentiary loophole to avoid having their infringing products removed from the marketplace. This article covers what you should know about Amazon's UPNE program, including recent changes that better deal with seller-fabricated prior sales evidence.

First, a little background about the UPNE program. For a potentially refundable fee of only \$4,000 paid to an Amazon neutral evaluator, plus the cost of any attorney time spent preparing and submitting documents and evidence proving infringement, a patentee can obtain an infringement decision within three to four months.

That infringement decision results not only in Amazon's swiftly removing the infringing product that was subject to the proceeding from the marketplace but also in providing the successful patentee a way to request other identically infringing products to be removed from the marketplace without the need to submit to another formal proceeding. The reward can be tremendous.

But as one might imagine, at such a low cost, there must be some tradeoffs. And there are. This article highlights a tradeoff that no one at Amazon really saw coming as well as how Amazon chose to deal with it by recently updating its procedures.

Under the UPNE program, a patentee begins by requesting that Amazon confirm the eligibility of the utility patent the patentee seeks to enforce.

Once Amazon determines eligibility, the patentee submits a formal request for the review of a product believed to infringe one claim of the eligible patent. Products are identified by their Amazon seller identification number, or ASIN, and while a request can include up to 20 identical products by ASIN number, Amazon processes only one request at a time.



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Once a request is submitted, Amazon contacts the sellers of the accused ASINs and provides them with three weeks to respond. A seller can either choose to participate in the UPNE program or not. If a seller opts not to participate, either by ignoring the request or affirmatively stating that it will not participate, Amazon notifies the patentee, and the seller's ASIN is shortly removed from the Amazon marketplace. In such a scenario, the patentee gets almost immediate relief without even needing to pay the UPNE fee.

If, however, a seller chooses to participate, then the formal UPNE proceeding begins, and the patentee and seller are each required to pay a \$4,000 fee to the assigned neutral evaluator. Neutral evaluators are patent attorneys in private practice who are not employed by Amazon but who have been selected by Amazon specifically for this program to receive this work on a contract basis.

Once the fees are paid, a briefing schedule is set. The patentee begins with its opening brief that can address only the issue of infringement by the accused product of one claim in the eligible patent.

The seller can respond with a brief that can address noninfringement and/or the only other defense available — prior sale of the infringing product more than one year before the earliest effective filing date of the eligible patent. The patentee is then allowed a reply brief, and within two weeks of the submission of the last brief, the neutral evaluator issues a decision.

Upon a finding of infringement, the \$4,000 fee patentee paid is refunded to the patentee and Amazon removes the infringing product from the marketplace, as well as provides the patentee with a mechanism to submit any future identically infringing products directly to Amazon without the need for submitting a formal UPNE review request.

If the neutral evaluator finds in favor of the seller, then the seller receives its \$4,000 fee refund and that marks the end of the proceeding. In such a scenario, the accused product is left on the marketplace.

The decisions cannot be appealed, and parties are bound to keep the decisions confidential. Because the proceedings and their decisions are confidential, it is not possible to learn from others' experience by looking up UPNE decisions and briefing. We are, therefore, relegated to hoping that someone with experience writes an article like this one.

It is important to note that, because these are informal proceedings without discovery, evidentiary hearings or binding decisions that can be enforced in any court, the Federal Rules of Evidence and Federal Rules of Civil Procedure do not apply. Indeed, keeping the proceedings as simple and streamlined as possible helps keep cost down and ensures efficient results. But at what cost?

Because there are no safeguards against evidentiary shenanigans in UPNE proceedings, it is important for practitioners to be aware that any of the following can and have occurred in UPNE proceedings:

1. Sellers may spoof email addresses, forge email signatures and use other methods to impersonate patent owners as well as their counsel to try to terminate proceedings, making requests to Amazon or the neutral evaluator as though the request is made on behalf of the patent owner.
2. Sellers may fabricate evidence of prior sales by replacing images of products on online listings to make it appear that their products were for sale a lot earlier in time than they were ever available.
3. Sellers may point to the ASIN creation date of an Amazon listing to make it appear that the product

listed with that ASIN was on sale as of that ASIN creation date, when, in fact it was not.

This list comes not from the imagination of a practitioner, but from experience. Because these things can and do happen, it is incredibly important to carefully evaluate everything that occurs and is submitted in a UPNE proceeding and to promptly respond when something suspicious arises.

This is particularly true when it comes to cases in which sellers purport to have evidence of prior sales of products that they claim were on sale on Amazon more than one year before the earliest effective filing date of the patent at issue.

Until recently, in the face of seller-presented evidence of prior sales on Amazon, evaluators would simply request from Amazon the ASIN creation date for various products the seller claimed had been on sale prior to the earliest effective filing date of the eligible patent. The idea was that the ASIN creation dates would establish that a particular product was being sold on a particular date. At the time, Amazon's procedures assumed as much as well.

The problem was that aside from the ASIN creation date, Amazon provided no verification that the product sold with that ASIN on that ASIN creation date was, in fact, the accused product or one physically identical to it. Nor did Amazon examine the modification or edit history for any of the ASINs in question, or otherwise determine when the actual accused infringing product was first listed for sale on Amazon.

But Amazon ASIN creation dates, by themselves and without more, do not actually establish what exact product was on sale as of the listing creation date. Although Amazon ASIN creation dates indicate when Amazon assigned a unique identification number to a product for a seller to list that product on Amazon, experienced Amazon sellers know that they can change out a product or product description associated with an ASIN at any time.

Moreover, just because an ASIN is currently associated with a product that appears to be identical to a seller's infringing product does not mean that same product was what was on sale at the time of the ASIN creation date. The ASIN modification or edit history must be examined to determine when the accused infringing product was first listed as being on sale, since Amazon does, in fact, allow additions and modifications to an existing ASIN.

Unfortunately, the ASIN modification or edit history is not available to the public, and therefore, a patentee had no way to prove suspicions that a seller had altered a product image and/or description on the pages of the identified ASINs.

Fortunately, Amazon recently changed its internal procedures to deal with allegations of prior sale, such that Amazon now gathers full information for the evaluator relating to an ASIN to determine which products have been sold with an ASIN, on what dates, and the full modification and edit history associated with an ASIN to hopefully prevent future wrongdoers from successfully gaming the system.

Of course, these changes only apply to alleged prior sales of products sold on Amazon. We have not yet seen procedural changes to address alleged prior sales of products outside of the Amazon marketplace.

Hopefully Amazon will consider ways to implement more safeguards against seller-fabricated evidence of such sales, such as imposing authentication requirements and/or requiring sellers to attest to the veracity of the statements being made under penalty of perjury.

Another perhaps more practical alternative would be for Amazon to restrict prior sales evidence to prior sales of products sold on Amazon. This would allow Amazon to better protect against seller-fabricated prior sales evidence by confining the universe of potential evidence to that which Amazon can effectively verify using its own internal records. Restricting the universe of evidence in this way is a practical solution to this very real problem.

Regardless of what additional measures may be helpful to the program in the future, the way Amazon has handled these situations so far generally bodes well for parties choosing to participate in the UPNE program in the future.

As it stands, while the process still lacks many of the safeguards afforded by the rules of evidence and procedure, Amazon is doing more than most online merchants to show a dedicated respect for intellectual property rights. Hopefully we will see more of the big-game online merchants follow suit. Until then, kudos to the Amazon UPNE program for at least trying to get it right.

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