

Snuggie Seeks Millions From Amazon For Counterfeits

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Amazon says it's a Snuggie, that's what it is, right? Maybe not. At least one retailer who sells on Amazon claims they have been suffering from predatory e-commerce tactics.

Consumers often assume that online retailers price-match, so if you, as the consumer, have neither the time nor inclination to shop elsewhere, why not shop at a retailer you trust? Years ago, NYU Professor, Yannis Bakos, wrote a detailed paper about comparison price-shopping in the electronic age. He found that people will still shop at an eStore they trust without checking all the prices readily available on the internet. Much like the days before online shopping, a person would walk into a store, see the price posted for an item, and decide if it was worth it.

Something to Think About

Similarly, if a consumer is loyal to Amazon they will buy their Snuggies nowhere else, even if they are cheaper elsewhere. But, what if the third-party vendor you are buying from on Amazon's website is buying a cheaper, counterfeit Snuggie and having Amazon send it to you?

Consumers purchase items online expecting that they will be the same as those sold directly by the manufacturer, not a counterfeit or a manufacturer reject. Who takes the heat in product reviews if the product doesn't live up to expectations? Many consumers blame the brand, ignoring the role that a retailer can play in marketing undesirable or counterfeit products.

This is precisely the complaint a group of companies marketing As Seen on TV products, like the Snuggie, are bringing against Amazon. Allstar Marketing, Ontel Products, and Ideavillage Products claim they "have become targets for unscrupulous individuals and entities who wish to take a free ride on the goodwill, reputation, and fame Plaintiffs have amassed." They allege that Amazon is allowing counterfeiters to hijack their products' pages on Amazon and use their hard-earned copyrights, branding, logos, and marketing reputation to sell cheap knock-offs for a price they cannot compete with. Then their reputations, and not Amazon's, suffer because of poor-quality products.

Counterfeit Products

Some brands, including Johnson & Johnson, the NFL, and Birkenstock, have withdrawn their products entirely from Amazon for this reason, lending weight to Allstar's claim that this has been

occurring for quite some time. Third-party sellers with cheaper products can appear as the default on a product's page, directly usurping their sales, and causing bad reviews to reflect on both legitimate and counterfeit products.

Counterfeit products are often shipped through a process known as 'drop-shipping,' whereby the vendor never holds the item being sold in inventory. Instead, the product is shipped from the manufacturer directly to Amazon, who handles the delivery to the end customer. Because these items are integrated into Amazon's sophisticated inventory systems, Allstar suggests that solutions are available that would allow Amazon to identify counterfeit sellers and significantly reduce their activity, but they have not been implemented.

To compensate for copyright infringement damages, the plaintiffs are seeking an unspecified sum — in the millions — that is dependent upon the profit Amazon made on sales of the counterfeit products, as well as punitive damages.

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Taking Action

Amazon took a stand recently against fraudsters by suing two of its own retailers, alleging counterfeiting and reportedly building teams in the U.S. and Europe to create a brand registry that ensures Amazon merchants have a brand's permission to sell its product. While it appears Amazon is taking steps in the right direction, Allstar's claims are heated and not likely to be smothered by a blanket of brand-monitoring.

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