Amazon can be held liable for defective third-party products on its platform, court rules

Amazon can be sued over third-party sales on its platform, a federal court ruled today, setting a potentially damaging precedent for the company.

Appeals court found against Amazon
While Amazon sells goods itself, it also allows vendors to sell their products through its Marketplace platform, taking a cut in the process. In late 2014, a woman named Heather Oberdorf ordered a dog collar from a Marketplace seller, but it broke on a walk, sending the leash flying and permanently blinding her in one eye. The seller hasn't been found, but Oberdorf sued Amazon, accusing the company of negligence.

A district court in Pennsylvania found that Amazon couldn't be sued because it wasn't a "seller" under the law, and because it is protected by Section 230 of the Communications Decency Act, which gives protection to platforms from the actions of the people using those platforms.

But Oberdorf appealed the ruling, and today, the appeals court largely found in her favor. In the ruling, the appeals court said Amazon could be held liable for its role in the sales chain. The court also ruled that Amazon is protected for "speech" on its platform, but wasn't necessarily protected for the sale of goods in the real world. The court sent some of Oberdorf's claims to a lower court for further review.

As *Reuters* points out, two different appeals courts have found in Amazon’s favor in similar cases, as have other lower courts. But any decision that chips away at Amazon’s legal protections for its platform represents a potential threat to its business.

Amazon did not immediately respond to a request for comment on the ruling.

https://www.theverge.com/2019/7/3/20681301/amazon-federal-circuit-ruling-liability-defective-products