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CPSC's Amazon Ruling Is A Win For Safety, Accountability

By **Donald Fountain** (March 17, 2025, 4:57 PM EDT)

On July 14, 2021, the U.S. Consumer Product Safety Commission filed an administrative complaint against Amazon.com Inc., the world's largest retailer, to force the company to take responsibility for recalling potentially hazardous products sold through its online marketplace.[1]

Amazon's position? It claimed it was not responsible for ensuring the safety of products sold by third-party sellers, arguing it was merely a platform, not a distributor.

For years, Amazon's business grew while it disclaimed accountability under federal product safety laws for defective products sold on its site. The company's defense was simple: We don't own the products, so we're not responsible for them.



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But that strategy failed. On Jan. 17, after three and a half years of legal battles, the CPSC issued a final order definitively ruling that Amazon is a "distributor," as defined by the Consumer Product Safety Act.

This means Amazon is now legally required to comply with the law's notice, recall, refund, and remediation obligations for defective and dangerous products. This is a major victory for consumer safety, and for attorneys pursuing defective product claims against the company.

Not only does this ruling ensure that hazardous products do not remain in circulation, but it also strengthens the legal framework for holding Amazon accountable in strict liability lawsuits.

Key Takeaways for Attorneys and Companies

Amazon — and other e-commerce giants — must now take direct responsibility for product safety, including recalls, consumer notifications and refunds. The CPSC's decision cements the agency's authority to regulate online marketplaces under existing laws, even if they do not take legal ownership of products.

Amazon's classification as a distributor strengthens strict liability product defect claims, making it easier to hold the company responsible for injuries caused by defective products.

For manufacturers, distributors and retailers, this ruling is a warning: Failing to address product safety issues could lead to aggressive regulatory enforcement and massive liability exposure.

Amazon's "We're Not Responsible" Defense

Amazon's legal strategy was based on a simple claim: It does not take title to the products it sells, and therefore should not be responsible for defective items. The company compared itself to FedEx Corp. or United Parcel Service Inc., arguing it was just a logistics provider that merely facilitated transactions.

The CPSC rejected this argument outright, finding that Amazon actively participates in the sale and

distribution of products through its Fulfillment by Amazon program. The evidence is clear:

- Amazon stores products in its warehouses;
- Amazon packages and ships orders;
- Amazon controls pricing and payment processing; and
- Amazon manages customer service, refunds and replacements.

Amazon is not just a passive marketplace — it is directly involved in distribution. And distributors must follow federal product safety laws.

The Defective Products That Sparked the Complaint

Amazon's attempt to avoid responsibility collapsed when it became clear that real people were being harmed. The CPSC's 2021 administrative complaint was triggered by three categories of hazardous products:

- Children's sleepwear that failed federal flammability standards, creating a serious fire hazard;
- Carbon monoxide detectors that failed to detect carbon monoxide, a potentially fatal defect; and
- Hair dryers that lacked proper electrocution protection, violating federal electrical safety requirements.

Despite knowing these products were unsafe, Amazon refused to issue full recalls, arguing that it had no legal obligation to do so. The CPSC disagreed.

The Final Ruling

After significant legal challenges, the CPSC ruled that Amazon is, in fact, a distributor under federal law — and therefore:

- Must notify all affected consumers about dangerous products;
- Must issue full refunds or replacements;
- Must remove hazardous products from circulation; and
- Must ensure the destruction of any remaining defective inventory.

The Dec. 16, 2021, oral arguments between the CPSC and Amazon's attorneys — where Amazon attempted to argue its lack of responsibility — are available for public viewing on YouTube.[2] This footage provides insight into Amazon's aggressive legal stance, and how the CPSC dismantled the company's arguments.

This ruling closes a legal loophole that Amazon — and countless other e-commerce giants — have used for years to escape liability.

Implications of the Ruling

A Precedent for E-Commerce Platforms

If Amazon is a distributor, then so is any other company that controls product sales, shipments and refunds. That means other major online retailers will likely face similar scrutiny.

The days of hiding behind third-party sellers are over. If a company fulfills orders, handles pricing and returns, and profits from defective products, it must now comply with consumer safety laws.

Strengthening Civil Product Liability Claims

The CPSC ruling does not directly impose civil liability, but it eliminates Amazon's strongest defense in product defect lawsuits. Previously, Amazon's go-to argument in court was: "We don't own the products, so we're not responsible."

That defense is now substantially weakened. If a consumer is injured or killed by a defective product sold on Amazon, the company can now be held strictly liable — especially in "stream of commerce" states like Florida, California and Illinois.

In "innocent seller" states like Georgia, Amazon will likely still argue limited liability, but if Amazon fails to comply with the Consumer Product Safety Act, this may encourage the courts to hold the company accountable for negligence.

Expanding Liability Across the Global Supply Chain

The ruling also has major implications for international product liability. For example, under the stream of commerce theory, liability for a defective product would extend throughout its supply chain, even if it were:

- Designed by Company A in Taiwan;
- Manufactured by Company B in China;
- Exported by Company C in Thailand;
- Imported by Company D in Canada;
- Distributed by Company E in New York; and
- Sold at retail by Company F in Florida.

Before this ruling, Amazon could have argued that it was not part of a chain like this. Now, Amazon is just as responsible as any other distributor.

A Win for Public Safety and Consumer Protection

Amazon's refusal to accept responsibility risked leaving dangerous products in homes, putting children, families and consumers at risk. When distributors evade liability, the burden falls on public resources, including:

- Medicaid and Medicare, covering medical costs for defective product injuries;
- Social Security Disability Insurance and workers' compensation, paying for lost wages; and
- Emergency rooms and public hospitals, treating injuries caused by unsafe products.

By holding distributors like Amazon accountable, this ruling prevents taxpayer-funded programs from shouldering the cost of unsafe products.

The Message to Businesses: Comply or Pay the Price

The CPSC's ruling is not just about Amazon. It is a wake-up call for every online marketplace. If such a marketplace sells dangerous products, it will be held responsible, and if it controls distribution, it must follow product safety laws.

If marketplaces think regulators will not enforce the law, they must now think again. The CPSC has shown that it is willing to take on corporate giants — and can win.

A New Era in Product Safety Regulation

The CPSC's ruling against Amazon is a landmark decision that redefines corporate accountability in digital commerce. It establishes a clear precedent: Online marketplaces can no longer escape responsibility for unsafe products.

For attorneys, this is a powerful new tool that strengthens product liability litigation against e-

commerce giants. For businesses, this is a blunt warning: Compliance with consumer safety laws is not optional.

This ruling fundamentally shifts the legal landscape, and ensures that consumer protection laws remain enforceable in the digital age.

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[1] U.S. Consumer Product Safety Commission, Decision and Order Approving Notification and Action Plan (Jan. 17, 2025), <https://www.cpsc.gov/s3fs-public/pdfs/recall/lawsuits/abc/154-Decision-and-Order-Approving-Notification-and-Action-Plan.pdf?VersionId=zpyM9XYwITrt2NdD9nhYG7C8GCzj2FnV>.

[2] See <https://www.youtube.com/watch?v=iwMk0sXaIqM>.

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