D.C. District Judge Narrows Case Between E-Commerce Giants, Temu and Shein

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In December 2023, Temu (operated by Whaleco Inc.), a general e-commerce platform specializing in drop-shipping resale goods sold at deep discounts, filed suit against Shein, a similarly structured fast-fashion clothing manufacturer. In their suit, Temu alleged that Shein perpetuates a "mafia-style" scheme to monopolize the fast-fashion market through supplier intimidation, trade secret theft, and abuse of the Digital Millennium Copyright Act. Temu claimed that Shein coerced Chinese suppliers, who provide the overwhelming majority of Temu’s inventory, into filing over 33,000 allegedly baseless copyright takedown notices on Temu’s website in order to disrupt Temu's operations. Shein countersued in August 2024, accusing Temu of encouraging sellers to infringe intellectual property rights, stealing Shein's trade secrets and product designs, and operating a counterfeiting-reliant business model.

This battle between Shein and Temu reached a critical moment on September 30, 2025 when a district judge in the District of Columbia dismissed key claims of plaintiff Temu, while allowing Temu’s intellectual property claims to proceed.

This recent ruling proved a strategic victory for Shein. The court dismissed Temu's antitrust claims under the Sherman and Clayton Acts, ruling that the alleged anticompetitive conduct occurred in China and fell outside U.S. jurisdiction. The court dismissed Temu's trade secret claims for similar reasons, as the alleged theft of trade secrets occurred overseas. However, the court left Temu's intellectual property claims intact, finding that Temu adequately pleaded infringement of its trade dress by Shein, direct copyright infringement related to Temu’s promotional mobile phone games, and violations of DMCA Section 512(f) for knowingly issuing false copyright takedown notices.

This case underscores critical challenges for companies operating in global e-commerce markets – especially as international drop shipping business models become increasingly ubiquitous. In particular, U.S. courts have faced increasing difficulty addressing allegedly anticompetitive conduct by overseas entities whose actions may still be felt in the U.S. Meanwhile, such actors continue to misuse DMCA takedown procedure to gain a competitive edge in the market rather than as an IP protection tool.

As both companies face broader regulatory scrutiny worldwide (Temu recently paid $2 million to the FTC to settle INFORM Consumers Act violations), this case may influence how courts evaluate jurisdictional questions in international supply chain disputes and assess claims of DMCA abuse in competitive marketplaces.