

**The Use of U.S. Customs  
To Enforce the Client's IP Rights**

AIPLA 2005 Annual Meeting  
Presented October 27, 2005  
Washington, DC

**Jeffrey H. Kaufman\***  
Oblon, Spivak, McClelland, Maier & Neustadt, P.C.  
1940 Duke Street  
Alexandria, Virginia 22314  
Email: [jkaufman@oblon.com](mailto:jkaufman@oblon.com)  
Tel: 703-413-3000  
Fax: 703-413-2220  
[www.oblon.com](http://www.oblon.com)

## I. Introduction

The importation of counterfeit and infringing products is an enormous problem in the United States, affecting virtually every industry and costing intellectual property owners millions of dollars in lost sales and market deterioration. For example, by the middle of this fiscal year, the U.S. government had already seized infringing and counterfeit goods worth over \$44 million.<sup>1</sup> China and Hong Kong alone accounted for 70% of all goods seized. The following chart shows the category of commodities seized during such period, and the percentage of the total value.

Mid-Year FY 2005 Commodity	% of Total Value
Wearing Apparel	18%
Toys/Electronic Games/Trading Cards	15%
Handbags/Wallets/Backpacks	14%
Consumer Electronics	13%
Cigarettes	11%
Footwear	6%
Perfumes/Colognes	5%
Automotive/Parts/Scooters	2%
Watches/Parts	2%
Batteries	2%
All Other Commodities	12%

Obviously, the number of infringing and counterfeit goods seized represents only a small fraction of those actually entering the U.S. market. Nevertheless, such goods were only seized because intellectual property owners worked with Customs to identify and halt their importation. This article describes how trademark and copyright owners can work with the Bureau of Customs and Border Protection (CBP) — the agency charged with assisting intellectual property owners in preventing the importation of counterfeit, infringing, and gray market goods — to reduce the negative impact of imports that violate trademark and copyright laws.

Specifically, Part II of this article provides an overview of Customs, describing the organization and responsibilities of departments within Customs which are responsible for enforcing protection of trademarks and copyrights. Part III describes how trademark and copyright owners can work with Customs to maximize protection of trademarks and copyrights. Part IV discusses the processes by which Customs takes action against imports that violate the rights of trademark and copyright owners. Finally, Part V concludes that by knowing Customs procedures and by strategically working with Customs, trademark and copyright owners will be more effective at combating illegal imports.

---

\* Managing member of the Trademark and Copyright Practice Group of Oblon, Spivak, Alexandria, Virginia. The author wishes to thank Colette Durst-Barkey and Jason Cody for their assistance in preparing these materials.

<sup>1</sup> U.S. Customs and Border Protection Seizure Statistics for Intellectual Property Rights are available at [http://www.customs.gov/xp/cgov/import/commercial\\_enforcement/ipr/seizure/](http://www.customs.gov/xp/cgov/import/commercial_enforcement/ipr/seizure/).

## **II. Overview of the Bureau of Customs and Border Control (“Customs”)**

On March 1, 2003, the U.S. Customs Service was reorganized into two new agencies under the Department of Homeland Security: (1) the Bureau of Customs and Border Protection (CBP), which focuses on civil administrative border enforcement of intellectual property rights; and (2) the Bureau of Immigration and Customs Enforcement (ICE), which focuses on criminal enforcement of intellectual property rights. This Article addresses the civil aspects of protecting intellectual property rights.

Inspectors working for the CBP conduct detentions, seizures and forfeitures of infringing goods and impose civil penalties. Departments within the CBP working on intellectual property matters include the following: (1) the Intellectual Property Rights (IPR) Branch of the Office of Regulations and Rulings, (2) the Office of Field Operations (OFO), and (3) the Office of Strategic Trade (OST). These three departments work together to protect U.S. intellectual property rights.

### **A. The IPR Branch**

In general, the IPR Branch is the starting point for enforcement protection of trademark and copyrights against violative imports. The IPR Branch develops intellectual property rights enforcement policy and programs, processes recordation requests, reviews enforcement requests, and makes legal determinations regarding infringement. The IPR Branch also directs field officers at U.S. ports to exclude, detain, and/or seize infringing products. In order for the IPR Branch to enforce a particular mark or copyright, trademark and copyright owners should: (1) record the trademark or copyright with CBP (or obtain an exclusion order from the ITC); and (2) send an enforcement request to the IPR Branch.

### **B. The Office of Field Operations**

After the IPR Branch notifies the Office of Field Operations (OFO) about infringing imports, the OFO instructs border inspectors to exclude, detain, and/or seize the infringing product. Inspectors are located at each of 317 ports of entry into the United States. Trademark and copyright owners work with CBP to help inspectors identify violations of trademark and copyright rights. The OFO processes initial detentions and seizures of imports, reviews the validity of seizures through a petition process, and determines whether or not to assess civil penalties.

### **C. The Office of Strategic Trade**

The IPR Branch also works with the CBP's Office of Strategic Trade (OST) to develop and implement integrated trade enforcement programs to prevent the importation of infringing products. The CBP's Los Angeles Strategic Trade Center (LA STC) can provide general information about CBP intellectual property rights protection. LA STC also staffs a Help Desk with whom trademark and copyright owners work to develop training materials for CBP officers stationed at ports to show how to identify infringing products, and the LA STC can also help coordinate training for those officers.

Details of some of the primary functions of the IPR Branch (IPRB), the Office of Field Operations (OFO), and the Office of Strategic Trade (OST) are summarized in the chart below.

<b>BUREAU OF CUSTOMS AND BORDER PROTECTION (CBP)</b>		
<b><u>IPRB</u></b>	<b><u>OFO</u></b>	<b><u>OST</u></b>
<ul style="list-style-type: none"> <li>• Develops enforcement policy regarding intellectual property rights</li> <li>• Works with OST to develop and implement integrated trade enforcement programs</li> <li>• Processes recordation applications</li> <li>• Enters information into a database used by field inspectors</li> <li>• Reviews enforcement requests</li> <li>• Makes legal determinations regarding infringement</li> </ul>	<ul style="list-style-type: none"> <li>• Processes initial detentions and seizures</li> <li>• Instructs field inspectors to exclude, detain, and seize infringing imports</li> <li>• Reviews validity of seizures</li> <li>• Assesses civil penalties</li> </ul> <p><u>Paralegals:</u></p> <ul style="list-style-type: none"> <li>• Process cases</li> </ul> <p><u>Import specialists:</u></p> <ul style="list-style-type: none"> <li>• Examine and appraise potentially infringing imports</li> </ul> <p><u>Inspectors:</u></p> <ul style="list-style-type: none"> <li>• Examine cargo, passengers, and mail</li> <li>• Review database information regarding possible infringements</li> <li>• Receive training from CBP and private companies to identify intellectual property rights violations</li> </ul>	<ul style="list-style-type: none"> <li>• Provides general information about CBP intellectual property rights protection</li> <li>• Works with IPRB to develop and implement integrated trade enforcement programs</li> <li>• Assists trademark and copyright owners in developing training materials for and coordinating training of CBP officers and inspectors at entry ports to identify infringing imports</li> </ul>

### **III. U.S. Customs Protection of Trademarks and Copyrights**

In general, Customs can enforce protection at U.S. borders of marks registered with the U.S. Patent and Trademark Office (PTO) and of copyrighted works registered with the U.S. Copyright Office. Although Customs may enforce protection of marks and copyrights not recorded,<sup>2</sup> Customs policy gives priority to recorded rights. Thus, as a practical matter, trademark and copyright owners seeking Customs assistance in barring importation of violative marks and copies must first record their rights with Customs.

#### **A. Recording Trademark Registrations with Customs**

After registering a mark with the PTO, a trademark owner may apply to record its mark with the Customs Service Intellectual Property Rights Branch, pursuant to 19 C.F.R. Part 133. In order to properly record a trademark registration with Customs, a trademark owner must submit the following:

1. The trademark owner's name, business address, and citizenship;
2. The places of manufacture of goods bearing the recorded trademark;
3. The name and address of each foreign person or entity authorized or licensed to use the trademark;
4. The identity of any parent or subsidiary company or other foreign company under common control or ownership which uses the trademark abroad;
5. A certified status copy of the PTO certificate of registration;
6. Five copies of the PTO certificate of registration or of a PTO facsimile; and
7. A filing fee of \$190.00 for each trademark and each class of goods for which recordation is sought. 19 C.F.R. §§ 133.1-133.3.

Recordation of a trademark and protection afforded by Customs is effective on the date that Customs approves the application for recordation. 19 C.F.R. § 133.4(a). The term of a trademark recordation with Customs is concurrent with the term of a trademark registration with the PTO. 19 C.F.R. § 133.4(b).

---

<sup>2</sup> For example, 19 U.S.C. § 1595a(c) gives Customs the power to seize and forfeit merchandise attempted to be imported contrary to law, which includes the criminal anti-counterfeiting statute.

## **B. Recording Copyright Registrations with Customs**

Recording a copyright registration with Customs is similar to recording a trademark registration. Namely, after obtaining registration of a copyright from the U.S. Copyright Office, the owner must submit the following to the Customs Service Intellectual Property Rights Branch:

1. The copyright owner's name and address;
2. If claiming injury by reason of importation of copies of the eligible work, a statement setting forth the circumstances of such claimed injury;
3. The country of manufacture of genuine copies of the protected work;
4. The name and address of any foreign person or business entity authorized or licensed to use the protected work, and a statement as to the exclusive rights authorized;
5. The foreign titles of the work, if different from the U.S. title;<sup>3</sup>
6. An "additional certificate" of copyright registration issued by the U.S. Copyright Office;<sup>4</sup>
7. Five photographic likenesses reproduced on paper of the copyrighted work; and
8. A filing fee of \$190.00 for each copyright to be recorded. 19 C.F.R. §§ 133.31-133.33.

As with recordation of a trademark registration, recordation of a copyright registration and protection afforded by Customs is effective on the date that Customs approves the application for recordation. 19 C.F.R. § 133.34(a). The term of a copyright recordation with Customs is valid for 20 years, unless the copyright itself expires sooner. 19 C.F.R. § 134.34(b).<sup>5</sup>

## **C. Working With Customs After Recordation: Information & Education**

After recording trademark or copyright registrations with Customs, trademark and copyright owners will want to work closely with Customs to take action against infringing imports. For example, when a trademark or copyright owner becomes aware of or suspects that infringing products are entering the U.S., such owner should take the following steps:

1. Meet with the Intellectual Property Rights (IPR) Branch;

---

<sup>3</sup> If the application is to record a copyright in a sound recording, the copyright owner must also submit a statement setting forth the names of the performing artists and any other identifying names appearing on the surface of reproduction of the sound recording or its label or container. 19 C.F.R. § 133.32(f).

<sup>4</sup> If the name of the applicant is different from the name of the copyright owner identified in the certificate, the applications must be accompanied by a certified copy of any assignment, exclusive license, or other document recorded in the U.S. Copyright Office showing the applicant's ownership rights. 19 C.F.R. § 133.33(a)(1).

<sup>5</sup> Customs permits successive renewals of recordation since copyright terms may last for several decades. 19 C.F.R. § 133.37.

2. Submit a Written Enforcement Request; and
3. Educate Customs officials at ports of entry.

The first step, if possible, is for a trademark or copyright owner to meet with one or more attorneys at the IPR Branch. A meeting with an IPR Branch attorney or representative gives a trademark or copyright owner the opportunity to provide examples of authentic and infringing goods and to explain how the imports infringe the recorded trademark.

Second, a trademark or copyright owner should prepare a Written Enforcement Request. To the extent known, the request should provide as much detail as possible about each infringing good and each infringer, including names and addresses of shippers, importers, and manufacturers of the infringing goods.

If the IPR Branch determines that the goods are violative of a trademark or copyright, it will enter into a database the information provided by the trademark or copyright owner regarding such infringement. The IPR Branch communicates such information throughout Customs, and field inspectors use information in the database to identify infringing products at U.S. borders. For example, inspectors may use the database to search for imports by manufacturers and importers identified by a trademark or copyright owner in its Written Enforcement Request.

Finally, trademark and copyright owners should consider training Customs officials at ports of entry. The Office of Strategic Trade may also assist in developing overall intellectual property rights enforcement plans, which include education and training programs at various U.S. ports. By working with Customs, trademark and copyright owners have the opportunity to provide inspectors—who first come into contact with imports—valuable information, including images of authentic goods; images of past and present counterfeit or infringing goods; information regarding suspected counterfeiters and infringers and their locations; information regarding ports from which counterfeit and infringing goods typically originate; and information about authorized licensees of authentic trademark and copyright goods. The more information and education that trademark and copyright owners can provide to Customs, the better the Agency will be able to effectively enforce their intellectual property rights.

#### **IV. U.S. Customs Enforcement of Violative Trademarks and Copies**

In general, Customs protects trademark owners against importation of counterfeits, goods bearing confusingly similar marks, and gray market goods.<sup>6</sup> Similarly, Customs protects copyright owners against importation of piratical and suspected piratical copies of copyright protected works. Each is discussed below.

---

<sup>6</sup> Although this article focuses on trademarks, Customs may also enforce protection of trade names.

## A. Enforcing Trademark Rights

Customs may examine, take samples from, detain, and deny entry of imported goods bearing marks reasonably suspected of copying or simulating a registered mark in violation of 15 U.S.C. §§ 1124,<sup>7</sup> 1125.<sup>8</sup> 19 U.S.C. § 499; *see also* 19 C.F.R. 133.22. In addition, Customs is charged with protecting against the import of foreign made goods bearing a registered mark owned by a U.S. person or corporation (e.g., gray market goods). 19 U.S.C. § 1526(a). The statutory basis for seizure and the availability of corrective action depends on whether the IPR Branch makes a legal classification of a mark as a counterfeit, a confusingly similar mark, or gray market goods.

### 1. Counterfeits

Under the Lanham Act, a mark is a “counterfeit” if it is a “spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127. Goods bearing a counterfeit of a mark recorded with Customs and imported in violation of 15 U.S.C. § 1124 are generally seized by Customs pursuant to 19 U.S.C. 526(e). Customs may also seize goods bearing a counterfeit of a mark not recorded with Customs and imported in violation of 15 U.S.C. § 1124, but such seizure is made pursuant to 19 U.S.C. § 1595a(c)(2)(C), as an importation contrary to law.

Once Customs determines that a mark is a counterfeit, the goods are seized and, in the absence of written consent of the trademark owner, forfeited for violation of customs laws. Upon seizure, Customs notifies the importer and discloses the following information to the trademark owner:

- The date of importation;
- The port of entry;
- A description of the goods;
- The quantity involved;
- The name and address of the manufacturer;
- The country of origin of the merchandise;
- The name and address of the exporter; and
- The name and address of the importer. 19 C.F.R. § 133.21.

---

<sup>7</sup> 15 U.S.C. § 1124 states that imported goods that “copy or simulate” a registered mark shall not be admitted entry at any customhouse of the U.S.

<sup>8</sup> 15 U.S.C. § 1125, provides that imported goods marked or labeled with a word, term, name, symbol or device, or any combination thereof, shall not be admitted entry at any customhouse of the U.S.



Upon receipt of a bond, Customs may also provide a sample of the suspect goods to the trademark owner for examination. Finally, Customs may impose substantial civil fines for counterfeits. 19 C.F.R. § 133.27. For the first violation, the fine shall not be more than the manufacturer's suggested retail price for authentic goods. For second and subsequent violations, the fine shall not be twice such value.

## **2. Confusingly Similar Trademarks**

For goods bearing a mark that is confusingly similar (but not a counterfeit) to a registered mark, Customs will initially detain such goods for thirty days. 19 C.F.R. § 133.22. Similar to instances of counterfeits, upon detention, Customs notifies the importer, discloses certain information to the trademark owner, and provides samples (at its discretion) upon receipt of a bond.

During the thirty day period, the importer may take corrective action, such as removing or obliterating the offending mark, or obtaining written permission of the trademark owner, which would allow Customs to release the detained goods. If the importer, however, takes no corrective action, Customs may seize such goods pursuant to 19 U.S.C. § 595a(c)(2)(C).

Unlike counterfeit cases, Customs will neither detain nor seize goods bearing a mark confusingly similar to an unrecorded mark. In addition, Customs does not impose civil fines in cases involving confusingly similar marks.

## **3. Gray Market Goods**

Restricted gray market goods are foreign made goods bearing a genuine trademark owned by a U.S. company and imported without the U.S. company's permission. 19 C.F.R. § 133.23.<sup>9</sup> Restricted gray market goods include goods bearing a genuine trademark applied:

- By a licensee or manufacturer independent of the U.S. owner; or
- Under the authority of a foreign trademark owner other than the U.S. owner, a parent or subsidiary of the U.S. owner, or a party otherwise subject to common ownership or control with the U.S. owner; or
- By the U.S. owner, a parent or subsidiary of the U.S. owner, or a party otherwise subject to common ownership or control with the U.S. owner to goods that Customs has determined to be "physically and materially different" from the goods authorized for importation by the U.S. owner.<sup>10</sup> 19 C.F.R. § 133.23.

---

<sup>9</sup> Unlike counterfeit goods, gray market goods are always genuine goods.

<sup>10</sup> The last category of restricted gray market goods is known as the "Lever Rule." *Lever Brothers Co. v. United States*, 981 F.2d 1330 (D.C. Cir. 1993).

Under the last category above, Customs will not detain goods that are “physically and materially different” where the goods or packaging bear a conspicuous and legible label designed to remain on the product until the first point of sale to a retail consumer in the U.S., stating the following: “This product is not a product authorized by the United States trademark owner for importation and is physically and materially different from the authorized product.” 19 C.F.R. § 133.23(b). The label must be in close proximity to the trademark as it appears in its most prominent location on the good or the retail package or container.

Where Customs initially determines that imports constitute restricted gray market goods, it will detain the goods for thirty days and notify the importer and trademark owner of the same, and disclose the following information to the trademark owner:

- The date of importation;
- The port of entry;
- A description of the goods;
- The quantity involved; and
- The country of origin of the merchandise. 19 C.F.R. § 133.25(b).

During the thirty day period, the importer has the opportunity to establish that the gray market goods are not restricted. If the importer fails to do so, Customs will seize the goods and institute forfeiture proceedings.

## **B. Enforcing Copyrights**

Under 19 U.S.C. § 1595a(c)(2)(C), Customs may seize and institute forfeiture proceedings against imported goods that violate U.S. copyright law. In addition, the Copyright Act prohibits the importation of copies of copyright protected works that would have constituted infringement under U.S. law. 17 U.S.C. § 602(b); *see also* 17 U.S.C. § 603(a). The procedures that Customs follows depend on whether it categorizes such copies as “piratical” or as suspect of being piratical.

### **1. Piratical Copies**

The importation of piratical copies in the U.S. is prohibited by Customs. 19 C.F.R. § 133.42(b). “Piratical” copies are defined as copies of phonorecords unlawfully made without the authorization of the copyright owner. 19 C.F.R. § 133.42(a). Thus, if copies or phonorecords are lawfully made, Customs has no authority to prevent their importation—i.e., Customs cannot exclude gray market copyright goods.<sup>11</sup> 19 C.F.R. § 133.42(c).

---

<sup>11</sup> Nevertheless, a copyright owner may take civil action against gray market importers for violation of the distribution right in the copyright.

Where Customs determines that imported goods are piratical copies, it will seize such goods, institute forfeiture proceedings, and disclose the following information to the copyright owner:

- The date of importation;
- The port of entry;
- A description of the goods;
- The quantity involved;
- The name and address of the manufacturer;
- The country of origin of the merchandise;
- The name and address of the exporter; and
- The name and address of the importer. 19 C.F.R. § 133.42(d).

As with trademark cases, upon receipt of a bond, Customs may also provide a sample of the suspect goods to the copyright owner for examination. 19 C.F.R. § 133.42(e). Where phonorecords or copies of motion pictures bear counterfeit labels, Customs may notify the Department of Justice, which may initiate a criminal prosecution. 19 C.F.R. § 133.42(f).

## **2. Suspected Piratical Copies**

Where Customs suspects that imported goods are piratical, but has not yet made such determination, it withholds delivery, notifies the importer, and advises the importer of the option of filing a statement denying that such goods are piratical. 19 C.F.R. § 133.43(a). If the importer fails to file a statement of denial, the goods are deemed piratical and subject to seizure and forfeiture. If the importer does file a statement of denial, Customs discloses the following information to the copyright owner:

- The date of importation;
- The port of entry;
- A description of the goods;
- The quantity involved;
- The country of origin of the merchandise; and

- Notice that the imported goods will be released to the importer unless, within 30 days from the date of notice, the copyright owner files: (1) a written demand for the exclusion from entry of the detained goods; and (2) a bond. 19 C.F.R. § 133.43(b).

Upon receipt of a bond, samples of the suspect imported goods are available to the copyright owner. 19 C.F.R. § 133.43(b). If the copyright owner files a demand for exclusion with a proper bond, Customs notifies the parties that, during a specified time not to exceed thirty days, they may submit any evidence, legal briefs or other relevant materials to support their claims or denials of infringement. 19 C.F.R. § 133.43(d)(1). The copyright owner bears the burden of proof of infringement. The parties must submit all materials to each other before filing with Customs, and they are given not more than thirty days to rebut the opposing party's arguments and evidence. 19 C.F.R. § 133.43(d)(1)(i). Customs headquarters then issues a final decision regarding infringement. If Customs finds that the suspect imported goods do not infringe, it will release them; otherwise, such goods are subject to seizure and forfeiture.

## **V. Conclusion**

Counterfeit, infringing, and gray market goods present a huge challenge to trademark and copyright owners. Nonetheless, such owners can significantly improve their ability to prevent the importation of violative goods by knowing Customs procedures and working closely with Customs. Trademark and copyright owners can further such goal by doing the following:

### **A. Record Trademark and Copyright Registrations**

Trademark and copyright owners must ensure that they record their trademark and copyright registrations with Customs as soon as possible. Without doing so, Customs is unlikely to prevent the importation of violative goods. Once registrations are recorded, trademark and copyright owners should monitor Customs' online Intellectual Property Rights Search system to determine the accuracy of their recordations.

### **B. Inform and Educate Customs**

When trademark and copyright owners are aware of, or suspect, importation of violative goods, they should meet with Customs officials and provide them with as much information as possible regarding the importation of such goods. As a corollary, trademark and copyright owners should engage in a Customs education campaign to provide inspectors at ports of entry specific examples of authentic and infringing goods and methods of distinguishing the same.

### **C. Know Customs Enforcement Procedures**

Once Customs has determined that imported goods violate (or potentially violate) trademark or copyright laws, trademark and copyright owners should be prepared to respond to Customs notices and to navigate the Customs' enforcement regime. This requires becoming familiar with trademark and copyright laws regarding importation, sections of the Tariff Act addressing imports of goods violating trademark and copyright laws, and related Customs regulations.

Obviously, Customs does not provide a panacea for illegal counterfeit, infringing, and gray market goods importation. Trademark and copyright owners should explore other means of enforcement, such as pursuing enforcement via federal court litigation and International Trade Commission proceedings. But, by engaging in the above activities, trademark and copyright owners will increase Customs' ability to effectively curtail the importation of goods that violate rights in their valuable trademarks and copyrights.