

**Question Q208**



**National Group:** United States

**Title:** Border Measures and other means of Customs Intervention against Infringers

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**SUMMARY:**

The extensive border measures utilized in the United States exist in response to import/export needs and available enforcement resources. There are these basic methods for an intellectual property owner to stop importation. In addition, there are certain governmental actions to stop importation.

The United States International Trade Commission ("ITC") has been given primary responsibility for deciding matters of infringement between parties and the U.S. Customs and trade officials are authorized to carry out the orders of the ITC regarding specific infringement matters. In addition, the owner of trademarks and copyrights can deposit the trademark or copyright registrations at customs which will stop importation of clearly infringing goods when it is aware of such importation. Lastly, in an infringement action before the courts, the court has the power to enjoin importation of infringing goods.

As to proposals for uniform rules, it is our opinion that there are basic principles and guidelines that should apply to any country; at a minimum, each country should draft legislation that designates or creates a judicial or administrative body responsible for determining the rights of parties and issuing clear orders for customs officials to enforce. Where the infringement is obvious (i.e. counterfeit goods infringing on a registered trademark), customs should have the authority and freedom to seize and destroy the goods after a simplified notice to the owner. Where the infringement is more complex (i.e. patent issues or unfair competition), the parties should be able to litigate the issues at the appropriate legal body after receiving appropriate notice of the matter. In any case, all orders from the legal body to customs should be carefully drafted to provide specific instructions on how to act. Each country should have the flexibility to establish a system for border measures that addresses the particular needs and resources of the country while meeting some basic defined standards of enforcement and, ideally, coordinating efforts with partner jurisdictions.

## I. Analysis of current law and case law

**QUESTION 1. Do the laws of your country provide for border measures? If so, what is the legal basis?**

### **RESPONSE:**

U.S. laws provide for border measures, which have the following statutory bases:

For trademarks and unfair competition, see 15 U.S.C. Section 1124. For patents, see 35 U.S.C. Section 271. For copyrights, see 17 U.S.C. Section 602. Under these provisions, a court in an infringement action can enjoin the importation of infringing goods or goods whose sale constitutes unfair competition.

For civil administrative remedies, namely, the detention, seizure and forfeiture of merchandise, the legal basis under U.S. Customs laws is 19 U.S.C. Sections 1526 and 1595a. The regulations that control United States Customs and Border Protection (“CBP” or “U.S. Customs”) are found in 19 C.F.R. Section 133, which deals with trademarks, trade names and copyrights (see [http://www.customs.gov/xp/cgov/trade/legal/summary\\_laws\\_enforced/](http://www.customs.gov/xp/cgov/trade/legal/summary_laws_enforced/)).

For criminal IPR enforcement, the Department of Homeland Security’s Bureau of Immigration and Customs Enforcement deals with such matters. It enforces the Anti-Counterfeiting Consumer Protection Act of 1996 under 19 U.S.C. Sections 1431, 1484 and 1526 as well as the provisions in 18 U.S.C. Section 2318 which deal with trafficking in counterfeit phonorecord labels, copies of motion pictures and other audiovisual works. Additionally, the provisions of 18 U.S.C. Section 2319A which deal with counterfeit recordings and 18 U.S.C. Section 2320 which prohibits trafficking of counterfeit goods and services are enforced. The U.S. Customs & Border Protection (CBP), a bureau of the Department of Homeland Security, maintains a trademark and copyright recordation system for marks registered at the United States Patent and Trademark Office or the United States Copyright Office. In October 2005, the CBP released the Intellectual Property Rights e-Recordation (IPRR) system, which allows right holders to electronically file IPR recordation applications.

The authority of the CBP in this regard is derived from 19 C.F.R. § 133 et seq., which provides for the recordation of trademarks, trade names, and copyrights with the CBP and sets forth the procedures governing disposition of articles bearing marks, names, or copyrights. Inspection, search and seizure procedures are governed under 19 C.F.R. § 162 et seq.. Generally speaking, under 19 C.F.R. § 162.21, any Customs officer who has reasonable cause to believe that an item is infringing has authority to seize that item.

Other relevant provisions include the following:

### **15 U.S.C. §§ 1051-1127 - Lanham Trade-Mark Act**

This Act provides for the registration and enforcement of trademarks. Section 1124 prohibits the entry of merchandise that copies or simulates trade names or registered trademarks or contains false designations of origin. Section 1125 prohibits the

importation of goods bearing false designations of origin or false descriptions. 19 C.F.R. Part 133 (2005).

**17 U.S.C. §§ 101-120 - Copyright Acts**

This Act which prohibits or restricts the importation of certain copyrighted works. 37 C.F.R. Part 201 (2005); 19 C.F.R. §§ 133.31-133.53 (2005). See also 18 U.S.C. § 2319 for criminal penalty provisions relating to violations of 17 U.S.C. § 506(a).

**18 U.S.C. § 2319 - Criminal Infringement of a Copyright**

This provision concerns copyright infringement.

**19 U.S.C. § 1337 - Unfair Trade Practices - Tariff Act of 1930**

The ITC has jurisdiction over unfair trade practices, including patent infringement and trademark infringement. The ITC, located in Washington D.C., is an independent, quasi-judicial federal agency with jurisdiction under Section 337 of the Tariff Act to investigate claims that the importation of goods into the United States constitutes an unfair method of competition. 19 U.S.C. § 1337. Unfair methods of competition include the importation, sale for importation, or sale within the United States after importation of articles that infringe a valid and enforceable U.S. intellectual property right, including U.S. trademark, copyright, patent, mask work or design. 19 U.S.C. §1337(a). Actions before the ITC are inter partes and have many aspects in common with federal district court actions. However, there are significant differences that make the choice of this forum unique. One notable difference is that, while U.S. district courts must have personal jurisdiction over the parties, the ITC's jurisdiction is in rem over the actual goods, making the choice of this forum convenient when personal jurisdiction over one or more entities responsible for the importation of the infringing goods is difficult to establish. Two other notable differences are that ITC investigations do not include jury trials and that the judges presiding over these investigations are administrative law judges having an expertise in intellectual property rights.

**QUESTION 2. Do the laws of your country provide for other measures of customs intervention against infringers? If so, which ones and what is the legal basis?**

**RESPONSE:**

Intellectual property rights owners may seek and obtain a permanent injunction against an alleged infringer if the owner prevails on such a claim in court. As an alternative, owners may file a complaint before the ITC, which is a quasi-judicial governmental agency that is empowered under Section 337 of the Tariff Act of 1930 to combat unfair import trade practices and to enforce U.S. Intellectual Property rights at the border. Section 337 permits the ITC to issue an exclusion order directing Customs to prevent entry of infringing products into the United States. Section 337 also permits the ITC to issue cease and desist orders to stop the use and sale of infringing products that have already made it into the U.S. market.

Owners of trademark and copyright registrations may also deposit those registrations at Customs which will bar imports of infringing goods of which Customs is aware.

U.S. laws also provide a multitude of measures of customs intervention, with a variety of differing bases. The following provisions are enforced by CBP (see [http://www.customs.gov/xp/cgov/trade/legal/summary\\_laws\\_enforced/](http://www.customs.gov/xp/cgov/trade/legal/summary_laws_enforced/)):

**7 U.S.C. § 2541 - Plant Variety Protection Act**

This section provides that it shall be unlawful to import or export a novel variety of plants if it has been registered by the owner.

**15 U.S.C. §§ 68-68j - Wool Products Labeling Act of 1939**

These provisions prohibit false or deceptive labeling (misbranding) of wool products. Section 68f requires all wool products imported into the U.S. to be labeled in accordance with requirements set forth in the law. That information is also required to be in the invoices provided at the time of importation. 19 C.F.R. § 11.12 (2005) requires labeling of wool products to indicate fiber content. 16 C.F.R. Part 300 (2005).

**15 U.S.C. §§ 69-69j - Fur Products Labeling Act**

These provisions prohibit false or deceptive labeling (misbranding) and false advertising of fur products. Section 69d requires all fur products imported into the U.S. to be labeled in accordance with the requirements set forth in the law. That information is also required to be in the invoices provided at the time of importation. 19 C.F.R. § 11.12a (2005) requires labeling of fur products to indicate composition. 16 C.F.R. Part 301 (2005).

**15 U.S.C. §§ 70-77 - Textile Fiber Products Identification Act**

These provisions prohibit false or deceptive labeling (misbranding) and false advertising of any textile fiber products. Section 70(g) requires all textile fiber products imported into the U.S. to be labeled in accordance with the requirements set forth in the law. That information is also required to be in the invoices provided for importation. 19 C.F.R. § 11.12b (2005) provides for labeling textile fiber products. 16 C.F.R. Part 303 (2005).

**15 U.S.C. §§ 1331-1340 - Federal Cigarette Labeling and Advertising Act**

CBP assists in the enforcement of this Act, which prohibits the manufacture, importation, or package for sale within the United States of any cigarettes that fail to bear the Surgeon General warning label. Cigarettes for export are exempt from the labeling requirement.

**15 U.S.C. §§ 1451-1461 - Fair Packaging and Labeling Act**

This Act prohibits the unfair and deceptive packaging and labeling of consumer commodities and provides the Secretary of HHS and the FTC with authority to promulgate regulations concerning labeling requirements, provides that, for imports, the CBP will enforce those regulations. See 21 C.F.R. Part 101, Part 701 (2005); 16 C.F.R. § 500 (2005).

**15 U.S.C. §§ 2101-2106 - Hobby Protection Act**

CBP enforces import restrictions under this Act, which prohibits the manufacture or importation of political items, coins and other numismatic items which do not meet specified marking requirements. See 16 C.F.R. §§ 304.1-304.6 (2005).

**17 U.S.C. §§ 901-914 - Semiconductor Chip Production Act of 1984**

This Act excludes articles that infringe the rights of mask work owners.

**17 U.S.C. §§ 1301-1328 – Protection of Original Designs**

This Act prohibits the importation of an original design or useful article without the designer's consent once he has registered it with the Copyright Office, Library of Congress.

**18 U.S.C. § 2311 note - Anticounterfeiting Consumer Protection Act of 1996**

CBP enforces these provisions under 19 U.S.C. §§ 1431, 1484, and 1526

**18 U.S.C. § 2318 - Trafficking in Counterfeit Labels**

CBP aids in the enforcement of these provisions regarding counterfeit phonorecord labels, copies of motion pictures and other audiovisual works.

**18 U.S.C. § 2319A - Counterfeit Recordings**

These provisions concern counterfeit "pirate" recordings and videos.

**18 U.S.C. § 2320 - Trafficking in Counterfeit Goods or Services**

This statute prohibits trafficking of counterfeit goods or services.

**19 U.S.C. §§ 1431, 1484, 1526 - Anticounterfeiting Consumer Protection Act of 1996**

CBP enforces the provisions of this act. See also 18 U.S.C. § 2311 note.

**21 U.S.C. §§ 301-394 - Federal Food, Drug and Cosmetic Act**

This Act prohibits deceptive practices and regulates the manufacture, sale and importation or exportation of food, drugs and cosmetics. See 21 U.S.C. §§ 331, 381, 382. CBP enforces the regulations of the Secretary of Health and Human Services and the Secretary of the Treasury by regulating the release of the foregoing products and/or their exportation. See 19 C.F.R. Part 12 (2005); 21 C.F.R. §§ 1.83-1.99 (2005). See also MOU between FDA and Customs Service, October 1, 1980.

**21 U.S.C. §§ 601-624 - Federal Meat Inspection Act**

This Act provides standards for inspection, packaging and sale of meat and meat products and prohibits the importation of adulterated, misbranded or improperly slaughtered meat. CBP enforces the prohibition against the importation of such products in violation of the regulations of the Department of Agriculture and the prohibition against the clearance of vessels carrying cattle and other animals without an inspector's certificate. See 19 C.F.R. §§ 12.8-12.9 (2005); 19 U.S.C. § 1306; 9 C.F.R. Part 327 (2005).

**31 C.F.R. Part 401 (2005) - Seizure and Forfeiture of Vessels, Vehicles and Aircraft used to Transport Counterfeit Coins, Obligations, and Paraphernalia**

These regulations authorize and designate the District Director of CBP to hold in custody vessels, vehicles and aircraft used to violate 49 U.S.C. § 781 and seized by the U.S. Secret Service officers engaged in enforcement of counterfeit laws.

**35 U.S.C. §§ 154, 271 - Process Patent Amendments Act of 1988**

This Act gives owners of patented processes the right to exclude others from using or selling throughout the United States, or importing into the United States, products

made by that process. Available remedies include monetary damages and injunctive relief. The amendments specify that the patent owner shall not be deprived of any other remedies available under 35 U.S.C. §§ 271 (a) through (f) or under § 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, or any other provision of law. If the ITC determines that 19 U.S.C. § 1337 pertaining to unfair methods of competition and unfair trade practices has been violated, CBP may be directed to exclude articles covered by that Agency's order. 19 C.F.R. § 12.39 (2005). 19 C.F.R. § 12.39a allows patent owners to request CBP to conduct an import survey.

#### **48 U.S.C. § 1643 - Import Provisions with Respect to Trade-Marks**

This provision exempts goods imported into the Virgin Islands from the application of 19 U.S.C. § 1526 and 15 U.S.C. § 1124, protection for registered American trademarks, but does not exempt goods exported from the Virgin Islands to the United States or its possessions from these statutory requirements.

**QUESTION 3.** Are border measures and other measures of customs intervention against (collectively referred to as "border measures") only available for pirated copyright and counterfeit trademark goods or also for goods infringing other IP rights? If so, for which types of IP rights are border measures available? Are border measures in particular available for goods infringing patents, plant variety rights, common law marks, unregistered design rights, or geographic indications? Is actual registration of the IP rights required or is an application to register sufficient? Does unfair competition, passing off or the like give rise to border measures?

#### **RESPONSE:**

In addition to border measures for pirated copyright and trademarked goods, the United States provides for a wide variety of border measures for IP rights, including Trade names (See 19 C.F.R Sections 133.11 through 133.15), Confusingly similar trademarks (See 19 C.F.R Section 133.22) and Parallel imports of goods that are materially different from those the trademark owner sells in the U.S. [See 19 C.F.R Section 133.23(a)(3)]. No prior registration of trade names is necessary. Prior registration of trademarks and copyrights is required. Additionally, a trademark must be registered on the Principal Register to be enforced for border measures. See 19 C.F.R. Section 133.1(a).

There are no border measures available for plant variety rights unless they are patented and an exclusionary order has issued under 19 U.S.C. Section 1337, nor are there border measures for common law marks, unregistered design rights or geographic indications.

Parts B, C, and E of Section 337 of the Tariff Act of 1930 grant the ITC authority to enforce border measures in cases of valid and enforceable United States patent, a valid and enforceable United States copyright, a valid and enforceable United States trademark, and a valid and enforceable design protected under chapter 13 of title 17 (design patents). For patent and copyright, actual registration of the IP rights is

required. However, depending on the type of trademark right being asserted, registration may not be required, as discussed below in Question 5.

Finally, the United States' border measure as it pertains to unfair competition or unfair acts related to importing goods into the United States falls under the Tariff Act of 1930, which is codified in 19 U.S.C. § 1337. The ITC possesses jurisdiction over unfair acts alleged by trade dress owners. The ITC conducts an investigation into the alleged unfair competition, and possesses the power to issue a limited or general exclusion order, and a cease and desist order. The ITC does not, however, have the power to order the payment of damages or order the offending goods seized and destroyed as the U.S. Customs can. Once the ITC issues an exclusion order (or cease and desist order), and it survives the Presidential Review Period, any party to the ITC investigation may appeal in the ITC decision to the United States Court of Appeals for the Federal Circuit.

**QUESTION 4. Are border measures available for parallel imported goods?**

**RESPONSE:**

“Restricted gray market articles”, as defined in 19 C.F.R. Section 113.23(a)(1)-(3), will be denied entry into the U.S. These are defined as foreign-made articles which bear a genuine trademark or trade name identical with or substantially indistinguishable from one owned and recorded by a citizen of the U.S. or a corporation or association created or organized within the U.S. and imported without the authorization of the U.S. owner. Such restricted gray market goods include:

A. Goods made by a licensee, including a manufacturer, that is independent of the U.S. owner;

B. Goods where the mark is applied under the authority of a foreign trademark owner or trade name owner other than the U.S. owner, a parent or subsidiary of the U.S. owner or a party subject to common ownership or control with the U.S. owner, from whom the U.S. owner obtained domestic title to the mark or to whom the U.S. owner sold foreign title to the mark;

C. Goods to which the mark is applied by the U.S. owner, a parent or subsidiary of the U.S. owner, or a party subject to common ownership or control with the U.S. owner, and which are physically and materially different from the goods authorized by the U.S. owner for importation or sale in the U.S. (See Lever Bros. Co. v. United States, 981 F.2d 1330 (D.C. Cir. 1993). However, if goods that are physically and materially different bear a label that remains on them until the first point of sale to a retail customer in the U.S. that states “[t]his product is not a product authorized by the United States trademark owner for importation and is physically and materially different from the authorized product” and such label is in close proximity to the trademark as it appears in its most prominent location on the article itself or the retail package or container, then such goods will be allowed into the U.S. 19 C.F.R. Section 133.23(b)

19 C.F.R. § 133.23 provides restrictive measures on the importation of “gray market” articles or parallel imported goods. Restrictive measures may be applied where the

articles are being imported without the authorization of the U.S. IP rights owner, or where the mark is applied to goods that Customs determines to be physically and materially different from the articles authorized by the U.S. IP rights owner for importation.

Parallel imported goods, or gray market goods, can be prohibited from importation into the United States pursuant to an exclusion order issued to U.S. Customs by the ITC. Additionally, the ITC can issue seizure and forfeiture orders as part of an exclusion order, directing U.S. Customs to seize the parallel imported goods that are subject to an exclusion order. 19 U.S.C. § 1337(i)(1). Finally, the ITC may issue cease and desist orders that direct an infringer to cease engaging in unfair methods or acts, including selling infringing imported goods out of existing inventory in the United States. 19 U.S.C. § 1337(f)(1). However, cease and desist orders are enforced by the ITC and not U.S. Customs. 19 U.S.C. §§ 1337(f)(1) – 1337(f)(2).

The holder of a registered or common law trademark seeking to stop the importation of gray market goods may file a complaint with the ITC, identifying the alleged infringing goods being imported and naming the proposed entities (referred to as “respondents”) who are importing the infringing goods. To prevail, the right holder must establish material differences from the branded products that are authorized for the U.S. market. Gamut Trading Co. v. U.S. Intern. Trade Com’n, 200 F.3d 775 (Fed. Cir. 1999).

**Are border measures available for goods contained in a traveller’s private luggage?**

Yes, an ITC exclusion order would be directed to stopping importation at ports of entry into the U.S., including airports through which airline passengers enter the U.S. Accordingly, enforcement of an ITC exclusion order can extend to a traveller’s private luggage and these items are subject to the same search and seizure rules.

19 C.F.R. § 162.6 indicates that all persons, baggage, and merchandise arriving in U.S. Customs from places outside of the United States are subject to search and inspection. Border measures are available for goods contained in a person’s private luggage. However, one article bearing a mark recorded with U.S. Customs accompanying a person arriving in the U.S. is exempt from being denied entry, provided that the person has not taken advantage of the exemption for the same type of article within the 30-day period immediately prior to his arrival in the U.S. . See 19 C.F.R. Section 148.55 (a), (b) and (c).

In practice, it would be substantially impossible for Customs to properly identify or target private luggage carrying goods that fall within the scope of an exclusion order.

**Are there any other goods excluded by your border measures legislation?**

Yes, as noted, the ITC has jurisdiction to investigate claims and issue exclusion or cease and desist orders regarding the infringement of any valid and enforceable U.S. intellectual property right, including U.S. trademark, copyright, patent, mask work or



design. 19 U.S.C. §1337(a). In addition to the intellectual property rights listed above and set forth in Section 337, the ITC's protection also extends to other valid and enforceable rights including, misappropriation of trade secrets or trade dress, passing off, false advertising, as well as geographic indications and plant variety rights.

See ITC website at: [http://www.usitc.gov/trade\\_remedy/int\\_prop/index.htm](http://www.usitc.gov/trade_remedy/int_prop/index.htm).

**QUESTION 5. Who is entitled to file an application for customs action?**

**RESPONSE:**

Under 19 C.F.R. § 133, the rights holder or an owner/assignee/licensee of the rights holder must record the trademark, copyright, or patent in the IPRR database referenced by Customs to catch potentially infringing articles.

At the ITC, the holder of an intellectual property right may file a complaint with the ITC for relief by way of an exclusion order or cease and desist order. In an ITC proceeding, the party initiating the investigation is referred to as the complainant and a defending party is known as the respondent. The complainant need not be a U.S. corporation or citizen.

To achieve standing at the ITC, the complainant must show ownership of an intellectual property right and infringement of that right. The complainant must also allege that the accused infringing articles were imported into the U.S., that there was a sale for importation into the U.S. or that a sale was made within the U.S. after importation. Additionally, a complainant must show that an industry in the U.S. relating to the articles protected by the asserted intellectual property right exists or is in the process of being established.

It should be noted that even if the complainant is successful in establishing a violation of Section 337, the ITC may not issue an exclusion order if such exclusion would have a negative effect upon the U.S. public health and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the U.S., or U.S. consumers. 19 U.S.C. 1337(d)(1).

**Is there a centralised system for managing multiple applications for customs action through a single contact point?**

The ITC [together with the CBP] serves as a single or centralized forum for intellectual property right holders to bring an action seeking relief from methods of unfair competition or unfair acts in the importation of articles into the U.S.

If the ITC finds that there is such unfair competition or unfair acts, as relief, the ITC may issue a "limited" or "general" exclusion order to be enforced by CPB. A limited exclusion order directs U.S. Customs to exclude infringing articles that are being imported from a specific entity who was a respondent to the investigation. See Section 337(d)(1).

A general exclusion order, on the other hand, is directed to all infringing goods, regardless of origination or source, falling into a certain description set forth in the exclusion order. Accordingly, the general exclusion order relief provides a right holder with increased leverage from a single action in one forum for protecting its intellectual property rights.

While in most cases the ITC will issue a limited exclusion order, if requested by the right holder and if supported by the facts, the ITC may agree to issue a general exclusion order when it is difficult for the origin of the goods to be determined. Pursuant to 19 U.S.C. § 1337(d)(2), in order to obtain a general exclusion order, the right holder must show that: (1) a general exclusion order is necessary to prevent circumvention of a limited exclusion order; and (2) there is a pattern of violation of the statute and it is difficult to identify the source of the infringing products. Usually, a general exclusion order is issued where there is a pattern of infringing products being imported into the U.S. from multiple sources.

Also, as part of an exclusion order, the Commission may also issue seizure and forfeiture orders, which grant CPB the authority to seize imported goods instead of merely denying infringing goods entry into the U.S. and exporting the goods back to its originating country. 19 U.S.C. §§ 1337(f)(1) – 1337(f)(2).

In addition to the ITC, the National Intellectual Property Rights Coordination Center (IPR Center) has been the federal government's central point of contact in the fight against IPR violators and the flow of counterfeit goods into the commerce of the United States since 2000. The new center in Northern Virginia is the high-tech home of a partnership between government, private industry and law enforcement communities. (See:

<http://www.ipo.org/AM/Template.cfm?Section=Home&Template=/CM/ContentDisplay.cfm&ContentFileID=55172>

<<http://www.ipo.org/AM/Template.cfm?Section=Home&Template=/CM/ContentDisplay.cfm&ContentFileID=55172>> )

**What are the conditions for border measures? In particular, what level of evidence for alleged infringement and other information is required by customs authorities regarding the application for customs action?**

To prevail in an ITC action, the right holder has the burden of demonstrating, *inter alia*: (a) the existence of a domestic industry, (b) infringement of an intellectual property right by an imported good, and (c) injury or threatened injury to the U.S. industry by the act of infringement, all by a preponderance of the evidence. Preponderance of the evidence is evidence establishing that it is more likely than not that a specific fact is proved. (Analogizing to a balance, evidence that tips the scale slightly to the side of the proponent of a fact, is a preponderance of the evidence.)

To demonstrate the existence of a domestic industry, the right holder must show with respect to articles protected by intellectual property right: (a) significant investment in plant and equipment; (b) significant employment of labor or capital; or (c) substantial investment in its exploitation, including engineering, research and development, or licensing. 19 U.S.C. §1337(a)(3).

The kind of evidence for demonstrating infringement depends on the type of right being infringed. In particular, owners of trademark rights, copyrights and patent rights must each set forth certain evidence to establish infringement of their respective rights as further discussed below.

To prevail in a trademark case before the ITC, the trademark holder must prove: (1) the importation into the U.S., the sale for importation, or the sale within the U.S. after importation of the goods infringing a valid trademark; and (2) the presence of an industry relating to the trademark “exists or is in the process of being established.” See 19 U.S.C. §§ 1337(a)(1)(C) and 1337(a)(2). Additionally, to establish trademark infringement, the ITC requires the trademark holder to prove likelihood of confusion as set forth in Section 729 of the Restatement of Torts. With respect to proving infringement of a unregistered trade dress, in addition to items (1) and (2) above, the right holder must establish that the trade dress is non-functional and, in most instances, show secondary meaning.

To establish copyright infringement at the ITC, the right holder must: (1) prove the importation into the U.S., the sale for importation, or the sale within the U.S. after importation of the goods infringing a valid copyright; (2) the copyright is valid and registered; and (3) demonstrate that an industry relating to the copyright “exists or is in the process of being established.” See 19 U.S.C. §§ 1337(a)(1)(B)(i) and 1337(a)(2). The standard that copyright holders must use to prove infringement is the substantial similarity test.

As already noted, the holder of a trademark right seeking to stop the importation of gray market goods must additionally establish material differences from the branded products that are authorized for the U.S. market. Gamut Trading Co. v. U.S. Intern. Trade Com’n, 200 F.3d 775 (Fed. Cir. 1999).

To establish patent infringement at the ITC, the right holder must demonstrate that the sale for importation or sale within the U.S. after importation of the good: (1) infringes a valid and enforceable U.S. patent and (2) that an industry relating to the patent “exists or is in the process of being established.” See 19 U.S.C. §§ 1337(a)(1)(B)(i)-(ii) and 1337(a)(2). The patent owner can establish patent infringement by showing: (i) direct infringement, (ii) indirect infringement, (iii) contributory infringement, (iv) literal infringement, and/or (v) infringement through the doctrine of equivalents.

The above evidence is introduced and argued by way of a streamlined litigation before one of six Administrative Law Judges (“ALJ”) at the ITC, including an in person hearing, which is essentially in the form of a bench (non-jury) trial. After the conclusion of the hearing, the ALJ issues a decision, called the Initial Determination (“ID”). If the evidence demonstrates to the satisfaction of the ALJ that there is unfair competition or acts of importation, the ALJ may issue an ID recommending that the ITC issue an exclusion order. The ITC can either approve or disapprove the ALJ’s ID, and has the authority to either deny or grant any recommended exclusion order by the ALJ. If the ITC approves the ALJ’s ID and recommendation to issue an exclusion order, the President of the U.S. has sixty (60) days (known as the Presidential Review Period) to overturn the ITC’s decision. Any party to the ITC investigation can appeal a final decision to the Federal Circuit, which has the authority to revoke any exclusion order.

**To which extent are customs authorities willing to receive training by the right holder?**

CPB authorities are very willing to receive training by the right holder. In fact, Customs encourages right holders to assist the Intellectual Property Rights Branch at U.S. Customs (“IPR Branch”) in identifying goods covered by an exclusion order, so that the IPR Branch can then disseminate this information to custom officials at the port entries. See, e.g., Press Release, U.S. Customs and Border Prot., U.S. Customs & Border Prot. and U.S. Golf Mfrs. Anti-Counterfeiting Working Group Host Press Conference During the PGA Championship, (Aug. 17, 2006), [http://www.cbp.gov/xp/cgov/newsroom/news\\_releases/archives/2006\\_news\\_releases/082006/08172006\\_3.xml](http://www.cbp.gov/xp/cgov/newsroom/news_releases/archives/2006_news_releases/082006/08172006_3.xml).

In a pamphlet published by Customs regarding the protection of intellectual property rights, under the heading, “IMPORTANT – Help Customs Help You”, Customs instructs exclusion order holders to be proactive in enforcing their exclusion order:

“If your intellectual property is the subject of an ITC exclusion order or of a Customs recordation, **you must help us to help you**. It has long been Customs’ experience that industrial intelligence gathered by parties-in-interest is a powerful tool in aiding us to properly muster our resources to detect and deter violative importations. **To merely rely on the fact of recordation or the existence of an ITC exclusion order is not enough**. You are in the marketplace; tell us what you find there so that we can focus our enforcement efforts on today’s real threats.”

U.S. Customs and Protection of Intellectual Property Rights, Customs Publ. No. 549, p. 4 (Revised April 1995) (emphasis added).

**Do customs authorities generally require the provision of a security to protect the owner, holder or importer of the allegedly infringing goods? If so, will such security depend on the type of IP rights?**

U.S. Customs’ duties are directed by the instructions as set forth in the exclusion order issued by the ITC. Customs Directive No. 2310-006A, December 16, 1999 (reviewed December 2001), Section 4, “Enforcement”. During the Presidential Review Period (the 60-day period after the ITC issues its Final Determination, when the President of the United States can exercise the option to overturn the ITC’s decision), if an alleged infringing importer wishes to continue importing the goods subject to the exclusion order into the U.S., the alleged infringing importer must post a bond to do so, if so stated in the exclusion order. Customs Directive No. 2310-006A, December 16, 1999 (reviewed December 2001), Section 3.2, “Background”. Most exclusion orders have such provisions for a bond requirement. This bond is collected by Customs. *Id.* The requirements for the amount of the bond are set forth in the exclusion order and generally are equal to the amount of 100 percent of entered value per unit, pursuant to subsection (j) of 19 U.S.C. § 1337. The amount of the bond does not depend on the type of intellectual property right, but must be sufficient to protect the right holder from injury.

Additionally, with respect to a pending action at the ITC, the complainant can petition for the ITC to issue, and Customs to enforce, a temporary exclusion order (“TEO”). During the time that the TEO is pending, the ITC may require that the Complainant post a bond as a prerequisite to the issuance of a TEO. If the ITC later finds the respondent(s) have not violated the provisions of Section 337, the bond may be forfeited to the respondents. See Section 337(e)(2).

**May the customs authorities take ex officio measures? If so, what is the practical relevance of ex officio action in your country? Are customs authorities liable in case of wrongful ex officio detention?**

No, with respect to ITC investigations, U.S. Customs may not take *ex officio* measures to detain, seize or forfeit goods that are not subject to an exclusion order issued by the ITC. On the other hand, with respect to enforcement of trademark rights and copyrights, there are other mechanisms for enforcing these rights directly with Customs and without going through the ITC to obtain an exclusion order. However, exclusion orders, as well as seizure and forfeiture orders, are the only means by which U.S. Customs may enforce patents. Nat’l Intellectual Prop. Law Enforcement Coordination Council, Report to the President and Congress on Coordination of Intellectual Property Enforcement and Protection 144 (2006) (“[Customs] has no legal authority to make patent infringement determinations, but does have the authority to exclude from entry imported goods which the [ITC] has determined infringe a valid and enforceable U.S. patent.”).

However, under 19 C.F.R. § 162.21, any Customs officer who has reasonable cause to believe that an item is infringing has authority to seize that item. Customs may disclose to the owner of the trademark or trade name any information necessary to aid in determining whether an imported article bears an infringing trademark or trade name. Customs may also provide a sample of the suspect merchandise to the owner of the trademark or trade name for examination or testing for the purposes of assessing infringement.

**QUESTION 6. Are customs authorities properly equipped to identify goods which infringe patents, plant variety rights, common law marks, unregistered design rights, geographic indications or the like?**

**RESPONSE:**

CPB is not adequately equipped to identify on its own goods that infringe patents that are the subject of an ITC issued exclusion order. (See response to Question 5(d) above.)

In order to identify whether imported goods may be subject to an exclusion order, U.S. Customs often must physically examine the goods in the shipments. Of course, not all goods being imported in the U.S. can be inspected. The volume of incoming persons and goods being imported into the U.S. is incredibly large. Because of the volume of goods coming into the U.S. daily, Customs utilizes various methods, both computer-based and manual targeting, to help identify shipments that may possibly

contain goods subject to ITC exclusion orders. See IPR Branch of Customs at: [http://cbp.gov/xp/cgov/trade/priority\\_trade/ipr/overview\\_ipr.xml](http://cbp.gov/xp/cgov/trade/priority_trade/ipr/overview_ipr.xml). However, even with such best efforts, U.S. Customs can benefit greatly from intelligence from those in the marketplace to target goods falling within an exclusion order.

Once a shipment is identified, U.S. Customs may need to physically examine the imported goods to determine whether the goods fall within the scope of an exclusion order. Due to the nature of the subject matter of exclusion orders, mere observation of the goods or shipment documents accompanying the goods is often not satisfactory. Physical examination may include laboratory analysis or physical testing and evaluation. Customs Directive No. 2310-006A, December 16, 1999 (reviewed December 2001), Sections 4.1 and 4.1.1 "Enforcement". See also IPR Branch of Customs at: [http://cbp.gov/xp/cgov/trade/priority\\_trade/ipr/overview\\_ipr.xml](http://cbp.gov/xp/cgov/trade/priority_trade/ipr/overview_ipr.xml).

Although it does not appear that plant variety rights have been the subject of an actual ITC investigation, and such rights are not explicitly listed in Section 337, it is presumed that any protected right which is being unfairly competed against by the importation of goods and that affects a U.S. industry would be protected under Section 337. See ITC website at: [http://www.usitc.gov/trade\\_remedy/int\\_prop/index.htm](http://www.usitc.gov/trade_remedy/int_prop/index.htm).

Similarly, geographic indications are not explicitly set forth in Section 337 as possible unfair acts and methods which would fall under the jurisdiction of the ITC, although such an investigation has been successfully brought before the ITC. See Certain Nut Jewelry and Parts Thereof, ITC Inv. No. 337-TA-229, Final Determination (November 1986).

Customs will enforce an ITC exclusion order involving all such rights, including plant variety, geographic indications, common law marks and unregistered designs, in a manner similar to the exclusion orders issued in cases involving registered IP rights.

**QUESTION 7. Is only the right-holder or also the owner, holder or importer of the allegedly infringing goods notified once the customs authorities detain goods?**

**RESPONSE:**

**ITC Actions:** When the alleged importation involves goods which are subject to an ITC exclusion order, U.S. Customs sends written notification of the exclusion to the importer. Copies of the letter are also sent to the IPR Branch at U.S. Customs and the ITC Commission's Office of General Counsel. See Customs Directive No. 2310-006A, December 16, 1999, reviewed December 2001, "Exclusion Orders", Sections 4.1.3, 4.1.4, 4.1.4.1, and 4.1.4.2. The notification states that the importer must export the excluded goods within thirty (30) days and that any future attempt to import the excluded goods could result in the goods being seized and forfeited. See Customs Directive No. 2310-006A., Appendix, Sample letter to importer.

Under current rules, laws and regulations, the rights holder (i.e. the ITC complainant, and holder of the patent right, trademark right or copyright holder) is not notified by

U.S. Customs when there is an attempt to import infringing goods. The only option for exclusion order holders to obtain such information is to make a request under the Freedom of Information Act (FOIA). Freedom of Information Act, 5 U.S.C. § 552 (2006). However, there are many problems related to obtaining information under FOIA, and even Customs has admitted that such procedures for exclusion order holders is “haphazard,” “lengthy” and “cumbersome”. 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250. See also U.S. Customs and Border Prot., FOIA Reference Guide, § IX (2008), available at [http://www.cbp.gov/xp/cgov/admin/fl/foia/making\\_a\\_request/reference\\_guide.xml](http://www.cbp.gov/xp/cgov/admin/fl/foia/making_a_request/reference_guide.xml).

On the other hand, when the goods are further subject to a seizure and forfeiture order issued by the ITC, in addition to the importer, U.S. Customs sends a copy of the order to the rights holder.<sup>19</sup> C.F.R. § 12.39(c)(3) (2008). The seizure and forfeiture order is against the importer whose goods were excluded from entry. 19 C.F.R. § 12.39(c)(5). Because the order is only against the importer, violators may attempt to avoid penalty and forfeiture by using a different name for each shipment or using third parties, such as customs brokers or freight forwarders, to import the goods and try to circumvent the order.

**Customs:** The owner of the trademark or trade-name (see 19 C.F.R. Section 133.25(b)) and copyright (see 19 C.F.R. Section 133.43(b)) is notified. The importer also is notified (see 19 C.F.R. Sections 133.25(a) and 133.43(a)). No other notifications are given. The alleged infringer, if different from the importer, will need to be notified by the importer.

**How can the alleged infringer obtain information about the status of border measures and what information is provided by customs authorities to the alleged infringer?**

**ITC Actions:** ITC investigations are inter parties proceedings. Therefore, if the alleged infringer is a respondent to an ITC investigation, the alleged infringer will receive notice from the ITC regarding the exclusion order and what the order covers. The alleged infringer will also obtain any seizure or forfeiture orders that have been issued against it.

Another way the alleged infringer can obtain information regarding any specific ITC exclusion orders is on the ITC and Customs websites. The ITC posts outstanding exclusion orders at:

<http://info.usitc.gov/sec/exclusion.nsf/72b1a4074ed08da7852567fd0064ad21?OpenView>.

All ITC exclusion orders are also published in The Federal Register which can be found on Customs website at:

[http://www.cbp.gov/xp/cgov/trade/legal/recent\\_federal\\_register\\_notices/](http://www.cbp.gov/xp/cgov/trade/legal/recent_federal_register_notices/).

Additional information can be obtained from the U.S. Customs website regarding the processes to follow for importing goods, and also for importers that are concerned that the goods they wish to import are infringing. These are called “Directives” and can be found at: <http://www.cbp.gov/xp/cgov/trade/legal/directives/>. The Directives

provide information on enforcing rights pertaining to trademarks, copyrights, and ITC exclusion orders. Still yet, Customs (IPR Branch) and the ITC (Commission's Assistant General Counsel for Section 337 Investigations) can both be contacted for additional information regarding importation of possibly infringing goods.

**Customs:** The procedures vary depending on whether the goods are "copying or simulating" trademarks or trade names, counterfeiting a trademark, or an unauthorized copy of a copyrighted item.

In the case of articles bearing counterfeit trademarks, the rights owner shall be notified within 30 days of the seizure and unless the rights owner provides written consent to importation, the merchandise shall be destroyed. (19 C.F.R. § 133.21).

In the case of articles copying or simulating trademarks or trade names, the importer shall be notified of any seizure within 5 days and the rights holder may be notified of the seizure and given a sample of the merchandise. (19 C.F.R. § 133.25).

In the case of articles infringing a copyright, the importer shall be notified that he has 30 days to submit a denial or else the articles will be destroyed and the rights holder may be notified and given a sample of the suspect merchandise (19 C.F.R. § 133.43).

**QUESTION 8. What happens after notification? Briefly describe the procedure following notification.**

**RESPONSE:**

The answer to this question varies depending upon the type of intellectual property (copyright, trademark or patent) involved.

***Copyright.***

**a. *Items That Customs Finds Infringe Copyrights***

If Customs determines that articles imported infringe a copyrighted work, or if the importer does not deny that the articles infringe a copyrighted work, Customs may seize the work and institute forfeiture proceedings. 19 C.F.R. § 133.42(c). If Customs seizes infringing materials, the port director must provide notice to the owner of the copyright within thirty (30) days.<sup>1</sup> 19 C.F.R. § 133.42(d). Samples of the infringing goods may be provided to the copyright holder for use in determining whether to pursue a civil action for infringement upon furnishing a bond in the form and amount specified by the port director. 19 C.F.R. § 133.42(e). Customs should also consider referring the matter to the U.S. Attorney for possible criminal prosecution. 19 C.F.R. § 133.42(f).

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<sup>1</sup> This notice must contain: 1) the date of importation; 2) the port of entry; 3) a description of the merchandise; 4) the quantity involved; 5) the name and address of the manufacturer; 6) the country of origin of the merchandise; 7) the name and address of the exporter; and 8) the name and address of the importer. 19 C.F.R. § 133.42(d).



Items seized as infringing are subject to forfeiture proceedings as specified in 19 C.F.R. § 171, *et seq.* These procedures allow an importer or one with an interest in the seized property to petition for relief thirty (30) days after the seizure occurs, including the seeking of an order that the violation supporting the seizure did not occur. See 19 C.F.R. § 171.11(b). There is no specific provision in the regulatory scheme allowing the copyright holder to participate in the forfeiture proceeding. Customs will not take any action on a petition for relief in a forfeiture proceeding after the case has been referred to the Department of Justice. 19 C.F.R. § 171.13(b).

***b. Items Customs Suspects Infringe Copyrights***

If Customs believes that an imported article infringes a recorded copyrighted work, Customs may withhold delivery, notify the importer of his action, and advise the importer that he or she “may file a statement denying that the article is in fact an infringing copy and alleging that the detention of the article will result in a material depreciation of its value, or a loss or damage” to them. 19 C.F.R. § 133.43(a). Absent receipt of such a statement within thirty (30) days of seizure, the suspected infringing items are considered infringing and therefore subject to seizure and forfeiture. 19 C.F.R. § 133.43(a). If the importer of the suspected infringing items files the statement described above, within thirty (30) days thereafter Customs must furnish to the copyright owner certain information about the suspected infringing goods (if available), including notice that the goods will be released to the importer unless the copyright holder submits a written demand for exclusion and posts a bond (to compensate the importer or owner of the goods if it is determined that the articles are not infringing).<sup>2</sup> 19 C.F.R. § 133.43(b). Samples of the infringing goods may be provided to the copyright holder for use in determining whether the article imported is infringing upon furnishing a bond in the form and amount specified by Customs. 19 C.F.R. § 133.43(c). If the copyright holder fails to file a demand for exclusion or bond, or if the copyright holder fails to present sufficient evidence or proof to substantiate a claim of infringement, Customs will release the goods in question and notify the copyright holder of the release. 19 C.F.R. § 133.43(d)(3).

There are two potential avenues through which to determine whether the items in question actually infringe a copyright.

Administrative Adjudication. If the copyright holder files a demand for exclusion and the required bond, Customs will notify the importer and copyright owner that, during a specified period not to exceed thirty (30) days, they may both submit any evidence, legal briefs or other pertinent material to substantiate their positions regarding infringement. 19 C.F.R. § 133.43(d). (The copyright holder has the burden of proof on infringement. *Id.*<sup>3</sup>) The materials each side submits are forwarded to the

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<sup>2</sup> The notice must contain: 1) the date of importation; 2) the port of entry; 3) a description of the merchandise; 4) the quantity involved; 5) the country of origin; 6) notice that the imported article will be released to the importer within 30 days unless the copyright holder files a) a written demand for exclusion of the article and b) a bond, in the form and amount specified by the port director.

<sup>3</sup> The parties are supposed to exchange their respective materials before submitting them to Customs. 19 C.F.R. § 133.43(d)(i). After the initial submission of their materials to Customs, the parties have an additional amount of time, not to exceed 30 days, in which to respond to the points raised by the other side. *Id.*

Customs & Border Patrol Headquarters, who decides the issue of infringement. 19 C.F.R. § 133.43(d)(ii). The decision is then provided to the local port director, who disseminates it to the importer and copyright holder. 19 C.F.R. § 133.43(d)(1)(ii).

Forfeiture proceedings apply to any items seized pursuant to the procedures specified above. Although, as noted, a petition for relief in a forfeiture proceeding may claim that the violation supporting the seizure has not occurred, the forfeiture regulations do not contain any provisions addressing the potential reconsideration of decisions made through an administrative adjudication.

Judicial Adjudication. Alternatively, the copyright holder may seek a court order enjoining the importation of the alleged infringing articles. 19 C.F.R. § 133.43(e). To obtain Customs enforcement of any injunction, the copyright holder must submit a certified copy of the injunction to the Commissioner of Customs, and pay a recordation fee if the copyright has not previously been registered with Customs. *Id.*<sup>4</sup>

## ***Trademark***

### ***a. Items Bearing Counterfeit Trademarks***

Customs may seize any goods bearing counterfeit trademarks. 19 C.F.R. § 133.21(b). Within thirty (30) days after seizure, Customs must disclose the seizure to the owner of the trademark along with other information regarding the merchandise. 19 C.F.R. § 133.21(c).<sup>5</sup> Samples of the merchandise seized are available to the trademark owner for use in determining whether to pursue a civil action upon the posting of a bond in the form and amount specified by Customs. 19 C.F.R. § 133.21(d). Unless the trademark owner consents to the importation of the goods within 30 days after notification of the seizure, Customs destroys the merchandise. 19 C.F.R. §§ 133.21(e) & 133.52(c).

Forfeiture proceedings as specified in 19 C.F.R. § 171, et seq. apply to items seized pursuant to this provision. As noted, a petition for relief filed in a forfeiture proceeding may seek a finding that the violation supporting the seizure did not in fact occur. See 19 C.F.R. § 171.11(b).

### ***b. Articles Bearing “Copying” or “Simulating” Trademarks.<sup>6</sup>***

Although articles bearing “copying” or “simulating” trademarks are presumptively denied entry (19 C.F.R. § 133.22(b)), the owner of the articles has thirty (30) days from the date Customs examines the articles to establish any of the following: 1) that

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<sup>4</sup> The copyright holder may also be required to provide photographic or other likenesses if the work is not readily identifiable by title and author. *Id.*

<sup>5</sup> The information consists of: 1) the date of importation; 2) the port of entry; 3) a description of the merchandise; 4) the quantity involved; 5) the name and address of the manufacturer; 6) the country of origin of the merchandise; 7) the name and address of the exporter; and 8) the name and address of the importer.

<sup>6</sup> Pursuant to 19 C.F.R. § 133.22(a) “[a] ‘copying or simulating’ trademark or trade name is one which may so resemble a recorded mark or name as to be likely to cause the public to associate the copying or simulating mark or name with the recorded mark or name.”

the objectionable mark may be removed or obliterated as a condition of entry; 2) that the merchandise is imported by the recordant of the trademark or trade name, or his or her designate; 3) that the recordant of the trademark has given written consent to the importation of the articles; or 4) that the articles of foreign manufacture bear a recorded trademark and a “one-item personal exemption” is claimed and allowed. 19 C.F.R. § 133.22(c). If the importer establishes any of these circumstances, Customs will release the articles. 19 C.F.R. § 133.22(e). If not, the articles are subject to forfeiture proceedings (discussed above). 19 C.F.R. § 133.22(f).

**c. Grey Market Articles.<sup>7</sup>**

The importer is notified of Customs’ decision to detain “Grey Market Articles” within 5 days of that decision. Within thirty (30) days after it has issued a notice of detention to the importer, Customs must provide certain information about the merchandise to the trademark holder. 19 C.F.R. § 133.25(b).<sup>8</sup> The trademark owner may obtain samples of the goods in question to assist in determining whether the article in question bears an infringing trademark or trade name. 19 C.F.R. § 133.25(c).

During the thirty (30) day period that Customs detains “Grey Market Articles”, the importer may establish any of the circumstances specified in 19 C.F.R. § 133.22(c) (quoted above) or 19 C.F.R. § 133.23(d) (which generally apply if there is common ownership of the foreign and U.S. marks, the merchandise in question is not physically and materially different from articles the U.S. mark owner has authorized for importation, or the articles are physically and materially different than those the U.S. owner has authorized for importation but bear a label indicating that the product is not authorized by the U.S. owner.) 19 C.F.R. § 133.23(d). If the importer establishes any of these circumstances, Customs will release the articles. 19 C.F.R. § 133.23(e). Otherwise, the articles are seized and subject to forfeiture proceedings (discussed above). 19 C.F.R. § 133.23(f).

**Patent**

As opposed to the situation for copyrights and trademarks, Customs does not make any determinations as to whether patent rights have been infringed by an imported item. (The difference is attributable to the complexity involved in determining infringement with respect to patents.) Generally, Customs only enforces exclusion orders by the ITC. See 19 U.S.C. § 1337(d).

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<sup>7</sup> “Restricted gray market articles” are defined as “foreign-made articles bearing a genuine trademark or trade name identical with or substantially indistinguishable from one owned and recorded by a citizen of the United States or a corporation or association created or organized within the United States and imported without the authorization of the U.S. owner.” 19 C.F.R. § 133.23(a).

<sup>8</sup> The notice following detention must contain: 1) the date of importation; 2) the port of entry; 3) a description of the merchandise; 4) the quantity involved; and 5) the country of origin. Customs may disclose any of this information to the trademark owner before detention. 19 C.F.R. § 133.25(b). Customs may disclose some or all of this information to the trademark holder even before a notice of detention has issued to assist the trademark holder in determining if a trademark is being infringed.

**Is the inspection of the allegedly infringing goods following notification usually carried out by the right holder or by an expert?**

***Copyright and Trademark***

After notification of allegedly infringing goods (see, generally, 19 C.F.R. §§ 133.25 & 133.43), the inspection of the goods is carried out by the rights holder, who may obtain samples of the allegedly infringing goods for this purpose. See 19 C.F.R. §§133.25(c) & 133.43(c). The rights holder may, of course, use his or her own expert in determining whether an article is infringing.

***Patent***

There appears to be no set protocol for inspections in the patent context.

**Does your border measures legislation provide for a simplified procedure allowing the destruction of goods without there being any need to determine whether IP rights have been infringed? If so, in what cases? Are samples of goods preserved for evidence purposes?**

***Copyright and Trademark***

In cases subject to administrative forfeiture, if no petition for relief is filed or claim and bond given pursuant to 19 U.S.C. § 1608, Customs may proceed to forfeit the merchandise, even without a formal finding that IP rights are infringed by the items in question. If no petition for relief from the forfeiture is filed, the items may be destroyed. There appears to be no legal provision requiring the maintenance of samples of goods in this situation. However, samples of the seized goods can be preserved by Customs for evidence purposes while contests against detention and/or seizure are still pending.

Additionally, an IP owner may, subject to the bond provisions discussed above, obtain a sample of the detained item bearing an allegedly infringing trademark or trade name, or is suspected of infringing upon a copyrighted work, but may do so only for testing and examination, and must return the item upon demand of Customs, unless the article has been damaged, lost or destroyed. See 19 C.F.R. Section 133.25(c) and 133.43(c).

A sample of an item that was seized because of a copyright infringement, may be obtained by the IP owner after seizure, for testing and examination, as well as for use in pursuit of a civil lawsuit for copyright infringement. See 19 C.F.R. Section 133.42(e).

***Patent***

No. Customs is only empowered to enforce orders that establish the infringement of patent rights.

**If proceedings must be issued to determine whether the goods infringe IP rights, are both civil and criminal proceedings available to determine infringement? What are the advantages and disadvantages of the respective proceedings?**

As noted above, Customs may refer to the U.S. Attorney situations in which the port officer has determined that the goods in question infringe copyrights. See 19 C.F.R. § 133.42(f). Although there is no similar specific provision for trademark violation, the referral of trademark violations to the U.S. Attorney also appears to be within the authority of Customs. Prior to seizure, however, there appears to be no formal mechanism through which Customs may elicit the involvement of the U.S. Attorney. It appears, however, that copyright and trademark holders may seek the U.S. Attorney's assistance even before a seizure occurs, though as a practical matter the U.S. Attorney may await action by Customs before doing anything.

As noted, Customs can only enforce patent rights after a determination that such rights have been infringed.

No criminal proceedings are available to determine infringement. However, if phonorecords or copies of motion pictures are imported bearing counterfeit U.S. labels, Customs "should consider" referring the violation to the U.S. Attorney, Department of Justice, for possible criminal prosecutions under "Piracy and Counterfeiting Amendments Act of 1982 (18 U.S.C. Section 2318). See 19 C.F.R. Section 133.42(f).

**What is the impact of a nullity action seeking to invalidate IP rights on the application for customs action?**

There appears to be no overt effect specified in the applicable statutes and regulations. The pendency of an action that might invalidate the IP rights in question may, though, be something that the port director may weigh in connection with a proceeding to determine whether IP rights are being infringed by the merchandise in question. See 19 C.F.R. § 133.43(d).

There is no effect upon U.S. Customs for a nullity action unless the action is successful. An attack on the IP owner's rights may be made in a civil litigation that contests the detention of articles by U.S. Customs. Holland v. C. & A. Import Corp., 8 F.Supp. 259 (S.D.N.Y. 1934).

Additionally, an importer who has goods detained by U.S. Customs may challenge the validity of the IP owner's alleged rights by a declaratory judgment action which seeks a preliminary injunction ordering the trademark owner to consent to the entry of the goods. Stuhlberg International Sales Co., Inc. v. John D. Brush and Co., Inc., 240 F.3d 832 (9th Cir. 2001).

**May customs authorities release goods suspected of infringing IP rights on provision of a security by the owner, holder or importer of such goods? If so, will such release depend on the type of IP rights?**

CPB does not appear to have any such authority absent an order issued by the ITC. If the ITC determines during a Section 337 investigation that there is reason to believe that IP rights may be infringed through the importation of certain articles, it may issue an order excluding those goods from entry. 19 U.S.C. § 1337(e)(1). The articles may, however, be imported during the pendency of the investigation upon the posting of a bond in an amount the ITC determines will be sufficient to protect the complainant from any injury. Id. Such release does not depend on the type of IP rights involved.

**QUESTION 9. If goods are found to infringe IP rights, may a right holder oppose:**  
**-exportation of infringing goods from your country;**  
**-infringing goods in transit;**  
**-placement of infringing goods in a free trade zone or free trade warehouse?**

**RESPONSE:**

These remedies do not appear to be explicitly covered by statute or regulation. They might, however, be the subject of an injunction issued in a civil action or an ITC order.

**QUESTION 10. If goods are found to infringe IP rights, do the judicial or customs authorities of your country generally order the destruction of the goods or do they have the authority to dispose of the goods outside commercial channels (e.g. to charity)?**

**RESPONSE:**

In some cases, U.S. Customs has the authority to dispose of the goods outside commercial channels. In general, U.S. Customs is the agency charged with carrying out the interception of infringing goods at the border. Typically, interception involves enforcement of an ITC exclusion order wherein the goods are denied entry and not seized by customs authorities.

With regard to counterfeit trademarks, 19 USCA §1526 provides that any goods bearing counterfeit trademarks imported into the United States “shall be seized and if the goods are not unsafe or a hazard and the Secretary has consent of the owner, the Secretary may obliterate the mark and dispose of the goods” by: (1) delivery to the federal, state or local government in need of the goods; or (2) by gift to such eleemosynary institutions that have a need for such goods; or (3) by sale at public auction unless a need exists as described in (1) or (2) above. 19 USCA §1526

("Merchandize Bearing American Trade-Marks"). There is no similar statutory provision for disposal of goods protected by patent or copyright rights.

In civil actions brought by complainants alleging infringement at the border, federal courts can order seizure of the goods and disposal by U.S. Customs.

**May the competent authorities also order the infringer to give the names of his accomplices, upstream or downstream in the channels of production and distribution?**

Maybe. The ITC has the power to order general exclusion orders which appears to contemplate that the ITC can obtain information regarding other possible infringers not named in the ITC complaint such as accomplices - upstream or downstream.

Specifically, 19 U.S.C. §1337(d)(2) gives the ITC authority to order exclusion from entry of articles in the United States to persons determined by the Commission to be violating this law (emphasis added) unless the Commission determines that:

- (A) a general exclusion from entry of articles is necessary to prevent circumvention of an exclusion order limited to products of named persons; or
- (B) there is a pattern of violation of this section and it is difficult to identify the source of infringing goods.

Exclusion orders against individuals named in an ITC complaint are referred to as limited exclusion orders. Exclusion orders against anyone importing the alleged infringing goods regardless of origin are referred to as general exclusion orders.

19 U.S.C. §1337(g)(2) provides that the ITC has authority to issue a general exclusion from entry of articles "regardless of the source or importer of the articles if the violation is established by "substantial, reliable, and probative evidence." Moreover, the regulations accompanying these statutory provisions provide powers to the ITC to require information. The regulations specifically provide that:

Whenever the Commission issues an exclusion order, the Commission may require any person to report facts available to the person that will help the Commission assist the U.S. Customs Service in determining whether and to what extent there is compliance with the order.

*Title 19 Rule 201.16 and Subpart I Sec 210.71.* The requirement to disclose information is the same with respect to the ITC's issuance of cease and desist orders.

The regulation further provides that the ITC may request the cooperation of any person in supplying it with information that will aid the ITC or U.S. Customs Service. *Id.*

While the statutory framework for ITC investigations and the accompanying regulations do not expressly provide that the ITC can order the identity of accomplices and the like, the language above does appear to allow the ITC broad powers to order the disclosure of information regarding the identities of upstream and downstream infringers in cases where the ITC issues a general exclusion order.

Note however, that in a recent case decided by the Court of Appeals for the Federal Circuit, the court indicated that the ITC had overstepped its authority by issuing a limited exclusion order which extended to downstream products. Kyocera Wireless Corp. v. International Trade Commission, 545 F.3d 1340 (Fed. Cir. 2008).

**QUESTION 11. May judicial or customs authorities order the applicant to pay the owner, holder or importer of goods appropriate compensation for any injury caused by wrongful detention? What is considered appropriate compensation and does it include attorney fees or other expenses?**

**RESPONSE:**

U.S. Customs has no authority to order such a payment. However, a U.S. court may order such a payment where a lawsuit has been commenced to prevent the forfeiture of allegedly infringing goods to Customs and Customs has seized the goods based upon wrongful information given by the IP rights holder. In such a case, the compensation would be the provable damage suffered by the importer arising from the seizure by Customs, and should include attorneys' fees and other related expenses.

For proceedings before the ITC, remedies are limited to (1) exclusion orders to stop the goods at the border; (2) cease and desist orders to order infringers not to attempt to enter the goods; and (3) seizure orders to seize goods that have been entered following the issuance of a cease and desist order. An award of damages is not an available remedy in these matters. However, 19 U.S.C. §1337(e)(1) provides that during an ITC investigation, allegedly infringing goods can enter the U.S. under a bond prescribed and in an amount determined by the ITC to be sufficient to protect the complainant from any injury. The statute provides that if the ITC later determines that the respondent has violated the statute by bringing in infringing goods, the bond may be forfeited to the complainant. The statute also provides for the imposition of civil penalties for violation of the ITC's cease and desist orders. However, neither the statute nor the regulations, provide guidance on how the proceeds for the civil penalties can be used. *19 U.S.C. §1337(f)*.

But what about damages to the respondent for the wrongful detention of its goods? In the event that a temporary cease and desist order is issued by the ITC in addition to an exclusion order, the ITC may require the complainant to post a bond in an amount determined by the ITC to be sufficient to protect the respondent from any injury. If the ITC later determines that the respondent has not violated the provisions of the law, the bond may be forfeited to the respondent. The statute gives the Commissioner broad discretion to decide on the amount of the bond and the forfeiture of the bond. *19 U.S.C. §1337(f)*.

In civil actions brought by complainants alleging infringement at the border, federal courts can order damages to the injured party including damages for lost profits, costs, and attorney's fees and costs.



## II. Proposals for adoption of uniform rules

**PROPOSAL 1. Do you think that the adoption of uniform rules and best practice of customs authorities in the area of border measures and better coordination between countries and at an international level are desirable to improve enforcement?**

### **RESPONSE:**

Yes, best practices, but not necessarily uniform rules. With respect to the adoption and implementation of border measures worldwide, a clear but general set of best practices would assist each country in identifying critical information and procedures that must be addressed to improve enforcement and protect the right holders. However, the differences between countries with respect to law, history, government, business, and culture would suggest that a uniform set of laws would be difficult to implement and enforce on a consistent basis. Developing countries with little experience in border protection may not be able to implement the same system and enforce strict border measures. Regardless, all countries should be required to implement a minimum set of border measures based on a set of best practices. For example, there should be guidelines for providing notice of action to right holders and to alleged infringers. In addition, best practices would suggest that some form of bond should be required of each party before an infringement is litigated. The specific language of the legislation implementing these particular procedures should be left to the legislative body of each country to allow sufficient flexibility.

**PROPOSAL 2. What should the scope of border measures be? Do you think that border measures should be available also for goods infringing IP rights for which your national law currently does not provide border measures? If so, which IP rights? Should unfair competition give rise to border measures? Which goods should be excluded by border measures legislation?**

### **RESPONSE:**

The scope of border measures depends significantly on the type of alleged infringement and the process under which customs is authorized to act. Border measures are most effective when applied in situations involving goods that are clearly infringing in a way so close to the trademark that they are counterfeit. In those counterfeiting cases, customs should be allowed to seize and destroy counterfeit goods according to a streamlined process (usually requiring simplified notice to the right holder and holder of the goods). For more complex cases where the alleged infringement is not obvious such as patent infringement or unfair competition, the parties should be required to litigate the matter at an appropriate legal body. Once the matter has been determined in a court, the prevailing party may then seek a court-ordered injunction or other specific order enforceable by customs officials. The concern is that customs officials are not equipped to handle infringement matters or issues that are more complex than clear counterfeit goods. At this time, border measures legislation should likely be applied to any goods related to which a party may acquire intellectual property rights.

**PROPOSAL 3. What rules should apply in relation to the lodging and processing of applications for customs action? Should there be a centralised system for managing multiple applications for customs action through a single contact point? Should there be uniform rules on the provision of information by the applicant? What should the required level of evidence for alleged infringement be? Should there be uniform rules on the provision of information by the customs authorities?**

**RESPONSE:**

First, any rules created to outline the application process for customs action should be drafted by and for each country, allowing the flexibility to address issues and obstacles specific to that country. Ideally, this process would be significantly improved by the creation of a centralised system in each country that coordinates multiple parties, multiple registered marks and multiple types of goods. A separate application should not be required for multiple products that involve the same infringer or the same trademark.

For counterfeit goods, the applicant should be required to provide information needed to establish a prima facie case for a claim of counterfeit goods. This information should include an identification of the intellectual property rights claimed by the rights holder and a sufficient description of the goods to allow a customs official to locate the goods and determine if the intellectual property has been infringed. The level of evidence required for customs to act related to counterfeit goods is simply a sworn statement from the rights holder that the rights holder has not authorized the use of the mark for the infringing goods in either the country of origin or country in which they are located.

For cases of infringement (as opposed to counterfeiting), the customs official would need a specific court order outlining the nature of the infringement and the particular action required. In these cases, the court would decide whether there is sufficient evidence to support infringement and justify action by customs officials. This would relieve customs officials of the burden of determining whether action is required and to what extent.

Once action is taken, customs authorities should be required to provide notice to the rights holder and the holder of the goods regarding the details of the action taken. This notice should include access to relevant documents and information (who, what, where, when) that would allow either party the opportunity to conduct an investigation or bring appropriate court action, if necessary to adequately protect its rights.

**PROPOSAL 4. What rules should apply in relation to the procedure following notification? Should there be a simplified procedure allowing the destruction of the goods without there being any need to determine whether IP rights have been infringed? Should there be uniform rules on the examination of the goods by the right holder, security and compensation in the case of wrongful detention of goods and disposal of infringing goods?**

**RESPONSE:**

In cases where a court has issued an injunction or specific order for customs action, the customs authorities should not be required to take significant action beyond the scope of the court order. In counterfeit goods cases where the goods are seized an application by the rights holder, both parties should be notified and required to post a bond before proceeding further. Also, both parties should have a limited (or supervised) right to examine or inspect the counterfeit goods prior to destruction. This might allow the right holder to better understand the nature of the goods for related investigations and may allow the holder of the goods to justify the use of the unauthorized marks. In some cases, an inspection of the counterfeit goods may identify related issues of infringement or unfair competition requiring further adjudication. Otherwise, for counterfeit goods, the process for the removal and destruction of these goods without further additional adjudication should be fairly simple. Considering the possibility that goods may be retained or destroyed wrongfully, there should be a provision for security and compensation. This should compensate rights holders in situations where the holder of the goods asserts a sham defense and should compensate the holder of the goods where non-counterfeit goods are accidentally destroyed.