

IP Enforcement by U.S. Customs and Border Protection

February 25, 2016

Chester Ferguson Law Center

By

Peter Quinter



Peter Quinter, Attorney

Customs & International Trade Law Group

GrayRobinson, P.A.

Mobile (954) 270-1864

Office (305) 416-6960

Peter.Quinter@Gray-Robinson.com

Skype: Peter.Quinter1

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New CBP Regulation for Suspected Counterfeit Merchandise



Peter Quinter

Finally, after years of debate, on April 24, 2012, CBP amended its regulations regarding the detention and seizure of suspected imported counterfeit merchandise. In my opinion, it provides a good balance between the rights of legitimate importers, and the need for CBP to examine, detain, and seize merchandise that violates the trademark rights of companies that have registered their trademarks with the U.S. Patent and Trademark Office and then recorded those trademarks with CBP. The interim rule is entitled "Disclosure of Information for Certain Intellectual Property Rights Enforced at the Border," and amends 19 CFR Parts 133 and 151.

In summary, here are the important changes:

1. Merchandise may be detained by CBP for up to 30 days from the date the merchandise is presented for examination to CBP.
2. The U.S. importer will receive written notification from CBP within 5 days of the detention of the merchandise by CBP.
3. The U.S. importer then has 7 days to establish to CBP's satisfaction that the detained merchandise is not counterfeit.
4. CBP may provide to the trademark owner, at any time, written notice of the date

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CBP Commissioner Kerlikowske Comments
on April 21, 2015

Trade Enforcement

“Even before my confirmation as Commissioner last year, I heard from trade and Congressional leaders about the importance of enforcing U.S. trade laws, and the critical role CBP plays in protecting American business and the U.S. market. I recognize those concerns, and we have made some important strides.

For example, CBP and Immigration and Customs Enforcement, Homeland Security Investigations (ICE/HSI) continue to enhance training, processes, and operations to attack smuggling and **explosive growth in shipments of counterfeit goods**, many of which pose serious threats to public health, safety and both national and economic security.”

Intellectual Property Rights

- Is your merchandise or its packaging using any trademark, copyright or patent?
- If so, do you have the legal right to import those items into, and/or use those items in, the United States?
- Permission?
- License?



"Need I remind you, Doctor, that you signed over intellectual property rights to the lab?"

Seizure Authority

- **U.S. Customs Statutory authority for seizure & forfeiture:**
 - Title 19 U.S.C. § 1595a(c)
 - Merchandise introduced contrary to U.S. law.



1. Counterfeit Marks

Merchandise imported into the United States bearing marks “counterfeit” of a federally registered trademark recorded with CBP shall be seized and forfeiture proceedings instituted pursuant (19 U.S.C. §1526(e)) as implemented by 19 CFR § 133.21. Such merchandise shall be seized and, absent the trademark owner’s written consent to import the merchandise, forfeited for violation of customs laws.

2. Copying or Simulating Marks

Pursuant to 15 U.S.C. § 1124, as implemented by 19 CFR § 133.22, a copying or simulating mark or trade name is one that so resembles 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. Merchandise bearing a copying or simulating mark is subject to detention and possible seizure.

3. Restricted Gray Market Articles ("Parallel Imports")

Gray market goods are defined as foreign-manufactured goods 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 which are imported into the U.S. without the authorization of the U.S. trademark owner. In other words, gray market goods are genuine products bearing a trademark/name which has been applied with the approval of the right owner for use in a country other than the United States.

19 CFR 133.21 - Articles suspected of bearing counterfeit marks

...

(b) *Detention.* CBP may detain any article of domestic or foreign manufacture imported into the United States that bears a mark suspected of being a counterfeit version of a mark that is registered with the U.S. Patent and Trademark Office and is recorded with CBP pursuant to subpart A of this part.

(1) *Notice to importer of detention and possible disclosure.* Within five days from the date of a decision to detain, CBP will notify the importer in writing of the detention. The notice will inform the importer that a disclosure of information concerning the detained merchandise may be made to the owner of the mark to assist CBP in determining whether any marks are counterfeit, unless the importer presents information within seven days of the notification establishing to CBP's satisfaction that the detained merchandise does not bear a counterfeit mark.

§ 133.21 Articles suspected of bearing counterfeit marks

(b) Detention.

...

(2) Notice to owner of the mark and disclosure of information. From the time merchandise is presented for examination until the time a notice of detention is issued, CBP may disclose to the owner of the mark any of the following information in order to obtain assistance in determining whether an imported article bears a counterfeit mark. Once a notice of detention is issued, CBP will disclose to the owner of the mark the following information, if available, within thirty days (excluding weekends and holidays) from the date of detention:

- (i)** The date of importation;
- (ii)** The port of entry;
- (iii)** The description of the merchandise from the entry;
- (iv)** The quantity involved; and
- (v)** The country of origin of the merchandise.

(c) Unredacted samples made available to the owner of the mark prior to seizure.

§ 133.21 Articles suspected of bearing counterfeit marks cont..

...

(d) Seizure. Upon a determination by CBP, made any time after the merchandise has been presented for examination, that an article imported into the United States bears a counterfeit mark, CBP will seize such merchandise and, in the absence of the written consent of the owner of the mark, forfeit the seized merchandise.

CBP will disclose to the owner of the mark the following information within thirty days from the date of the notice of seizure:

- (1) The date of importation;
- (2) The port of entry;
- (3) The description of the merchandise from the entry;
- (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.

§ 133.21 Articles suspected of bearing counterfeit marks cont..

19 CFR 133.

...

(f) *Consent of the mark owner; failure to make appropriate disposition.* The owner of the mark, within thirty days from notification of seizure, may provide written consent to the importer allowing the importation of the seized merchandise in its condition as imported or its exportation, entry after obliteration of the mark, or other appropriate disposition. Otherwise, the merchandise will be disposed of in accordance with § [133.52](#) of this part, subject to the importer's right to petition for relief from forfeiture under the provisions of part [171 of this chapter](#).

CBP Petition Process

1. Petition to FP&F
2. Contact w/ trademark owner

Typical CBP Decision Letter

We find that the use of the mark and design without consent from the trademark owner constitutes a violation of the regulations. Section 133.21(b) of the Customs Regulations specifically states that any article of domestic or foreign manufacture imported into the United States bearing counterfeit trademark shall be seized and, in the absence of the written consent by the trademark owner, forfeited for violation of the Customs laws, Petitioner has failed to supply such written consent by the trademark owners. Accordingly, your petition is hereby denied.

Typical CBP Decision Letter cont..

Please be advised that in accordance with 19 CFR 171.61, you have the right to file a supplemental petition within thirty (30) days from the date of this letter, If no response is received within thirty (30) days, administrative forfeiture proceedings will commence and the Notice of Seizure and Intent to Forfeit the property described above will be published for thirty (30) consecutive days at www.forfeiture.gov beginning on or about thirty (30) dates from the date of this letter.

Claim and Cost Bond for Judicial Forfeiture Process

Fines by CBP

In accordance with 19 CFR § 133.27, CBP, as authorized by 19 U.S.C. § 1526(f), may impose a civil fine relative to seizures effected for merchandise bearing counterfeit marks pursuant to 19 U.S. § 1526(e). For the first seizure of such merchandise, the fine shall be no more than **the domestic value the merchandise would have had if it were genuine, based upon the manufacturer's suggested retail price (MSRP)** at the time of seizure. For second and subsequent violations, the fine shall not be more than twice such value.

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