

CBP Rule Gives TM Holders More Info On Imported Products

Law360, New York (October 23, 2015, 12:16 PM ET) --



Lars-Erik Hjelm



Suzanne Kane

U.S. Customs and Border Protection published a final rule on Sept. 18, 2015 that allows CBP to share additional information about imported merchandise with trademark owners prior to seizure in order to determine whether merchandise bears a counterfeit mark. Significantly, the rule authorizes CBP to disclose information that was previously considered to be protected by the Trade Secrets Act. The final rule implements procedures for trademark owners to receive meaningful information about suspect counterfeit merchandise, including detailed product and import information. CBP's final rule is effective as of Oct. 19, 2015, and adopts as final, with some noteworthy changes, the amendments implemented in the corresponding interim rule that CBP issued in 2012. See 77 Fed. Reg. 24375 (April 24, 2012).

Background

CBP enforces intellectual property rights at the United States border, and has the authority to seize imported merchandise that bears a mark that infringes a trademark that is registered with the U.S. Patent and Trademark Office and recorded with CBP ("counterfeit mark"). See 19 U.S.C. § 1526; 19 C.F.R. Part 133. CBP has long recognized that trademark owners are in the best position to determine whether suspect merchandise is genuine and CBP often engages the assistance of trademark owners in determining whether imported merchandise bears counterfeit marks prior to seizure. However, before April 2012, CBP was limited in the information it was authorized to disclose to trademark owners prior to seizure.

In April 2012, in recognition of counterfeiters' sophisticated techniques and the highly technical nature of some imported goods, CBP issued an interim rule that implemented a procedure for disclosing additional information to trademark owners in order to help CBP determine whether merchandise bears counterfeit marks. CBP historically interpreted the Trade Secrets Act (18 U.S.C. § 1905) as preventing the

disclosure to trademark owners of markings, alphanumeric symbols and other coding appearing on imported products because such information could, if disclosed, reveal information about an importer's supply chain and inure to the importer's competitive disadvantage. However, this information is often precisely the same information that a trademark owner needs to identify genuine merchandise.

Prior to the implementation of the interim rule, CBP's written policy was to provide only limited importation information or redacted samples to trademark owners prior to seizure in order to determine whether merchandise bears a counterfeit mark. This limited information — which includes the date of importation, port of entry, description, quantity and country of origin of the goods — typically does not provide enough information about suspect merchandise for trademark owners to determine whether suspect merchandise is counterfeit, particularly in the case of highly technical products such as integrated circuits.

Under CBP's interim and final rules, U.S. trademark owners may now receive more information about suspected counterfeit merchandise prior to seizure. CBP is now authorized to provide samples or images of suspect merchandise to trademark owners, which may contain the following information: serial numbers, dates of manufacture, lot codes, batch numbers, universal product codes or other identifying marks appearing on the merchandise or its retail packaging, including labels. This information may also include the manufacturer, shipper, exporter or importer name and address. Notably, trademark owners will only receive this additional information where CBP has determined that the trademark owner's assistance is necessary and CBP has the discretion to decide whether the disclosure of this additional information is warranted. Further, CBP can only release this information to trademark owners after an importer has had the opportunity to prove the merchandise is genuine within seven business days after a detention notice is issued.

Procedure for Disclosure of Importation Information to Trademark Owners

- After merchandise is presented to CBP and prior to detention, CBP may release limited importation information (i.e., date of importation, port of entry, country of origin, quantity and description of merchandise) from the relevant entry documents to the trademark owner in order to obtain assistance in determining whether an imported article bears a counterfeit mark.
- CBP will also disclose unredacted images or samples of suspect merchandise to the importer at any time after merchandise is presented to CBP for examination.
- Once CBP detains merchandise that it suspects bears counterfeit marks, it will issue a detention notice to the importer within five business days.
- CBP's detention notice starts a seven-day period within which the importer may demonstrate that the goods do not bear a counterfeit mark.

- Where CBP has not already disclosed this information prior to detention, CBP will provide limited importation information from the detention notice to the trademark owner either simultaneously with the issuance of the detention notice or as soon as possible afterwards. During the seven-day period, CBP may also provide redacted images of the merchandise or retail packaging, with all identifying information removed. CBP may also release a redacted sample to the trademark owner, if the owner furnishes a bond to CBP.
- If the importer does not demonstrate that the merchandise is genuine, CBP may proceed with the disclosure of unredacted images and samples of the merchandise or its retail packaging, which may contain: serial numbers, dates of manufacture, lot codes, batch numbers, UPCs or other identifying marks appearing on the merchandise or its retail packaging, in alphanumeric or other formats. CBP stated that it will weigh the facts and circumstances before releasing this identifying information prior to seizure.
- In addition, CBP discloses the following information to trademark owners after all seizures of counterfeit merchandise: (i) date of importation; (ii) port of entry; (iii) description of merchandise; (iv) quantity; (v) the name and address of the manufacturer; (vi) the country of origin of the merchandise; (vii) the name and address of the exporter; and (viii) the name and address of the importer.
- Finally, after seizure, CBP will provide to a trademark owner images or a sample of seized merchandise and its retail packing, if available. Trademark owners must submit a request and furnish a bond to CBP.

Impact of Amendments on Gray Market Imports

CBP received several comments in response to the interim rule that the new disclosure procedures provide an opportunity for trademark owners to disrupt lawful parallel market imports or gray market merchandise. Gray market merchandise is genuine merchandise that is intended for another country and is imported into the United States without the consent of the U.S. trademark owner. The importation of gray market goods into the United States is often legal under the customs laws, except in limited situations (e.g., where a trademark owner has obtained an exclusion order issued from the U.S. International Trade Commission or lever-rule protection from CBP for physically and materially different goods.)

Under the new disclosure procedures, a trademark owner could conceivably inform CBP that genuine gray merchandise is counterfeit and thereby use the disclosure procedures to prevent competitive gray market importations. In response to the comments, CBP stated that in deciding whether to make future disclosures to a mark owner, it will consider prior instances in which the mark owner has used the disclosed information for a purpose other than assisting CBP in making an infringement determination. CBP clearly intends to consider a trademark's owner's use of information when deciding whether to disclose information to a trademark owner. Although CBP will not always have information about how

trademark owners use disclosed information, trademark owners should nonetheless be mindful of CBP's requirements for such information in order to continue to obtain information from CBP.

Recommendations for Intellectual Property Rights Owners

The procedures described above apply only to trademarks that have been registered with the USPTO *and recorded* with CBP. In order to record a trademark with CBP, the mark must first have a valid USPTO registration. We recommend all copyright and trademark owners record their marks with CBP in order to maximize CBP's enforcement authority with respect to intellectual property rights.

Further, trademark owners should provide CBP with detailed information about recorded marks and periodically confirm that all information is current. This information will assist CBP in making timely infringement determinations at the border and ensure the trademark owner is receiving all the information they are entitled to about both seized and suspect counterfeit merchandise.

Trademark owners can also provide CBP with product identification guides to help CBP make infringement determinations. To be most effective, product identification guides should contain extensive information about how to identify genuine merchandise (e.g., physical characteristics of genuine products or labeling of genuine packaging). To the extent available, trademark owners should also include any information about counterfeiters or suspect counterfeit merchandise, such as the identity of suspected counterfeit manufacturers, images of counterfeit versions of merchandise and the identity of known importers and exporters of counterfeit merchandise. In addition to assisting in identifying counterfeit merchandise, this information can help CBP target high-risk shipments for examination. Intellectual property rights owners can also provide product identification training to CBP personnel at particular ports of entry.

Although the final rule applies solely to imported merchandise suspected of infringing a trademark, CBP indicated that it will address other forms of intellectual property, such as merchandise infringing a copyright or the Digital Millennium Copyright Act, in separate proposed rule makings. CBP is also considering amending its procedures related to the enforcement of exclusion orders issued by the U.S. International Trade Commission.

—By Lars-Erik Hjelm and Suzanne Kane, Akin Gump Strauss Hauer & Feld LLP

Lars-Erik Hjelm is a partner in Akin Gump's Washington, D.C., office and former assistant chief counsel for the U.S. Customs Service in the Mid-Atlantic. Suzanne Kane is an associate in Akin Gump's Washington office.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.
