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**VIA ELECTRONIC MAIL**

Ms. Victoria A. Espinel  
U.S. Intellectual Property Enforcement Coordinator  
Executive Office of the President  
The White House  
1600 Pennsylvania Ave., NW  
Washington, DC 20500

Re: Request for Written Submissions –  
75 Fed. Reg. 8137 (Feb. 23, 2010)

Dear Ms. Espinel:

These comments are submitted on behalf of Adduci, Mastriani & Schaumberg, L.L.P. in response to the Request for Written Submissions regarding the development of an intellectual property enforcement strategy. Adduci, Mastriani & Schaumberg, L.L.P. is a Washington, D.C., international trade law firm specializing in investigations before the U.S. International Trade Commission ("ITC") pursuant to Section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) ("Section 337").

For almost 40 years, Section 337 has provided owners of U.S. intellectual property rights with one of the most effective tools for enforcing those rights against the importation of infringing products. Amendments to Section 337 in the early 1970s took a little used part of the statute and created an enforcement mechanism that could provide effective relief against "unfair acts and unfair methods of competition in the importation of articles into the United States." The most common type of unfair act addressed by Section 337 consistently has been the importation of products that infringe U.S. intellectual property rights, particularly patents. In recognition of Section 337's significant role in the enforcement of intellectual property rights, the statute was further amended in 1988 specifically to identify importation of products that infringe U.S. patents, trademarks, copyrights and semiconductor mask designs as unfair acts and eliminate the need to prove injury to obtain relief from such unfair acts.

The effectiveness of Section 337 as a mechanism for enforcing U.S. intellectual property rights is largely based on and therefore reliant on the type of relief provided – exclusion orders. A Section 337 exclusion order directs U.S. Customs and Border Protection ("CBP") to bar the importation into the United States of products found to be in violation of Section 337. Enhancement of CBP's ability to enforce effectively and efficiently Section 337 exclusion orders must be an important element of the Joint Strategic Plan to enforce U.S. intellectual property rights.

At CBP, two offices are involved in the enforcement of exclusion orders. First, the Office of International Trade's Intellectual Property Rights Branch ("IPR Branch") at Customs Headquarters in Washington, D.C., has the attorneys who interpret the exclusion orders and provide guidance to CBP's field offices regarding the enforcement of the orders. Second, CBP's Office of Field Operations has the CBP officials at the many ports of entry who actually examine imported merchandise and entry documents to determine whether the merchandise should be excluded.

CBP's ability to enforce Section 337 exclusion orders is greatly limited by the multiple missions of CBP's officers at the ports of entry and by the limited resources at CBP's disposal. The number of Section 337 investigations filed with the ITC, however, has increased dramatically in the last decade resulting in a substantial increase in the number of exclusion orders. Limitations on the resources of CBP's IPR Branch and Office of Field Operations, particularly the limited number of personnel in the IPR Branch tasked with interpreting and implementing exclusion orders, impacts CBP's ability to take action efficiently, e.g., timely transmit the order in a usable form to the ports, once a Section 337 exclusion order is issued.

This is particularly evident in delays getting exclusion orders in place during the 60-day period in which the exclusion order is subject to Presidential Review, which is now conducted by the United States Trade Representative. Importation during the Presidential Review period is permitted only under bond, however, due to delays in implementation, it appears that this bond is rarely, if ever, required.

More resources, both human and technological, should be allocated to the IPR Branch and CBP's field offices for the express purpose of enhancing the enforcement of Section 337 exclusion orders. Intellectual property rights owners who have devoted significant amounts of time and money to obtain exclusion orders should be able to rely on complete and efficient CBP enforcement of those orders.

Difficulties in obtaining fast and efficient enforcement of exclusion orders are further highlighted by a lack of transparency in how the exclusion orders are being processed and implemented by CBP. For example, although Customs has an elaborate system pursuant to 19 C.F.R., Part 133, for notifying both importers and owners of registered trademarks or copyrights

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when imported goods are suspected of infringement and permitting the importers and trademark or copyright owners to comment, there is no equivalent system for notifying importers and intellectual property rights owners who have obtained a Section 337 exclusion order about imported goods suspected of violating a Section 337 exclusion order. The only Customs regulation addressing exclusion orders is 19 C.F.R. § 12.39 (copy attached), which stands in stark contrast to 19 C.F.R., Part 133. The Customs Directive regarding exclusion orders (copy attached), which is 11 years old, adds only a minimum amount of clarity to the process and does not have the force and effect of a regulation. Customs regulations should be promulgated to provide for the involvement of importers and intellectual property right owners in the enforcement of Section 337 exclusion orders in a manner similar to their involvement in enforcement proceedings under 19 C.F.R., Part 133.

In light of the significant increase in the number of Section 337 investigations, the enforcement of exclusions orders is of vital importance to U.S. intellectual property enforcement. The Joint Strategic Plan to enforce U.S. intellectual property rights, therefore, must thoroughly consider and address any issues that impact the efficient and effective enforcement of Section 337 exclusion orders.

To assist in understanding the Customs process for enforcing Section 337, submitted herewith is an article by M. Page Hall, II that discusses this process in greater detail.

Please advise if you require any addition information.

Respectfully submitted



Michael L. Doane

MLD:jct  
Attachments  
AMS300510

## LIQUORS

**§ 12.37 Restricted importations.**

(a) The basic permit requirements prescribed by the act of August 29, 1935 (27 U.S.C. 203), shall not be deemed applicable when the port director is satisfied that the liquor is for personal use or for experimental purposes in the making of analyses, tests, or comparisons.

(b) The production of a basic permit shall not be required when spirits are withdrawn from warehouse under any form of withdrawal entry.

(c) Blending or rectifying of wines or distilled spirits in class 6 manufacturing warehouses, or the bottling of imported distilled spirits in class 8 manipulation warehouses, shall not be permitted unless the proprietor has obtained an appropriate permit from the Bureau of Alcohol, Tobacco and Firearms.

[28 FR 14710, Dec. 31, 1963, as amended by T.D. 78-329, 43 FR 43454, Sept. 26, 1978; T.D. 82-145, 47 FR 35477, Aug. 16, 1982; T.D. 89-1, 53 FR 51253, Dec. 21, 1988]

**§ 12.38 Labeling requirements; shipments.**

All shipments of liquor not labeled as required by 18 U.S.C. 1263 214 and any vessel or vehicle, other than a common carrier, used in the transportation of such liquor shall be seized and disposed of in accordance with 18 U.S.C. 3615.

[28 FR 14710, Dec. 31, 1963, as amended by T.D. 70-249, 35 FR 18265, Dec. 1, 1970; T.D. 82-145, 47 FR 35477, Aug. 16, 1982; T.D. 89-1, 53 FR 51253, Dec. 21, 1988; CBP Dec. 04-28, 69 FR 52599, Aug. 27, 2004]

## UNFAIR COMPETITION

**§ 12.39 Imported articles involving unfair methods of competition or practices.**

(a) *Determinations of the International Trade Commission.* Under section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), unfair methods of competition and unfair practices in the importation or sale of articles, the effect or tendency of which is to destroy, substantially injure, or prevent the establishment of an efficiently and economically operated United States industry, or to restrain or monopolize trade and

commerce in the United States, are unlawful. After an investigation of an alleged violation of section 337, the U.S. International Trade Commission ("the Commission") may determine that section 337 has been violated. The Commission also may determine during the course of its investigation that there is reason to believe that a violation of section 337 exists. The Commission's determination in either case is effective on the date of its publication in the FEDERAL REGISTER and is referred to the President, who may disapprove the determination for policy reasons on or before the close of a 60-day period beginning on the day after the day he receives a copy of the determination. A Commission determination disapproved by the President shall have no force or effect as of the date the Commission is notified of his disapproval. If the Commission's determination is not disapproved by the President during the 60-day period, or if he notifies the Commission before the close of the period that he approves the determination, the determination becomes final on the day after the close of the period or the day of the notification, whichever is earlier.

(b) *Exclusion from entry; entry under bond; notice of exclusion order.* (1) If the Commission finds a violation of section 337, or reason to believe that a violation exists, it may direct the Secretary of the Treasury to exclude from entry into the United States the articles concerned which are imported by the person violating or suspected of violating section 337. The Commission's exclusion order remains in effect until the Commission determines, and notifies the Secretary of the Treasury, that the conditions which led to the exclusion no longer exist, or until the determination of the Commission on which the order is based is disapproved by the President.

(2) During the period the Commission's exclusion order remains in effect, excluded articles may be entered under a single entry bond in an amount determined by the International Trade Commission to be sufficient to protect the complainant from any injury. On or after the date that the Commission's determination of a violation of section

337 becomes final, as set forth in paragraph (a) of this section, articles covered by the determination will be refused entry. If a violation of section 337 is found, the bond may be forfeited to the complainant under terms and conditions prescribed by the Commission. To enter merchandise that is the subject of a Commission exclusion order, importers must:

(1) File with the port director prior to entry a bond in the amount determined by the Commission that contains the conditions identified in the special importation and entry bond set forth in appendix B to part 113 of this chapter; and

(ii) Comply with the terms set forth in 19 CFR 210.50(d) in the event of a forfeiture of this bond.

(3) Port directors shall notify each importer or consignee of articles released under bond pursuant to paragraph (b)(2) of this section when the Commission's determination of a violation of section 337 becomes final and that entry of the articles is refused. The importer or consignee shall export or destroy the released articles under customs supervision within 30 days after the date of notification. The port director who released the articles shall assess liquidated damages in the full amount of the bond if the importer or consignee fails to export or destroy the released articles under Customs supervision within the 30-day period.

(4) In addition to the notice given to importers or consignees of articles released under bond, port directors shall provide written notice to all owners, importers or consignees of articles which are denied entry into the United States pursuant to an exclusion order that any future attempt to import such articles may result in the articles being seized and forfeited. Copies of all such notices are to be forwarded to the Executive Director, Commercial Targeting and Enforcement, Office of International Trade, at CBP Headquarters, and to the Office of The General Counsel, USITC, 500 E Street, SW., Washington, DC 20436 by port directors.

(c) *Seizure and Forfeiture Orders.* (1) In addition to issuing an exclusion order under paragraph (b)(1) of this section, the Commission may issue an order providing that any article determined

to be in violation of §337 be seized and forfeited to the United States. Such order may be issued if:

(i) The owner, importer, or consignee of the article previously attempted to import the article or like articles into the United States;

(ii) The article or like articles were previously denied entry into the United States by reason of an exclusion order issued under paragraph (b)(1) of this section; and

(iii) Upon such previous denial of entry, the port director of the port in which the entry was attempted had notified the owner, importer, or consignee of the article in writing of both the exclusion order and that seizure and forfeiture would result from any further attempt to import the article or like articles into the United States.

(2) Upon receipt of any seizure order issued by the Commission in accordance with this paragraph, Customs shall immediately notify all ports of entry of the property subject to the seizure order and identify the persons notified under paragraph (b)(4) of this section.

(3) The port director in the port in which the article was seized shall issue a notice of seizure to parties known to have an interest in the seized property. All interested parties to the property shall have an opportunity to petition for relief under the provisions of 19 CFR part 171. All petitions must be filed within 30 days of the date of issuance of the notice of seizure, and failure of a claimant to petition will result in the commencement of administrative forfeiture proceedings. All petitions will be decided by the appropriate Customs officer, based upon the value of the articles under seizure.

(4) If seized articles are found to be not includable in an order for seizure and forfeiture, then the seizure and the forfeiture shall be remitted in accordance with standard Customs procedures.

(5) Forfeited merchandise shall be disposed of in accordance with the Customs laws.

(d) *Certain importations by or for the United States.* Any exclusion from entry under section 337 based on claims of United States letters patent shall not apply to articles imported by and for

the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.

(e) *Importations of semiconductor chip products.* (1) In accordance with the Semiconductor Chip Protection Act of 1984 (17 U.S.C. 901 *et seq.*), if the owner of a mask work which is registered with the Copyright Office seeks to have CBP deny entry to any imported semiconductor chip products which infringe his rights in such mask work, the owner must obtain a court order enjoining, or an order of the U.S. International Trade Commission (USITC), under section 337, Tariff Act of 1930, as amended (19 U.S.C.1337), excluding, importation of such products. Exclusion orders issued by the USITC are enforceable by CBP under paragraph (b) of this section. Court orders or exclusion orders issued by the USITC shall be forwarded, for enforcement purposes, to the Director, Border Security and Trade Compliance Division, Office of International Trade, U.S. Customs and Border Protection, Washington, DC 20229.

(2) The port director shall enforce any court order or USITC exclusion order based upon a mask work registration in accordance with the terms of such order. Court orders may require either denial of entry or the seizure of violative semiconductor chip products. Forfeiture proceedings in accordance with part 162 of this chapter shall be instituted against any such products so seized.

(3) This regulation will be effective against all importers regardless of whether they have knowledge that their importations are in violation of the Semiconductor Chip Protection Act of 1984 (17 U.S.C. 901 through 904).

[T.D. 79-231, 44 FR 49247, Aug. 22, 1979, as amended by T.D. 84-213, 49 FR 41167, Oct. 19, 1984; T.D. 87-132, 52 FR 39221, Oct. 21, 1987; T.D. 95-87, 60 FR 54941, Oct. 27, 1995; T.D. 99-27, 64 FR 13675, Mar. 22, 1999; T.D. 00-87, 65 FR 77815, Dec. 13, 2000; 65 FR 80497, Dec. 21, 2000]

#### IMMORAL ARTICLES

#### § 12.40 Seizure; disposition of seized articles; reports to United States attorney.

(a) Any book, pamphlet, paper, writing, advertisement, circular, print, pic-

ture, or drawing containing any matter advocating or urging treason or insurrection against the United States or forcible resistance to any law of the United States, or containing any threat to take the life of or inflict bodily harm upon any person in the United States, seized under section 305, Tariff Act of 1930, shall be transmitted to the United States attorney for his consideration and action.

(b) Upon the seizure of articles or matter prohibited entry by section 305, Tariff Act of 1930 (with the exception of the matter described in paragraph (a) of this section), a notice of the seizure of such articles or matter shall be sent to the consignee or addressee.

(c) When articles of the class covered by paragraph (b) of this section are of small value and no criminal intent is apparent, a blank assent to forfeiture, Customs Form 4607, shall be sent with the notice of seizure. Upon receipt of the assent to forfeiture duly executed, the articles shall be destroyed if not needed for official use and the case closed.

(d) In the case of a repeated offender or when the facts indicate that the importation was made deliberately with intent to evade the law, the facts and evidence shall be submitted to the United States attorney for consideration of prosecution of the offender as well as an action in rem under section 305 for condemnation of the articles.

(e) All cases in which articles have been seized pursuant to 19 U.S.C. 1305(a) should be referred to the U.S. Attorney, for possible institution of condemnation proceedings, within 4 days, but in no event more than 14 days, after the date of Customs initial examination. The referral to the U.S. Attorney should be initiated simultaneously with the mailing to the importer of the seizure notice and the assent to forfeiture form. If the importer declines to execute an assent to forfeiture of the articles other than those mentioned in paragraph (a) of this section and fails to submit, within 30 days after being notified of his privilege to do so, a petition under section 618, Tariff Act of 1930 (19 U.S.C. 1618), for remission of the forfeiture and permission to export the seized articles, then

**Customs Directive No.** 2310-006A  
**Date:** December 16, 1999  
**Originating Office:** OR&R  
**Supersedes:** 2310-006 Nov 21, 1989  
**Review Date:** December 2001

## **EXCLUSION ORDERS**

- 1. PURPOSE.** To present information on Customs policies and procedures concerning Exclusion Orders issued by the International Trade Commission.
- 2. AUTHORITY.** Title 19, United States Code, Section 1337; 19 CFR § 12.39.
- 3. BACKGROUND.** Under Section 337 of the Tariff Act of 1930 (19 USC § 1337), unfair methods of competition and unfair practices in the importation or sale of articles, the effect or tendency of which is to destroy, substantially injure, or prevent the establishment of an efficiently and economically operated U.S. industry, or to restrain or monopolize trade and commerce in the United States, are unlawful. Additionally, Section 337 declares unlawful the importation into the United States of articles which infringe a U.S. patent, registered trademark, copyright, or mask work. Subsequent to an investigation of an alleged violation under Section 337, where the U.S. International Trade Commission (ITC) determines that Section 337 has been violated, the Commission may issue orders directing the Secretary of the Treasury to exclude the subject goods from entry into the United States.
  - 3.1** Under Section 337 of the Tariff Act of 1930, as amended, unfair methods of competition and unfair practices in the importation or sale of articles, the effect or tendency of which is to destroy, substantially injure, or prevent the establishment of an efficiently and economically operated U.S. industry, or to restrain or monopolize trade and commerce in the United States, are unlawful.
  - 3.2** Exclusion Orders issued by the ITC are sent to the President for review. During the 60 day review period, if the order is not disapproved by the President or if the President affirmatively approves the order during this period, the order becomes final. Customs enforces Exclusion Orders both prior and subsequent to their becoming final. In cases involving importations which occur within the 60 day Presidential review period, the otherwise excludable articles may be entered under a single entry bond on Customs Form 301, containing the bond conditions set forth in 19 CFR § 113.62 in an amount determined by the ITC. After the Presidential review period, where the Exclusion Order becomes final, the bond conditions no longer apply and the goods are subject to exclusion.

**3.3** Exclusion Orders may be either “General” (meaning all goods of a certain description must be denied entry, with specified exceptions) or “Limited” (meaning all goods of a certain description imported by a certain company or companies must be denied entry). Limited exclusion orders are sometimes directed against goods manufactured by or exported by a certain company or companies. The nature of the Exclusion Order itself, and the parameters of enforcement, will be detailed in the Exclusion Order Notice.

**3.4 Seizure and Forfeiture Orders.** In addition to issuing Exclusion Orders, the ITC may also issue Seizure and Forfeiture Orders where the importer attempts, after previously having had the same goods denied entry pursuant to an Exclusion Order, and having been notified by Customs that seizure and forfeiture could result from future attempted entries, a subsequent importation of similar goods which are the subject of the Exclusion Order. Importations of articles in contravention of Seizure and Forfeiture Orders should be seized and forfeited under 19 U.S.C. §1337(i), as implemented by 19 CFR §12.39(c).

**4. ENFORCEMENT.** In general, Exclusion Orders issued by the ITC are administered by the Office of Regulations & Rulings, IPR Branch, but are processed by the Office of Field Operations. Upon receipt of orders from the ITC, an “Exclusion Order Notice” is released to the field through the Office of Field Operations. Notices regarding the enforcement of exclusion orders are to be transmitted to the field via the U.S. Customs Bulletin Board (Trade Enforcement, OTO1). Exclusion Order Notices will provide details relative to the enforcement of a particular order. Exclusion Orders are catalogued within the ACS/IPR module in the same manner as trademarks and copyrights.

**4.1 Procedures.** The strategic operational analysis staff (SOAS) will update cargo and/or summary selectivity criteria to include exclusion order information.

**4.1.1** Given the highly technical nature of articles which are the subject of most Exclusion Orders, Customs officers should seek the advice of Customs laboratories, which provide technical assistance in determining whether goods meet the parameters of the subject patent. Field officers may contact the designated field laboratory servicing their geographic area or the Laboratories and Scientific Services at Customs Headquarters for advice.

**4.1.2** Where goods determined to be subject to an Exclusion Order are presented to Customs, field officers must exclude the goods from entry into the United States and permit export. Note that “in bond” movements of restricted merchandise subject to an Exclusion Order, although transported through the United States, do not enter the United States and are thereby considered excluded from the United States.

**4.1.3** Written notification of such exclusion must be provided to the importer. A sample letter to be issued to the importer in such a case is attached to this Directive.

**4.1.4** Copies of denial of entry letters sent pursuant to Exclusion Orders are to be sent by the Port to:

**4.1.4.1** U.S. Customs Service, Office of Regulations & Rulings, IPR Branch, Room 3.4A, 1300 Pennsylvania Ave., NW., Washington, D.C. 20229

**4.1.4.2** U.S. International Trade Commission, Office of General Counsel  
500 E Street, SW., Washington, D.C. 20436

**5. RESPONSIBILITIES.** Customs field officers are responsible for following this Directive. Area/Port Directors, Assistant Port Directors (Trade Operations), supervisory import specialists, and supervisory inspectors are responsible for ensuring that their staffs are aware of the content of this Directive and adhere to the guidelines provided.

**Signed**

Commissioner of Customs

Attachment

DEPARTMENT OF THE TREASURY  
U.S. CUSTOMS SERVICE

(IMPORTER)

Sir/Madam:

This is to advise you that the following shipment is deemed excludable from entry into the United States by Order of the U.S. International Trade Commission for violation of 337-TA- \_\_\_\_, an Exclusion Order:

Patent/Trademark/Copyright Registration Number:  
U.S. International Trade Commission Case No: 337-TA-  
Article Denied Entry:  
Quantity:  
Vessel/Airline:  
Bill of Lading:  
Date of Denial of Entry:

You have 30 days from the date of this letter to export the subject merchandise from the United States. If the merchandise is not exported within 30 days, it will be disposed of under Customs supervision pursuant to 19 CFR § 12.39(b)(3) and (c)(5).

A copy of this notice is being furnished to the U.S. International Trade Commission. You are hereby notified that any future attempt to import such articles may result in the articles being seized and forfeited.

Sincerely,

Area/Port Director

cc: U.S. International Trade Commission  
U.S. Customs, Office of Regulations & Rulings

# Obtain maximum results from exclusion orders

**Munford Page Hall, II** advises IP owners how to work with Customs to make the most of the exclusion orders issued by the US International Trade Commission.

**I**ncreasing numbers of companies are enforcing their intellectual property rights by bringing actions before the United States International Trade Commission (ITC) under 19 USC § 1337 (Section 337). Most of these complainants request a remedy in the form of a limited exclusion order (LEO). When the ITC grants an LEO, it instructs United States Customs and Border Protection (Customs) to exclude from importation into the United States specified infringing articles imported by, or on behalf of, specific entities that are named as respondents in the action before the ITC.

Many companies fail to recognise that a victory in a Section 337 action at the ITC is only the first step in ensuring that their IP rights are protected. The next step – helping Customs to enforce the LEO at the borders – is equally, if not more, important than success at the ITC.

## Drafting the complaint

The first step in obtaining maximum enforcement of an LEO is to prepare and file a Section 337 complaint that accomplishes two things: (1) describes the infringing article clearly and concisely; and (2) names as respondents all of the entities that produce or import the infringing article or a downstream product that contains the infringing article.

## The infringing article

Although Section 337 also protects other IP rights, patents are the most common subject of LEOs and yet are the most difficult type of IP right for Customs to protect. When filing a Section 337 complaint alleging the infringement of patent rights, a complainant should provide a description of the article at issue and any infringing aspect of that article in a clear and concise manner that can be understood by a layperson who is not familiar with the article or its patented features.

Exclusion orders are enforced by Customs officers at the ports of entry into the United States. Customs officers are responsible for enforcing dozens of laws admin-

istered by many different federal agencies and handle over \$2 trillion worth of imported goods annually. Furthermore, since the events of September 11, 2001, Customs' primary focus has been securing our borders from terrorist threats. Importantly, Customs officers are not IP rights experts. Unless the LEO describes the infringing article in a manner that can be easily understood by a Customs officer, the Section 337 complainant can expect less than complete enforcement by Customs at the critical point – the port of entry.

Every entry of imported merchandise into the United States must include a clear and concise description of the imported merchandise on the invoice and the Customs Form 7501 (Entry Summary) required for entry of imported goods. The Customs Form 7501 also must have the correct numerical classification of the merchandise under the Harmonized Tariff Schedule of the United States (HTSUS). The descriptions of the imported goods on the invoice and Customs Form 7501 must match the HTSUS classification.

Customs import specialists are very familiar with HTSUS classifications, so describing an article in a Section 337 complaint in terms of its correct HTSUS classification assists Customs in enforcing an LEO.

## Importers, producers and consignees

Section 337 provides that an LEO will cover the subject articles imported by any person found by the ITC to be violating that section. A violation can include the importation, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee of the infringing article or an agent of any of them. For this reason, a Section 337 complaint can, and should, name as respondents all foreign manufacturers, importers, and US consignees and their agents.

The relevant customs law defines as the “importer of record” of imported merchandise, the owner or purchaser of the imported merchandise, or an authorised agent of the owner, purchaser, or consignee of the

imported merchandise. The authorized agent is limited to a customhouse broker licensed by Customs to do "customs business". The names and addresses of the importer of record, the foreign manufacturer, and the consignee must appear on the Customs Form 7501 and other documents required to be filed with Customs in order to make entry into the United States.

If the Section 337 complainant has named as respondents all known foreign manufacturers, importers, and

the US importer, and the ultimate consignee of the goods.

When the ITC issues an LEO, the LEO is sent to the IP Rights Branch of Customs at Customs Headquarters in Washington, DC. The attorneys in the IP Rights Branch consult with the ITC regarding any questions about the language of the LEO and any technical questions. Then, the branch forwards the LEO to Customs' Office of Field Operations. The Office of Field Operations enters the information from the LEO into Customs' selectivity criteria database so that it is available electronically to Customs officers at all of the ports of entry into the United States.

A successful Section 337 complainant should contact Customs' IP Rights Branch soon after the LEO is issued to provide the Customs attorneys detailed information about the infringing article, and its manufacturers and importers. The information on the article can be in the form of samples, photographs, detailed drawings, or comprehensive written descriptions. The information should include names and addresses of manufacturers, shippers, consignees, and importers. The patent owner should also advise Customs about any principal US ports of entry and the usual means of shipment (eg, vessel, rail, truck, or aircraft). It is particularly helpful to Customs if the patent owner can identify any known shipments of infringing articles. If there is any change in the information provided to Customs at any time during the duration of the LEO, the Section 337 complainant should alert the IP Rights Branch about the change immediately.

Customs IP Rights Branch also provides training to import specialists and other Customs officials at the ports of entry. The Section 337 complainant should visit the ports of entry with the attorneys from the IP Rights Branch, or independently, to provide guidance to Customs officers concerning the articles covered by the LEO and to identify what to look for in import entry documents or during physical examinations of imported merchandise.

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## **"Companies fail to recognise that a victory in a Section 337 action at the ITC is only the first step in ensuring that their IP rights are protected"**

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consignees of the infringing article, the LEO should list each of these parties by name. After victory in its Section 337 action, the complainant can work with the ITC to ensure that the resulting LEO, in fact, lists all of the relevant respondents by names that correspond to those on the entry documents.

In the past, some companies attempted to have the ITC fashion an LEO to reach downstream products incorporating the infringing article even if those products were imported by entities that were not named as respondents in the ITC proceeding. In *Kyocera Wireless Corp v International Trade Commission* (Fed Cir 2008), the US Court of Appeals for the Federal Circuit held that an LEO cannot lawfully exclude the products of non-respondents.

If there is a possibility that the known manufacturers, importers, or consignees of the infringing article will attempt to circumvent the LEO by using other entities to manufacture or import the goods, or if the infringers are too numerous to be identified as respondents in the complaint, the Section 337 complainant should request a general exclusion order (GEO). The GEO will exclude from importation into the United States all infringing articles regardless of whether the source was a named respondent at the ITC.

### **Guiding Customs**

Because of the vast number of imported goods entering the Customs territory of the United States, and the limited resources available to Customs to examine those goods, only a very small percentage of imported goods are actually physically examined by Customs. Customs uses a risk-based targeting system to determine which goods to examine physically. Among the selectivity criteria that the targeting system uses to evaluate risk are the names and addresses of the foreign manufacturer,

### **Certification**

Most LEOs issued by the ITC have certification provisions that permit importers to certify to Customs that, although the imported articles appear to be covered by the LEO, in fact, they are outside the scope of the LEO. The language in the certification is created by Customs IP Rights Branch.

Before the LEO is issued, the successful Section 337 complainant should work with the ITC to ensure that the LEO's language concerning the certification is

appropriate. Then, the Section 337 complainant should work with the attorneys in the IP Rights Branch to ensure that the language of the certification created by Customs is accurate. Throughout the duration of the LEO, the successful Section 337 complainant should continue to work closely with Customs to ensure that any imported merchandise that is the subject of a certification is outside the scope of the LEO.

### Complainant actions

If a successful Section 337 complainant learns that infringing articles are being imported and are not being excluded by Customs, the Section 337 complainant should provide information about the imported articles, including their source, the name of the importer, and the ports of entry, to Customs immediately. If the Section 337 complainant has any documentary evidence regarding the importation of infringing articles, that evidence should be provided to Customs. If necessary, the Section 337 complainant can file a petition at the ITC requesting the modification of the LEO, or request an advisory opinion from the ITC regarding the coverage of the LEO. The Section 337 complainant also may request the ITC to conduct an informal or formal enforcement proceeding.

### Customs actions

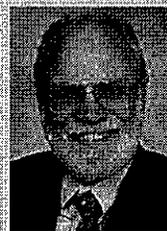
When an importer files an entry with Customs, the agency compares the information on the entry to the selectivity criteria in Customs' computerised targeting system. If there is a match between the entry information and the selectivity criteria for the LEO, the shipment will be targeted for examination by Customs officials at the port of entry. Customs will send a detention notice to the importer informing it that the imported goods are being detained for examination. If that examination discloses that the imported goods are within the scope of the LEO, the Customs Port Director will send written notification to the importer advising it that the goods must be exported within 30 days of the date of the notice or be subject to seizure and forfeiture. The written notice also advises the importer that any future attempt to import such goods may result in them being seized and forfeited. The Customs port also sends copies of the notice to the IP Rights Branch at Customs Headquarters and the ITC. The ITC will then issue instructions to Customs to seize and forfeit any future shipments of such articles to the same importer. If the importer attempts to import articles subject to seizure and forfeiture, the Customs Port Director will issue a notice of seizure to the importer, advising that it has 30 days to file a petition for remission of the seizure, after which time, if no petition is filed, the goods will be forfeited to the government.

The importer may file a petition for remission of the seizure arguing that the imported articles are outside the scope of the LEO. If so, the Port Director may seek advice from the IP Rights Branch, which, in turn, may, but is not required to, contact the Section 337 complainant.

In the past, the IP Rights Branch conducted *ex parte* meetings with importers and patent owners regarding whether a particular article was within the scope of an LEO. Beginning in 2005, however, the IP Rights Branch has been conducting meetings with the importer and the patent owner simultaneously. During these meetings, each side is permitted to present its evidence and arguments to the IP Rights Branch and rebut the arguments presented by the other side. After the meeting, each side is permitted to file with the IP Rights Branch, and serve on the other side, a written submission.

If Customs decides to exclude the imported goods,

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the importer has a statutory right to file an administrative protest challenging the exclusion. A patent owner has no comparable right to challenge a Customs decision to release the imported goods.

If Customs denies the importer's protest, the importer can challenge that denial by filing a civil action in the US Court of International Trade (CIT). The patent owner is precluded by statute from intervening in the importer's civil action, although the

Customs rules that the article is within the scope of the LEO, or refuses to issue a ruling, the prospective importer may bring a declaratory judgment action in the CIT, under 28 USC § 1581(h), to challenge Customs' ruling.

Presumably, as an adversely-affected party, the patent owner could also bring an action under 28 USC § 1581(h) to challenge a ruling by Customs that a redesigned article is outside the scope of an LEO.

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## **"Only a very small percentage of imported goods are actually physically examined by Customs"**

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patent owner may be permitted to participate as an *amicus curiae*. *Jazz Photo Corp v United States* (CIT 2004), *aff'd*, (Fed Cir 2006). The patent owner has no judicial avenue to challenge Customs' decision to release the imported goods. *Eaton Corp v United States* (Fed Cir 2006).

### **Seeking Customs advice**

Often, after an LEO is issued, respondents in the Section 337 investigation attempt to design around the patented aspects of the infringing article. Before importing the redesigned article, the respondent may seek a ruling from Customs regarding whether the article is outside the order. If so, Customs may, but is not required to, seek advice from the patent owner concerning whether the redesigned article is outside the scope of the LEO. If

Alternatively, a patent owner may bring an action in a federal district court to enjoin the importation of the redesigned article. *Fuji Photo Film Corp v Benun* (Fed Cir 2006).

Success in a Section 337 action at the ITC does not guarantee a patent owner that the subject infringing articles will be excluded from importation into the United States. However, these recommendations can ensure patent owners that Customs enforces an LEO to the maximum extent possible.

### **More information:**

Government Accountability Office: "Intellectual Property: Better Data Analysis and Integration Could Help US Customs and Border Protection Improve Border Enforcement", GAO 07-735 (Washington, DC: April 26, 2007)

Government Accountability Office, "Intellectual Property: Federal Enforcement Has Generally Increased, But Assessing Performance Could Strengthen Law Enforcement Efforts", GAO 08-137 (Washington, DC: March 11, 2008).