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To: [FN-OMB-IntellectualProperty](#)
Subject: Recommendations for improving U.S. intellectual property enforcement
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[The Knowledge to Act \(Debra Peterson FCBJ article\).pdf](#)

Dear Ms. Espinel:

Per your request, I am submitting specific recommendations for improving the U.S. Government's intellectual property enforcement efforts. Please let me know if you have any questions concerning the attached documents, or need any additional information.

Thank you--

Debra Peterson

Debra D. Peterson
P.O. Box 32114
Long Beach, California 90832-2114 USA
Telephone: (562) 400-6107
Email:

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The Knowledge to Act: Border Enforcement of Section 337 Exclusion Orders and the Need for Exclusion Order Disclosure Regulations

Debra D. Peterson¹

“Knowledge, if it does not determine action, is dead to us.”²

Introduction

There are no regulatory provisions authorizing U.S. Customs and Border Protection (CBP) to disclose any information to exclusion order rights holders related to the enforcement of their exclusion order.³ As a result, CBP does not notify exclusion order rights holders when goods subject to their exclusion order are detained, excluded or seized.⁴ CBP also does not provide exclusion order rights holders with any importation information about the detained, excluded, or seized shipments, nor does the agency allow the rights holder to obtain samples of the violative goods.⁵ Very limited disclosure information is provided by the U.S. International Trade Commission (“Commission”), but that information is generally not received by the rights holder until at least four months after the suspect shipment has been examined, and does not include critical data, such as the names and addresses of the violator manufacturer and exporter, the quantity of goods involved, or the country of origin of the infringing goods.⁶ Therefore, exclusion order rights holders have no mechanism to assess the effectiveness of their exclusion order.⁷

¹ © 2008 Debra D. Peterson. The views expressed in this article are those of the author only, and should not be attributed to any of her clients. The author may be reached at DebraDPeterson@aol.com.

² PLOTINUS, THE SIX ENNEADS, SECOND TRACTATE, *available at* <http://ebooks.adelaide.edu.au/p/Plotinus/p72e>.

³ *See generally* 19 C.F.R. § 12.39 (2008) (defining CBP procedure on detention of articles subject to restriction only addresses disclosure to owners of trademarks, trade names, with no additional exclusion order rights holders specifically enumerated).

⁴ *See generally id.*

⁵ *See generally id.*

⁶ *See* 19 U.S.C. § 1337 (2000).

⁷ *See generally* 19 C.F.R. § 133.25.

In addition, the lack of disclosure information deprives exclusion order rights holders of the means to expeditiously enforce their intellectual property rights by instituting all available remedies against parties identified as infringing those rights.⁸ The absence of disclosure provisions is also detrimental to CBP.⁹ The lack of communication between CBP and rights holders hinders CBP's ability to obtain assistance from exclusion order rights holders for the purpose of enforcing the exclusion order, and deprives CBP of important intelligence which could assist the agency in targeting and identifying violative shipments, thus maximizing limited agency resources.¹⁰ Weaknesses in the exclusion order enforcement process could also be detrimental to U.S. consumers and other members of the public because violative products, in addition to being infringing, could also pose health and safety risks.¹¹

To address those issues, this article proposes the creation of exclusion order disclosure regulations. Regulations currently exist which allow CBP to disclose importation information and provide samples to rights holders when goods are detained or seized for violations of trademark, trade name or copyright law.¹² This article will argue that equivalent disclosure regulations are needed when goods are excluded or seized for violation of an exclusion order or seizure and forfeiture order. The article will discuss legal and policy justifications for disclosure, and contend that CBP could likely find authority in existing statutes for the promulgation of such regulations. If CBP determines that existing statutes do not provide such authority, then authority should be explicitly granted to CBP by Congress for the creation of exclusion order disclosure regulations. This article will conclude by suggesting amendments to 19 C.F.R. § 12.39 to provide for disclosure to the rights holder whenever goods are excluded or seized for violation of an exclusion order or seizure and forfeiture order. Such regulations would improve the border enforcement process and would provide both CBP and rights holders with the knowledge they need to take effective action against intellectual property rights (IPR) violators.

I. Background on Exclusion Orders

Section 337 of the Tariff Act of 1930, as amended by 19 U.S.C. § 1337, prohibits unfair practices in import trade. This includes the importation, sale for importation, or sale within the United States after importation by the owner, importer, or consignee of articles that infringe a valid and enforce-

⁸ See *infra* Section III.

⁹ See *infra* Section III.

¹⁰ See *infra* Section III.

¹¹ See *infra* p.62 and note 286.

¹² See 19 C.F.R. §§ 133.21 (c)–(d) (2008).

able U.S. trademark, copyright, patent, mask work or design.¹³ Section 337 import investigations are conducted by the Commission, an independent, quasi-judicial federal agency with broad investigative responsibilities in trade matters.¹⁴

The Commission issues exclusion orders after an agency investigation determines that there has been a violation of § 337.¹⁵ Upon determining that a violation has occurred, the Commission, subject to certain potential exceptions, has the authority to direct concerned goods from entering the United States.¹⁶ Accordingly, the Commission will notify the Secretary of the Department of Homeland Security of its action, and direct the Department and its officers to refuse entry to the goods.¹⁷

The Commission has the authority to issue two remedies under § 337: exclusion orders and cease and desist orders.¹⁸ Exclusion orders may be “limited” or “general.”¹⁹ In a limited exclusion order, the Commission directs CBP to exclude from entry all infringing goods originating from a specific respondent in the Commission’s investigation.²⁰ A general exclusion order is of broader scope, and mandates that CBP exclude all infringing goods, regardless of

¹³ 19 U.S.C. § 1337(a)(1) (2000). Section 337 investigations most often involve claims regarding allegations of trademark, copyright or patent infringement. Other claims may be asserted, such as infringement of mask works or boat hull designs; misappropriation of trade secrets; trade dress; passing off; false advertising; and antitrust claims related to imported goods. U.S. INT’L TRADE COMM’N, TRADE REMEDY INVESTIGATIONS, http://www.usitc.gov/trade_remedy/int_prop/index.htm (last visited Apr. 22, 2008).

¹⁴ U.S. INT’L TRADE COMM’N, ABOUT US, http://www.usitc.gov/ext_relations/about_itc/index.htm (last visited Apr. 22, 2008). The Commission’s mission is to administer U.S. trade remedy laws within its mandate in a fair and objective manner; provide the President, U.S. Trade Representative, and Congress with independent analysis, information, and support on matters of tariffs, international trade, and U.S. competitiveness; and maintain the Harmonized Tariff Schedule of the United States. *Id.* The agency was originally established by Congress as the “U.S. Tariff Commission” in 1916 and the agency’s name was changed pursuant to the Trade Act of 1974. U.S. INT’L TRADE COMM’N, WHAT THE USITC IS...AND ISN’T, http://www.usitc.gov/ext_relations/about_itc/gen_info.htm (last visited Apr. 22, 2008).

¹⁵ 19 U.S.C. § 1337(d)(1).

¹⁶ *Id.* Public interest factors assessed in determining a possible exception to issuance of an exclusion order include the effect of the exclusion on: public health and welfare, competitive conditions in the U.S. economy, the production of like or directly competitive articles in the U.S., and U.S. consumers. *Id.*

¹⁷ *See id.* *See also* 19 C.F.R. § 12.39 (2008); 19 C.F.R. § 0.2(a) (2008).

¹⁸ 19 U.S.C. § 1337(f)(1).

¹⁹ 19 U.S.C. § 1337(d); U.S. INT’L TRADE COMM’N, PUBL’N NO. 3708, ANSWERS TO FREQUENTLY ASKED QUESTIONS, SECTION 337 INVESTIGATIONS 22 (2004) [hereinafter USITC FAQ].

²⁰ USITC FAQ, *supra* note 19, at 22.

their source.²¹ General exclusion orders are issued by the Commission when a broader exclusion is necessary to prevent circumvention of the exclusion order, or when there is a pattern of violation and it is difficult to identify the source of the infringing products.²²

Seizure and forfeiture orders may be issued on an ongoing basis by the Commission as part of the exclusion order enforcement process.²³ After the Commission issues an exclusion order, CBP will exclude shipments which the agency determines to be subject to the exclusion order.²⁴ As a result of that enforcement action, an owner, importer or consignee whose goods were previously denied entry may subsequently make another attempt to import goods subject to the exclusion order, either by re-importing the goods originally denied entry, or by importing other goods which also fall within the scope of the order.²⁵ In order to deter continuous attempts to import infringing goods, the Commission has the authority to determine whether issuance of a seizure and forfeiture order of the goods would be appropriate.²⁶ If the Commission issues a seizure and forfeiture order, CBP will seize the imported goods subject to the seizure and forfeiture order rather than merely excluding the goods from entry.²⁷

The Commission may issue cease and desist orders in addition to, or in lieu of, an exclusion order.²⁸ A cease and desist order directs a respondent to cease engaging in unfair methods or acts,²⁹ which can include selling infringing

²¹ USITC FAQ, *supra* note 19, at 22.

²² 19 U.S.C. § 1337(d)(2).

²³ 19 U.S.C. § 1337(i).

²⁴ 19 U.S.C. § 1337(d); 19 C.F.R. § 12.39(b) (2008); U.S. CUSTOMS AND BORDER PROT., CUSTOMS DIRECTIVE 2310-006A, EXCLUSION ORDERS ¶ 3.2 (1999) [hereinafter CUSTOMS DIRECTIVE 2310-006A].

²⁵ 19 U.S.C. § 1337(i)(1). To constitute a subsequent violation, the goods in question must be “similar” to the goods originally denied entry pursuant to the exclusion order, and the similar goods must themselves be subject to the exclusion order. CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 3.4. The regulations use the term “such articles.” 19 C.F.R. § 12.39(b)(4) (“any future attempt to import such articles may result in the articles being seized and forfeited”).

²⁶ 19 U.S.C. § 1337(i). The Commission’s authority to issue seizure and forfeiture orders is permissive and not mandatory. “[T]he Commission may issue an order providing that any article imported in violation of the provisions of this section be seized and forfeited to the United States . . .” *Id.* The Commission’s current procedure is to generally issue seizure and forfeiture orders on an automatic basis, subject to some exceptions. *See infra* Section III.E.

²⁷ 19 U.S.C. § 1337(i); 19 C.F.R. § 12.39(c); CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 3.4.

²⁸ 19 U.S.C. § 1337(f)(1).

²⁹ *Id.*

imported goods out of existing inventory in the United States.³⁰ Cease and desist orders are enforced by the Commission, not by CBP.³¹

II. Border Enforcement of Exclusion Orders

A. CBP Enforcement of Intellectual Property Rights

CBP³² is the federal agency charged with enforcement of intellectual property rights at the border.³³ CBP has the authority to seize goods which violate CBP laws, or which violate any laws of other federal agencies enforced by CBP.³⁴

³⁰ USITC FAQ, *supra* note 19, at 22.

³¹ *Id.* Violation of a cease and desist order can result in civil penalties. 19 U.S.C. § 1337(f)(2).

³² The Department of Homeland Security (DHS) was established on January 24, 2003 by the Homeland Security Act of 2002, and is the result of the reorganization of twenty two federal agencies. Homeland Security Act of 2002, Pub. L. No. 107-296, 116 Stat. 2135 (2002). One of the agencies affected by the establishment of DHS was the legacy U.S. Customs Service, which was transferred from the Department of Treasury to DHS on March 1, 2003. *Id.* The legacy U.S. Customs Service and the legacy Immigration and Naturalization Service were reorganized into three agencies: CBP, Immigration and Customs Enforcement (ICE), and U.S. Citizenship and Immigration Services (USCIS). *Id.* CBP's original agency name was the Bureau of Customs and Border Protection, but DHS announced a formal name change in April 2007 to U.S. Customs and Border Protection. Name Change From the Bureau of Immigration and Customs Enforcement to U.S. Immigration and Customs Enforcement, and the Bureau of Customs and Border Protection to U.S. Customs and Border Protection, 72 Fed. Reg. 20,131 (April, 23, 2007). The duties of the legacy U.S. Customs Service are now divided between CBP and ICE. *Id.* CBP describes itself as the unified border agency within DHS, charged with the "twin goals" of "anti-terrorism and facilitating legitimate trade and travel." U.S. Customs and Border Prot., Protecting Our Borders Against Terrorism, <http://www.cbp.gov/xp/cgov/toolbox/about/mission/cpb.xml> (last visited Apr. 22, 2008). ICE absorbed the criminal investigative responsibilities of the legacy U.S. Customs Service and describes itself as the "largest investigative arm of [DHS]." U.S. IMMIGRATION & CUSTOMS ENFORCEMENT, FACT SHEET, <http://www.ice.gov/pi/news/factsheets/040505ice.htm> (last visited Apr. 22, 2008).

³³ U.S. CUSTOMS AND BORDER PROT., PROTECTING AMERICA, 2005–2010 STRATEGIC PLAN 35 (2005) ("Enforce all U.S. trade, immigration, drug, consumer protection, intellectual property and agricultural laws and regulations at the border"). As part of CBP's border security role, the agency "secures America's borders at and between the ports of entry by stopping inadmissible people and illicit goods as well as facilitating legitimate trade and travel." U.S. Customs and Border Prot., Snapshot, A Summary of CBP Facts and Figures, http://www.cbp.gov/linkhandler/cgov/newsroom/fact_sheets/cbp_overview/cbp_snapshot_final.ctt/cbp_snapshot_final.pdf (last visited Apr. 22, 2008) [hereinafter CBP Facts and Figures].

³⁴ U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-07-735, INTELLECTUAL PROPERTY: BETTER DATA ANALYSIS AND INTEGRATION COULD HELP U.S. CUSTOMS AND BORDER PROTECTION

CBP also has the authority to assess penalties and liquidated damages claims, remit forfeitures, mitigate penalties, decide petitions, and cancel claims.³⁵

CBP's regulations governing the enforcement of exclusion orders are found at 19 C.F.R. § 12.39.³⁶ As noted earlier, exclusion orders may involve various types of intellectual property, including copyrights, trademarks, or patents.³⁷ Exclusion orders are the only means by which CBP has the authority to enforce patents.³⁸ The enforcement of exclusion orders is a component of CBP's National IPR Trade Strategy.³⁹

IMPROVE BORDER ENFORCEMENT EFFORTS 12 (2007) [hereinafter GAO REPORT GAO-07-735]. For example, in addition to enforcing exclusion orders for the Commission, CBP also enforces laws for other federal agencies, such as Department of Agriculture import quotas for certain dairy products. *Id. See, e.g.,* U.S. CUSTOMS AND BORDER PROT., COMMODITIES SUBJECT TO IMPORT QUOTAS, http://www.cbp.gov/xp/cgov/trade/trade_programs/textiles_and_quotas/guide_import_goods/commodities.xml.

³⁵ U.S. CUSTOMS AND BORDER PROT., CUSTOMS ADMINISTRATIVE ENFORCEMENT PROCESS: FINES, PENALTIES, FORFEITURES, AND LIQUIDATED DAMAGES 10, (2004) http://www.cbp.gov/xp/cgov/toolbox/legal/authority_enforce/ (last visited Apr. 23 2008).

³⁶ 19 C.F.R. § 12.39(a) (2008). "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." 19 C.F.R. § 12.39(b)(1). The authority of the Secretary of the Treasury with respect to customs regulations unrelated to revenue was transferred to the Secretary of Homeland Security pursuant to section 403(1) of the Homeland Security Act of 2002. 19 C.F.R. § 0.2(a) (2008).

³⁷ 19 U.S.C. § 1337(a) (2000); *see also* text accompanying note 13.

³⁸ NAT'L INTELLECTUAL PROP. LAW ENFORCEMENT COORDINATION COUNCIL, REPORT TO THE PRESIDENT AND CONGRESS ON COORDINATION OF INTELLECTUAL PROPERTY ENFORCEMENT AND PROTECTION 144 (2006) [hereinafter 2006 NIPLECC REPORT] ("CBP has no legal authority to make patent infringement determinations, but does have the authority to exclude from entry imported goods which the Commission has determined infringe a valid and enforceable U.S. patent."). CBP also has the authority to seize goods subject to an exclusion order once the Commission has issued a seizure and forfeiture order. *See infra* Section III.E. Exclusion orders involving a patent generally remain in effect until the patent expires. U.S. GOV'T ACCOUNTING OFFICE, GAO-08-157, INTELLECTUAL PROPERTY: FEDERAL LAW ENFORCEMENT HAS GENERALLY INCREASED, BUT ASSESSING PERFORMANCE COULD STRENGTHEN LAW ENFORCEMENT EFFORTS 8 n.14 (2008) [hereinafter GAO REPORT GAO-08-157].

³⁹ 2006 NIPLECC REPORT, *supra* note 38, at 148. CBP's National Trade Strategy directs actions and resources around certain specified priority trade issues. The enforcement of intellectual property rights is a CBP priority trade issue. *Id. See also* NAT'L INTELLECTUAL PROP. LAW ENFORCEMENT COORDINATION COUNCIL, REPORT TO THE PRESIDENT AND CONGRESS ON COORDINATION OF INTELLECTUAL PROPERTY ENFORCEMENT AND PROTECTION 15 (2008) [hereinafter 2008 NIPLECC REPORT]; *Oversight Hearing Before the H. Appropriations Com-*

B. Trade Alert and Targeting Instructions

CBP is required to enforce an exclusion order from the date the Commission issues the order.⁴⁰ In reality, there is a delay in CBP's enforcement while the agency prepares a Trade Alert and targeting instructions related to enforcement of the exclusion order.⁴¹ A Trade Alert is an internal document developed by attorneys in CBP's IPR Branch to assist CBP field officers in identifying imported goods subject to an exclusion order.⁴² Even after the agency issues a Trade Alert, there can be further delays while CBP creates or updates targeting instructions related to the exclusion order, such as cargo and/or summary selectivity criteria.⁴³ CBP's enforcement of an exclusion order generally does not begin until the Trade Alert has been issued to the field and electronic targeting instructions have been created.⁴⁴

C. Targeting and Examination

In order to determine whether imported goods may be subject to an exclusion order, CBP must target shipments and examine the goods in those shipments.⁴⁵ Because of the sheer volume of imports into the United States,

mittee, Subcommittee on Homeland Security, 110th Cong. (2007) (statement of W. Ralph Basham, Commissioner, U.S. Customs and Border Protection). "Intellectual Property Rights (IPR) enforcement is a priority trade issue for CBP and DHS. CBP enforces trademarks, trade names, and copyrights on its own statutory authority, and also enforces patents and other forms of intellectual property pursuant to exclusion orders issued by the International Trade Commission and court orders." *Id.*

⁴⁰ GAO REPORT GAO-08-157, *supra* note 38, at 26.

⁴¹ GAO REPORT GAO-08-157, *supra* note 38, at 23–26. The delay is attributed in part to the fact that CBP must review and interpret large amounts of complex information generated by the administrative process, and must coordinate its efforts with the Commission. *Id.* at 26.

⁴² GAO REPORT GAO-08-157, *supra* note 38, at 17, 24 n.40. GAO described the development of exclusion order enforcement guidance as "highly complex and labor intensive." *Id.* at 17.

⁴³ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 4.1. *See also infra* Section III.C.

⁴⁴ GAO REPORT GAO-08-157, *supra* note 38, at 23–24.

⁴⁵ GAO REPORT GAO-07-735, *supra* note 34, at 3. Some exclusion orders may include a certification option in lieu of an agency determination as to whether goods are subject to an exclusion order. *See, e.g.*, Certain Baseband Processor Chips and Chipsets, Transmitter and Receiver (Radio) Chips, Power Control Chips, and Products Containing Same, Including Cellular Telephone Handsets (Limited Exclusion Order), USITC Inv. No. 337-TA-543, (June 7, 2007), *available at* [http://info.usitc.gov/sec/exclusion.nsf/72b1a4074ed08da7852567fd0064ad21/988c56d688df8ecb85257338006329a4/\\$FILE/337-ta-543.pdf](http://info.usitc.gov/sec/exclusion.nsf/72b1a4074ed08da7852567fd0064ad21/988c56d688df8ecb85257338006329a4/$FILE/337-ta-543.pdf) (last visited Apr. 22, 2008) [hereinafter U.S. Int'l Trade Comm'n, Limited Exclusion Order Inv. No. 337-TA-543]. The Commission includes discretionary certification provisions in its exclusion

CBP cannot physically examine every arriving shipment.⁴⁶ CBP utilizes various targeting methods, including computer-based targeting⁴⁷ and manual

orders only where CBP is unable to determine by inspection whether an imported product violates a particular exclusion order. *Eaton Corp. v. U.S.*, 395 F. Supp. 2d 1314, 1327 (Ct. Int'l Trade 2005), *appeal dismissed*, *Eaton Corp. v. U.S.*, 186 Fed. Appx. 999 (Fed. Cir. 2006) (citation omitted). The certification option allows CBP, at its discretion, to accept a document from importers in which the importer certifies that they are familiar with the terms of the exclusion order; that they have made appropriate inquiry; and, to the best of their knowledge and belief, their imported products are not subject to exclusion under the affected exclusion order. *See, e.g.*, U.S. Int'l Trade Comm'n, Limited Exclusion Order Inv. No. 337-TA-543, *supra*. A sample certification document related to that exclusion order is currently available on the CBP website. *See* U.S. Customs and Border Prot., Voluntary Certification Procedures in Respect of Baseband Processor Chips or Chipsets and Certain Handheld Wireless Communication Devices, Including Cellular Telephones, Claimed to be Exempt from the Limited Exclusion Order Issued by the U.S. International Trade Commission Investigation No. 337-TA-543, http://www.cbp.gov/linkhandler/cgov/import/commercial_enforcement/ipr/trade_not543.ctt/543certification.pdf (last visited Apr. 22, 2008). CBP may require importers who have provided this certification to furnish records or analyses to support the certification. U.S. Int'l Trade Comm'n, Limited Exclusion Order Inv. No. 337-TA-543, *supra*.

⁴⁶ In FY 2006, CBP estimated that, on a typical day, the agency processed 70,900 truck, rail and sea containers. CBP Facts and Figures, *supra* note 33. CBP has consistently and vigorously defended the percentage of shipments the agency examines. *See, e.g.*, U.S. CUSTOMS AND BORDER PROT., CARGO CONTAINER SECURITY—CUSTOMS AND BORDER PROTECTION REALITY, http://www.secureports.org/fact_sheet.html (last visited Apr. 22, 2008) (“[CBP] uses intelligence to screen information on 100% of cargo entering our seaports, and all cargo that presents a risk to our country is inspected using large x-ray and radiation detection equipment. Following 9/11, the Administration developed and implemented a smarter strategy to identify, target, and inspect cargo containers before they reach U.S. ports. Anyone can secure a nation by closing its borders and inspect everything and everybody that enters. Closing the borders is not an option.”).

⁴⁷ Examples of computer-based targeting systems for IPR enforcement include cargo selectivity, the Automated Targeting System, and a new model based on “statistically driven risk assessment.” GAO REPORT GAO-07-735, *supra* note 34, at 14–15, 34. In general, CBP employs a variety of computer-based targeting systems to target cargo shipments. “CBP uses advance information from the Automated Targeting System (ATS), Automated Export System (AES), and the Trade Act of 2002 Advance Electronic Information Regulations to identify cargo that may pose a threat. CBP’s Office of Intelligence and the National Targeting Center (NTC) enhance these initiatives by synthesizing information to provide tactical targeting. Using risk management techniques they evaluate people and goods to identify a suspicious individual or container before it can reach our shores. The Automated Commercial Environment (ACE) has made electronic risk management far more effective. The ACE Secure Data Portal provides a single, centralized on-line access point to connect CBP and the trade community. CBP’s modernization efforts enhance border security while optimiz-

targeting,⁴⁸ to target shipments for examination.⁴⁹ Computer-based targeting and manual targeting have strengths and weaknesses.⁵⁰ Different targeting methods are employed for various reasons, including the port of entry and mode of transport involved in any particular shipment.⁵¹

Once a shipment is targeted, CBP must examine the goods to determine whether they infringe a trademark, trade name or copyright, or fall within the scope of an exclusion order.⁵² Because of the nature of intellectual property violations, CBP must physically examine goods to determine whether a violation has occurred.⁵³ CBP could not make a definitive infringement determination based solely on a review of the transmitted electronic data or hard copy import documents associated with a shipment.⁵⁴ Where an exclusion

ing the ever-increasing flow of legitimate trade.” U.S. Customs and Border Prot., Protecting Our Borders Against Terrorism, <http://www.cbp.gov/xp/cgov/toolbox/about/mission/cbp.xml> (last visited Apr. 22, 2008).

⁴⁸ “Manual targeting” is the term used when CBP targets shipments based on officer knowledge, analysis, and experience and/or as a result of intelligence received from other law enforcement agencies or from rights holders. GAO REPORT GAO-07-735, *supra* note 34, at 16. For example, a CBP officer may decide to target a shipment for examination based on computer queries or data analysis, the review of import documentation, or visual observance of suspicious merchandise in warehouses. *Id.*

⁴⁹ GAO REPORT GAO-07-735, *supra* note 34, at 14.

⁵⁰ GAO noted that the cargo selectivity system allowed CBP to quickly screen vast volumes of commercial shipments, but the system’s “lack of sophistication and cumbersome process” limited its overall effectiveness for performing IPR targeting. GAO REPORT GAO-07-735, *supra* note 34, at 16–17. Targeting criteria for the cargo selectivity system must be finely tailored to minimize the number of “false positive” shipments which can overwhelm the ports, delay the movement of legitimate shipments, and burden importers with exam costs. *Id.* Manual targeting is used to overcome some of the limitations of the cargo selectivity system, and utilizes the knowledge, skills and experience of CBP officers. *Id.* Manual targeting is heavily based on employee availability and expertise, however, and GAO observed that its use for targeting may be limited, especially as CBP increasingly focuses its resources on security issues. *Id.* Although CBP lacked data to measure the effectiveness of manual targeting, GAO suggested that its effectiveness could be significant, given the relatively small portion of IPR seizures that could be attributed to targeting through the cargo selectivity system. *Id.*

⁵¹ For example, the procedures for examination vary depending on whether the goods are arriving by seaport, airport or land border. GAO REPORT GAO-07-735, *supra* note 34, at 14.

⁵² GAO REPORT GAO-07-735, *supra* note 34, at 18.

⁵³ GAO REPORT GAO-07-735, *supra* note 34, at 18.

⁵⁴ IPR-infringing goods are often smuggled, and thus not described at all, or else misdescribed in an attempt to evade detection. Press Release, U.S. Immigration & Customs Enforcement, 10 Charged in \$200M Smuggling Operation in Port of Newark (Dec. 5, 2007), <http://www.ice.gov/pi/news/newsreleases/articles/071205newyork.htm> (last visited May 22,

order is involved, CBP's examination techniques could include physical tests and evaluation,⁵⁵ the verification of licensing information, or other research in order to determine whether the imported goods fall within the scope of the exclusion order.⁵⁶

D. Determination Whether Goods are Subject to Exclusion

Although the Commission determines when a violation of § 337 has occurred, resulting in the issuance of an exclusion order, CBP is the agency charged with enforcing that exclusion order.⁵⁷ As part of its border enforcement obligations, CBP must determine whether imported goods are subject to any current exclusion orders.⁵⁸ To fulfill those enforcement obligations, CBP officers must exercise some degree of discretion when assessing whether a particular imported product falls within the scope of a particular exclusion order.⁵⁹

CBP field officers may obtain admissibility guidance from CBP's IPR Branch, which issues advice and ruling letters to field officers and prospective

2008). For example, in December 2007 ICE announced the arrests of 10 individuals on charges related to the smuggling and trafficking of counterfeit goods. *Id.* One of the shipments involved in that operation contained counterfeit Nike shoes which were misdescribed on the bill of lading as "noodles." *See also infra* Section III.E.

⁵⁵ CBP Laboratories and Scientific Services personnel provide forensic and scientific analysis to support enforcement in various areas, including intellectual property rights. U.S. CUSTOMS AND BORDER PROT., FACT SHEET: CBP LABORATORIES AND SCIENTIFIC SERVICES (2006), http://www.cbp.gov/linkhandler/cgov/newsroom/fact_sheets/printer_fact_sheets/fact_sheet_labs.ctt/fact_sheet_labs.pdf (last visited May 21, 2008); *See also* CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 4.1.1.

⁵⁶ It would be particularly helpful for CBP to have the authority to provide importation information and samples to exclusion order rights holders because the process of targeting shipments and determining whether imported goods are subject to an exclusion order can be more technically complex than the targeting and product identification required in traditional trademark or copyright infringement determinations. GAO REPORT GAO-07-735, *supra* note 34, at 16 n.27. Targeting may be especially difficult for exclusion orders based on certain production processes. *Id.* CBP explained that it was very difficult to write cargo selectivity criteria to accurately target those infringing goods without creating a large number of "false positives," which would result in an unmanageable workload for the ports. *Id.* As such, any feedback from the rights holder which could help CBP target suspect shipments and determine whether the imported goods were subject to the exclusion order could be highly beneficial to the agency. *Id.*

⁵⁷ GAO REPORT GAO-07-735, *supra* note 34, at 12.

⁵⁸ GAO REPORT GAO-07-735, *supra* note 34, at 12.

⁵⁹ GAO REPORT GAO-07-735, *supra* note 34, at 12.

importers on IPR enforcement.⁶⁰ The IPR Branch has also implemented an enforcement hearing process to resolve disputes between rights holders and importers or other parties about whether a particular product falls within the scope of an exclusion order.⁶¹

Parties may also seek advisory opinions from the Commission as to whether particular goods are subject to an exclusion order.⁶² In addition, the

⁶⁰ Some CBP Headquarters (HQ) ruling letters, which would include ruling letters issued by the IPR Branch, are available through CBP's Customs Rulings Online Search System (CROSS). U.S. Customs and Border Prot., Customs Rulings Online Search System (CROSS), <http://rulings.cbp.gov/> (last visited Apr. 22, 2008). The IPR Branch may issue advice or ruling letters to field officers where goods are detained pending CBP's determination as to whether the goods are subject to an exclusion order or where an importer has protested CBP's determination that the goods are subject to exclusion. *Id. See, e.g.*, U.S. CUSTOMS AND BORDER PROT., HQ RULING LETTER 472103 (June 5, 2002) (determining that the imported goods are subject to an exclusion order); U.S. CUSTOMS AND BORDER PROT., HQ RULING LETTER 468837 (April 7, 2000) (determining that the imported goods are not subject to an exclusion order). The IPR Branch has also issued ruling letters to importers for prospective shipments. *See, e.g.*, U.S. CUSTOMS AND BORDER PROT., HQ RULING LETTER 475680 (June 15, 2004) (determining that an importer's goods would be subject to an exclusion order). CBP has noted that the agency's ruling letters only reflect the opinion of CBP, and that Commission proceedings, and/or reviews of those proceedings by federal courts, could impact the admissibility of articles subject to an exclusion order. CBP suggests that importers seek advisory opinions from the Commission to avoid potential future adverse actions. *Id.*

⁶¹ U.S. CUSTOMS AND BORDER PROT., POWERPOINT PRESENTATION, U.S. BORDER ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS (2005). In mid-2005, CBP implemented a new adversarial system to resolve disputes arising between the rights holder and an importer, manufacturer or other affected party about whether a particular imported product fell within the scope of an exclusion order. Prior to implementation of the new system, attorneys from CBP's IPR Branch would meet with parties on an ex parte basis to address enforcement-related issues. Under the new adversarial system, the CBP IPR Branch attorneys meet with all parties simultaneously, and each party is given an opportunity to argue their position and rebut the arguments of the opposing side. After the oral hearing, the parties submit briefs addressing the issues raised during the administrative proceeding. IPR Branch attorneys review those materials, along with the Commission's ALJ's initial determination and the Commission's advisory opinion to determine whether the product at issue falls within the scope of the exclusion order. CBP noted that its exclusion order enforcement hearings proceedings were in the process of being codified into new agency regulations. CBP cited more accurate and timely enforcement and a maximization of decreased CBP resources as benefits of the new system. *Id.*

⁶² 19 C.F.R. § 210.79(a) (2008). The Commission has clarified that both complainants and prospective importers may avail themselves of the Commission's advisory opinion program. Because the current language in section 210.79(a) suggests that only prospective importers may request an advisory opinion, the Commission has proposed amending section 210.79(a) to clarify that "in accordance with current Commission practice, complainants, as

Commission, rather than CBP, has the authority to determine whether the conditions that led to the exclusion order have changed.⁶³ The Commission has “paramount authority and responsibility under section 337 of the Tariff Act.”⁶⁴

E. Seizure and Forfeiture Orders

When a party first attempts to import goods subject to an exclusion order, CBP will exclude the goods from entry and require that the importer export the goods from the United States within thirty days.⁶⁵ CBP will also notify the importer that any future attempt to import such goods may result in the seizure and forfeiture of the goods.⁶⁶

Owners, importers, or consignees who have had goods previously denied entry under an exclusion order may attempt to re-import the excluded goods, or import other goods which are also subject to the exclusion order. To deter those practices, Section 337 allows the Commission to issue seizure and forfeiture orders.⁶⁷ Seizure and forfeiture orders are issued against a specific importer.⁶⁸ The order allows CBP to seize re-importations of excluded goods—or subsequent importations of similar goods also subject to the exclusion order—when imported by the party named in the order.⁶⁹ Seizure and forfeiture orders can be valuable because they grant CBP the authority to seize imported goods instead of merely requiring that those goods be exported.⁷⁰

well as importers, may request an advisory opinion from the Commission.” Rules of General Application and Adjudication and Enforcement, 72 Fed. Reg. 72,280, 72,293 (Dec. 20, 2007) (to be codified at 19 C.F.R. pt. 210).

⁶³ 19 C.F.R. § 210.71(a). The Commission has proposed amending section 210.71 to clarify that “the Commission actually determines whether the conditions that led to the order are changed in accordance with § 210.74(a).” Rules of General Application and Adjudication and Enforcement, 72 Fed. Reg. 72,280, 72,292 (Dec. 20, 2007) (to be codified at 19 C.F.R. pt. 210).

⁶⁴ *Eaton Corp. v. U.S.*, 395 F.Supp.2d 1314, 1327 (Ct. Int’l Trade 2005), *appeal dismissed*, *Eaton Corp. v. U.S.*, 186 Fed. Appx. 999 (Fed. Cir. 2006).

⁶⁵ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, app. Goods which are not exported timely are disposed of under CBP supervision pursuant to 19 C.F.R. § 12.39(b)(3) and (c) (5). *Id.*

⁶⁶ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, app.

⁶⁷ *Id.*

⁶⁸ *See, e.g.*, Letter from Marilyn Abbott, Secretary, U.S. Int’l Trade Comm’n to Henry M. Paulson, Secretary of the Treasury (Mar. 19, 2008) (attaching a seizure and forfeiture order for a specific importer who had imported goods subject to an exclusion order), *available at* <http://edisweb.usitc.gov/edismirror/337-474/Violation/295022/354642/3a719565d7.pdf>.

⁶⁹ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 3.4.

⁷⁰ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 3.4.

The following scenario provides a general illustration of the exclusion order and seizure and forfeiture order process: a shipment arrives at a U.S. port and the importer files an entry with CBP. CBP targets and examines the shipment. Upon examination, CBP determines that the imported goods are subject to an exclusion order. The goods may generally be detained up to 30 days while CBP makes its admissibility determination.⁷¹ The port excludes the shipment pursuant to the procedures outlined in 19 U.S.C. § 1337, 19 C.F.R. § 12.39 and Customs Directive 2310-006A.⁷²

Written notification of the exclusion is sent to the importer.⁷³ The notification states that the excluded goods must be exported within thirty days and that any future attempt to import such goods may result in the goods being seized and forfeited.⁷⁴ CBP sends copies of the denial of entry letter to its IPR Branch and the Commission's Office of General Counsel.⁷⁵

There is a 90-day waiting period before the Commission will issue a seizure and forfeiture order.⁷⁶ This waiting period has been implemented to ensure that seizure and forfeiture orders are not issued during the period when an importer could lodge a formal protest against CBP's exclusion action.⁷⁷ Once the 90-day waiting period has expired, the Commission may issue the seizure and forfeiture order pursuant to U.S.C. § 1337(i).⁷⁸

⁷¹ After goods are presented for examination, CBP must decide whether to detain or release the goods within 5 days. 19 C.F.R. § 151.16(b) (2008). Once detained, final determination as to admissibility must generally be made within 30 days from the date the merchandise was presented for examination. 19 C.F.R. § 151.16(e). *See also* 19 U.S.C. § 1499(c) (2000). Section 151 does not apply to all detentions of goods which may infringe intellectual property laws. 19 C.F.R. § 151.16(a). Detentions involving possibly piratical goods, confusingly similar goods or restricted gray market goods are covered in Part 133. *Id.* The regulations governing the detention of possibly piratical goods are specifically enumerated in 19 C.F.R. § 133.43 and find their statutory origins in 17 U.S.C. § 603. Detention of Merchandise, 64 Fed. Reg. 43,608, 43,610 (Aug. 11, 1999) [hereinafter Detention of Merchandise]. The regulations governing the detention of confusingly similar goods are specifically enumerated in 19 C.F.R. § 133.25 and find their statutory origins in 15 U.S.C. § 1124. *Id.* Regulations governing the detention of restricted gray market goods are also contained in Part 133. 19 C.F.R. § 133.23(d) (2008).

⁷² 19 U.S.C. § 1337(d) (2000); 19 C.F.R. § 12.39(b) (2008); CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 4.

⁷³ 19 C.F.R. § 12.39(b); CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 4.I.3.

⁷⁴ 19 C.F.R. § 12.39(b); CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, app.

⁷⁵ 19 C.F.R. § 12.39(b)(4); CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶ 4.I.4.

⁷⁶ U.S. INT'L TRADE COMM'N, PERFORMANCE AND ACCOUNTABILITY REPORT: FISCAL YEAR 2007 76 n.4 (2007) [hereinafter 2007 USITC REPORT].

⁷⁷ *Id.*

⁷⁸ The Commission's authority to issue seizure and forfeiture orders is permissive and not mandatory. 19 U.S.C. § 1337(i) (2000) ("[T]he Commission may issue an order providing

The Commission attempts to issue seizure and forfeiture orders approximately 30 days after the time has run for filing a protest with CBP.⁷⁹ As of FY 2002, the Commission issued seizure and forfeiture orders at quarterly intervals (on or about December 1, March 1, June 1, and September 1).⁸⁰ The Commission has recently indicated, however, that it has discontinued the quarterly issuance procedure, and that it will now issue seizure and forfeiture orders after the 90-day waiting period has expired.⁸¹

A copy of the seizure and forfeiture order is sent to the rights holder.⁸² The only importation information provided in the seizure and forfeiture order is the name and address of the affected importer and the port that issued the denial of entry letter.⁸³

Once a seizure and forfeiture order is issued, any attempts by the importer named in the order to re-import the excluded goods or import similar goods also subject to the exclusion order will result in the goods being seized by CBP.⁸⁴ Seized and forfeited goods are disposed of in accordance with CBP rules and regulations.⁸⁵

An analysis of the exclusion order and seizure and forfeiture order process reveals several weak links due to procedural requirements and the nature of IPR violations. Violators could exploit those structural weaknesses. Several examples are listed below:

After CBP notifies the Commission that a shipment has been excluded, the Commission waits at least 90 days before issuing a seizure and forfeiture

that any article imported in violation of the provisions of this section be seized and forfeited to the United States . . .”). The Commission has exercised its discretion to not issue seizure and forfeiture orders, for example, in FY 2005, FY 2006 and FY 2007, the Commission chose not to issue seizure and forfeiture orders for thousands of attempted entries by individual consumers of goods that infringed the exclusion order issued in the *Sildenafil* Investigation (Inv. 337-TA-489). 2007 USITC REPORT, *supra* note 76, at 76–77. The Commission made that decision in light of CBP’s decision to return the subject infringing merchandise to foreign exporters rather than detain the goods. *Id.*

⁷⁹ 2007 USITC REPORT, *supra* note 76, at 75. This could equate to a 120-day period after the shipment has been excluded entry by CBP (the initial 90-day CBP protest waiting period and the subsequent 30-day Commission period for issuance of the seizure and forfeiture order). *Id.* In addition, CBP may initially detain the shipment for 30 days pending an admissibility determination. *See supra* note 71 and accompanying text.

⁸⁰ 2007 USITC REPORT, *supra* note 76, at 76.

⁸¹ Telephone interview with Jean Jackson, Assistant General Counsel for Section 337 Investigations, U.S. Int’l Trade Comm’n (Feb. 7, 2008).

⁸² 19 C.F.R. § 12.39(c)(3) (2008).

⁸³ *See supra* note 68.

⁸⁴ 19 C.F.R. § 12.39(c)(2)–(3).

⁸⁵ 19 C.F.R. § 12.39(c)(5).

order to ensure that orders are not issued during the period when an importer could lodge a formal protest against CBP's exclusion action.⁸⁶ During that waiting period, CBP would exclude, but not seize, subsequent shipments of similar goods imported by that party because the Commission has not yet granted the seizure and forfeiture order.⁸⁷ This provides an advantage to violator importers because subsequent shipments of infringing goods detained by CBP during the 90-day waiting period would not be seized, even though CBP has already identified that importer as a violator, and has already excluded at least one of the importer's shipments.⁸⁸

The Commission issues seizure and forfeiture orders against the importer whose goods were excluded from entry.⁸⁹ IPR violators who have suffered enforcement action at the hands of CBP are ingenious in devising ways to evade detection in subsequent shipments. For example, violators may use different names for every shipment, or use third parties, such as customs brokers or freight forwarders, to enter the goods.⁹⁰ CBP and the Commission would likely not have the resources to investigate prospective importers to determine whether a "new" importer was actually the original importer who had been issued a seizure and forfeiture order and who was now importing under a different name. It is also unclear whether CBP would have the legal authority

⁸⁶ See *supra* notes 76–77 and accompanying text.

⁸⁷ See *supra* note 38 and accompanying text.

⁸⁸ See *supra* notes 38, 76–77 and accompanying text.

⁸⁹ See *supra* note 68 and accompanying text.

⁹⁰ See, e.g., Press Release, U.S. Immigration & Customs Enforcement, Three New Yorkers arrested in one of the largest operations of counterfeit luxury goods in the U.S. (Jan. 18, 2008), <http://www.ice.gov/pi/news/newsreleases/articles/080118washington.htm> (last visited Apr. 22, 2008). In that case, an ICE investigation revealed that the alleged violators were "engaged in a corporate shell game whereby they conspired to, and in fact imported, over 300,000 counterfeit luxury handbags and wallets into the United States from the PRC in the names of different companies, all under their control." *Id.* See also Press Release, U.S. Immigration & Customs Enforcement, 29 defendants in New York, New Jersey and California charged with conspiracy to smuggle over 950 shipments of merchandise into the U.S. (June 26, 2007), <http://www.ice.gov/pi/news/newsreleases/articles/070626brooklyn.htm> (last visited Apr. 22, 2008). In June 2007, 29 defendants were charged in three separate complaints with conspiracy to smuggle over 950 shipments of merchandise into the United States, principally from China. *Id.* The defendants included merchandise distributors, freight forwarders, customs brokers, owners and managers of CBP-bonded warehouses, and managers of a CBP exam site. *Id.* Multiple schemes were utilized to smuggle the infringing goods into the United States. *Id.* In one scheme, the violators provided fraudulent shipping documents to customs brokers to obtain entry of merchandise. *Id.* The documents contained "false information about the identity of the importers, frequently listing the name and identity of legitimate importers known to CBP." *Id.*

to enforce the original seizure and forfeiture order against a second company who technically used a different name, but whose business entity involved the same parties.⁹¹ As a result, a seizure and forfeiture order—although issued by the Commission—may never be implemented by CBP, even though the party named in the seizure and forfeiture order may continue to import goods subject to the exclusion order.

When goods are only being excluded and not seized, the importer can re-attempt entry of those goods at the original port of entry or—more likely—at a different port of entry.⁹² Violative goods are also likely to be misdescribed, so that they appear unrelated to the exclusion order, or smuggled, and thus not described at all.⁹³ In addition, certain types of shipments, such as in-bond shipments, which do not enter the commerce of the United States, are not subject to the exclusion order.⁹⁴

⁹¹ See 19 U.S.C. § 1337(i)(c) (2000).

⁹² See CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, app.

⁹³ See, e.g., Press Release, U.S. Immigration & Customs Enforcement, New Hampshire corporation pleads guilty in counterfeit drug importation case (Aug. 31, 2007), <http://www.ice.gov/pi/news/newsreleases/articles/070831concord.htm> (last visited Apr. 22, 2008) (where a corporation pled guilty to charges that it conspired to traffic in counterfeit drugs and to introduce misbranded drugs into the United States when it imported counterfeit Cialis tablets into the United States in packages fraudulently claiming that the contents were chlorine tablets); Press Release, U.S. Immigration & Customs Enforcement, 29 defendants in New York, New Jersey and California charged with conspiracy to smuggle over 950 shipments of merchandise into the U.S. (June 26, 2007), <http://www.ice.gov/pi/news/newsreleases/articles/070626brooklyn.htm> (last visited Feb. 21, 2008) (where the defendants falsely represented the nature and value of the merchandise in part to conceal the fact that the goods were counterfeit).

⁹⁴ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24 at ¶ 4.1.2. “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.” *Id.* In-bond shipments have long been a weak link in CBP’s enforcement of intellectual property rights:

DHS officials also told us that problems in identifying and seizing IPR-infringing goods frequently arise where the department’s in-bond system is involved. The in-bond system allows cargo to be transported from the original U.S. port of arrival (such as Los Angeles) to another U.S. port (such as Cleveland) for formal entry into U.S. commerce or for export to a foreign country. We previously reported that weak internal controls in this system enable cargo to be illegally diverted from the supposed destination. The tracking of in-bond cargo is hindered by a lack of automation for tracking in-bond cargo, inconsistencies in targeting and examining cargo, in-bond practices that allow shipments’ destinations to be changed without notifying DHS and extensive time intervals to reach their final destination, and inadequate verification of exports to Mexico. DHS inspectors we spoke with during the course of our previous work cited

These examples highlight ways that violators could evade enforcement actions by exploiting weak links in the exclusion order and seizure and forfeiture order process. The existence of those weak links in the enforcement process reinforces the need for disclosure to exclusion order rights holders. Rights holders often have extensive private investigative and informant resources that they may use to assist CBP in identifying smuggling attempts by violators and links between violator companies and individuals.⁹⁵ Federal law enforcement agencies frequently rely on rights holders to provide critical information to assist the agencies in their enforcement efforts.⁹⁶ Granting CBP explicit regulatory authority to work more closely with exclusion order rights holders could address some of these enforcement issues.

in-bond cargo as high-risk category of shipment because it is the least inspected and in-bond shipments have been increasing.

Finding and Fighting Fakes: Reviewing the Strategy Targeting Organized Piracy before U.S. Comm. on Homeland Security and Government Affairs, Subcomm. on Oversight of Government Management, the Federal Workforce, and the District of Columbia, 109th Cong. 9 (2005) (statement of Loren Yager, Director of International Affairs and Trade, U.S. General Accounting Office)., <http://www.gao.gov/htext/d05788t.html> (last visited Apr. 22, 2008). Manipulation of this weak link in the CBP system was one of the methods used by alleged violators in a recent conspiracy scheme uncovered by CBP and ICE:

In the first scheme, the “Diversion Scheme”, between November 2005 and March 2006, merchandise distributors Longyi Wang, Amine Mohsen, Ayman Mohsen and Min Hua Yao Chen allegedly smuggled seven 40-foot containers with counterfeit goods valued, if authentic, at more than \$9 million through the Port of Los Angeles/Long Beach without paying customs duties. They accomplished this by paying ICE agents, who were acting in undercover capacities, to file paperwork falsely indicating that the containers were merely passing through the United States and destined for Mexico. The containers were actually delivered to several warehouses in the United States controlled by Wang and the Mohsens and others. As part of the investigation, agents seized containers of counterfeit merchandise the defendants attempted to smuggle worth, if authentic, more than \$11 million.

Press Release, U.S. Immigration & Customs Enforcement, 29 defendants in New York, New Jersey and California charged with conspiracy to smuggle over 950 shipments of merchandise into the U.S. (June 26, 2007), <http://www.ice.gov/pi/news/newsreleases/articles/070626brooklyn.htm> (last visited Apr. 22, 2008).

⁹⁵ See U.S. Customs and Border Prot., Overview of Partnerships, http://www.cbp.gov/xp/cgov/border_security/international_operations/partnerships/overview.xml (last visited Apr. 24, 2008) [hereinafter Overview of Partnerships].

⁹⁶ See *id.*

F. CBP Coordination with the Commission

CBP coordinates with the Commission on the enforcement of exclusion orders.⁹⁷ For example, as part of the Commission's FY 2007 Performance Plan, an internal Commission working group met on several occasions to discuss enforcement-related matters, and members of that group met with CBP's IPR Branch in FY 2007 to discuss issues related to the enforcement of exclusion orders.⁹⁸ The Commission also provides the IPR Branch with quarterly scheduling information regarding § 337 investigations.⁹⁹

III. Need for Exclusion Order Disclosure Regulations

Since 1998, disclosure regulations have allowed CBP to disclose importation information and provide samples to rights holders when CBP detains or seizes goods for violations of trademark, trade name, or copyright law.¹⁰⁰ Equivalent disclosure regulations are needed for importations where goods are excluded or seized for violation of an exclusion order or seizure and forfeiture order.

Exclusion order disclosure regulations would benefit both CBP and rights holders. The promulgation of exclusion order disclosure regulations would allow CBP to obtain assistance from exclusion order rights holders in enforcing the exclusion order.¹⁰¹ Improved communication between CBP and rights holders can result in the transfer of critical intelligence to CBP that could assist the agency in targeting and identifying violative shipments, thus maximizing limited agency resources.¹⁰² Exclusion order disclosure regulations would also benefit CBP by creating clear standards concerning the amount of information that could be released, and the timing of such release.¹⁰³ Explicit disclosure authority would also obviate the need for exclusion order rights holders to make—and CBP to respond to—ongoing requests under the Freedom of Information Act.¹⁰⁴

Right holders would benefit because increased disclosure would better allow them to assess the effectiveness of their exclusion order. Disclosure information

⁹⁷ 2007 USITC REPORT, *supra* note 76, at 78.

⁹⁸ 2007 USITC REPORT, *supra* note 76, at 78.

⁹⁹ 2007 USITC REPORT, *supra* note 76, at 78.

¹⁰⁰ 19 C.F.R. §§ 133.21 (trademark and trade name seizures), 133.25(c) (trademarks and trade names detentions), 133.42 (copyright seizures), 133.43 (copyright detentions) (2008).

¹⁰¹ *See id.*

¹⁰² *See id.*

¹⁰³ *See id.*

¹⁰⁴ Copyright/Trademark/Trade Name Protection; Disclosure of Information, 58 Fed. Reg. 44,476 (proposed Aug. 23, 1993) [hereinafter 1993 Proposed Disclosure Regulations].

would also help right holders expeditiously enforce their intellectual property rights by instituting all available private remedies against violators.¹⁰⁵ The disclosure of importation information is particularly helpful to exclusion order rights holders because there are no related criminal provisions for violation of an exclusion order.¹⁰⁶ The lack of a criminal enforcement option makes it imperative for exclusion order rights holders to pursue all other remedies for enforcement, including private legal remedies in the United States and in any foreign countries where the goods were manufactured or exported. Improvements to the exclusion order enforcement process could also prove beneficial to U.S. consumers and other members of the public. When infringing goods slip through the border enforcement net, they will most likely end up in the U.S. marketplace, to be purchased by U.S. consumers.¹⁰⁷ Such products, in addition to being infringing, could also be dangerous. Other violative goods could pose threats to critical infrastructure, national security, or public health and safety. Exclusion order disclosure regulations would help CBP and rights holders identify violator parties and ensure that infringing and possibly dangerous products are removed from the community.

Granting disclosure information to exclusion order rights holders would be an extension of the ongoing public/private partnership in IPR enforcement.¹⁰⁸ The federal government has long realized that effective enforcement of intellectual property rights requires a partnership between law enforcement agencies and rights holders,¹⁰⁹ and recently stated that there should be an improved flow of information between those parties.¹¹⁰ There is also a growing trend in the federal government to provide more disclosure information to rights holders, as evidenced by the STOP! initiative's "name and shame" provisions and CBP's proposal to provide expanded disclosure information when goods are seized for violating copyright laws.¹¹¹ In addition, a March 2008 report from the General Accounting Office (GAO) recommended disclosure regulations for exclusion order rights holders.¹¹²

¹⁰⁵ Richard V. Westerhoff, *Patent Infringement and Relief for the Patent Owner*, 44 JOM 42 (1992).

¹⁰⁶ See 19 C.F.R. §§ 133.25(c) (trademarks and trade names), 133.43(c) (copyrights) (2008).

¹⁰⁷ See 19 U.S.C. § 1337.

¹⁰⁸ See Press Release, Office of the U.S. Trade Representative, U.S. Announces New Major Initiative to Fight Global Trade in Fakes (Oct. 4, 2004), http://www.ustr.gov/Document_Library/Press_Releases/2004/October/US_Announces_Major_New_Initiative_to_Fight_Global_Trade_in_Fakes.html (last visited May 21, 2008).

¹⁰⁹ Overview of Partnerships, *supra* note 95.

¹¹⁰ GAO REPORT GAO-08-157, *supra* note 38 at 37.

¹¹¹ 2008 NIPLECC REPORT, *supra* note 39, at 42.

¹¹² GAO REPORT GAO-08-157, *supra* note 38 at 44; see *infra* note 200.

Disclosure to exclusion order rights holders should not be burdensome to CBP because the ports already provide written disclosure information to CBP Headquarters and the Commission whenever goods are excluded under an exclusion order.¹¹³ In addition, the ports already have a mechanism in place to provide disclosure information to rights holders when CBP detains or seizes goods for trademark, trade name, and copyright rights holders.¹¹⁴ Providing disclosure information to exclusion order rights holders would be an extension of the existing disclosure process and mechanism.

CBP could likely find authority in existing statutes for the disclosure of importation information to exclusion order rights holders.¹¹⁵ If CBP concluded that existing statutes did not provide such authority, Congress should explicitly grant authority to CBP to disclose importation information and provide samples to exclusion order rights holders whenever CBP excludes or seizes goods for violation of an exclusion order. Such disclosure provisions could be modeled on the existing regulatory provisions for disclosure to rights holders when goods are detained or seized for violation of trademark, trade name, or copyright laws. Suggested amendments to 19 C.F.R. § 12.39, providing for disclosure to exclusion order rights holders, are included in this article.

A. CBP's Current Disclosure of Importation Information and Samples When There is a Violation of Trademark, Trade Name or Copyright Law

1. Background

CBP regulations currently allow the agency to provide disclosure information to rights holders when the agency detains or seizes goods for violation of trademark, trade name,¹¹⁶ or copyright laws.¹¹⁷ In addition, in situations involving trademarks or trade names, CBP has the authority to disclose certain importation information to the rights holder prior to detention, where such disclosure would assist the agency in determining whether the goods in question are infringing.¹¹⁸ CBP regulations also allow the agency to provide samples of the imported goods to trademark, trade name, or copyright holders

¹¹³ See 19 C.F.R. § 12.39(b)(4) (2008).

¹¹⁴ 19 C.F.R. §§ 133.21 (trademark and trade name seizures), 133.25(c) (trademarks and trade name detentions), 133.42 (copyright seizures) 133.43(c) (copyright detentions) (2008).

¹¹⁵ See *infra* Part III.B.5.

¹¹⁶ 19 C.F.R. §§ 133.25(b) (trademark or trade name detentions), 133.21(c) (trademark or trade name seizures).

¹¹⁷ *Id.* §§ 133.25(c) (trademarks and trade names), 133.43(c) (copyrights).

¹¹⁸ 19 C.F.R. §§ 133.42 (copyright seizures), 133.43 (copyright detentions).

from the time the merchandise is presented for examination until after the goods are officially seized.¹¹⁹

CBP's disclosure regulations were first proposed in 1993.¹²⁰ Prior to that, CBP's general policy was to not disclose confidential importation information to third parties, such as rights holders whose intellectual property had been infringed.¹²¹ Therefore, information available to rights holders at the time of detention or seizure was very limited: notification of the seizure and the quantity of goods seized (for counterfeit trademark violations); or a sample of the detained goods and notification that the goods would be released unless the rights holder took some affirmative action if the importer denied infringement (for possibly piratical copyright violations).¹²² There was thus a disparity in the amount and type of information disclosed to trademark and copyright owners, and when such information was disclosed.¹²³

By 1993, CBP determined that overriding policy issues justified the release of additional importation information to rights holders.¹²⁴ CBP was specifi-

¹¹⁹ At any time following presentation of the goods for CBP examination, but prior to seizure, CBP may provide a sample of the suspect merchandise to the trademark or trade name rights holder for examination or testing to assist in determining whether the imported article bears an infringing trademark or trade name. 19 C.F.R. § 133.25(c). A bond must be provided by the rights holder to obtain the sample. *Id.* After seizure, CBP may also provide a sample to the trademark or trade name rights holder, subject to the bonding requirements. *Id.* § 133.21(d). Similar regulations are in place for copyrights. *Id.* § 133.43(c). CBP may provide a sample to the copyright owner at any time following presentation of the goods for CBP examination, but prior to seizure, for examination or testing to assist in determining whether the imported article is an infringing copy. *Id.* The same bonding requirements apply. *Id.* CBP may also provide a sample to the copyright owner after the goods have been seized, subject to the same bonding requirements. *Id.* § 133.42(e).

¹²⁰ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,477.

¹²¹ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,477. (citing T.D. 32016, 21 Treas. Dec. 552 (1911) (ruling information of a confidential nature should not be furnished to any persons other than parties in interest)).

¹²² 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476.

¹²³ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476. This disparity in treatment between trademark and copyright violations was cited by CBP as another justification for amending the regulations. The differing treatment resulted from CBP's interpretation of the underlying statutes providing authority for disclosure. *Id.* Authority for disclosing information in cases involving counterfeit trademarks was found in section 526(e) of the Tariff Act of 1930, 19 U.S.C. § 1526(e), which provides that CBP will notify trademark owners upon seizure of merchandise infringing their trademark. *Id.* Authority for disclosing information in cases involving copyrights was found in 17 U.S.C. § 602(b), which provides that CBP will notify copyright owners of the importation of articles which appear to infringe their intellectual property. *Id.*

¹²⁴ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476.

cally concerned about the detrimental effect of the agency's nondisclosure policy on rights holders.¹²⁵ CBP explained that certain import transactions presented issues that required the disclosure of specific identifying information—normally treated as confidential—to individuals who had rights at risk.¹²⁶ CBP considered detentions of possibly infringing goods and seizures of infringing goods to be among those high-risk import transactions justifying enhanced disclosure.¹²⁷ If rights holders were provided with identifying information expeditiously, they would be able to pursue private remedial actions against the infringing parties, thus more effectively protecting their intellectual property rights.¹²⁸

Subsequent to CBP's 1993 notice of proposed rulemaking, the United States entered into two new trade agreements, both of which contained provisions pertaining to the protection of intellectual property rights: the North American Free Trade Act (NAFTA)¹²⁹ and the Uruguay Round Agreements Act.¹³⁰ CBP revised its initial proposed regulatory amendments to ensure consistency with NAFTA and the Uruguay Round Agreements Act, and to address comments received in response to the initial proposal.¹³¹

NAFTA Chapter 17, Article 1718 provides for the enforcement of intellectual property rights at the border.¹³² Part 10 of Article 1718 includes a provision allowing for notification to trademark or copyright owners when customs officials suspend the release of merchandise for suspected infringement.¹³³ The

¹²⁵ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476. For example, CBP expressed concern that the current law allowed violators to continue their illegal import practices while the rights holder embarked on what could be a "lengthy" attempt to obtain importation information from CBP. *Id.*

¹²⁶ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476.

¹²⁷ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476.

¹²⁸ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476.

¹²⁹ North American Free Trade Agreement Implementation Act, Pub. L. No. 103-182, 107 Stat. 2057 (1993).

¹³⁰ Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994).

¹³¹ Copyright/Trademark/Trade Name Protection; Disclosure of Information, 60 Fed. Reg. 36,249 (July 14, 1995) [hereinafter 1995 Proposed Disclosure Regulations].

¹³² *Id.*

¹³³ North American Free Trade Agreement, U.S.-Can.-Mex., art. 1710, § 10, Dec. 17, 1992, 32 I.L.M. 289. The NAFTA provision allows for the disclosure of certain information to rights holders:

Without prejudice to the protection of confidential information, each Party shall provide that its competent authorities shall have the authority to give the rights holder sufficient opportunity to have any goods detained by the customs administration inspected in order to substantiate the rights holder's claims. Each Party shall also provide that its competent authorities have the authority to give the importer an equivalent opportunity to have any such goods inspected. Where the competent

legislation implementing NAFTA¹³⁴ did not address the provisions of Article 1718 because the United States was obligated to make changes in statute or regulation in only five limited areas, and the notification provision of Article 1718 was not one of those areas.¹³⁵ Even though CBP did not consider the agency's proposed disclosure regulations to be mandated by Article 1718 of NAFTA or by the NAFTA Implementation Act, the agency contended that the proposed disclosure rule supported the enforcement principles reflected in Chapter 17 of NAFTA.¹³⁶

The second multilateral treaty, the Uruguay Round Agreements Act (URAA), implemented the Uruguay Round multilateral trade agreements.¹³⁷ The Uruguay Round multilateral trade agreements, negotiated from 1986 to 1994 under the auspices of the General Agreement on Tariff and Trade,¹³⁸ resulted in the creation of the World Trade Organization (WTO)¹³⁹ and establishment of the WTO Agreement.¹⁴⁰ The WTO Agreement includes

authorities have made a positive determination on the merits of a case, a Party may provide the competent authorities the authority to inform the rights holder of the names and addresses of the consignor, the importer and the consignee, and of the quantity of the goods in question.

Id.

The NAFTA disclosure provision is very similar to the disclosure provision in Article 57 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). *See infra* note 143.

¹³⁴ North American Free Trade Implementation Act, Pub. L. No. 103-182, 107 Stat. 2057 (1993).

¹³⁵ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,249.

¹³⁶ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,249.

¹³⁷ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,249.

¹³⁸ World Trade Organization, *Understanding the WTO - What is the World Trade Organization?*, http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm (last visited Apr. 22, 2008). The GATT evolved into the WTO. *Id.* "The WTO began life on 1 January 1995, but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system." *Id.*

¹³⁹ *Id.* The WTO was established on January 1, 1995, as part of the Uruguay Round negotiations. *Id.* The functions of the WTO are to administer WTO trade agreements; provide a forum for trade negotiations; handle trade disputes; monitor national trade policies; provide technical assistance and training for developing countries; and cooperate with other international organizations. *Id.* As of July 2007, the WTO had 151 member countries. World Trade Organization, *Understanding the WTO - Members and Observers*, http://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm (last visited Apr. 22, 2008).

¹⁴⁰ World Trade Organization, *WTO Legal Texts*, http://www.wto.org/english/docs_e/legal_e/legal_e.htm (last visited Apr. 22, 2008). The WTO Agreement is officially called the "Agreement Establishing the WTO." *Id.* This Agreement serves as an "umbrella agreement," to which are annexed specific agreements on goods ("Multilateral Agreements on Trade in

a separate “Agreement on Trade-Related Aspects of International Property Rights” (TRIPs).¹⁴¹ TRIPs establishes comprehensive standards for the protection and enforcement of intellectual property rights in signatory countries.¹⁴² Disclosure provisions are contained in Article 57, which confers a right of inspection and disclosure of information.¹⁴³

Goods,” Annex 1A); services (“General Agreement on Trade in Services” (GATS), Annex 1B); intellectual property (“Trade-Related Aspects of Intellectual Property Rights” (TRIPs), Annex 1C); dispute settlement (“Dispute Settlement Understanding,” Annex 2); the trade policy review mechanism (Annex 3); and four plurilateral trade agreements (Annex 4). *Id.* The majority of the WTO agreements are the result of the Uruguay Round negotiations. *Id.* Negotiations since then have resulted in new agreements, such as the “Information Technology Agreement.” *Id.* There are now approximately sixty WTO agreements. *Id.*

¹⁴¹ *Id.*

¹⁴² World Trade Organization, *Understanding the WTO - Intellectual Property Protection and Enforcement*, http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm (last visited Apr. 22, 2008). TRIPs introduced intellectual property rules into the multilateral trading system for the first time. *See id.* TRIPs contains rules related to various types of intellectual property, including copyright and related rights; trademarks, including service marks; geographical indications; industrial designs; patents; layout-designs (topographies) of integrated circuits; and undisclosed information, including trade secrets. *Id.* TRIPs rules address issues such as the application of basic IPR protection; how countries should give adequate protection for IPR; how countries should enforce IPR in their own countries; and dispute settlement between countries. *Id.* An example of the WTO’s role in IPR dispute settlement is the WTO case brought by the United States in April 2007 against China, claiming that certain Chinese laws violate various TRIPs provisions. World Trade Organization, *Dispute DS362, China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds362_e.htm (last visited Jan. 27, 2008). The four issues in the case involve: 1) the thresholds which must be met in order for certain acts of trademark counterfeiting and copyright piracy to be subject to criminal procedures and penalties in China; 2) the status of IPR-infringing goods which are confiscated by Chinese customs authorities, in particular the disposal of such goods following removal of their infringing features; 3) the scope of coverage of criminal procedures and penalties for unauthorized reproduction or unauthorized distribution of copyrighted works; and 4) the denial of copyright and related rights protection and enforcement to creative works of authorship, sound recordings and performances which have not been authorized for publication or distribution within China. *Id.* The WTO panel which will decide the dispute was chosen on Dec. 13, 2007. *Id.*

¹⁴³ WORLD TRADE ORGANIZATION, *THE LEGAL TEXTS, THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS* 346 (1999). TRIPs Article 57 includes provisions for the right of inspection and disclosure of information:

Without prejudice to the protection of confidential information, Members shall provide the competent authorities the authority to give the rights holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate the rights holder’s claims. The competent authorities shall also have authority to give

On July 14, 1995, CBP published a revised notice of proposed rulemaking for the disclosure regulations.¹⁴⁴ The revised notice amended the 1993 proposal to make the disclosure regulations consistent with the expanded notification provisions of NAFTA and TRIPs and to reflect changes made in response to comments received from interested parties.¹⁴⁵ Commentators noted the losses to private business each year due to the importation of infringing merchandise and the private litigation required to deter such infringement and agreed with CBP that additional information should be disclosed to rights holders to facilitate the latter's pursuit of private legal remedies for infringement.¹⁴⁶ Commentators also noted that the proposed regulations would facilitate communications between rights holders and CBP where the rights holder's assistance was required in product identification.¹⁴⁷

The final rule was published on March 12, 1998.¹⁴⁸ The final version of the disclosure regulations incorporated suggestions from various commentators.¹⁴⁹ CBP reiterated that amendments to the disclosure regulations were necessary to enable concerned rights holders to more expeditiously enforce their

the importer an equivalent opportunity to have any such goods inspected. Where a positive determination has been made on the merits of a case, Members may provide the competent authorities the authority to inform the rights holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question.

Id.

¹⁴⁴ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,249.

¹⁴⁵ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,249–50. CBP received sixty five comments in response to the August 23, 1993 rulemaking proposal, of which fifty three were in favor of the proposal; five were against; five were in favor with a specific qualification or suggestion; and two suggested changes without taking a position for or against the proposal. *Id.* at 36,250. Based on the NAFTA and URAA requirements and the comments received, CBP revised its original rule to make mandatory the disclosure of certain information concerning detained and seized goods; to specify a 30-day time frame for disclosure; and to allow for the disclosure of country of origin information and other enumerated items. *Id.*

¹⁴⁶ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

¹⁴⁷ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,251.

¹⁴⁸ Copyright/Trademark/Trade Name Protection; Disclosure of Information, 63 Fed. Reg. 11,996 (Mar. 12, 1998) [hereinafter 1998 Disclosure Regulations Final Rule].

¹⁴⁹ *Id.* Twenty two comments were received, of which twenty one were favorable. *Id.* at 11,997. The comments were related to seven areas of concern, including FOIA and the Trade Secrets Act; NAFTA and GATT; the time period for disclosure; disclosure of the country of origin; disclosure of the date of importation, the port of entry, and a description of the merchandise; disclosure of the importer's identity; and retention of samples by rights holders. *Id.*

intellectual property rights through private remedies.¹⁵⁰ The new trademark, trade name, and copyright disclosure regulations became effective on April 13, 1998.¹⁵¹

2. Disclosure Provisions Before and at the Time of Detention

The CBP disclosure regulations require that five elements be provided to the rights holder at the time of detention: 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 of the merchandise.¹⁵² In addition, in situations involving trademarks or trade names, CBP has the authority to disclose these five elements prior to detention, where such disclosure to the rights holder would assist the agency in making its infringement determination.¹⁵³ During the rulemaking process, CBP explained that disclosure to rights holders prior to detention would benefit CBP because input from the rights holder could help the agency make a quicker determination whether the goods in question should be detained or released.¹⁵⁴

CBP determined that less information would be available to the rights holder at the time of detention precisely because the goods were only being detained and not seized, and therefore it was not yet clear that a violation

¹⁵⁰ 1998 Disclosure Regulations Final Rule, *supra* note 148 at 11,996.

¹⁵¹ 1998 Disclosure Regulations Final Rule, *supra* note 148 at 11,996. Three editorial errors were contained in T.D. 98-21, resulting in incorrect amendments to 19 C.F.R. § 133.43. Copyright/Trademark/Trade Name Protection; Disclosure of Information; Correction, 63 Fed. Reg. 15,088 (Mar. 30, 1998). A correction to the final rule was published in the *Federal Register* on March 30, 1998. *Id.*

¹⁵² 19 C.F.R. §§ 133.25(b) (trademarks and trade dress), 133.43(b) (copyrights) (2008). The copyright regulations also require that CBP provide the copyright owner with additional information related to the processing of possibly piratical violations. 19 C.F.R. § 133.43(b).

¹⁵³ 19 C.F.R. § 133.25(b). “From the time merchandise is presented for Customs examination until the time a notice of detention is issued, Customs may disclose to the owner of the trademark or trade name any of the following information [i.e., the five detention disclosure elements] in order to obtain assistance in determining whether an imported article bears an infringing trademark or trade name.” *Id.*

¹⁵⁴ 1998 Disclosure Regulations Final Rule, *supra* note 148 at 11,997–98. “[D]uring the time between presentation of the goods for Customs examination and issuance of a formal detention notice, Customs officers have the authority to disclose such importation information where the circumstances warrant. Customs expects that such disclosure will allow Customs officers, in many cases, to determine immediately whether a formal detention should be initiated or whether the goods should be released, thereby avoiding lengthy delays and demurrage charges.” *Id.*

had occurred.¹⁵⁵ In response to expressed concerns over the release of importer names, CBP clarified that the agency would not release names and addresses at the time of detention.¹⁵⁶ When CBP detains goods, the agency is attempting to determine whether sufficient grounds exist to believe that a substantive violation has occurred, thus warranting further action.¹⁵⁷ CBP would not have determined at the time of detention whether a violation had occurred, the agency asserted that the release of the importer's identity at that time would be premature.¹⁵⁸ Additionally, "the constraints of the disclosure laws suggest[ed] that the importer's rights against the release of such information ma[d]e disclosure inappropriate" at that time.¹⁵⁹ Therefore, the regulations were structured to limit the disclosure of information in instances of detention.¹⁶⁰ In instances of seizure, however, names and addresses of the infringing importer, manufacturer and/or exporter infringer are released to the rights holder because CBP would have determined at that point that a substantive violation had occurred.¹⁶¹

CBP also has the authority to provide a sample of the goods in question to the trademark, trade name, or copyright owner before and during the detention period.¹⁶² The sample may be used by the rights holder for examination or testing to assist in determining whether the imported copy infringes a trademark or trade name, or is a piratical copy.¹⁶³

3. Disclosure Provisions for Seizures

The CBP disclosure regulations currently require that eight elements be provided to the rights holder at time of seizure: 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 of the merchandise; 6) name and address

¹⁵⁵ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250. Shipments are detained by CBP when a question of admissibility arises and further examination or testing is required to verify admissibility (or inadmissibility). Detention of Merchandise, *supra* note 71, at 43,611.

¹⁵⁶ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

¹⁵⁷ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

¹⁵⁸ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

¹⁵⁹ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

¹⁶⁰ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

¹⁶¹ 19 C.F.R. §§ 133.21(c), 133.42(d) (2008).

¹⁶² *Id.* §§ 133.25(c), 133.43(c). A bond must be provided by the rights holder to obtain the sample. *Id.*

¹⁶³ 19 C.F.R. § 133.43(c); *see also* 19 C.F.R. § 133.25(c).

of the manufacturer; 7) name and address of the exporter; and 8) name and address of the importer.¹⁶⁴

CBP also has the authority to provide a sample of the infringing goods to the trademark, trade name, or copyright owner after seizure.¹⁶⁵ The rights holder may use the sample for examination, testing, or other use in pursuit of a related civil remedy for trademark or copyright infringement.¹⁶⁶

B. Reasons Why Equivalent Disclosure is Needed When There is a Violation of an Exclusion Order

1. CBP Recognizes That the Agency Must Partner With Rights Holders for Maximum Effectiveness in IPR Enforcement.

CBP has recognized for over a decade that the agency must partner with private industry to achieve maximum effectiveness in IPR enforcement.¹⁶⁷ Because of CBP's finite resources¹⁶⁸ and competing priorities,¹⁶⁹ the agency

¹⁶⁴ 19 C.F.R. §§ 133.21(c), 133.42(d); *see also infra* Part III.B.3 (describing proposed amendments to enhance the disclosure provisions in § 133.42(d)).

¹⁶⁵ 19 C.F.R. §§ 133.21(d), 133.42(e).

¹⁶⁶ *Id.* §§ 133.21(d), 133.42(e).

¹⁶⁷ *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 (last visited Apr. 22, 2008).

Counterfeiting and piracy are a global problem requiring cooperation between all intellectual property rights (IPR) stakeholders—private industry, U.S. government agencies, and foreign governments—to stem the flow of fakes and protect the economy and consumers.

Combating the flow of counterfeit goods is a common goal that has long united CBP and right holders in private industry. CBP broke new ground a decade ago when we recognized the importance of the public-private relationship in the fight against trade in fakes.

Id.

¹⁶⁸ Overview of Partnerships, *supra* note 95 (“Every year more merchandise flows across borders while customs resources remains [sic] stagnant. U.S. Customs and Border Protection (CBP) therefore has to work smarter with the resources it does have at its disposal and bring the trade community into this process. . . . For CBP, partnerships with industry have become essential.”).

¹⁶⁹ U.S. Customs and Border Prot., Protecting Our Borders Against Terrorism, <http://www.cbp.gov/xp/cgov/about/mission/cbp.xml> (last visited Apr. 22, 2008). When CBP was formed, the new agency absorbed the inspectional workforces and broad border authorities of the legacy U.S. Customs Service as well as

U.S. Immigration, Animal and Plant Health Inspection Service and the entire U.S. Border Patrol. CBP includes more than 41,000 employees to manage, control and

requires ongoing communication and assistance from rights holders to aid in key areas such as IPR targeting, intelligence, and product identification.¹⁷⁰ In October 2007, CBP Commissioner W. Ralph Basham cited “partner[ship] with the private industry and other government agencies” as one of the four strategies CBP uses to combat the importation of IPR-violative goods, stating that a similar strategy was used by the agency in its security mission.¹⁷¹

Rights holders can assist CBP in various ways in their mutual battle against infringing goods.¹⁷² A key role played by rights holders is providing IPR product identification training and materials to CBP.¹⁷³ Training and materials—and ongoing availability by the rights holder—help CBP efficiently target shipments and make timely and accurate infringement determinations.¹⁷⁴ Input and feedback from rights holders can help the agency distinguish high-risk

protect the Nation’s borders, at and between the official ports of entry. . . . CBP’s priority mission is preventing terrorists and terrorist weapons from entering the United States, while also facilitating the flow of legitimate trade and travel.

Id.

¹⁷⁰ U.S. Customs and Border Prot., Intellectual Prop. Rights Fact Sheet, http://www.cbp.gov/linkhandler/cgov/newsroom/fact_sheets/trade/ipr_fact_sheets/ipr_fact_sheet.ctt/ipr_fact_sheet.pdf (last visited Apr. 22, 2008)

The agency’s strategic approach to IPR enforcement is multi-layered, and includes seizing fake goods at our borders; pushing the border outward through audits of importers who bring fake goods into the U.S. and through cooperation with our trading partners internationally; and partnering with industry and other Federal agencies to enforce these efforts.

Id.

¹⁷¹ Press Release, U.S. Customs and Border Prot., Commissioner Discusses Effort to Thwart Counterfeit Imports before U.S. Chamber of Commerce, (Oct. 4, 2007), http://www.cbp.gov/xp/cgov/newsroom/commissioner/speeches_statements/thwart_counterfeit_imports-.xml. The other three strategies cited by Commissioner Basham to combat IPR violators included: 1) “[e]valuate risks to understand the potential threats and vulnerabilities”; 2) “[u]se new techniques to help target and interdict pirated goods”; and 3) “[i]dentify business practices linked to IPR theft and use audits to deprive counterfeiters and pirates of their illegal profits.” *Id.*

¹⁷² *See, e.g.*, 2006 NIPLECC Report, *supra* note 38, at 26.

¹⁷³ 2006 NIPLECC REPORT, *supra* note 38, at 26. One of CBP’s key initiatives is to “[e]nhance CBP’s ability to detect counterfeit and pirated goods by promoting product identification training sessions with industry representatives.” *Id.* at 26.

¹⁷⁴ 2006 NIPLECC REPORT, *supra* note 38, at 147. CBP coordinates with rights holders to provide product identification training to CBP officers. *Id.* After goods are detained, CBP may consult with rights holders for assistance in determining whether goods are infringing. GAO REPORT GAO-07-735, *supra* note 45, at 3. “Moreover, when counterfeit quality is quite good, even the rights holder may have to conduct research to distinguish real from fake.” *Id.* at 20.

shipments from their low-risk counterparts, thus maximizing limited agency resources.¹⁷⁵ Rights holders can also improve CBP's effectiveness by providing industry information to the agency, such as trade trends, company relationships and shipping patterns, and critical intelligence from private investigators or informants.¹⁷⁶

The benefits to both parties that result from a flow of information between CBP and rights holders were among the original reasons cited by CBP for implementation of the trademark and copyright disclosure regulations.¹⁷⁷ The 1993 notice of proposed rulemaking emphasized the importance of timely disclosure of information to rights holders so that they could pursue private enforcement actions.¹⁷⁸ The 1995 revised notice of proposed rulemaking reiterated that benefit, and added that the disclosure of information would allow rights holders to assist CBP in the quick and accurate identification of legitimate goods.¹⁷⁹ As CBP declared in 1995, "[w]hen rights owners can assist Customs in that task, every effort will be made to avail Customs of the opportunity."¹⁸⁰ The final rule notice in 1998 again emphasized the benefits

¹⁷⁵ See, e.g., U.S. Customs & Border Prot., IPR – Protecting your Intellectual Prop. Rights, http://help.cbp.gov/cgi-bin/customs.cfg/php/enduser/std_adp.php?p_faaid=109&p_created=10433-64936&p_sid=Ej6ATSi&p_accessibility=0&p_redirect=&p_lva=&p_sp=cF-9zcmNoPTEmcF9zb3J0X2J5PSZwX2dyaWRzb3J0PSZwX3Jvd19jbnQ9Nyw3JnBfcHJvZHM9MCZwX2NhdHM9MCZwX3B2PSZwX2N2PSZwX3NlYXJjaF90eXBIPWFuc3dlcnMuc2VhcmNoX25sJnBfcGFnZT0xJnBfc2VhcmNoX3RleHQ9ZXhjbHVzaW9uIG9yZGVy&p_li=&p_topview=1 (last visited Mar. 15, 2008).

To effectively enforce intellectual property rights, Customs and Border Protection (CBP) relies heavily on the cooperation of the owners of these rights. If your intellectual property is registered with the Patent and Trademark Office, the Copyright Office or the subject of a United States International Trade Commission exclusion order, 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 detect and deter a violative importation. To merely rely on the fact of recordation or the existence of the exclusion order is not enough.

Id.

¹⁷⁶ See *id.*

¹⁷⁷ See generally 1993 Proposed Disclosure Regulations, *supra* note 104; 1995 Proposed Disclosure Regulations, *supra* note 131; 1998 Disclosure Regulations Final Rule, *supra* note 148.

¹⁷⁸ 1993 Proposed Disclosure Regulations, *supra* note 104, at 44,476.

¹⁷⁹ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,251.

¹⁸⁰ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,251.

of partnership between CBP and rights holders that would result from the amended disclosure regulations.¹⁸¹

CBP is not alone in recognizing the importance of collaborating with rights holders in IPR enforcement.¹⁸² Multiple references to the public-private partnership are included in the 2006 and 2008 reports to the President and Congress from the National Intellectual Property Law Enforcement Coordination Council (NIPLECC).¹⁸³ NIPLECC is an interagency council charged with coordinating and overseeing the federal government's intellectual property protection and enforcement efforts, including the Strategy Targeting Organized Piracy (STOP!) initiative.¹⁸⁴ NIPLECC members include the U.S. Trade Representative and agencies within the Departments of Commerce, Justice, State, and Homeland Security, including CBP.¹⁸⁵

¹⁸¹ 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,996. "These amendments will assist Customs in making infringement determinations and enable concerned IPR owners to more expeditiously proceed to enforce their property rights by means of instituting appropriate judicial remedies against the parties identified as being involved with infringement of the rights of the IPR owner." *Id.* at 11,996.

¹⁸² *See, e.g.*, 2006 NIPLECC REPORT, *supra* note 38, at 26; 2008 NIPLECC REPORT, *supra* note 39, at 7.

¹⁸³ *See generally* 2006 NIPLECC REPORT, *supra* note 38; 2008 NIPLECC REPORT, *supra* note 39. Although the letter of transmittal for the 2008 report states that the report is issued on an annual basis, no report was apparently issued in 2007. 2008 NIPLECC REPORT, *supra* note 39, at vii. Instead, the January 2008 report discusses the NIPLECC goals for 2007, which were identified in the 2006 report. 2008 NIPLECC REPORT, *supra* note 39, at 7.

¹⁸⁴ Treasury and General Government Appropriations Act, 2000, Pub. L. No. 106-58, 113 Stat. 430, 480 (1999). The National Intellectual Property Law Enforcement Coordination Council (NIPLECC) was established in 1999 to coordinate domestic and international intellectual property law enforcement among federal and foreign entities. *Id.* NIPLECC's three main goals are to "(1) establish policies, objectives, and priorities concerning international intellectual property protection and intellectual property law enforcement; (2) promulgate a strategy for protecting American intellectual property overseas; and (3) coordinate and oversee agency implementation" of those policies, objectives, priorities and strategies. Consolidated Appropriations Act, 2005, Pub. L. No. 108-447, 118 Stat 2809, 2873 (2004). The Office of the U.S. Coordinator for International Intellectual Property Enforcement (Coordinator's Office) was established in 2005 as the head of NIPLECC. *Id.* at 2872. The Coordinator's Office is tasked with leveraging "the capabilities and resources of the United States to promote effective, global enforcement of intellectual property rights" and leading interagency initiatives, such as STOP! (Strategy Targeting Organized Piracy). 2008 NIPLECC REPORT, *supra* note 39, at 6.

¹⁸⁵ 2008 NIPLECC REPORT, *supra* note 39, at 12. Current members of NIPLECC include the Office of the U.S. Trade Representative; the Department of Commerce (including the U.S. Patent and Trademark Office and the International Trade Administration); the Department of Homeland Security (including CBP and U.S. Immigration and Customs

The public–private partnership is an important concept within NIPLECC. One of NIPLECC’s enforcement priorities in 2006 was to ensure “that U.S. IPR enforcement efforts and activities [were] well coordinated with industry enforcement activities and priorities.”¹⁸⁶ In addition, a key initiative of the NIPLECC Coordinator’s Office was to “[w]ork with the private sector to maximize government support for industry-led IP enforcement activities and to build a better understanding of technological approaches being deployed to protect IP.”¹⁸⁷ NIPLECC’s most recent reports are replete with other examples of the importance of the partnership between rights holders and NIPLECC member agencies,¹⁸⁸ including CBP.¹⁸⁹

Enforcement); the Department of Justice; and the State Department. *Id.* at 12. The U.S. Copyright Office and the U.S. Food and Drug Administration currently serve as advisors to NIPLECC. *Id.* at 12.

¹⁸⁶ 2006 NIPLECC REPORT, *supra* note 38, at 4.

¹⁸⁷ 2006 NIPLECC REPORT, *supra* note 38, at 24. NIPLECC marked this initiative as “Accomplished” in its 2008 report. 2008 NIPLECC REPORT, *supra* note 39, at 7.

¹⁸⁸ For example, the key initiative of U.S. Immigration & Customs Enforcement (ICE) is to “[i]ncrease outreach efforts to industry and government partners to better identify vulnerabilities through which counterfeit goods can be trafficked”, while the Department of Justice “recognizes that a successful and comprehensive plan of attack against intellectual property theft requires the formation of partnerships with the victims and potential victims of intellectual theft. Without the assistance of victims, it is difficult, if not impossible, for DOJ to enforce the law and apprehend offenders”, and the State Department to “[b]uild[] international partnerships for IPR enforcement and help[] develop new public-private partnerships,” 2006 NIPLECC REPORT, *supra* note 38, at 26, 81, 121.

¹⁸⁹ *See, e.g.* 2006 NIPLECC REPORT, *supra* note 38, at 26, 144–45, 147. The NIPLECC reports include various examples illustrating the importance of CBP’s partnership with rights holders. One important benefit of this partnership is intelligence received by CBP from rights holders, which can be critical to the agency’s enforcement actions. “CBP may, on its own accord, initiate enforcement actions to detain or seize infringing merchandise, or alternatively, it may proceed on the basis of information supplied by rights owners.” *Id.* at 144. An improved public-private partnership is listed as a component of CBP’s STOP! initiatives. Those initiatives “focus on fighting the trade in fakes through improved risk analysis, identifying business practices linked to IPR theft, depriving counterfeiters and pirates of illicit profits, and *making it easier for rightsholders [sic] to work with CBP to enforce their rights.*” *Id.* at 145 (emphasis added). Particular emphasis is also placed on the importance of product identification training. “CBP works with Industry on an ongoing basis to combat IPR infringement. CBP participates in various IPR events and coordinates with Industry on IPR training.” *Id.*, at 147. One of CBP’s key initiatives is to “[e]nhance CBP’s ability to deter counterfeit and pirated goods by promoting product identification training sessions with industry representatives.” *Id.* at 26.

NIPLECC's 2008 report includes a section focusing on the importance of member agencies working "closely and creatively with U.S. industry."¹⁹⁰ NIPLECC stressed that outreach to private industry was a high priority, and that member agencies were identifying ways to improve the flow of information between law enforcement agencies and rights holders:

All NIPLECC agencies have made a high priority of reaching out to the private sector to improve enforcement capabilities and collaborate on policy issues. The U.S. Government must be closely attuned to the needs of American industry to ensure it is effectively protecting these engines of economic growth. Many U.S. Government programs, particularly law enforcement activities, are considerably aided by the intelligence, expertise, and cooperation[] which industry provides. Additionally, rightsholders [sic] themselves play a critical role in supporting law enforcement efforts. NIPLECC enforcement agencies recognize that communication with industry is critical to the success of their work and are identifying ways to improve the flow of information.¹⁹¹

A tangible example of the public-private partnership between rights holders and the U.S. government is demonstrated by the various IPR "Help Desks" and "Hot Lines" maintained by various federal offices, including CBP,¹⁹² Immigration and Customs Enforcement (ICE),¹⁹³ the Department

¹⁹⁰ 2008 NIPLECC REPORT, *supra* note 39, at 42.

¹⁹¹ 2008 NIPLECC REPORT, *supra* note 39, at 42. In addition to working directly with rights holders, NIPLECC also noted that member agencies work closely with various U.S. and international trade associations. *Id.* at 43.

¹⁹² U.S. Customs and Border Prot., How to get IPR Border Enforcement Assistance, http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ipr/ipr_enforcement/ipr_enforcement_assistance.xml (last visited Jan. 31, 2008). Two CBP offices are available to help the trade community with IPR issues. *Id.* CBP's IPR Help Desk, maintained by the Los Angeles Targeting Analysis Group, provides general information about CBP's IPR enforcement program, assists specific industries through its industry officer program, analyzes trade data and compiles IPR statistics. *Id.* The IPR Help Desk can be reached at (562) 980-3119 ext. 252, or via email at ipr.helpdesk@dhs.gov. *Id.* Legal enforcement policy questions or comments are to be directed to CBP's IPR Branch, which is responsible for developing the agency's legal enforcement policy. *Id.* The IPR Branch may be reached via email at hqiprbranch@dhs.gov, or by telephone at (202) 572-8710. *Id.*

¹⁹³ U.S. Immigration & Customs Enforcement, National Intellectual Prop. Rights Coordination Center (IPR Center), http://www.ice.gov/pi/news/factsheets/ipr_fs100404.htm?search-string= (last visited Jan. 31, 2008). Investigative personnel from ICE staff the National Intellectual Property Rights Coordination Center (IPR Coordination Center), which was conceived as a multi-agency center responsible for coordinating a unified U.S. government response to IPR enforcement issues. *Id.* Particular emphasis is given to investigating major criminal organizations and those using the Internet to facilitate IPR crime. *Id.* The IPR Coordination Center accepts allegations from public and private sectors concerning IPR violations via the ICE Web site (www.ice.gov); email (iprcenter@dhs.gov); or a toll-free telephone hotline (1-866-IPR-2060). U.S. Immigration & Customs Enforcement,

of Justice,¹⁹⁴ the United States Patent and Trademark Office, and other offices within the Department of Commerce.¹⁹⁵ Each of these communication tools is designed to further the partnership between rights holders and the U.S. government.

The examples above illustrate that the U.S. government has long recognized the importance of partnering with rights holders.¹⁹⁶ The disclosure of information from CBP to trademark, trade name, and copyright owners is an example

Frequently Asked Questions, <http://www.ice.gov/pi/faqs.htm> (last visited Jan. 31, 2008). The IPR Coordination Center has had a somewhat rocky existence to date, and is in the midst of refocusing its efforts. See GAO REPORT GAO-08-157, *supra* note 38, at 36. ICE also maintains the “Cyber Crimes Center” (C3), which investigates domestic and international criminal activities occurring on or facilitated by the Internet. U.S. Immigration & Customs Enforcement, Partners, <http://www.ice.gov/partners/lenforce.htm?search-string=c3> (last visited Jan. 31, 2008).

¹⁹⁴ U.S. DEP’T OF JUSTICE, A GUIDE FOR VICTIMS OF COUNTERFEITING, COPYRIGHT INFRINGEMENT, AND THE THEFT OF TRADE SECRETS, App. C, *available at* <http://www.usdoj.gov/criminal/cybercrime/AppC-ReportingGuide.pdf>. Additionally, the FBI, the National White Collar Crime Center (NW3C), and the Bureau of Justice Assistance (BJA) maintain the Internet Crime Complaint Center (IC3). IC3 Homepage, www.ic3.gov (last visited May 15, 2008). The mission of the IC3 is to “serve as a vehicle to receive, develop, and refer criminal complaints regarding the rapidly expanding arena of cyber crime. The IC3 gives the victims of cyber crime a convenient and easy-to-use reporting mechanism that alerts authorities of suspected criminal or civil violations.” *Id.* The FBI was an original member (with ICE) of the IPR Coordination Center, but currently does not participate in the center. GAO REPORT GAO-08-157, *supra* note 38, at 36, 40. DOJ and the FBI have indicated that their staff may rejoin the IPR Coordination Center if changes are made to the center’s focus and procedures. *Id.* at 41–42.

¹⁹⁵ U.S. Patent & Trademark Office, Stop! Initiative, <http://www.uspto.gov/main/profiles/stopfakes.htm> (last visited Jan. 31, 2008). The USPTO maintains the STOP! hotline to provide[] a one-stop-shop for businesses to protect their intellectual property at home and abroad. 1-866-999-HALT gives businesses the information they need to leverage the resources of the U.S. Government to lock down and enforce their trademarks, patents and copyrights overseas, both in individual countries and in multiple countries through international treaties.

Id. Rights holders can call the STOP! hotline or file complaints via the STOP! website. 2008 NIPLECC REPORT, *supra* note 39, at 22. “A staff of over three-dozen intellectual property attorneys as USPTO with expertise on how to secure patents, trademarks, and copyrights, and enforcement of those rights throughout the world is available to answer callers’ questions.” *Id.* The STOP! initiative’s website is available at www.stopfakes.gov. Businesses may file complaints on IP-related trade problems at that website, and Department of Commerce staff will work with the complainant and the relevant NIPLECC agencies to address the issue. *Id.*

¹⁹⁶ See, e.g. *supra* notes 190–197 and accompanying text.

of that partnership in action. The same benefits that accrue to the agency by disclosing importation information to those rights holders could also accrue through the disclosure of equivalent information to exclusion order rights holders. Such disclosure would allow exclusion order rights holders to more effectively assist CBP by providing the agency with enhanced and focused targeting and product identification information, thus helping to maximize the agency's resources.

Under the current regulations, rights holders play a very peripheral role in the partnership with CBP in exclusion order enforcement.¹⁹⁷ Not only does CBP have no authority to disclose information or release samples to exclusion order rights holders, the agency also lacks the basic authority to notify those rights holders when exclusions or seizures are effected under their exclusion orders.¹⁹⁸ As such, exclusion order rights holders have no means to fully assess the effectiveness of their exclusion order, nor to assess how the rights holder could best assist CBP in the enforcement of the order. Disclosure of importation information to exclusion order rights holders would benefit both parties.

2. The STOP! Initiative Includes “Name and Shame” Provisions.

Disclosure of IPR violator information is part of STOP!,¹⁹⁹ the government-wide initiative to fight counterfeiting and piracy.²⁰⁰ At an October 4, 2004 press conference, the U.S. Trade Representative (USTR) Robert B. Zoellick introduced the STOP! initiative and declared that one of the initiative's key elements was to “name and shame” violator companies:

“The message to the IPR pirates and counterfeiters is simple—we will do everything we can to make their life miserable. We will stop their products at our border; *we will name and shame your company*; we will ratchet up the penalties; and we will coordinate with our trading partners to prevent third-country trafficking.”²⁰¹

The USTR further described this key element of the STOP! initiative as “[r]aising the stakes and making life more onerous for intellectual property

¹⁹⁷ 19 C.F.R. § 12.39.

¹⁹⁸ *Compare, e.g.* 19 C.F.R. §§ 133.43(b), (c) (2008) (providing detailed procedure for informing copyright holder of detained importation of possibly piratical goods and providing samples to owner) *with* 19 C.F.R. §§ 12.39(b), (c) (2008) (failing to provide for disclosure of information or samples to exclusion order rights holders after detention, exclusion, or seizure of violative goods).

¹⁹⁹ Press Release, U.S. Trade Representative, U.S. Announces Major New Initiative to Fight Global Trade in Fakes, (Oct. 4, 2004), *available at* http://www.ustr.gov/Document_Library/Press_Rel-eases/2004/October/US_Announces_Major_New_Initiative_to_Fight_Global_Trade_in_Fakes.html?ht=.

²⁰⁰ *Id.*

²⁰¹ *Id.* (emphasis added).

thieves through new customs methods that increase costs to violators far beyond seizing shipments and by naming and shaming global pirates and counterfeiters who are producing and trafficking in fakes.”²⁰²

The USTR plans to “name and shame” “pirates and counterfeiters by publishing the names of overseas firms that produce or trade in fakes in the USTR’s annual Special 301 Report.”²⁰³ The rationale behind the “name and shame” concept is that a company or country will be deterred from engaging in IPR-violative behavior if public attention is drawn to that behavior.²⁰⁴

²⁰² *Id.* According to the 2004 press release, other key elements of the STOP! initiative include:

- Helping and empowering American businesses, inventors and innovators, particularly small businesses, secure and enforce their rights in overseas markets;
- Ensuring consumer safety by securing America’s borders and marketplace from fakes; ...
- Developing a “No Trade in Fakes” program in cooperation with the private sector to ensure that global supply chains are free of infringing goods;
- Working to dismantle criminal enterprises that steal intellectual property using all appropriate criminal laws, and overhauling, updating and modernizing U.S. intellectual property statutes; and
- Joining forces with like-minded trading partners concerned about the growing global IPR piracy problem, such as the European Commission, Japan, the United Kingdom and France who have all recently launched similar initiatives.

Id. In September 2007, a slightly revised list of key initiatives was included in a list of STOP! accomplishments and initiatives: “1) Empower American innovators to better protect their rights at home and abroad; 2) Increase efforts to seize counterfeit goods at the border; 3) Pursue criminal enterprises involved in piracy and counterfeiting; 4) Work closely and creatively with U.S. industry; and 5) Aggressively engage trading partners to join U.S. efforts.” OFFICE OF THE U.S. IPR COORDINATOR, BUSH ADMINISTRATION STRATEGY FOR TARGETING ORGANIZED PIRACY ACCOMPLISHMENTS AND INITIATIVES 1 (Sep. 2007), *available at* http://www.stopfakes.gov/pdf/Memo_STOP_Sheet_September_2007.pdf.

²⁰³ U.S. TRADE REPRESENTATIVE, FACT SHEET ON STRATEGY FOR STOPPING GLOBAL PIRACY (2004), [hereinafter USTR FACT SHEET ON STOP!] *available at* http://www.ustr.gov/assets/Document_Library/Fact_Sheets/2004/asset_upload_file507_64-62.pdf [hereinafter FACT SHEET ON STRATEGY FOR STOPPING GLOBAL PIRACY].

²⁰⁴ *See, e.g. Counterfeiting and Theft of Tangible Intellectual Property: Challenges and Solutions: Hearing Before the U.S. Senate Comm. on the Judiciary*, 108th Cong. 150 (2004) (testimony of James Mendenhall, Assistant U.S. Trade Representative for Intellectual Property, Office of the U.S. Trade Representative). Mendenhall commented on the naming of violator countries:

“A country’s ranking in the report sends a message to the world, including potential investors, about a country’s commitment to IPR protection. We have used this name-and-shame exercise to great effect, as each year we see countries coming forward with reforms or reform proposals to avoid elevation on the list.”

A similar procedure has also been employed in the Special 301 Report's²⁰⁵ "Watch List" of countries that deny adequate and effective protection for IPR, or that deny fair and equitable market access for persons that rely on intellectual property protection.²⁰⁶ Countries that engage in the most onerous or egregious acts, policies, or practices, and whose acts, policies, or practices have the greatest actual or potential adverse impact on relevant U.S. products are designated as "Priority Foreign Countries" and are placed on a "Priority Watch List."²⁰⁷ The USTR also lists countries on a "Section 306" monitoring

Id. The U.S. is not alone in utilizing the name and shame concept. In England, a software counterfeiter was forced to buy space in a computer magazine and "confess his sins to the world." John McBride, *English software pirate forced to take out name-and-shame ad*, ARS TECHNICA (May 3, 2007), available at <http://arstechnica.com/journals/microsoft.ars/2007/05/03/english-software-pirate-forced-to-take-out-name-and-shame-advertisement>. The counterfeiter, M.A. Jabarkhail, was one of 55 people targeted by Microsoft for selling pirated software online. *Id.* As part of his punishment, Mr. Jabarkhail was forced to take out the following quarter-page ad in a computer magazine: "Judgment has been entered on Microsoft's behalf against M A Jabarkhail for trademark infringement, passing off and copyright infringement arising out of illegal trading on eBay." *Id.* Mishcon de Reya, the law firm representing Microsoft, predicted increased use of the "name and shame" style of punishment. *Id.* "Such a public admission of guilt is certainly a deterrent to those attempting to counterfeit products especially when the threat of asset recovery is, in some cases, uncertain," said Simon Barnet of Mishcon. *Id.* In light of the software magazine's relatively low circulation (15,313), the author of the news article suggested a more effective punishment would have been if Mr. Jabarkhail had been forced to place the ad directly on eBay. *Id.* In addition, the German group Action Plagiarius has handed out name and shame awards annually over the last thirty years in an effort to deter counterfeiters and increase awareness among the public of the problem of counterfeiting. *In the News: Counterfeit Museum of Shame*, WIPO MAGAZINE, June 2007, at 26 available at http://www.wipo.int/wi-po_magazine/en/2007/03/article_0012.html. Winners of the dubious award receive a black garden gnome with a golden nose. *Id.* Action Plagiarius recently opened a museum in Germany to exhibit its collection of counterfeit goods. *Id.*

²⁰⁵ 2007 U.S. TRADE REPRESENTATIVE SPECIAL 301 REP. 17, available at http://www.ustr.gov/ass-ets/Document_Library/Reports_Publications/2007/2007_Special_301_Review/asset_upload_file230_11122.pdf [hereinafter SPECIAL 301 REP. 17].

²⁰⁶ *Id.* "Watch List" countries in 2007 included Belarus, Belize, Bolivia, Brazil, Canada, Ecuador, Hungary, Indonesia, Italy, Jamaica, Kuwait, Lithuania, Malaysia, Mexico, Pakistan, the Philippines, Poland, Romania, Saudi Arabia, Taiwan, Tajikistan, Turkmenistan, Uzbekistan and Vietnam. *Id.* at 19–37. The "Watch List" includes a list of countries that have recently completed free trade agreements with the United States: Colombia, Costa Rica, Dominican Republic, Guatemala, Peru, and Republic of Korea. *Id.* at 38–39.

²⁰⁷ *Id.* at 17. "Priority Watch List" countries in 2007 included China, Russia, Argentina, Chile, Egypt, India, Israel, Lebanon, Thailand, Turkey, Ukraine and Venezuela. *Id.* at 18–28.

list; Paraguay was the sole country listed in 2007.²⁰⁸ Under Section 306, the USTR “monitors a country’s compliance with bilateral intellectual property agreements that are the basis for resolving an investigation under Section 301.”²⁰⁹ The USTR can move directly to trade sanctions if a Section 306 country fails to satisfactorily implement an agreement.²¹⁰

In addition, the 2007 Special 301 Report includes a list of various “notorious markets,” which are large marketplaces in various countries that deal in infringing goods.²¹¹ The report listed two “virtual markets”²¹² and ten “physical markets.”²¹³ The report provided the list as “examples of marketplaces that have been the subject of enforcement action or may merit further investigation for possible IPR infringements, or both.”²¹⁴

Other agencies regularly utilize the name and shame concept for imported goods, including goods that may be dangerous to consumers.²¹⁵ For example, the Food and Drug Administration (FDA) publishes the names of manufacturers or producers whose products violate FDA laws.²¹⁶ The FDA’s Import Refusal Report provides a monthly summary of data related to imported shipments that have been refused entry into the United States, including the manufacturers’ or producers’ names and addresses.²¹⁷ The FDA also periodically issues

²⁰⁸ *Id.* at 17, 40.

²⁰⁹ *Id.* at 17.

²¹⁰ *Id.*

²¹¹ *Id.* at 6–8.

²¹² The two virtual markets included www.allofmp3.com, based in Russia, and “Baidu” in China. *Id.* at 7.

²¹³ The ten physical markets included Silk Street Market (Beijing, China); China Small Commodities Market (Yiwu, China); Gorbushka, Rubin Trade Center, Tsaritsino and Mitino (Moscow, Russia); Tri-Border Region (Paraguay, Argentina and Brazil); Tepito, Plaza Meave, Eje Central, Lomas Verdes, and Pericoapa Bazaar (Mexico City); Simitrio-La Cuchilla, San Martin Texmelucan, Emiliano Zapata, and Independence (Puebla, Mexico); San Juan de Dios (Guadalajara, Mexico); and Pulgas Mitras and La Ranita (Monterrey)); Czech border markets (Czech Republic); La Salada (Buenos Aires, Argentina); Neighborhood of Quiapo (Manila, Philippines); Harco Glodok (Jakarta, Indonesia); and Panthip Plaza (Bangkok, Thailand). *Id.* at 7–8.

²¹⁴ *Id.* at 6. The USTR noted that the list represented a selective summary of information received during the 301 process, and was not a finding of violation of law. *Id.*

²¹⁵ See, e.g., FOOD AND DRUG ADMIN., INTRODUCTION TO FDA’S IMPORT REFUSAL REPORT, http://www.fda.gov/ora/oasis/ora_oasis_ref_intro.html (last visited May 21, 2008).

²¹⁶ *Id.*

²¹⁷ The FDA’s Import Refusal Report is generated from data collected by the agency’s Operational and Administrative System for Import Support (OASIS). *Id.* Data in the report, which is updated monthly, is sorted by country and product. *Id.* For example, in January 2008, OASIS listed 186 refusals for China. Food and Drug Admin., Oasis Refusals by

Import Alerts, which can include the names and addresses of manufacturers or producers whose goods may violate FDA laws.²¹⁸

The STOP! initiative's plan to include name and shame information in the Special 301 Report is an example of the government's growing trend toward increased disclosure of violator information.²¹⁹ The name and shame concept is a significant development in government disclosure procedures because violator names are released publicly.²²⁰ The federal government's advocacy of public disclosure of IPR violator names supports the proposal for increased disclosure to exclusion order rights holders. If the federal government considers publicly naming and shaming a violator company as a necessary tool in IPR enforcement, then exclusion order rights holders should certainly be privy to that level of information as well.

3. CBP Has Proposed a Regulatory Amendment to Provide Additional Disclosure in Cases of Copyright Infringement.

As part of the STOP! initiative,²²¹ CBP has proposed amending 19 C.F.R. § 133.42(d) to enhance disclosure provisions where goods have been seized for copyright infringement.²²² CBP's proposal would allow the agency to disclose additional information to copyright owners in cases of traditional copyright infringement and to producers of copyright protection systems when articles

Country for January 2008, http://www.fda.gov/ora/oasis/1/ora_oasis_cntry_lst.html (last visited May 21, 2008).

²¹⁸ See, e.g., Food and Drug Admin., Import Alert 36-02 Detention Without Physical Examination of Honey Containing Foreign Objects (Feb. 5, 2008), http://www.fda.gov/ora/fiars/ora_import_ia3602.html (last visited May 21, 2008) (providing the name and address of a Canadian company whose honey was found to contain lead paint chips and the name and address of a Mexican company whose honey was found to contain metal wire).

²¹⁹ See, e.g., FACT SHEET ON STRATEGY FOR STOPPING GLOBAL PIRACY, *supra* note 203.

²²⁰ SPECIAL 301 REP. 17, *supra* note 205.

²²¹ *Finding and Fighting Fakes: Reviewing the Strategy Targeting Organized Piracy: Hearing Before the Oversight of Government Management, The Fed. Workforce and the District of Columbia Subcomm. of the Comm. on Homeland Security and Governmental Affairs*, 109th Cong. 20 (2005) (statement of Daniel Baldwin, Acting Assistant Comm'r, U.S. Customs and Border Protection).

²²² Recordation of Copyrights and Enforcement Procedures To Prevent the Importation of Piratical Articles, 69 Fed. Reg. 59,562 (proposed Oct. 5, 2004) (to be codified at 19 C.F.R. pt. 133). In addition to enhanced disclosure provisions, CBP's proposed rule would allow sound recordings and motion pictures or similar audio-visual works to be recorded with CBP while pending registration with the U.S. Copyright Office; enhance protection of all non-U.S. works by allowing recordation without registration with the U.S. Copyright Office; and create additional enforcement provisions, including protection for live musical performances and provisions to enforce the Digital Millennium Copyright Act. *Id.*

are seized for circumvention of copyright protection systems,²²³ which is a violation of the Digital Millennium Copyright Act.²²⁴

Under the proposed amendment, CBP would, in addition to the existing eight disclosure elements, also disclose “[i]nformation from available shipping documents []such as manifests, air waybills, and bills of lading.”²²⁵ The types of information available from those documents could include the “mode or method of shipping (such as [the name of the] airline carrier and flight number) and the intended final destination of the merchandise.”²²⁶

In justifying its proposal to expand the existing disclosure regulations, CBP explained that increased authority was necessary to allow rights holders to “pursue all avenues of relief from copyright infringement, including seeking criminal prosecution of violators and pursuing private civil remedies for copyright infringement.”²²⁷ Final action on the proposed rule is currently pending.²²⁸

This proposed rule provides another example of increased disclosure under the STOP! initiative and exemplifies the federal government’s growing trend toward enhanced disclosure of information to rights holders.²²⁹ The same reasoning supporting expanded disclosure of importation information to copyright owners—to allow the rights holder to pursue all avenues of relief from infringement—also provides support for the basic disclosure of importation information to exclusion order rights holders.

4. Disclosure Under FOIA is “[H]aphazard,” “[L]engthy and [C]umbersome.”

In the absence of explicit disclosure regulations, the only option for exclusion order rights holders wishing to obtain importation information from CBP related to shipments excluded or seized pursuant to an exclusion order or seizure and forfeiture order is to request that data under the Freedom of

²²³ *Id.* at 59,564.

²²⁴ Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified at 17 U.S.C. 101 note). The Digital Millennium Copyright Act amended Title 17 in light of implementation of the World Intellectual Property Organization (WIPO) Copyright Treaty and Performances and Phonograms Treaty, as well as provisions related to online copyright infringement limitation liability; computer maintenance or repair copyright exemption; protection of certain original designs, and certain miscellaneous provisions. *Id.*

²²⁵ Recordation of Copyrights, 69 Fed. Reg. at 59,564.

²²⁶ *Id.*

²²⁷ *Id.*

²²⁸ See Gen. Services Admin., Office of Mgmt. and Budget, Recordation of Copyrights and Enforcement Procedures To Prevent Importations of Piratical Articles, <http://www.reginfo.gov/public/do/eAgendaViewRule?ruleID=239803> (last visited May 17, 2008).

²²⁹ See *supra* Part III.B.2.

Information Act (FOIA).²³⁰ FOIA is a disclosure statute that requires federal agencies²³¹ to make available to the public, upon request, all agency records except those that fall within one or more of the nine statutory exemptions of 5 U.S.C. § 552(b)²³² and those which cover especially sensitive law enforcement and national security matters.²³³

There is no centralized federal FOIA office; under FOIA, each federal agency is required to promulgate its own FOIA regulations and respond to requests for its own records.²³⁴ Federal agencies must also prepare and make publicly available reference guides to assist the public in making FOIA requests.²³⁵ Some agencies require written FOIA requests,²³⁶ while other agencies have implemented electronic FOIA request forms.²³⁷ Once the agency receives a request, the agency is required to respond within twenty business days with a determination as to whether the request will be granted.²³⁸ The agency may receive an extension of time under some circumstances.²³⁹ The agency may

²³⁰ Freedom of Information Act, 5 U.S.C. § 552 (2006).

²³¹ FOIA provisions in 5 U.S.C. § 552 are only applicable to records or information held by U.S. federal agencies. *See* 5 U.S.C. § 551(a) (“agency” means each authority of the Government of the United States”). U.S. states have comparable statutes governing public access to state and local records. *See, e.g.*, Cal. Public Records Act, CAL. GOV’T CODE §§ 6250–6276.48 (West 2008).

²³² The nine statutory exemptions include: 1) classified national defense and foreign relations information; 2) internal agency rules and practices; 3) information that is prohibited from disclosure by another federal law; 4) trade secrets and other confidential business information; 5) inter-agency or intra-agency communications that are protected by legal privileges; 6) information involving matters of personal privacy; 7) certain types of information compiled for law enforcement purposes; 8) information relating to the supervision of financial institutions; and 9) geological information on wells. 5 U.S.C. § 552(b).

²³³ The three exclusion areas are each related to records or information compiled for law enforcement purposes, § 552(b)(7), or national security and foreign policy, § 552(b)(1), and include certain records related to criminal investigations; certain informant records; and FBI records pertaining to foreign intelligence or counterintelligence, or international terrorism. § 552(c).

²³⁴ 5 U.S.C. § 552(a)(1); *see, e.g.*, 19 C.F.R. §§ 103.0–.35 (2008) (CBP FOIA regulations); *Id.* at §§ 201.17–.21 (ITC FOIA regulations).

²³⁵ 5 U.S.C. § 552(g).

²³⁶ *See, e.g.*, Press Release, Customs and Border Prot., Commissioner Announces New FOIA Office (Sept. 28, 2007), http://www.cbp.gov/xp/cgov/newsroom/commissioner/mess-ages/foia_office.xml. All FOIA requests must be sent in writing to CBP Headquarters in Washington, D.C. *Id.*

²³⁷ *See, e.g.*, U.S. Int’l Trade Comm’n, FOIA Request Form, <http://reportweb.usitc.gov/foia/Req-uest.html> (last visited Jan. 26, 2008). Use of the electronic form is voluntary. *Id.*

²³⁸ 5 U.S.C. § 552(a)(6)(A)(i).

²³⁹ *Id.* § 552(a)(6)(B).

also charge a fee for searching and copying records.²⁴⁰ If a request is denied, in whole or in part, the requester may file an administrative appeal.²⁴¹ Once the requester has exhausted administrative remedies, they may initiate judicial review in federal district court.²⁴²

CBP has itself described the FOIA provisions as “haphazard” and “lengthy and cumbersome” in the context of disclosure of importation information to rights holders.²⁴³ Among the original reasons cited by CBP as justification for the trademark and copyright disclosure regulations was the “current haphazard availability of such information to parties at interest through the lengthy and cumbersome Freedom of Information Act (FOIA) process”²⁴⁴ CBP also pointed out that infringers benefited from the policy of requiring rights holders to utilize the FOIA process because infringers may continue their illegal import practices during the period that the rights holder’s FOIA request is being processed.²⁴⁵

There does not appear to be any publicly available guidance as to the extent of permissible disclosure under FOIA when goods subject to an exclusion order are detained, excluded, or seized. It is likely that any disclosure under FOIA would consist of fewer data elements than those provided to rights holders under the trademark and copyright disclosure provisions in 19 C.F.R. § 133. In addition, because multiple personnel at multiple CBP offices could be responding to requests for information, uneven FOIA responses may result.

²⁴⁰ *Id.* § 552(a)(4). The type of request at issue (that is, whether the requested information is for personal use, commercial use, educational use, scholarly or scientific use, or news media use) affects the fee structure. *Id.* § 552(a)(4)(A)(ii). The fees themselves are relatively minimal; for example, CBP currently charges 20 cents per page for photocopying. U.S. CUSTOMS AND BORDER PROT., FOIA REFERENCE GUIDE § VII (2008), available at http://www.cbp.gov/xp/cgov/admin/fl/foia/making_a_request/refer-ence_guide.xml. In some cases, CBP will not charge a fee at all if the total amount does not exceed a specified figure (currently \$14.00). *Id.* “Despite the strict time frames in the FOIA statute, many federal agencies continue to grapple with delays and backlogs in processing FOIA requests.” See generally U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-07-441, FREEDOM OF INFORMATION ACT: PROCESSING TRENDS SHOW IMPORTANCE OF IMPROVEMENT PLANS (2007).

²⁴¹ 5 U.S.C. § 552(a)(6)(A).

²⁴² *Id.* § 552(a)(4)(B). If, on administrative appeal, the denial of the request for records is upheld in whole or in part, the agency is required to notify the requester of the provisions for judicial review. *Id.* § 552(a)(6)(A)(ii).

²⁴³ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

²⁴⁴ 1995 Proposed Disclosure Regulations, *supra* note 131, at 36,250.

²⁴⁵ 1993 Proposed Disclosure Regulations, *supra* note 120, at 44,476.

It should be noted that even if information could be withheld under FOIA provisions, CBP has the discretionary authority to disclose that information in some cases.²⁴⁶ In March 2008, CBP stated that the agency “strives to achieve maximum responsible information disclosure through [a] discretionary disclosure policy.”²⁴⁷ According to that policy, CBP has the administrative discretion to determine whether information may be disclosed even where FOIA provisions may have allowed the agency to withhold disclosure.²⁴⁸

Because that disclosure policy is discretionary, however, it does not set out clear guidelines as to how much information the agency may disclose and when disclosure is to be made.²⁴⁹ It would be far better for both CBP and rights holders if exclusion order disclosure regulations were explicitly articulated in Title 19.

5. Disclosure Would Likely Not Violate the Trade Secrets Act.

During the rulemaking process for the trademark, trade name, and copyright disclosure regulations, CBP addressed concerns that the disclosure of information to rights holders would violate the Trade Secrets Act,²⁵⁰ which specifically prohibits the disclosure of information except as authorized by law.²⁵¹ In addressing that concern, CBP distinguished between situations where imported goods were detained and where they were seized.²⁵² Because the draft regulations did not provide for the disclosure of the identity of either the importer or manufacturer at the detention stage, CBP stated

²⁴⁶ 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/refer-ence_guide.xml.

²⁴⁷ *Id.* § IV.

²⁴⁸ *Id.* § IX.

²⁴⁹ *Cf. id.* (“CBP strives to achieve maximum responsible information disclosure through this discretionary information disclosure policy.”)

²⁵⁰ 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

²⁵¹ 18 U.S.C. § 1905 (2000). Public officers or employees are required to refrain from:

publish[ing], divulge[ing], disclos[ing], or mak[ing] known in any manner or to any extent not authorized by law any information coming to him in the course of his employment or official duties or by reason of any examination or investigation made by, or return, report or record made to or filed with, such department or agency or officer or employee thereof, which information concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or to the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or association; or permits any income return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law.

Id. Violation of the Trade Secrets Act can result in a fine and/or imprisonment, and removal from office or employment. *Id.*

²⁵² 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

that no trade secret information would be divulged.²⁵³ CBP indicated that the agency likely could not disclose importer or manufacturer names at the time of detention because CBP had not yet determined that a violation of law had occurred.²⁵⁴ That situation can be distinguished from exclusions or seizures made pursuant to an exclusion order or seizure and forfeiture order because, in the latter cases, CBP *has* made a determination that a violation of law has occurred.²⁵⁵

As for disclosure of importation information at the time of seizure, CBP determined that statutory authority existed for the agency to release the eight data elements when goods were seized for a trademark, trade name, or copyright violation.²⁵⁶ According to the agency, statutory authority for disclosure could be found in the Trademark Act of 1946 (Lanham Act),²⁵⁷ the Copyright Act

²⁵³ 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997. The five data elements disclosed by CBP at time of detention include the date of importation; the port of entry; a description of the merchandise; the quantity involved; and the country of origin of the merchandise. 19 C.F.R. §§ 133.25(b), 133.43(b) (2008).

²⁵⁴ *See* 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

²⁵⁵ 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

²⁵⁶ 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997. The eight data elements disclosed by CBP at time of seizure include the date of importation; the port of entry; a description of the merchandise; the quantity involved; and the country of origin of the merchandise; the name and address of the manufacturer; the name and address of the exporter; and the name and address of the importer. 19 C.F.R. §§ 133.21(c), 133.42(d).

²⁵⁷ CBP found statutory authority for the disclosure of information related to trademark infringement in the Trademark Act of 1946 (Lanham Act), specifically 15 U.S.C. § 1124, in which the Secretary of Commerce is “authorized to make regulations regarding trademarks and to aid Customs officers in enforcing the prohibitions against importation.” 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

of 1976,²⁵⁸ and the Tariff Act of 1930,²⁵⁹ which are codified in Titles 15, 17 and 19 of the U.S. Code.²⁶⁰ As CBP stated in 1998:

Customs believes that these statutes may be reasonably interpreted to permit Customs to provide for the disclosure of certain import information, and where the identification of such violative merchandise requires the assistance of IPR owners, relevant information may be made available.

Since the purpose of these disclosure regulations is to further the statutory enforcement scheme by allowing Customs to release certain commercial information so that Customs can more timely and accurately identify legitimate merchandise, pursuant to the regulations promulgated herein, Customs is authorized by law to disclose such information without violating the Trade Secrets Act.²⁶¹

The statutory authority for disclosure provided by the Copyright Act of 1976 and the Lanham Act could only be relevant when the affected exclusion order involved a copyright or trademark.²⁶² The Tariff Act of 1930, however, is not specifically limited to trademarks or copyrights.²⁶³ While 19 U.S.C. § 1526 explicitly covers goods bearing trademarks, the scope of authority in 19 U.S.C. § 1595(a)(C) is not limited to enforcement involving trademarks.²⁶⁴ Section 1595(a)(C) covers “any document, container, wrapping, or other article which is evidence of a violation of section 1592 of this title involving fraud or of any other law enforced or administered by the U.S. Customs Service.”²⁶⁵ Furthermore, 19 U.S.C. § 1624 grants broad authority

²⁵⁸ CBP found statutory authority for the disclosure of information related to copyright infringement in the Copyright Act of 1976, specifically 17 U.S.C. § 602 *et seq.* 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

The Copyright Act . . . prohibits the importation of infringing copies and authorizes the Secretary of Commerce to prescribe a procedure whereby a person with an interest in the work may be entitled to notification of the importation. Further, section 603 . . . authorizes the Secretary to enforce the Copyright Act’s provisions by prohibiting such importations and provides that (1) a court order may be obtained enjoining an importation and (2) a claimant seeking exclusion of an importation may establish proof that an importation would violate Section 602. Such order or proof would necessarily entail the availability of certain transaction information to the person claiming an interest in the copyright.

1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

²⁵⁹ CBP found additional statutory authority for the disclosure of information in the Tariff Act of 1930, specifically sections 526, 595(a)(C) and 624. 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

²⁶⁰ 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

²⁶¹ 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11,997.

²⁶² See 17 U.S.C. § 602 (2000); 15 U.S.C. § 1124 (2006).

²⁶³ See, e.g., 19 U.S.C. § 1595(a) (2000).

²⁶⁴ 19 U.S.C. § 1595(a).

²⁶⁵ *Id.* § 1595(a)(C).

to DHS to make such rules and regulations as may be necessary to carry out the provisions of that chapter of the Tariff Act.²⁶⁶

It is likely that CBP could find statutory authority within the Tariff Act of 1930 to support disclosure of importation information at the time of exclusion or seizure. If CBP was to determine that the Tariff Act of 1930 or other existing statutes did not provide authority, then Congress should grant CBP that specific authority. The enforcement benefits resulting from creation of exclusion order disclosure regulations would justify such action.

6. There are no Criminal Provisions for Violations of Exclusion Orders.

It is unlikely that federal law enforcement authorities could successfully pursue a criminal case against an exclusion order violator based solely on violation of the exclusion order. There are no criminal provisions within section 337.²⁶⁷ In addition, many exclusion orders involve patents and, in general,²⁶⁸ there are no criminal penalties available to U.S. law enforcement authorities against patent infringers.²⁶⁹

It is possible that CBP and ICE could try to build a criminal case out of a penalty action related to violation of an exclusion order.²⁷⁰ For example, it is possible that an importation or series of importations of goods subject to an

²⁶⁶ 19 U.S.C. § 1624 (2000).

²⁶⁷ See 19 U.S.C. § 1337 (2000).

²⁶⁸ Congress has provided two relatively minor criminal provisions related to patent infringement: forgery of letters patent (18 U.S.C. § 497) and false marking of patents (35 U.S.C. § 292). U.S. DEP'T OF JUSTICE, COMPUTER CRIME & INTELLECTUAL PROP. LAW SECTION, PROSECUTING INTELLECTUAL PROP. CRIMES 247 (3rd ed. 2006) available at <http://justice.gov/criminal/cybercrime/ipmanual/ipma2006.pdf>.

²⁶⁹ *Id.* at 245 (citing *Dowling v. United States*, 473 U.S. 207, 227 (1985) (noting that “[d]espite its undoubted power to do so, Congress has not provided criminal penalties for patent infringement”). Instead, Congress has relied on provisions affording patent owners the right to pursue civil causes of action for patent infringement. *Id.* Other countries appear to have broader authority in patent law. For example, according to media reports, more than 180 police and customs officials reportedly raided 51 booths at CeBit, a large European trade show in Hannover, Germany in March 2008. Anne Broache, *Patent Police Raid Booths at CeBit Trade Show*, CNET NEWS, Mar. 9, 2008, available at <http://asia.cnet.com/crave/2008/03/07/patent-police-raid-booths-at-cebit-trade-show/>. The law enforcement officials seized cell phones and other products that allegedly infringed various patents. *Id.* The raid was apparently in response “to a rising number of criminal complaints from patent owners.” *Id.* (internal quotations omitted).

²⁷⁰ CBP does not conduct its own criminal investigations. When CBP suspects that a crime related to intellectual property rights or other trade issues has occurred, the agency will refer the issue to ICE for investigation. See, e.g., GAO REPORT GAO-08-157, *supra* note 38, at 3–4.

exclusion order could give rise to liability under 19 U.S.C. § 1592, the penalty statute for importations involving commercial fraud or negligence.²⁷¹ Section 1592 penalties may be issued against any person who “enter[s], introduce[s], or attempt[s] to enter or introduce any merchandise into the commerce of the United States by means of” a material and false “document, or electronically transmitted data or information, written or oral statement, or act,” or by means of material omission.²⁷² The levels of culpability include fraud, gross negligence, and negligence.²⁷³

According to CBP, the scope of a §1592 penalty action can include “an unfair act involving patent or copyright infringement.”²⁷⁴ In addition, CBP’s “Reasonable Care” checklist recommends that importers have proactive knowledge of any exclusion orders that could potentially be applicable to their imported goods.²⁷⁵ CBP could thus theoretically issue a § 1592 penalty against any importer of goods subject to an exclusion order who could not establish that they used reasonable care in assessing whether their imports could be subject to any exclusion orders. On the other hand, no publicly available information can be found documenting CBP’s use of § 1592 penalty cases for exclusion order violations, suggesting that the penalty provision is rarely, if ever, used in those instances. Even if a penalty could be issued under § 1592, that does not mean that ICE would automatically initiate a commercial fraud investigation, or any other type of criminal investigation. Just because the facts surrounding an importation or series of importations justify issuance of a § 1592 penalty does not necessarily mean that those same facts justify a criminal investigation. Because a higher threshold of evidence is required for

²⁷¹ U.S. CUSTOMS AND BORDER PROT., WHAT EVERY MEMBER OF THE TRADE COMMUNITY SHOULD KNOW ABOUT: CUSTOMS ADMINISTRATIVE ENFORCEMENT PROCESS: FINES, PENALTIES, FORFEITURES AND LIQUIDATED DAMAGES 27 (2004) [hereinafter FP&F INFORMED COMPLIANCE PUBLICATION], available at www.cbp.gov/linkhandler/cgov/trade/legal/informed_compliance_pubs/icp052.ctt/icp052.pdf.

²⁷² 19 U.S.C. § 1592(a)(1)(A) (2000).

²⁷³ 19 U.S.C. § 1592(c). “Fraud” is described as situations where a party acts “voluntarily and intentionally”; “gross negligence” is where a party acts “with actual knowledge or wanton disregard”; and “negligence” is where a party “fails to exercise reasonable care.” FP&F INFORMED COMPLIANCE PUBLICATION, *supra* note 271, at 27.

²⁷⁴ FP&F INFORMED COMPLIANCE PUBLICATION, *supra* note 271, at 27.

²⁷⁵ U.S. CUSTOMS & BORDER PROT., WHAT EVERY MEMBER OF THE TRADE COMMUNITY SHOULD KNOW ABOUT: REASONABLE CARE (A CHECKLIST FOR COMPLIANCE) 12 (2004), available at http://www.cbp.gov/linkhandler/cgov/trade/legal/informed_compliance_pubs/icp021.ctt/icp021.pdf (“Have you checked or developed a reliable procedure to see if your merchandise is subject to an International Trade Commission or court ordered exclusion order?”).

criminal cases,²⁷⁶ the enforcement action in any particular situation could be limited to issuance of a civil penalty.

Therefore, in contrast to the many criminal investigations and prosecutions centered upon infringement of trademarks or copyrights,²⁷⁷ it is unlikely that a criminal investigation and prosecution could be centered solely upon violation of an exclusion order. As a result, exclusion order rights holders would not experience the benefits that could result from a successful criminal investigation, such as the identification and dismantling of an international organized crime network, the seizure of proceeds and related assets,²⁷⁸ and the criminal prosecution of violators.²⁷⁹ It therefore becomes even more imperative for exclusion order rights holders to learn the identity of the violators who are manufacturing, shipping, and importing goods subject to their exclusion order. The lack of a viable criminal enforcement option gives greater impetus to exclusion order rights holder to pursue all other remedies for infringement, thus requiring that they be given sufficient information which to do so.

²⁷⁶ See, e.g., 18 U.S.C. § 2320 (2000) (federal criminal trademark statute).

²⁷⁷ See, e.g., U.S. Dep't of Justice, Computer Crime & Intellectual Prop. Law Section, Intellectual Property News Releases, <http://www.cybercrime.gov/ipnews.html> (last visited May 21, 2008).

²⁷⁸ U.S. Immigration & Customs Enforcement, Public Information: Fin. and Trade Investigations, <http://www.ice.gov/pi/financial/index.htm> (last visited Mar. 8, 2008). See, e.g. Press Release, U.S. Dep't of Justice, Three Indicted and Arrested in One of the Largest Counterfeit Goods Prosecutions in U.S. History (Jan. 17, 2008), http://www.usdoj.gov/opa/pr/2008/January/08_crm_035.html. The defendants in that case:

[R]eceived \$16 million in illicit proceeds, which the defendants then transferred to bank accounts in the United States and overseas in the names of companies under their control, as well as using the proceeds to purchase at least three properties in New York. The United States has restrained, and seeks to forfeit, the contents of these bank accounts and the three properties.

Id.

²⁷⁹ U.S. Customs and Immigration Enforcement, Commercial Fraud, <http://www.ice.gov/pi/financial/commercialfraud.htm> (last visited Mar. 8, 2008). See, e.g., Press Release, U.S. Dep't of Justice, Alleged Distributor of Counterfeit Pharmaceuticals Drugs Extradicted [sic] (Mar. 4, 2008), <http://www.usdoj.gov/criminal/cybercrime/gonzalesExtra-dition.htm> (describing the investigation and extradition of Randy Gonzales, a citizen of the Philippines who was extradited to the United States from Bangkok, Thailand, to face charges of conspiring to import and distribute counterfeit pharmaceutical drugs into the United States; Gonzales was the first foreign national to be extradited to the United States for allegedly conspiring to import and distribute counterfeit pharmaceuticals).

7. Disclosure Would Allow Rights Holders to Initiate Legal Actions in the Countries Where the Goods were Manufactured and Exported.

Exclusion order rights holders are not currently privy to the names and addresses of companies discovered by CBP to be manufacturing or shipping goods subject to the exclusion order.²⁸⁰ If an exclusion order rights holder was given that violator information, the rights holder could initiate legal action in the country where the manufacturer or exporter was located, either privately or in conjunction with law enforcement authorities in that country.

Armed with official disclosure information from CBP, a rights holder may be able to persuade the foreign government to initiate an official investigation of the manufacturer or exporter. Such inter-country cooperation in intellectual property enforcement is encouraged and reflected in the goals of various international organizations, such as the World Intellectual Property Organization and the WTO.²⁸¹ Government IPR enforcement projects against violators are generally well publicized and have been used by countries as a public relations tool to help demonstrate how seriously those countries view violations of intellectual property rights.²⁸² Official CBP disclosure information could also help rights holders achieve private remedies within the source country.

In addition, enforcement—public or private—in the source country can have important practical ramifications. It is far more effective to target the manufacturer or distributor of violative goods in his home country rather than trying to identify, exclude, or seize all the violative goods shipped from

²⁸⁰ See, e.g., 19 C.F.R. § 12.39 (2008).

²⁸¹ World Intellectual Prop. Org., What is WIPO?, http://www.wipo.int/about-wipo/en/what_is_wipo.html (last viewed Mar. 8, 2008). The World Intellectual Property Organization (WIPO) was established in 1967 with a mandate from its Member States to promote IP protection throughout the world through “cooperation among states and in collaboration with other international organizations.” *Id.* WIPO has had a cooperation agreement with the WTO since 1996. Agreement between the World Intellectual Property Organization and the World Trade Organization, Dec. 22, 1995, 35 I.L.M. 755 (entered into force Jan. 1, 1996) available at http://www.wto.org/english/tratop_e/trips_e/intel3_e.htm.

²⁸² See, e.g., U.S. DEPT OF COMMERCE, FACT SHEET: U.S.-CHINA JOINT COMM’N ON COMMERCE AND TRADE (Dec. 11, 2007), available at http://www.commerce.gov/NewsRoom/PressRel-eases_FactSheets/PROD01_004907 (reporting joint enforcement raids conducted by the Federal Bureau of Investigation and Chinese security agencies as one of the steps China has taken to improve protection of intellectual property rights); see also *HK Customs Makes 8 mln HKD Counterfeit Seizure*, CHINA VIEW, Mar. 3, 2008, available at http://news.xinhuanet.com/english/2008-03/03/content_7710243.htm (describing raids by Hong Kong Customs of three trading companies, three warehouses and a packaging center, resulting in Hong Kong’s largest seizure of counterfeit cell phone accessories).

those companies after the goods have already arrived in the United States.²⁸³ If exclusion order rights holders were provided with manufacturer and exporter disclosure information, they would be far more likely to successfully pursue those companies and shut down, or at least slow down, the sources of production or distribution of violative goods.²⁸⁴ Providing disclosure information to assist rights holders in achieving IPR enforcement within the source country would also benefit CBP, as increased foreign enforcement would free up CBP's resources and allow the agency to shift its focus to other IPR violators.

8. Disclosure Could Help Protect U.S. Consumers and Other Members of the Public.

The implementation of exclusion order disclosure regulations could prove beneficial to U.S. consumers and other members of the public. When violative goods slip through the border enforcement net, they will most likely end up in the U.S. marketplace, to be purchased by U.S. consumers.²⁸⁵ In addition

²⁸³ Identifying violative shipments before they leave the source country is the rationale of CBP's Container Security Initiative (CSI). Under CSI, CBP and ICE officers are stationed in foreign countries for the purpose of identifying and inspecting high-risk containers at foreign ports before those containers are placed on board vessels destined for the United States. CSI is primarily structured as a security regime to screen containers that pose a potential risk for terrorism, but the targeting and inspection process could be used for trade-related issues as well. CSI is currently operational at fifty-eight ports, with the result that over 86 percent of all cargo imported into the United States may be subject to prescreening prior to importation. U.S. Customs and Border Prot., CSI in Brief, http://www.cbp.gov/xp/cgov/trade/cargo_secu-ity/csi/csi_in_brief.xml (last visited May 20, 2008). Examples of CSI ports include Cartagena, Colombia; Rotterdam, The Netherlands; Hong Kong; and Durban, South Africa. U.S. Customs and Border Prot., Ports in CSI, http://www.cbp.gov/xp/cgov/border_security/international_activities/csi/ports_in_csi.xml (last visited Mar. 8, 2008).

²⁸⁴ See, e.g., Harry Sanderson, *Beijing Market Infamous for Fakes Launches Own Brand with Warning to Counterfeiters*, ASSOCIATED PRESS, Jan. 25, 2008, available at <http://www.signonsandiego.com/news/world/20080125-0810-china-counterfeiter-brandname.html>. In September 2006, five companies (Burberry, Chanel, Gucci, Louis Vuitton and Prada) won 10,000 yuan (\$1,387) in compensation from a joint lawsuit against a Chinese marketplace, Beijing's Silk Street Market, and five of its tenants. *Id.* That case was apparently the first in China to end in such a settlement. *Id.* The market has since begun programs to discourage the sale of infringing goods, including a 20 percent discount on rent for market stalls which don't sell counterfeits. *Id.* The market is also launching its own line of SILKSTREET branded goods, and has, somewhat ironically, warned potential counterfeiters to "stay away" from that brand. *Id.* Beijing's Silk Street Market is one of the "notorious markets" cited in the 2007 Special 301 Report. See SPECIAL 301 REP. 17, *supra* note 205, at 6.

²⁸⁵ See, e.g., Press Release, U.S. Immigration & Customs Enforcement, Cal. convenience store owner pleads guilty to selling counterfeit DVDs (Feb. 26, 2008), <http://www.ice.gov/pi/news/newsreleases/articles/080226bakersfield.htm>; Press Release, U.S. Immigration &

to infringing intellectual property rights, such goods may also pose health and safety risks.²⁸⁶ In certain cases, violative goods could also have critical infrastructure and national security implications.²⁸⁷

Disclosure information could be used to help identify dangerous, violative imported goods that initially eluded detection by CBP and are now available for sale or use in the United States. Law enforcement officials and rights holder could then take steps to remove those goods from the community, thus protecting U.S. consumers and other members of the public from possibly dangerous goods.²⁸⁸

Customs Enforcement, ICE teams with NBA and area police to protect NBA All Star Game fans from sports knockoffs, (Feb. 19, 2008), <http://www.ice.gov/pi/news/newsreleases/articles/080219neworleans.htm>.

²⁸⁶ See, e.g., Press Release, U.S. Consumer Prods. Safety Comm'n, N. Am. Breaker Co. Recalls Counterfeit Circuit Breakers Due to Fire Hazard (Dec. 27, 2007), <http://www.cpsc.gov/CPSPUB/PREREL/prhtml08/08151.html> (describing counterfeit circuit breakers which pose a fire hazard to consumers); Press Release, U.S. Immigration & Customs Enforcement, Alleged distrib. of counterfeit pharms. extradited from Asia (Mar. 5, 2008), <http://www.ice.gov/pi/news/newsreleases/articles/080305houston.htm> (describing the investigation and extradition from Thailand of a citizen of the Philippines charged with conspiracy to import and distribute counterfeit Viagra and Cialis pharmaceutical drugs); Press Release, U.S. Immigration & Customs Enforcement, N.H. corp. pleads guilty in counterfeit drug imp. case (Aug. 31, 2007), <http://www.ice.gov/pi/news/newsreleases/articles/070831concord.htm> (describing a corporation's guilty plea to charges that it had conspired to traffic in counterfeit drugs and to introduce misbranded drugs into the United States).

²⁸⁷ See, e.g., Press Release, U.S. Customs & Border Prot., CBP, European Union Announce Results of Joint Operation to Combat Pirated Goods (Feb. 22, 2008), http://www.cbp.gov/xp/cgov/newsroom/news_releases/archives/2008_news_releases/feb_2008/02222008.xml.

Computer networking hardware is the infrastructure of modern business, health-care, education and communication and information networks. The counterfeiting of networking hardware and integrated circuits has critical infrastructure, national security, and health and safety implications. Counterfeit hardware lacks the quality assurance and manufacturing standards of genuine hardware. As a result, there is a much higher failure rate for counterfeit hardware. Many counterfeit products fail on installation and more fail weeks or months after installation. Failures impose significant labor, equipment and lost productivity costs on individuals and organizations that depend on these networks.

Integrated circuits are used in a wide range of applications, including automobiles, aircraft, computers, telecommunications, medical devices and consumer electronics.

Id.

²⁸⁸ The author would further argue that importation information for all intellectual property violations—including exclusion orders—should be made available not only to the affected rights holder, but to the public at large. Public disclosure of importation information could serve various purposes. Such disclosure could deter future crimes (e.g., the “name and

9. A Recent GAO Investigation Recommends the Development of CBP Disclosure Regulations.

In March 2008, GAO released a new report that included a review of CBP's enforcement of exclusion orders.²⁸⁹ In its report, GAO described CBP's enforcement of exclusion orders as "limited and declining,"²⁹⁰ in part due to procedural weaknesses.²⁹¹ GAO's report concluded that:

One area where IP enforcement has not increased is CBP's enforcement of exclusion orders. U.S. companies spend millions of dollars to argue their allegations of IP infringement before the U.S. International Trade Commission, but the Commission relies on CBP to enforce its decisions. CBP has allocated few resources to carry out its role in this complex area, lacks data to track its enforcement of exclusion orders, and has not given sufficient attention to addressing the procedural weaknesses that we identify. Given the potential for these orders to affect large volumes of trade, CBP has a responsibility to improve its enforcement of exclusion orders.²⁹²

GAO's report noted various weaknesses in CBP's enforcement of exclusion orders, including lack of transparency to the affected rights holders,²⁹³ limited data collection,²⁹⁴ enforcement delays,²⁹⁵ and issues related to the develop-

shame" rationale) and would also serve the public's right to know: the public has a right to disclosure information about intellectual property violators so that it can exercise their right to choose between competing companies and products. The public also has a right to know which companies are trafficking in infringing and possibly unsafe goods, such as counterfeit pharmaceuticals or toys. Importers have an obligation to exercise reasonable care, and should thus know which manufacturers and exporters traffic in violative goods. The import community also has responsibilities for supply-chain security, and disclosure information could be relevant for that purpose. Because this concept is obviously broader than the topic at issue, however, it may be best dealt with in a separate advocacy article.

²⁸⁹ GAO REPORT GAO-08-157, *supra* note 38, at 2.

²⁹⁰ GAO REPORT GAO-08-157, *supra* note 38, at 25.

²⁹¹ GAO REPORT GAO-08-157, *supra* note 38, at 23-27.

²⁹² GAO REPORT GAO-08-157, *supra* note 38, at 42-43.

²⁹³ GAO's report included statements from private sector representatives that CBP's enforcement of exclusion orders was not transparent because CBP does not notify companies of any exclusions which have occurred, thus impeding the ability of rights holders to follow through on the matter. GAO REPORT GAO-08-157, *supra* note 38, at 25.

²⁹⁴ According to CBP, the agency does not maintain data on the number of denial of entry letters issued to importers, neither in total nor by exclusion order, nor does it alert the rights holder when an exclusion occurs. GAO REPORT GAO-08-157, *supra* note 38, at 24. "CBP does maintain data on the total number of exclusion order exams it conducts and the number of times these exams reveal any IP discrepancies." *Id.* GAO noted that "the number of exclusion order exams have declined since fiscal year 2002, and a very small number of discrepancies have been found." *Id.*

²⁹⁵ GAO REPORT GAO-08-157, *supra* note 38, at 26.

ment and maintenance of Trade Alerts,²⁹⁶ and targeting instructions.²⁹⁷ For the purpose of better informing Congress and affected rights holders regarding CBP's enforcement of exclusion orders,²⁹⁸ GAO recommended that the Secretary of Homeland Security direct the Commissioner of CBP to take the following three actions:

Identify factors currently limiting [CBP's] enforcement capabilities and develop a strategy for addressing those limitations, including a timeline for implementation;

Begin collecting data on the number of exclusions, in total and per exclusion order; and

Examine CBP's ability to develop regulations to allow notification of exclusions to affected rights holders, and, if authorized, develop such regulations.²⁹⁹

In a written response, CBP concurred with GAO's three recommendations.³⁰⁰ The agency stated that it had "begun to identify factors currently limiting [its] enforcement capabilities," and "w[ould] implement a strategy to address [those] limitations."³⁰¹ CBP agreed to begin tracking denials of entry and report aggregated totals by exclusion order in DHS's annual IPR statistics.³⁰² CBP also indicated that it would research the agency's legal authority for

²⁹⁶ GAO found several procedural weaknesses related to Trade Alerts, including "a lack of intranet Trade Alerts for about half the exclusion orders currently in force, delays in posting Trade Alerts to the intranet, . . . and no procedures for updating Trade Alerts when the status of an exclusion order changes or an exclusion order expires." GAO REPORT GAO-08-157, *supra* note 38, at 26.

²⁹⁷ GAO found that CBP engaged in "minimal use" of electronic targeting. GAO REPORT GAO-08-157, *supra* note 38, at 26. GAO also stated that "CBP develop[ed] targeting instructions for most, but not all, of the exclusion orders" the agency received from the Commission. *Id.* at 27.

²⁹⁸ GAO REPORT GAO-08-157, *supra* note 38, at 44.

²⁹⁹ GAO REPORT GAO-08-157, *supra* note 38, at 44.

³⁰⁰ GAO REPORT GAO-08-157, *supra* note 38, at 65.

³⁰¹ GAO REPORT GAO-08-157, *supra* note 38, at 65.

³⁰² GAO REPORT GAO-08-157, *supra* note 38, at 65. Although aggregated exclusion data would be interesting, it would not be especially informative, and would not replace the detailed importation information envisioned by this article and currently provided under Part 133 to rights holders when goods are detained and/or seized for trademark, trade name or copyright violations. Based on CBP's statement in the March 2008 GAO report, aggregated exclusion data would only include the quantity of shipments excluded for each exclusion order. *See id.* Data is similarly aggregated in the Department of Homeland Security's annual IPR seizure statistics, which aggregate data related to fiscal year IPR seizures by country and commodity. *See U.S. CUSTOMS AND BORDER PROT., SEIZURE STATISTICS FOR INTELLECTUAL PROPERTY RIGHTS* 8–9, *available at* http://www.cbp.gov/linkhandler/cgov/trade/priority_trade/ipr/seizure/fy07_final.ctt/fy07_final.pdf. It is also not clear whether seizures effected under seizure and forfeiture orders would also be included in the annual IPR statistics.

providing notification of denials of entry to exclusion order rights holders.³⁰³ CBP projected a September 2008 completion date for these projects.³⁰⁴

10. The Disclosure Process and Mechanism are Already in Place.

The implementation of exclusion order disclosure regulations should not be burdensome to CBP because a basic disclosure process and mechanism are already in place.³⁰⁵ Whenever goods are denied entry by CBP because they are determined to be subject to an exclusion order, the affected port is required to provide certain information to CBP's IPR Branch and the Commission via written letter.³⁰⁶ Information currently transmitted from the ports to CBP's IPR Branch and the Commission includes: 1) the importer's name and address; 2) the affected patent, trademark, or copyright registration number; 3) the Commission case number; 4) a description of the article denied entry; 5) the quantity involved; 6) the vessel or airline that shipped the goods; 7) the bill of lading number; 8) the date of denial of entry; and 9) the name of the port denying entry.³⁰⁷

Upon implementation of exclusion order disclosure regulations, ports could send a copy of that same denial of entry letter to the affected rights holder when copies are sent to CBP's IPR Branch and the Commission. If it was agreed that more information should be disclosed to the rights holder—such as their country of origin, and the names and addresses of the manufacturer and exporter—that data could be obtained from the entry documents, added to the denial of entry form by port personnel, and transmitted to all parties.

In addition, the ports already have a mechanism in place to provide disclosure information to rights holders pursuant to the disclosure provisions in Part 133.³⁰⁸ Since those disclosure regulations became effective in April 1998, ports have been providing written disclosure information to rights holders when goods are detained or seized for trademark, trade name, or copyright violations.³⁰⁹ Requiring ports to provide the same type of information to exclusion order rights holders when goods are excluded or seized would be an extension of an already established mechanism.³¹⁰

³⁰³ GAO REPORT GAO-08-157, *supra* note 38, at 65.

³⁰⁴ GAO REPORT GAO-08-157, *supra* note 38, at 65.

³⁰⁵ *See, e.g.*, 19 C.F.R. § 133.43(b) (2008).

³⁰⁶ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, ¶¶ 4.1.3—4.1.4.

³⁰⁷ CUSTOMS DIRECTIVE 2310-006A, *supra* note 24, app.

³⁰⁸ *See, e.g.*, 19 C.F.R. § 133.43(b) (2008).

³⁰⁹ *See, e.g.*, 1998 Disclosure Regulations Final Rule, *supra* note 148, at 11996.

³¹⁰ An additional related regulatory change—allowing exclusion orders to be recorded with CBP—could improve CBP's existing disclosure mechanism when applied to disclosure for exclusion orders. Although rights holders may record trademarks, trade names and copyrights, there are currently no recordation provisions for exclusion orders. 19 C.F.R. § 133.1

IV. Draft Exclusion Order Disclosure Regulations

Regulations authorizing disclosure to exclusion order rights holders could mirror, with minor exceptions, the existing regulations authorizing disclosure to rights holders when goods are detained or seized for violations of trademark, trade name, or copyright laws. The regulations governing CBP's enforcement of exclusion orders are contained in 19 C.F.R. § 12.39.³¹¹ Disclosure provisions could be contained in a new 19 C.F.R. § 12.39(f) and could read as follows:

§ 12.39(f) *Disclosure of information and samples available to the exclusion order complainant*

- (1) *Disclosure before and during detention.* From the time goods are presented for CBP examination until the time the goods are released, excluded or seized, CBP may disclose to the complainant any of the following information in order to obtain assistance in determining whether the goods are subject to an exclusion order:

(2008) (trademarks); 19 C.F.R. § 133.11 (2008) (trade names); 19 C.F.R. § 133.31 (2008) (copyrights). *See also* Recordation of Copyrights and Enforcement Procedures To Prevent the Importation of Piratical Articles, 69 Fed. Reg. 59,562 (proposed Oct. 5, 2004) (to be codified at 19 C.F.R. pt. 133). Because exclusion orders are not recorded like trademarks, trade names and copyrights, more limited information about exclusion orders is available to CBP officers and members of the trade community, and even available information is not necessarily up-to-date. For example, a search of CBP's online Intellectual Property Rights Search (IPRS) database reveals that the most current active exclusion order listed was an order that became effective in May 2004. *See* U.S. Customs and Border Prot., Intellectual Prop. Rights Search, <http://iprs.cbp.gov/> (last viewed Mar. 15, 2008). In addition, CBP IPR Branch attorneys are sometimes listed as the points of contact for exclusion orders. Amending the regulations to allow rights holders to record exclusion orders just as they record other forms of intellectual property would provide various benefits. CBP would benefit because all CBP officers, including those enforcing the order and those preparing the disclosure letters, would have access to contact information for the relevant rights holder. Importers would benefit from publicly available recordation information because they could research which commodities are subject to an exclusion order, thus helping them to exercise reasonable care by avoiding the importation of goods that would be subject to an exclusion order. Because rights holder contact information from the recordation system is used by CBP when preparing disclosure letters to rights holders, allowing exclusion orders to be recorded would allow for the most straightforward application of the existing disclosure mechanism to exclusion orders. In the absence of exclusion order recordation procedures, however, there are viable alternate means to transmit rights holder contact information to CBP field officers, such as including that information in the original exclusion order Trade Alert, posting that information to CBP's Intranet, etc. It should not be difficult for CBP Headquarters to ensure that the correct CBP field officers have access to contact information for exclusion order rights holders.

³¹¹ 19 C.F.R. § 12.39 (2008).

- (i) The date of importation;
 - (ii) The port of entry;
 - (iii) A description of the goods;
 - (iv) The quantity involved; and
 - (v) The country of origin of the goods.
- (2) *Disclosure after exclusion or seizure.* When goods are excluded or seized under this section, CBP shall disclose to the complainant the following information, if available, within 30 days, excluding weekends and holidays, of the date of the notice of exclusion or seizure:
- (i) The date of importation;
 - (ii) The date of denial of entry or seizure;
 - (iii) The port of entry;
 - (iv) A description of the goods;
 - (v) The quantity involved;
 - (vi) The name and address of the manufacturer;
 - (vii) The country of origin of the merchandise;
 - (viii) The name and address of the exporter;
 - (ix) The name and address of the importer; and
 - (x) Information from available shipping documents (such as manifests, air waybills, and bills of lading), including mode or method of shipping (such as airline carrier and flight number) and the intended final destination of the merchandise.
- (3) *Samples available to exclusion order complainant.*
- (i) At any time following presentation of the goods for CBP examination but prior to exclusion or seizure, CBP may provide a sample of the suspect goods to the complainant for examination or testing to assist in determining whether the imported goods are subject to an exclusion order. To obtain a sample under this section, the complainant must furnish CBP with a bond in the form and amount specified by the port director, conditioned to hold the United States, its officers and employees, and the importer or owner of the imported goods harmless from any loss or damage resulting from the furnishing of the sample by CBP to the complainant. The complainant must return the sample to CBP upon demand or at the conclusion of the examination or testing. In the event the sample is damaged, destroyed, or lost

while in the possession of the complainant, the complainant shall, in lieu of return of the sample, certify to CBP that: “The sample described as [insert description] and provided pursuant to 19 C.F.R. § 12.39(f)(3)(i) was [damaged/destroyed/lost] during examination or testing to determine whether the goods were subject to the exclusion order.”

- (ii) At any time following exclusion or seizure of the goods, CBP may provide a sample of the suspect goods to the complainant for examination or testing or other use in pursuit of a related private civil remedy for infringement of the exclusion order. To obtain a sample under this section, the complainant must furnish CBP with a bond in the form and amount specified by the port director, conditioned to hold the United States, its officers and employees, and the importer or owner of the imported goods harmless from any loss or damage resulting from the furnishing of the sample by CBP to the complainant. The complainant must return the sample to CBP upon demand or at the conclusion of the examination or testing. In the event the sample is damaged, destroyed, or lost while in the possession of the complainant, the complainant shall, in lieu of return of the sample, certify to CBP that: “The sample described as [insert description] and provided pursuant to 19 C.F.R. § 12.39(f)(3)(ii) was [damaged/destroyed/lost] during examination or testing or other use.”

Conclusion

The creation of exclusion order disclosure regulations would benefit both CBP and exclusion order rights holders. Such regulations would further CBP’s IPR enforcement scheme and assist the agency in targeting and identifying goods subject to exclusion orders, thus maximizing limited agency resources. Disclosure regulations would also allow exclusion order rights holders to better assist CBP in the enforcement of the exclusion order, and to more expeditiously enforce their intellectual property rights by pursuing all available remedies against violators. An improved exclusion order enforcement process would also help protect U.S. consumers and other members of the public from infringing, and possibly dangerous, goods. Knowledge could lead to actions, and those actions could yield notable results.

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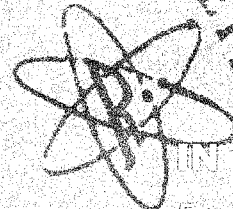
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Seizing Infringing Imports of Cinderella's Slippers:

How Egyptian Goddess Supports U.S. Customs and Border Protection's Enforcement of Design Patents

Debra D. Peterson¹

I. Introduction

Design rights, including design patents, have been described as the "Cinderella" of intellectual property law.² There has

never been clear consensus in the United States or internationally as to the proper placement of design rights within the intellectual property framework.³ As a

¹ Debra D. Peterson is an attorney consultant specializing in international trade and intellectual property issues. She provides consulting services to companies, law firms and organizations on international trade issues, including the border enforcement of intellectual property rights. Prior to entering private practice, Ms. Peterson held various positions within U.S. Customs and Border Protection (CBP). While still an undergraduate at Gonzaga University in Spokane, Washington, she was recruited and hired by CBP under their Outstanding Scholar Program. While at CBP, Ms. Peterson worked closely with Immigration and Customs Enforcement agents on criminal investigations, including "Project Teed-Off," a 3-year undercover operation that targeted smuggling, counterfeiting and piracy in the golf industry. Project Teed-Off produced over 800 seizures, and 15 indictments, 14 arrests and 14 guilty pleas. She represented CBP in interviews with the print and television media, including *The Wall Street Journal*, *Time*, *USA Today*, *Los Angeles Times*, *CNN*, *NBC*, *ABC*, *HBO*, and *FOX*. Ms. Peterson attended law school while continuing to work for CBP. She graduated with honors in May 2003 from Chapman University School of Law. She is currently working toward an LL.M in International Business Law. © 2008 Debra D. Peterson. The views expressed in this article are those of the author only, and should not be attributed to any of her clients. The author may be reached at DebraDPeterson@aol.com.

² See, e.g. Ralph S. Brown, *Design Protection: An Overview*, 34 *UCLA L. REV.* 1341, 1356 (June/August 1987) ("[D]esign patent remains a Cinderella who never goes to the ball."); Charles-Henry Massa & Alain Strowel, *Community Design: Cinderella Revamped*, 25(2) *EUR. INTELL. PROP. REV.* 68 (2003). It is interesting to note that, in 1945, copyrights were described as a Cinderella of the law." See Zechariah Chafee, Jr., *Reflections on the Law of Copyright: I*, 45 *COLUM. L. REV.* 503, 503 (1945) ("Copyright is the Cinderella of the law. Her rich older sisters, Franchises and Patents, long crowded her into the chimney-corner. Suddenly the fairy godmother, Invention, endowed her with mechanical and electrical devices as magical as the pumpkin coach and the mice footmen. Now she whirls through the mad mazes of a glamorous ball."). As a result of the changes to U.S. copyright law since 1945, however, copyright would likely be viewed today as one of the prosperous step-sisters.

³ Design rights are included within the definition of "industrial property" in Article 1 of the Paris Convention, along with trademarks and patents. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305, available at http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html (last visited Sept. 27, 2008) ("The protection of industrial property

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result, design rights may be protected in various ways, including under trademark, copyright or patent law.⁴

U.S. Customs and Border Protection (CBP) has no legal authority to offer traditional border enforcement protection to patents. As a general rule, CBP only enforces patents in the form of exclusion orders issued by the U.S. International Trade Commission.⁵ The basic rationale for the agency's lack of authority to enforce

patents is that CBP personnel do not have the technical skills or expertise required to make infringement determinations.⁶

This article proposes that CBP be granted the authority to enforce design patents. Under the newly simplified test formulated by the Federal Circuit in *Egyptian Goddess*, CBP would be able to make design patent infringement determinations. The infringement analysis for design patents closely resembles the analy-

(3 Continued from prior page)

has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition." See also U.S. PATENT AND TRADEMARK OFFICE, TREATIES AND FOREIGN PATENTS, available at <http://www.uspto.gov/web/offices/pac/doc/general/index.html#treaties> (last visited Sept. 27, 2008) ("There is a treaty relating to patents which is adhered to by 168 countries, including the United States, and is known as the Paris Convention for the Protection of Industrial Property. It provides that each country guarantees to the citizens of the other countries the same rights in patent and trademark matters that it gives to its own citizens. The treaty also provides for the right of priority in the case of patents, trademarks and industrial designs (design patents)."). Other designs may be protected under the Berne Convention as copyrights. Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, 25 U.S.T. 1341, 828 U.N.T.S. 221, available at http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html (last visited Sept. 27, 2008) Article 25 of the TRIPs Agreement requires Member States to provide protection for new or original independently created works of applied art that have industrial application. The TRIPs Agreement is contained in Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization. WORLD TRADE ORG., LEGAL TEXTS, available at http://www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm (last visited Sept. 27, 2008).

4 See, e.g., *In re Penthouse Int'l Ltd.*, 565 F.2d 679, 683 (C.C.P.A. 1977) ("As this court has often said, copyright, patent and trademark laws stem from different concepts and offer different kinds of protection, which are not mutually exclusive."). Different forms of intellectual property may be used for patent protection on the same product. See, e.g., *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964) (permitting registration on the Principal Register for the shape of a bottle despite that bottle also being protected by a design patent). "The underlying purpose and the essence of patent rights are separate and distinct from those appertaining to trademarks. No right accruing from the one is dependent upon or conditioned by any right concomitant to the other." *Id.* at 929. There is also an area of overlap between copyrights and design patents. See, e.g., U.S. PATENT AND TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 1512 (8th ed.), available at <http://www.uspto.gov/web/offices/pac/mpep/index.html> (last visited Sept. 27, 2008) [hereinafter USPTO MPEP] ("[A]n ornamental design may be copyrighted as a work of art and may also be subject matter of a design patent.").

5 CBP has "no legal authority to make patent infringement determinations," but does have the authority to exclude from entry imported goods which the "Commission has determined infringe a valid and enforceable U.S. patent." NAT'L INTELLECTUAL PROP. LAW ENFORCEMENT COORDINATION COUNCIL, REPORT TO THE PRESIDENT AND CONGRESS ON COORDINATION OF INTELLECTUAL PROPERTY ENFORCEMENT AND PROTECTION 144 (2006) [hereinafter 2006 NIPLECC REPORT]. CBP also has the authority to seize goods subject to an exclusion order once the Commission has issued a seizure and forfeiture order. 19 U.S.C. § 1337(i) (2008). See also U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-08-157, INTELLECTUAL PROPERTY, FEDERAL LAW ENFORCEMENT HAS GENERALLY INCREASED, BUT ASSESSING PERFORMANCE COULD STRENGTHEN LAW ENFORCEMENT EFFORTS 8 (2008) [hereinafter GAO REPORT GAO-08-157]. At one point, CBP conducted patent import surveys to help patent owners identify alleged infringers, but discontinued those surveys in 2004. See *infra* Section VII(C). Under certain circumstances, CBP may also act pursuant to a court order, but such actions are quite rare. See, e.g., Patent Surveys, Final Rule, Bureau of Customs and Border Prot. 69 Fed. Reg. 52,811 (Aug. 30, 2004) [hereinafter Patent Surveys Final Rule] ("CBP plays a supporting role with respect to patent infringement cases under section 1337 In addition to enforcing ITC exclusion orders, CBP enforces ITC seizure/forfeiture orders (19 U.S.C. 1337(i)(2)) and certain court orders."); *Oversight Hearing Before the H. Appropriations Committee, Subcommittee on Homeland Security*, 110th Cong. (2007) (statement of W. Ralph Basham, Comm'r, U.S. Customs and Border Prot.) ("CBP enforces trademarks, trade names, and copyrights on its own statutory authority, and also enforces patents and other forms of intellectual property pursuant to exclusion orders issued by the International Trade Commission and court orders."); TIMOTHY P. TRAINER & VICKI E. ALLUMS, PROTECTING INTELLECTUAL PROPERTY RIGHTS ACROSS BORDERS, PATENTS, CUSTOMS ENFORCEMENT OF ITC EXCLUSION ORDERS § 5:3 (2008) ("Finally, as in the case of trademarks and copyrights, Customs would also be entitled to take action against shipments infringing patents pursuant to a court order. Although it is rarely called upon to act pursuant to a court order, patent owners, practitioners, and enforcement authorities should be aware of this additional avenue for enforcing patents at the border.").

6 See, e.g., TRAINER & ALLUMS, *supra* note 5, at § 5:1 ("Customs' lack of authority to protect patents at the border is ... primarily a result of the technical nature of patents and the expertise required to make infringement determinations.").

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sis currently undertaken by CBP in cases of suspected trademark infringement. CBP enforces design patent exclusion orders, and, until recently, also conducted patent import surveys. Comparable design rights are enforced by customs authorities in other jurisdictions, including the European Union, Japan and China. In addition, CBP's recordation database could easily be adapted to accept design patent recordations, and those recordations would be an additional and valuable tool in CBP's ongoing battle against intellectual property rights (IPR) violators. The time is right for Cinderella to finally be invited to the CBP ball.

II. U.S. protection of design rights.

Congress enacted the first U.S. design patent statute in 1842.⁷ The push for protection of design rights came from the first Commissioner of Patents, Henry L. Ellsworth,⁸ who, in his report to Congress in February 1841, "called attention to the lack of protection for new and original designs and suggested the passage of

such an act."⁹ Commissioner Ellsworth articulated to Congress the frustration expressed by designers who had been unable to protect their design rights in the United States:

Other nations have granted this privilege, and it has afforded mutual satisfaction alike to the public and to individual applicants. Many who visit the Patent Office learn with astonishment that no protection is given in this country to this class of persons. Competition among manufacturers for the latest patterns prompts to the highest effort to secure improvements, and calls out the inventive genius of our citizens. Such patterns are immediately pirated, at home and abroad.... It may well be asked if authors can so readily find protection in their labors, and inventors of the mechanical arts so easily secure a patent to reward their efforts, why should not discoverers of designs, the labor and expenditure of which may be far greater, have equal privileges afforded them?¹⁰

⁷ Act of Aug. 29, 1842, ch. 263, § 3, 5 Stat. 543 (1842).

⁸ William I. Wyman, *Henry L. Ellsworth, The First Commissioner of Patents*, 1 J. PAT. OFF. SOC'Y 524 (1918-1919). Ellsworth had originally been appointed Superintendent of Patents in May 1935. *Id.* at 524.

The Act of 1936 instituted the present modern examination system, drastically revised the organization and procedure, and created the office of Commissioner of Patents. Mr. Ellsworth became the first occupant of this position and it devolved upon him to initiate the policy under the new law and to found and develop an entirely new organization.

Id. Commissioner Ellsworth was mired in a minor flurry of controversy when pundits attributed to him the declaration that there was effectively "nothing left to invent." See Eber Jeffery, *Nothing Left to Invent*, 22 J. PAT. OFF. SOC'Y 479 (1940). The controversy apparently erupted because of a statement in Commissioner Ellsworth's 1843 report to Congress that "[t]he advancement of the arts, from year to year, taxes our credulity and seems to presage the arrival of that period when human improvement must end." *Id.* at 480, citing U.S. PATENT OFFICE, 1843 COMM'R OF PATENTS ANN. REP. 6. Dr. Jeffery discounted as improbable the theory that the Commissioner of Patents believed "the limits of human ingenuity already had been reached" and suggested instead that "the statement in question, probably an unfortunate one, was a mere rhetorical flourish intended to emphasize the remarkable strides forward in inventions then current and to be expected in the future." Jeffery, *supra*, at 479-80.

⁹ Thomas B. Hudson, *A Brief History of the Development of Design Patent Protection in the United States*, 30 J. PAT. OFF. SOC'Y 380, 380 (1948).

¹⁰ *Id.* at 380-81. Other countries providing design protection before the United States included France and England. "Designs for articles of manufacture had been the subject matter of statutory protection for many years in European nations before similar laws were enacted in the United States. In France protection was available as early as 1737 and in England in 1787, by the enactment of the statute of 27 Geo. 3, Ch. 38." *Id.* at 380.

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¹⁵ *Id.* at 38

¹⁶ *Id.* at 38

¹⁷ *Id.* at 38

¹⁸ *Id.* at 38

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Commissioner Ellsworth's arguments helped to persuade Congress, who enacted the first U.S. design patent statute in 1842.¹¹

There are several theories as to why Congress chose to protect design rights under patent laws. The first theory involves the nature of designs and the fact that the only two forms of federal intellectual property protection available in 1842 were patents and copyrights.¹² The authority for the protection of patents and copyrights comes from the Constitution, which grants Congress the power "[t]o promote the progress of science and the useful arts by securing for limited times to authors and inventors the exclusive right to their writings and discoveries."¹³ Patents were intended to protect the inventors of useful arts, such as machines.¹⁴ Copyrights were intended to protect the writings of authors and similar "purely intellectual products," such as "maps, charts, etc."¹⁵ The concept of design rights fell somewhere between

patent law and copyright law because the "ornamental or pleasing appearance" of the design was required to be embodied in a manufactured article of commerce.¹⁶ Despite the fact that designs did not fit neatly into the patent law family, Congress likely reasoned that patent law was a closer fit than the "purely intellectual" focus of 1842 copyright law.¹⁷

Other theories may help to explain why the protection of designs ended up in patent law. First, the Commissioner of Patents had advocated the creation of design right protection in the United States, and had even suggested in his 1841 report to Congress that the solution to the lack of existing protection would be for his office to issue patents for design rights.¹⁸ Congress, likely having no better solution in mind, may have simply taken him up on his offer.¹⁹ Another possible reason why Congress chose patent protection rather than copyright protection for designs was that there was no central

11 Other factors prompting Congress to enact protection for design patents included policy reasons, including a desire "to promote the decorative arts and to stimulate the exercise of inventive faculty in improving the appearance of articles of manufacture." *Hueter v. Compo Corp.*, 179 F.2d 416, 417 (7th Cir. 1950). See also *Gorham Co. v. White*, 81 U.S. 511, 524 (1872) ("The acts of Congress which authorize the grant of patents for designs were plainly intended to give encouragement to the decorative arts The law manifestly contemplates that giving certain new and original appearances to a manufactured article may enhance its salable value, may enlarge the demand for it, and may be a meritorious service to the public.").

12 Hudson, *supra* note 9, at 380 ("Prior to 1842 there were no laws in the United States affording protection to useful articles having a pleasing or ornamental appearance. However, there were on the one hand copyright laws in force giving protection to books, maps, charts, cuts, engravings, prints, and musical compositions; and on the other, patent laws affording protection to new and useful arts, machines, manufactures, and compositions of matter and improvements thereon.").

13 U.S. CONST. art. I, § 8, cl. 8.

14 Hudson, *supra* note 9, at 380.

15 *Id.* at 383.

16 *Id.* at 382-3.

17 *Id.* at 383.

18 *Id.* at 381 ("The law, if extended, should embrace alike the protection of new and original designs for a manufacture of metal or other material, or any new and useful design for the printing of woollens, silk, cotton, or other fabric, or for a bust, statue, or bas-relief, or composition in alto or basso-relievo. All this could be effected by simply authorizing the Commissioner to issue patents for these objects, under the same limitations and on the same conditions as govern present action in other cases.").

19 See, e.g., Daniel H. Brean, *Enough is Enough: Time to Eliminate Design Patents and Rely on More Appropriate Copyright and Trademark Protection for Product Designs*, 16 TEX. INTELL. PROP. L.J. 325, 329 (Winter 2008) ("[Commissioner] Ellsworth made a strong case that design protection would promote the creation of new and better designs. While his argument required some form of protection, it did not specifically require patent protection. Congress' main intent in enacting the design patent statutes can be fairly deemed to be merely a desire to protect, and thereby promote, designs. Patent protection was simply a convenient option at the time.").

copyright depository at the time the design patent statute was enacted.²⁰

Design patents are only one way in which design rights are now protected in the United States. Copyright law gradually moved beyond a "purely intellectual" focus and now embraces applied art as well as fine art.²¹ Trademark law, which was not in place federally until 1870,²² also protects some aspects of design rights.²³ Trade dress may also be used to provide some design right protection.²⁴ In addition, specialized forms of protection are available for certain design rights, such as

mask works²⁵ and vessel hull designs.²⁶ The evolution of U.S. intellectual property laws since 1842 has resulted in alternate bases of protection for design rights and raised ongoing questions as to the most effective way to protect those rights.²⁷

III. The scope of design patent protection.

Under 35 U.S.C. § 171, design patents may be granted to anyone who "invents any new, original, and ornamental design for an article of manufacture."²⁸ Design

²⁰ Hudson, *supra* note 9, at 383.

²¹ 17 U.S.C. § 102(a) (2007) (describing the scope of "works of authorship" as literary works; musical works; dramatic works; pantomimes and choreographic works; pictorial, graphic, and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works). See also Orit Fischman Afori, *Reconceptualizing Property in Designs*, 25 CARDOZO ARTS & ENT. L.J. 1105, 1118-22 (2008) (describing the evolution of copyright protection for designs).

²² The path toward federal protection of trademarks has sometimes been a rocky one. Congress did not enact comprehensive trademark legislation until 1870. In 1879, the Supreme Court ruled that legislation unconstitutional. Trade-Mark Cases, 100 U.S. 82 (1879). Congress cautiously started again, crafting limited legislation that explicitly fell within the parameters of the Commerce Clause of the U.S. Constitution. By the 1930s, however, federal trademark law "resembled a crazy quilt of modifications and amendments" and Congress recognized the need for a legislative overhaul. The result was the Trademark Act of 1946 (the "Lanham Act"), a cohesive body of federal trademark laws which became effective in 1947 and which remains the basic framework for federal trademark protection today. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 5.3- 5.4 (4th ed. 2008).

²³ See, e.g., 15 U.S.C. § 1125 (2007). For example, a rights holder may be able to obtain a trademark for a product shape, including a three-dimensional product shape. Such design protection may be difficult to obtain, but a successful rights holder would have a valuable source of protection because trademarks, unlike patents and copyrights, may potentially be renewed indefinitely. See, e.g., David Orozco & James Conley, *The Shape of Things to Come*, WALL STREET JOURNAL (May 12, 2008), available at <http://online.wsj.com/article/SB121018802603674487.html> (last visited Sept. 30, 2008) (describing how Apple Inc. was granted a three-dimensional trademark for the shape of its iPod media player).

²⁴ Trade dress protection traditionally was limited to "the overall appearance of labels, wrappers, and containers used in packaging a product," but gradually expanded to also include "a combination of any elements in which a product or service is presented to the buyer." MCCARTHY, *supra* note 22, at § 8.1. In the 1980s, trade dress protection expanded further to encompass "the shape and design of the product itself." *Id.* Trade dress protection exists "only if it can be proven that the trade dress identifies and distinguishes the plaintiff as source." *Id.*, citing *Foamation, Inc. v. Wedeward Enter. Inc.*, 970 F. Supp. 676, 685 (E.D. Wis. 1997) ("[T]rade dress is protected by the courts, but only where the trade dress connects the product with the producer. Trade dress offers no general protection for a product, no matter how unique and original. That is the realm of patent or copyright law.").

²⁵ See generally U.S. COPYRIGHT OFFICE, INFORMATION CIRCULAR, CIRCULAR 100, FEDERAL STATUTORY PROTECTION FOR MASK WORKS 1, available at <http://www.copyright.gov/circs/circ100.pdf> (last visited Sept. 27, 2008) ("The Semiconductor Chip Protection Act (SCPA) of 1984 (Pub. L. 98-620) established a new type of intellectual property protection for mask works that are fixed in semiconductor chips").

²⁶ See generally U.S. COPYRIGHT OFFICE, REGISTRATION OF VESSEL HULL DESIGNS, available at <http://www.copyright.gov/vessels/> (last visited Aug. 9, 2008) ("The Vessel Hull Design Protection Act, Title 17, Chapter 13 of the *United States Code*, was signed into law on October 28, 1998, providing for protection for original designs of vessel hulls") (italics in original).

²⁷ See R. CARL MOY, 1 MOY'S WALKER ON PATENTS § 5:41 (4th ed. 2007) ("There is in fact some indication that the design patent system in the United States is the result of prolonged inattention, rather than any ongoing purposeful development."). Some commentators have called for the elimination of the design patent system entirely, shifting the protection of design rights to copyright or trademark law, or creating a specially tailored law strictly for the protection of design rights. See, e.g., Perry J. Saidman, *The Crisis in the Law of Designs*, 89 J. PAT. & TRADEMARK OFF. SOC'Y 301, 337 (April 2007) (advocating a *sui generis* design protection law in the United States); Afori, *supra* note 21, at 1108-09 (same); Breaun, *supra* note 19, at 327-28 (advocating the elimination of design patents and the protection of design rights under copyright and trademark laws).

²⁸ 35 U.S.C. § 171 (2006).

patents protect only nonfunctional design aspects.²⁹ The statute requires that the design in question be for "an article of manufacture," thus precluding articles that are "purely and only artistic."³⁰ The ornamental appearance of an article may relate to its shape or configuration, the surface ornamentation applied to the article, or the combination of shape/configuration and surface ornamentation.³¹

Patents are issued only by the federal government.³² In addition to design patents, the U.S. Patent and Trademark Office (USPTO) also issues registrations for plant and utility patents.³³ Plant patents "may be granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant."³⁴ Utility patents "may be granted to anyone who invents or discovers any new and useful process, machine, article

of manufacture, or composition of matter, or any new and useful improvement thereof."³⁵ Because articles of manufacture may possess both functional and ornamental characteristics, a rights holder may obtain a utility patent and a design patent for the same object.³⁶

Design patents differ from utility patents in various ways, including substantive law and the standard of infringement.³⁷ "[A] 'utility' patent protects the way an article is used and works (35 U.S.C. 101), while a 'design patent' protects the way an article looks (35 U.S.C. 171)."³⁸ Another distinction between design patents and utility patents is the length of time required for examination and issuance, with design patents generally requiring less time than utility patents.³⁹ The USPTO has outlined some of the most common distinctions between

²⁹ *Lee v. Dayton-Hudson Corp.*, 838 F.2d 1186, 1188 (Fed. Cir. 1988) ("Design patents do not and cannot include claims to the structural or functional aspects of the article"). *See also Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989) ("To qualify for protection, a design must present an aesthetically pleasing appearance that is not dictated by function alone and must satisfy the other criteria for patentability.").

³⁰ MCCARTHY, *supra* note 22 at § 7.90 ("A design patent is appropriate only for 'industrial' design. It is not suitable for articles that are purely and only artistic, such as a photograph, a painting or a sculpture, but it is appropriate for an ornamental design for utilitarian objects such as a microwave oven, an athletic shoe or a watch face design").

³¹ USPTO MPEP, *supra* note 4, at § 1502.01.

³² U.S. PATENT AND TRADEMARK OFFICE, GENERAL INFORMATION CONCERNING PATENTS, WHAT IS A PATENT, available at <http://www.uspto.gov/web/offices/pac/doc/general/index.html#patent> (last visited Sept. 27, 2008) [hereinafter USPTO GENERAL INFORMATION] ("A patent for an invention is the grant of a property right to the inventor, issued by the United States Patent and Trademark Office."). Unlike other forms of intellectual property, patent rights cannot accrue under state or common law. *See, e.g.,* MCCARTHY, *supra* note 22, at § 2.7 (describing the scope of trademark protection in the United States as including federal trademarks, state trademarks and common law trademarks).

³³ USPTO GENERAL INFORMATION, *supra* note 32.

³⁴ *Id.*

³⁵ *Id.*

³⁶ USPTO MPEP, *supra* note 4, at § 1502.01.

³⁷ MOY, *supra* note 27, at § 5:41 ("The substantive law and practice relating to design patents differs significantly from that relating to regular utility patents"). *See also infra* Section VII(A) (discussing the infringement determination processes for utility patents and design patents).

³⁸ USPTO MPEP, *supra* note 4, at § 1502.01.

³⁹ The USPTO advises that the time required to obtain a patent is "technology specific," and can vary between "14 months to 4 years" or "12-36 months depending on how [the USPTO] classif[ies] your invention." U.S. PATENT AND TRADEMARK OFFICE, INVENTOR RESOURCES, ON LINE CHAT TRANSCRIPTS, available at http://www.uspto.gov/web/offices/com/iip/transcriptsf_m.htm#howlong (last visited Sept. 30, 2008). Expedited design patents may issue in months rather than years. *See, e.g.,* Saidman, *supra* note 27, at 331 (noting that the average pendency for an expedited design patent application was approximately one year, although at least one design patent was issued after about two months).

utility patents and design patents, including such elements as the term of protection, permissible number of claims and priority periods.⁴⁰

The U.S. practice of protecting some design rights under patent law is not common. One commentator has noted that "[t]he system of design patents in the

United States actually parallels systems of design registration in foreign countries, patenting of designs being idiosyncratic to the United States."⁴¹ The U.S. is also relatively unique in requiring a substantive examination by the USPTO before design patent rights are granted.⁴²

40 USPTO MPEP, *supra* note 4, at § 1502.01. Section 1502.01 provides a list of general distinctions between utility patents and design patents:

- (A) The term of a utility patent on an application filed on or after June 8, 1995 is 20 years measured from the U.S. filing date; or if the application contains a specific reference to an earlier application under 35 U.S.C. 120, 121 or 365(c), 20 years from the earliest effective U.S. filing date, while the term of a design patent is 14 years measured from the date of grant (see 35 U.S.C. 173).
- (B) Maintenance fees are required for utility patents (see 37 CFR 1.20), while no maintenance fees are required for design patents.
- (C) Design patent applications include only a single claim, while utility patent applications can have multiple claims.
- (D) Restriction between plural, distinct inventions is discretionary on the part of the examiner in utility patent applications (see MPEP § 803), while it is mandatory in design patent applications (see MPEP § 1504.05).
- (E) An international application naming various countries may be filed for utility patents under the Patent Cooperation Treaty (PCT), while no such provision exists for design patents.
- (F) Foreign priority under 35 U.S.C. 119(a)-(d) can be obtained for the filing of utility patent applications up to 1 year after the first filing in any country subscribing to the Paris Convention, while this period is only 6 months for design patent applications (see 35 U.S.C. 172).
- (G) Utility patent applications may claim the benefit of a provisional application under 35 U.S.C. 119(e) whereas design patent applications may not. See 35 U.S.C. 172 and 37 CFR 1.78(a)(4).
- (H) A Request for Continued Examination (RCE) under 37 CFR 1.114 may only be filed in utility and plant applications filed under 35 U.S.C. 111(a) on or after June 8, 1995, while RCE is not available for design applications (see 37 CFR 1.114(e)).
- (I) Effective July 14, 2003, continued prosecution application (CPA) practice under 37 CFR 1.53(d) is only available for design applications (see 37 CFR 1.53(d)(1)(i)). Prior to July 14, 2003, CPA practice was available for utility and plant applications only where the prior application has a filing date prior to May 29, 2000.
- (J) Utility patent applications filed on or after November 29, 2000 are subject to application publication under 35 U.S.C. 122(b)(1)(A), whereas design applications are not subject to application publication (see 35 U.S.C. 122(b)(2)).

Other distinctions between design and utility patent practice are detailed in this chapter. Unless otherwise provided, the rules for applications for utility patents are equally applicable to applications for design patents (35 U.S.C. 171 and 37 CFR 1.151).

Id.

41 *MOY, supra* note 27, at § 5:41.

42 The lack of a substantive examination requirement for designs has also been reflected in international design agreements. The original Hague Agreement for industrial designs was structured as a deposit system for the international filing of designs, whereby a design was protected simply by deposit without examination, leaving any questions of validity to be litigated as they arose. The Hague Agreement Concerning the International Deposit of Industrial Designs, Nov. 6, 1925 (London Act of June 2, 1934), available at http://www.wipo.int/hague/en/legal_texts/wo_hal0_.htm (last visited Sept. 30, 2008). The absence of substantive examination requirements or rights of refusal limited the appeal of that agreement to the United States, who declined to join the original Hague Agreement. A significant revision of the Hague System was undertaken in the 1990s, resulting in an agreement that now provides designated Member States with the right to refuse to give effect to applications that do not meet the requirements for protection under their own national laws. The treaty does not specify any particular standards for registrability, leaving that to the discretion of each Member State. Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs, July 6, 1999, 2279 U.N.T.S. 156, available at http://www.wipo.int/hague/en/legal_texts/wo_haa_t.htm. [hereinafter Geneva Act] The U.S. Senate ratified the Geneva Act of the Hague Agreement on Dec. 7, 2007. Treaty No. 109-21 (December 7, 2007). The Geneva Act of the Hague Agreement resembles, to some extent, the Madrid System for trademarks, with the notable exception that an international design application may itself serve as the basis for claiming priority. See Geneva Act, *supra*, at Art. 6(2) ("The international application shall, as from its filing date and whatever may be its subsequent fate, be equivalent to a regular filing within the meaning of Article 4 of the Paris Convention.").

IV. Overview of the CBP recordation system.

CBP has the authority to enforce various forms of intellectual property,⁴³ including federally registered trademarks and trade names,⁴⁴ registered copyrights⁴⁵ and exclusion orders issued by the U.S. International Trade Commission.⁴⁶ CBP encourages use of an enforcement regime that includes registration with the

USPTO⁴⁷ or U.S. Copyright Office,⁴⁸ followed by recordation with CBP.⁴⁹ Although CBP has the statutory authority to enforce counterfeit trademarks and piratical copyrights that have not been recorded with CBP,⁵⁰ the agency gives enforcement priority to those trademarks and copyrights that are recorded.⁵¹ In certain situations, CBP will take action only if a trademark or copyright is recorded.⁵²

43 The enforcement of intellectual property rights is a CBP enforcement priority. NAT'L INTELLECTUAL PROP. LAW ENFORCEMENT COORDINATION COUNCIL, REPORT TO THE PRESIDENT AND CONGRESS ON COORDINATION OF INTELLECTUAL PROPERTY ENFORCEMENT AND PROTECTION 81 (2008) [hereinafter 2008 NIPLECC REPORT] ("CBP's Trade Enforcement program is embodied in the agency's 'National Trade Strategy' which directs actions and resources around several important trade issues, which are designated as 'Priority Trade Issues' (PTIs), and IP enforcement is one of CBP's Priority Trade Issues.").

44 19 C.F.R. §§ 133.21-27 (2008). CBP only enforces federally registered trademarks which are on the Principal Register of the U.S. Patent and Trademark Office. 19 C.F.R. § 133.1(a) (2008).

45 19 C.F.R. §§ 133.42-46 (2008).

46 19 C.F.R. § 12.39 (2008). Exclusion orders are not currently recorded with CBP, although some exclusion orders are listed in CBP's Intellectual Property Rights Search (IPRS) online database. See U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, available at <http://iprs.cbp.gov> (last visited Sept. 27, 2008) [hereinafter CBP IPRS].

47 Trademarks may be registered with the USPTO either through traditional hard copy forms or online via the USPTO's Trademark Electronic Application System (TEAS). U.S. PATENT AND TRADEMARK OFFICE, WHERE DO I START, FILING A TRADEMARK APPLICATION, available at <http://www.uspto.gov/web/trademarks/workflow/start.htm> (last visited Sept. 27, 2008).

48 There are three ways to register a copyright with the U.S. Copyright Office: electronically through the eCO Online System; through the "Fill-In Form CO"; or through traditional hard copy forms. U.S. COPYRIGHT OFFICE, ECO: ELECTRONIC COPYRIGHT OFFICE, available at <http://www.copyright.gov/register/> (last visited Sept. 27, 2008).

49 U.S. CUSTOMS AND BORDER PROT., PROTECT YOUR IPR BY RECORDING YOUR TRADEMARKS AND COPYRIGHTS: IPR E-RECORDATION AND IPR SEARCH, available at http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/protect_ipr.xml (last visited Sept. 27, 2008) [hereinafter CBP IPR E-RECORDATION AND IPR SEARCH].

50 *Id.* Goods bearing a counterfeit representation of a mark registered with the USPTO but unrecorded with CBP may be seized under 19 U.S.C. § 1595a(c)(2)(C) for violation of 18 U.S.C. § 2320. Goods determined to be clearly piratical copies of registered but unrecorded copyrights may be seized under 19 U.S.C. § 1595a(c)(2)(C) for violation of 17 U.S.C. § 501 (civil cases) or 17 U.S.C. §§ 506 and 509 (criminal cases). See U.S. CUSTOMS AND BORDER PROT., CUSTOMS DIRECTIVE 2310-010A, DETENTION AND SEIZURE AUTHORITY FOR COPYRIGHT AND TRADEMARK VIOLATIONS (2000).

51 CBP IPR E-RECORDATION AND IPR SEARCH, *supra* note 49 ("While CBP enforces both recorded and non-recorded trademarks and copyrights, enforcement of recorded trademarks and copyrights takes precedence over those that are not recorded with CBP"). Certain unrecorded intellectual property will not be enforced by CBP. CBP "refrains from seizing goods bearing nonrecorded confusingly similar marks for policy reasons and lacks statutory authority to seize restricted gray market goods bearing nonrecorded trademarks." U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-07-735, INTELLECTUAL PROPERTY, BETTER DATA ANALYSIS AND INTEGRATION COULD HELP U.S. CUSTOMS AND BORDER PROTECTION IMPROVE BORDER ENFORCEMENT EFFORTS 21 n. 35 (2007) [hereinafter GAO REPORT GAO-07-735]. Seizures involving unrecorded trademarks or copyrights are more complex than those involving recorded intellectual property:

CBP is authorized, in some instances, to seize goods for which the right is registered with appropriate rights-granting authorities but not recorded with CBP; however, [CBP's] lead IP attorney stated that because the statutory bases for such enforcement are established by criminal statutes that invoke certain limitations and evidentiary requirements, such seizures would be available only in cases involving clear instances of counterfeiting or piracy and would require CBP to establish more elements of the infringement than is required for recorded rights. Therefore, CBP directs ports to focus their IP enforcement on recorded goods.

Id. at 20.

52 GAO REPORT GAO-07-735, *supra* note 51 at 21, n.35. For example, unrecorded trademarks are not eligible for gray market or "Lever-rule" protection. At the time of recordation, a trademark owner may request "gray market" protection from CBP. "Restricted gray market" goods 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

(52 Continued on next page)

To obtain maximum border enforcement protection, rights holders should record their trademarks or copyrights with CBP after registration of those rights with the USPTO or Copyright Office.⁵³ Recordation with CBP is a straightforward process. The information elements required for recordation are contained in 19 C.F.R. § 133.⁵⁴ The fee for recordation is \$190.00 for each trademark (per class of goods),⁵⁵ trade name⁵⁶ or copyright.⁵⁷ Recordations are valid for the remaining

term of a trademark registration,⁵⁸ for the entire term that a trade name is used⁵⁹ or for the lesser of twenty years or the remaining term of a copyright registration.⁶⁰ CBP's recordation program is administered by the IPR and Restricted Merchandise Branch (IPR Branch) in CBP's Office of International Trade, Regulations and Rulings.⁶¹

Completed recordation applications⁶² may be sent to the IPR Branch in traditional hard copy form⁶³ or electronically

(52 Continued from prior page)

within the United States and imported without the authorization of the U.S. owner." 19 C.F.R. § 133.23(a) (2008). Gray market goods are also known as "parallel imports." MCCARTHY, *supra* note 22, at § 29:46. CBP does not provide gray market protection for copyrights. 19 C.F.R. § 133.42(b) (2008) ("The importation of infringing copies or phonorecords of works copyrighted in the U.S. is prohibited by Customs. The importation of lawfully made copies is not a Customs violation."). In 1999, CBP amended its trademark regulations after the D.C. Circuit's 1989 and 1993 decisions in the *Lever* case. *Lever v. United States*, 981 F.2d 1330 (D.C. Cir. 1993). CBP's new regulations created a "Lever-rule" source of protection whereby genuine goods manufactured by an affiliate of the U.S. trademark owner may be detained and seized if CBP determines that a likelihood of confusion exists because there are physical and material differences between the imported goods and the goods made for the U.S. marketplace. Gray Market Imports and Other Trademarked Goods, Final Rule, U.S. Customs Service, 64 Fed. Reg. 9,058 (Feb. 24, 1999). Under the new regulations, physically and materially different goods may be considered to be in violation of U.S. trademark laws unless those goods bear a label stating that "[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." 19 C.F.R. § 133.23(b) (2008). In addition to the mandatory labeling requirements, "[o]ther information designed to dispel consumer confusion may also be added." *Id.*

53 CBP IPR E-RECORDATION AND IPR SEARCH, *supra* note 49.

54 The recordation procedure is described in 19 C.F.R. §§ 133.1-7 (trademarks); §§ 133.11-15 (trade names); and §§ 133.31-37 (copyrights).

55 19 C.F.R. 133.3(b) (2008). If a trademark is registered for multiple classes of goods, the fee is \$190.00 for each class for which the trademark owner wishes to record. *Id.* A trademark owner need not record a trademark for every class in which the mark is registered. *Id.*

56 19 C.F.R. §133.13(b) (2008).

57 19 C.F.R. § 133.33(b) (2008).

58 19 C.F.R. § 133.4(b) (2008).

59 19 C.F.R. § 133.15 (2008).

60 19 C.F.R. § 133.34(b) (2008).

61 U.S. CUSTOMS AND BORDER PROT., HOW TO OBTAIN IPR BORDER ENFORCEMENT ASSISTANCE, *available at* http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/ipr_assistance.xml (last visited Sept. 27, 2008) [hereinafter HOW TO OBTAIN IPR BORDER ENFORCEMENT ASSISTANCE].

62 Although the IPRR system allows trademark and copyright recordation applications to be filed electronically, the system cannot yet support electronic renewal of existing recordations. U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS E-RECORDATION (IPRR), *available at* <https://apps.cbp.gov/e-recordations> (last visited Sept. 27, 2008) [hereinafter CBP IPRR] ("To renew your existing trademark or copyright recordation, please submit an e-mail message to iprr.questions@dhs.gov containing the information provided for in 19 CFR 133.7 and 19 CFR 133.37, respectively. You will be contacted by a representative of the IPR Branch regarding payment of the recordation fee and, if applicable, for additional required information. Note that credit card payment for renewals is not yet available."). IPRR also provides an alternate recordation application method for recording trade names. "To apply for a tradename [sic] recordation, please submit an e-mail message to iprr.questions@dhs.gov containing the information provided for in 19 CFR 133.11 et seq. You will be contacted by a representative of the IPR Branch regarding payment of the recordation fee and, if applicable, for additional required information. Note that credit card payment for renewal is not yet available." *Id.*

63 CBP expects that most recordation applications will be filed via the new electronic IPRR system, but has indicated that hard copy recordation applications will still be accepted by CBP to accommodate companies which lack access to the Internet. U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-06-1004T, *Initial Observations on the STOP Initiative and U.S. Border Efforts to Reduce Piracy* 14, n. 26, 109th Cong. (2006) (testimony of Loren Yager, Director, Int'l Affairs and Trade, U.S. Gov't Accountability Office).

via CBP's new Intellectual Property Rights e-Recordation (IPRR) online system.⁶⁴ The electronic recordation system was implemented in December 2005 as a CBP component of the Strategy for Targeting Organized Piracy (STOP!) initiative.⁶⁵ Improvements to the electronic recordation system continue to be CBP goals under the STOP! initiative.⁶⁶ The ability to file electronic recordation applications under IPRR yields multiple benefits to rights holders, including an accelerated recordation process⁶⁷ and elimination of the need to submit hard copy recordation applications and supporting documentation.⁶⁸

Once a trademark or copyright has been recorded, information about the recordation is downloaded into an internal database accessible by CBP personnel.⁶⁹ Officials from various CBP offices regularly refer to information in the internal recordation database, including attorneys in the IPR Branch;⁷⁰ field officers, such as CBP Officers and Import Specialists; and other CBP officials involved in trade enforcement.⁷¹

The recordation database is the basic tool used by CBP personnel when researching suspect intellectual property.⁷² By recording with CBP, an intellectual property owner ensures that detailed

⁶⁴ CBP IPRR, *supra* note 62.

⁶⁵ Yager, *supra* note 63, at 13 ("A third STOP activity for CBP is the development of a system that allows companies to electronically record their IP rights through CBP's website.")

⁶⁶ 2008 NIPLECC Report, *supra* note 43, at 9 (listing two CBP IPRR goals: to "[c]ontinue improving CBP's Intellectual Property Rights e-Recordation (IPRR) system by adding an online recordation renewal feature" (goal marked "In Progress") and "[e]stablish a link from the U.S. Copyright Office website to the CBP's Intellectual Property Rights e-Recordation system to make it easier for right owners to provide information on their rights to CBP" (goal marked "Accomplished"). A link between CBP's IPRR system and the USPTO's website has already been established. Yager, *supra* note 63, at 14.

⁶⁷ CBP IPRR, *supra* note 62 ("This new method for filing initial trademark and copyright recordation applications will greatly decrease the amount of time and paperwork normally required, thus providing more timely enforcement of your intellectual property rights."). CBP states that recordation "applications paid for on-line with a credit card are generally processed within three (3) business days." *Id.* The accelerated recordation process results in electronic information being available to field officers more quickly, which could translate into enhanced border enforcement. Under some circumstances, CBP will act only when a trademark or copyright is recorded, so the accelerated recordation process could result in more IPR seizures. See *supra* notes 51 and 52 and accompanying text.

⁶⁸ 2006 NIPLECC REPORT, *supra* note 5, at 146.

⁶⁹ CBP IPR E-RECORDATION AND IPR SEARCH, *supra* note 49.

⁷⁰ Attorneys in the IPR Branch maintain the internal and external recordation databases and are available to assist field officers and the trade community with issues related to IPR enforcement:

For those who have legal questions about CBP's IPR enforcement and would like to interface with a CBP IPR attorney, the IPR & Restricted Merchandise Branch is available to help. The IPR & Restricted Merchandise Branch oversees the IPR recordation program and provides IPR infringement determinations and rulings. When owners of recorded IPRs believe infringing goods are being imported, the owners can request the IPR Branch to issue a trade alert which targets imported goods that infringe on their recorded IPR. To request information on CBP's recordation program or to obtain an infringement determination, contact the IPR & Restricted Merchandise Branch at (202) 572-8710, or via email at hqiprbranch@dhs.gov.

HOW TO OBTAIN IPR BORDER ENFORCEMENT ASSISTANCE, *supra* note 61.

⁷¹ A variety of different CBP offices are involved in IPR enforcement:

IPR enforcement is integrated into the work of several offices throughout CBP. The Office of International Trade develops national IP enforcement policy and initiatives, directs foreign diplomacy, targets shipments of IPR infringing goods, audits infringing importers, and provides training and legal guidance on IPR seizures and penalties. CBP [O]fficers and Import Specialist[s] from the Office of Field Operations inspect and seize IPR infringing shipments at ports of entry on a daily basis. Other CBP offices, including the Office of Information and Technology and the Office of International Affairs and Trade Relations, provide valuable expertise in laboratory analysis and provide assistance with foreign diplomacy to further CBP's IPR enforcement mission.

U.S. CUSTOMS AND BORDER PROT., OVERVIEW OF IPR ENFORCEMENT: A PRIORITY TRADE ISSUE, available at http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/overview_ipr.xml (last visited Sept. 27, 2008).

information about their trademark or copyright is available to CBP field officers across the country.⁷³ The recordation database is designed to assist CBP in making infringement determinations by ensuring that "IP information relat[ed] to imported merchandise (such as images of trademarks and copyrights, contact information, countries of production, and licensees) [is] readily available to CBP personnel as they are inspecting shipments at the ports of entry in real time."⁷⁴ The instant availability of such information allows CBP "to actively monitor shipments and prevent the importation or exportation of infringing goods" and "facilitat[e] IPR seizures."⁷⁵

A modified online version of the searchable database – Intellectual Property Rights Search (IPRS) – is available to the public.⁷⁶ CBP reported that "[a]s of the end of Fiscal Year 2007, over 21,000 trademarks and copyrights were recorded with CBP."⁷⁷

V. Overview of the IPR infringement determination process.

CBP has broad authority to examine shipments entering the United States.⁷⁸ Increasing amounts of international cargo and limited agency resources dictate that only a small portion of imported shipments will actually be physically examined by CBP.⁷⁹ Instead, the agency relies on a system of risk assessment to target those shipments at highest risk for border enforcement violations, including IPR violations.⁸⁰

Shipments may be targeted by CBP using a variety of risk factors, such as suspect countries of origin, ports of entry, modes of transport, commodity descriptions or alleged violator names and addresses.⁸¹ Intelligence from rights holders is welcomed by CBP and can play a critical role in the targeting process.⁸² After selecting a shipment for examina-

72 2008 NIPLECC REPORT, *supra* note 43, at 30 ("CBP personnel use the system daily to make IP infringement determinations.").

73 *Id.*

74 *Id.*

75 CBP IPR E-RECORDATION AND IPR SEARCH, *supra* note 49.

76 See generally CBP IPRS, *supra* note 46. The public version of the recordation database only includes basic information about the trademark or copyright, such as the related registration number, registration date, recordation number and rights holder contact information. The public database does not include images related to the trademark or copyright, or confidential business information, such as licensee names or the country(ies) of production of genuine goods.

77 CBP IPR E-RECORDATION AND IPR SEARCH, *supra* note 49.

78 19 U.S.C. § 1499 (2007).

79 GAO Report GAO-07-735, *supra* note 51, at 10.

80 See, e.g., U.S. CUSTOMS AND BORDER PROT., HOW CARGO FLOWS SECURELY TO THE U.S., available at http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/cargo_control/cargo_flow_map.ctt/cargo_flow_map.pdf (last visited Aug. 23, 2008) ("[For containers arriving in the U.S.,] CBP uses risk-based analysis and intelligence to pre-screen, assess, and examine 100% of suspicious containers. Remaining cargo is cleared for entry to the U.S. using advanced inspection technology ... [For U.S.-bound containers, shipping] companies are required, 24 hours in advance, to provide manifest data for all cargo containers destined for the U.S.: 100% of this data is then transmitted to the U.S. National Targeting Center Cargo for screening to identify high-risk cargo.").

81 See GAO REPORT GAO-07-735, *supra* note 51, at 14-17.

82 HOW TO OBTAIN IPR BORDER ENFORCEMENT ASSISTANCE, *supra* note 61.

tion, CBP field officers will physically view the imported goods to determine if they infringe any protected intellectual property.⁸³ Some imports – such as those CBP readily determines to be counterfeit or piratical – may be seized outright.⁸⁴ Other shipments may be initially detained while the agency makes an infringement determination.⁸⁵

During the infringement determination process, CBP field officers will consult the recordation database to obtain information about the protected trademark or copyright, including images of the genuine product.⁸⁶ CBP may also contact the rights holder to request assistance in making the infringement determination.⁸⁷ The recordation database includes the name, telephone number and email address of a

contact person for each trademark and copyright so that CBP has the ability to immediately reach the rights holder or their representative when assistance is required.⁸⁸ Samples or digital photos may be forwarded to the rights holder for their review.⁸⁹ Although CBP will consider the opinion of the rights holder, the final infringement decision rests with CBP.⁹⁰

To further assist field officers in making infringement determinations, CBP encourages rights holders to deliver IPR product identification training.⁹¹ The main purpose of product identification training is to provide CBP field officers with details about protected intellectual property so that they are better able to distinguish genuine products from infringing counterparts.⁹² During the training

⁸³ GAO REPORT GAO-07-735, *supra* note 51, at 18 (“According to CBP officials, physical exams are the best means for assessing potential IP infringement.”).

⁸⁴ 19 C.F.R. § 133.21 (seizure of goods bearing counterfeit trademarks); 19 C.F.R. § 133.42 (seizure of clearly piratical copies).

⁸⁵ 19 C.F.R. § 133.25 (detention of goods pending determination of trademark infringement); 19 C.F.R. § 133.43 (detention of goods pending determination of copyright infringement).

⁸⁶ 2008 NIPLECC REPORT, *supra* note 43, at 30.

⁸⁷ *Id.*

⁸⁸ *See generally* CBP IPRS, *supra* note 46.

⁸⁹ *See, e.g.*, U.S. PATENT AND TRADEMARK OFFICE, OFFICE OF INTELLECTUAL PROP. POLICY AND ENFORCEMENT, POWERPOINT PRESENTATION, BORDER ENFORCEMENT BEST PRACTICES: EXPERIENCES, LEGAL FRAMEWORK AND RISK ANALYSIS 38 (2007) [hereinafter USPTO BORDER ENFORCEMENT BEST PRACTICES] (providing the example of the rights holder Chanel receiving digital photos from CBP depicting a suspect CHANEL shirt; after reviewing the digital photos, Chanel advised CBP that the shirt was counterfeit because genuine Chanel shirts were not shipped directly into Hanoi; the lettering on the shirt was incorrect; the hangtags were incorrect; and the shirt was of inferior quality). In addition to digital photos, CBP may also provide actual samples of the suspect goods to the rights holder to assist in the infringement determination. The rights holder must file a bond, however, to obtain the sample. 19 C.F.R. §§ 133.25(c), 133.43(c).

⁹⁰ The following is a typical scenario demonstrating how the recordation database may be used by CBP personnel making an infringement determination:

CBP Officer examines a shipment of handbags from China, and notices that the bags closely resemble the registered and recorded Coach trademark. He takes a sample back to the commodity team for further review. The team, after comparing the mark on the handbags to the imagery found in the recordation file in the IPR database, determines the use of the mark to be counterfeit and seizes the shipment. Notices are sent to the consignee (or other party in interest) and trademark owner – Coach in this case. If Coach does not consent to the importation (most likely), the handbags are forfeited and either destroyed, given to charity, or put into official use. The latter two generally involve removing the offending mark.

USPTO BORDER ENFORCEMENT BEST PRACTICES, *supra* note 89, at 20.

⁹¹ U.S. CUSTOMS AND BORDER PROT., OVERVIEW OF IPR ENFORCEMENT, A PRIORITY TRADE ISSUE, *available at* http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/overview_ipr.xml (last visited Sept. 27, 2008) (“CBP also works closely with the trade community on IPR enforcement. CBP conducts industry outreach by partnering with rights owners and industry organizations to collaborate on IPR education, and to share information on trends, and where appropriate, on individual cases of suspected IPR infringement.”).

⁹² *See* 2006 NIPLECC REPORT, *supra* note 5, at 147 (“In this training, rightsholders [sic] educate CBP’s officers and provide materials to help CBP detect and interdict counterfeit and piratical goods.”).

sessions, rights holders may also provide CBP with industry and violator information, such as trade trends, company relationships and critical intelligence from private investigators or informants.⁹³ One of CBP's goals in the 2008 National Intellectual Property Law Enforcement Coordination Council (NIPLECC) Report to the President and Congress was the promotion of IPR product identification training sessions by rights holders, thus evidencing the importance of such training to the agency.⁹⁴

Other important resources are available to assist CBP field officers in the infringement determination process. In conjunction with product identification training, rights holders are encouraged to prepare hard copy product identification training handbooks with detailed images and text about their intellectual property.⁹⁵ Rights holders may also provide samples of genuine products to CBP to assist field officers in identifying infringing copies.⁹⁶ CBP laboratories are available to analyze

samples of imported products to help determine whether the products are infringing.⁹⁷ CBP field officers also have access to specialized attorneys in the agency's IPR Branch who are available to provide assistance in the infringement determination process.⁹⁸

The regulatory scheme outlined above was perfectly appropriate in light of current case law, but that case law recently changed with the Federal Circuit's landmark decision in *Egyptian Goddess*.

VI. *Egyptian Goddess* case

On March 21, 2003, *Egyptian Goddess, Inc.* sued Dror Swisa and Swisa, Inc. (collectively "Swisa") in the northern district of Texas, alleging infringement of *Egyptian Goddess's* Design Patent 467,389 for the ornamental design of a nail buffer.⁹⁹ The court granted the defendant's summary judgment motion on the grounds that *Egyptian Goddess* had failed to satisfy its burden under the point of

⁹³ See, e.g., U.S. CUSTOMS AND BORDER PROT., IPR – PROTECTING YOUR INTELLECTUAL PROPERTY RIGHTS, available at http://help.cbp.gov/cgi-bin/customs.cfg/php/enduser/std_adp.php?p_faqid=109&p_created=1043364936&p_sid=Ej6ATS-i&p_accessibility=0&p_redirect=&p_lva=&p_sp=cF9zcmNoPTEmcF9zb3j0X2j5PSZwX2dyaWRzb3j0PSZwX3jvd19jbnQ9Nyw3JnBfcHjvZH M9MCZwX2NhdHM9MCZwX3B2PSZwX2N2PSZwX3N1YXJjaF90eXBIPWFuc3dlenMuc2VhcmNoX25sJnBfcGFnZT0xJnBfc2VhcmNoX3 RleHQ9ZXhjbHVzaW9uIG9yZGVy&p_li=&p_topview=1 (last visited Sept. 27, 2008).

To effectively enforce intellectual property rights, the Customs Service relies heavily on the cooperation of the owners of these rights. If your intellectual property is registered with the Patent and Trademark Office, the Copyright Office or the subject of a United States International Trade Commission exclusion order, 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 detect and deter a violative importation. To merely rely on the fact of recordation or the existence of the exclusion order is not enough.

Id.

⁹⁴ 2008 NIPLECC REPORT, *supra* note 43, at 9.

⁹⁵ See ASIA-PACIFIC ECON. COOPERATION, SUB-COMM. ON CUSTOMS PROCEDURES, INTELLECTUAL PROPERTY RIGHTS (IPR) ENFORCEMENT STRATEGIES 29 (2006), available at http://www.apec.org/apec/enewsletter/nov_vol10/publication.primarycontentparagraph.0001.LinkURL.Download.ver5.1.9 (last visited Aug. 5, 2008) ("Officers may research the CBP online IPR recordation database which contains information on all intellectual property rights recorded with CBP; consult with specialized CBP IPR attorneys or the right holder; refer to right holder product identification training guides; compare suspect merchandise with genuine articles provided by the right holder or obtain a CBP laboratory analysis.").

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ *Id.* See also *supra* note 70 and accompanying text.

⁹⁹ *Egyptian Goddess, Inc. v. Swisa, Inc.*, 498 F.3d 1354, 1355 (Fed. Cir. 2007).

novelty portion of the two-part design patent infringement test.¹⁰⁰

Egyptian Goddess appealed the decision to the Federal Circuit.¹⁰¹ On August 29, 2007, a majority of the Federal Circuit panel affirmed the lower court's decision.¹⁰² The Federal Circuit panel also announced a controversial new "non-trivial advance" test for use in determining design patent infringement.¹⁰³ Under the Federal Circuit panel's test, a patent owner would be required to prove that an issued design patent's point of novelty, if comprised of a "combination of individually known design elements," was a "non-trivial advance over the prior art."¹⁰⁴

On November 26, 2007, the Federal Circuit vacated the panel decision and agreed to hear the case en banc to consider whether the point of novelty test should be used to determine infringement of a design patent, and, if so, how the point of novelty test should be administered, including whether the non-trivial advance test should be maintained.¹⁰⁵

On September 22, 2008, the Federal Circuit handed down its en banc opinion. In a unanimous decision, the Federal Circuit held "that the 'point of novelty' test should no longer be used in the analysis of a claim of design patent infringement ... [and] that the 'ordinary observer' test should be the sole test for determining whether a design patent has been infringed."¹⁰⁶

This dramatic change in the test to determine design patent infringement suggests a reappraisal of CBP's enforcement of design patents.

VII. Reasons why CBP should enforce design patents.

A. Under the new Egyptian Goddess test, CBP could make design patent infringement determinations.

The customary rationale for not extending traditional border enforcement protection to patents is that CBP personnel do not have the technical skills and expertise

100 *Egyptian Goddess, Inc. v. Swisa, Inc.*, 2005 WL 5873510 (N.D. Tex. Dec. 14, 2005) ("Because the Swisa product does not include the point of novelty of the D'389 patent – a fourth side without a pad – there is no infringement. Accordingly, the Court grants Swisa's motion for summary judgment.").

101 *Egyptian Goddess, Inc.*, 498 F.3d at 1354.

102 *Id.* at 1359.

103 *Id.* at 1357.

104 *Id.* ("For a combination of individually known design elements to constitute a point of novelty, the combination must be a non-trivial advance over the prior art.").

105 *Egyptian Goddess, Inc. v. Swisa, Inc.*, 256 Fed. Appx. 357 (Fed. Cir. 2007). The questions presented included:

1. Should "point of novelty" be a test for infringement of design patent?
2. If so, (a) should the court adopt the non-trivial advance test adopted by the panel majority in this case; (b) should the point of novelty test be part of the patentee's burden on infringement or should it be an available defense; (c) should a design patentee, in defining a point of novelty, be permitted to divide closely related or, ornamentally integrated features of the patented design to match features contained in an accused design; (d) should it be permissible to find more than one "point of novelty" in a patented design; and (e) should the overall appearance of a design be permitted to be a point of novelty? See *Lawman Armor Corp. v. Winner Int'l, LLC*, 449 F.3d 1190 (Fed. Cir. 2006).
3. Should claim construction apply to design patents, and, if so, what role should that construction play in the infringement analysis? See *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1577 (Fed. Cir. 1995).

Id.

106 *Egyptian Goddess, Inc. v. Swisa, Inc.*, No. 06-1562, slip op. at 21 (Fed. Cir. Sept. 22, 2008).

required to make patent infringement determinations.¹⁰⁷ But the infringement determination process for design patents has always differed from that required for utility patents. That inherent difference, coupled with the newly-simplified *Egyptian Goddess* test, supports the theory that CBP could make design patent infringement determinations.

The relatively straightforward analysis required to determine infringement of design patents should be distinguished from the more complicated analysis required for utility patents. Both utility patents and design patents generally require claim construction, i.e., a determination of the patent's meaning and scope,¹⁰⁸ followed by a comparison of the construed claims to the suspect product.¹⁰⁹ The complexity of the claim construction and infringement analysis process varies, however, depending upon whether a utility patent or design patent is at issue.

Utility patent claim construction is a multifaceted and technical process.

The scope of a utility patent is found in the highly specialized language of the patent claim which identifies the claimed invention.¹¹⁰ Utility patent claims must be construed as understood by those of ordinary skill in the art at the time the patent application was filed, a determination not only involving the patent's written description and claims, but often expert testimony, prior art and the patent's prosecution history.¹¹¹

The scope of design patents, on the other hand, is found in the drawing of the claimed design, judged from the perspective of the ordinary observer.¹¹² This concept was confirmed in the Federal Circuit's en banc re-hearing of *Egyptian Goddess*¹¹³ with the court's reaffirmation "that design patents 'typically are claimed as shown in drawings' and that claim construction is 'adapted accordingly.'"¹¹⁴ The Federal Circuit confirmed the holding from *Elmer* that trial courts "have a duty to conduct claim construction in design patent cases, as in utility

¹⁰⁷ See *supra* note 6 and accompanying text.

¹⁰⁸ See *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1577 (Fed. Cir. 1995), citing *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995) (en banc) *aff'd* 517 U.S. 370 (1996) ("Determining whether a design patent claim has been infringed requires, first, as with utility patents, that the claim be properly construed to determine its meaning and scope.")

¹⁰⁹ *Id.* For design patents, the infringement analysis requires a comparison of the overall visual similarity of the patented designs to the allegedly infringing designs. "[T]he claim as properly construed must be compared to the accused design to determine whether there has been infringement." *Id.*

¹¹⁰ 35 U.S.C. § 112 (2006) ("The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.")

¹¹¹ See, e.g., *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005). In *Harries*, Judge Learned Hand noted the complexities of determining utility patent validity, which he described as being "as fugitive, impalpable, wayward, and vague a phantom as exists in the whole paraphernalia of legal concepts If there be an issue more troublesome, or more apt for litigation than this, we are not aware of it." *Harries v. Air King Products Co.*, 183 F.2d 158, 162 (2d Cir. 1950). That fugitive and wayward characterization can extend to utility patent infringement analyses. "The question of validity, as is almost always the case, is enmeshed with that of infringement." *Id.* at 159.

¹¹² See, e.g., 37 C.F.R. § 1.153 (2007) ("No description, other than a reference to the drawing, is ordinarily required.")

¹¹³ *Egyptian Goddess*, slip op. at 23 ("One of the issues raised by this court in its order granting en banc review was whether trial courts should conduct claim construction in design patent cases.")

¹¹⁴ *Id.*, citing *Arminak & Associates, Inc. v. Saint-Gobain Calmar, Inc.*, 501 F.3d 1314, 1319 (Fed. Cir. 2007), *cert. denied* 128 S.Ct. 2906 (2008).

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patent cases,"¹¹⁵ but explained that design patent claim construction would typically be a visual exercise rather than one involving verbalization.¹¹⁶ The Federal Circuit recognized the dangers that could result from attempts to verbalize a drawing,¹¹⁷ and suggested that "courts should not treat the process of [design patent] claim construction as requiring a detailed verbal description of the claimed design, as would typically be true in the case of utility patents."¹¹⁸ Therefore, to determine the scope of a recorded design patent, CBP need not describe the claimed design other than by reference to

the design patent's drawings.¹¹⁹ For design patents, a picture really is worth a thousand words.¹²⁰

The second part of the design patent infringement analysis involves comparison of the design patent drawing to the suspect product. This portion of the analysis has been simplified by the Federal Circuit's decision in *Egyptian Goddess*. Prior to *Egyptian Goddess*, there were "two distinct requirements for establishing design patent infringement": the "ordinary observer" test and the "point of novelty" test.¹²¹ In *Egyptian Goddess*, the Federal Circuit rejected the point of novel-

¹¹⁵ *Egyptian Goddess*, slip op. at 23, citing *Elmer*, 67 F.3d at 1577.

¹¹⁶ *Egyptian Goddess*, slip op. at 23. The Federal Circuit's determination in *Elmer* that design patents, like utility patents, were subject to Markman claim construction proceedings resulted in some courts "verbalizing" the design features shown in the design patent drawings, a practice decried by some in the design patent community. See, e.g., Saidman, supra note 27, at 327 (stating that *Markman* should not apply to design patents because, unlike utility patents, design patent claims do not contain disputed language; literal verbalization robs design patentees of the scope of equivalents they would otherwise be entitled to under *Gorham*; and imagery in design patent drawings are inherently incapable of being reduced to words because no two courts would describe a design in the same way); Brief of Amicus Curiae American Intellectual Property Law Association, at 22, *Egyptian Goddess, Inc. v. Swisa, Inc.*, 498 F.3d 1354 (Fed. Cir. 2007) (No. 06-1562) [hereinafter AIPLA Amicus Brief] ("[T]he best description of the drawings is the drawings themselves [B]ecause of the primacy of the drawings, verbalization of the entire claim has no role in the design patent infringement analysis.") (emphasis in original).

¹¹⁷ *Egyptian Goddess*, slip op. at 24-26.

¹¹⁸ *Id.* at 26.

¹¹⁹ *Id.* at 23, citing with approval the trial court's explanation of design patent claim scope in *Contessa Food Prods. Inc. v. Conagra, Inc.*, 282 F.3d 1370, 1377 (Fed. Cir. 2002) ("a tray of a certain design as shown in Figures 1-3").

¹²⁰ See, e.g., *Egyptian Goddess*, slip op. at 24, citing *Dobson v. Dornan*, 118 U.S. 10, 14 (1886) ("As the Supreme Court has recognized, a design is better represented by an illustration than it could be by any description and a description would probably not be intelligible without the illustration."). See also MPEP, supra note 4, at § 1503.01 ("[A]s a rule the illustration in the drawing views is its own best description.").

¹²¹ *Egyptian Goddess, Inc. v. Swisa, Inc.*, 498 F.3d at 1356-57. The "ordinary observer" test, developed in *Gorham v. White*, was subsequently modified by a "point of novelty" test which required that the similarities noted by the ordinary observer be due to the novel aspects of the design, i.e., those aspects for which the patent was awarded. See *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984), citing *Sears, Roebuck & Co. v. Talge*, 140 F.2d 395, 396 (8th Cir. 1944) ("For a design patent to be infringed, however, no matter how similar two items look, the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art."). Commentators have noted that the Supreme Court's decision in *Smith v. Whitman Saddle* is often viewed as "the genesis of the modern day point of novelty test." Perry J. Saidman, *What is the Point of the Point of Novelty Test for Design Patent Infringement? Nail Buffers and Saddles: An Analysis fit for an Egyptian Goddess*, 90 J. Pat. & Trademark Off. Soc'y 401, 403 (June 2008), discussing, in part, *Smith v. Whitman Saddle Co.*, 148 U.S. 674 (1893). Some critics of the point of novelty test contend that the Federal Circuit, and not *Whitman Saddle*, should be considered the progenitor of the test. See, e.g., AIPLA Amicus Brief, supra note 116, at 6 ("While the Supreme Court's decision in *Whitman Saddle* analyzed the patented design in view of the prior art, it did not apply a 'point of novelty' analysis of the type developed in the Federal Circuit. Rather the Court (properly) applied *Gorham* and its substantial similarity determination in light of the prior art.") (emphasis in original). Critics of the point of novelty test also contend that "creation of a separate and distinct test is unnecessary because *Gorham*'s ordinary observer test already takes the prior art into account." *Id.* at 4. The Federal Circuit agreed, declaring in its en banc *Egyptian Goddess* decision that "[a] close reading of *Whitman Saddle* and subsequent authorities indicates that the Supreme Court did not adopt a separate point of novelty test for design patent infringement cases." *Egyptian Goddess*, slip op. at 10. The Federal Circuit concluded that "the point of novelty test, as a second and free-standing requirement for proof of design patent infringement, is inconsistent with the ordinary observer test laid down in *Gorham*, is not mandated by *Whitman Saddle* or precedent from other courts, and is not needed to protect against unduly broad assertions of design patent rights." *Id.* at 11.

ty test¹²² and held "that the ordinary observer test should be the sole test for determining whether a design patent has been infringed."¹²³

The ordinary observer test was first developed by the Supreme Court in 1871 in *Gorham Co. v. White*.¹²⁴ The test decrees that, "if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other."¹²⁵

Under the ordinary observer test, the design patent infringement analysis requires one to compare the patented design with the suspect design and ask if the designs look substantially similar, from the perspective of the ordinary observer.¹²⁶ Therefore, to determine

whether an imported product infringed a recorded design patent, a CBP field officer would only need to assess, from the perspective of the ordinary observer, whether the suspect imported product looked substantially similar to the design features in the design patent drawings.¹²⁷ CBP would compare the imported product with the design patent drawings; if the appearance of the imported product was substantially similar to the design patent drawings, the imported product would be considered infringing.¹²⁸ CBP would not be required to assess the similarity of the suspect imported product to any product produced by the patent owner.¹²⁹ Expert analysis would not be required, because the design patent infringement determination does not rest upon a hypothetical person of ordinary skill in the art, but instead seeks the impressions of the ordinary observer.¹³⁰ In certain cases, CBP may

122 *Egyptian Goddess*, slip op. at 21 ("[W]e hold that the 'point of novelty' test should no longer be used in the analysis of a claim of design patent infringement.")

123 *Id.*

124 *Gorham Co. v. White*, 81 U.S. at 511.

125 *Id.* at 528. In *Arminak*, the Federal Circuit defined the "ordinary observer" as the industrial buyer of a component part rather than the retail purchaser of the finished product. *Arminak*, 501 F.3d, at 1324 ("[W]e hold that the ordinary observer of the trigger sprayer shrouds in this case is, as the district court found, the contract or industrial buyer for companies that purchase the stand-alone trigger sprayer devices, not the retail purchasers of the finished product."). That controversial decision created concern in the design patent community. See Brief of Amicus Curiae Industrial Designers Society of America, at 6, *Arminak & Associates, Inc. v. Saint-Gobain Calmar, Inc.*, 501 F.3d 1314 (Fed. Cir. 2007) (07-1263) ("The *Arminak* court has wrongly replaced the 'ordinary observer' test with an 'extraordinary observer' test. Worse yet, *Arminak's* new test is not limited to the particular facts of *Arminak*, where the patented item was a component part. Rather, the *Arminak* test is laid down in broad terms, and if not reversed, will threaten the enforceability of nearly all design patents.") (emphasis in original); Saidman, *supra* note 27, at 314 ("The net effect of the *Arminak* decision, if upheld on appeal, would be to render a holding of design patent infringement virtually unattainable, returning us to pre-1871 law, indeed destroying all the protection for designs that Congress intended to give.")

126 *Gorham*, 81 U.S. at 528. See also MCCARTHY, *supra* note 22, at § 6:11 (stating that the infringement test is to "compare the claimed design with the accused design and ask if the designs look confusingly similar to the eye of the ordinary observer.")

127 *Gorham*, 81 U.S. at 528. See also *In re Mann*, 861 F.2d 1581, 1582 (Fed. Cir. 1988) ("Design patents have almost no scope. The claim at bar, as in all design cases, is limited to what is shown in the application drawings.")

128 MCCARTHY, *supra* note 22, at § 6:11. "The test of infringement of a design patent is to compare the claimed design with the accused design and ask if the designs look confusingly similar to the eye of the ordinary observer. Unlike with the trademark 'likelihood of confusion' test, the owner of a design patent need not have commercialized or sold the patented design."

129 *Id.* See also *Unette Corp. v. Unit Pack Co.*, 785 F.2d 1026, 1029 (Fed. Cir. 1986) ("The holder of a valid design patent need not have progressed to the manufacture and distribution of a 'purchasable' product for its design patent to be infringed by another's product.")

130 *Gorham*, 81 U.S. at 528. See also *Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 828 (Fed. Cir. 1992) ("The single element here required to show design patent infringement involves a much narrower field of inquiry. In short, a design patentee may prove infringement simply by showing that an ordinary observer would be deceived by reason of an accused device's ornamental design. Therefore, in showing design patent infringement there is ordinarily no compelling need for empirical evidence.") (internal citation omitted).

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wish to refer to the prior art¹³¹ to assist in the infringement determination,¹³² but as explained later in this article, methods could be developed to make that process as straightforward as possible.

Another factor supporting the feasibility of CBP applying the design patent infringement test is that the design patent test resembles the test already applied by CBP when making trademark infringement determinations.¹³³ The standard test for trademark infringement is whether use of a mark is confusing to or deceptive of another mark.¹³⁴ The standard test for

design patent infringement is whether one design is deceptive of another design.¹³⁵ The design patent infringement determination requires an analysis from the perspective of the "ordinary observer."¹³⁶ Similarly, when "determining trademark infringement and unfair competition, everything hinges upon whether there is a likelihood of confusion in the mind of an appreciable number of 'reasonably prudent' buyers,"¹³⁷ who have been described by the Supreme Court as "ordinary purchasers, buying with ordinary caution."¹³⁸ In addition, the design

131 Prior art is a concept that can be difficult to define, primarily because "everyone already thinks they know what it is." IP WATCHDOG, WHAT IS PRIOR ART?, available at <http://www.ipwatchdog.com/inventing/prior-art/> (last visited Sept. 27, 2008) (equating defining prior art to an Abbott and Costello routine). Prior art includes both the art within 35 U.S.C. § 102 and that admitted by the patent owner. See, e.g., *Riverwood Int'l Corp. v. R. A. Jones & Co.*, 324 F.3d 134 (Fed. Cir. 2003). Prior art may include earlier patents or other published material, and is used to assess whether an invention or design is novel and non-obvious. See, e.g., *Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1462 (Fed. Cir. 1997) ("The scope of the prior art is not the universe of abstract design and artistic creativity, but designs of the same article of manufacture or of articles sufficiently similar that a person of ordinary skill would look to such articles for their designs.").

132 In some cases, CBP may wish to compare the recorded design and the allegedly infringing imported product with the prior art:

In some instances, the claimed design and the accused design will be sufficiently distinct that it will be clear without more that the patentee has not met its burden of proving the two designs would appear "substantially the same" to the ordinary observer, as required by *Gorham*. In other instances, when the claimed and accused designs are not plainly dissimilar, resolution of the question whether the ordinary observer would consider the two designs to be substantially the same will benefit from a comparison of the claimed and accused designs with the prior art, as in many of the cases discussed above and in the case at bar.

Egyptian Goddess, slip op. at 22.

133 *MOY*, *supra* note 27, at § 5:41 ("Another unusual feature of design patent law is the standard of infringement. Under longstanding judicial precedent, the standard uses the vantage point of the ordinary purchaser and is similar to that of infringement in trademark law."). Although the tests to determine infringement of trademarks and design patents are similar, they are not exactly the same. Trademark law has developed multi-factor tests to evaluate likelihood of confusion, beginning with the Second Circuit's landmark decision describing what are now known as the "Polaroid factors." *Polaroid Corp. v. Polarad Elec. Corp.*, 287 F.2d 492 (2d Cir. 1961). Equivalent tests were subsequently developed in other jurisdictions. See, e.g., *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979) (creating a multi-factor trademark infringement test in the Ninth Circuit). Although the multi-factor tests were originally conceived to assess likelihood of confusion in cases involving dissimilar goods or services, the tests have come to be applied in all likelihood of confusion cases, including those involving goods that are the same or similar. In contrast, design patent law has not developed comparable multi-factor tests. See also *Unette Corp.*, 785 F.2d at 1029 (where Judge Smith stated that "[l]ikelihood of confusion as to the source of the goods is not a necessary or appropriate factor for determining infringement of a design patent"). "Concluding that a purchaser is unlikely to be confused by any similarity in a competitor's product only serves to blur the otherwise clear line that exists between the test for infringement of a design patent and the 'likelihood of confusion' test for infringement of a trademark" *Id.* Judge Smith may be in the minority in seeing any sort of clear line between the test for design patent infringement and that for trademark infringement.

134 *MCCARTHY*, *supra* note 22, at § 23:1, citing 15 U.S.C. § 1114(1) (2007) ("Infringement of federally registered marks is governed by the test of whether the defendant's use is 'likely to cause confusion, or to cause mistake, or to deceive.'").

135 *Gorham Co.*, 81 U.S., at 528 ("[I]n the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.").

136 *Id.*

137 *MCCARTHY*, *supra* note 22, at § 23:91.

138 *McLean v. Fleming*, 96 U.S. 245, 251 (1877).

patent and trademark infringement analyses also share similarities with the copyright infringement analysis, which CBP also performs.¹³⁹

Design patents are also only issued when the design in question is for an article of manufacture.¹⁴⁰ Therefore, the suspect design on the imported product would be a "more approachable utilitarian design, such as the design of a shoe or a watch face," rather than a purely artistic design for which an infringement analysis could be more complex.¹⁴¹

In summary, the newly-simplified *Egyptian Goddess* infringement test supports CBP's border enforcement of design patents. Although CBP personnel may lack the technical expertise required to make utility patent infringement determinations, that same level of expertise is not required for design patents. In fact, the newly revised infringement determina-

tion test for design patents closely resembles the test already used by CBP in cases of suspected trademark infringement. CBP's longstanding ability to make trademark infringement determinations supports the proposal that design patents, which would require a similar infringement analysis, also be enforced by CBP.

B. CBP already enforces design patents through the enforcement of exclusion orders.

Section 337 of the Tariff Act of 1930, as amended, prohibits unfair practices in import trade, including the importation, sale for importation, or sale within the United States after importation by the owner, importer, or consignee of articles that infringe a valid and enforceable U.S. trademark, copyright, patent, mask work or design.¹⁴² Exclusion orders are issued

¹³⁹ CBP's "test for copyright infringement is whether an ordinary observer would be disposed to overlook minor differences between two works and regard their overall aesthetic appeal as the same." U.S. CUSTOMS AND BORDER PROT., POWERPOINT PRESENTATION, U.S. BORDER ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS (2004). The legal standard used for copyright cases is "substantial similarity." *Id.* "Substantial similarity" is assessed under the "ordinary observer" test (i.e., "whether an ordinary observer would recognize the suspect work as having been taken from the protected work"). *Id.* Although the test for copyright infringement bears some relationship to that used for trademark infringement, CBP's border enforcement process for copyrights differs from that used for trademarks. CBP recognizes two "standards" of copyright infringement: "clearly piratical" and "possibly piratical." *Id.* Clearly piratical goods bear "an overwhelming degree of substantial similarity to the protected work." *Id.* Goods are characterized as possibly piratical when they bear "a certain degree of substantial similarity to the protected work but ... Customs needs to examine the issue more closely to determine whether a violation exists." *Id.* Although CBP field officers may seize clearly piratical goods outright, the current enforcement process for possibly piratical goods is cumbersome. If the importer of possibly piratical goods denies infringement, the copyright owner is required to file a bond and a written demand for exclusion from entry of the detained goods, followed by submission of briefs from the copyright owner and importer to CBP Headquarters. 19 C.F.R. § 133.43. Trademark owners are not required to jump through comparable hoops when CBP detains goods for confusingly similar trademark violations or possible gray market violations. See 19 C.F.R. §§ 133.25, 133.23. In 2004, CBP proposed numerous changes to CBP's copyright regulations, including the wholesale removal of the regulations governing possibly piratical shipments and the addition of new "regulations allowing CBP to detain merchandise when CBP has reasonable suspicion to believe that the merchandise is piratical and to seize merchandise that it determines to be piratical." Recordation of Copyrights and Enforcement Procedures to Prevent the Importation of Piratical Articles, 69 Fed. Reg. 59,562, 59,565 (proposed Oct. 5, 2004). If and when the proposed new copyright regulations are finally implemented, they would help to harmonize CBP's trademark and copyright infringement tests and enforcement procedures, and provide a model for the implementation of design patent regulations.

¹⁴⁰ 35 U.S.C. § 171 (2006) ("Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title").

¹⁴¹ MCCARTHY, *supra* note 22, at § 7.90 ("A design patent is appropriate only for 'industrial' design. It is not suitable for articles that are purely and only artistic, such as a photograph, a painting or a sculpture, but it is appropriate for an ornamental design for utilitarian objects such as a microwave oven, an athletic shoe or a watch face design.").

¹⁴² 19 U.S.C. § 1337(a)(1)(2007). Section 337 investigations most often involve claims regarding allegations of trademark, copyright or patent infringement. Other claims may be asserted, such as infringement of mask works or boat hull designs; misappropriation of trade secrets; trade dress; passing off; false advertising; and antitrust claims related to imported goods. U.S. INT'L TRADE COMM'N, TRADE REMEDY INVESTIGATIONS, available at http://www.usitc.gov/trade_remedy/int_prop/index.htm (last visited Sept. 27, 2008)

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by the U.S. International Trade Commission (Commission) after an agency investigation determines that there has been a violation of section 337.¹⁴³ After an exclusion order is issued, CBP is responsible for the enforcement of the order.¹⁴⁴ CBP also enforces seizure and forfeiture orders, which may be issued by the Commission on an ongoing basis as part of the exclusion order enforcement process.¹⁴⁵ CBP's regulations governing the enforcement of exclusion orders and seizure and forfeiture orders are found at 19 C.F.R. § 12.39.¹⁴⁶

Exclusion orders may be issued for the protection of design patents.¹⁴⁷ Recently issued exclusion orders which have solely involved the protection of design patents include *Certain Compact Multipurpose Tools* (Investigation No. 337-TA-416),¹⁴⁸ *Certain Video Game Systems, Accessories, and Components Thereof* (Investigation No. 337-TA-473)¹⁴⁹ and *Certain Compact Disc and DVD Holders* (Investigation No. 337-TA-482).¹⁵⁰

Although CBP currently has no authority to make patent infringement determinations,¹⁵¹ CBP is responsible for

¹⁴³ 19 U.S.C. § 1337(d)(1)(2007).

¹⁴⁴ *Id.* For an overview of the exclusion order enforcement process, see generally Debra D. Peterson, *The Knowledge to Act: Border Enforcement of Section 337 Exclusion Orders and the Need for Exclusion Order Disclosure Regulations*, 17 FED. CIR. B. J. 607 (2008).

¹⁴⁵ 19 U.S.C. § 1337(i)(2007). After an exclusion order has been issued, CBP will exclude shipments which the agency determines to be subject to the exclusion order. 19 U.S.C. § 1337(d); 19 C.F.R. § 12.39(b); U.S. CUSTOMS AND BORDER PROT., CUSTOMS DIRECTIVE 2310-006A, EXCLUSION ORDERS 3 (1999). As a result of that enforcement action, an owner, importer or consignee whose goods were previously denied entry may subsequently make another attempt to import the goods subject to the exclusion order, either by re-importing the goods originally denied entry, or by importing other goods which also fall within the scope of the order. 19 U.S.C. § 1337(i)(1). To constitute a subsequent violation, the goods in question must be "similar" to the goods originally denied entry pursuant to the exclusion order, and the similar goods must themselves be subject to the exclusion order. CUSTOMS DIRECTIVE 2310-006A, *supra*, at 3.4. The regulations use the term "such articles" ("any future attempt to import such articles may result in the articles being seized and forfeited"). 19 C.F.R. § 12.39(b)(4) (2008). In order to deter repeated attempts to import infringing goods, the Commission has the authority to issue seizure and forfeiture orders. 19 U.S.C. § 1337(i). The Commission's authority to issue seizure and forfeiture orders is permissive and not mandatory. "[T]he Commission may issue an order providing that any article imported in violation of the provisions of this section be seized and forfeited to the United States" *Id.* When the Commission issues a seizure and forfeiture order, CBP will seize the imported goods subject to the seizure and forfeiture order rather than merely excluding the goods from entry. 19 U.S.C. § 1337(i); 19 C.F.R. § 12.39(c); CUSTOMS DIRECTIVE 2310-006A, *supra*, at 3.4. Seizure and forfeiture orders are obviously valuable because they grant CBP the authority to seize imported goods instead of merely requiring that those goods be exported. *Id.*

¹⁴⁶ 19 C.F.R. § 12.39. "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." 19 C.F.R. § 12.39(b). The authority of the Secretary of the Treasury with respect to customs regulations unrelated to revenue was transferred to the Secretary of Homeland Security pursuant to section 403(1) of the Homeland Security Act of 2002. 19 C.F.R. § 0.2(a) (2008).

¹⁴⁷ U.S. INT'L TRADE COMM'N, TRADE REMEDY INVESTIGATIONS, available at http://www.usitc.gov/trade_remedy/int_prop/index.htm (last visited Sept. 27, 2008) ("Section 337 investigations conducted by the U.S. International Trade Commission most often involve claims regarding intellectual property rights, including allegations of patent infringement and trademark infringement by imported goods. Both utility and design patents, as well as registered and common law trademarks, may be asserted in these investigations").

¹⁴⁸ U.S. INT'L TRADE COMM'N, OUTSTANDING SECTION 337 EXCLUSION ORDERS, 337-TA-416, CERTAIN COMPACT MULTIPURPOSE TOOLS, available at <http://info.usitc.gov/sec/exclusion.nsf/72b1a4074ed08da7852567fd0064ad21?OpenView> (last visited Sept. 27, 2008) (listing design patents Des. 385,168, Des. 385,169, Des. 385,170 and Des. 380,362).

¹⁴⁹ U.S. INT'L TRADE COMM'N, OUTSTANDING SECTION 337 EXCLUSION ORDERS, 337-TA-473, CERTAIN VIDEO GAME SYSTEMS, ACCESSORIES, AND COMPONENTS THEREOF, available at <http://info.usitc.gov/sec/exclusion.nsf/72b1a4074ed08da7852567fd0064ad21?OpenView> (last visited Sept. 27, 2008) (listing design patents D452,282 and D452,534).

¹⁵⁰ U.S. INT'L TRADE COMM'N, OUTSTANDING SECTION 337 EXCLUSION ORDERS, 337-TA-482, CERTAIN COMPACT DISC AND DVD HOLDERS, available at <http://info.usitc.gov/sec/exclusion.nsf/72b1a4074ed08da7852567fd0064ad21?OpenView> (last visited Sept. 27, 2008) (listing design patent D441,212).

¹⁵¹ CBP currently has no legal authority to make patent infringement determinations, but does have the authority to exclude from entry imported goods which the Commission has determined infringe a valid and enforceable U.S. patent. CBP also has the authority to seize goods subject to an exclusion order once the Commission has issued a seizure and forfeiture order. See *supra* note 5 and accompanying text.

the enforcement of exclusion orders.¹⁵² As part of that border enforcement obligation, CBP must determine whether imported goods are subject to any current exclusion orders, including exclusion orders that solely involve design patents.¹⁵³ Therefore, even in the absence of authority to make patent infringement determinations, CBP currently must exercise some degree of discretion when assessing whether a particular imported product falls within the scope of a particular exclusion order.¹⁵⁴ Where the only intellectual property at issue in an exclusion order is a design patent, CBP's enforcement of that exclusion order effectively requires CBP to decide whether imported goods infringe a design patent.¹⁵⁵ CBP's ability to make such decisions in the past, under the more complex two-prong "ordinary observer" and "point of novelty" analysis, indicates that CBP would be able to enforce all design patents under the simplified single-prong "ordinary observer" test from *Egyptian Goddess*.

C. CBP identified potential patent violations when the agency conducted patent import surveys.

From 1956 until 2004, CBP allowed patent owners to apply for a patent import survey.¹⁵⁶ The patent import survey program was a discretionary program initiated by CBP under the general authority of 19 U.S.C. § 1624, with promulgating regulations at 19 C.F.R. § 12.39a.¹⁵⁷ The original purpose of a patent import survey was to allow a patent owner to obtain importation data from CBP to assist in filing a § 337 complaint with the Commission.¹⁵⁸ Information from patent import surveys could also be used by patent owners to take other appropriate action against parties involved in the importation of infringing goods.¹⁵⁹

After completion of an application and payment of a fee,¹⁶⁰ patent owners could obtain surveys for a 2-, 4- or 6-month period.¹⁶¹ During the survey period, CBP would monitor importations of the relevant goods and provide the patent owner with the names and addresses of

¹⁵² 19 C.F.R. § 12.39 (2008).

¹⁵³ *Id.*

¹⁵⁴ *Id.*

¹⁵⁵ *Id.*

¹⁵⁶ Patent Surveys Final Rule, *supra* note 5, at 52,811.

¹⁵⁷ *Id.* at 52,812. The original patent import survey regulations were promulgated under 19 C.F.R. § 24.12(a)(3) and subsequently transferred to the newly-created § 12.39a in 1964. *Id.* at 52,811-12.

¹⁵⁸ *Id.* at 52,811.

¹⁵⁹ 19 C.F.R. § 12.39a(a) (2004).

¹⁶⁰ 19 C.F.R. § 24.12(a)(3) (2004). The fee for a patent import survey was \$1000 (2 months); \$1500 (4 months); or \$2000 (6 months). *Id.*

¹⁶¹ U.S. CUSTOMS AND BORDER PROT., CUSTOMS DIRECTIVE 2310-009A, PATENT IMPORT SURVEYS 4 (1999) [hereinafter PATENT IMPORT SURVEYS CUSTOMS DIRECTIVE]. Patent import survey applications were required to include specific data, which varied depending on whether the subject patent was related to "chemical articles." *Id.* at 4.1.

importers whose goods appeared to infringe the subject patent.¹⁶² CBP emphasized that the patent import survey process did not involve CBP making definitive patent infringement determinations; instead, CBP was merely alerting the patent owner to the possible existence of an infringement involving their patent.¹⁶³

Because the purpose of the survey was to report the existence of potential infringements to the patent owner rather than to interdict infringing goods, CBP was required to release the goods to the importer as quickly as possible, even when allegedly infringing goods were found.¹⁶⁴ After releasing the goods, CBP would provide the name and address of the importer to the patent owner so that the patent owner – not CBP – could take appropriate action.¹⁶⁵

CBP discontinued patent import surveys in 2004.¹⁶⁶ Various reasons were cited by CBP in justifying the elimination of the program, including the agency's changed circumstances;¹⁶⁷ the diminishing effectiveness of the patent survey program;¹⁶⁸ the perceived limited value of the program to patent owners;¹⁶⁹ and the

absence of an explicit statutory mandate for the program.¹⁷⁰

It is unclear how many patent import surveys involved design patents, although language in the relevant Customs Directive suggests that the program was geared toward utility patents.¹⁷¹ As noted above, utility patents differ from design patents in many ways, including the complexity of the infringement determination process. CBP's ability to conduct patent import surveys for 48 years – an endeavor most likely involving utility patents – suggests that CBP would be able to conduct design patent infringement determinations.

D. Customs' offices in other jurisdictions enforce comparable design rights.

Although the United States has not yet extended traditional border enforcement protection to design patents, other countries have extended border protection to comparable design rights. A survey of global customs laws reveals that various countries, including the European Union, Japan and China, have laws in place pro-

¹⁶² *Id.* at 5.3 (“The purpose of a Patent Import Survey is to provide the patent holder with the names and addresses of importers of merchandise which *appear* to infringe the subject patent.”) (emphasis in original). Patent Import Survey reports were provided to the patent owner on a monthly basis. *Id.* at 5.3.1.

¹⁶³ *Id.* at 5.2.1 (“It is important to remember that Customs does not make patent infringement *determinations*.”) (emphasis in original).

¹⁶⁴ *Id.* In no case were goods allowed to be detained for longer than 30 days from the date of presentation to CBP, even if the goods required laboratory analysis. *Id.* at 5.2.3.

¹⁶⁵ *Id.* at 5.3.

¹⁶⁶ Patent Surveys Final Rule, *supra* note 5, at 52,811.

¹⁶⁷ *Id.* at 52,812 (citing various changed circumstances, including increased volume of entries, limited agency resources and elevated national security priorities).

¹⁶⁸ *Id.* (describing the difficulty in targeting possibly infringing products, especially when the subject patent involved a new or novel product).

¹⁶⁹ *Id.* (citing the relatively few applicants (approximately ten requests per year) for patent import surveys as evidence of the limited value of the program and stating that “[a] greater number of survey requests might suggest a greater need among the importing public and a more legitimate basis for CBP’s investment of time and resources.”).

¹⁷⁰ *Id.* (noting the discretionary nature of the patent import survey program and the program’s “ambiguous legal authority”).

¹⁷¹ See, e.g., PATENT IMPORT SURVEYS CUSTOMS DIRECTIVE, at 4.1 (listing the information required to be included in patent import survey applications).

viding customs officials with the authority to enforce various design rights.

In the European Union, customs enforcement of intellectual property rights is set out in Regulation 1383/2003,¹⁷² which outlines the applicable actions available to customs officers when foreign goods are suspected of infringing certain intellectual property rights,¹⁷³ including design rights.¹⁷⁴ Under the Regulation, customs officers in the European Union may intervene either on their own initiative or on the basis of an application by the rights holder.¹⁷⁵ A design rights holder may apply for action by customs authorities via either a Community application (request-

ing enforcement action in two or more Member States) or via a national application (requesting enforcement action in a single Member State).¹⁷⁶ Member States of the European Union have their own national customs regulations related to the protection of design rights.¹⁷⁷

Other foreign customs officials also have the authority to enforce design rights. In Japan, articles prohibited from importation under that country's Customs Tariff Law include "[a]rticles which infringe patent rights, utility model rights, design rights, trademark rights, copyrights, copyrights-related rights, circuit layout rights, or breeder's rights."¹⁷⁸ Japan's annual IPR enforcement statistics

172 Council Regulation 1383/2003, 2003 O.J. (L 196/7) [hereinafter Council Regulation 1383/2003]. Regulation 1383/2003, which replaced Regulation 3295/94, became effective on July 1, 2004. *Id.* at Recital 7; Art. 25. Council Regulation 1383/2003 was implemented by Commission Regulation 1891/2004. Council Regulation 1891/2004, 2004 O.J. (L 328/16) [hereinafter Council Regulation 1891/2004]. Council Regulation 1891/2004 was recently amended by Regulation 1172/2007 for various purposes: to reflect the accession of Bulgaria and Romania to the European Union; to update the model application forms submitted by rights holders to customs authorities when requesting enforcement action; and to provide an updated list of customs offices designated to receive and process applications for national or Community action. *See generally* Council Regulation 1172/2007, 2007 O.J. (L 261/12) [hereinafter Council Regulation 1172/2007].

173 Council Regulation 1383/2003 defines "goods infringing an intellectual property right" to include counterfeit goods; pirated goods (including design rights); goods infringing patents; goods infringing a supplementary protection certificate; goods infringing a plant variety right; or goods infringing designations of origin, geographical indications or geographical designations. Infringing goods may also include moulds or matrices used to manufacture infringing goods. Council Regulation 1383/2003, *supra* note 172, at Art. 2.

174 *Id.* (defining pirated goods as those "which are or contain copies made without the consent of the holder of a copyright or related right or design right"). *See also* Council Directive 98/71, 1998 O.J. (L 289/28) (harmonizing much substantive protection for industrial designs across European Union Member States) [hereinafter Council Directive 98/71]; Council Regulation 6/2002, 2002 O.J. (L 3) (creating a unitary unregistered Community design right and a unitary registered Community design right). For an overview of design protection in the European Union, *see, e.g.*, Katrine A. Levin & Monica B. Richman, *A Survey of Industrial Design Protection in the European Union and the United States*, 25(3) EUR. INTEL. PROP. REV. 111 (2003); Massa & Strowel, *supra* note 2.

175 Council Regulation 1383/2003, *supra* note 172, at Recital 7 ("Even where no application has yet been lodged or approved, the Member States should be authorised to detain the goods for a certain period to allow right-holders to lodge an application for action with the customs authorities").

176 Model application forms for the European Union indicate that a rights holder can request customs enforcement of a "Community design right" in the "Community Application for Action," and customs enforcement of a "Design right" in the "National Application for Action." *See* Council Regulation 1891/2004, *supra* note 172, at Annex I; Council Regulation 1172/2007, *supra* note 172, at Annex II. *See also* EUROPEAN COMM'N, TAXATION & CUSTOMS UNION, COUNTERFEIT AND PIRACY, HOW CAN RIGHT HOLDERS PROTECT THEMSELVES FROM COUNTERFEITING AND PIRACY, available at http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/right_holders/index_en.htm (last visited Aug. 4, 2008).

177 *See, e.g.*, HM REVENUE & CUSTOMS, INTELLECTUAL PROPERTY RIGHTS, available at http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&id=HMCE_CL_000244&propertyType=document (last visited Aug. 4, 2008) (stating that design rights are among the intellectual property rights enforced by customs authorities in the United Kingdom). The Community Design Directive 98/71 does not affect any Community or national laws "relating to unregistered design rights, trade marks or other distinctive signs, patents and utility models, typefaces, civil liability or unfair competition." Council Directive 98/71, *supra* note 174, at Art 16. Article 17 of the Directive covers the relationship between Community designs and copyrights. *Id.* at Art. 17.

178 JAPAN CUSTOMS, WHAT ARE ARTICLES PROHIBITED FROM IMPORTATION, available at http://www.customs.go.jp/english/c-answer_e/pdf/FAX2001e.pdf (last visited Aug. 5, 2008).

list the number of enforcement actions by type of intellectual property, including a separate category for actions involving design rights.¹⁷⁹ China Customs also has the authority to enforce design rights, including design patents,¹⁸⁰ for both imported and exported goods.¹⁸¹ The most recent IPR seizure statistics for China show that patent seizures made up 3% of the total IPR seizures for China Customs in 2005.¹⁸² Design patents are more likely to get protection from China Customs than other types of patents.¹⁸³

The existence of design right border enforcement authority for customs officials in other countries and the European Union demonstrates the feasibility of extending comparable authority to CBP. "Best practices" and "lessons learned" from customs offices in other jurisdictions

could help CBP implement design patent border enforcement in the United States.

E. CBP's current recordation system could be used to record design patents.

Although the technical aspects of CBP's recordation system are not available to the public, it appears that the system would permit the recordation of design patents. A review of the public version of the recordation database reveals that the main distinctions between trademarks, trade name, copyright or exclusion order recordations are the prefixes used for each form of intellectual property and the source and form of data in the registration number field.¹⁸⁴

CBP recordation numbers are prefixed by the relevant form of intellectual prop-

¹⁷⁹ JAPAN CUSTOMS, AN "INTELLECTUAL PROPERTY-BASED NATION," THE NUMBER OF SUSPENSION BY TYPE OF INTELLECTUAL PROPERTY, available at http://www.customs.go.jp/zeikan/pamphlet/report2008e/report2008_eng24.pdf (last visited Aug. 16, 2008).

¹⁸⁰ CHINA CUSTOMS, LEGISLATION, RULES OF THE CUSTOMS OF PEOPLE'S REPUBLIC OF CHINA FOR IMPLEMENTING THE REGULATIONS OF PEOPLE'S REPUBLIC OF CHINA ON CUSTOMS PROTECTION OF INTELLECTUAL PROPERTY RIGHTS 7 (2007), available at <http://english.customs.gov.cn/publish/portal191/tab7041/info70275.htm> (last visited Sept. 27, 2008) (describing design patents as one of the types of intellectual property which may be recorded with China Customs); see also STATE INTELLECTUAL PROPERTY OFFICE OF THE P.R.C., WHAT DOES DESIGN IN PATENT LAWS MEANS [sic], available at http://www.sipo.gov.cn/sipo_English/specialtopic/abc/200705/t20070528_173187.htm (describing "design" in patent law as including "the shape, the pattern or their combination, or the combination of the color with shape or pattern, of a product, which creates an aesthetic feeling and is fit for industrial application.") (last visited Sept. 27, 2008).

¹⁸¹ U.S. DEP'T OF STATE, EMBASSY OF THE UNITED STATES, BEIJING, CHINA, IPR TOOLKIT, available at <http://beijing.usembassy-china.org.cn/iprpatent.html> (last visited Aug. 5, 2008) [hereinafter U.S. DEP'T OF STATE IPR TOOLKIT] ("[China Customs will provide protection for all categories of IPR, including prohibiting the import and export of suspected goods.]). The ability to seize infringing exports as well as imports can be a valuable border enforcement tool. CBP currently has authority to seize certain infringing goods attempting exportation from the United States. Statutory authority for design patent enforcement by CBP could include comparable seizure authority for exports infringing design patents.

¹⁸² CHINA CUSTOMS, STATISTICS FOR CHINA CUSTOMS IPR SEIZURES (YEAR OF 2005), available at <http://english.customs.gov.cn/publish/portal191/tab7039/info70268.htm> (last visited Aug. 16, 2008). China Customs also reported over 5,500 IPR enforcement actions in 2007. CHINA CUSTOMS, CUSTOMS SEIZURES AND PATENT GRANTS IN CHINA, BORDER MEASURES - ANTI-COUNTERFEITING, available at <http://www.bordermeasures.com/spip.php?article140> (last visited Aug. 15, 2008) ("Increased efforts by Chinese Customs resulted in 5,776 cases last year, involving 34 countries, regions and international organisations. As regards patent law, the Guangdong province (in South China) saw the highest number of patent applications and grants for the thirteenth year in a row. More than 333 million items were seized in 2007, valued at almost 439 million yuan (\$63 million). In the Guangdong province, 90 counterfeit patent cases were investigated and 265,727 commercial items were inspected.").

¹⁸³ U.S. DEP'T OF STATE IPR TOOLKIT, *supra* note 181 ("China Customs has indicated in discussions with U.S. government officials that it is reticent to invoke these powers with regard to invention patents because of the inherent difficulty of determining whether the goods at issue actually infringe on a patent. However, a complainant is more likely to get customs protection on design patents.").

¹⁸⁴ See generally CBP IPRS, *supra* note 46.

erty: "TMK" for trademarks;¹⁸⁵ "TNM" for trade names;¹⁸⁶ "COP" for copyrights;¹⁸⁷ and "EXC" for exclusion orders.¹⁸⁸ It would be straightforward to code design patent recordations with a comparable three-letter prefix, such as "DES."

The other distinction between recordations is the source and form of data for the registration number field. A trademark recordation lists the USPTO registration number (a multi-digit number with no punctuation, in the 1234567 format);¹⁸⁹ trade names list the relevant Treasury Decision or CBP Decision number (a multi-digit letter/number combination, with a dash, in the T.D. xx-xx format or CBP Decision xx-xx format);¹⁹⁰ copyrights

list the U.S. Copyright Office registration number (in varying formats, depending on the type of copyright),¹⁹¹ and exclusion orders list the Commission's investigation number (a multi-digit letter/number combination with dashes, in the 337-TA-xxx format).¹⁹² Design patent registrations are formatted as Dxxx,xxx or Dxxxxxx.¹⁹³ Based on the already varying forms of data which are currently input into the registration number field, it seems logical that that field in the recordation system is designed to accept multiple forms and types of registrations or other descriptions of underlying protection. It is therefore likely that the registration number field would be able to accept a design

185 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, TMK 02-00531, available at (<http://iprs.cbp.gov/index.asp>) (last visited Sept. 27, 2008) (showing that recordation TMK 02-00531 for trademark registration 2,479,341 provides protection for the HARRY POTTER trademark).

186 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, TNM 01-00003, available at (<http://iprs.cbp.gov/index.asp>) (last visited Sept. 27, 2008) (showing that recordation TNM 01-00003 provides protection for the RED BULL NORTH AMERICA INC. trade name).

187 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, COP 84-00308, available at (<http://iprs.cbp.gov/index.asp>) (last visited Sept. 27, 2008) (showing that recordation COP 84-00308 for copyright registration VA-124-730 provides protection for the DISNEY CHARACTER GUIDE copyright).

188 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, EXC 337-TA-482, available at (<http://iprs.cbp.gov/index.asp>) (last visited Sept. 27, 2008) (showing that exclusion order 337-TA-482 provides protection for design patent D441,212 for CERTAIN COMPACT DISC & DVD HOLDERS). It should be noted that not all exclusion orders are listed in CBP's public recordation database. Although rights holders may record trademarks, trade names and copyrights, there are currently no recordation provisions for exclusion orders. 19 C.F.R. § 133.1 (2008) (trademarks); 19 C.F.R. § 133.11 (2008) (trade names); 19 C.F.R. § 133.31 (2008) (copyrights). It is unclear why some active exclusion orders are listed in CBP's public recordation database while other active exclusion orders are not.

189 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, TMK 02-00531, available at (<http://iprs.cbp.gov/index.asp>) (last visited Sept. 27, 2008) (showing that recordation TMK 02-00531 for the HARRY POTTER trademark lists the related registration number as 2479341).

190 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, TNM 01-00003, available at (<http://iprs.cbp.gov/index.asp>) (last visited Sept. 27, 2008) (showing that notification of recordation of TNM 01-00003 for RED BULL NORTH AMERICA INC. was made under T.D. 01-58); U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH, TNM 04-00005, available at <http://iprs.cbp.gov/index.asp> (last visited Sept. 27, 2008) (showing that notification of recordation of TNM 04-00005 for JOY ENTERPRISES was made under CBP Decision 04-37).

191 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH COP 84-00308, available at (<http://iprs.cbp.gov/index.asp>) (last visited Sept. 27, 2008) (showing that recordation COP 84-00308 for the DISNEY CHARACTER GUIDE copyright lists the related copyright registration as VA-124-730). Copyright registration prefixes vary depending on the type of copyright, such as "VA" for visual arts works; "TX" for literary works; "PA" for performing arts works, including motion pictures; and "SR" for sound recordings. U.S. COPYRIGHT OFFICE, INFORMATION CIRCULAR, CIRCULAR 1, COPYRIGHT BASICS 8, available at <http://www.copyright.gov/circs/cir1.pdf> (last visited Sept. 27, 2008). A "u" is added to the copyright prefix if the work is unpublished; for example, an unpublished visual arts work would use the VAu prefix. U.S. COPYRIGHT OFFICE, BASIC SEARCH - REGISTRATION NUMBER, available at <http://cocatalog.loc.gov/help/regnum.htm> (last visited Sept. 27, 2008).

192 See, e.g., U.S. CUSTOMS AND BORDER PROT., INTELLECTUAL PROPERTY RIGHTS SEARCH EXC 337-TA-482, available at <http://iprs.cbp.gov/index.asp> (last visited Sept. 27, 2008) (showing that exclusion order EXC 337-TA-482 for CERTAIN COMPACT DISC & DVD HOLDERS reflects the related USITC Investigation No. 337-TA-482).

193 U.S. PATENT AND TRADEMARK OFFICE, USPTO FULL-TEXT AND IMAGE DATABASE, available at <http://patft.uspto.gov/netahml/PTO/srchnum.htm> (last visited Sept. 27, 2008) (using "D339,456," "D321987" and "D000152" as examples of design patent registration numbers).

patent registration in the Dxxx,xxx or Dxxxxxx format.

In addition, CBP's recordation system should be capable of storing drawings or photos of the relevant designs and prior art for each design patent. The internal version of CBP's recordation system includes links for CBP officers to view downloaded imagery of the protected intellectual property.¹⁹⁴ This same technology and format could be used to store drawings or photos related to the relevant design patent, thus giving all CBP field officers immediate access to the scope of protection of each design patent recordation.

F. The ability to enforce design patents would be an additional tool in CBP's arsenal of weapons against IPR infringement.

CBP's current IPR enforcement authority is effectively limited to the enforcement of trademarks, copyrights and exclusion orders.¹⁹⁵ In order to evade CBP enforcement, violators trafficking in infringing products may ensure that certain identifying elements – such as trademarks and copyrights – are not present on the product when it is shipped to the United States. The resulting product, although shorn of trademarks and copyrights, may still

retain recognizable design elements, such as design elements protected by design patents.¹⁹⁶ Armed with the authority to enforce design patents, CBP would be better able to protect distinctive designs and prevent violators from infringing U.S. intellectual property rights. Such authority would be an additional and valuable tool in CBP's arsenal of enforcement weapons against IPR violators.

VIII. Changes needed for CBP to enforce design patents.

A. Suggested legal changes for CBP's enforcement of design patents.

Various statutes provide authority for CBP to enforce trademark and copyright laws.¹⁹⁷ CBP also has explicit statutory authority for the enforcement of exclusion orders.¹⁹⁸ For CBP to extend traditional border enforcement protection to design patents, Congress would need to grant similar statutory authority to CBP for that purpose.¹⁹⁹ Such statutory authority could be contained in Title 35 of the U.S. Code, which covers patents.

Once the appropriate statutory authority was in place, regulations could be promulgated in Title 19, Part 133 to

¹⁹⁴ 2008 NIPLECC REPORT, *supra* note 43, at 30.

¹⁹⁵ See *supra* note 5 and accompanying text.

¹⁹⁶ See, e.g., Saidman, *supra* note 27, at 338 (“Increased globalization has made many more consumer products available whose only distinguishing characteristic, in many cases, is their outward appearance, i.e., their design”).

¹⁹⁷ See, e.g., 15 U.S.C. § 1124 (2007) (“Importation of goods bearing infringing marks or names forbidden”); 15 U.S.C. § 1125 (“False designations of origin, false descriptions, and dilution forbidden”); 17 U.S.C. § 501 (2007) (“Infringement of copyright”); 17 U.S.C. § 506 (2007) (“Criminal offenses”); 17 U.S.C. § 509 (2007) (“Seizure and forfeiture”); 17 U.S.C. § 602 (2007) (“Infringing importation of copies or phonorecords”); 17 U.S.C. § 1201 (2007) (“Circumvention of copyright protection systems”); 18 U.S.C. 2320 (2007) (“Trafficking in counterfeit goods or services”); 19 U.S.C. 1526 (2007) (“Merchandise bearing American trade-mark”); and 19 U.S.C. § 1595a (2007) (“Forfeitures and other penalties”).

¹⁹⁸ 19 U.S.C. § 1337.

¹⁹⁹ 19 U.S.C. § 1624 provides broad authority for the promulgation of rules and regulations. “In addition to the specific powers conferred by this chapter the Secretary of the Treasury is authorized to make such rules and regulations as may be necessary to carry out the provisions of this chapter.” 19 U.S.C. § 1624 (2007). That statute provided authority for CBP's implementation of the patent import survey program in 1956. See *supra* note 157. When CBP discontinued that program in 2004, however, one of the reasons cited for that action was the program's “ambiguous legal authority.” See *supra* note 170 and accompanying text. It is therefore unlikely that CBP would rely on § 1624 to extend its border enforcement program to design patents.

include the protection of design patents within CBP's IPR enforcement framework. CBP's regulations for design patent IPR enforcement could follow the basic format used in Part 133 for the trademark and copyright IPR enforcement regulations: recordation procedures, followed by procedures for detaining suspect shipments, making the infringement determination, seizing infringing shipments and disclosing importation information and samples to the design patent owner. These new implementing regulations and the underlying statute would supply CBP with the explicit legal authority needed to extend traditional border enforcement protection to design patents.

B. Suggested policies and procedures for CBP's enforcement of design patents.

CBP would also need to develop various policies and procedures to incorporate design patent enforcement into the agency's IPR enforcement program. In addition, design patent owners would need to work together with CBP to ensure the development of a successful design patent IPR enforcement program.

1. Recordations

CBP would need to ensure that its recordation system could accept design patent recordations. As explained in this article, adapting the recordation system to include design patent recordations should be a relatively straightforward process.

2. Training

CBP would also need to provide training to field officers on the scope and processing of design patent IPR enforcement actions. As explained above, the infringement determination test for design patents resembles that used for trademarks, which would simplify field training. In addition to live or web-based training sessions, training materials and guidance could be posted to CBP's internal computer system for easy accessibility by all field officers. CBP could also draft a Customs Directive on design patent enforcement to guide field officers in the enforcement process.²⁰⁰ Various methods and processes are available to help CBP ensure that field officers have immediate and ongoing access to tools and technology that would assist them in the infringement determination process.

3. Enforcement priority to recorded design patents

As noted earlier, CBP's policy is to give enforcement priority to trademarks and copyrights which are recorded with CBP.²⁰¹ By giving enforcement priority to recorded rights holders, CBP attempts to ensure that the agency's limited resources are expended on those rights holders who are most committed to assisting CBP in its border enforcement efforts.

Extending this policy to design patents would mean that the design patents most likely to be enforced by CBP would be those which were recorded. As a result,

²⁰⁰ CBP issues Customs Directives to CBP officers on various topics. Public versions of Customs Directives are often made available to the trade community. See, e.g., U.S. CUSTOMS AND BORDER PROT., DIRECTIVES AND HANDBOOKS, available at <http://www.cbp.gov/xp/cgov/trade/legal/directives/> (last visited Sept. 27, 2008) (providing access to public versions of various CBP Directives and Handbooks, including CBP Directives on "Exclusion Orders," "Trademark and Tradename Protection," "Detention and Seizure Authority for Copyright and Trademark Violations" and "Personal Use Exemption: Unauthorized Trademarks.").

²⁰¹ See *supra* note 51 and accompanying text.

CBP would have already obtained recordation data and images from the rights holder and input that information into the recordation database. CBP field officers would therefore have access to critical information from the design patent owner to assist them in the infringement determination process. In addition to the basic information available in all electronic recordation files, an electronic design patent recordation file could contain the relevant design patent, including its drawings, as well as images and other information related to the prior art. CBP field officers would be able to download and view these images and other information directly on their computers. The immediate availability of such information would simplify the infringement determination process.

4. Partnership with design patent rights holders

The success of CBP's trademark and copyright enforcement program depends upon a public-private partnership between CBP and trademark and copyright owners.²⁰² That same public-private partnership could be established between CBP and design patent owners. Design patent owners could play a critical role in developing a successful design patent enforcement program. In addition to recording their design patents with CBP, as suggested above, design patent owners could prepare IPR product identification handbooks containing hardcopy information related to their design patents. Design patent owners could also participate in IPR product identification training sessions to familiarize CBP personnel with

their design patents. They could also forward trade trends and violator intelligence to CBP to assist in the targeting process, and ensure that they or a representative are always available to respond to CBP email or telephone inquiries, which are often extremely time-sensitive.

Because the traditional border enforcement of design patents would be new to CBP, design patent owners could play an important role in helping to advise agency personnel on general design patent issues, including those aspects of the infringement analysis process that may differ from the trademark or copyright analyses. In addition, many design patent owners are already active partners with CBP in trademark and/or copyright enforcement, and those existing relationships with CBP, and familiarity with CBP's established IPR enforcement program, would help to make CBP's design patent enforcement program a success.

5. Assistance from USPTO

It is possible that technical patent issues could arise during the design patent infringement determination process. To help CBP address these issues, design patent attorneys from the USPTO could be designated as liaisons to assist CBP's IPR Branch, as needed. USPTO attorneys could also use their design patent expertise to help CBP develop design patent training tools and guidance for field offices. CBP and the USPTO work together on various interagency groups, such as the NIPLECC, and also have an existing relationship because of CBP's long-standing enforcement of trademarks. Design patent attorneys from the USPTO could be

²⁰² See, e.g., Peterson, *supra* note 144, at 634-641 (describing the importance of an IPR enforcement partnership between rights holders and CBP and other law enforcement offices).

a valuable resource in CBP's development and maintenance of a design patent IPR enforcement program.

6. Presumption of validity and prior art

When enforcing trademarks and copyrights, CBP does not question the validity of the underlying registration.²⁰³ As long as the relevant trademark or copyright is registered with the USPTO or the Copyright Office (and preferably recorded with CBP), CBP, as a general rule, will enforce that trademark or copyright. If design patents were enforced by CBP, the same presumption of validity should extend to that form of intellectual property protection.²⁰⁴ CBP would therefore presume that a design patent was valid until CBP received notification or a determination from the USPTO, the Commission or a federal court that the patent was invalid.

If the presumption of validity was extended to design patents, CBP would not be required to address any invalidity arguments that an importer might assert, such as those described in 35 U.S.C. §§ 102, 103 or 251. This would simplify the infringement analysis process because CBP would generally only need to concern itself with the basic issue of whether the imported product infringed the recorded design patent. In regard to that inquiry, the only information likely to be considered by CBP, besides the imported product and the subject design patent, would be the prior art.

Prior art could provide a helpful frame of reference to assist CBP in the infringement determination process. "Particularly in close cases, it can be difficult to answer the question whether one thing is like another without being given a frame of reference. The context in which the claimed and accused designs are compared, i.e., the background prior art, provides such a frame of reference and is therefore often useful in the process of comparison."²⁰⁵ The *Egyptian Goddess* court outlined the role prior art can play in the ordinary observer test:

When the differences between the claimed and accused designs are viewed in light of the prior art, the attention of the hypothetical ordinary observer will be drawn to those aspects of the claimed design that differ from the prior art. And when the claimed design is close to the prior art designs, small differences between the accused design and the claimed design are likely to be important to the eye of the hypothetical ordinary observer.²⁰⁶

The court suggested that where the claimed design [i.e., the drawings of the relevant design patent] and the accused design [e.g., an imported product] were "not plainly dissimilar," it may be helpful to compare "the claimed and accused designs with the prior art" when trying to determine whether an infringement existed.²⁰⁷

²⁰³ See, e.g., *Pintracker Golf Inc. v. United States*, 45 U.S.P.Q.2d (BNA) 1627, 1632 (W.D. Wa. 1997) ("The U.S. Customs Service has consistently taken the position that it will not entertain challenges to a mark's validity.")

²⁰⁴ See also *supra* note 42. The U.S. practice of requiring substantive examination by the USPTO before a design patent is issued would provide CBP with increased assurance of the design patent's validity, especially in comparison to those customs offices in other jurisdictions who do not require substantive examination of a design right prior to extending border enforcement protection.

²⁰⁵ *Egyptian Goddess*, slip op. at 18-19.

Prior art could also be used by an importer attempting to defend against a design patent infringement detention or seizure. An importer who believed that his imported product was not infringing would bear the burden of providing any comparison prior art to CBP to substantiate that assertion.²⁰⁸ The burden of proof would fall on the importer of the goods because he is "the party with the motivation to point out close prior art,"²⁰⁹ especially any "prior art that an ordinary observer is most likely to regard as highlighting the differences between the claimed and accused design."²¹⁰ Therefore, just as with shipments involving trademarks or copyrights, importers who failed to defend against a design patent infringement determination, or who failed to present a compelling defense, would face seizure and forfeiture of their goods by CBP.

7. Ability to protest seizures

If the importer of a shipment seized for design patent infringement believed that the enforcement action was unjust, a mechanism exists for him to protest that

seizure with CBP. The regulatory framework in 19 C.F.R. § 171 allows importers to petition for relief from various enforcement actions, including IPR seizures.²¹¹ This mechanism affords due process to importers and provides them with the opportunity to pursue judicial review of CBP's enforcement actions.²¹²

IX. Conclusion

CBP should be granted the authority to extend traditional border enforcement protection to design patents. CBP already has the authority to protect design rights when those rights are embodied in other forms of intellectual property, such as copyrights and trademarks. The nature of design patents and the simplified *Egyptian Goddess* infringement analysis supports CBP's enforcement of design patents. Once CBP has been granted statutory authority to implement design patent enforcement regulations, Cinderella and her patented slippers can finally go to the ball, confident in the knowledge that CBP will be seizing any imported slippers infringing her design patent.

²⁰⁶ *Id.* at 17-18.

²⁰⁷ *Id.* at 22. The court emphasized that it was describing an infringement test, not an invalidity test. "We emphasize that although the approach we adopt will frequently involve comparisons between the claimed design and the prior art, it is not a test for determining validity, but is designed solely as a test of infringement." *Id.*

²⁰⁸ *Id.* ("Under the ordinary observer test ... it makes sense to impose the burden of production as to any comparison prior art on the accused infringer.")

²⁰⁹ *Id.* at 23.

²¹⁰ *Id.*

²¹¹ See generally 19 C.F.R. § 171. See also U.S. CUSTOMS AND BORDER PROT., INFORMED COMPLIANCE PUBLICATION, WHAT EVERY MEMBER OF THE TRADE COMMUNITY SHOULD KNOW ABOUT: CUSTOMS ADMINISTRATIVE ENFORCEMENT PROCESS: FINES, PENALTIES, FORFEITURES AND LIQUIDATED DAMAGES (FEB. 2004) [HEREINAFTER FP&F INFORMED COMPLIANCE PUBLICATION].

²¹² See, e.g., FP&F INFORMED COMPLIANCE PUBLICATION, *supra* note 211, at 24 (displaying a chart graphically depicting the administrative seizure process). See also Pintracker Golf, 45 U.S.P.Q.2d, at 1627-32 (providing an example of an importer challenging a CBP IPR seizure).

Debra D. Peterson

P.O. Box 32114
Long Beach, California 90832 USA
Telephone: (562) 400-6107
Email: debra@debrapetersonlaw.com

March 24, 2010

Victoria A. Espinel
United States Intellectual Property Enforcement Coordinator
Office of the United States Intellectual Property Enforcement Coordinator
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Ms. Espinel:

I am writing in response to your request for specific recommendations for improving the U.S. Government's intellectual property enforcement efforts. I am currently an attorney in private practice providing consulting services to companies, law firms and organizations on intellectual property and international trade issues. Prior to my move to private practice, I worked for U.S. Customs and Border Protection ("CBP"), where I spent over nine years working on national projects related to the border enforcement of intellectual property rights.

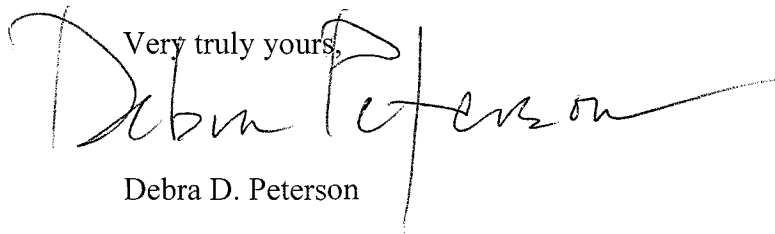
My recommendations address the need for CBP exclusion order disclosure regulations and legal authority for CBP to enforce design patents:

- Under the current regulatory scheme, there are no provisions authorizing CBP to disclose any information to exclusion order rights holders related to the enforcement of their exclusion order. Regulations currently exist which allow CBP to disclose importation information and provide samples when goods are detained or seized for violation of trademark, trade name or copyright law. Equivalent disclosure regulations are needed when goods are excluded or seized for violation of an exclusion order or seizure and forfeiture order. Further details on this recommendation, including draft exclusion order disclosure regulations, are contained in Debra D. Peterson, *The Knowledge to Act: Border Enforcement of Section 337 Exclusion Orders and the Need for Exclusion Order Disclosure Regulations*, 17 FED. CIR. BAR J. 607 (August 2008), a copy of which is attached.

- CBP should be granted the authority to enforce design patents. Under the newly simplified test formulated by the Federal Circuit in *Egyptian Goddess, Inc. v. Swisa, Inc.*, 498 F.3d 1354 (Fed. Cir. 2007), CBP would be able to make design patent infringement determinations. The infringement analysis for design patents closely resembles the analysis currently undertaken by CBP in cases of suspected trademark infringement. CBP enforces design patent exclusion orders, and, until recently, also conducted patent import surveys. Comparable design rights are enforced by customs authorities in other jurisdictions, including the European Union, Japan and China. Design patent enforcement authority could be an additional and valuable tool in CBP's ongoing battle against intellectual property violators. Further details on this recommendation are contained in Debra D. Peterson, *Seizing Infringing Imports of Cinderella's Slippers: How Egyptian Goddess Supports U.S. Customs and Border Protection's Enforcement of Design Patents*, 90 J.PAT.& TRADEMARK OFF. SOC'Y 888 (December 2008), a copy of which is attached.

Thank you for your consideration of these recommendations. Please feel free to contact me if you have any questions or need any additional information.

Very truly yours,

A handwritten signature in black ink that reads "Debra D. Peterson". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Debra D. Peterson

Attachments