



INTELLECTUAL PROPERTY RIGHTS

Fiscal Year 2015 Seizure Statistics

Prepared by

U.S. Customs and Border Protection
Office of Trade



**Homeland
Security**



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Disclaimer: The information contained in this report does not constitute the official trade statistics of the United States. The statistics, and the projections based upon those statistics, are not intended to be used for economic analysis, and are provided for the purpose of establishing U.S. Department of Homeland Security workload.

EXECUTIVE SUMMARY

Products that infringe U.S. trademarks and copyrights or are subject to exclusion orders issued by the United States International Trade Commission threaten the health and safety of American consumers and pose risks to our economy and our national security. Continued enforcement of Intellectual Property Rights (IPR) by U.S. Customs and Border Protection (CBP), and U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) mitigates the financial and welfare risks posed by imports of such illicit products.

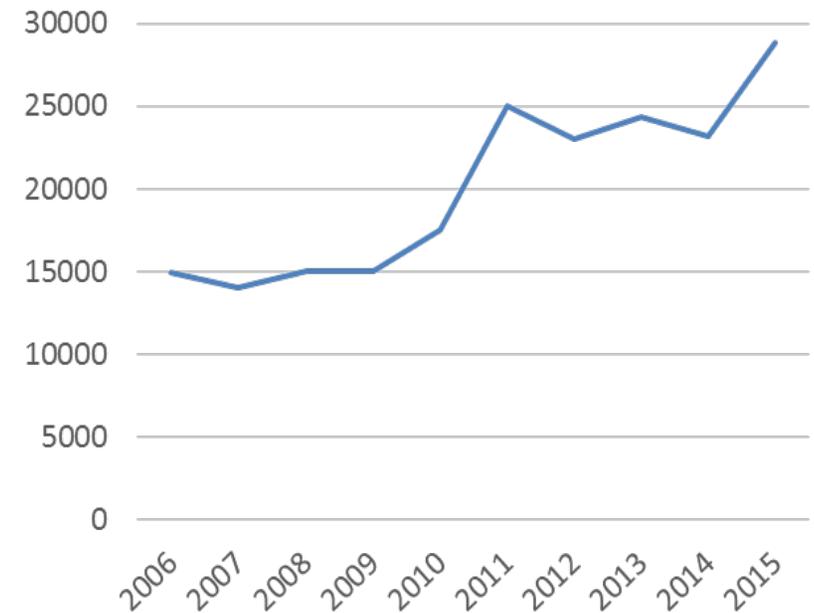
In Fiscal Year (FY) 2015, IPR seizures increased nearly 25 percent to 28,865 from 23,140 in FY 2014. The total estimated manufacturer's suggested retail price (MSRP) of the seized goods, had they been genuine, increased 10 percent to \$1,352,495,341.

Tactical interagency collaboration with the National Intellectual Property Rights Coordination Center (IPR Center) resulted in 538 arrests, with 339 indictments, and 357 convictions.

Each year, more than 11 million maritime containers arrive at our seaports. At our land borders, another 10 million arrive by truck and 3 million arrive by rail. An additional quarter billion more cargo, postal, and express consignment packages arrive through air travel. Agencies within the Department of Homeland Security remain vigilant in targeting shipments posing risks to the American people.

YEAR IN REVIEW

10 Year Seizure Totals



In early FY 2015, CBP, in partnership with the Express Association of America and its members, established a new process which allows for the voluntary abandonment of detained goods. The pilot program for this new process, which was supported through a formal recommendation by CBP's federal advisory committee, the Commercial Customs Operations Advisory Committee (COAC), resulted in 2,857 voluntary abandonments and an estimated \$2.2 million in interdiction cost savings to the government.

YEAR IN REVIEW

In FY 2015, CBP completed 152 exclusion order enforcement actions (shipments seized and shipments excluded), an increase from 53 in FY 2014.

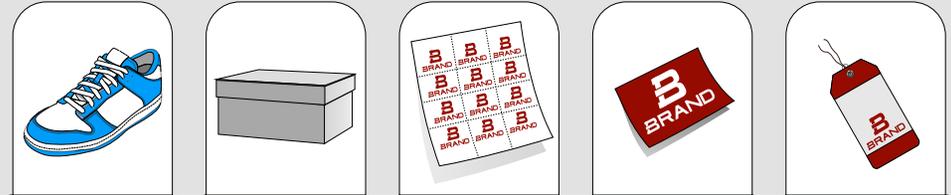
CBP seized 62 shipments of circumvention devices for violations of the Digital Millennium Copyright Act (DMCA), a 57 percent decrease from 144 such seizures in FY 2014.

The combined number of all IPR border enforcement actions in FY 2015 increased 37 percent over FY 2014.

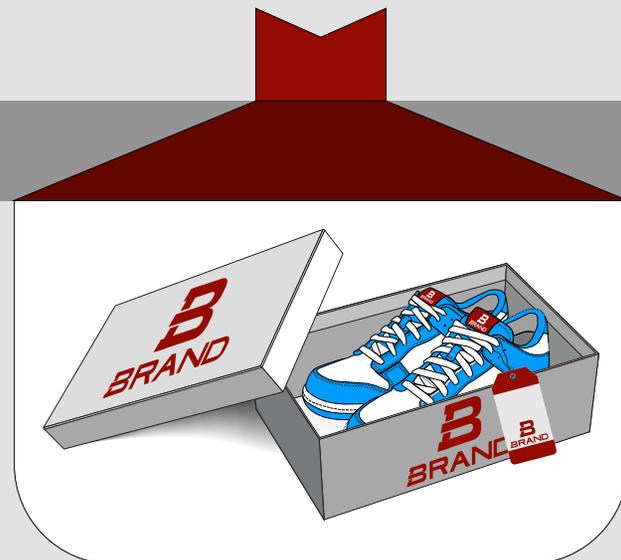
In FY 2015, five Mobile Intellectual Property Enforcement Teams, groups of IPR experts deployed to assist with training and enforcement, conducted operations resulting in 1,349 IPR seizures of goods worth, had they been genuine, a combined estimated MSRP of over \$22 million.

CBP seized 550 shipments containing labels and tags bearing counterfeit trademarks and/or pirated copies intended to be applied to articles after importation to create non-genuine products, which if genuine would be worth an estimated MSRP of \$33,335,825. These included labels and tags sewn in fabric labels and patches, adhesive stickers and holograms, stamped metal parts including emblems, rivets, zippers, and paper hangtags. They are made for all types of apparel, handbags, shoes, electronics, software, and numerous other types of goods.

Counterfeit Label/Tag Import & Assembly



**ASSEMBLED
IN THE
USA**



YEAR IN REVIEW



CBP concentrates its IPR border enforcement on federally registered trademarks and copyrights that have been “recorded” with CBP by owners using the Intellectual Property Rights e-Recordation (IPRR) system, which is available at <https://iprr.cbp.gov/>. CBP administers these “recordations” using a secure proprietary database that CBP can access to make IPR border enforcement determinations. Product ID manuals that are prepared by right holders are also linked to the database and used by CBP in making IPR border enforcement determinations.

At the close of FY 2015, CBP enforced trademarks and copyrights to over 17,000 active recordations, including 2,026 new recordations or renewals of expiring recordations.

CBP works closely with the rights holders in making IPR enforcement determinations. A public database of both active and inactive recordations is available using a search engine called the Intellectual Property Rights Search (IPRS) at <http://iprs.cbp.gov/index.asp>. Information on potential IPR infringements can be submitted to CBP using the e-Allegations Online Trade Violation Reporting System at <https://eallegations.ebp.gov/Home/Index2>.

In FY 2015, CBP in collaboration with ICE HSI utilized the IPR Strike Unit (ISU) ten times. ISUs are multi-discipline IPR enforcement teams that allow CBP to take enforcement action soon after infringing goods are identified at the ports.

YEAR IN REVIEW

The ISU focuses on real time enforcement and informed compliance to build better cases against IPR violators and improve future compliance.

CBP and French Customs General Directorate jointly participated in Operation Bathe and Beaute, a bilateral IPR enforcement operation targeting counterfeit personal care products and electric personal devices. The joint operation, conducted from April 8, 2015, through May 4, 2015, resulted in seizures of 76 shipments of more than 31,000 counterfeit items with a total estimated MSRP of \$541,000, had the goods been genuine.

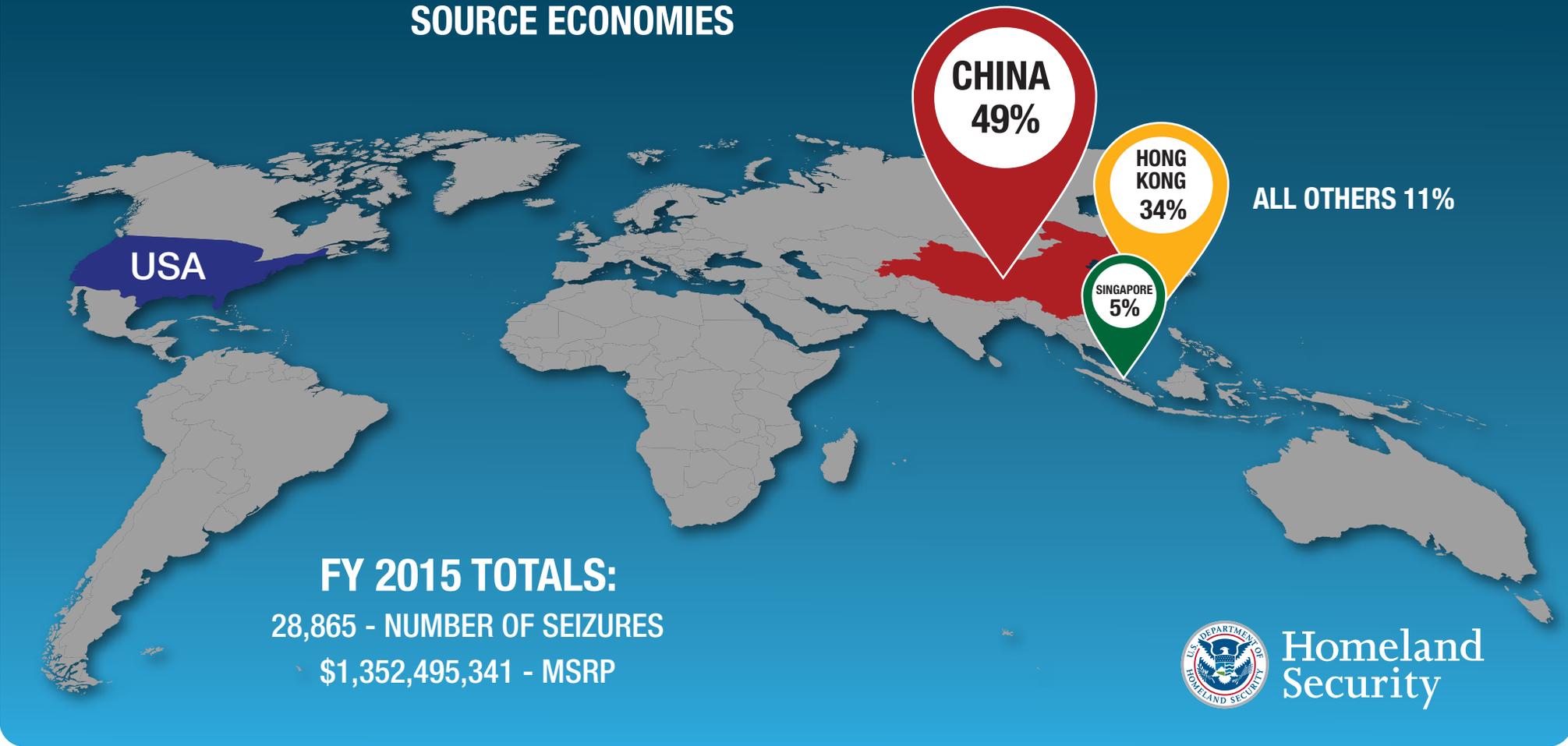
As a result of a collaborative enforcement effort between CBP's IPR Policy and Program Division, CBP's Pharmaceuticals, Health and Chemicals Center of Excellence and Expertise (CEE), ICE-HSI, other U.S. agencies and Zollkriminalamt (the German Customs Investigations Bureau), a Venezuelan man was sentenced to nearly two years of federal prison for his involvement in trafficking a high-volume of illicit pharmaceutical goods into the United States. After serving his term, he will be deported.

On August 12, 2015, in New Jersey, 175,000 watches, manufacturing stamps, and dye casts were seized. These goods infringed multiple trademarks and, had they been genuine, would have a total estimated MRSP of \$100 million, an all time high seizure value.

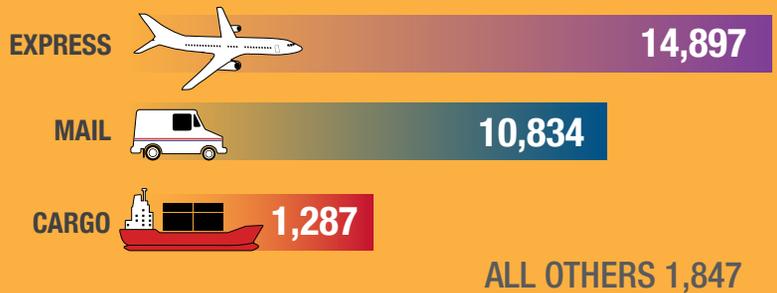


FISCAL YEAR 2015 IPR SEIZURE STATISTICS

SOURCE ECONOMIES



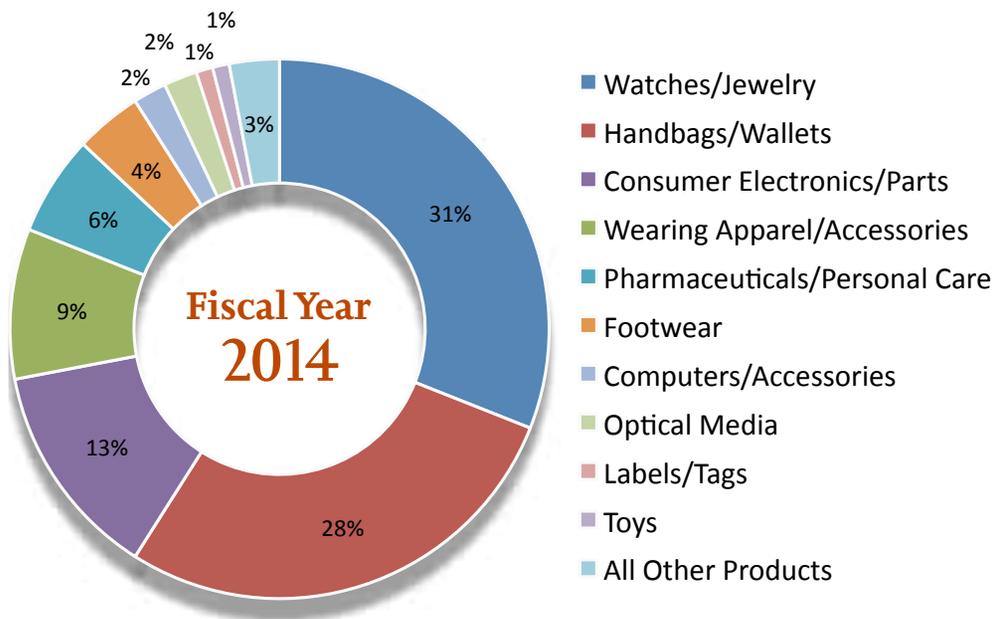
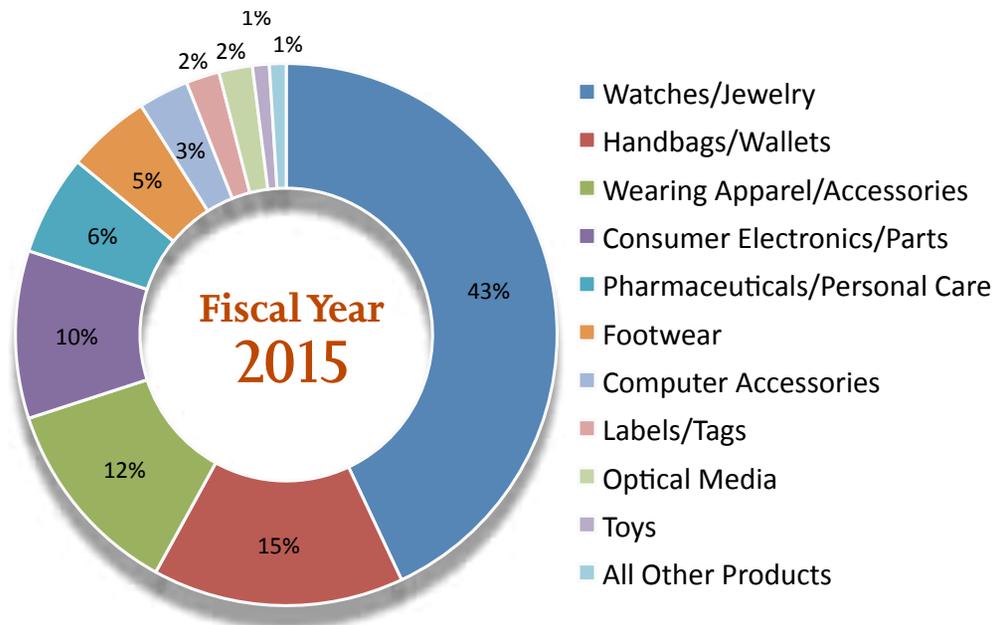
SHIPPING ENVIRONMENT BY NUMBER OF SEIZURES



TOP PRODUCTS SEIZED BY NUMBER OF SEIZURES



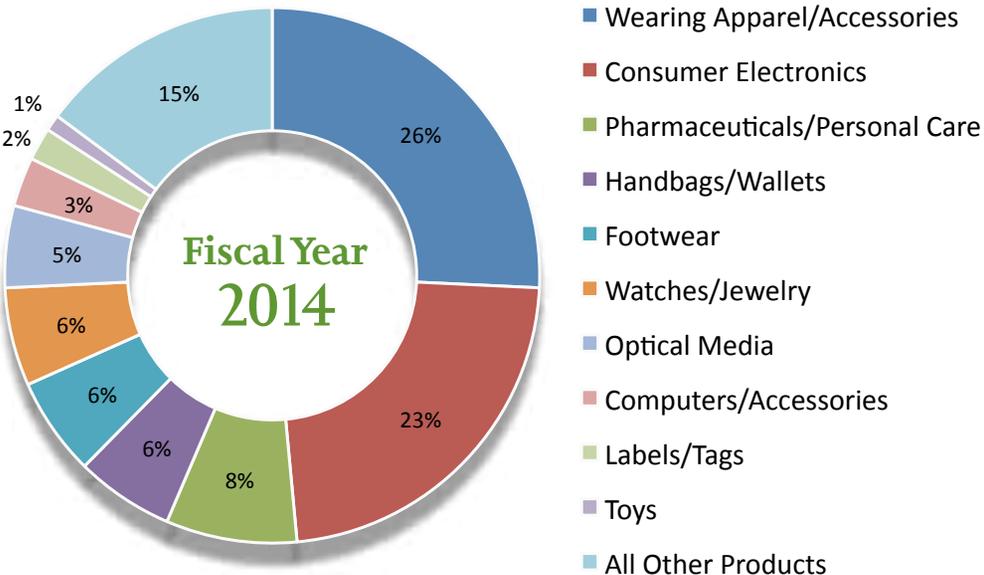
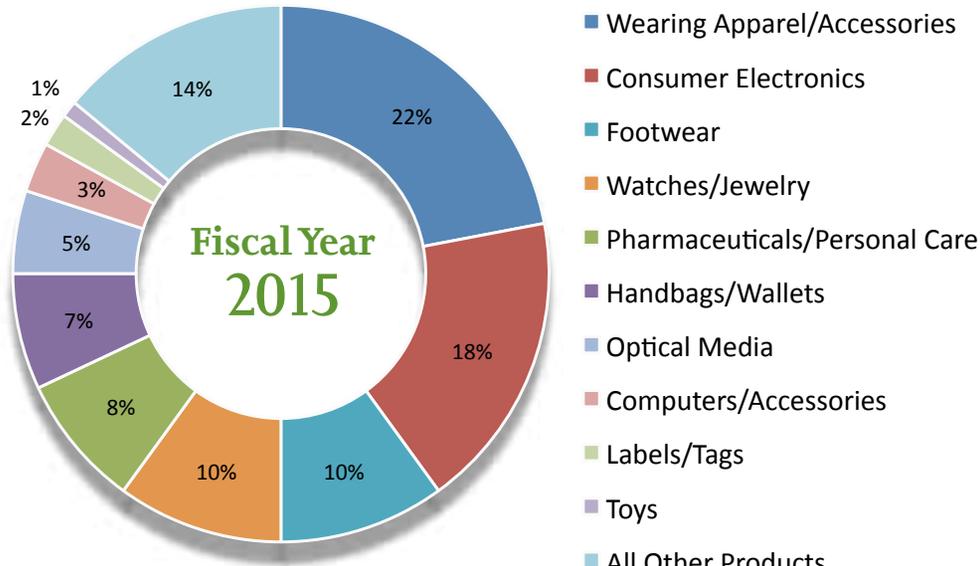
PRODUCTS SEIZED BY MSRP



FY 2015 Products	Estimated MSRP	Percent of Total*
Watches/Jewelry	\$580,791,647	43%
Handbags/Wallets	\$208,378,624	15%
Wearing Apparel/Accessories	\$157,196,110	12%
Consumer Electronics	\$132,478,776	10%
Pharmaceuticals/Personal Care	\$75,061,822	6%
Footwear	\$64,967,315	5%
Computers/Accessories	\$38,393,149	3%
Labels/Tags	\$33,335,825	2%
Optical Media	\$32,504,467	2%
Toys	\$9,757,358	Less than 1%
All Other Products	\$19,630,248	1%
Total FY 2015 Est. MSRP	\$ 1,352,495,341	
Number of Seizures	28,865	

FY 2014 Products	Estimated MSRP	Percent of Total*
Watches/Jewelry	\$375,397,333	31%
Handbags/Wallets	\$342,031,595	28%
Consumer Electronics/Parts	\$162,209,441	13%
Wearing Apparel/Accessories	\$113,686,295	9%
Pharmaceuticals/Personal Care	\$72,939,399	6%
Footwear	\$49,522,859	4%
Computers/Accessories	\$26,652,422	2%
Optical Media	\$18,780,989	2%
Labels/Tags	\$17,675,452	1%
Toys	\$8,178,351	Less than 1%
All Other Products	\$39,273,404	3%
Total FY 2014 Est. MSRP	\$1,226,347,540	
Number of Seizures	23,140	

NUMBER OF SEIZURES BY PRODUCT

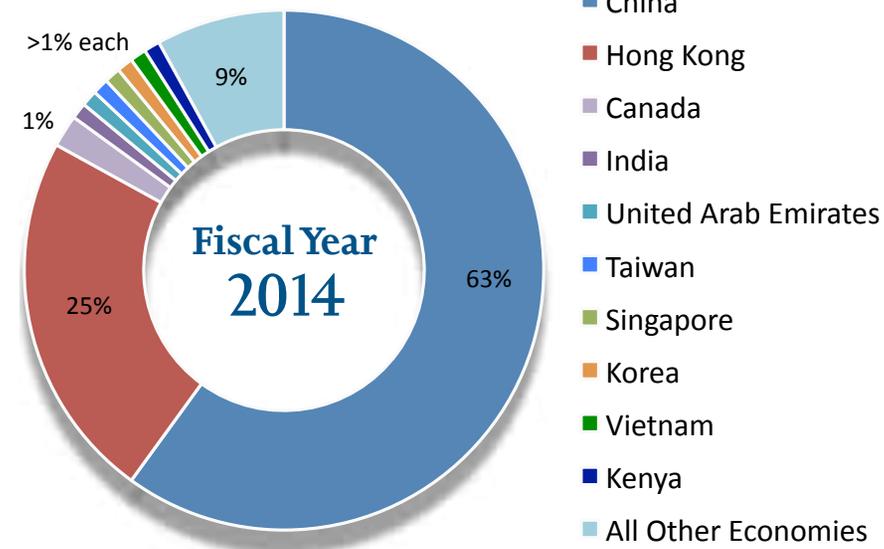
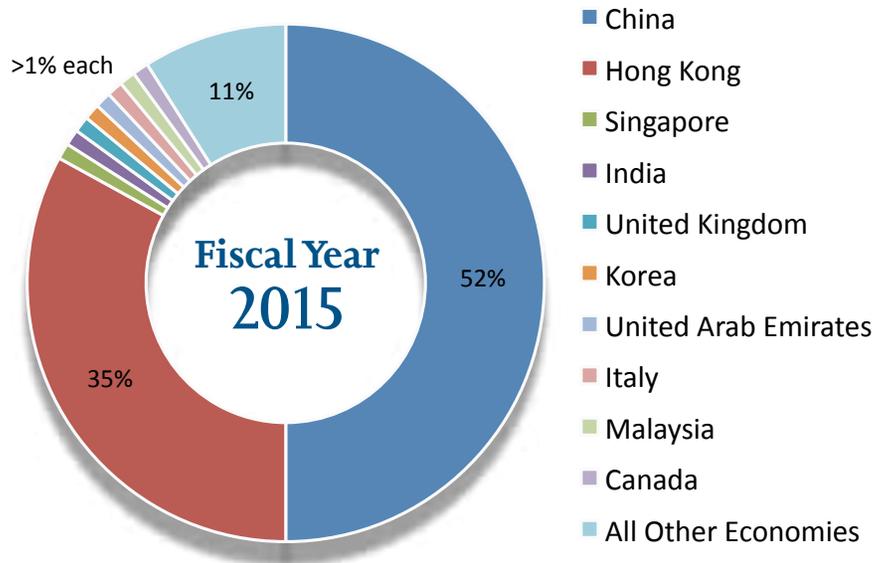


FY 2015 Products	Number of Seizures	Percent of Total*
Wearing Apparel/Accessories	6,232	22%
Consumer Electronics	5,326	18%
Footwear	2,818	10%
Watches/Jewelry	2,754	10%
Pharmaceuticals/Personal Care	2,301	8%
Handbags/Wallets	2,149	7%
Optical Media	1,442	5%
Computers/Accessories	846	3%
Labels/Tags	550	2%
Toys	391	1%
All Other Products	4,056	14%
Number of Seizures	28,865	

FY 2014 Products	Number of Seizures	Percent of Total*
Wearing Apparel/Accessories	5,948	26%
Consumer Electronics/Parts	5,432	23%
Pharmaceuticals/Personal Care	1,841	8%
Watches/Jewelry	1,330	6%
Optical Media	1,322	6%
Footwear	1,276	5%
Handbags/Wallets	1,260	5%
Computers/Accessories	671	3%
Labels/Tags	451	2%
Toys	230	1%
All Other Products	3,379	15%
Number of Seizures	23,140	

*In an effort to streamline DHS reporting, shipments with multiple products are now categorized as All Other Products. Prior to FY 2015, seizures with more than one type of product were included in more than one category. The FY 2014 totals have been adjusted to reflect this change.

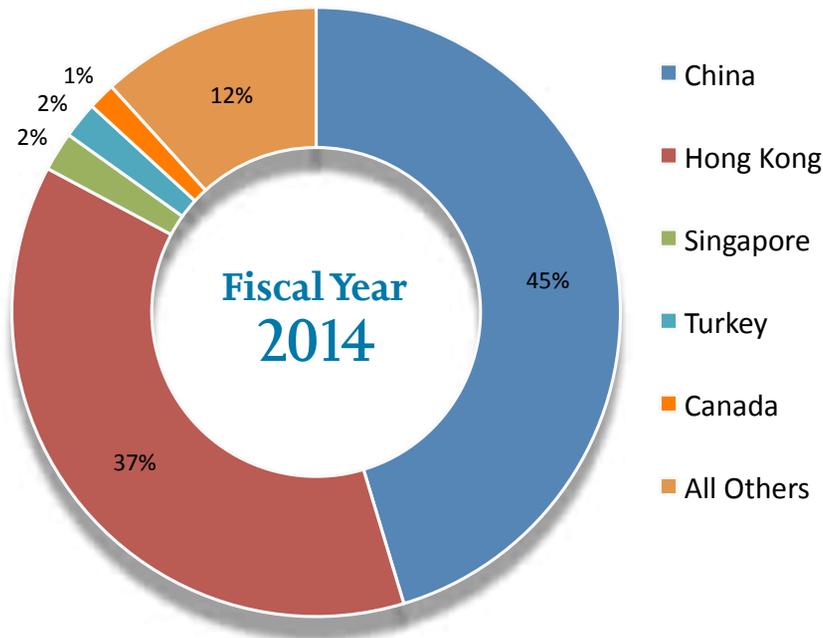
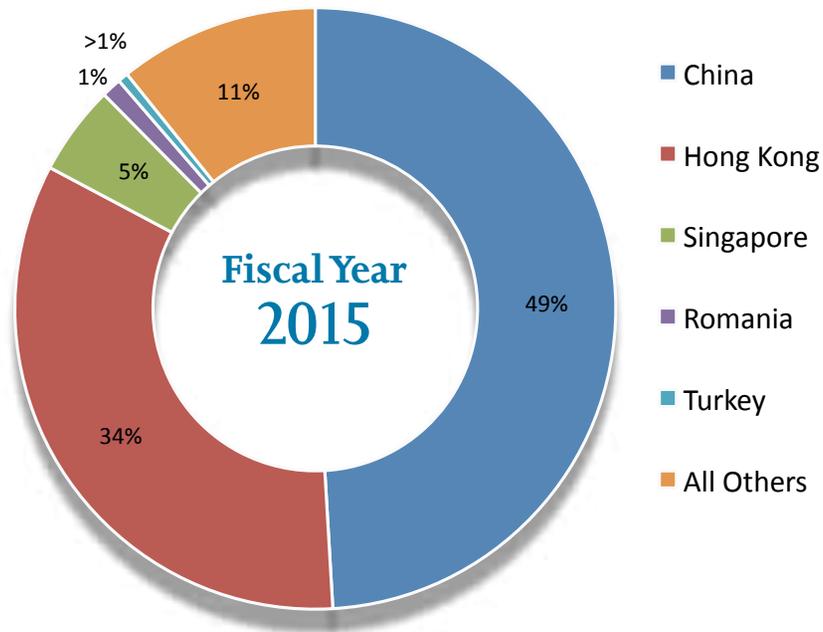
TOTAL MSRP FOR PRODUCTS SEIZED BY SOURCE ECONOMY



FY 2015 Trading Partner	Estimated MSRP	Percent of Total
China	\$697,083,700	52%
Hong Kong	\$472,331,251	35%
Singapore	\$10,267,324	Less than 1%
India	\$6,409,028	Less than 1%
United Kingdom	\$4,358,128	Less than 1%
Korea	\$3,788,572	Less than 1%
United Arab Emirates	\$3,432,950	Less than 1%
Italy	\$2,849,267	Less than 1%
Malaysia	\$2,345,427	Less than 1%
Canada	\$1,973,812	Less than 1%
All Others	\$147,655,882	11%
Total FY 2015 Est. MSRP	\$1,352,495,341	
Number of Seizures	28,865	

FY 2014 Trading Partner	Estimated MSRP	Percent of Total
China	\$772,629,008	63%
Hong Kong	\$310,437,365	25%
Canada	\$12,460,242	1%
India	\$5,540,652	Less than 1%
United Arab Emirates	\$3,791,268	Less than 1%
Taiwan	\$3,081,838	Less than 1%
Singapore	\$2,538,079	Less than 1%
Korea	\$2,514,596	Less than 1%
Vietnam	\$2,422,050	Less than 1%
Kenya	\$2,292,982	Less than 1%
All Others	\$78,948,105	9%
Total FY 2014 Est. MSRP	\$1,226,347,540	
Number of Seizures	23,140	

SEIZURES BY SOURCE ECONOMY



FY 2015 Trading Partner	Number of Seizures	Percent of Total
China	14,164	49%
Hong Kong	9,724	34%
Singapore	1,395	5%
Romania	310	1%
Turkey	160	1%
All Others	3,112	11%

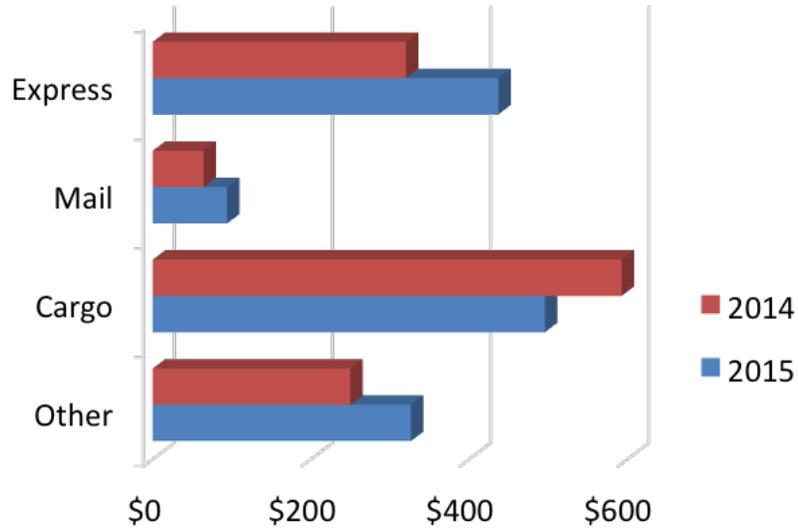
Number of Seizures 28,865

FY 2014 Trading Partner	Number of Seizures	Percent of Total
China	10,493	45%
Hong Kong	8,667	37%
Singapore	481	2%
Turkey	447	2%
Canada	335	1%
All Others	2,717	12%

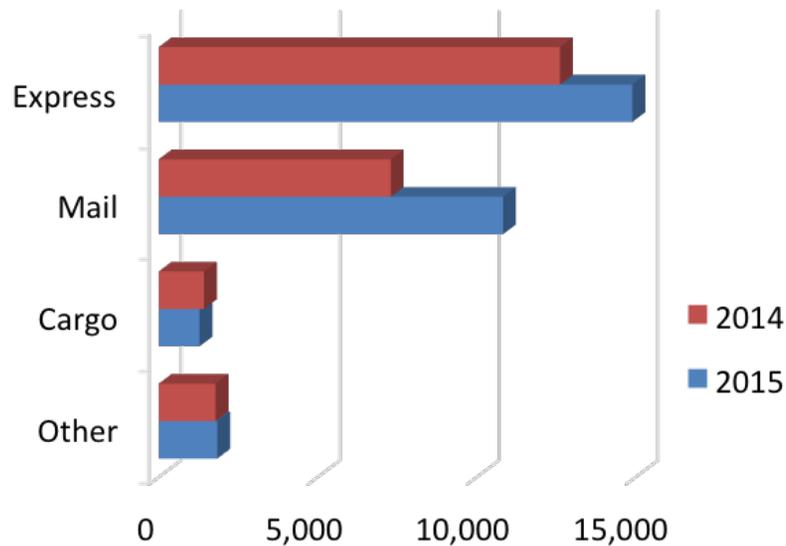
Number of Seizures 23,140

SEIZURES BY SHIPPING ENVIRONMENT

MSRP of IPR Seizures (in millions)



Number of IPR Seizures



Estimated Manufacturer's Suggested Retail Price (in millions)

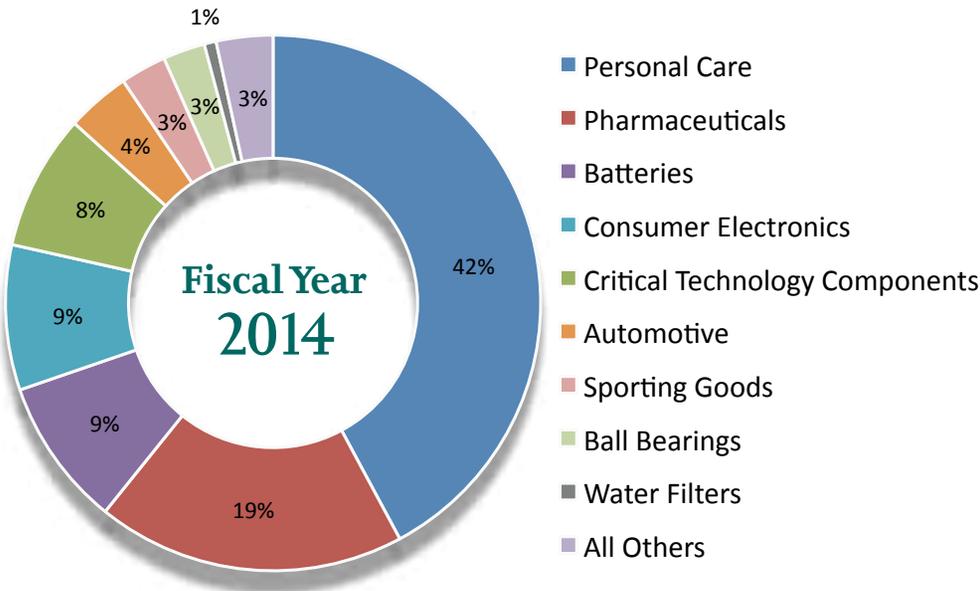
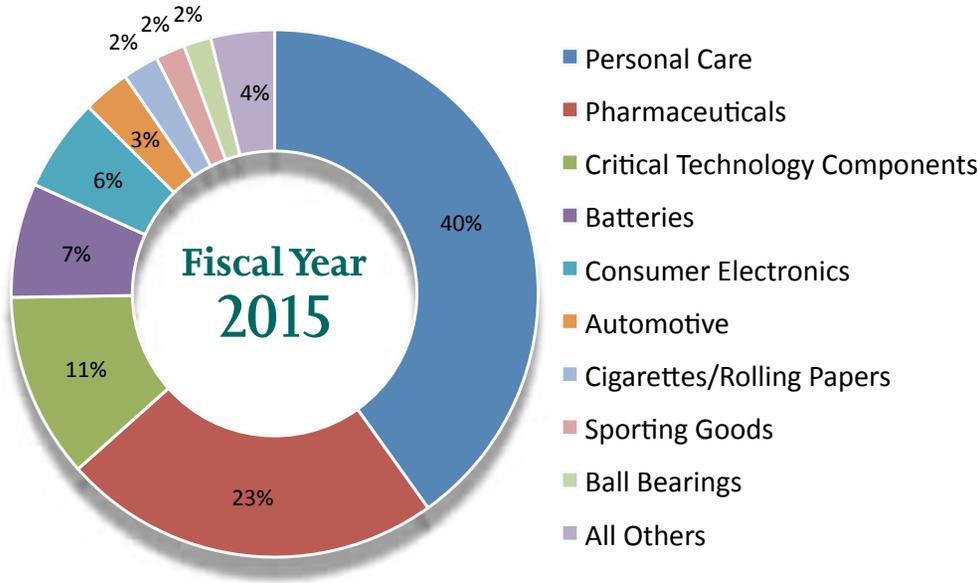
Mode	FY 2014	FY 2014 Percent of Total	FY 2015	FY 2015 Percent of Total	Difference	FY 2014 to FY 2015 Percentage Change
Express	\$319.9	26%	\$436.6	32%	\$116.7	36%
Mail	\$64.1	5%	\$94.0	7%	\$29.9	47%
Cargo	\$592.6	49%	\$495.6	37%	\$(97.0)	-16%
Other	\$249.7	20%	\$326.3	24%	\$76.6	31%
Total	\$1,226.3		\$1,352.5		\$126.2	10%

Number of Seizures

Mode	FY 2014	FY 2014 Percent of Total	FY 2015	FY 2015 Percent of Total	Difference	FY 2014 to FY 2015 Percentage Change
Express	12,623	55%	14,897	52%	2,274	18%
Mail	7,300	32%	10,834	38%	3,534	48%
Cargo	1,423	6%	1,287	4%	(136)	-10%
Other	1,794	8%	1,847	6%	53	3%
Total	23,140		28,865		5,725	25%

*Seizures included in the "Other" category involve exports, passenger baggage, or other enforcement actions.

HEALTH, SAFETY AND SECURITY



FY 2015 Products	Number of Seizures	Percent of Total
Personal Care	1,836	40%
Pharmaceuticals	1,066	23%
Critical Technology Components	520	11%
Batteries	321	7%
Consumer Electronics	262	6%
Automotive	132	3%
Cigarettes/Rolling Papers	101	2%
Sporting Goods	83	2%
Ball Bearings	77	2%
All Others	179	4%

Number of Seizures **4,577**

FY 2014 Products	Number of Seizures	Percent of Total
Personal Care	1,578	42%
Pharmaceuticals	698	19%
Batteries	335	9%
Consumer Electronics	328	9%
Critical Technology Components	307	8%
Automotive	144	4%
Sporting Goods	104	3%
Ball Bearings	95	3%
Water Filters	27	<1%
All Others	128	3%

Number of Seizures **3,744**

EXCLUSION ORDERS

CBP enforces exclusion orders issued by the United States International Trade Commission (USITC).

Most USITC exclusion orders are patent-based.

The USITC issues both limited and general exclusion orders. Limited exclusion orders apply only to infringing articles of named respondents. General exclusion orders bar the entry of infringing articles by all.

Exclusion orders prohibit the entry of all covered articles, even if they were not specifically accused and found to infringe at the USITC.

Once excluded, subsequent importations of the same articles by the same importer are subject to seizure.

Fiscal Year 2015

Shipments Seized	Shipments Excluded	Seizure Est. MSRP	Rulings* issued	Advice to ports
26	126	\$8,741,932	16	46

Fiscal Year 2014

Shipments Seized	Shipments Excluded	Seizure Est. MSRP	Rulings* issued	Advice to ports
2	51	\$33,725	9	10

*The term "rulings" covers rulings and other interpretive decisions.

IPR POINTS OF CONTACT

Contact the IPR Help Desk to Report Violations and Obtain Assistance

CBP's IPR Help Desk is staffed Monday through Friday to answer questions on IPR enforcement. Contact the IPR Help Desk at (562) 980-3119 ext. 252, or via email at iprhelpdesk@cbp.dhs.gov.

Consult a CBP IPR Attorney

For those who have legal questions about CBP's IPR enforcement and would like to interface with a CBP IPR attorney, the IPR Branch is available to help. To request information on CBP's recordation program, please contact the IPR Branch at iprquestions@cbp.dhs.gov. For general inquiries on IPR enforcement, please contact hqiprbranch@cbp.dhs.gov.

Obtain Guidance on CBP IPR Policy and Programs

The IPR Policy and Programs Division coordinates with rights holders, members of the trade community, CBP staff, other Federal agencies, and foreign governments in developing and implementing the agency's IPR strategy, policy and programs. To contact the IPR Policy and Programs Division, email iprpolicyprograms@cbp.dhs.gov.

National Intellectual Property Rights Coordination Center

To report violations of intellectual property rights, including counterfeiting and piracy, to the National IPR Coordination Center visit <https://www.iprcenter.gov/referral/> or telephone 1-866-IPR-2060.



**Homeland
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*www.cbp.gov/ipr
www.iprcenter.gov
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