

# Commercial Customs Operations Advisory Committee (COAC)

## Government Issue Paper: Intellectual Property Rights (IPR)

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U.S. Customs and  
Border Protection



**INTELLECTUAL PROPERTY RIGHTS (IPR)**  
**Advisory Committee on Commercial Operations**

**OVERVIEW:**

- The Commercial Customs Operations Advisory Committee (COAC), through the Trade Enforcement and Revenue Collection Subcommittee (TERC) Intellectual Property Rights Working Group (IPRWG), provides advice and recommendations on improving intellectual property rights (IPR) enforcement.
- At the November 17, 2016, quarterly meeting, the COAC made several recommendations to collaboratively address current challenges in IPR enforcement. CBP continues to work within the IPRWG to explore and work through the following four recommendations:
  - (1) The IPRWG should continue to consider other approaches to developing a known IPR supply chain program that includes working with the National IPR Center to extend Trade Association participants to promote the “Report IP Theft” campaign and encourage real-time reporting of IPR violations through a newly established 800 Hotline.
  - (2) CBP should investigate partnering with e-commerce stakeholders to develop an automated process for their online customers to complete a survey if they feel the shipment of product they received is not legitimate along with the opportunity to submit an allegation through the Report IP Theft Button. COAC also recommends that CBP establish an e-commerce working group to further explore this and other pressing e-commerce issues.
  - (3) CBP should consult with the IPRWG to determine how to better facilitate cargo that arrives as “blanks” without a logo or trademark to distinguish the brand at the time of arrival to reduce resources CBP is expending on unnecessary seizures. The IPRWG should consider how this could be automated to manage known parties or entities to the transaction within the ACE Portal.
  - (4) CBP should take advantage of certain IPR best practices established by the Centers of Excellence and Expertise (Centers) to conduct webinars internally to allow Centers to gain knowledge and inform the trade of these successes, and inform industries of CBP’s efforts through these webinars and even Cargo Systems Messaging Service (CSMS) messages.
- CBP released the FY 2016 IPR Seizure Statistics on January 13, 2017:
  - FY 2016 was a record year with regard to the total number and value of seizures.
  - The total number of IPR seizures involving products that pose a health or safety risk to the consumer rose substantially in FY 2016. There were 4,897 such seizures, which is a 7 percent increase over FY 2015.
  - In FY 2016, the total number of IPR seizures was 31,560, which is a 9 percent increase over the 28,865 IPR seizures that were made in FY 2015. The 31,560 FY 16 IPR seizures signified a record since IPR became a priority trade issue for CBP.
  - The total estimated Manufacturer’s Suggested Retail Price (MSRP) value of the IPR infringing products seized in FY 2016 was \$1,382,903,001, which is 2 percent higher than the \$1,352,495,341 MSRP value estimated to be the total value of IPR infringing products seized in FY 2015.
  - The express and mail environments were the top areas for IPR seizures, making up 91 percent of all such seizures. This is a 1 percent increase over the previous FY and continues the trend of the past several years of these two environments making up the vast majority of all IPR seizures.
  - The top two source economies were again China and Hong Kong, accounting for 45 and 43 percent of the total number of IPR seizures, respectively.

- Singapore was the third highest source economy, accounting for 2 percent of the total number of IPR seizures.
- Tactical interagency collaboration with the National Intellectual Property Rights Coordination Center resulted in 451 arrests, with 304 indictments, and 272 convictions.
- Wearing Apparel remains the top commodity seized, making up 20 percent of FY 2016 IPR seizures. It is followed by Consumer Electronics at 16 percent, Footwear at 12 percent, Watches/Jewelry at 11 percent, and Handbags and Wallets at 10 percent.
- There was a significant increase in the value of seized goods in the Transportation/Parts category in FY 2016 that, in part, can be attributed to 474 seizures of counterfeit hoverboards. The category makes up 4 percent of the total value of seized goods in FY 2016 compared to less than 1 percent in FY 2015. CBP seized 108,122 entire hoverboards and 32,624 trademark-infringing batteries that were removed from hoverboards in FY 2016. The seizure goods would have had an estimated combined MSRP of \$46.4 million if genuine.