

# Trade Enforcement Bulletin



U.S. Customs and  
Border Protection

CBPTRADE



Quarter 2, FY 2018

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## Intellectual Property Rights

### CBP Participates in Semiconductor Industry Education Meetings

During September 2017, CBP personnel from the Electronics Center of Excellence and Expertise (Center) visited three U.S. semiconductor companies for bi-directional education meetings and factory tours. The center works closely with the U.S. semiconductor industry to protect intellectual property rights (IPR).

During each visit, CBP received a presentation of the company's structure, products, supply chain, and brand protection programs. CBP center representatives also provided presentations on the center's operations and IPR enforcement strategy. One of the companies provided CBP an in-depth factory tour covering the manufacturing of Intel semiconductor components and their highly complex brand security program. The two other companies provided CBP with tours of each company's laboratories, where they conduct complex product evaluations.

These collaborative meetings provided CBP and industry participants an opportunity to share information on industry-specific enforcement operations and recent industry patterns and trends. CBP continues to work closely with its partners in the semiconductor industry and has committed to planning future meetings to increase staff understanding of the semiconductor production and the compliance evaluation processes.

CBP and U.S. Immigration and Customs Enforcement (ICE) seized 123 shipments of semiconductor devices affixed with counterfeit trademarks in fiscal year 2017.

### Record IPR Seizures in Fiscal Year 2017 for CBP, ICE

CBP and ICE seized 34,143 shipments of goods – a record number – for IPR violations in fiscal 2017. IPR seizures increased 8 percent over fiscal 2016 and the total estimated manufacturers' suggested retail price (MSRP) would have been \$1.2 billion had the products been genuine.

"The theft of intellectual property and trade in counterfeit and pirated goods causes harm to an innovation-based economy by threatening the competitiveness of businesses and the livelihoods of workers," said CBP Commissioner Kevin McAleenan. "Another record-breaking year of IPR seizures highlights the vigilance of CBP and ICE personnel in preventing counterfeit goods from entering our stream of commerce and their dedication to protecting the American people."

The merchandise with the highest number of IPR seizures continued to be wearing apparel and accessories, representing approximately 15 percent of all IPR seizures in fiscal 2017. The top two economies for IPR infringing seized goods in fiscal 2017 were the People's Republic of China and Hong Kong.

CBP and ICE remain vigilant in targeting shipments containing IPR-infringing goods, levying civil fines and criminally investigating those who seek to violate our trade laws, harm the American people, and damage the U.S. economy. The full fiscal 2017 IPR seizure statistics are posted on CBP.gov at

<https://www.cbp.gov/document/report/fy-2017-ipr-seizure-statistics>.

## Intellectual Property Rights, Cont.



### CBP Seizes \$31 Million in Counterfeit Perfume

CBP officers and import specialists assigned to the Los Angeles/Long Beach seaport complex [seized](#) 475,056 bottles of imported perfume bearing counterfeit trademarks in the months leading up to Valentine's Day. If genuine, the seized perfumes had an estimated MSRP of more than \$31 million.

Since the beginning of fiscal 2018, Oct. 1, 2017, to Jan. 31, 2018, CBP officials have intercepted 11 shipments containing counterfeit and confusingly similar fragrances in violation of the registered trademarks belonging to 34 top name brands, including Giorgio Armani, Burberry, Calvin Klein, Chanel, Coach, Dior, Dolce & Gabbana, Gucci, Guess, Hugo Boss, Lacoste, Michael Kors, Ralph Lauren, Versace, Victoria Secret, and Perry Ellis among others.

Counterfeiters mislead consumers by creating products that are confusingly similar to the real commodity. Upon first glance you see the name brand packaging, both box and perfume bottle have colors resembling those of the genuine products. Oftentimes the perfumes state they are manufactured in France to emphasize a more luxurious product, but upon closer look, they are actually made in China.

"These interceptions attest to CBP officers' and import specialists' extraordinary vigilance and keen expertise in detecting, intercepting and seizing dangerous imports," said Carlos C. Martel, CBP Director of Field Operations in Los Angeles. "The theft of intellectual property and trade in fake goods threaten America's economic vitality and national security, and the American people's health and safety."

Fragrance is absorbed by the body; therefore, consumers should be aware that wearing counterfeit perfume could expose them to potentially hazardous chemicals. Counterfeit fragrances are commonly bought online and in flea-markets.

Nationwide, pharmaceuticals and personal care products comprised six percent of the counterfeit seizures made by CBP in fiscal 2017, with an estimated manufacturer's suggested retail price of nearly \$70 million.



### CBP Seizes \$1 Million in Counterfeit Stainless Steel Sinks

On January 17, CBP officers [seized](#) 2,990 stainless steel sinks for displaying a counterfeit UPC shield design. If authentic, the stainless steel sinks would have had a manufacturer suggested retail price (MSRP) of about \$1.1 million. The shipment of sinks arrived from Malaysia and was destined to an address in Maryland. CBP examined the shipment for antidumping and countervailing duties (AD/CVD) enforcement. During that examination, CBP officers discovered the UPC shield logo.

CBP officers and import specialists verified the authenticity of the UPC shield logo with the International Association of Plumbing and Mechanical Officials, the registered trademark holder, who

determined the use of the logo to be unauthorized.

CBP seized the entire shipment of sinks as counterfeit for using registered markings without trademark holder's authorization (19 CFR 133.21).

"CBP will continue to work closely with our trade and consumer safety partners to seize counterfeit and inferior merchandise, especially those products that pose potential harm to American consumers, negatively impact legitimate business brand reputations, and potentially steal jobs from U.S. workers," said Dianna Bowman, CBP's area port director for the Area Port of Baltimore.

CBP protects businesses and consumers every day through an aggressive IPR enforcement program, and has made IPR enforcement a CBP [priority trade issue](#).

# Import Safety

## CBP Seizes Children's Activity Cubes for Potential Choking Hazard



CBP teamed with the Consumer Products Safety Commission in Baltimore recently to seize nearly 2,000 packages of children's mini activity cubes because individual parts of the activity cubes posed potential choking hazards to children.

The toys, valued at more than \$5,600, were shipped from Hong Kong and destined for an address in Harrisburg, Pennsylvania. Baltimore CBP officers examined the shipment and submitted samples. The commission then tested the activity cubes and determined that the toys violated the small parts requirement of the Federal Hazardous Substances Act [15 USC §1263].

"CBP will continue to work closely with our trade and consumer safety partners to seize imported merchandise that pose potential harm to American consumers, and especially for toys that pose a potential choking hazard to young children," said Dianna Bowman, CBP's area port director for the Area Port of Baltimore. "We hope that this seizure raises consumer awareness about the very real danger of unsafe products and urge consumers to remain vigilant when buying toys for young children."

According to the commission, there were an estimated 240,000 toy-related injuries treated in U.S. hospital emergency departments during 2016, and an estimated 85,200 (35 percent) of those cases happened to children younger than 5 years of age.

Import safety is a CBP priority trade issue to ensure that unsafe products do not enter the commerce of the United States. CBP works collaboratively and collectively with partner government agencies, other foreign governments and the trade to better define and assess risk through increased automation and the sharing of information to encourage greater use of partnership and best practices to protect the U.S. consumer.

The Import Safety Commercial Targeting and Analysis Center is a CBP facility designed to streamline and enhance the resources of CBP and other government agencies to protect the American public from unsafe imported products.



# Free Trade Agreements

## Operation 38 Special

The CBP Pharmaceutical, Health and Chemicals Center of Excellence and Expertise (Center) recently concluded a free trade agreement enforcement special operation "38 Special," which targeted Chapter 38 entries where the use of a special preference indicator was applied.

General Note 13 (K) and General Note 14 (L) of the Harmonized Tariff Schedule of the United States are very specific in determining which pharmaceutical products and chemical dye intermediates qualify for duty free status. CBP import specialists targeted and reviewed 32 entry summaries during the first quarter of FY 2018 and found 31 entries to be discrepant in their use of an indicator. This special trade operation resulted in the recovery of \$137,227.36 in revenue. The Center continues to monitor, address and educate importers to ensure future compliance with all Free Trade Agreements.

Over the last decade, the number of free trade agreements and preferential trade legislation programs has increased significantly. In response, CBP has designated trade agreements as a priority trade issue.

CBP works with internal and external stakeholders to facilitate legitimate trade and address areas of non-compliance while effectively communicating the terms of our free trade agreements and preferential trade legislation.



## Agriculture

### CBP Agriculture Specialists Intercept Two Tons of Prohibited Fruit

Since Jan. 1, CBP agriculture specialists in Cincinnati have [intercepted](#) more than 4,850 pounds of prohibited mangoes, strawberry guava, and grugru fruit from Mexico.

The fresh fruit came in 97 separate packages from a single shipper in Morelos and were destined to multiple locations throughout the United States. The shipments were manifested as crafts, decorations, dried fruits, and flours.

"Our agriculture specialists work to protect our U.S. crops and food supply each and every day," said CBP Cincinnati Supervisory Agriculture Specialist

Barbara Hassan. "This is one example of how their dedication makes a difference to security of the American agriculture trade."

Fresh produce is regulated to prevent the accidental introduction of foreign diseases and pests such as the mango seed weevil, guava weevils, and fruit flies. Fruit flies target more than 400 host plants, and their presence in the U.S. would cause major economic losses, increase costs associated with implementing control measures, and damage extensively many American agricultural crops.



## Antidumping/Countervailing Duties (AD/CVD)

### Company Agrees to Pay \$10.5 Million to Settle False Claims Act for Allegedly Evading Antidumping Duties

The Department of Justice [announced](#) that Virginia-based home furnishings company, Bassett Mirror Company, has agreed to pay \$10.5 million to resolve allegations that it violated the False Claims Act by knowingly making false statements on customs declarations to avoid paying antidumping duties on wooden bedroom furniture imported from China.

Antidumping duties protect against foreign companies "dumping" products on the U.S. market at prices below cost. The Department of Commerce assesses, and CBP collects, these duties to protect U.S. businesses and level the playing field for domestic products. Imports of Chinese wooden bedroom furniture have been subject to antidumping duties since 2004. The United States alleged that between January 2009 and February 2014, Bassett Mirror evaded antidumping duties owed on wooden bedroom furniture that the company imported from China by knowingly misclassifying the furniture as non-bedroom furniture on its official import documents. At the time of the alleged conduct in this case, wooden bedroom furniture from China was subject to a 216 percent antidumping duty; non-bedroom furniture was not subject to an antidumping duty.

"CBP is appreciative of information received from the public regarding fraudulent trade activity. This type of blatant disregard for trade laws and regulations severely impacts the US economy by giving these bad actors an unfair advantage over legitimate importers," said Donald F. Yando, director of field operations for the CBP Atlanta Field Office. "CBP is committed to working with our partners both inside and outside the government to help bolster the US economy by putting an end to this type of illegal activity."

The claims resolved by this settlement are allegations only, and there has been no determination of liability.

AD/CVD is a CBP [priority trade issue](#). When the Department of Commerce finds that imported merchandise was sold in the United States at an unfairly low or subsidized price, to level the playing field for U.S. companies injured by these unfair trade practices, CBP is responsible for collecting AD/CVD in a timely manner. CBP works to detect and deter circumvention of the AD/CVD law and to liquidate final duties timely and accurately, while at the same time facilitating legitimate trade.