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TRADEMARK AND TRADENAME PROTECTION

1. PURPOSE. To provide relevant information and guidelines on Customs policies and procedures with respect to trademark and trade name protection.

2. POLICY

2.1 In order to fulfill its statutory, regulatory, and treaty-based obligations of preventing the importation of merchandise which violates certain trademark and trade name rights which have been registered with the U.S. Patent and Trademark Office, U.S. Customs is vested with the authority to: (1) exclude from entry, (2) detain, and/or (3) seize, violative trademarked goods. In order to most effectively provide protection against such violative imports, Customs has established an intellectual property rights (IPR) enforcement regime which offers rights holders a two-tiered enforcement option, while providing Customs officers with up-to-date, detailed information about the rights being protected.

2.2 The first tier of this two-tiered approach is Customs protection afforded pursuant to the "recordation process." Under this system, trademark holders, once having duly registered their trademark rights with the U.S. Patent & Trademark Office, and tradename holders, may request that Customs collect and retain information relative to those rights for a specified time, during which Customs shall, either of its own initiative, or with the assistance of the trademark holder, actively monitor imports in order to prevent the importation of violative articles.

2.3 The second tier is Customs "application process." Under this system, trademark holders, once having duly registered their trademark rights with the U.S. Patent & Trademark Office and recorded same with U.S. Customs, and tradename holders, may provide Customs with information relative to the importation of violative imports so that Customs can prevent such importation.

3. AUTHORITIES/REFERENCES. Relevant statutory and regulatory citations associated with Customs enforcement of trademarks and trade names are listed below. The narratives listed below are synopses of the statutory/regulatory mandates; care should be used to cite actual language of statutory/regulatory provisions in the course of enforcement actions. Officers should undertake to review the descriptions of laws and regulations contained within this Directive in order to gain a comprehensive understanding of their intent and purpose.

3.1 UNITED STATES CODE

3.1.1 Title 19 U.S.C. §§ 1526(a) and (b) - Prohibits the importation, with certain exceptions noted in section 133.23(d) of the Customs Regulations, of foreign-made merchandise, if the merchandise, or its packaging or labeling, bears a registered trademark or trade name owned by a U.S. citizen or corporation, which is recorded with U.S. Customs. Any such merchandise imported into the United States in violation of the provisions of this section shall be subject to detention pursuant to 19 CFR § 133.25. Failure to meet conditions set forth in 19 CFR § 133.23(d) shall lead to seizure and forfeiture pursuant to 19 CFR § 133.23(f).

3.1.2 Title 19 U.S.C. § 1526(e) - Subjects to seizure and forfeiture any merchandise bearing a counterfeit mark. (Title 15 U.S.C. Section 1127 defines “counterfeit” as a spurious mark, which is identical with, or substantially indistinguishable from, a registered mark).

3.1.3 Title 19 U.S.C. § 1526(f) - Provides for imposition of civil fines in cases when goods are seized and forfeited under §1526(e).

3.1.4 Title 15 U.S.C. § 1124 - Provides that no [article] of imported merchandise which shall copy or simulate a trade name or a trademark registered in accordance with provisions of this chapter, shall be admitted to entry at any customhouse (this covers both domestic and foreign-made articles).

3.1.5 Title 15 U.S.C. § 1125 - Proscribes importations or entry at any customhouse of the United States, goods or containers which use words, terms, or descriptions which are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation or sponsorship.

3.1.6 Title 19 U.S.C. § 1595a(a) - Provides for seizures and forfeiture of conveyances if used in, to aid in, or to facilitate, the importation of any article contrary to law.

3.1.7 Title 19 U.S.C. § 1595a(b) - Provides Customs with the authority to issue civil penalties equal to the value of the merchandise attempted to be introduced contrary to law.

3.1.8 Title 19 U.S.C. § 1595a(c)(2)(C) - Provides seizure and forfeiture authority for articles introduced or attempted to be introduced which violate trademarks, trade names, or copyrights.

3.1.9 Title 18 U.S.C. § 2320 - Prohibits the intentional trafficking or attempts at trafficking in goods bearing counterfeit trademarks and provides criminal sanctions.

3.2 CODE OF FEDERAL REGULATIONS

3.2.1 Customs Regulations 19 CFR §§ 133.1 – 133.7 - Recordation of trademarks with Customs.

3.2.2 Customs Regulations 19 CFR §§ 133.11 –133.15 - Recordation of trade names with Customs.

3.2.3 Customs Regulations 19 CFR § 133.21 - Seizure of articles bearing counterfeit trademarks and related disclosure information.

3.2.4 Customs Regulations 19 CFR § 133.22 - Detention of articles bearing “confusingly similar” marks subject to restrictions and related disclosure information.

3.2.5 Customs Regulations 19 CFR § 133.23 - Restrictions on importations of gray market articles.

3.2.6 Customs Regulations 19 CFR § 133.24 - Restrictions on articles accompanying importers and mail importations.

3.2.7 Customs Regulations 19 CFR § 133.25 - Procedures on detention of articles subject to restriction.

3.2.8 Customs Regulations 19 CFR § 133.26 - Demand for Redelivery of released merchandise.

3.2.9 Customs Regulations 19 CFR § 133.27 - Civil fines for those involved in the importation of counterfeit trademark goods.

4. ENFORCEMENT

4.1 In General. Agency policy dictates that U.S. Customs focus its enforcement efforts on trademarks and trade names that are "recorded" with Customs. Unrecorded trademarks which have been registered with the U.S. Patent and Trademark Office on the Principal Register, while not a priority, may be enforced, if and when possible, and in such a manner as the sound administration of the Customs laws shall not be compromised. Customs policy mandates that the majority of resources and emphasis should be placed upon the enforcement of recorded trademarks.

4.1.2 Prior to the initiation of any IPR action, the IPR Module should be consulted to ascertain whether the trademark in question is in fact recorded with Customs, and if so, the extent of protection the trademark is entitled to. The “IPR Module” is a function located within the Automated Commercial System (ACS), which contains individual records and information relative to all IPRs recorded with Customs.

4.1.3 When undertaking a trademark enforcement action, officers should accurately note the trademark recordation number(s) involved and accurately record same in records of the case. Similarly, officers seeking IPR Branch assistance in arriving at infringement determinations are expected to have consulted the IPR Module prior to seeking assistance and should be prepared to accurately cite specific information from the relevant IPR recordation.

4.2 Processing an IPR Case: When to Take Action

4.2.1 Customs policy mandates that suspect trademark-violative goods can only be

detained upon a "reasonable suspicion" that said goods bear marks which violate a federally registered trademark.

4.2.2 If a Customs officer can articulate a basis for having such "reasonable suspicion" at the time of presentation to Customs, he may formally detain the goods at that time. Where a Customs officer is unsure whether to formally detain the goods at the time of presentation to Customs, he may detain the goods for a 5-day period pursuant to 19 U.S.C. § 1499 to determine whether such "reasonable suspicion" exists.

4.2.3 If Customs determines that such "reasonable suspicion" exists, Customs shall issue a formal letter of detention to the importer before the expiration of the 5-day period. A sample "Notification of Detention" letter, to be sent to the importer, is attached to this Directive at Appendix 1.

4.2.4 In accordance with 19 U.S.C. § 1499, the goods must be disposed of in accordance with relevant statute and regulation. The nature of the violation, if any, will determine the manner of disposition.

4.3 Characterizing the Violation and Taking Action Against the Goods.

As a general matter, Customs presently recognizes two standards of trademark infringement in its enforcement of U.S. trademark law: "Counterfeit" and "Confusingly Similar." Gray market violations are treated separately.

4.3.1 "Counterfeit"—Legal Definition: A spurious (false, non-genuine) trademark which is identical to, or substantially indistinguishable from, a federally registered U.S. trademark (15 U.S.C. § 1127).

4.3.2 "Confusingly Similar" --Legal Definition: A mark which is similar to the genuine trademark such that it is likely to cause confusion as to source or sponsorship (15 U.S.C. §§ 1114, 1127).

4.3.3 Upon presentation, or at the time of detention or seizure of suspect violative goods, it is incumbent upon the acting officer to **characterize** the nature of the alleged violation. Violative goods should be ascribed to one of the following four characterizations:

4.3.3.1 Counterfeit trademark violation; protected trademark recorded with Customs;

4.3.3.2 Counterfeit trademark violation; protected trademark not recorded with Customs;

4.3.3.3 Confusingly similar trademark violation; protected trademark recorded with Customs;

4.3.3.4 Confusingly similar trademark violation; protected trademark not recorded with Customs.

4.3.4 Counterfeit marks:

4.3.4.1 Articles bearing "counterfeit" marks of trademarks recorded with Customs shall be seized and forfeiture proceedings instituted under 19 U.S.C. § 1526(e), as implemented by 19 CFR § 133.21. Civil penalties shall routinely be imposed pursuant to 19 U.S.C. § 1526(f).

4.3.4.2 Counterfeit trademark violation; protected trademark not recorded with Customs. Where administratively feasible and appropriate, such goods may be seized pursuant to 19 U.S.C. § 1595a(c)(2)(C) for a violation of 18 U.S.C. § 2320, as implemented by 19 CFR § 133.21(a).

4.3.4.3 Cases involving suspected criminal counterfeiting should be referred to the Office of Investigations (OI). Information relative to forwarding cases to OI is detailed in the IPR handbook.

4.3.4.4 A sample "Notification of Seizure" letter to be sent to the trademark holder, is attached to this Directive at Appendix 2. A sample "Notification of Seizure" letter to be sent to the importer, is attached to this Directive at Appendix 3.

4.3.5 Civil Fines. In accordance with 19 CFR § 133.27, Customs, as authorized by 19 U.S.C. § 1526(f), may impose a civil fine relative to seizures effected in **counterfeit cases only** pursuant to 19 U.S.C. § 1526(e). For the first seizure of such merchandise, the fine shall be not more than the domestic value of the merchandise as if it had been genuine based upon the manufacturer's suggested retail price (MSRP) at time of seizure. For second and subsequent violations, the fine shall not be more than twice such value. A chart outlining the parameters for levying such fines is contained in the IPR handbook.

4.3.6 *Confusingly Similar Marks:*

4.3.6.1 Confusingly similar trademark; protected trademark recorded with Customs.

4.3.6.1.2 Under 19 CFR § 133.22, such goods shall be detained for 30 days during which time the importer shall be afforded the opportunity, before expiration of the 30-day period, to establish that any of the circumstances described in 19 CFR § 133.22(c) are applicable.

4.3.6.1.3 A sample "Notification of Detention" letter, to be sent to the importer, is attached to this Directive at Appendix 1. A sample "Notification of Detention" letter, to be sent to the trademark holder, is attached to this Directive at Appendix 4.

4.3.6.1.4 Failure to establish an exception under 19 CFR § 133.22(c) subjects the goods to seizure in accordance with 19 U.S.C. § 1595a(c)(2)(C) for a violation of 15 U.S.C. § 1124, as implemented by 19 CFR § 133.22(f). A sample "Notification of Seizure" letter, to be sent to the importer, is attached to this Directive at Appendix 5.

4.3.6.2 Confusingly similar trademark; protected trademark not recorded with Customs. Customs policy is to neither detain nor seize goods bearing such marks.

5. DISCLOSURE OF INFORMATION AND PROVIDING SAMPLES TO TRADEMARK HOLDERS. Customs Regulations 19 CFR §§ 133.21 and 133.22 provide for disclosure of certain information in cases where goods are detained and/or seized for violations of the trademark laws.

5.1 Disclosure of Counterfeit Cases. When counterfeit articles are seized in accordance with 19 CFR § 133.21, Customs officers SHALL disclose to the trademark holder in writing the following information within 30 business days of the date of the seizure as required in 19 CFR § 133.21(c). See Appendix 1 for sample letter.

Date of Importation:

Port of Entry:

Description of Merchandise:

Quantity:

Name and address of Manufacturer:

Name and address of Exporter:

Name and address of Importer: (Note: If importer of record is broker or nominal consignee, provide the ultimate consignee if known)

Country of Origin:

5.1.1 Any time after seizure of the merchandise for examination, Customs MAY provide a sample to the trademark holder for exam, testing, etc. If a request for sample is made, the trademark holder MUST provide Customs with a bond as required in 19 CFR § 133.21(d).

5.1.2 Amount of the bond is to be specified by the area/port director. The bond is normally set at 120 percent (120%) of the CIF value of the sample, plus duty and other applicable fees (but not lower than \$100). In cases where the value of the sample is less than \$100, a cash deposit may be accepted by Customs. Customs may demand return of the sample at any time. The holder must return the sample after exam, testing, etc. If the sample is damaged, lost or destroyed, in lieu of its return, the holder must certify to Customs that “the sample described as (full description) and provided pursuant to 19 CFR§133.21(d) was damaged, destroyed or lost during examination, testing or other use.” If the sample is not returned, Customs officers should proceed to forfeit the bond.

5.2 Disclosure: Confusingly Similar cases (copying or simulating Trademarks or trade names). When articles are subject to the restrictions under 19 CFR § 133.22, Customs officers MAY disclose to the trademark holder the following information prior to the time that a detention notice is issued under 19 CFR § 133.25. Once a notice of detention is issued, Customs SHALL disclose to the holder of the trademark or tradename the following information within 30 days, excluding weekends and holidays, of the date of the detention. See Appendix 4 for sample letter (internal only).

Date of Importation:

Port of Entry:

Description of Merchandise:

Quantity:
Country of Origin:

5.2.1 Any time after presentation of the merchandise for examination, Customs MAY provide a sample to the trademark holder for exam, testing, etc. If a request for sample is made, the trademark holder MUST provide Customs with a bond as required in 19 CFR § 133.25.

5.2.2 Amount of the bond is to be specified by the area/port director. The bond is normally set at 120 percent (120%) of the CIF value of the sample, plus duty and other applicable fees (but not lower than \$100). In cases where the value of the sample is less than \$100, a cash deposit may be accepted by Customs. Customs may demand return of the sample at any time. The holder must return the sample after exam, testing, etc. If the sample is damaged, lost or destroyed, in lieu of its return, the holder must certify to Customs that “the sample described as (full description) and provided pursuant to 19 CFR §133.25(c) was damaged, destroyed or lost during examination, testing, or other use.” If the sample is not returned, Customs officers should proceed to forfeit the bond.

5.2.3 Prior to release of the sample, Customs officers should remove or obliterate any information indicating the name and/or address of the manufacturer, exporter, and/or importer, including all bar codes or other identifying marks.

6. RESTRICTED “GRAY MARKET” ARTICLES/GOODS, (AKA “PARALLEL IMPORTS” OR “DIVERTED GOODS”)

6.1 In General. Restricted “Gray Market” articles (a.k.a. "Parallel Imports" or "Diverted Goods") are 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 within the United States which are imported without the authorization of the U.S. holder.

6.1.1 It is important to understand the difference between Gray Market goods and goods bearing Counterfeit marks. First, by definition, gray market goods will always be genuine. They bear a trademark which has been applied with the approval of the trademark holder, but the approval to use the mark is intended to apply to sale in a country other than the United States. Goods bearing counterfeit marks, on the other hand, are never genuine; the marks, which are usually identical versions of the genuine trademark, have been applied without the authority of the trademark holder.

6.1.2 Only trademarks which are recorded with U.S. Customs are entitled to gray market protection. The IPR Branch determines gray market status at the time of recordation. Claims or questions regarding the validity of gray market protection afforded to particular trademarks are to be forwarded to the OR&R IPR Branch.

6.2 Processing a Typical Gray Market Case

6.2.1 The first step in processing a gray market case is to determine whether the trademark in question is entitled to gray market protection by U.S. Customs. To do this, Customs field officers must consult the ACS IPR Module. Within each ACS IPR Module trademark recordation file screen, there exists a section entitled "GENUINE TRADEMARKED ARTICLES RESTRICTED". If the box associated with that section is marked with a "Y", this indicates that no one except the trademark holder or his designee may import genuine articles bearing that trademark. If the box is marked with an "N", this indicates that gray market goods bearing that trademark may be imported by anyone without restriction. If the box is marked with an "L", this indicates that *Lever-rule* protection has been granted. Please refer to the next section for a detailed explanation.

6.2.2 The next task for Customs officers in the disposition of a gray market case is to determine whether the goods are genuine; if not, the goods should be treated as a counterfeit trademark violation, as appropriate. If the goods are genuine, and a "Y" appears in the trademark recordation screen, the goods may not be imported without the U.S. trademark owner's consent. If the goods are genuine and an "N" appears in the trademark screen, the goods may be imported by anyone regardless of whether the trademark holder consents. Customs officers should consult the IPR handbook for advice relative to distinguishing genuine from non-genuine goods. Advice is also available from the OR&R, IPR Branch.

6.2.3 Imported goods subject to gray market protection should be detained pursuant to 19 CFR § 133.23 and potentially seized and forfeited under 19 U.S.C. § 1526(b), as implemented by 19 CFR § 133.23(f). Sample "Notification of Detention" letters are attached to this Directive at Appendix 1 and Appendix 4 (for the importer and trademark holder, respectively) and a sample "Notification of Seizure" letter for the importer is attached at Appendix 5.

6.3 "Lever-rule" Cases in General. Pursuant to a court decision on March 26, 1999 (*Lever Brothers Co. v. U.S.* 981 F.2d 1330 (1993)), Customs amended its regulations to prevent the importation of gray market goods which are "physically and materially different" from similar goods authorized for importation into the United States absent clear notice to the consumer. Customs will determine whether physical or material differences exist.

6.3.1 This determination may include, but is not limited to: composition of both the authorized and gray market products (including chemical composition), formulation, product construction, structure or composite product components, of both the authorized and gray market product; performance and/or operational characteristics of both the authorized and gray market product; differences resulting from legal or regulatory requirements; certification etc., and other distinguishing and explicitly defined factors that would likely result in consumer deception or confusion as proscribed under applicable law.

6.3.2 19 CFR § 133.2(f) provides that Customs will publish in the Customs Bulletin a notice listing any trademarks for which *Lever-rule* protection has been requested and the specific products for which gray market protection for physically and materially different products has been requested. Customs will examine the requests before issuing a determination on whether *Lever-rule* protection is granted.

6.3.3 For parties requesting protection, the application for trademark protection will not take effect until Customs has made and issued this determination. If protection is granted, Customs will publish in the Customs Bulletin a notice that a trademark will receive *Lever-rule* protection with regard to a specific product.

6.3.4 The new regulation, 19 CFR § 133.23(b), provides that the restriction to importation will not apply where a label is placed on the product informing the ultimate purchaser in the United States that the “product is not the product authorized by the U.S. trademark holder for importation, and is physically and materially different.” Under the new regulation, where this label is placed on goods which would be excluded under *Lever-rule* protection, the goods could then be entered into the United States. The label is to be placed in close proximity to the trademark as it appears in its most prominent location on the article itself or the retail package or container. Other information may be added to dispel consumer confusion. The label is to remain on the product until the first point of sale to a retail consumer in the United States.

7. MISCELLANEOUS

7.1 Merchandise; Product vs. Packaging. The term "merchandise" encompasses any goods, articles, etc., which: (1) themselves bear violative marks, or (2) whether themselves bearing violative marks or not, are contained within packaging which bears violative marks. That is, goods which themselves do not bear violative marks, but are contained within packaging which does bear violative marks, are not segregable and both product and packaging are considered an entirety under the trademark laws and should, without exception, be seized and subjected to forfeiture under the applicable statutory authority.

7.2 Forfeited Goods vs. Goods which are Subject to Forfeiture. Please note that, in accordance with 19 CFR § 133.21(b) and 19 U.S.C. § 1526(e), goods bearing counterfeit trademarks, whether recorded or not, which have been seized, in the absence of the written consent of the trademark holder, shall be subject to forfeiture, not "forfeited" at that moment. Thus, only after goods have been forfeited (i.e., the forfeiture has been "perfected"), are the goods subject to the methods of disposition contained in 19 CFR § 133.52.

7.3 Merchandise Not in Customs Custody; Demand for Redelivery. Where Customs, after goods have been released, determines that a violation was likely to have existed, it may order the redelivery of the goods by sending a Notice to Redeliver (CF 4647) to the importer within 30 days of release of the goods. In cases where a laboratory analysis conducted subsequent to release indicates infringement, the notice to redeliver may properly be issued within 30 days of the date of such report. The importer has 30 days in which to redeliver the merchandise into Customs custody. If

the importer does not redeliver the merchandise, a claim for liquidated damages shall be initiated. The local OI will be notified immediately of all shipments of counterfeit merchandise which have been released from Customs custody.

7.4 Personal Use Exemption from Trademark Restrictions. Under Public Law 95-410 effective October 3, 1978 (19 U.S.C. § 1526(d)), a traveler arriving in the United States with a protected trademark article may be granted an exemption to the import restrictions. Under this exemption, a traveler may import one article of the type bearing a protected trademark. These exemptions would apply to an article bearing a counterfeit or confusingly similar trademark, as well as an otherwise restricted gray market article (19 CFR § 148.55). This exemption applies if the article:

7.4.1 Accompanies a traveler to the United States,

7.4.2 If it is for personal use and not for sale, and

7.4.3 If the traveler has not been granted an exemption for the same type of article within 30 days preceding his or her arrival.

7.4.4 Further information concerning the personal use exemption is contained in Customs Directive 2310-011A.

7.5 OTO-1 Bulletin Board. Periodically, special alerts pertaining to specific trademarks or commodities may be posted to the Office of Field Operations (OFO) OTO-1 Bulletin Board. Officers should routinely monitor the OTO-1 Bulletin Board to keep abreast of important developments in IPR enforcement.

8. RESPONSIBILITIES. Area/Port directors, assistant port directors (trade operations), supervisory import specialists, and supervisory inspectors are responsible for ensuring that their staffs are aware of the content of this Directive and adhere to the guidelines provided.

9. ENFORCEMENT ADVICE. Release of merchandise to premises designated by the importer shall be used sparingly and only upon the filing of a single entry bond for three times the entered value of the merchandise and a written agreement not to dispose of the merchandise without Customs permission. No other "constructive custody" release shall be allowed. Advice may be obtained from the Office of Regulations & Rulings, Intellectual Property Rights Branch, at 202-927-2330; fax 202-927-1875.

signed
Commissioner of Customs