Trademark and Copyright Protection under the United States Customs Laws

Terrie L. Adden
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I. INTRODUCTION

The importation of counterfeit goods into the United States is a thriving business. In fact, the United States Customs Service\(^1\) estimates that $19 billion in counterfeit merchandise is in the United States retail market today.\(^2\) Owners of legitimate trademarks\(^3\) and copyrights\(^4\) believe that they are harmed by this activity because the presence of inferior merchandise tarnishes the hard-earned reputations of the true owners.\(^5\) In addition, consumers are hurt by the importation of counterfeit goods because they may be deceived\(^6\) and, even more serious, consumers can be physically hurt by the use of hazardous or defective counterfeit products.\(^7\)

The United States Customs Service has the authority to restrict the importation of counterfeit merchandise.\(^8\) Indeed, the Customs

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1. The United States Customs Service is one of the oldest agencies of the Federal government. It was created by the first Congress on July 31, 1789, for the purpose of assessing duty on merchandise imported into the United States. In fact, for the first century after its creation, revenue collected by Customs was the chief source of funds for the operation of the government. The Customs Service is part of the Department of Treasury. The Bureau of Customs, which was created in 1927, was designated “United States Customs Service” by Treasury Department Order No. 165-23, April 4, 1973, effective August 1, 1973. UNITED STATES CUSTOMS SERVICE, DEPARTMENT OF TREASURY, A PROGRESS REPORT 2-8 (1974) [hereinafter cited as PROGRESS REPORT].


3. A trademark is “any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.” 15 U.S.C. § 1127 (1982).

4. For Customs purposes a copyright “provides protection for a limited time for original works of authorship, including literary, musical, pictorial, and artistic works. . . . Copyright protection is also available for audio-visual games and computer programs fixed on semiconductor chips. A copyright protects the author’s work against copying, but does not protect ideas or discoveries. The author has exclusive right to control the manufacture and distribution of copies of the work.” OFFICE OF INSPECTION AND CONTROL, U.S. CUSTOMS SERVICE, CUSTOMS DIRECTIVE: COPYRIGHT/TRADemark ENFORCEMENT 2-3 (No. 2300-01 issued June 4, 1985) [hereinafter cited as CUSTOMS DIRECTIVE].


6. Id. at 1616.


Service has a legal obligation to protect American business and labor by enforcing statutes and regulations which protect the rights of trademark and copyright owners. Since merchandise imported into the United States customs territory must pass through customs, there is great potential to identify and interdict illegal merchandise before it enters United States markets. Unfortunately, it is not an easy task to identify trademark and copyright violations.

This comment will first examine the kind and extent of protection afforded to trademark and copyright owners by customs laws. It will then inquire into how the laws are enforced, and the problems associated with such enforcement.

II. STATUTORY AUTHORITY FOR PROTECTION OF TRADEMARKS AND COPYRIGHTS AT CUSTOMS

A. Protection of Trademarks

The U.S. Customs Service derives its authority to regulate the importation of counterfeit goods from the Lanham Trade-Mark Act of 1946 (Lanham Act), and the Tariff Act of 1930. Section 1124 of the Lanham Act prohibits the entry at any customhouse of the United States of any merchandise which copies or simulates a "registered trademark." This requirement applies to goods both when they enter the United States and when they are subsequently sold within the United States. The Tariff Act of 1930, Section 1526, provides for the seizure of counterfeit goods at any point of entry into the United States.

9. PROGRESS REPORT, supra note 1, at 2-8. The Customs Service is specifically charged with the following responsibilities:
   [1.] Assess and collect customs duties, excise taxes, fees, and penalties due on imported merchandise.
   [2.] Interdict and seize contraband, including narcotics and illegal drugs.
   [3.] Process persons, baggage, cargo and mail, and administer certain navigation laws.
   [4.] Cooperate with, and enforce regulations of, numerous other Government agencies relating to international trade.
   [5.] Detect and apprehend persons engaged in fraudulent practices designed to circumvent Customs and related laws.
   [6.] Protect American business and labor by enforcing statutes and regulations such as the Anti-dumping Act, countervailing duty provisions, copyright, patent and trademark provisions, quotas, marking of imported merchandise, etc.
   [7.] Protect general welfare and security of the United States by enforcing import and export restrictions and prohibitions.
   [8.] Collect accurate import and export data for compilation of international trade statistics.

Id. at 8.

10. Before merchandise can enter the United States from outside the U.S. Customs territory (comprised of the United States and Puerto Rico, 19 C.F.R. § 101.1(e) (1985)), the Customs Service must assess duty (or exempt goods from duty) under the applicable tariff statutes. See R. STURM, CUSTOMS LAW AND ADMINISTRATION § 1.1 at 3 (1980).

A trademark which "copies or simulates" within the meaning of the Lanham Act may do so in one of two ways. A violative trademark may be an actual counterfeit, which is defined as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." Or, it can be an infringing mark, one "which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive." This comment will maintain the distinction between counterfeit and infringing goods under the general heading of trademark violations.

Once a registered trademark is recorded with Customs, the Customs Service is required to protect the trademark owner's rights by prohibiting entry of counterfeit or infringing goods.

Section 1526(e) of the Tariff Act imposes penalties on importers for importing counterfeit goods. This subsection was added to the

13. The Lanham Act establishes a Federal Registration System for trademarks. The requirements for registration on the principal register are:

(1) The mark must be used to identify and distinguish goods or services . . . ; (2) the mark must be used in interstate commerce prior to the application; (3) the mark must be affixed to the goods or in displays or advertising associated with the goods or services; (4) the application should identify the goods or services on or in connection with which the mark is used; and (5) if the mark is not arbitrary or inherently distinctive, adequate proof that consumers associate the mark and the goods or services with a single source.


16. Lanham Act, 15 U.S.C. § 1127 (1982). The customs regulations define an infringing mark as "one which so resembles a registered mark as to be likely to cause the public to associate the copying or simulating mark with the recorded mark or name." 19 C.F.R. § 133.21(a) (1985). Although this definition is slightly different than the one set out in the Lanham Act, the concept is the same; the violative mark infringes upon the valid trademark but the violation is not so blatant as to be classified as a counterfeit. See Montres Rolex v. Snyder, 718 F.2d 524, 528 (2d Cir. 1983).

17. Customs protection will not be triggered until a trademark is registered by the U.S. Patent Office under the Trademark Act of March 3, 1881, the Trademark Act of Feb. 20, 1905, or the Trademark Act of 1946, and recorded with Customs. To record a registered trademark with Customs, an application must be submitted along with a certified copy of the registration. In addition, five copies of the certificate plus a filing fee of $190 is required. 19 C.F.R. § 133.1-3 (1985).

18. 19 C.F.R. § 133.21(a) (1985).

19. The full provision reads:
Tariff Act in 1978 due to a growing awareness of the enormity of the problem of counterfeiting and the need for tougher remedies against counterfeiters. Section 1526(e) requires the seizure and forfeiture of counterfeit goods and provides for their disposition.

B. Protection of Copyrights

Section 602(b) of the Copyright Act of 1976 prohibits the importation of articles which infringe upon registered copyrights. Infringing works are called "piratical copies" and are defined as "actual copies or substantial copies of a recorded copyrighted work, produced and imported in contravention of the rights of the copyright owner."

Under the Customs Service regulations which implement the

Any such merchandise bearing a counterfeit mark . . . imported into the United States in violation of the provisions of section 1124 of title 15, shall be seized and, in the absence of the written consent of the trademark owner, forfeited for violations of the customs laws. Upon seizure of such merchandise, the Secretary shall notify the owner of the trademark, and shall, after forfeiture, obliterate the trademark where feasible and dispose of the goods seized—

(1) by delivery to such Federal, State, and local government agencies as in the opinion of the Secretary have a need for such merchandise,
(2) by gift to such eleemosynary institutions as in the opinion of the Secretary have a need for such merchandise,
(3) more than 1 year after the date of forfeiture, by sale by appropriate customs officers at public auction under such regulations as the Secretary prescribes, except that before making any such sale the Secretary shall determine that no Federal, State, or local government agency or eleemosynary institution has established a need for such merchandise under paragraph (1) or (2), or
(4) if the merchandise is unsafe or a hazard to health, by destruction.


21. The 1978 legislation was proposed by the International Anti-Counterfeiting Coalition, a group of European and American companies which joined forces in 1978 to combat the growing problem of commercial counterfeiting. The Coalition hopes that by effecting successful anti-counterfeiting legislation in the United States (through the Customs Procedural Reform and Simplification Act of 1978), credibility will be established for desired international changes. Walker, A Program to Combat International Commercial Counterfeiting, 70 TRADE-MARK REP. 117, 126 (1980); Montres Rolex v. Snyder, 718 F.2d 524, 530-31 (2d Cir. 1983).
24. Subsection (b) states:
   In a case where the making of the copies or phonorecords would have constituted an infringement of copyright if this title had been applicable, their importation is prohibited. . . . [T]he Secretary of the Treasury is authorized to prescribe, by regulation, a procedure under which any person claiming an interest in the copyright in a particular work may, upon payment of a specified fee, be entitled to notification by the Customs Service of the importation of articles that appear to be copies or phonorecords of the work.
Copyright Act, once a copyright is recorded with Customs, the copyright owner will be afforded protection from the importation of infringing works. This means that prohibited articles are subject to seizure by and forfeiture to Customs.

III. THE CUSTOMS REGULATIONS

A. Trademark Violations

1. Disposition of counterfeit goods

   a. protection available prior to implementation of 19 U.S.C. § 1526(e)

Before section 1526(e) was added to the Tariff Act of 1930, there were no mandatory seizure and forfeiture provisions. Furthermore, unlike today, the Customs Service did not have to notify trademark owners of suspect shipments subject to seizure. As a result, since trademark owners were unaware of violations, they did not push for strong sanctions. Moreover, counterfeit goods could be sold by Cus-

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26. Claims to copyrights which have been registered under the Copyright Act of July 30, 1947 or unregistered claims entitled to protection under the Universal Copyright Convention, may be recorded with the U.S. Customs Service. 19 C.F.R. § 133.31(a) (1985). Each application for recordation must be accompanied with a registration certificate issued by the U.S. Copyright Office plus five copies of any copyrighted work (unless the work is an easily identifiable book, magazine, etc.). In addition, a filing fee of $190 is required. 19 C.F.R. § 133.33(a)-(b) (1985).

Upon recordation, a copyright notice is issued to Customs field officers, stating the name and address of the copyright owner. Included with the notice are a picture of the protected work and information about the source of authorized copies and suspected infringing copies. See Memorandum from U.S. Customs Service to Customs Officers entitled Copyrights, Trademarks and Patents at 1 (unpublished material available upon request from U.S. Customs Service, Customs Fraud Investigations Center, 1301 Constitution Avenue, Room B-102, Washington, D.C. 20229, (202)566-6188) [hereinafter cited as Customs Service Memorandum].

27. 19 C.F.R. § 133.42(c) (1985) provides: “The district director shall seize and forfeit an imported article which he determines constitutes a piratical copy of a recorded copyrighted work. The district director shall also seize and forfeit an imported article if the importer does not deny a representation that the article is a piratical copy as provided in § 133.43(a).”

28. Walker, supra note 21, at 125-26. Walker seems to indicate that although the remedy of seizure and forfeiture was available in cases involving suspect counterfeit shipments, it was rarely invoked since no statute or regulation required it.

29. Id. at 126.

30. Id. Walker notes that in reality the practice among Customs officials, prior to the implementation of section 1526(e), was to avoid notifying the trademark owner of seizures. Instead, disposition of goods was negotiated between Customs and the importer, a practice which the author reasons “seems likely to have contributed to the apparent ineffectiveness of the existing arrangements.”
toms immediately after forfeiture, thus placing the offensive goods into the market in direct competition with legitimate merchandise.\textsuperscript{31} 

\textit{b. 19 U.S.C. § 1526(e) and the customs regulations}

In contrast, under 19 U.S.C. § 1526(e) and the implementing Customs regulations, goods bearing a counterfeit mark must be seized and forfeited.\textsuperscript{32} Once a shipment has been seized, Customs is required to notify the trademark owner that suspect goods have been detained.\textsuperscript{33} Unless the owner consents to some other disposition, \textsuperscript{34} the goods are forfeited to the government, after the trademark has been obliterated.\textsuperscript{35} However, if obliteration would destroy the articles or be disproportionately expensive in relation to their value, it is not required.\textsuperscript{36}

There are four methods by which the Commissioner of Customs\textsuperscript{37} or his designee must dispose of merchandise which is forfeited

\begin{itemize}
\item \textsuperscript{31} S. REP. NO. 778, 95th Cong., 2d Sess. 34 (1978), reprinted in 1978 U.S. CODE CONG. & AD. NEWS 2211, 2245.
\item \textsuperscript{32} 19 C.F.R. § 133.23a(b) (1985) provides: "Any article imported into the United States bearing a counterfeit trademark shall be seized and, in the absence of the written consent of the trademark owner, forfeited for violation of the customs laws."
\item \textsuperscript{33} 19 C.F.R. § 133.23a(c) (1985) provides: The owner of the trademark shall be notified of the seizure and the quantity of the articles seized. Unless the trademark owner, within 30 days of notification, provides written consent to importation of the articles, exportation, entry after obliteration of the trademark, or other appropriate disposition, the articles shall be disposed of in accordance with § 133.52, subject to the importer's right to petition for relief from the forfeiture under the provisions of Part 171 of this chapter.
\item \textsuperscript{34} The notice requirement allows the trademark owner, often the party with the most at stake, to encourage strong sanctions. See Walker, supra note 21, at 126.
\item \textsuperscript{35} The trademark owner has discretion to allow entry of the goods, after obliteration of the trademark, or to consent to re-exportation. 19 C.F.R. § 133.23a(c) (1985).
\item However, in general, trademark owners do not consent to entry because they have much to lose by doing so. Trademark owners lose the income they would have gained if their goods, rather than the counterfeits, had been sold. In addition, owners may also suffer a loss in reputation (and hence, more lost sales) because counterfeit goods are usually of inferior quality. Kiesel, supra note 2, at 61.
\item Trademark owners are also aware that consumers are deceived, believing they have purchased a quality product from a reliable manufacturer. This deception may have serious consequences if the counterfeit product is made using hazardous or defective parts. Indeed, defective counterfeit products have included birth control pills, car parts, and hospital pumps. Id. at 60. See also Belkin, supra note 7, § 5, col. 1.
\item \textsuperscript{36} 19 C.F.R. § 133.52(a) (1985).
\item \textsuperscript{37} The chief officer of the Customs Service is the Commissioner of Customs. The Commissioner derives his authority to supervise all customs activities and establish policy from the Secretary of the Treasury. The U.S. is divided into seven customs regions, each headed by a regional commissioner who is responsible to the Commissioner of Customs. Each region is
to the government after seizure. They are: (1) by delivery of the goods to a government agency in need of the merchandise; (2) by gift to charity; (3) by sale at public auction a year after forfeiture; or (4) by destruction, if the goods are unsafe or a health hazard. It should be noted that even when obliteration of a trademark is not feasible, counterfeit goods may eventually find their way into the country with the counterfeit mark intact, through the charitable gift or public auction procedure. In this situation, the protection granted under section 1526(e) and the Customs regulations is circumscribed, because a potentially inferior product will enter the marketplace. Therefore, it is arguable that when counterfeit trademarks cannot be obliterated, the counterfeit goods should be destroyed instead of being distributed to the government or to charitable institutions.

In general, however, section 1526(e) of the Tariff Act allows further divided into districts and each district is supervised by a district director. R. STURM, supra note 10, § 4.1. For a list of customs regions and districts and a list of ports within each district, see 19 C.F.R. § 101.3(b) (1985).


39. The forfeited goods will only be sold at public auction if it is determined that no government agency or charitable institution needs the merchandise. In order to determine whether these agencies or institutions have a need, the Customs Service is required to publish a public notice of the availability of the forfeited goods. The parties are then allowed a reasonable opportunity to respond and if no response is made, the goods will be auctioned off. H.R. REP. No. 1517, 95th Cong., 2d Sess. 17 (1978), reprinted in 1978 U.S. CONG. & AD. NEWS 2249, 2259.

40. The problem of counterfeiting has received much greater attention recently due to the discovery that some counterfeit products are actually very dangerous. Thus, the problem of product counterfeiting is more than just a nuisance. In addition, the presence of dangerous counterfeit products in the U.S. retail market may be increasing. For example, in a Washington Post news story detailing the discovery of more than one million possibly ineffective birth control pills distributed in this country, James L. Bikoff, president of the International Anti-Counterfeiting Coalition, was quoted as saying, "[t]his counterfeiting of birth control pills is most definitely part of an emerging drug counterfeiting problem in the United States. . . ." Horwitz, supra note 7, at G1, col. 4.

In another example, 357 heart pumps used in United States hospitals to maintain a patient's heartbeat during open heart surgery were recalled by the Food and Drug Administration because a counterfeit part could have caused pump failure. Id. In addition, the House Subcommittee on Oversight and Investigations reported that counterfeit Bell helicopter parts "may have been responsible for several helicopter accidents in the U.S." Id.

41. Kuhn, supra note 15, at 390 n.13. For example, if it would destroy a product to remove the counterfeit trademark, the mark will be left intact and the articles are subject to distribution to governmental agencies or charitable institutions which demonstrate a need for such merchandise.

42. Under copyright regulations, articles which infringe upon registered works are destroyed. 19 C.F.R. § 133.52(b) (1985). While trademark owners have urged the Customs Service to use the same treatment for goods violating trademark laws, thus far, this difference in treatment still remains.
strong sanctions to be imposed against counterfeiters. Indeed, counterfeit goods may not enter the country and the stream of commerce even after the offending mark is removed unless the trademark owner consents. Instead of entering the United States retail market, the goods are taken away from the importer and disposed of by the government outside commercial channels. Even if the importer was unaware that the goods were counterfeit, the merchandise is confiscated. This automatic confiscation places a heavy burden on importers to be careful not to knowingly or unknowingly import counterfeit merchandise.

2. Disposition of infringing goods

Customs regulations draw a distinction between counterfeit trademarks and those "confusingly similar" marks which merely infringe upon a protected mark. This distinction is extremely important; whether the goods are classified as counterfeit or merely infringements determines which remedies are available to a trademark owner. While harsh sanctions may be imposed for the importation of counterfeit goods, the penalties which apply to importers of infringing merchandise are much less stringent.

Goods which are suspected of violating customs laws are subject to a thirty day detention period by the Customs Service. A notice of detention is sent to the importer, who then has thirty days to establish that the merchandise should be allowed entry under one of the existing exceptions applicable to infringing merchandise. One such exception is entry after the objectionable (infringing) mark has been

43. 19 C.F.R. § 133.23a(c) (1985).
44. TRADE COMMISSION REPORT, supra note 13, at 9.
45. Kuhn, supra note 15, at 390.
46. Compare 19 C.F.R. § 133.23a (1985) and § 133.21(a) (1985). See supra notes 14-16 and accompanying text.
47. Kuhn, supra note 15, at 387. See infra notes 48-57 and accompanying text.
49. Id. § 133.22(b). During the detention period, merchandise is stored at the "public stores." However, the district director may authorize storage at another location. In either case, if storage costs are incurred, the importer is liable for such costs. CUSTOMS DIRECTIVE, supra note 4, at 4.
50. 19 C.F.R. § 133.23(a) (1985). The exceptions established under 19 C.F.R. § 133.21(c) are as follows:
   (1) Both the foreign and the U.S. trademark or trade name are owned by the same person or business entity;
   (2) The foreign and domestic trademark or trade name owners are parent and subsidiary companies or are otherwise subject to common ownership or control (see §§ 133.2(d) and 133.12(d));
obliterated. If an exception can be established by the importer, then the trademark restrictions do not apply and the merchandise is released to the importer. If the importer cannot justify entry of the material within the thirty day period, the material is seized and forfeiture proceedings are instituted.

Once the offending trademark is obliterated, in contrast to counterfeit goods, infringing goods are allowed into the U.S. even without the trademark owner's consent. Therefore, under the current classification scheme, infringing merchandise passes fairly quickly into the retail market and importers may still earn their profits. Even if an importer cannot obtain release of the merchandise for entry into the United States (for example, if the suspect trademark cannot be obliterated), it is still possible to re-export the merchandise to another country.

Furthermore, 19 C.F.R. § 133.23(b) provides for a personal exemption. This provision states:

Articles arriving as accompanying baggage or on the person of the importer may be exported or destroyed under Customs supervision at the request of the importer, or may be released if:

1. The importer removes or obliterates the marks in a manner acceptable to the Customs officer at the time of examination of the articles; or
2. The request of the importer to obtain skillful removal of the marks is granted by the district director on such conditions as he may deem necessary, and upon return of the article to Customs for verification, the marks are found to be satisfactorily removed.

51. 19 C.F.R. § 133.21(c)(4) (1985).
52. 19 C.F.R. § 133.23(a) (1985).
53. 19 C.F.R. § 133.22(c) (1985). It is the duty of the Attorney General of the United States to institute forfeiture proceedings in the United States District Court or the Court of International Trade. However, the Attorney General has discretion to refrain from instituting such proceedings if "such proceedings cannot probably be sustained or that the ends of public justice do not require that they be instituted or prosecuted in which case he shall report the facts to the Secretary of the Treasury for his direction in the premises." 19 U.S.C. § 1604 (1982). The net effect is that most forfeiture proceedings are resolved administratively. See Kuhn, supra note 15, at 392.
country. Furthermore, the trademark owner does not have to consent to re-exportation and removal of the trademark is not mandatory. In many cases, the importer is able to at least break even or make a profit by re-exporting the infringing merchandise.

The courts have recognized that the sanctions against importers of infringing goods are relatively lax. In *Montres Rolex v. Snyder*, Customs officials ruled that imported gold watch bracelets bearing a crown-like design nearly identical to the trademark of Rolex were merely infringements and could therefore be imported once the marks were removed.

Rolex filed suit against Customs in the United States District Court seeking an order compelling the Customs Service to apply counterfeit trademark law. The district court ruled in favor of Rolex by re-classifying the watches as counterfeits. The Customs Service appealed this decision, but the court of appeals affirmed the counterfeit classification on the basis of public policy considerations, deciding to protect the trademark owner and to deter unscrupulous importers from taking advantage of the weak infringement sanctions. The court stated:

A ruling that the designs on these bracelets were not counterfeits of Rolex's trademark, despite the fact that only an expert could distinguish between the two, would remove a major disincentive that might otherwise prevent counterfeiters from pirating Rolex's mark. Counterfeiters would be free to copy the Rolex crown with relative impunity, safe in the knowledge that if their merchandise was intercepted at Customs and deemed an infringement, they could still salvage most of their investment by selling the merchandise after the offending marks were removed.

Thus, a legitimate trademark owner is often at the mercy of Customs; the classification of goods by Customs as "counterfeit" or "in-
fringing" will determine the protection available to that owner. The distinction allows importers of questionable merchandise to nonetheless realize profits at the expense of owners of legitimately trademarked goods—owners who may have expended a great deal of money advertising and strengthening the reputation of their product.

However, recently enacted anti-counterfeiting legislation appears to remove the distinction between counterfeits and infringements. The Trademark Counterfeiting Act of 1984 defines counterfeit as "a spurious mark . . . that is identical with, or substantially indistinguishable from, a mark registered for those goods or services on the principal register in the United States Patent and Trademark Office . . . the use of which is likely to cause confusion, to cause mistake, or to deceive . . . ." This definition seems to encompass the current definition of "infringement," and would therefore allow strict sanctions to be imposed against producers and importers of infringing as well as counterfeit goods, since under the new statute infringing goods would be considered counterfeit. This change should deter importers from bringing in suspect goods to an even greater extent than the present regulations. It remains to be seen whether (or how soon) the customs regulations will be amended to reflect the definition of counterfeit set out in the Trademark Counterfeiting Act of 1984.

3. Mitigation of penalties for trademark violations

If the Customs Service or the U.S. Attorney General institutes a forfeiture proceeding, notice of the forfeiture is sent to parties which the records indicate have a claim or interest in the goods subject to forfeiture. The notice informs interested parties, such as the importer, of their right to petition for relief from, or cancellation of, a forfeiture. The importer then has sixty days from the date of notice to file a petition for relief with the district director for the district in

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65. Id. § 1502.
67. Belkin, supra note 7, § 5, col. 1.
68. Id.
69. See supra note 53.
70. 19 C.F.R. § 162.31 (1985).
71. Id. Section 133.51 provides: "The importer may petition in accordance with Parts 171 and 172 of the chapter for relief from, or cancellation of, a forfeiture incurred for violation of the trademark or copyright laws . . . ."
72. Each customs district is headed by a district director. See supra note 37.
which the article was seized.⁷³ In his petition, the importer demonstrates his interest in the property by including bills of sale, contracts, or other appropriate evidence.⁷⁴ Then, if it is definitely determined that the act or omission forming the basis of the forfeiture claim did not in fact occur, the district director has authority to cancel the forfeiture claim.⁷⁵ If a ruling on whether the forfeiture was erroneously made depends on a construction of law, the Commissioner of Customs must approve the cancellation.⁷⁶

It is unclear whether the above-outlined procedure for relief from a forfeiture is available when the subject merchandise is counterfeit. Subsection (a) of C.F.R. § 133.51 merely states that relief is available for a forfeiture incurred “for violation of the trademark or copyright laws.”⁷⁷ However, subsection (b) of C.F.R. § 133.51 applies specifically to non-counterfeit merchandise and provides for relief from a forfeiture provided the goods are exported or destroyed—under Customs supervision and at no expense to the government—or the offending marks are removed or obliterated prior to release of the merchandise to the importer.⁷⁸

One author believes that “while importers may continue to have the right to petition for remission of a forfeiture incurred for violation of the trademark laws, once a finding is made that imported merchandise is counterfeit . . . the Customs Service is powerless to grant relief from the disposition provisions [of 19 U.S.C. § 1526(e)], except with the consent of the United States trademark owner.”⁷⁹

If a petitioner is not satisfied with a decision made by the district director, the petitioner may then file a supplemental petition with the same district director.⁸⁰ The district director will reconsider the petition if it is within his authority,⁸¹ or refer the matter to the regional

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⁷⁵ 19 C.F.R. § 171.31 (1985). The district director may mitigate or remit fines, penalties, and forfeitures under appropriate circumstances if the total liability of the claim does not exceed $100,000. 19 C.F.R. § 171.21 (1985).
⁷⁷ 19 C.F.R. § 133.51(a) (1985).
⁷⁸ Id. § 133.51(b)(1)-(2). See Kuhn, supra note 15, at 391-92 (construing 19 C.F.R. § 133.51(a)-(b)).
⁷⁹ Kuhn, supra note 15, at 392. Kuhn reasons that allowing relief from forfeiture in situations involving counterfeit merchandise would undercut the legislative intent in enacting 19 U.S.C. § 1526(e) providing for confiscation of counterfeit goods. Id. at 391-92.
⁸¹ Under 19 C.F.R. § 171.31 (1985), rulings based on constructions of law must be approved by the Commissioner of Customs.
commissioner or Commissioner of Customs for reconsideration. Finally, a second supplemental petition may be filed to appeal the decision of the original supplemental petition in appropriate circumstances.

If an importer's petition for relief from a forfeiture fails, or if no petition is filed, the forfeited merchandise will be sold at auction. If the auctioned merchandise was infringing rather than counterfeit, section 1613 of the Tariff Act allows the petitioner, usually the importer, to obtain the proceeds from the sale of a forfeited shipment of goods. Under section 1613, in order to recover the proceeds, the petitioner must: (1) show his interest in the property; (2) prove that he or she did not know of the seizure prior to the declaration of forfeiture and was prevented by circumstances from knowing about it; and (3) demonstrate that the forfeiture was incurred without any willful negligence or intention to defraud. Upon such a showing, the importer is entitled to the proceeds of the auction after payment of taxes and costs, if the application is filed within three months of the sale. Another way an importer may attack decisions made by the Customs Service is to file a protest against the exclusion of merchandise from entry. If the protest fails, the importer may contest the decision by filing a civil action in the United States Customs Court within 180 days of the denial.

Occasionally, Customs permits the entry of material which is

82. 19 C.F.R. § 171.33(b)(1) (1985). The district director will refer a matter to the regional commissioner, or the Commissioner of Customs, if, in the district director's opinion, no additional relief is warranted. Matters may also be referred if a petitioner requests it or if a petitioner is not satisfied with the additional relief granted by the district director. Matters are referred to the regional commissioner if the amount of liability is $25,000 or less, and to the Commissioner of Customs if the liability is between $25,000 and $100,000.

83. Id. § 171.33(c)(1). This petition may be filed only if it is accompanied by "full payment of all penalties and withheld duties determined to be due in the decision rendered on the first supplemental petition." Id.

84. Kuhn, supra note 15, at 391.


86. A showing of interest in property must be supported in appropriate cases by bills of sale, contracts, mortgages, or other satisfactory documents. 19 C.F.R. § 171.43 (1985).

87. Id.

88. The customs regulations which implement section 1613 do not require the importer to demonstrate a lack of negligence or intent to defraud. See id.


later determined to be subject to import restrictions. When this occurs, the district director will issue a Notice of Redelivery to the importer demanding the return of the released merchandise. The demand for redelivery is made pursuant to the entry bond, which contains an agreement to redeliver merchandise which is released before its right of admission into the United States is determined. However, if some or all of the merchandise has been sold before the importer receives the Notice of Redelivery, Customs will assess liquidated damages in an amount equal to the value of the unreturned goods, as determined at the time of entry, plus estimated duties and taxes. The liquidated damages are assessed against the importer's entry bond, and, in effect, act as a forfeiture of the bond.

In some cases, however, the importer may decide it is more economical to forfeit his entry bond in payment of liquidated damages than it is to redeliver the merchandise. For example, prohibited goods, such as counterfeit or infringing goods, are appraised at their foreign market value, since according to Customs such goods have no domestic value. However, if the foreign market value is less than the value of the goods in the United States market, the importer may be able to make more money selling the goods in the United States

92. 19 C.F.R. §§ 133.24, 141.113(b)-(d) (1985). Section 133.24 provides:
   If it is determined that merchandise which has been released from Customs custody is subject to the restrictions of § 133.21, the district director shall promptly make demand for the redelivery of the merchandise under the terms of the bond . . . in accordance with § 141.113 of this chapter. If the merchandise is not redelivered to Customs custody, a claim for liquidated damages shall be made in accordance with § 141.113(g) of this chapter.

93. An entry bond may be required before merchandise will be released from Customs custody. 19 C.F.R. § 142.4 (1985). The district director has authority "to require bonds or other security considered necessary for the protection of the revenue or to assure compliance with any pertinent law, regulation, or instruction." 19 C.F.R. § 113.1 (1985). The amount of the bond, although never less than $100.00, will vary depending on various factors, including: the value of the goods involved in the transaction to be secured; the prior record of the principal in making timely payments of duties and taxes and complying with customs regulations; and the degree and type of supervision that customs will exercise over the transaction. 19 C.F.R. § 113.13 (a)-(b) (1985). Generally, however, the amount of the bond will equal the value of the goods involved plus estimated duty. TRADE COMMISSION REPORT, supra note 13, at 21.

   An entry bond may cover one specific entry (a single entry bond), or it may cover multiple transactions (continuous entry bond). The amount of a continuous entry bond will be determined based on the total amount of duties accruing on merchandise imported during the preceding year. 19 C.F.R. §113.12 (b)(ii) (1985).

95. 19 C.F.R. § 141.113(g) (1985).
96. TRADE COMMISSION REPORT, supra note 13, at 13 n.2.
97. 19 C.F.R. § 162.43(c) (1985); TRADE COMMISSION REPORT, supra note 13, at 21.
and forfeiting his bond than by saving the bond and returning the merchandise to Customs. Therefore, in order to deter importers from deciding not to redeliver prohibited merchandise, liquidated damages should be assessed high enough to compel redelivery. In cases where prohibited merchandise has a higher value in this country than in the country of origin, the United States price should be used to estimate the value of the goods.

An importer may petition for a reduction or remission of a liquidated damages claim. In making its decision, the Customs Service will take into account the good faith of the importer in not disposing of items subject to demand, as well as the importer’s efforts to redeliver the goods, and the importer’s past record of compliance with Customs regulations. However, it is unclear whether Customs would reduce or cancel liquidated damages incurred for failure to redeliver counterfeit goods. There is some indication that such relief is reserved for shipments involving infringing rather than counterfeit goods.

B. Copyright Violations

1. Disposition of piratical copies

Articles suspected of being piratical copies of recorded copyrighted works are detained by Customs and a notice is sent to the importer that he or she may file a denial that the articles are piratical. If the importer does not file a denial within thirty days, the

98. TRADE COMMISSION REPORT, supra note 13, at 13 n.2.
99. 19 U.S.C. § 1623(c) (1982). The full provision reads:
The Secretary of the Treasury may authorize the cancellation of any bond provided for in this section, or of any charge that may have been made against such bond, in the event of a breach of any condition of the bond, upon the payment of such lesser amount or penalty or upon such other terms and conditions as he may deem sufficient.
The corresponding customs regulation is 19 C.F.R. § 133.51(a) (1985).
100. Kuhn, supra note 15, at 393.
101. See id. at 391-92.
102. A customs memorandum states, “[w]here ‘counterfeit’ trademarked articles have been released to the importer and subsequently have gone into the commerce of the United States, before the violation is discovered, cancellation of a claim for liquidated damages upon payment of less than the full amount should only be considered upon the most compelling of circumstances . . . .” Customs Service Memorandum, supra note 26, at 15-16.
103. See supra note 25 and accompanying text.
104. 19 C.F.R. § 133.43(a) (1985). This procedure is followed only when the article is suspected of being piratical. If Customs makes an independent determination that an article is in fact a pirate, it is authorized to immediately seize the material. 19 C.F.R. § 133.42(c) (1985).
articles are considered pirates, subject to seizure and forfeiture.\textsuperscript{106}

Once a denial is filed, Customs furnishes the copyright owner with a sample of the suspected pirate plus notice that the goods will be released to the importer unless the copyright owner, within thirty days, makes a written demand for exclusion of the articles and posts a bond\textsuperscript{107} "to indemnify the United States for detention of copyrighted material."\textsuperscript{108} The bond compensates the importer for any loss resulting from Customs' detention of articles which are determined to be non-piratical.\textsuperscript{109}

After a copyright owner files a demand for exclusion of suspect goods and posts a bond, the district director notifies both parties that they have thirty days to submit evidence, legal briefs, or other pertinent material to substantiate their claims.\textsuperscript{110} The burden of proof falls on the copyright owner.\textsuperscript{111} The briefs and evidence are submitted to the Commissioner of Customs for decision.\textsuperscript{112}

If the copyright owner's position is upheld, the goods are forfeited and the bond is returned to the copyright owner.\textsuperscript{113} If the importer wins, the articles will be released and the copyright owner's bond will be turned over to the importer.\textsuperscript{114} In addition, when a copyright owner is unable to establish by the evidence that articles detained by Customs are pirates, future importations of the same article are allowed entry regardless of whether a different importer is involved.\textsuperscript{115} However, if the owner merely fails to file a demand of

\begin{thebibliography}{115}
\bibitem{105a} The importer's statement includes a denial that the articles are pirated copies as well as allegations that detention of the goods will result in a loss of value or loss or damage to the importer. 19 C.F.R. § 133.43(a) (1985).
\bibitem{106} \textit{Id.}
\bibitem{107} The district director specifies the amount of the bond. \textit{Id.} § 133.43(a)(2).
\bibitem{109} 19 C.F.R. § 133.43(b)(2) (1985). The owner is only required to post a bond if goods are actually detained by Customs. If goods are released and then suspicion arises that they are piratical, the procedure set forth in 19 C.F.R. § 133.43 will be followed with the exception that no bond is required. Customs Service Memorandum, \textit{supra} note 26, at 6.
\bibitem{110} 19 C.F.R. § 133.43(c)(1) (1985).
\bibitem{111} In the case of copyrighted goods, both parties may submit evidence to substantiate their claims, but the burden of proof falls on the party claiming that an article is a pirate (i.e. the copyright owner). \textit{Id.}
\bibitem{112} \textit{Id.}
\bibitem{113} 19 C.F.R. § 133.44(a) (1985).
\bibitem{114} \textit{Id.} § 133.44(b). The only obligation of the Customs Service is to turn over the bond to the importer. The parties involved (i.e. the importer, the copyright owner, and the surety) must determine the proper measure of damages. Customs Service Memorandum, \textit{supra} note 26, at 7.
\bibitem{115} 19 C.F.R. § 133.43(c)(2) (1985).
\end{thebibliography}
exclusion and post a bond within the allotted time period, only the specific goods detained will be released. If relief is granted, the importer has the option of re-exporting the goods. Under the Copyright Act, articles may be returned to the country of export "whenever it is shown to the satisfaction of the Secretary of the Treasury that the importer had no reasonable grounds for believing that his or her acts constituted a violation of law." Therefore, the district director may grant a request from an importer for permission to return the infringing goods to the country of export.

2. Mitigation of penalties for copyright violations

The Customs regulations allow importers of copyrighted articles to petition for cancellation of a forfeiture incurred for violation of copyright laws. If relief is granted, the importer has the option of re-exporting the goods. Under the Copyright Act, articles may be returned to the country of export "whenever it is shown to the satisfaction of the Secretary of the Treasury that the importer had no reasonable grounds for believing that his or her acts constituted a violation of law." Therefore, the district director may grant a request from an importer for permission to return the infringing goods to the country of export.

116. Id. § 133.43(c)(3).
117. Id.
118. 19 C.F.R. § 133.52(b) (1985).
120. See supra notes 51-54 and accompanying text.
121. See supra notes 41-42 and accompanying text.
122. 19 C.F.R. § 133.23(b) (1985). Another difference between copyright and trademark law concerns the availability of a personal exemption. Under trademark law, goods arriving on the person of an importer or as accompanying baggage may be allowed entry under certain circumstances. See supra note 50. However, under copyright law there is no personal exemption provision, although Customs officials may use discretion in certain cases. For example, a Customs memorandum warns "we would suggest the use of discretion when faced with a decision as to whether to seize a single doll or stuffed animal (e.g. a suspected infringing copy of Snoopy) from a small traveler." Customs Service Memorandum, supra note 26, at 7.
125. Customs Service Memorandum, supra note 26, at 7. If the district director is unsure
If piratical copies are released before the copyright violation is discovered, the Customs Service may demand redelivery of the articles. 126 If the importer does not return the merchandise, liquidated damages are assessed. 127 The importer may submit a petition for remission of a claim for liquidated damages 128 but "in no case [will] cancellation be granted upon payment of less than fifty percent of the amount assessed." 129

In deciding whether to cancel or reduce a claim for liquidated damages, Customs will consider certain mitigating factors, including: evidence that the importer reasonably believed that importation of the articles would not violate copyright laws; lack of intent to send infringing articles into the U.S. market; and cooperation with Customs in disclosing information about the entry in question as well as other entries. 130

IV. ENFORCEMENT OF CUSTOMS LAWS

A. Procedural Difficulties

Even though a large body of customs regulations exist in order to protect trademark and copyright owners, in reality it is often very difficult for the Customs Service to enforce the laws. This difficulty results from a variety of factors.

Customs protection will not be triggered unless a trademark or copyright is recorded with Customs. Recordations, published as Trademark or Copyright Issuances, are sent to each customs district, so field officers first check such issuances to determine whether protection will be afforded to a particular trademark or copyright. 131 However, with over 6,000 trademarks and copyrights on record, 132 confirmation of recordation can be time consuming, because even if

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126. 19 C.F.R. § 141.113(b) (1985).
127. 19 C.F.R. § 141.113(g) (1985) states that "[w]hen the demand of the district director for return of merchandise to Customs custody is not complied with, liquidated damages shall be assessed, . . . in an amount equal to the value of the merchandise not returned . . . ." However, it may be appropriate in some cases to assess damages in the full amount of the entry bond when infringing goods have entered the stream of commerce. See Customs Service Memorandum, supra note 26, at 8.
128. 19 C.F.R. § 133.51(a) (1985).
129. Customs Service Memorandum, supra note 26, at 8.
130. Id.
131. CUSTOMS DIRECTIVE, supra note 4, at 1.
132. TRADE COMMISSION REPORT, supra note 13, at 20 n.3.
there is no issuance covering a particular trademark on file with a
district office, there might be a new recordation on file with the Entry,
Licensing and Restricted Merchandise Branch, the office responsible
for publishing trademark and copyright issuances.\textsuperscript{133}

In the case of trademarked goods, after recordation is confirmed,
the Customs officer must determine whether a trademark is "spuri-
ous." A trademark or copyright owner may license to another com-
pany the right to manufacture his recorded work or use his mark,\textsuperscript{134}
but if a company lacks authorization, its use of the mark is illegal and
the mark is considered "spurious."\textsuperscript{135} In reality, the Customs Service
has had a very difficult time keeping up with licensing agreements.
Although such information is supposed to be included in the trade-
mark and copyright issuances, this information is frequently mis-
sing.\textsuperscript{136} Therefore, when doubt exists, the Customs Service detains a
suspect shipment "until confirmation of legitimate manufacture can
be received from the importer."\textsuperscript{137}

\section*{B. Identification of Trademark Violations}

Once it has been established that a particular trademark or copy-
right deserves protection, it is not necessarily easy to identify and
classify violations.\textsuperscript{138} As a result, Customs officers are required to ex-
ercize their own judgment.\textsuperscript{139}

\begin{itemize}
\item \textsuperscript{133} \textit{Customs Directive}, \textit{supra} note 4, at 1.
\item \textsuperscript{134} \textit{Id.} at 2.
\item \textsuperscript{135} "The term spurious refers to marks that are applied to goods without the authoriza-
tion of the trademark owner." \textit{Customs Service Memorandum, supra} note 26, at 13.
\item \textsuperscript{136} \textit{Customs Directive, supra} note 4, at 1-2. The directive states "it has been found
that we are unable to remain current with this information [licensing agreements]." \textit{Id.} at 2.
\item \textsuperscript{137} \textit{Id.}
\item \textsuperscript{138} A Customs Directive offers the following tips for identifying trademark and copyright
violations:
\begin{itemize}
\item (1) Recent seizures indicate that the majority of these shipments originate in either
the Far East or Italy. The largest single violator is Taiwan. Frequently invoice and
manifest descriptions are incomplete or misleading. In copyright cases you will not
usually find a copyright notice on the merchandise.
\item (2) People who intend to benefit from the use of anothers [sic] name or idea will
manufacture either well known, high priced products or, items that are currently a
"fad". [sic] You should be familiar with those items that are considered "top of the
line" or currently in vogue.
\item (3) Invoice prices are frequently much lower than you would expect. Rolex watches
have been found invoiced at $30 each and computers at $100 each.
\end{itemize}
\item \textsuperscript{139} See \textit{Atwood, Import Restrictions on Trademarked Merchandise—The Role of the
\end{itemize}
1. The test for counterfeit classification

The test to determine whether a mark is counterfeit is stated as follows: "If upon examination of the marks as they appear on the imported merchandise, an average purchaser would find them to be 'the spitting image' of, or 'substantially indistinguishable' from the trademark owners' merchandise, then a 'counterfeit' trademark violation is established."\(^{140}\)

In *Montres Rolex v. Snyder*,\(^ {141}\) which formed the basis for this test, watch-bracelets with a crown design nearly identical to Rolex's trademark were classified as infringements rather than counterfeits based on a comparison between a suspect watch and Rolex's certificate of registration.\(^ {142}\) The two marks were compared "element-by-element" and as a whole with the use of a magnifying glass.\(^ {143}\) According to Customs, since it only detected small differences between the two marks, the marks were not "substantially indistinguishable," and therefore a classification of infringement was proper.\(^ {144}\)

However, on appeal, the *Rolex* court ruled that Customs had utilized the wrong standard in determining whether a counterfeit violation had occurred. The *Rolex* court determined that the comparison "must be made from the perspective of an average purchaser,"\(^ {145}\) rather than from the perspective of someone who is specially trained to detect minor differences between two similar marks.\(^ {146}\) The court recognized that an average consumer would find the violative mark to be substantially indistinguishable from the legitimate trademark, thus

\(^{141}\) 718 F.2d 524 (2d Cir. 1983).
\(^{142}\) *Id.* at 526.
\(^{143}\) *Id.*
\(^{144}\) *Id.* at 526-27. The Customs Service reasoned as follows:

Although the appearance of the mark used on the imported bracelet is very similar to that of the crown design applied to the Rolex bracelet, it can easily be distinguished from the drawing of the official 'Crown Design' on the trademark registration. . . .

. . . While the mark in question is close enough in appearance to cause some confusion on the part of the average purchaser at retail as to the source of the bracelet, the infringement, in our opinion, does not amount to a 'counterfeit trademark' violation . . . .

*Id.* at 526-27.

\(^{145}\) The average purchaser has no special knowledge which enables him or her to detect differences between allegedly counterfeit and registered marks. *See Rolex*, 718 F.2d at 531. The court noted that infringing goods are always reviewed under the "average purchaser" standard. *Id.* at 530.
\(^{146}\) *Id.* at 531.
making a classification of counterfeit proper.\textsuperscript{147} The court reasoned that the more rigid test proposed by Customs would frustrate the central purpose underlying 19 U.S.C. § 1526(e), namely to provide an "effective sanction against merchandise which simulates or copies a registered trademark."\textsuperscript{148}

The \textit{Rolex} decision also invalidated Customs' practice of classifying merchandise based on comparisons between a suspect mark and the trademark found on an owner's certificate of registration.\textsuperscript{149} The court ruled that Customs must instead compare a suspect mark with an actual sample of the legitimate trademarked product.\textsuperscript{150} The Customs Service, however, has contended that using actual merchandise for comparative purposes is burdensome in that samples will have to be collected and stored.\textsuperscript{151} Nevertheless, the \textit{Rolex} court was unpersuaded, reasoning that trademark owners would be eager to cooperate with Customs in this area.\textsuperscript{152} In any event, the court ruled that if an actual sample were unavailable, Customs could rely on the registration certificate.\textsuperscript{153}

\begin{itemize}
\item[\textsuperscript{147}] The court stated, "[w]e examined the actual bracelets at oral argument and found the Grand Jewels samples to be the spitting image of the Rolex merchandise. An average purchaser would surely find the real and fake bracelets to be substantially indistinguishable." \textit{Id.} at 533.
\item[\textsuperscript{148}] \textit{Id.} at 531 (citing S. REP. NO. 778, 95th Cong., 2d Sess. 34 (1978), \textit{reprinted in} 1978 U.S. CODE CONG. & AD. NEWS 2211, 2245). The Senate report, which the \textit{Rolex} court relied upon, states the legislative purpose behind section 1526(e) as follows:
\begin{quote}
The committee believes that there is now no effective sanction against violations of section 42 [15 U.S.C. § 1124] as it relates to merchandise which simulates or copies a registered trademark. Under present law, Customs may immediately sell goods bearing a counterfeit trademark after forfeiture. Such a disposition puts the counterfeit goods in competition with legitimate trademark goods.
\end{quote}
\item[\textsuperscript{149}] \textit{Rolex}, 718 F.2d at 532.
\item[\textsuperscript{150}] The court reasoned that when a two-dimensional paper facsimile is compared with a three-dimensional mark, there will be slight differences in the marks and that these differences might lead to a classification of infringement rather than counterfeit. This in turn undercuts the protection intended by the counterfeit trademark legislation. \textit{Id.} at 532. The court also noted that counterfeiters probably copy from actual merchandise rather than registration certificates. \textit{Id.}
\item[\textsuperscript{151}] Orandle, supra note 62, at 9. Orandle states that "[c]ustoms cannot obtain and store samples of all kinds of genuine trademarked merchandise (shoes, toys, clothing, etc.) and distribute these articles to Customs field offices. Therefore, the test set up by the court in the \textit{Rolex} case is unworkable." \textit{Id.} at 12.
\item[\textsuperscript{152}] For example, audio-visual companies have supplied Customs with samples of their video games so that Customs can make actual comparisons with suspected piratical copies. \textit{Id.} at 9-10, 12.
\item[\textsuperscript{153}] \textit{Rolex}, 718 F.2d at 532. In cases where Customs does not have a sample of a particu-
2. The not-so-average, "average purchaser"

The sophistication of a consumer group will be taken into account when Customs is deciding whether a particular mark violates the law. For example, in *In re Rohm and Haas Co.*, Customs ruled that an enzyme product bearing the name "Pectinex" did not infringe upon the registered trademark of "Pectinol," the mark for a similar enzyme product. The Customs Service reasoned that since the main buyers of this particular product were professional and commercial buyers, they would be less likely to be confused by the two marks. The Customs decision stated that "in a professional buyer situation, a finding that there is a 'likelihood of confusion' is more difficult to obtain, due to the fact that the law recognizes and attributes superior knowledge and awareness to that class of purchaser." Thus, Customs applied the "average purchaser" test by looking at the knowledge of the typical purchaser of a particular product and noting special qualities of that class of purchasers.

C. Identification of Copyright Violations

In the copyright area, the test to determine whether an article violates copyright law is analogous to the "average purchaser" test used for trademark violations. Under the copyright test, the Customs officer asks "whether an ordinary observer who is not attempting to discover disparities between two articles would be disposed to overlook them and regard their aesthetic appeal as the same." This test was developed "in order to bar a potential infringer from producing a supposedly new and different work by employing the tactic of making deliberate but trivial, variations of specific features of the copyright protected work." To establish a
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Copyright infringement, two things are necessary. First, the importer must have had access to the copyrighted work.\textsuperscript{161} Access may be presumed even without direct evidence in cases "where it is apparent that the importer had ample opportunity to view the copyrighted work, as to preclude the possibility that they were arrived at independently."\textsuperscript{162} Second, there must also be substantial similarity of the general ideas as well as the expression of those ideas.\textsuperscript{163}

\textbf{D. Scope of Trademark Protection}

It is difficult to identify trademark violations when counterfeit or infringing marks are placed on products which are not made by the trademark owner.\textsuperscript{164} For example, a trademark associated strictly with cameras might be applied illegally to a similar product, such as camera accessories, making the likelihood of confusion over the true source of the product very possible. However, if a mark is placed on a product outside the legitimate owner's line, then the importer will argue that consumer confusion regarding the source of the product would not be likely.\textsuperscript{165} The Customs Service must then decide on the scope of protection to be afforded the protected trademark.

The scope of protection available to a trademark owner usually depends on whether the mark in question is considered a "strong" mark or a "weak" mark.\textsuperscript{166} A strong mark is a purely fanciful or coined term such as "Kodak" or "Aunt Jemima."\textsuperscript{167} Such marks are thought to be distinctive enough so that a consumer's attention will be drawn to the source of the product he or she is purchasing.\textsuperscript{168}

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different copyright protected brass filigree Christmas tree ornaments. The infringing ornaments were of a similar brass filigree (cut-out) type. Customs ruled that the importer had deliberately made only minor variations in three of the four ornaments thus preserving the aesthetic appeal to the ordinary purchaser. In the case of the non-infringing ornament, Customs ruled that since there were significant differences between the two ornaments, the same aesthetic appeal would not be conveyed to the purchaser and therefore ruled that no infringement had occurred. \textit{Id.} at 1023.
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162. \textit{Id.}
163. \textit{Id.}
165. \textit{Id.} at 1614. The \textit{Konica} ruling framed the issue as whether "the importation of watches bearing the mark 'Konica' infringe upon the rights of the owner of the registered trademark, 'Konica' which heretofore had been applied exclusively to cameraras and camara accessories." \textit{Id.}
168. \textit{Id.} In addition, "it is more possible that all goods on which a similar designation is
marks are given wide protection and the owner "may exclude, or prevent anyone from the use of that trademark, not only for the commodity he manufactures and sells, but for a wide variety of products." In addition, strong marks are protected from infringement by marks found on products with a wide range of visual variations.

Weak marks, on the other hand, are descriptive words such as "Goldseal," "Royal," or "Blue Ribbon." These marks are not as unique and are considered too common to be classified as strong marks. Unlike strong marks, which are afforded wide protection, weak marks are given a "narrow range of protection both as to products and as to visual variations."

For example, in In re Konica, the importer brought in a shipment of low-quality digital watches bearing the mark "Konica" on the face. When the goods were detained, the importer argued that since the company using the registered trademark "Konica" did not make watches, there would be little likelihood of customer confusion, and therefore no violation. Customs rejected this argument, determining that "Konica" was a strong mark because of its uniqueness, and therefore subject to wide protection. The ruling states: "It is firmly established that the owner of a trademark which is 'original,' 'arbitrary,' 'fanciful,' or a 'strong mark,' may exclude, or prevent anyone from the use of that trademark, not only for the commodity he manufactures and sells, but for a wide variety of products." Therefore, Customs ruled in favor of Konica and detained and forfeited the shipment of violative watches.

On the other hand, in In re Cross, Customs ruled that im-

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171. Id.
172. Id.
174. Id. at 1614.
175. Id. at 1618. The opinion acknowledges a limit on this rationale; if the product on which the importer places the mark is very remote from any that the owner would be likely to manufacture, then protection will not be given. However, the ruling notes that watches and cameras are often sold at the same counters in stores and that purchasers would be likely to associate both products with the same manufacturer. Id.
ported electronic calculators bearing the mark "Cross" did not infringe upon the trademark owned by the well-known manufacturer of pens and pencils. The decision was based on a determination that "Cross" was a descriptive term and hence a weak mark subject to narrow protection.\textsuperscript{177} Therefore, Customs ruled that since the mark had been applied to a line of merchandise (electronic calculators) only remotely connected to products that the owner would be likely to produce, there would be little chance of customer confusion, and therefore no violation.

The test for determining whether a mark is weak or strong appears to be rather arbitrary. The rationale, explained in Cross, which justifies extending broad protection, is that certain marks due to their distinctiveness are likely to cause the consumer to believe that all goods with a similar designation emanate from the same source.\textsuperscript{178} These marks are remembered by consumers longer than merely descriptive words.\textsuperscript{179} Although the term "Cross" does have an ordinary meaning, it does not seem as common as names such as "Royal" or "Champion." Furthermore, it seems reasonable to conclude that "Cross" is a very well known and recognizable trademark, one which might cause consumers to think that products bearing the mark "Cross" emanate from the same source, but the court ruled that it was only entitled to limited protection.

Moreover, the Konica ruling states that strong marks are "inherently unique or . . . the subject of wide advertising."\textsuperscript{180} The Cross trademark has certainly been subject to wide advertising, therefore the determination that "Cross" is a weak mark is somewhat inconsistent with the test set out in Konica.

\section{Methods of Enforcement}

Section 595 of the Tariff Act of 1930 authorizes Customs officers to apply for a search warrant and, upon receiving the warrant, to enter premises to search for illegally imported merchandise.\textsuperscript{181} The

\textsuperscript{177} Id. at 891.
\textsuperscript{178} Id. at 890.
\textsuperscript{179} Id.
\textsuperscript{180} Konica, 13 Cust. B. & Dec. at 1617.
\textsuperscript{181} 19 U.S.C. § 1595(a) (1982). This provision provides:

If any officer or person authorized to make searches and seizures shall have cause to suspect the presence in any dwelling house, store, or other building or place of any merchandise upon which the duties have not been paid, or which has been otherwise brought into the United States contrary to law, he may make application, under oath, to any justice of the peace, to any municipal, county, State, or Federal judge, or to
illegal goods may then be seized and forfeited. With the rise of commercial counterfeiting, more and more companies are hiring special agents to locate shipments of counterfeit goods which have escaped detection by Customs.\textsuperscript{182} The information gathered by trademark and copyright owners is passed to the Customs Service, which then applies to any municipal, county, state, or federal judge for a search warrant to “raid” the suspected premises.\textsuperscript{183}

Trademark owners are also combating counterfeiting by instructing their special agents to purchase a sample of the suspect product on the open market.\textsuperscript{184} The sample is turned over to the Customs Service for decision. If Customs determines that the article is counterfeit, then subsequent shipments will be seized and forfeited.\textsuperscript{185} If the article is classified as an infringement, then shipments will be seized and released only if the mark is obliterated, or some other exception applies.\textsuperscript{186}

Customs officers may also seize property which they reasonably believe has been imported in violation of Customs regulations, even without a search warrant.\textsuperscript{187} The test for what constitutes a “reasonable belief” has been left undefined. Regarding this issue, the Treasury Department states that “[b]ecause Customs enforces numerous laws and regulations, many on behalf of other agencies, it would be impracticable to set forth the specific circumstances under which seizure may be made . . . .”\textsuperscript{188} Additionally, a district director may adopt a seizure made by another party, if the director “has reasonable cause”\textsuperscript{189} to believe that the property is subject to forfeiture under the

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any United States magistrate, and shall thereupon be entitled to a warrant to enter such dwelling house in the daytime only, or such store or other place at night or by day, and to search for and seize such merchandise . . . .
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\textsuperscript{182} See Walker, supra note 21, at 127-28.
\textsuperscript{183} For example, in New York, after information was passed to Customs regarding counterfeit Cabbage Patch dolls, Customs obtained a search warrant to inspect the premises. When a warehouse was raided, Customs confiscated approximately 20,000 of the counterfeits valued at $400,000. 20,000 Fake Cabbage Patch Dolls Confiscated at 3 Manhattan Sites, N.Y. Times, Dec. 15, 1984, at L28, col. 1.
\textsuperscript{185} 19 C.F.R. § 133.23a(b) (1985).
\textsuperscript{186} See 16 Cust. B. & Dec. at 858.
\textsuperscript{187} 19 C.F.R. § 162.11 (1985) provides in relevant part: “[A] Customs officer who is lawfully on any premises and is able to identify merchandise which has been imported contrary to law may seize such merchandise without a warrant.”
\textsuperscript{189} Once again, there are no specific guidelines for establishing exactly what constitutes “reasonable cause.” Presumably, the Customs officer weighs all the circumstances carefully before deciding on a course of action. See id.
Customs laws." This permits a "seizure" made by a trademark owner to be adopted by the Customs Service.

This provision probably resulted from the realization that Customs simply does not have the manpower to investigate all the potential leads concerning counterfeit goods. In fact, it has been noted that Customs agents are more concerned with drug traffic and the illegal export of technology than with commercial counterfeiting. Thus, by allowing Customs to adopt seizures of counterfeit or infringing goods conducted by other parties, more violations are discovered than would be if seizures had to be made solely by Customs agents.

F. Special Investigations

With the dramatic increase of commercial counterfeiting, the business community has responded by requesting more assistance from the Customs Service in combating the problem. Customs, in turn, has responded by establishing the Commercial Fraud Investigation Center (CFIC) which was created in February 1983 to coordinate Customs initiatives against fraud, including commercial counterfeiting.

Rather than conduct actual fraud investigations, the CFIC provides support to field operations. Thus, when information or documents relating to counterfeiting are obtained, the CFIC "coordinates and disseminates the information within the Customs Service."

The CFIC also coordinates the efforts of "Operation Tripwire," the

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190. 19 C.F.R. § 162.21(b) (1985).
191. See Walker, supra note 21, at 127.
192. See Belkin, supra note 7, § 5, col. 1.
193. In 1981, the U.S. Customs Service estimated that $4 billion in counterfeit goods were in the United States. In 1985, that figure rose to $19 billion. Kiesel, supra note 2, at 60.
194. U.S. Customs Service, U.S. Customs Service Commercial Fraud Investigation Center letter (available by writing CFIC at 1301 Constitution Avenue, Rm B-102, Washington, D.C. 20229 or calling (202) 566-6188).
195. The duties of the CFIC include:
   (1) Identifying and targeting importers and commodities for investigations.
   (2) Providing computer expertise and ADP support.
   (3) Coordinating fraud intelligence information within the Customs Service.
   (4) Establishing a fraud case tracking system.
   (5) Providing research and analysis for ongoing cases.
   (6) Coordinating ongoing significant cases with the Department of Treasury and the Department of Justice.

Id. Further, CFIC staff meet with attorneys, congressional staff and industrial personnel in order to develop effective programs to combat counterfeiting. Id. at 5.
196. Id.
organization which handles the field investigations. Fraud teams under “Operation Tripwire,” consisting of import specialists, inspectors, auditors, agents, laboratory personnel, and intelligence analysts, are located in every Customs district. Once in place, the fraud teams have been extremely successful in seizing counterfeit merchandise.

V. CONCLUSION

Trademark and copyright owners as well as consumers are being hurt by the importation of counterfeit goods. Not only is American business hurt, but hazardous or defective goods have been responsible for the loss of consumers’ lives. Therefore, it is crucial to effectively enforce those laws which prohibit commercial counterfeiting.

The customs regulations provide strong sanctions against importers of counterfeit trademarked merchandise. Indeed, such merchandise is subject to seizure and forfeiture. However, under the current classification system, goods bearing infringing trademarks are allowed entry after the phony marks have been removed. Thus, prohibited merchandise enters the retail market and importers have little incentive to stop their activity. To solve this problem, the Customs regulations should be amended to define “counterfeit” broadly enough to include those marks which now merely infringe upon legitimate trademarks. If this were done, more goods would be subject to seizure and forfeiture and unscrupulous importers would be less likely to stay in business.

Customs regulations are not easy to enforce. Customs protection is triggered when a copyright or trademark is recorded with Customs, but current information regarding recordations, as well as licensing agreements, is often unavailable. Furthermore, once a violation is established, field officers must exercise great discretion in deciding how to classify a suspect article and the scope of protection to apply.

In spite of these difficulties, the customs regulations provide an effective means of restricting illegal imports. With an increased

198. Mahan, Operation Tripwire, CUSTOMS TODAY 21 (Fall 1984) (available from the U.S. Customs Service, Public Services and Information Materials Division).
199. In 1983, Customs seized approximately $19 billion in textiles compared to less than $6 billion in 1982. Id. “One of the main reasons for this increase in the dollar volume was the establishment of separate textile task forces [Operation Tripwire] in both New York and Los Angeles ports which account for 75% of all textile imports into the United States.” Id.
The Customs Service budget, the Customs Service has been able to operate special investigations which have proven very successful. The Customs budget should continue to be increased so that task forces can continue and expand.

Terrie L. Adden

200. The Customs Service budget was increased from $655 million to $688 million in fiscal year 1985. Belkin, supra note 7, § 5, col. 1.