

**Submission of the
International AntiCounterfeiting Coalition
to
U.S. Customs and Border Protection
Department of Homeland Security
Department of the Treasury**

**Comments on Proposed Rule Re:
Enforcement of Copyrights
and the
Digital Millennium Copyright Act
84 Fed. Reg. 55251 - 65 (October 16, 2019)**

Docket Number USCBP-2019-0037

December 16, 2019



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Robert E. Perez
Deputy Commissioner
U.S. Customs and Border Protection
1300 Pennsylvania Avenue NW
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Timothy E. Skud
Deputy Assistant Secretary
Department of the Treasury
1500 Pennsylvania Avenue NW
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RE: Comments in Response to Proposed Rule – Enforcement of Copyrights
and the Digital Millennium Copyright Act – 19 CFR Parts 113, 133, 148, 151, and 177

Dear Mr. Perez and Mr. Skud:

The International AntiCounterfeiting Coalition, Inc. (“IACC”) appreciates the opportunity to provide these comments in response to the proposed rules published by U.S. Customs & Border Protection (“CBP”) and the Department of the Treasury (“Treasury”) (collectively, the “Agencies”) in the Federal Register on October 16, 2019, relating to the Agencies’ implementation of provisions of the Trade Facilitation and Trade Enforcement Act (“TFTEA”) of 2015.

For ease of reference, we address each of the proposed amendments, section-by-section, as set forth in the Federal Register Notice.

We thank you for your work on these important issues, and for the opportunity to share the relevant input and experience of our member companies and the rights-holder community more broadly. If you have any questions or concerns related to these comments, please feel free to contact me at your convenience.

Respectfully submitted,



Travis D. Johnson
Vice President - Legislative Affairs, Senior Counsel

About the IACC

The IACC is the world's oldest and largest organization dedicated exclusively to combating trademark counterfeiting and copyright piracy. Founded in 1979, and based in Washington, D.C., the IACC represents approximately 250 corporations, trade associations, and professional firms, spanning a broad cross-section of industries. IACC members include many of the world's best-known brands in the apparel, automotive, electronics, entertainment, luxury goods, pharmaceutical, software, and other consumer product sectors. Central to the IACC's mission is the education of both the general public and policy makers regarding the severity and scope of the harms caused by intellectual property crimes – not only to legitimate manufacturers and retailers, but also to consumers and governments worldwide. The IACC seeks to address these threats by promoting the adoption of legislative and regulatory regimes to effectively protect intellectual property rights, and to encourage the application of resources sufficient to implement and enforce those regimes.

Section-by-Section Comments

19 CFR 113.42 Time period for production of documents.

The IACC makes no formal comment on the proposed revision.

19 CFR 113.70 Bond conditions for owners of recorded marks or recorded copyrights to obtain samples from CBP relating to importation of merchandise suspected of infringing recorded marks or recorded copyrights, or circumventing copyright protection measures.

The IACC wishes to register its concerns about, and opposition to, CBP's proposed amendment to 19 CFR 113.70 for the reasons set forth below.

1) The application of a single transaction bond requirement is unnecessarily restrictive.

The first paragraph of the proposed amendment to 19 CFR 113.70 states, "Prior to obtaining samples of imported merchandise ... the owner of a recorded [intellectual property right] ... must furnish to CBP a single transaction bond ..." as a guarantee for the sample. We note however that CBP has previously established of a continuous bond process as an alternative to a rights-holder's provision of a single transaction bond each time it sought to obtain a sample of merchandise for examination or testing.¹ CBP's announcement of the continuous bond procedure highlighted its advantages in terms of simplified tracking and administration, its reduction in the administrative burden on CBP, and its furtherance of CBP's overall strategy to facilitate trade. We see no logical reason for mandating a single transaction bond as security for a sample, as required by the proposed amendment to 19 CFR 113.70. Further, the Federal Register Notice provides no rationale for such a restriction. Accordingly, the proposed rule should be amended to recognize the availability of the continuous bond procedure.

2) The extension of the proposed bond conditions to CBP's provision of samples post-seizure is inappropriate.

Both the heading and the text of the proposed amendment would appear to indicate that the provisions of 113.70 are only intended to apply in the pre-seizure context, given their references to "suspected infringement[s]." This aligns with the text of the Trade Facilitation and Trade Enforcement Act of 2015 ("TFTEA"), which speaks to CBP's authority to share information and

¹ See, "CBP Announces Continuous Bond Option for IPR Sample Bonds." April 5, 2018. Available at: <https://www.cbp.gov/trade/priority-issues/revenue/bonds/ipr-sample-bonds>.

samples when doing so “would assist the Commissioner in determining if the merchandise is being imported in violation of [relevant statutes prohibiting the importation of goods in violation of a person’s intellectual property rights].”² Where CBP has already determined that the importation of such goods would constitute a violation of a person’s intellectual property rights, we fail to see any rationale for the imposition of the conditions set forth in the proposed amendment.

We note however that CBP’s proposed rulemaking repeatedly seeks to apply the provisions of 19 CFR 113.70 not only prior to making a determination regarding goods’ suitability for entry, but in the post-seizure context as well.³ The provisions of TFTEA provide no basis for any such conditions following the seizure of merchandise by CBP for an IPR violation. It is the view of the IACC that the bond conditions set forth in the amended 19 CFR 113.70 fail to advance any reasonable interest in the post-seizure context, and should not be applied where CBP has already seized the goods at issue. Accordingly, CBP should clarify the intended application of 19 CFR 113.70, and specify its statutory authority for that application.

3) The bond conditions that CBP seeks to impose pursuant to 19 CFR 113.70 are vague and overbroad.

The proposed amendment conditions the release of a sample to a relevant rights-holder on: (1) an agreement by the prospective recipient that any sample provided “may only be used for the limited purpose of providing assistance to CBP in enforcing intellectual property rights,” and (2) an agreement to indemnify the importer or owner of the merchandise “against any loss or damage resulting from the improper use [of a sample, by the rights-holder],” or for “any loss” resulting from the loss, damage, or destruction of the sample. Regrettably, the proposed regulation provides no guidance whatsoever with regard to what sort of activities on the part of a rights-holder might be deemed to be in service of “providing assistance to CBP in enforcing intellectual property rights,” or what sort of activities are presumed to be beyond the pale. This lack of clarity is decidedly relevant as the potential forfeiture of the rights-holder’s bond turns entirely upon CBP’s subjective determination.

In contrast to the existing regulation, which makes clear that the rights-holder’s bond will be returned where the goods at issue are ultimately determined to violate the individual’s IP rights, the proposed regulation includes no similar language. As a result, a strict interpretation of the proposed regulation could lead to the forfeiture of a posted bond even where CBP’s suspicion that the goods in question were counterfeit or piratical is ultimately borne out.

Likewise, the purported limitation on the use of such samples could be construed as prohibiting a rights-holder from providing relevant information gleaned from its examination to law enforcement agencies other than CBP, or from pursuing civil enforcement of their legitimate rights authorized elsewhere under federal or state law.

² Trade Facilitation and Trade Enforcement Act of 2015, Pub. L. No. 114-125 (2016).

³ See, e.g., CBP’s proposed 19 CFR 133.21(f), 133.25(f), 133.42(f), and 133.47(f).

We further note a lack of clarity with regard to the amount of any bond required by CBP under the regulation. As drafted, the regulation simply states that the bond be posted in an “amount specified by CBP” sufficient to indemnify the importer against “any loss or damage resulting from the improper use” or its loss or destruction. This broad wording would appear to open the door to bond valuation based upon highly speculative claims of loss or damage that could serve to discourage a rights-holder’s request of a sample in the first place. Such an outcome is undoubtedly at odds with Congress’s intention of empowering CBP with greater authority to share unredacted samples with relevant rights-holders. Accordingly, any bonding requirements imposed by CBP should be formulated based upon the provable harm that might arise from the importer’s loss of the physical sample and nothing further. If the importer is of the opinion that it has suffered some less apparent or indirect injury as a result of some purported misuse of a sample, it may seek recourse in the courts; CBP is not the appropriate arbiter of such disputes.

As drafted, the proposed amendment to 19 CFR 113.70 creates unnecessary ambiguity in the process. The inherent uncertainty as to what constitutes “assistance to CBP,” and by extension what may be deemed an “improper” use of a sample, is compounded by a lack of clarity as to when the purported obligations cease to exist, or precisely what sort of security the required bond is meant to provide. It would appear from context, that CBP has a clear idea of the range of activities that it would seek to restrict, or prohibit entirely, with regard to samples. If that’s the case, it should state those with specificity, and provide its legal bases for doing so. As it stands however, we fear that the proposed rule would hinder robust collaboration between CBP and intellectual property owners, the desire for which was at the heart of Congress’s enactment of TFTEA.

Proposed Amendment: § 133.0

The IACC makes no formal comment with regard to the proposed amendment of 19 CFR 133.0.

Proposed Amendment: § 133.21 Articles suspected of bearing counterfeit marks.

The IACC has no objection to the proposed deletion of the wording “owner of the mark” where it appears throughout 133.21, and its replacement with the clearer, “owner of the recorded mark.”

Similarly, the IACC has no objection to the replacement of the word “mark” with the clearer “markings” in the second sentence of 133.21(b)(5).

The IACC also has no objection to the proposed rule’s restricting of otherwise authorized disclosures where doing so may have an adverse impact on ongoing law enforcement investigations or national security.

The IACC wishes to register its concerns about, and opposition to, additional amendments to 19 CFR 133.21 proposed by CBP, as set forth below.

1) CBP should presume that the disclosures to rights-holders contemplated under the proposed amendments to 19 CFR 133.21(b)(2)(ii) and (b)(3) will assist CBP in its determination of whether the goods at issue bear a counterfeit mark.

The IACC agrees, in principle, with the proposed amendments to 133.21(b)(2)(ii) and (b)(3), as each regulation appears to closely track the language set forth in 19 U.S.C. 1628A, as amended by Sec. 302 of TFTEA. As enacted, the new section 1628A authorizes CBP to disclose to the owner of certain intellectual property information relating to merchandise or its packaging, or physical samples of the same, *if such disclosures would assist the agency in determining whether the goods were being imported in violation of the relevant intellectual property right.* As a practical consideration however, we believe that the wording of the proposed regulation opens the door to unnecessary and undesirable ambiguity.

CBP is tasked with the enforcement of more than 30,000 recorded intellectual property rights. In addition, the agency is authorized by statute to enforce against clearly counterfeit and clearly piratical goods, even where the relevant intellectual property rights have not been recorded. Maintaining expertise in the authentication of such a vast array of goods is a practical impossibility, and a recognition of that fact underlies CBP’s historical approach to enforcing IP rights in collaboration with rights-holders.

CBP has established procedures under which – upon suspicion that certain merchandise is counterfeit or that its importation would otherwise violate legitimate IP rights – it provides notice to the importer of its detention and the basis of its suspicion, and provides the importer with seven business days in which to rebut that suspicion. There are only two possibilities – either the importer fails to respond entirely⁴, or the importer provides additional information that might be considered by CBP in making its ultimate determination. In the case of the former, CBP’s suspicion is neither confirmed nor denied, so the fact that assistance from the rights-holder would be helpful to CBP in making its determination appears self-evident. Where an importer has responded to CBP’s detention notice, the rights-holder’s examination of the goods in question would hold even greater evidentiary value to CBP in its evaluation of the importer’s rebuttal. In either case, no formal conclusion that disclosure to the rights-holder would assist CBP in its determination should be imposed by the regulation.

We note that the language adopted by CBP in corresponding provisions of the proposed regulations 133.42 and 133.47, follows an identical approach. We likewise support the amendment of the relevant provisions of those regulations to establish a presumption that such disclosures concerning suspected piratical articles or articles suspected of violating the DMCA would assist CBP in its IP enforcement mission.

⁴ The agency has previously indicated that, in fact, “importers frequently fail to respond to CBP inquiries” involving detention notices issued by the agency in relation to shipments of suspected counterfeit merchandise. See, Disclosure of Information Regarding Abandoned Merchandise, 84 FR 44790, 91 (Aug. 27, 2019).

2) The proposed amendment of 133.21(b)(4) to provide for permissive disclosure of limited importation information would negatively impact the ability of rights-holders to provide timely assistance to CBP.

At present, Section 133.21(b)(4) states, “From the time merchandise is presented for examination, CBP may disclose ... limited importation information in order to obtain assistance in determining whether an imported article bears a counterfeit mark. Where CBP does not disclose this information ... prior to issuance of the notice of detention, it *will* do so concurrently with the issuance of the notice of detention, unless the information is unavailable, in which case CBP *will* release the information as soon as possible after issuance of the notice of detention.” [Emphasis added.] In practice then, under the existing regulation, a rights-holder is entitled to limited importation information at the time a detention notice is issued, or if unavailable at that time, as soon as possible thereafter.

The proposed rule dispenses with the existing mandatory disclosure regime, stating only that CBP “may release” the information after its issuance of the notice of detention. As drafted, the proposed amended regulation is also silent on the issue of whether disclosure of the limited importation information is mandatory or merely permissive where it’s available at the time the notice of detention is issued.

We’d further note that the amendment, as drafted, creates a conflict between 133.21(b)(2)(i)(A), which continues to indicate that CBP will inform the importer that the agency “may have previously disclosed to the owner of the recorded mark ... limited importation information concerning the detained merchandise ... and, in any event, such information will be released to the owner of the recorded mark, if available, no later than the date of issuance of the notice of detention.”

CBP has failed to provide any justification for the proposed changes, nor is any such reasoning apparent. Congress and the Administration have been clear in regard to their desire that CBP adopt procedures, and regulations where necessary, to ensure the robust and efficient sharing of information between CBP and its partners in the private sector to enhance the enforcement of intellectual property rights. Inasmuch as the proposed regulation would serve to limit timely disclosures to rights-holders that may aid IP enforcement efforts, or result in fewer disclosures overall, it runs contrary to the expressed intent of Congress and the Administration. Accordingly, the existing regulation’s mandated disclosure of limited importation information should be retained.

The language adopted by CBP in corresponding provisions of the proposed regulations 133.42 and 133.47, follows an identical approach. As such, we support the amendment of the relevant provisions of those regulations to ensure the mandatory disclosure of limited importation information to relevant owners of recorded copyrights or otherwise eligible persons.

3) The reference to the Trade Secrets Act in the proposed revision to 19 CFR 133.21(c)(1) is inaccurate and should be deleted.

The proposed revision to paragraph (c)(1) states, in relevant part, “Upon release of such information, photographs, images, or samples, CBP will notify the owner of the recorded mark that some or all of the information being released may be subject to the protections of the Trade Secrets Act, and that CBP is only disclosing the information to the owner of the recorded mark for the purpose of assisting CBP in determining whether the merchandise bears a counterfeit mark.” This language appears to be a vestige of CBP’s long-standing view that its authority to disclose information or samples to rights-holders in the pre-seizure context is constricted by provisions of the Trade Secrets Act (“TSA”). The language of the TSA is straightforward however – its prohibitions apply to the *unauthorized* disclosure of information by a government employee to third parties. TFTEA though explicitly authorized the disclosures contemplated under 133.21. As such, CBP’s retention of the reference to the applicability of the TSA found in the existing regulation misstates the law and introduces unnecessary ambiguity with regard to the propriety of such disclosures. Further, the inclusion of such a reference concurrent with CBP’s disclosure of the information to the rights-holder could easily be construed as implying a threat of legal liability under the TSA should that information be used for any purpose other than “assisting CBP in determining whether the merchandise bears a counterfeit mark.” As a legal matter, the TSA does not restrict the subsequent use by a third-party of information lawfully-obtained from the government. While it may be the case that the disclosure of information by CBP would otherwise (i.e., in the absence of clear statutory authorization) be “subject to the protections of the Trade Secrets Act,” that is clearly not the case in light of the provisions of TFTEA. For the sake of clarity, the reference to the applicability of the TSA should be removed entirely.

To the extent that the corresponding provisions applicable to copyrights and circumvention devices, found in the proposed regulations 133.42 and 133.47, reference the Trade Secrets Act; they too should be amended.

4) We reiterate our previously registered objections to the bonding provisions set forth in the proposed amendment to 19 CFR 113.70, as their application is proposed in the context of 133.21(b)(5), 133.21(c), and 133.21(f); without additional comment.

5) The IACC further objects to the proposed deletion of the phrase “in pursuit of a related private civil remedy for infringement,” in the existing 19 CFR 133.21(f), for the reasons set forth below.

At present, 19 CFR 133.21(f) requires a rights-holder to return a sample to CBP upon demand, or following the conclusion of examination, testing, “or other use in pursuit of a related private civil remedy for infringement.” CBP’s proposed deletion of the verbiage following “or other use” is troubling, particularly given the proposed amendments to 19 CFR 113.70 requiring recipients of samples to agree to use the samples only for the limited purpose of assisting CBP in enforcing IP rights, and indemnifying importers for any loss resulting from “improper use.”

The language included in the existing regulation can be viewed as a clarifying example of a permissible “other use,” while its removal leads to greater ambiguity.

- 6) As detailed in numerous past submissions by the IACC, we strongly support a critical reassessment by the Agencies of the current, bifurcated disclosure process set forth in 19 CFR 133.21. We believe that the “notice and seven business day response” process devised as part of the 2012/2015 rulemaking serves to impede efficient enforcement, while failing to advance any legitimate interests of importers.**

Proposed Amendment: § 133.25 Procedure on detention of articles subject to restriction.

The IACC has no objection to the proposed revision of the existing regulation with regard to the replacement of the terms: “Customs” with “CBP;” “owner of the trademark” with “owner of the recorded mark;” and “trademark or trade name owner” with “owner of the recorded mark or trade name,” as described in the Federal Register Notice.

To the extent the proposed amendment to 19 CFR 133.25 incorporates or is duplicative of the bonding conditions set forth in the proposed amendment to 19 CFR 113.70, we reiterate our objections to those provisions.

Proposed Amendment: § 133.42 Piratical articles: Unlawful copies or phonorecords of recorded copyrighted works.

CBP’s proposed revision appears to have been designed, in large part, to streamline its existing procedures for enforcing copyrights at the border, and to ensure conformity between those procedures and the procedures applicable to its enforcement against illicit imports in violation of trademark rights or prohibiting the importation of circumvention devices in violation of the Digital Millennium Copyright Act. While we support this approach in principle, the result of that effort is that the concerns highlighted with regard to CBP’s amendments to 19 CFR 133.21 are duplicated in its proposed amendments to 19 CFR 133.42. Accordingly, we wish to reiterate the objections raised above.

We also note that in drafting the proposed amendment to 133.42, CBP has failed to retain certain provisions found in the existing regulations that we view as appropriate and beneficial to the IP enforcement regime. By way of example, CBP has proposed to eliminate the existing sections 133.43 and 133.44; we presume that the decision to remove those additional sections was intended to avoid the duplication of subject matter encompassed by the proposed 133.42. We strongly believe however that, in some regards, the provisions in the existing sections 133.42, 133.43, and 133.44 are preferable to the language adopted for the revised 133.42. To that end, we wish to specifically highlight the following.

- 1) Existing regulations provide greater clarity with regard to the determination of bond amounts required for indemnification, the purpose**

for which samples may be used, and the conditions upon which a rights-holder's bond will be returned (or converted for the benefit of the importer).

Under the existing regulation 19 CFR 133.42(e), following the seizure of infringing copies of copyrighted works by CBP, the agency is authorized to provide samples of the seized merchandise. And though the provision of a sample is conditioned upon the copyright owner's posting of a bond, the language of the existing regulation offers greater clarity and context than is provided in the proposed revision of 133.42 (incorporating the proposed revision of 19 CFR 113.70). No agreement to use the sample for limited purposes is imposed; rather the existing regulation specifically contemplates the rights-holder's use of the sample "for examination, testing, or any other use in pursuit of a related private civil remedy." [Emphasis added.] The language found in 133.43(b)(6)(ii), 133.43(c), and 133.44, likewise, provides greater clarity with regard to the required bond's intended purpose – as security against a loss by the importer of the item itself, or direct harm resulting from its delayed entry, and then, only where the importation of the merchandise is ultimately determined to not constitute a violation of the law.

2) Existing regulations allow for the more efficient and effective provision of assistance to CBP by copyright owners than is made possible under the proposed regulations.

Perhaps the most significant difference between the current regulations pertaining to copyright enforcement and those proposed by CBP involves the extension of CBP's bifurcated approach to providing redacted versus unredacted samples to the relevant rights-holder. As discussed in numerous past submissions; the IACC strongly objects to the policy adopted by CBP in this regard. Further, given the actions taken by Congress and the Administration since CBP originally devised the relevant policy and corresponding regulations, we urge CBP to reassess its approach in this regard.

Proposed Amendment: § 133.47 – Articles suspected of violating the Digital Millennium Copyright Act

As noted above, in light of the approach taken by CBP in mirroring the language for the proposed 19 CFR 133.47 with that of the proposed 19 CFR 133.21, we wish to reiterate our previously registered objections.

In addition, we wish to note an additional concern with regard to Section 133.47(b)(2)(iii). The proposed rule states that "Eligible persons may apply to receive post-seizure disclosures from CBP by attaching a letter requesting such disclosures to an application to record copyright." As drafted, the proposed regulation would appear to apply only prospectively. It is imperative that previously recorded copyrights be granted the same protection as newly recorded copyrights. We would ask that the language be amended to clarify that owners of previously recorded copyrights may similarly apply for protection by submitting a letter requesting such disclosures. Further, we would suggest that the proposed language be amended to permit the filing of a request upon renewal of an existing recordation.

133.48

The IACC makes no formal comment on the proposed revision.

133.51

The IACC makes no formal comment on the proposed revision.

133.52

The IACC makes no formal comment on the proposed revision.

148.55

The IACC makes no formal comment on the proposed revision.

155.16

The IACC makes no formal comment on the proposed revision.

177.0

The IACC makes no formal comment on the proposed revision.