

INTELLECTUAL PROPERTY RIGHTS

Fiscal Year 2016 Seizure Statistics



Prepared by

U.S. Customs and Border Protection
Office of Trade



**Homeland
Security**



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Disclaimer: The information contained in this report does not constitute the official trade statistics of the United States. The statistics, and the projections based upon those statistics, are not intended to be used for economic analysis, and are provided for the purpose of establishing U.S. Department of Homeland Security workload.

EXECUTIVE SUMMARY

Products that infringe U.S. trademarks and copyrights or are subject to exclusion orders issued by the United States International Trade Commission threaten the health and safety of American consumers and pose risks to our national interests. U.S. Customs and Border Protection's (CBP) and U.S. Immigration and Customs Enforcement (ICE) – Homeland Security Investigations' (HSI) enforcement of intellectual property rights (IPR) mitigates these risks while promoting a fair playing field, protecting American jobs, and advancing the U.S. economy.

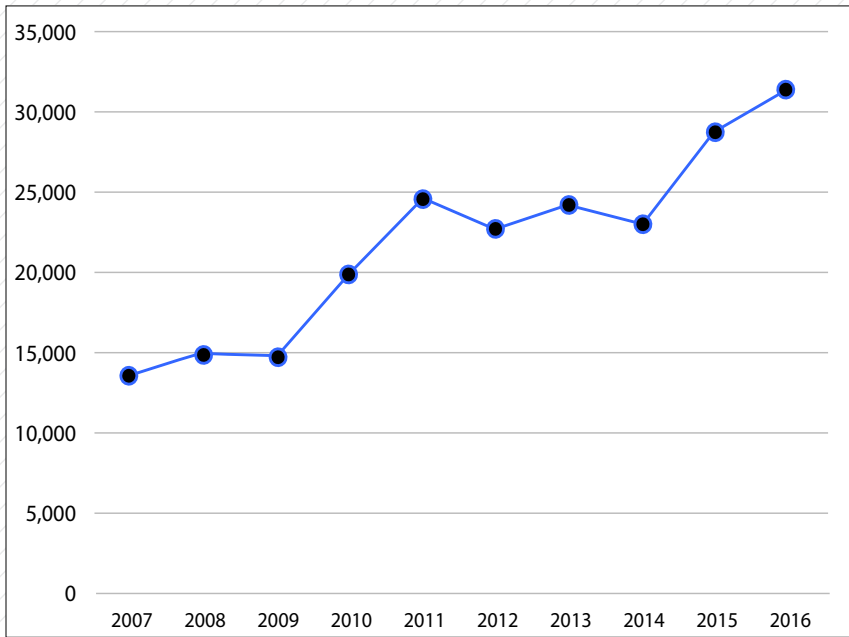
In Fiscal Year (FY) 2016, the number of IPR seizures increased 9 percent to 31,560 from 28,865 in FY 2015. The total estimated manufacturer's suggested retail price (MSRP) of the seized goods, had they been genuine, increased to \$1,382,903,001 from \$1,352,495,341 in FY 2015.

In FY 2016, ICE-HSI arrested 451 individuals, obtained 304 indictments, and received 272 convictions related to intellectual property crimes.

Each year, more than 11 million maritime containers arrive at our seaports. At our land borders, another 10 million arrive by truck and 3 million arrive by rail. An additional quarter billion more cargo, postal, and express consignment packages arrive through air travel. The components within the Department of Homeland Security (DHS) remain vigilant in targeting shipments that could pose a risk to the American people.

YEAR IN REVIEW

10 Year Seizure Totals



In partnership with the Express Association of America and its members, CBP continued the voluntary abandonment pilot program. This program—supported through a formal recommendation by the Commercial Customs Operational Advisory Committee (COAC), CBP’s federal advisory committee—resulted in 3,763 voluntary abandonments of detained goods and over \$3 million in estimated interdiction cost savings to the government.

In FY 2016, CBP completed 165 exclusion order enforcement actions (shipments seized and shipments excluded).

CBP seized 70 shipments of circumvention devices for violations of the Digital Millennium Copyright Act (DMCA), a 13 percent increase from 62 such seizures in FY 2015.

YEAR IN REVIEW

The combined total number of all IPR border enforcement actions in FY 2016 increased 11 percent over FY 2015.

Components of CBP's Integrated Trade Targeting Network (ITTN) conducted 17 national level IPR-mitigating trade operations in FY 2016. These operations targeted high-risk shipments at seaports, airports, international mail facilities and express carrier hubs across the U.S., and resulted in nearly 3,000 tactical seizures with a MSRP valued at over \$99 million.

Eleven of these operations were conducted by Mobile Intellectual Property Enforcement Teams (MIPET), groups of IPR experts deployed to assist enforcement operations. MIPET operations resulted in 2,680 seizures of IPR-infringing goods valued at over \$85 million MSRP and 181 abandonments. The number of MIPET operations conducted in FY 2016 was nearly three times as many conducted in FY 2015.

CBP and the General Administration of China Customs (GACC) conducted a month-long joint operation in April 2016 that focused on automobile parts, ID tags and labels, consumer electronics, and certain pharmaceuticals. The joint operation resulted in over 1,400 seizures.

The ICE-led National IPR Coordination Center, along with representatives from CBP, Hong Kong Customs and Mexico's tax administration, Servicio de Administración Tributaria, conducted Operation Team Player prior to Super Bowl 50 to jointly address the illegal importation of counterfeit sports-related merchandise.

CBP and HSI seized 386 shipments of semiconductor devices affixed with counterfeit trademarks in FY 2016. In total, 52 trademarks were counterfeited in these seizures.





YEAR IN REVIEW

CBP seized 42 shipments of unauthorized replica furniture determined to be counterfeit iconic mid-century modern design home and office furniture. These seizures, involving goods that would have had an estimated combined MSRP of \$4.2 million if genuine, stemmed from an e-allegation concerning persistent and widespread infringement. CBP's furniture enforcement efforts have helped to protect over 8,000 American jobs.

There was a significant increase in the value of seized goods in the Transportation/Parts category in FY 2016 that, in part, can be attributed to 474 seizures of counterfeit hoverboards. The category makes up 4 percent of the total value of seized goods in FY 2016 compared to less than 1 percent in FY 2015. CBP seized 108,122 entire hoverboards and 32,624 trademark-infringing batteries that were removed from hoverboards in FY 2016. The seizures would have had an estimated combined MSRP of \$46.4 million if genuine.

CBP established 10 Centers of Excellence and Expertise (Centers) to focus CBP's trade expertise on industry-specific issues through account-based processing on a national scale. The Centers, managed from strategic locations around the country, have national authority to make trade decisions at all ports of entry in an effort to meet the goals of strengthening America's economic competitiveness, enhancing industry knowledge and expertise, developing innovative trade processing procedure, applying strategic and impactful trade enforcement actions, and leveraging available trade intelligence. The Centers have been developing and executing enforcement operations to address areas of risk in the IPR Priority Trade Issue. These activities may be directed at a specific port of entry and expanded to all ports of entry as the risk is scoped out nationally.

YEAR IN REVIEW

In February 2016, Congress enacted the Trade Facilitation and Trade Enforcement Act (TFTEA), which supports CBP's and ICE's efforts to ensure a fair and competitive trade environment. TFTEA has numerous provisions that specifically call for actions with regard to IPR enforcement and provide mechanisms to supplement IPR enforcement. These include mandates to enhance CBP's and ICE's collaboration with rights holders, interagency coordination through the IPR Center, and international partnerships to stop counterfeiting at the source.

CBP concentrates its IPR border enforcement on federally registered trademarks and copyrights that have been "recorded" with CBP by their owners using the Intellectual Property Rights e-Recordation (IPRR) system, <https://iprr.cbp.gov/>. CBP administers these "recordations" using a secure proprietary database that CBP can access to make IPR border enforcement determinations. Product ID manuals that are prepared by right holders are also linked to the database and used by CBP in making IPR border enforcement determinations.

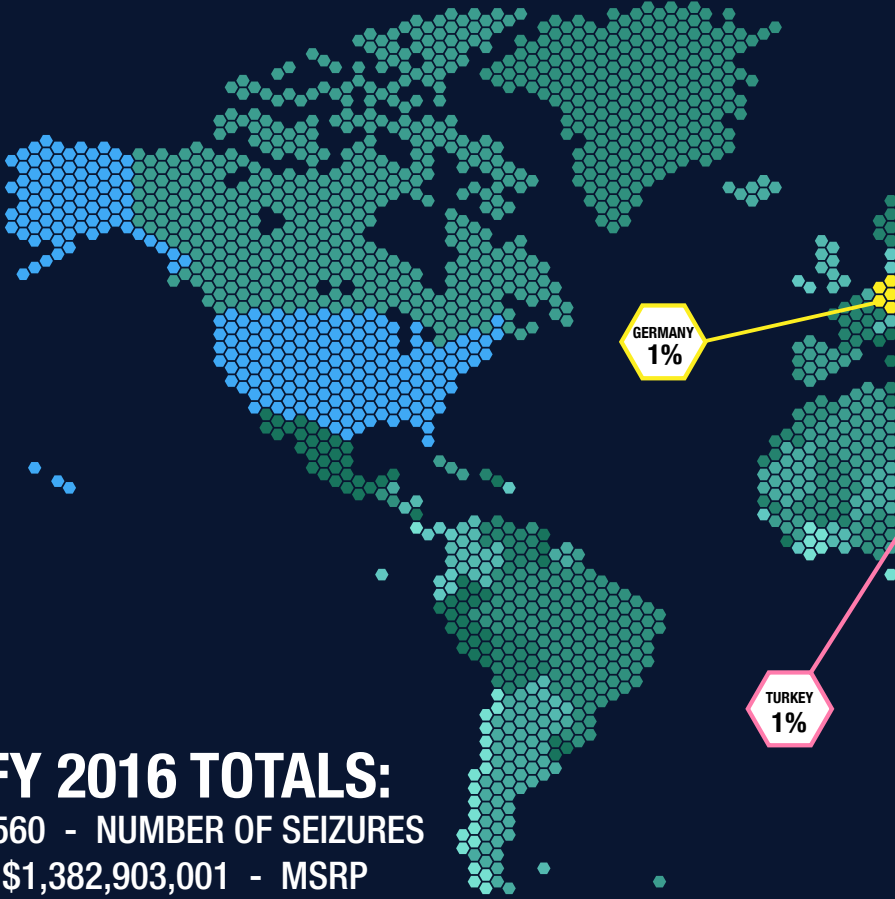
At the close of FY 2016, CBP enforced trademarks and copyrights pertaining to over 17,736 active recordations, including 2,235 new recordations or renewals of expiring recordations.

CBP works closely with rights holders in making IPR enforcement determinations. A public database of both active and inactive recordations is available using a search engine called the Intellectual Property Rights Search (IPRS) at <http://iprs.cbp.gov/index.asp>. Information on potential IPR infringements can be submitted to CBP using the e-Allegations Online Trade Violation Reporting System at <https://eallegations.cbp.gov/Home/Index2>.



FISCAL YEAR 2016 IPR SEIZURE STATISTICS

BY NUMBER OF SEIZURES

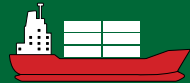


FY 2016 TOTALS:

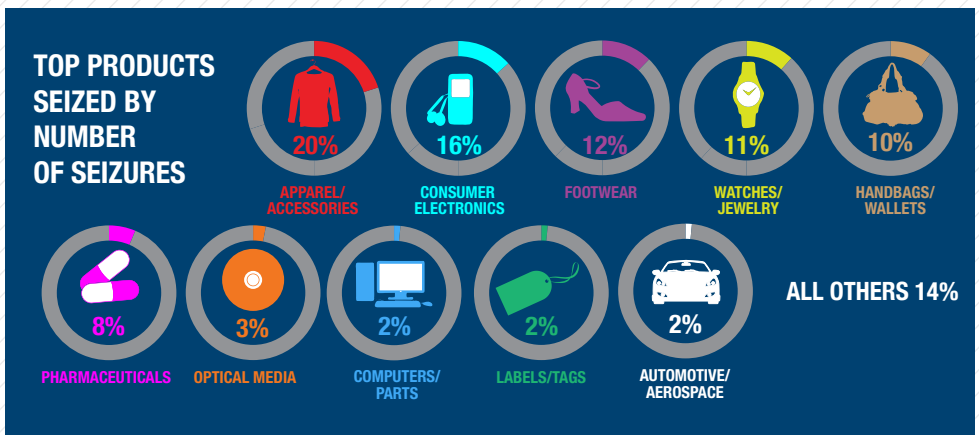
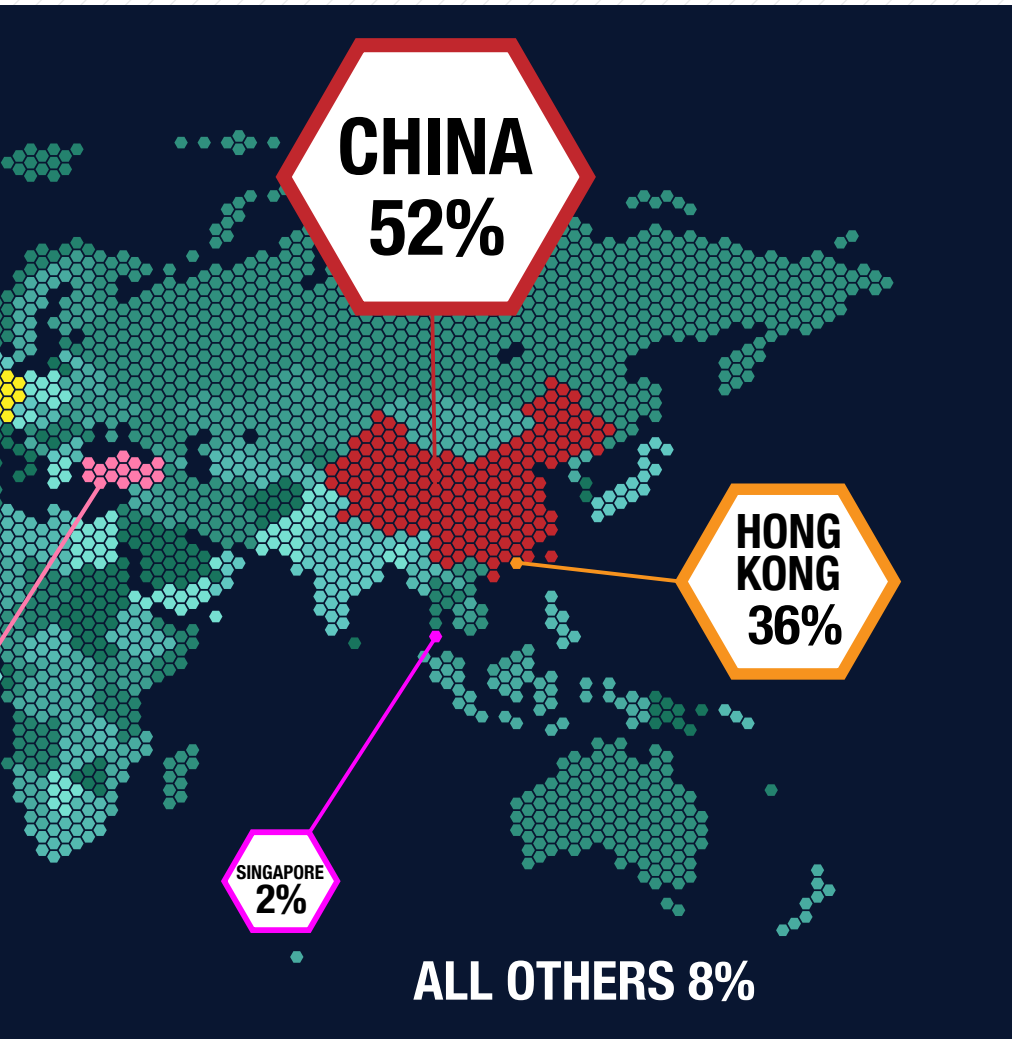
31,560 - NUMBER OF SEIZURES

\$1,382,903,001 - MSRP

SHIPPING
ENVIRONMENT
BY NUMBER
OF SEIZURES



ALL OTHERS 1,250



Product Categories



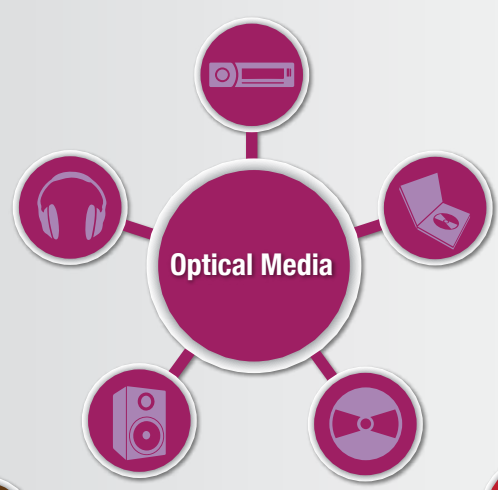
Footwear



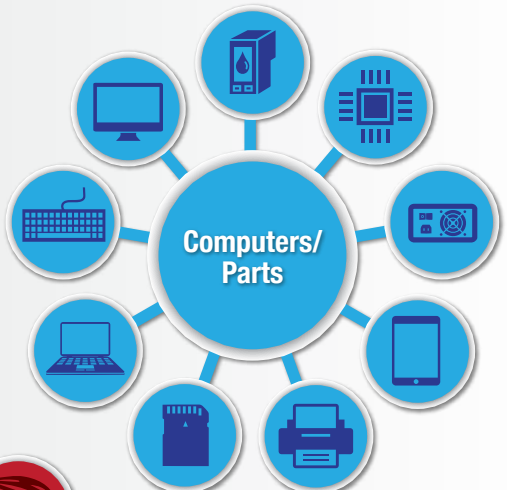
Watches/ Jewelry



Optical Media



Computers/ Parts

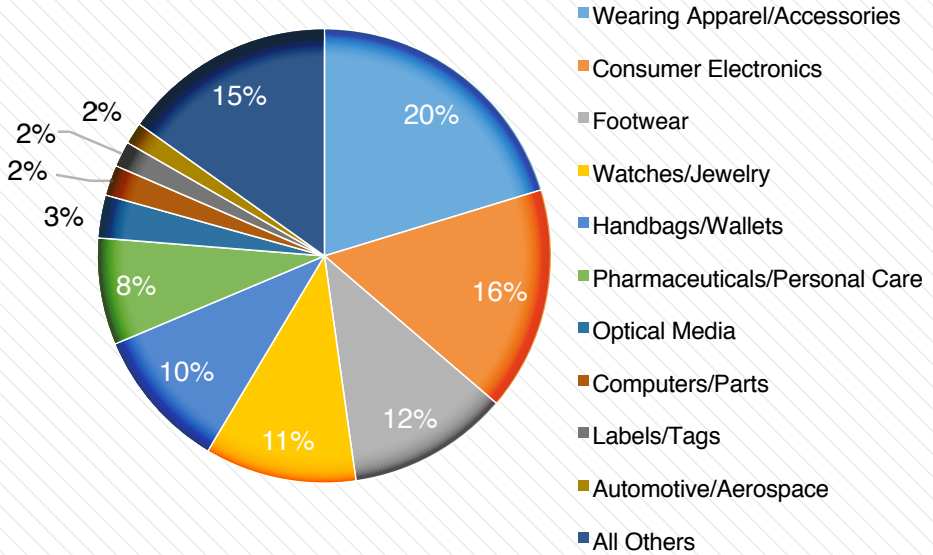


All Others

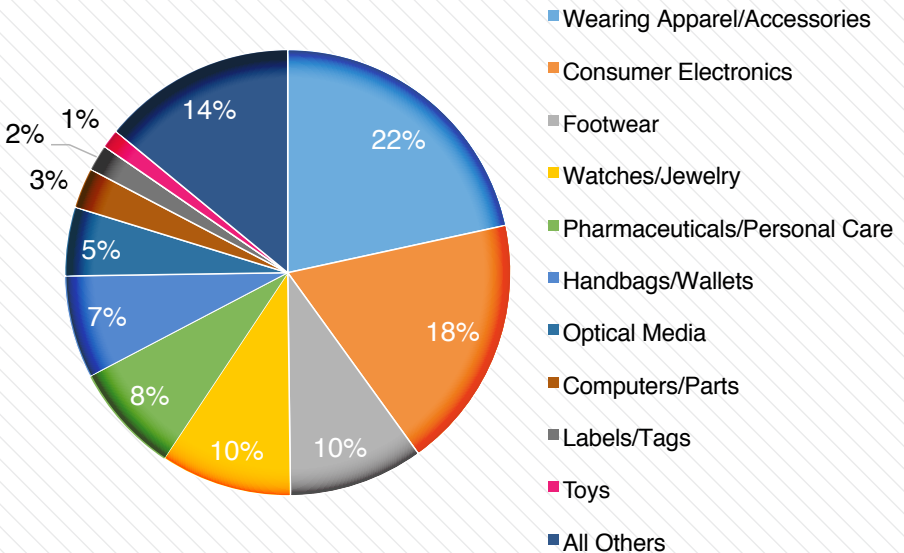


NUMBER OF SEIZURES BY PRODUCT

FISCAL YEAR 2016



FISCAL YEAR 2015



FY 2016 Products	Number of Seizures	Percent of Total*
Wearing Apparel/Accessories	6,406	20%
Consumer Electronics	5,043	16%
Footwear	3,630	12%
Watches/Jewelry	3,407	11%
Handbags/Wallets	3,184	10%
Pharmaceuticals/Personal Care	2,401	8%
Optical Media	963	3%
Computers/Parts	686	2%
Labels/Tags	572	2%
Automotive/Aerospace	486	2%
All Others	4,782	15%

Number of Seizures ***31,560***

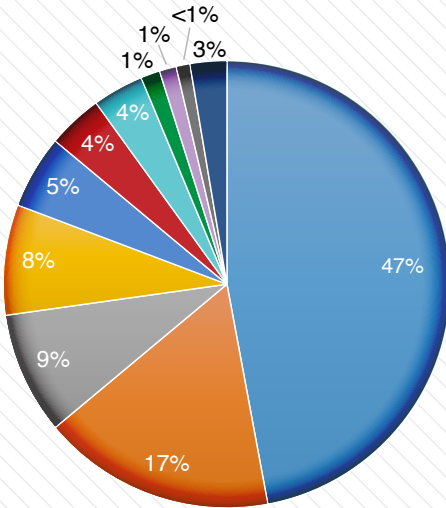
FY 2015 Products	Number of Seizures	Percent of Total*
Wearing Apparel/Accessories	6,232	22%
Consumer Electronics	5,326	18%
Footwear	2,818	10%
Watches/Jewelry	2,754	10%
Pharmaceuticals/Personal Care	2,301	8%
Handbags/Wallets	2,149	7%
Optical Media	1,442	5%
Computers/Parts	846	3%
Labels/Tags	550	2%
Toys	391	1%
All Others	4,056	14%

Number of Seizures ***28,865***

* To streamline reporting, seizures involving multiple product categories are included in the "All Others" category. Prior to FY 2015, seizures involving more than one product category were included in more than one category.

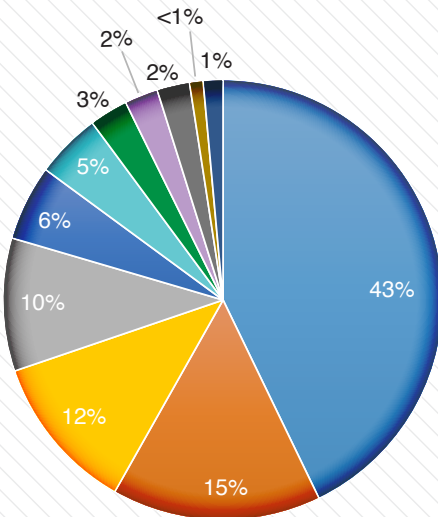
PRODUCTS SEIZED BY MSRP

FISCAL YEAR 2016



- Watches/Jewelry
- Handbags/Wallets
- Consumer Electronics/Parts
- Wearing Apparel/Accessories
- Pharmaceuticals/Personal Care
- Transportation/Parts
- Footwear
- Computers/Parts
- Labels/Tags
- Optical Media
- All Others

FISCAL YEAR 2015



- Watches/Jewelry
- Handbags/Wallets
- Wearing Apparel/Accessories
- Consumer Electronics
- Pharmaceuticals/Personal Care
- Footwear
- Computers/Parts
- Labels/Tags
- Optical Media
- Toys
- All Others

FY 2016 Products	MSRP	Percent of Total
Watches/Jewelry	\$ 653,590,442	47%
Handbags/Wallets	\$ 234,078,645	17%
Consumer Electronics/Parts	\$ 122,892,442	9%
Wearing Apparel/Accessories	\$ 110,805,624	8%
Pharmaceuticals/Personal Care	\$ 73,716,381	5%
Transportation/Parts	\$ 55,199,025	4%
Footwear	\$ 51,231,396	4%
Computers/Parts	\$ 19,319,416	1%
Labels/Tags	\$ 17,052,517	1%
Optical Media	\$ 8,165,968	<1%
All Others	\$ 36,851,145	3%

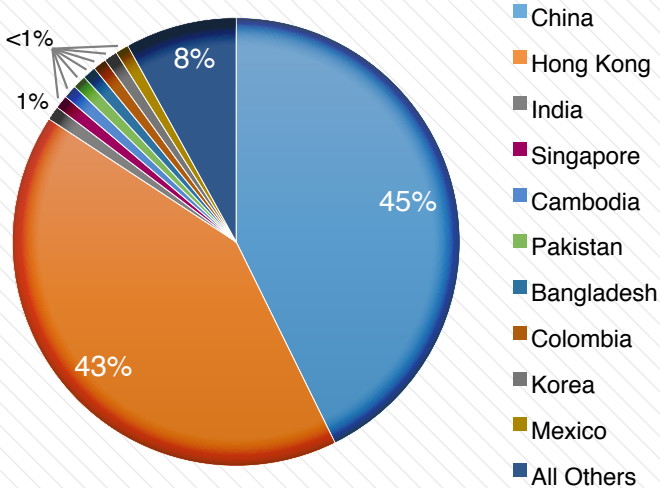
Total FY 2016 MSRP **\$ 1,382,903,001**
Number of Seizures **31,560**

FY 2015 Products	MSRP	Percent of Total
Watches/Jewelry	\$ 580,791,647	43%
Handbags/Wallets	\$ 208,378,624	15%
Wearing Apparel/Accessories	\$ 157,196,110	12%
Consumer Electronics	\$ 132,478,776	10%
Pharmaceuticals/Personal Care	\$ 75,061,822	6%
Footwear	\$ 64,967,315	5%
Computers/Parts	\$ 38,393,149	3%
Labels/Tags	\$ 33,335,825	2%
Optical Media	\$ 32,504,467	2%
Toys	\$ 9,757,358	<1%
All Others	\$ 19,630,248	1%

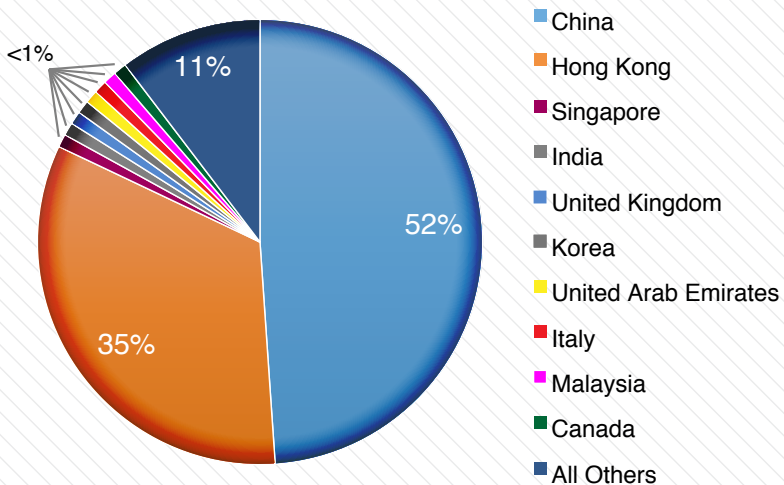
Total FY 2015 MSRP **\$ 1,352,495,341**
Number of Seizures **28,865**

TOTAL MSRP FOR PRODUCTS SEIZED BY ECONOMY

FISCAL YEAR 2016



FISCAL YEAR 2015

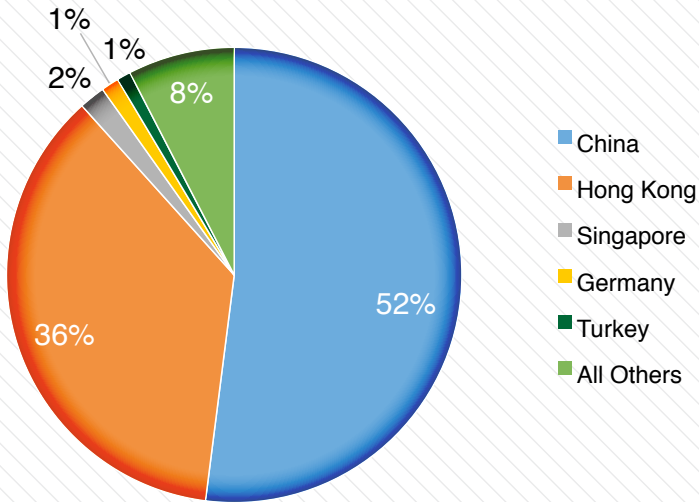


FY 2016 Economy	MSRP	Percent of Total
China	\$ 616,881,043	45%
Hong Kong	\$ 599,785,306	43%
India	\$ 14,668,153	1%
Singapore	\$ 7,706,059	<1%
Cambodia	\$ 7,014,825	<1%
Pakistan	\$ 4,776,159	<1%
Bangladesh	\$ 4,591,756	<1%
Colombia	\$ 4,220,544	<1%
Korea	\$ 3,585,190	<1%
Mexico	\$ 3,538,991	<1%
All Others	\$ 116,134,976	8%
Total FY 2016 MSRP	\$ 1,382,903,001	
Number of Seizures	31,560	

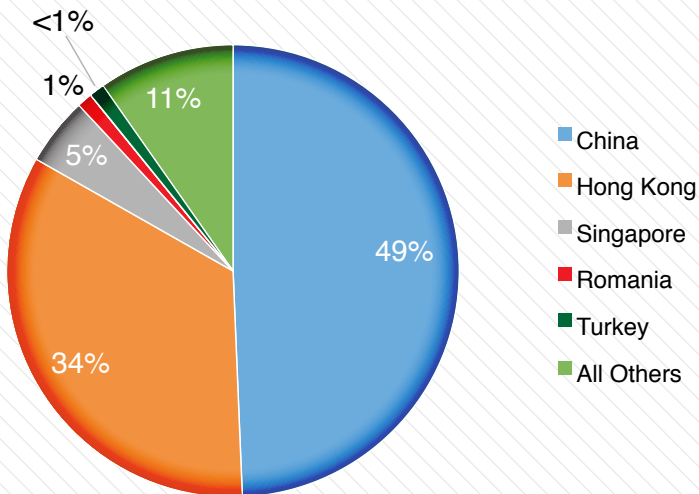
FY 2015 Economy	MSRP	Percent of Total
China	\$ 697,083,700	52%
Hong Kong	\$ 472,331,251	35%
Singapore	\$ 10,267,324	<1%
India	\$ 6,409,028	<1%
United Kingdom	\$ 4,358,128	<1%
Korea	\$ 3,788,572	<1%
United Arab Emirates	\$ 3,432,950	<1%
Italy	\$ 2,849,267	<1%
Malaysia	\$ 2,345,427	<1%
Canada	\$ 1,973,812	<1%
All Others	\$ 147,655,882	11%
Total FY 2015 MSRP	\$ 1,352,495,341	
Number of Seizures	28,865	

SEIZURES BY ECONOMY

FISCAL YEAR 2016



FISCAL YEAR 2015



FY 2016 Economy	Number of Seizures	Percent of Total
China	16,417	52%
Hong Kong	11,462	36%
Singapore	583	2%
Germany	396	1%
Turkey	309	1%
All Others	2,393	8%

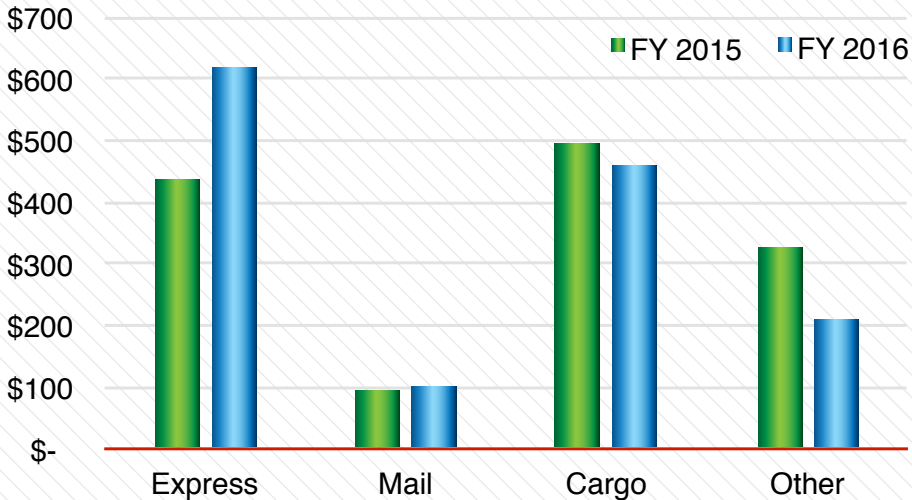
Number of Seizures ***31,560***

FY 2015 Economy	Number of Seizures	Percent of Total
China	14,164	49%
Hong Kong	9,724	34%
Singapore	1,395	5%
Romania	310	1%
Turkey	160	<1%
All Others	3,112	11%

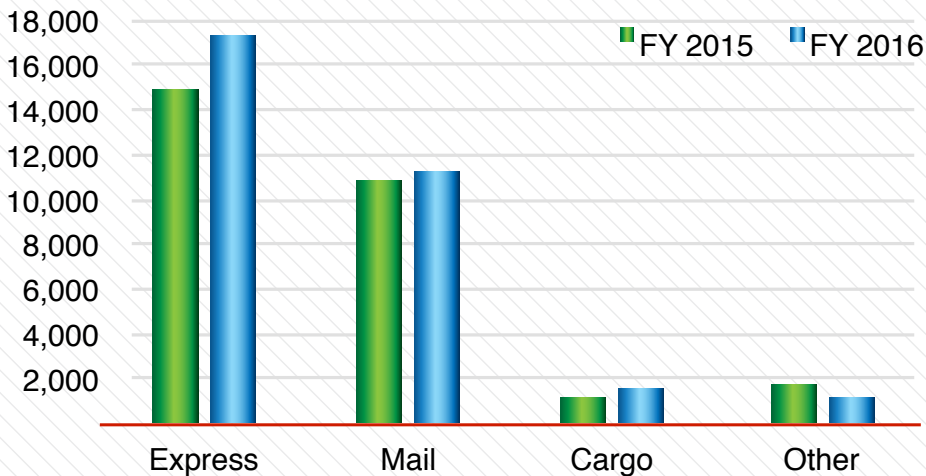
Number of Seizures ***28,865***

SEIZURES BY SHIPPING ENVIRONMENT

Estimated MSRP (in millions)



Number of Seizures



Estimated Manufacturer's Suggested Retail Price (in Millions)

Mode	FY 2015	FY 2015 Percent ofTotal	FY 2016	FY 2016 Percent ofTotal	Difference	FY 2015 to 2016 % Change
Express	\$ 436.6	32%	\$ 614.5	44%	\$ 177.90	41%
Mail	\$ 94.0	7%	\$ 100.4	7%	\$ 6.40	7%
Cargo	\$ 495.6	37%	\$ 457.7	33%	\$ (37.90)	-8%
Other*	<u>\$ 326.3</u>	24%	<u>\$ 210.3</u>	15%	<u>\$ (116.00)</u>	<u>-36%</u>
Total	\$ 1,352.5		\$ 1,382.9		\$ 30.40	2%

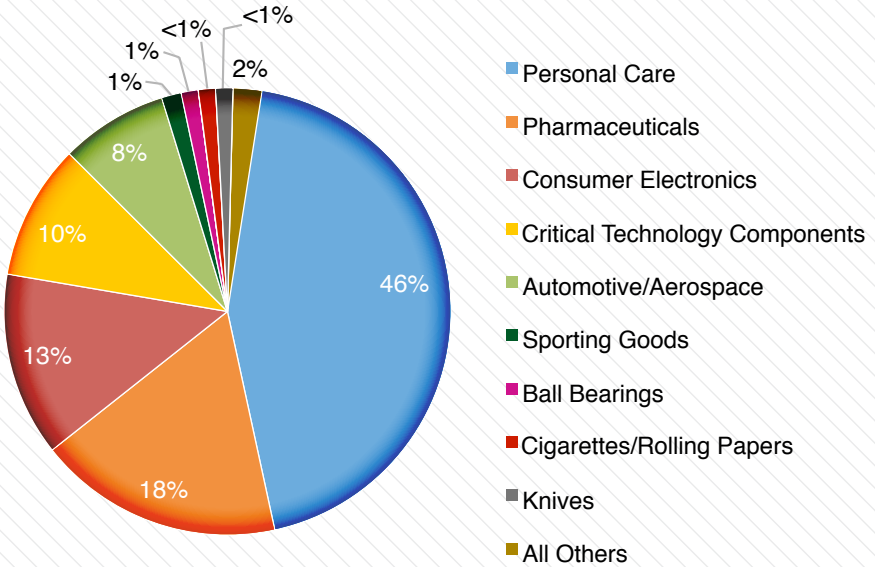
Number of Seizures

Mode	FY 2015	FY 2015 Percent ofTotal	FY 2016	FY 2016 Percent ofTotal	Difference	FY 2015 to 2016 % Change
Express	14,897	52%	17,363	55%	2,466	17%
Mail	10,834	38%	11,326	36%	492	5%
Cargo	1,287	4%	1,621	5%	334	26%
Other*	<u>1,847</u>	6%	<u>1,250</u>	4%	<u>(597)</u>	<u>-32%</u>
Total	28,865		31,560		2,695	9%

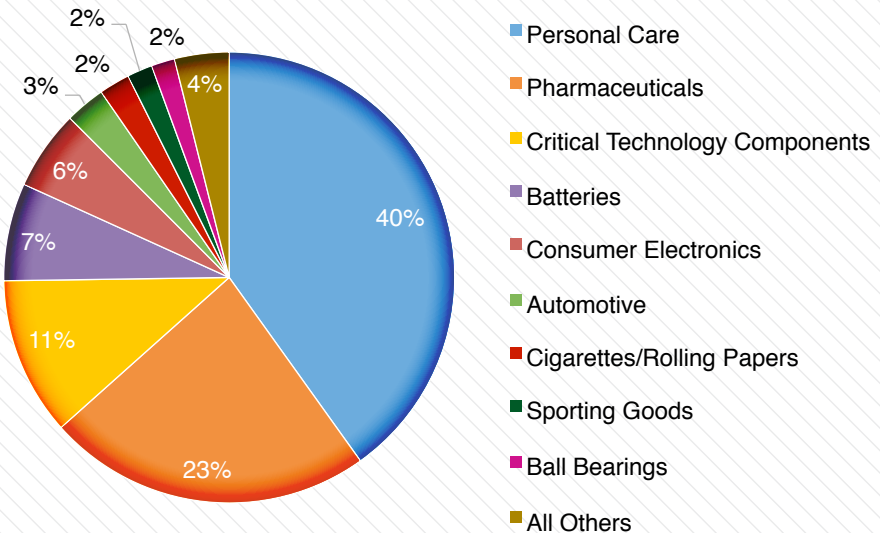
*Seizures included in the "Other" category involve exports, passenger baggage, or other enforcement actions.

HEALTH, SAFETY AND SECURITY

FISCAL YEAR 2016



FISCAL YEAR 2015



FY 2016	Number	Percent
Health, Safety and Security	of Seizures	of Total*
Personal Care	2,255	46%
Pharmaceuticals	859	18%
Consumer Electronics	645	13%
Critical Technology Components	474	10%
Automotive/Aerospace	376	8%
Sporting Goods	69	1%
Ball Bearings	60	1%
Cigarettes/Rolling Papers	36	<1%
Knives	22	<1%
All Others	101	2%
<hr/>		
<i>Number of Seizures</i>	<i>4,897</i>	

FY 2015	Number	Percent
Health, Safety and Security	of Seizures	of Total*
Personal Care	1,836	40%
Pharmaceuticals	1,066	23%
Critical Technology Components	520	11%
Batteries	321	7%
Consumer Electronics	262	6%
Automotive	132	3%
Cigarettes/Rolling Papers	101	2%
Sporting Goods	83	2%
Ball Bearings	77	2%
All Others	179	4%
<hr/>		
<i>Number of Seizures</i>	<i>4,577</i>	

*For each category, the total number of seizures involving the specified product or products is reported, including seizures involving multiple product categories.

EXCLUSION ORDERS

CBP enforces exclusion orders issued by the United States International Trade Commission (ITC).

Most ITC exclusion orders are patent-based.

The ITC issues both limited and general exclusion orders. Limited exclusion orders apply only to infringing articles of named respondents. General exclusion orders bar the entry of infringing articles by all.

Exclusion orders prohibit the entry of all covered articles, even if they were not specifically accused and found to infringe by the ITC.

Once excluded, subsequent importations of the same articles by the same importer are subject to seizure.

FISCAL YEAR 2015

Shipments Seized	Shipments Excluded	Seizure Est. MSRP	Rulings Issued*	Advice to Ports
26	126	\$8,741,932	16	46

FISCAL YEAR 2016

Shipments Seized	Shipments Excluded	Seizure Est. MSRP	Rulings Issued	Advice to Ports
52	113	\$3,254,654	19	54

*The term "rulings" covers rulings and other interpretive decisions.

IPR POINTS OF CONTACT

Contact the IPR Help Desk to Report Violations and Obtain Assistance - CBP's IPR Help Desk is staffed Monday through Friday to answer questions on IPR enforcement. Contact the IPR Help Desk at **(562) 980-3119 ext. 252**, or via email at iprhelppdesk@cbp.dhs.gov.

Consult a CBP IPR Attorney - For those who have legal questions about CBP's IPR enforcement and would like to interface with a CBP IPR attorney, the IPR Branch is available to help. To request information on CBP's recordation program, please contact the IPR Branch at iprquestions@cbp.dhs.gov. For general inquiries on IPR enforcement, please contact hqiprbranch@cbp.dhs.gov.

Obtain Guidance on CBP E-Commerce Division - The IPR E-Commerce Division (IPR Division) coordinates with rights holders, members of the trade community, CBP staff, other Federal agencies, and foreign governments in developing and implementing the Agency's IPR strategy, policy and programs. To contact the IPR Division, email iprpolicyprograms@cbp.dhs.gov.

e-Allegations - If you are aware of or suspect a company or individual is committing IPR crime, please report the trade violation to CBP at e-Allegations Online Trade Violation Reporting System. Trade violations can also be reported by calling 1-800-BE-ALERT.

National Intellectual Property Rights Coordination Center - To report violations of intellectual property rights, including counterfeiting and piracy, contact the National IPR Coordination Center at <https://www.iprcenter.gov/referral/> or telephone 1-866-IPR-2060.



Homeland
Security

www.cbp.gov/ipr
www.iprcenter.gov
CBP Publication # 0649-0917