



Growing world trade in counterfeit and pirated goods threatens America's innovation economy, the competitiveness of leading companies and small businesses, the livelihoods of U.S. workers, and, in many cases, the safety of consumers and/or national security.

U.S. Customs and Border Protection (CBP) is the primary U.S. border enforcement agency, and intellectual property rights (IPR) are a CBP Priority Trade Issue. CBP works closely with U.S. Immigration and Customs Enforcement (ICE), its sister agency in the U.S. Department of Homeland Security, to combat the trade in counterfeit goods. CBP is partnering with ICE in the IPR Center to further enhance these cooperative efforts.

CBP's strategic approach to IPR enforcement is multi-layered, and includes seizing fake goods at U.S. borders; pushing the border outward through audits of importers who bring fake goods into the U.S. and through cooperation internationally with our trading partners; and partnering with industry and other Federal agencies to enhance these efforts.

CBP and ICE seizures of counterfeit and pirated goods have increased dramatically: in Fiscal Year (FY) 2007, CBP and ICE seized IPR infringing goods with a domestic value of more than \$196 million, an increase of 26 percent in domestic value in just one year. At mid-year FY 2008, CBP and ICE have seized fake goods with a domestic value of over \$113 million, an increase of almost three percent over mid-year FY 2007.

In FY 2006, CBP and ICE seized 606 shipments of counterfeit goods posing potential safety and security risks with a domestic value of \$13.7 million. In FY 2007, there were 1295 seizures of counterfeit goods with potential safety and security risks valued at \$27.9 million (domestic). Both in value and in number, seizures of counterfeit goods posing safety or security threats more than doubled year to year. Products seized included electrical articles, pharmaceuticals, perfume, cigarettes, batteries, auto parts, food, and sunglasses. At

mid-year FY 2008, CBP and ICE have already seized 796 shipments of goods with potential safety and security risks with a domestic value of \$24.8 million. This is a 28 percent increase in seizures and 30 percent increase in domestic value compared to mid-year FY 2007.

IPR audits, an innovative enforcement practice deployed by CBP, have expanded IPR enforcement beyond the traditional examination of goods at the border. By auditing the business records of companies at high risk for importing counterfeits, issuing penalties for infringing goods uncovered in the audits, and working with companies to improve their internal controls, CBP is working towards prevention of future imports of counterfeit goods. Since the inception of IPR audits in 2005, CBP has completed over 40 IPR audits and issued almost \$6,000,000 in fines as a result of violations found during the IPR audits.



Computer circuitry such as this is tiny, valuable, and frequently counterfeited—one of many items of special concern for CBP.