

GAO Highlights

Highlights of [GAO-18-216](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

Infringement of IPR through the illegal importation and distribution of counterfeit goods harms the U.S. economy and can threaten the health and safety of U.S. consumers. CBP leads IPR enforcement at U.S. ports of entry by detecting and seizing counterfeit goods that enter the United States. CBP works with ICE, which investigates IPR violations and builds cases for prosecution.

GAO was asked to review CBP's and ICE's IPR enforcement at U.S. borders. In this report, GAO examines (1) what is known about counterfeit goods entering the United States and the challenges they present, (2) efforts CBP and ICE have undertaken to enhance IPR enforcement and the extent to which they have assessed the results, and (3) the extent of CBP's and ICE's collaboration on IPR enforcement and ways they coordinate with the private sector. GAO reviewed agency data and documents, interviewed agency officials, and conducted field work at port locations selected on the basis of factors such as the volume of IPR seizures and variety of modes of transportation at each location. GAO also conducted undercover purchases of commonly counterfeited consumer goods on popular consumer websites, using investigative tools and techniques.

What GAO Recommends

GAO is making two recommendations to CBP, recommending that it (1) evaluate its efforts to enhance IPR enforcement and (2) assess potential additional information sharing with the private sector. CBP agreed with these recommendations.

View [GAO-18-216](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or gianopoulosk@gao.gov

January 2018

INTELLECTUAL PROPERTY

Agencies Can Improve Efforts to Address Risks Posed by Changing Counterfeits Market

What GAO Found

Changes in the market for counterfeit goods entering the United States pose new challenges for consumers, the private sector, and U.S. agencies that enforce intellectual property rights (IPR). Specifically, growth in e-commerce has contributed to a shift in the sale of counterfeit goods in the United States, with consumers increasingly purchasing goods online and counterfeiters producing a wider variety of goods that may be sold on websites alongside authentic products. For example, 20 of 47 items GAO purchased from third-party sellers on popular consumer websites were counterfeit, according to testing by the products' rights holders (see table), highlighting potential risks to consumers. The changes in the market for counterfeit goods can also pose challenges to the private sector—for example, the challenge of distinguishing counterfeit from authentic goods listed for sale online—and complicate the enforcement efforts of U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE).

Results from GAO's Purchases of Four Frequently Counterfeited Consumer Products

	Shoes	Travel mugs	Cosmetics	Phone chargers	Total
Authentic	15	3	0	9	27
Counterfeit	0	6	13	1	20
Total	15	9	13	10	47

Source: GAO | GAO-18-216

CBP and ICE engage in a number of activities to enhance IPR enforcement; however, while ICE has assessed some of its efforts, CBP has taken limited steps to do so. CBP's and ICE's IPR enforcement activities broadly include detecting imports of potentially IPR-infringing goods, conducting special operations at U.S. ports, engaging with international partners, and undertaking localized pilot programs or port-led initiatives. CBP and ICE have collected some performance data for each of the eight activities GAO reviewed, and ICE has taken some steps to understand the impact of its efforts. However, CBP has conducted limited evaluation of its efforts to enhance IPR enforcement. Consequently, CBP may lack information needed to ensure it is investing its resources in the most efficient and effective activities.

CBP and ICE generally collaborate on IPR enforcement, but according to private sector representatives, restrictions on CBP's information sharing limit private sector enforcement efforts. GAO found that CBP and ICE have undertaken efforts that align with selected key practices for interagency collaboration, such as participating in developing a national IPR enforcement strategy and agreeing on roles and responsibilities. However, sharing additional information about seized items with rights-holding companies and e-commerce websites could improve enforcement, according to private sector representatives. CBP officials said they share information to the extent allowed under current regulations, but CBP has not completed an assessment of what, if any, additional information would be beneficial to share with private sector entities. Without such an assessment, CBP will not know if sharing additional information requires regulatory or legal changes.