



Intellectual Property Institute of Canada
Institut de la propriété intellectuelle du Canada

CBSA / Request for Assistance Program White Paper

Submitted by IPIC Anti-Counterfeiting Committee

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I. GOAL

This paper identifies the most pressing gaps in the current system for stemming the import of counterfeit goods into Canada, namely, the rights holder driven Request for Assistance (RFA) program, operated through the Canada Border Services Agency (CBSA). It recommends solutions to make this program more responsive and less burdensome for all stakeholders, including government agencies, brand owners, and individual border officers.

	GAP	RECOMMENDATION
Resources for CBSA		
1.	Officer training	Rights Holders provide direct product identification training to CBSA officers via no charge online webinars and in-person presentations, including comparison of sample counterfeit/authentic products.
2.	Few detentions	Task dedicated customs officers with the detention of counterfeit goods being imported into, exported out of, or moving in-transit through, Canada.
Simplify the Procedure		
3.	Difficult Renewal process	Renewal requests should be simplified.
4.	Non-uniform recordal term periods	RFAs should have a predictable and consistent expiry/renewal anniversary.
5.	Arduous process for the destruction of detained counterfeits	Implement a revenue neutral, Simplified Administrative Procedure, for the abandonment and destruction, without judicial intervention, of <i>uncontested</i> counterfeit goods
Communication		
6.	Rights Holder coordination	Facilitate coordination and information sharing among consenting Rights Holders implicated in the same import.
7.	Inter-agency coordination	Streamline recordal of publicly available information as between CIPO and CBSA with respect to changes in intellectual property ownership, validity, and scope of rights.

II. DEFINITIONS

The following terms are used throughout this paper:

“**CBSA**” means the “Canada Border Services Agency”, the agency of the government of Canada responsible for administering the RFA program.

“**CIPO**” means the “Canadian Intellectual Property Office”, the agency of the government of Canada responsible for the registration of intellectual property rights, including trademarks, copyrights, and geographical indications, and maintaining official Registers thereof.

“**RFA**” means “Request for Assistance”, a program administered by the CBSA to stem the import of counterfeit goods, as well as a recorded intellectual property right thereunder.

“**Rights Holder**” means an owner of intellectual property rights, namely trademark, copyright, or geographical indication, in Canada.

III. OVERVIEW

In January 2015, Canada implemented a new program to stem the flow of imported counterfeit products. This “Request For Assistance” program is Rights Holder driven, and permits short term detention by CBSA officers of imported suspect counterfeit goods, where the brands displayed on such goods, or copyrighted works embodied in such goods, have been recorded with the CBSA by the Rights Holder. Over the past six years, upwards of 320 Rights Holders have enrolled in the program. However, retention has been low: over 90 Rights Holders have not renewed their enrollment. Only 227 Rights Holders are currently enrolled in the program. Moreover, fewer than 500 shipments have been detained. The number of shipments detained by Canada pales in comparison to other jurisdictions, like the European Union and United States. In these jurisdictions, tens of thousands of suspect counterfeit shipments are regularly stopped every year.

This paper provides background information about counterfeit products and the dangers they pose to the health and safety of ordinary Canadians, as well as Federal Government efforts, specifically the RFA program, designed to address this issue. The paper then identifies aspects of the RFA program where improvements could be made, and recommends concrete actions to enhance and improve Rights Holder participation and experience that could be taken, while decreasing the burden on our court systems, and, overall, reducing costs and redundancies for all stakeholders, including the CBSA itself.

IV. BACKGROUND

1. COUNTERFEITS

There is no dispute that many counterfeit products pose a health and safety problem for Canadian consumers. Sales have supported organized crime and terrorism. All industries are affected.

Counterfeit goods do not comply with Canadian production standards or regulations—but they deceptively display brands or markings on their packaging that do. They are often of poor quality, and contain materials not permitted under Canadian health and safety laws. For example, lead-based or other toxic chemicals in children’s toys and novelty items, or easily breakable parts. Other examples include the following: counterfeit automotive parts, such as wheels that crack and break when driven over obstructions, like potholes; counterfeit car grills that often do not work with existing collision avoidance technology; and counterfeit electrical products, such as extension cords, circuit breakers, and string lights, and electronics, that have been proven to constitute an elevated risk of fire/electrocution.

In the health sector, the COVID-19 crisis has thrown the risks posed by counterfeit PPE into sharp focus. Counterfeit health products, including counterfeit N-95 masks, are not guaranteed to protect the wearer from viruses and pathogens. This opens the wearer, and wider society, to an increased risk of infection. It makes virus spread more difficult to control by public health measures. Since counterfeits are typically sold at a lower price point, purchase and use of falsely branded PPE becomes more widespread than the legitimate goods, particularly where there are shortages of legitimate goods.

Funds from the sale of counterfeit goods are often directed toward organized crime and terrorism. The involvement of these groups in counterfeiting activities is well documented by global authorities. Counterfeiting is ranked amongst the highest source of income for organized criminal activities, and is estimated to be a multi-billion dollar business globally. The profits generated by counterfeiting are often used to finance an organization’s other criminal activities, such as fraud, forgery of official documents, tax evasion, and human trafficking, as well as the general operations and terrorist activities. It presents an attractive source of revenue due to its combination of high potential profits and low risk (i.e. penalties) relative to other criminal activities.

2. FEDERAL GOVERNMENT EFFORTS

On January 1, 2015, Canada implemented the “Request For Assistance” (RFA) program. It is the first border protection program for brands in Canada. The regime was implemented through the *Combating Counterfeit Products Act* by way of amendments to the *Trademarks Act* and the *Copyright Act*. It facilitates recordal of registered trademarks, copyrights, and geographical indications with the Canada Border Services Agency (CBSA) on request of the Rights Holder. CBSA officers are empowered to detain suspect counterfeit goods or pirated works pertaining to these recorded rights when they are imported. Detention is short—five days for perishable goods, and ten days for non-perishable goods. It can be extended by the Rights Holder filing a court action. During the initial detention period, CBSA officers can exchange information about the detained goods with the Rights Holder. The officers are not empowered to destroy the detained goods, even if confirmed to be counterfeit. Instead, Rights Holders must commence a court action (in federal or provincial courts) to extend the detention beyond the initial short period, and must obtain a court order or reach settlement with the importer before the counterfeit goods can be destroyed.

RFA recordals are valid for a two year period. Recordals may be extended for additional successive two year periods on the request of the Rights Holder.

When filing an RFA application, Rights Holders must include certain information, including their name, address, and the intellectual property they wish to record. They may also include information that can assist border officers in detecting counterfeit goods, such as identification markers for genuine versus counterfeit goods, and names of authorized importers and known importers of counterfeit goods.

The CBSA operates a “tip” line program called the Border Watch Line, and encourages Rights Holders to contact that program if they have information about a dangerous goods shipment that they suspect is counterfeit. This program is separate from the RFA program. Moreover, there is no follow up from CBSA with Rights Holders that submit information via the tip line program, regarding importation of counterfeits of their products, regardless of whether that Rights Holder has an RFA on file.

Since the RFA program commenced, about 450 suspected shipments have been detained—on average, fewer than 100 per year. In the last year, there has been an uptick in detentions (about 250). Most interceptions occurred in Alberta, specifically in Edmonton and Calgary. These cities are not Canada’s major import/shipping hubs like Vancouver, Toronto, or Montreal.

Recordal Statistics (as of November 2020)	
# issued	326
# currently active	227
Recorded trademarks	2900+
Recorded copyrights	250+

Detention Statistics (as of November 2020)		
	Total	RFA on file
2015-2020	459	410
January- November 2020	250	218

The majority of detentions have resulted in overwhelmingly positive outcomes for Rights Holders. Typically the importer of the detained goods has agreed to abandon or give up rights to the shipment within the initial 10-day detention period, has paid the cost of storage/destruction and, in many cases, has also covered all or a part of any legal fees

incurred by the Rights Holder. Only in a minority of cases (e.g., where the importer is uncooperative, disagrees with the allegations, and/or is unresponsive) have Rights Holders had to pursue litigation to obtain a court declaration on the correctness of the detention and/or an order for the destruction of the counterfeit goods. Furthermore, in many cases, information gleaned through the RFA program has resulted in further enforcement by other law/customs agencies in other countries thus supporting global anti-counterfeiting efforts.

The above outcomes demonstrate clear successes of the RFA program, and its potential as a potent tool that can stem the import of counterfeit products. However, its usefulness hinges on wider implementation and adoption of the program itself by the CBSA and Rights Holders.

Moreover, the last five years have also shed light on gaps in the program—gaps through which counterfeit goods continue to make their way into Canada. For example, one major challenge in the current RFA

program structure is the lack of any simplified procedure through which CBSA officers can seize and destroy counterfeit goods in cases where there is uncontested evidence that the goods are counterfeit. Specifically, under the current structure, while CBSA may detain goods suspected to be counterfeit, the onus is on the notified Rights Holder to seek and obtain either (a) an agreement from the importer, or (b) a court order, before the goods can be destroyed. This is burdensome and costly. It is a deterrent to Rights Holders, particularly in cases where the number of counterfeit goods seized is small relative to the time and cost required for them to obtain an agreement/order for destruction.

V. SUGGESTIONS FOR IMPROVEMENT

1. IMMEDIATE — CAN BE ADDRESSED WITH BUDGET

a. Resources for CBSA

i. Officer Training

RECOMMENDATION: RIGHTS HOLDERS PROVIDE DIRECT PRODUCT IDENTIFICATION TRAINING TO CBSA OFFICERS VIA NO CHARGE ONLINE WEBINARS AND IN-PERSON PRESENTATIONS, INCLUDING COMPARISON OF SAMPLE COUNTERFEIT/AUTHENTIC PRODUCTS.

Background: There is currently a lack of dedicated training with respect to counterfeiting of consumer products. While the RFA program permits Rights Holders to provide CBSA with PDFs or presentations of training materials, there is no involvement of the most knowledgeable people to explain the most important and useful authentication techniques to officers on the front lines. Simply relying on Rights Holders to file training materials leaves Canadian customs officers at a distinct disadvantage compared to their colleagues in other jurisdictions. In other jurisdictions, border officers routinely and regularly receive the sort of identification training proposed above.

Solution: The easiest and most effective way to assist customs officers who detain suspected counterfeit products is to keep them updated with current information relating to the products most often counterfeited, what “tell” signs are best for identifying counterfeits, and reviewing current shipping (import and export) protocols followed by rights holders. Rights Holders are prepared to, and do regularly, conduct these trainings in other jurisdictions, and with local Canadian police forces, via online and in-person methods. Through webinars, Rights Holders can provide a short explanation per brand using side-by-side comparisons and “cheat sheets” to illustrate the key “tells” for spotting counterfeits. This can arm customs officers with valuable tools. In addition, in-person attendances by Rights Holder representatives at ports across the country with table top displays of authentic/counterfeit products, allows officers visiting such displays to visually observe the differences, touching and feeling the products, asking questions directly of the Rights Holder, and hearing an explanation.

ii. Increase Dedicated Officers

RECOMMENDATION: TASK DEDICATED CUSTOMS OFFICERS WITH THE DETENTION OF COUNTERFEIT GOODS BEING IMPORTED INTO, EXPORTED OUT OF, OR MOVING IN-TRANSIT THROUGH, CANADA.

Background: Over the nearly six years of the RFA program, Canada has detained fewer than 100 shipments of counterfeit products per year, on average. This pales in comparison to the annual total of over 30,000 seizures of counterfeit shipments in the US every year for the past several years. Moreover, many of these U.S. seizures have included products bearing the intellectual property of Rights Holders in Canada who have filed RFAs, but whose recorded rights have never been the subject of a detention notice in Canada. The experience of knowing counterfeit products are being imported to Canada, but not receiving any notices of detention through the RFA program, despite having recorded rights, has directly led some Rights Holders to forego participating and not renew their RFA—they simply did not see the program as worthwhile.

Solution: The provision of more officers on the ground, whether from existing staff or additional staff, dedicated to dealing with the issue of detaining counterfeit shipments at ports of entry could help increase the number of detentions. This would build stakeholder confidence in the program, which, in turn, could lead to increased enrollment and participation by Rights Holders.

2. LONGER TERM — CAN BE ADDRESSED THROUGH POLICY OR LEGISLATIVE CHANGES

a. SIMPLIFY THE PROCEDURE

i. Rights Holder Access to files

RECOMMENDATION: ALLOW RIGHTS HOLDERS, AND THEIR REPRESENTATIVES, TO REVIEW AND CONFIRM WHAT INFORMATION IS ON FILE WITH CBSA WITH RESPECT TO THEIR RFA.

Background: There is currently no procedure by which Rights Holders can review or confirm what materials are on file with CBSA in connection with their RFA. Rights Holders are required by the CBSA to update their RFA file where ownership, validity, or scope of the subject intellectual property rights changes. Amendments are also permitted to add or remove other information, including newly registered trademarks, names of authorized importers, and known unauthorized importers. To ensure critical information is recorded, and without the ability to confirm what information is already on file, Rights Holders will often submit the same information to CBSA multiple times. This occurs both over the course of the recordal and at renewal. When amended or additional information is submitted in respect of an RFA, it is not known whether CBSA simply conducts a wholesale replacement of the information already on file, or if it reviews the new submission for updates and changes and amends the file accordingly. The former raises real risks of relevant information becoming removed from the file if it is not repeated in subsequent submissions. The latter represents a significant—and avoidable—investment of time and resources.

Solution: Permitting Rights Holder review of information already on file could ensure their RFA is up-to-date. Having the most current information reflected in the file is critical for officers on the ground. Moreover, Rights Holder review could reduce redundancies where the same information might otherwise be submitted multiple times, which would help conserve time and reduce costs for both Rights Holders and government. Review is critical should ownership of the subject intellectual property rights change (for example, because of an assignment or sale), or there is a change in representation for the Rights Holder over the course of the recordal. It could also facilitate simplified renewals of RFAs (discussed further below).

ii. Renewal Requests

RECOMMENDATION: RENEWAL REQUESTS SHOULD BE SIMPLIFIED.

Background: The legislation permits RFA recordals to be extended for additional two-year periods simply “at the request of the owner”. In practice, however, to renew an RFA, Rights Holders must file a new application and include all supporting materials, even if previously submitted. This is burdensome: Rights Holders must review their internal files to ensure the renewed filing contains all information previously submitted to the CBSA, including by way of update during the previous recordal period. Rights Holders cannot currently review or confirm what information is already on file with the CBSA (discussed above). This can lead to unnecessary duplication. It can also lead to otherwise avoidable errors if the Rights Holder’s new submissions omit changes they made to the file over the course of the previous two-year period, for example, to the list of authorized importers or known unauthorized importers.

Solution: Simplifying the renewal process could increase retention of Rights Holders in the RFA program. It could require nothing more than filing a letter with the CBSA indicating the RFA file number, and that the Rights Holder wishes to renew the recordal. A simplified renewal procedure could be further facilitated by permitting Rights Holders to review and confirm information already on file with the CBSA (discussed above).

iii. Expiry/Renewal Dates

RECOMMENDATION: RFAS SHOULD HAVE A PREDICTABLE AND CONSISTENT EXPIRY/RENEWAL ANNIVERSARY.

Background: An RFA’s recordal period runs two years from the date of the RFA, or a renewal request, is accepted by the CBSA. Renewal requests must be submitted before the current recordal period expires. Renewal request processing is estimated by CBSA to take four-to-six weeks. It is often shorter. This creates two problems. One, renewal requests that are processed any day before the RFA is set to expire are assigned a new recordal date that falls before the expiry date. It results in a truncated recordal period that is shorter than the two years guaranteed under the legislation—sometimes by weeks or months. Two, is that the next expiry/renewal date for the RFA has a different anniversary (i.e., falls on a different month and day) than the previous recordal period. This is difficult for Rights Holders to docket and track. It raises

the risk of inadvertently missed deadlines and lapsed recordals. Constantly shifting renewal anniversaries makes the current regime appear arbitrary, and disincentivizes participation by Rights Holders.

Solution: The recordal period for a renewed RFA ought to run for two years from the RFA expiry date rather than the renewal request acceptance date. This way the renewal anniversary would remain the same as between recordal periods. It would create administrative certainty for Rights Holders and government. This system would be similar to how renewal dates are calculated for registered trademarks.

iv. Destruction of Uncontested Counterfeit Goods by Customs

RECOMMENDATION: IMPLEMENT A REVENUE NEUTRAL, SIMPLIFIED ADMINISTRATIVE PROCEDURE, FOR THE ABANDONMENT AND DESTRUCTION, WITHOUT JUDICIAL INTERVENTION, OF UNCONTESTED COUNTERFEIT GOODS.

Background: The current legislation does not differentiate between contested and uncontested detained counterfeit goods. Nor does it differentiate between large shipments versus multiple small shipments. Counterfeiters frequently rely on multiple small shipments to avoid detection when moving counterfeit goods across borders. In all instances, the Rights Holder must commence a court action (through the provincial courts or the federal court) before counterfeit goods can be detained beyond the initial 10-day hold period (5 days for perishable goods). Moreover, absent the importer's consent to such destruction, the Rights Holder must obtain a court order for the goods to be destroyed. Litigation is time consuming and costly. To date, there has never been discovery or trial on issue of whether goods detained through the RFA program were, in fact, counterfeit. In the vast majority of cases, Rights Holders do not commence formal litigation; rather, they reach-out directly to importers, advise the goods are counterfeit, and seek delivery up and destruction of the goods, on consent, before the 10-day hold period expires.

Solution: No change to the existing RFA procedure in the case of contested counterfeit goods is proposed. A modest amendment to the RFA procedure in the case of *uncontested* counterfeit goods, as proposed below, would significantly increase Rights Holder participation in the program and ultimately reduce costs for all parties, including CBSA:

- 1 CBSA puts the importer on notice that the Rights Holder has determined the subject goods are counterfeit;
- 2 The importer is given 10 days to dispute that the subject goods are counterfeit, and the importer is advised of the consequences of a failure to respond (*i.e.*, the subject goods shall be deemed to be abandoned if no response is received);
- 3 If the importer contests that the subject goods are counterfeit, then the existing RFA procedure resumes, and the Rights Holder has 10 days to resolve the matter or commence court proceedings;
- 4 If the importer does not contest that the goods are counterfeit or fails to respond during the 10-day period, then the goods are uncontested counterfeit goods and deemed to be abandoned.

(Note: The time limits and safeguards necessary to ensure procedural fairness, may impact the terms of this procedure and should not be viewed as an impediment to this procedure working efficiently.)

Rights Holders familiar with simplified procedures in other jurisdictions could work with government to create a revenue neutral Simplified Administrative Procedure. This would take into account the phenomenon of large numbers of smaller shipments of counterfeit goods.

b. COMMUNICATION

i. Between Rights Holders

RECOMMENDATION: FACILITATE COORDINATION AND INFORMATION SHARING AMONG CONSENTING RIGHTS HOLDERS IMPLICATED IN THE SAME IMPORT.

Background: Detained shipments may include goods that implicate a variety of brands, and therefore multiple Rights Holders. Nevertheless, each Rights Holder must individually retain counsel and correspond with CBSA and the importer. This leads to redundancy and increased costs for both Rights Holders and government. The government must address each Rights Holder separately with essentially the same communication and information. Each Rights Holder must not only correspond with the government, but with the importer as well. If a confirmed counterfeit import consists of a small number of items, a Rights Holder may be less likely to pursue a remedy, either because it is seen as a “one off” import, or “too small” to merit a full-blown response. Bad actors could exploit this weakness to spread out an otherwise large import over smaller shipments less likely to attract attention or a reaction.

Solution: Create an “opt-in” procedure for Rights Holders to share contact information with others whose intellectual property is implicated in the same detained shipment, so the various Rights Holders could work in concert to communicate with the CBSA and come to a solution with the importer. Permitting Rights Holders to learn of each other and operate in concert with respect to a single shipment/importer could increase the likelihood that even smaller shipments are stopped in their totality, and more bad actors are prevented from importing counterfeits. Such procedure is supported by virtually all rights holder representative that have been contacted for comment.

ii. Between Agencies

RECOMMENDATION: STREAMLINE RECORDAL OF PUBLICLY AVAILABLE INFORMATION AS BETWEEN CIPO AND CBSA WITH RESPECT TO CHANGES IN INTELLECTUAL PROPERTY OWNERSHIP, VALIDITY, AND SCOPE OF RIGHTS.

Background: The scope of rights and ownership information of registered trademarks, copyrights, and geographical indications is public information. It is readily accessible, via CIPO’s website, on the

Trademarks Register and the Copyright Register. RFAs may only be recorded with respect to registered trademarks. Such Registers have been referred by CBSA officers processing RFA applications to confirm the accuracy of information filed. However, once an RFA is recorded, Rights Holders must separately update changes to ownership, validity, or scope of the intellectual property rights subject to RFAs with CBSA and CIPO. This creates unnecessary duplication, as it requires Rights Holders to write to both agencies to update this information. Moreover, it risks raising a barrier to protection if the information on file with CBSA is out of date and/or different from the information recorded on the CIPO Registers.

Solution: Permit Rights Holders to consent to sharing of publicly available information between CIPO and CBSA with respect to ownership, validity, and scope of rights, including where such information changes.