



International  
Trademark  
Association

# Parallel Imports: The U.S. Perspective

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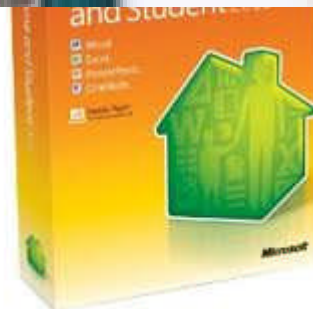
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# Introduction to Parallel Imports In the U.S.

- Not always cheaper – people like some products because of nostalgia
- From many different countries, but Mexico a big source
- Different packaging, ingredients, flavors, effectiveness, instructions

# Impact on Industry



# Approach in U.S. to Parallel Imports

- U.S. follows a hybrid approach to exhaustion of intellectual property rights
- Materially different goods can be stopped unless brand owner consents to entry explicitly or implicitly
- First sale doctrine nominally permits entry of identical goods

# Parallel Imports May Violate Trademark and Copyright Laws

- Lanham Act
- Tariff Act
- Copyright Act
- Food and Drug Administration/Customs and Border Protection
- International Trade Commission

# Lanham Act

- Prohibits the importation and sale in the U.S. of imported goods that are **materially different** from the goods intended for the U.S. market
- U.S. trademark owner may obtain injunction and damages upon showing of likelihood of confusion

# Material Differences

- Formulation
- Fragrance
- Color
- Physical appearance
- Packaging
- Language
- Guarantees
- Labeling/Instructions

# *Societe des Produits Nestle v. Casa Helvetica, Inc. (1st Cir. 1992)*

- “The threshold of materiality is always quite low.”



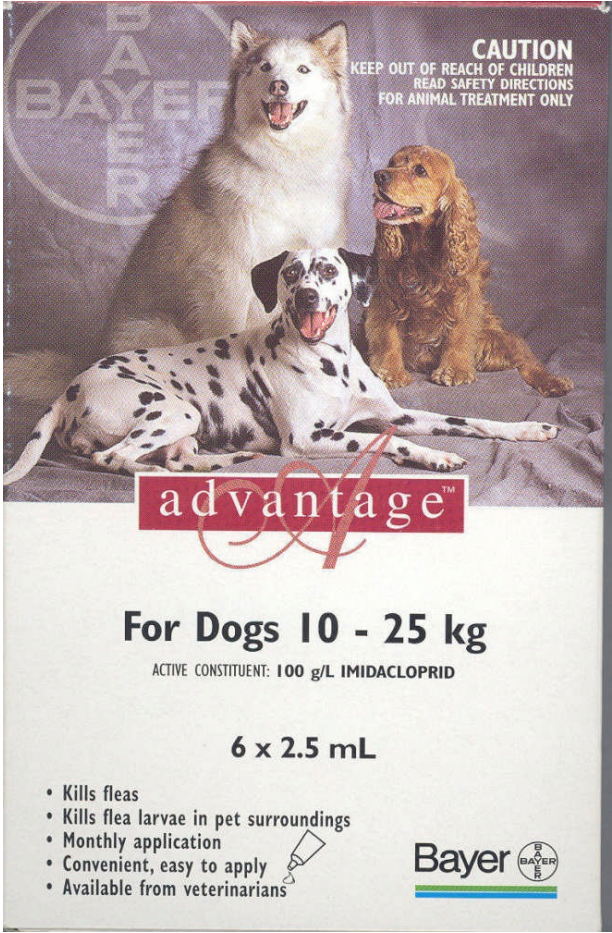
# Examples



# Examples (cont.)



# Examples (cont.)



**CAUTION**  
KEEP OUT OF REACH OF CHILDREN  
READ SAFETY DIRECTIONS  
FOR ANIMAL TREATMENT ONLY

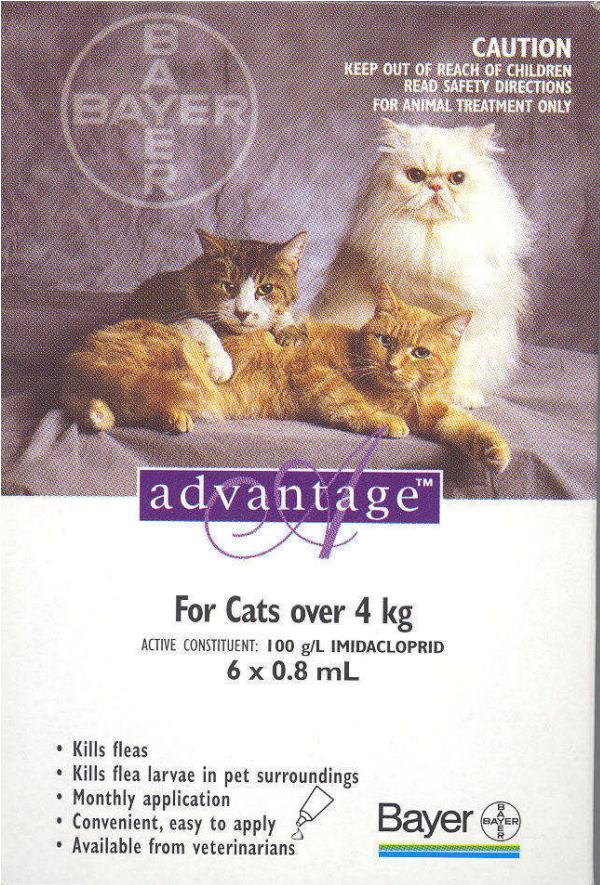
**advantage™**

**For Dogs 10 - 25 kg**  
ACTIVE CONSTITUENT: 100 g/L IMIDACLOPRID

**6 x 2.5 mL**

- Kills fleas
- Kills flea larvae in pet surroundings
- Monthly application
- Convenient, easy to apply
- Available from veterinarians

**Bayer**



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**advantage™**

**For Cats over 4 kg**  
ACTIVE CONSTITUENT: 100 g/L IMIDACLOPRID  
**6 x 0.8 mL**

- Kills fleas
- Kills flea larvae in pet surroundings
- Monthly application
- Convenient, easy to apply
- Available from veterinarians

**Bayer**

# Tariff Act

- Bars the importation of a product that “bears a trademark owned by a citizen of ...the United States and is registered in the U.S. Patent and Trademark Office.”
- Tariff Act § 526(a) is the basis for U.S. Customs and Border Patrol’s regulations
- Permits trademark owner to file suit: no need to show material differences or likelihood of confusion

# Copyright Act

- *Omega S.A. v. Costco Wholesalers* : After this U.S. Supreme Court case, copyright owner can prevent entry of goods bearing copyrighted work first manufactured outside of the U.S. – recently confirmed by Second Circuit.



# U.S. Customs and Border Protection



U.S. Customs and  
Border Protection

- Mark must be registered and recorded
- Submit Product Identification Training Guide
- Educate Customs

# Lever Rule Protection

- 19 CFR § 133.2(e) & 133.23(a)(3)
- Petition Customs through an application process
  - **physically** and materially different standard tougher than that applied in federal courts
- If Customs agrees to protection, the importer may apply disclaimer label to permit importation - if no label, forfeiture proceedings begin

# U.S. International Trade Commission

- Quasi-judicial agency that directs actions against unfair trade practices under 19 U.S.C. § 1337 (often called “Section 337”)
- Exclusion orders enforced by Customs and cease and desist orders stop individual importers
- No monetary relief
- ITC Investigatory attorney



## *SKF USA Inc. v. Int'l Trade Comm'n (Fed. Cir. 2005)*

Review of ITC decision: Relief denied where not “all or substantially all” of SKF’s ball bearings were materially different

Differences need not be physical



# Trends in U.S. Enforcement

- ITC taking a greater role in stopping materially different goods
- FDA willing to help in preventing parallel importation of pharmaceuticals
- INTA advocating for elimination of disclaimer as remedy for Lever Rule because disclaimers do not prevent confusion



# Questions?