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Robert E. Perez
Deputy Commissioner
U.S. Customs and Border Protection
Department of Homeland Security
1401 Constitution Avenue, NW
Washington, DC 20230

Timothy E. Skud
Deputy Assistant Secretary
Office of Tax, Trade and Tariff Policy
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Comment Request on the Notice of Proposed Rulemaking on the Enforcement of Copyrights and the Digital Millennium Copyright Act at the U.S. Border, 84 Fed Reg. 55251, pp. 55251-65 (October 16, 2019)

Dear Deputy Commissioner Perez and Deputy Assistant Secretary Skud:

The Entertainment Software Association (“ESA”) welcomes the opportunity to comment on the proposal to amend U.S. Customs and Border Protection (“CBP”) regulations pertaining to the disclosure of information mandated by the Trade Facilitation and Trade Enforcement Act of 2015 (“TFTEA”)¹ on goods that infringe copyrights, trademarks and Section 1201 of the Digital Millennium Copyright Act (“DMCA”).² The proposed regulations would create procedures for the disclosure of information and define the types of information disclosed. ESA commends CBP’s proposed rulemaking as a significant step in the right direction but clarity is needed, however, in particular, about the mechanism for the notification of copyright owners injured by seized circumvention devices that violate the DMCA. We ask CBP for clarification of the definitions of eligible persons, injured persons, and requiring recorded copyrights to cover technological protection measures. We also ask for the confirmation that existing cooperation between rights holders and CBP regarding enforcement of imported circumvention devices will remain unaffected by the proposed rules.

The video game industry, individually and also through ESA, has fostered and maintained constructive relationships with U.S. law and border enforcement as a key part of its global content protection program. On behalf of its members, ESA conducts nationwide trainings and education for local, state and federal law and border enforcement personnel on the protection of video game software, hardware and accessories. At the core of the industry’s relationships with CBP and other U.S. government agencies, is information-sharing and cooperation. This is why ESA and its members support rules that require the greater disclosure and sharing of information regarding infringing or counterfeit goods at the border, including goods (such as circumvention devices) imported in violation of Section 1201 of the DMCA. We thank CBP for engaging in rulemaking implementing the TFTEA. The proposed rules governing disclosure we

¹ 19 U.S.C. §§ 4341 - 50 (2016).

² 17 U.S.C. § 1201 (1998).

believe will improve the enforcement of intellectual property rights in meaningful ways for ESA members.

About the Industry

ESA is the U.S. trade association for companies that publish interactive entertainment software for video game consoles, handheld devices, personal computers, and the internet.³ It represents nearly all of the major video game publishers and gaming platform providers in the United States. In 2018, the industry generated \$43.4 billion in total revenue, with consumers spending \$35.8 billion on software, downloadable content and subscriptions, up from \$29.1 billion in 2017. Additionally in 2018, consumers spent a total of \$5.1 billion on video game consoles and \$2.4 billion on accessories and virtual reality hardware, including headsets, up from \$4.7 billion and \$2.2 billion in 2017, respectively. The industry added more than \$11.7 billion in value to U.S. GDP in 2017 and directly employed more than 65,000 people in the United States and 220,000 indirectly.

Like many industries, the video game sector must contend with the infringement of copyright in video games, the infringement of trademarks and trade dress through the counterfeiting of hardware, accessories and merchandise and, additionally, issues of security such as the hacking of games and game networks and digital account-reselling. In addition to commonly counterfeited items, such as video game controllers, which traditionally pair with game consoles and “plug-n-play”⁴ devices that appear to be genuine, ESA members also encounter user-generated counterfeits/unlicensed merchandise, such as print-to-own t-shirts or other print-to-sell merchandise as well as toys and figurines.

Although circumvention devices are not counterfeit items, they pose, in some cases, even greater challenges to video game companies, especially console manufacturers, because these devices facilitate the mass infringement of intellectual property rights and other unauthorized uses of video game consoles and online games. A circumvention service or device bypasses the technological protection measures employed by rights holders to protect their video game software and hardware (i.e., the video game console). There have been hundreds of different types of circumvention devices over the years including modification (“mod”) chips, game copies and even circumvention through software modifications (“soft mods”). Each circumvention device, when first identified, is purchased by console manufacturer investigators and analyzed to determine how it operates, what is infringing, etc. Only then is CBP notified about the device.

A mod chip is a semiconductor chip that contains a program that circumvents the technical protection measures of a console system. When a “mod chip” is affixed to the circuit board of a console, it allows the systems to run illegitimate copies of games. Soft mods use

³ A list of ESA members is available at <http://www.theesa.com/about-esa/members/>.

⁴ A recent and troubling trend in the video game industry is the production of legacy game consoles that come pre-loaded with popular games (often referred to as “plug-and-play devices”). High nostalgia value and low manufacturing costs make certain popular consoles prime targets for scalping and counterfeiting that can result in plug-and-play consoles.

software to modify the normal operation of video game console hardware in a way that can unlock or disable security features used to prevent the play of illegal games. This software can be paired with devices such as dongles to hack the console and inject the software. Once the security features are unlocked, users can circumvent copy protections employed by rights holders on game cartridges or discs and within a video game console. A popular circumvention device today is the “game copier”, which is designed exactly like a video game cartridge, in the greatest detail, includes features (*i.e.*, shape, size, thickness, connections, sockets and pin configuration) of a video game cartridge. These types of circumvention devices allow users to copy illegally downloaded video games from the internet and play on hardware.

Proposed 19 C.F.R. § 133.42 – Piratical articles; Unlawful copies or phonorecords of recorded copyrighted works

Section 302 of TFTEA and proposed regulations implementing section 302 require CBP to provide rights holders with the pre-seizure disclosure of certain information if review of that information, or examination or testing of the imported merchandise, by the right holder would assist CBP in its determination as to whether the suspect merchandise does, in fact, violate copyright law. Pre-seizure disclosures can include information appearing on imported articles or their packaging and labels, including unredacted images of those articles, and limited import information if the examination of the merchandise by the owner of the recorded copyright would assist CBP in determining if those articles violate IPR laws enforced by CBP. Section 302 also permits CBP to provide to the IPR owner unredacted samples of the merchandise, subject to applicable bonding requirements, if the IPR owner’s help would assist CBP in determining if the importations occurred in violation of 17 U.S.C. § 602.⁵ The information may only be released where the underlying copyright has been recorded with CBP. CBP may not disclose information, photographs, or samples when such disclosure would compromise an ongoing law enforcement investigation or national security.

ESA members need pre-seizure and post-seizure disclosure of information about suspected infringing merchandise or goods

Pre-seizure disclosure of suspected infringing merchandise or goods by CBP is very important to ESA members who encounter unlicensed merchandise or counterfeit items featuring the use of copyrighted works, such as art or characters and may use CBP disclosures to gather intelligence about trends in infringing goods. The disclosure of pre-, post- and comprehensive importation information to rights holders post-seizure and forfeiture will aid our members’ enforcement efforts and so we support proper implementation this provision. Finally, we add that although there may be instances where the disclosure of unredacted information may not assist CBP, that information may still be of high value to rights holders for the purposes of private enforcement and should be disclosed.

⁵ 17 U.S.C. § 602 (1976) - Infringing importation or exportation of copies or phonorecords.

Proposed 19 C.F.R. § 133.47 – Articles suspected of violating the DMCA

Proposed 19 C.F.R. § 133.47 prescribes the disclosure of information and potential provision of samples after the detention or seizure of goods suspected of violating the DMCA to enhance CBP's ability to prohibit circumvention devices from entering into the United States. Prior to seizure, CBP will disclose information appearing on the imported merchandise suspected of circumventing, if it will assist CBP in determining whether the merchandise violates the DMCA. Similarly, when CBP seizes merchandise that violates the law, it will disclose information appearing on the imported merchandise, as well as information received in connection with the importation, to certain right holders.

The proposed regulations define persons eligible for pre-seizure and post-seizure DMCA disclosures. Under the proposed regulations, a person eligible for pre-seizure disclosures is the owner of a recorded copyright who employs a copyright protection measure that may have been circumvented or attempted to be circumvented by devices that violate the importation prohibitions of the DMCA. The proposed regulations also define an injured person authorized to receive post-seizure DMCA disclosures as the owner of a recorded copyright who employs a copyright protection measure that has been circumvented or attempted to be circumvented by seized devices and who has successfully applied to CBP for DMCA protections. Proposed 19 C.F.R. § 133.47(b)(2)(B)(iii) states that eligible persons may apply to receive post-seizure disclosures from CBP by attaching a letter requesting such disclosures to an application to record copyright. CBP will then add those persons CBP approves for such disclosures to a list that CBP will maintain. CBP will publish notice of the establishment of the list in the Federal Register. After the list has been established, CBP will then publish a notice of revisions of the list, also in the Federal Register.

ESA seeks clarification with respect to certain definitions

ESA members thank CBP for working to implement the language of Section 303 as the prevention of circumvention devices into the United States is of great importance to our industry, particularly to console manufacturers. However, we think clarification is needed with respect to aspects of the definitions of eligible and injured person described in the paragraph above.

First, CBP's description of eligible person reads prospectively, i.e., only eligible persons who attach a letter requesting disclosure to an application *to record* copyright will receive disclosure. Does CBP intend for copyrights to be recorded anew in order for a rights holder to qualify as an eligible (and therefore, an injured person) person for purposes of this subsection? This raises concern about the status of previously recorded copyright registrations with CBP because rights holders who have already expended the effort and cost to record copyright registrations with CBP may now be faced with another hurdle to gain access to post-seizure disclosures that are mandated by law. ESA urges CBP to clarify that application for the injured persons list not require rights holders to re-record their copyright registrations with CBP and that the injured persons list is not solely for those rights holders recording new copyrights.

With respect to eligible person and injured person, both definitions require the entity to be owners of a recorded copyright employing a technical protection measure (“TPM”) capable of circumvention by the imported device. Copyright registrations and recordings with CBP do not cover particular TPMs. TPMs must be employed to protect a copyrighted work, but there is no requirement that a circumvention device, to be illegal, infringe that copyright.

Finally, highly successful coordination practices have developed over many years between video game companies and CBP components, such as port officers and CBP laboratory officials. ESA strongly believes that the revised procedures should not unnecessarily alter or jeopardize these existing procedures so that cooperation between CBP and industry can continue, such as with the formal submission of new devices for DMCA testing and analysis.

Conclusion

The video game industry faces serious challenges from goods that infringe trademarks and copyrights and that violate Section 1201 of the DMCA. Given the crucial role border enforcement plays in stemming the importation of illegitimate goods, such as circumvention devices, into the United States, we are encouraged by CBP’s efforts to work with rights holders to facilitate the intention of TFTEA. We urge CBP to clarify its definitions of eligible and injured person in proposed section 133.47 so that ESA members who need those pre- and post-seizure disclosures will receive the necessary information to conduct enforcement and protect their intellectual property.

Respectfully submitted,



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