

## U.S. GOVERNMENT IP ENFORCEMENT QUARTERLY UPDATE – APRIL 2007

### **CALENDAR**

- April 11 - DOC/Chamber/France – Consumer Awareness Event
- April 26 – World IP Day – Washington Events (WIPO, IPI)
- April 29-May 1 - International Trademark Association Annual Meeting – Chicago
- May 6-9 – BIO Int'l Conference- Biotechnology Industry Organization - Boston
- May 7-8 - KIPO/WIPO Conference on Innovative Administration of Intellectual Property - Seoul
- May 11-13 - Meeting of PTO Heads (US, China, EU, Japan, Korea) – Honolulu
- May 12-13 - Independent Inventor Program, Nat'l Inventors Hall of Fame – NYC
- June 13 - PTO/Chamber Road Show, with NC Secretary of State - Raleigh
- June 18 - PTO/Chamber Road Show - Detroit

### **TRAINING & CAPACITY BUILDING PROGRAMS**

- During CY 2006, ICE agents from the IPR Coordination Center have shared best practices and provided training to foreign government and law enforcement officials at the International Law Enforcement Academies (ILEA) in Bangkok, Lima, El Salvador, and Botswana. Additional training was provided on eight occasions in Brazil (4), China (2), Trinidad (1) and Italy (1).
- In 2006, DOJ Criminal Division prosecutors provided training and technical assistance on IP enforcement to over 3,300 foreign prosecutors, investigators, and judges from 107 countries.

#### **Upcoming Training Programs**

- April 16 - PTO Training for World Customs Officials - Washington, D.C.
- April 16-18 - Trilateral Technical Assistance for patents at the JPO – Tokyo
- April 16-18 - CAFTA-DR Program for Judges and Prosecutors - Guatemala
- April 22-27 – Coordinator/ICE/PTO IPR Investigative Training Conference - India
- May - DOJ IPR Crimes Workshop – Argentina
- May - USPTO Customs Officials Training – Russia
- May 21-22 - IPR Border Enforcement Roundtable- Tri-Border Region - Paraguay
- May 28 - FBI training in Islamabad
- June, TBD - USPTO Judges and Prosecutors Training, Brazil
- June, TBD - DOJ Judges and Prosecutors Training - South Africa
- June, TBD - DOJ Law Enforcement Training - India

#### **STOP! HOTLINE**

FY 2007 YTD - Contacts: 973  
FY 2007 Q2 - Contacts: 486

#### **STOPFAKES.GOV**

FY 2007 Q1 - Hits: 214,572 - Views: 34,017  
FY 2007 Q2 - Hits: 250,043 - Views: 31,000

### **INDUSTRY OUTREACH**

- January 21 – The U.S. Chamber of Commerce and the Coalition Against Counterfeiting and Piracy (CACP) released the *No Trade in Fakes Supply Chain Tool Kit*. Created at the suggestion of the Department of Commerce and the only document of its kind, the tool kit includes best practice guidelines and seven case studies of companies that devised and implemented aggressive techniques to fight counterfeiting and piracy and protect themselves and their customers. The tool kit has been distributed to more than a million members of the business community by the U.S. Chamber of Commerce, the Department of Commerce, and the Small Business Administration is available at [www.thetruecosts.org](http://www.thetruecosts.org).
- February 21 – The U.S. Chamber of Commerce and the Coalition Against Counterfeiting and Piracy (CACP) hosted a webinar as part of the release of its *No Trade in Fakes Supply Chain Tool Kit*. This webinar featured members of the business community side by side with representatives from ICE and illustrated how companies can protect themselves and their customers from counterfeiters and pirates. The webinar can be view at [www.thetruecosts.org](http://www.thetruecosts.org).
- March 27 – 28 in Beijing, China, the U.S. Chamber of Commerce and the China Council for Promotion of International Trade, the largest trade association in the China, held a Global Forum on Innovation and Intellectual Property Rights. The first event of its kind, more than 500 senior government officials and corporate representatives from the U.S., China, the European Union, Japan, Korea, India, and other countries attended the forum. Representatives from each of the STOP! agencies were a key component to the success of this event.
- In Q2, ITA's OIPR participated in four business outreach events, in DC, PA, and NY, providing information about STOP! to 150 companies.
- In the first three programs of 2007, China IPR webinar series covered Civil IP litigation, IP audits and Negotiating Licensing Agreements and served over 300 participants.

## **INTERNATIONAL ENGAGEMENT**

### **CHINA**

- On April 9, USTR made 2 requests before the WTO for dispute settlement consultations with the PRC: one over deficiencies in China's legal regime for enforcing copyrights and trademarks on a wide range of products. The request focuses on provisions of Chinese law that create a substantial "safe harbor" for distributors or sellers of pirated and counterfeit products in China. China has established quantitative thresholds that must be met in order to start criminal prosecutions of copyright piracy and trademark counterfeiting. The U.S. IPR enforcement consultation request also focuses on the rules for disposal of infringing goods seized by Chinese customs. The third IPR enforcement issue concerns Chinese copyright law's apparent denial of copyright protection for works poised to enter the market but awaiting Chinese censorship approval. An additional IPR enforcement issue may exist, concerning the scope of China's criminal law with respect to copyright piracy.
- In Spring 2007, USTR will release its annual Special 301 Report, including results of a detailed annual review of IPR protection and enforcement in China. USTR will also complete a special review of IPR protection and enforcement at the provincial level. USTR continues to prepare this provincial review through meetings with U.S. industry and local Chinese authorities, particularly in areas of greatest economic importance to U.S. industry, such as Beijing, Fujian, Guangdong, Shanghai, and Zhejiang.
- On March 27, DOJ hosted the inaugural meeting of the Intellectual Property Criminal Enforcement Working Group ("IPCEWG") of the U.S.-China Joint Liaison Group for Law Enforcement Cooperation ("JLG"). A delegation of 15 Chinese law enforcement officials specializing in IP enforcement, including the Ministry of Public Security's Vice Director General of the Economic Crimes Investigation Department, attended the meeting. Representatives from the FBI, ICE, and the State Department also participated in the discussions. On March 29, the IPCEWG reconvened at the Office of the U.S. Attorney in Los Angeles, to discuss ongoing joint IP enforcement operations.

### **INDIA**

- Secretary Gutierrez raised intellectual property, including the need for protection of pharmaceutical test data, during his February trip to India.
- Feb. 22-23 - the U.S.-India High Tech Cooperation Group met for semi-annual meetings. Participants discussed IP protection in the biotech field.

### **U.S.-EU**

- On February 1 & 2, 2007, a USG delegation met with EU officials in Brussels to continue the U.S.-EU IPWG. Under this cooperative mechanism, USTR, DOC, and State have worked closely with EU counterparts to coordinate messaging concerning third countries, notably China and Russia, and to share information in order to advance our mutual IPR enforcement goals. The USG has since exchanged a draft Action Plan for 2007 focusing efforts on a few training projects (Tri-border Region; and UAE and Russia) and further strengthening customs cooperation.

### **JAPAN**

- In January 2007, Secretary Gutierrez and Japan's METI re-launched and enhanced the Joint DOC/METI Initiative, recommitting efforts on patent harmonization, investigating a standardized patent application, and cooperation on IP enforcement in third countries.

### **G8**

- Foreign Affairs Sous Sherpa (FASS) Sullivan, State Dept A/S, met with his counterpart on March 15-16 to discuss the Innovation chapter of the G8 Summit Declaration, and will meet again with the FASS group in Bonn April 16-17. The G8 IPR Experts Group, in which the USG is led by State DAS Chris Moore, made significant progress at its Feb. 22 meeting in a number of areas, including: joint technical assistance to developing countries, customs cooperation to block trade in fakes, private sector action against counterfeiting and piracy, and constructive dialogue with emerging economies. This group will meet again on April 19, following a meeting with G8 private sector representatives on April 19.

### **INTERNATIONAL/MULTILATERAL**

- In March 2007, the State Department expanded IPR warnings in 44 of its travel-oriented consular information sheets to help build awareness and deter U.S. tourists from purchasing pirated and counterfeit products when traveling outside of the United States.
- Mar 7 and 8, CBP chaired the World Customs Organization's IPR Customs Expert Group and participated in the WCO IPR Strategic Group, a joint industry-customs group. These groups are working with the WCO Secretariat on a set of IPR standards to improve customs enforcement.

## DOJ ENFORCEMENT UPDATE

- Building on the 38% increase in indictments filed from its IP investigations for 2003-'05, in '06 the FBI increased the number of charged defendants in its cases by another 30% (from 145 in '05 to 191 in '06). The number of FBI arrests in IP cases increased by nearly 40% in '06 (144, up from 104 in '05), and increased the number of convictions in those cases by more than 50% (from 124 in '05 to 187 in '06).

### CASES

- 2/20/07: (Alexandria, VA): In one of the first ever extraditions for an IP offense, DOJ successfully extradited the leader of one of the oldest and most renowned Internet software piracy groups to the U.S. from Australia to face criminal copyright charges. The indictment against Hew Raymond Griffiths charges him with violating the criminal copyright laws of the U.S. as the leader of an organized criminal group known as DrinkOrDie, which caused the illegal reproduction and distribution of more than \$50 million in pirated software, movies, games and music.
- 4/9/07 (Boston, MA): In one of New England's largest counterfeit goods conspiracies, 4 Massachusetts residents were sentenced to terms of imprisonment ranging from 24 to 36 months for money laundering and trafficking and conspiring to traffic in more than \$1 million of counterfeit luxury handbags and wallets.
- 04/23/07 (San Jose): Fei Ye and Ming Zhong are scheduled to be sentenced following guilty pleas to charges that each committed economic espionage on behalf of a Chinese company they had founded and the government of China. The defendants were initially stopped at San Francisco International Airport for stealing trade secrets from Sun Microsystems, Inc. and Transmeta Corporation. These convictions are the first under the section of the Economic Espionage Act prohibiting the theft of trade secrets to benefit a foreign government or foreign instrumentality.

**Detailed summaries of these and other IP prosecutions can be found at:**  
<http://www.cybercrime.gov/ip.html>.

## ICE INVESTIGATIONS STATS

	Arrests	Indictments	Convictions
FY 2001	114	103	107
FY 2002	130	53	141
FY 2003	118	85	72
FY 2004	252	169	110
FY 2005	172	73	99
FY 2006	219	134	170
Totals	1005	617	699

## DHS SEIZURES STATS

### FY 2005

Seizures - 8,022

USD Value - \$ 93,234,510

### FY 2006

Seizures - 14,675

USD Value- \$155,369,236

FY05 Country	Domestic Value	% of Value
China	\$ 63,968,416	69%
Hong Kong	\$ 5,799,112	6%
UAE	\$ 2,118,409	2%
India	\$ 1,966,638	2%
Pakistan	\$ 1,753,154	2%
Korea	\$ 1,418,060	2%
Russia	\$ 1,377,835	1%
Italy	\$ 1,268,188	1%
Taiwan	\$ 1,091,873	1%
Vietnam	\$ 780,644	1%
All Others	\$11,692,181	13%

### FY06 Country

### Domestic Value

### % of Value

FY06 Country	Domestic Value	% of Value
China	\$125,595,844	81%
Hong Kong	\$9,389,464	6%
Taiwan	\$1,843,764	1%
Pakistan	\$1,838,815	1%
Korea	\$1,810,140	1%
Singapore	\$1,198,735	Less than 1%
Malaysia	\$1,174,071	Less than 1%
Indonesia	\$983,425	Less than 1%
India	\$832,541	Less than 1%
Mexico	\$535,826	Less than 1%
All Others	\$10,166,611	7%