

U.S. GOVERNMENT IP ENFORCEMENT QUARTERLY UPDATE

CALENDAR

- **July 9:** Chamber/USPTO IP Road Show - Portland, OR
- **July 10-11:** China IPR Training - USPTO – Alexandria, VA
- **July 11:** Taiwan TIFA IPR Working Group - Washington, D.C.
- **July 20:** Chamber/USPTO IP Road Show - San Antonio, TX
- **July 23-24:** USPTO China IP Road Show – Philadelphia, PA
- **August 20-21:** SPP Leaders Summit - Mexico
- **August 22-24:** Workshop- Commercialization & Valuation of IP Assets -Bangkok
- **September 10-11:** Trilateral Strategic Working Group Meeting - Tokyo
- **September 20-21:** US-EU IPR Working Group – Washington, D.C.

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

- **July 9-13:** GIPA - Patents: TK/GR Policy and Practice, Biotech/Pharma
- **July 10-12:** Workshop on IPR for Thai Government Officials - Bangkok
- **Week of July 23** – Customs - Peru (CBP & ICE) and Mexico (CBP & DOJ)
- **August** – China Customs Training (CBP & USTDA) - Beijing
- **August 6-10:** Global IP Academy Program on Enforcement in Alexandria, VA
- **August 6-9:** Global IP Academy Program on Copyrights in Alexandria, VA
- **August 13-17:** Global IP Academy Program on Enforcement in Alexandria, VA
- **August 28-29:** Workshop on Copyrights – Bangkok/Kuala Lumpur
- **August 27-29** - USPTO training for judges and prosecutors - South Africa
- **September 10-21:** Global IP Academy program on Trademarks - Alexandria, VA

STOP! HOTLINE

FY 2007 YTD - Contacts: 1,398
FY 2007 Q2 - Contacts: 425

STOPFAKES.GOV

FY 2007 Q3 - Hits: 454,145 - Views: 42,366
FY 2007 Q2 - Hits: 250,043 - Views: 31,000

INDUSTRY OUTREACH

- On April 11, 2007, DOC/ITA's OIPR hosted a Consumer Awareness Event, at which USPTO Director Dudas, French Ambassador Levitte, IP Coordinator Israel, Commissioner Moore of the Consumer Product Safety Commission, and CACP Executive Director Caroline Joiner spoke about USG efforts to identify unsafe counterfeit products, target counterfeiting and piracy operations, and protect innovative U.S. businesses.
- In FY07Q3, DOC/ITA's OIPR participated in eight industry outreach events, including two webinars and visits to four cities, reaching over 100 businesses. Additionally, OIPR conducted five training sessions for USG employees.
- The Chamber and USPTO held two IP Road Shows in the third quarter and another two are planned for the fourth quarter: June 13, 2007: Raleigh, NC with special guest Elaine Marshall, North Carolina Secretary of State; June 18, 2007: Detroit, MI with special guest Senator Carl Levin (MI-R); July 9, 2007: Portland, OR with special guest Congressman Earl Blumenauer (OR-3); July 20, 2007: San Antonio, TX with special guest Congressman Henry Cuellar (TX-28)
- On June 27, 2007, Attorney General Gonzales participated in a roundtable on IP hosted by TechNet in Seattle. The event focused on DOJ's vigorous prosecution strategy, and the provisions of the Administration's IP Protection Act of 2007 launched by Gonzales on May 14 at an event hosted by the Coalition Against Counterfeiting and Piracy.
- On May 22, DOJ sponsored, along with the U.S. Chamber of Commerce in Los Angeles and New York, a victim industry conference in Silicon Valley (San Jose) with the Business Software Alliance and the regional computer crime task force (REACT). The one-day conference included more than 80 representatives of industries directly affected by IP crime. Studies of actual investigations and prosecutions were coupled with a detailed discussion of the policy, ethical, and strategic parameters for industry assistance to federal investigations. A fourth victim industry conference is planned for November.

INTERNATIONAL ENGAGEMENT

CHINA

- On April 9, USTR made two 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. The EU, Canada, Mexico, and Japan are third parties. Consultations in June confirmed that China has fixed one measure, but three other important measures remain unaddressed. We are considering next steps in the dispute settlement for these remaining measures.
- In April 2007, USTR released 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 prepared 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.
- U.S. Customs and Border Protection and the General Administration of Customs of the People's Republic of China signed a Memorandum of Cooperation on IPR. The agreement, which provides for exchanges of seizure information, statistics and best practices, was signed on May 22 in conjunction with the Strategic Economic Dialogue.
- DOJ chaired the second meeting of the IP Criminal Enforcement Working Group ("IPCEWG") at the U.S.-China Joint Liaison Group plenary in Beijing, China on June 14-15. The IPCEWG continued to make significant progress toward building more joint criminal enforcement operations between the two countries, and discussions also occurred regarding regional training initiatives and improved mechanisms for enhancing cooperative action.
- According to the annual Business Software Alliance report issued in May, China's software piracy rate dropped 4 percentage points for the second consecutive year and has dropped 10 percentage points in the last three years, from 92% in 2003 to 82% in 2006.

U.S.-EU

- During the September meeting of the U.S-EU IP Working Group, officials will discuss the agenda and areas to focus upon during the proposed IP seminar to be held in Russia in conjunction with industry during FY08. They will also discuss further customs cooperation. Under this cooperative mechanism, USTR, DOC, and State work closely with EU counterparts to coordinate messaging concerning third countries, notably China and Russia, and share information in order to advance our mutual IPR enforcement goals. The U.S. and EU have developed an Action Plan for 2007 focusing efforts on training projects (Tri-border Region; and UAE and Russia) and further strengthening customs cooperation.

G8

- At the 2007 G8 Summit in June in Heiligendamm, Germany, Leaders issued a statement on "Growth and Responsibility in the World Economy" in which they identified "intellectual property protection as the backbone of innovation." The statement affirmed the importance of (1) harmonizing the international patent system; (2) combating counterfeiting and piracy; (3) working with industry; (4) improving customs and border enforcement cooperation; (5) increase technical assistance programs to developing countries; (6) prosecuting IP infringing criminals; (7) supporting the OECD study on the economic impact of counterfeiting and piracy; and (8) establishing an IPR Task Force to focus on anti-counterfeiting and piracy.

SPP

- On June 25-26, the IP Working Group of the Security and Prosperity Partnership met in Cancun, Mexico to finalize an IP Enforcement Action Strategy focused on detection and deterrence, public awareness and measuring results.

DOJ ENFORCEMENT UPDATE

- 29 Defendants in NY, NJ, & CA Charged w/ Conspiracy to Smuggle Counterfeits
06/26/07 (Brooklyn, NY) Twenty-nine defendants were charged in three separate complaints with conspiracy to smuggle over 950 shipments of merchandise into the United States, principally from China - through ports of entry at Newark, N.J., Houston, Texas, Long Beach, Calif., New York Container Terminal in Staten Island, N.Y., and John F. Kennedy International Airport - and/or conspiracy to traffic in counterfeit goods. Four of the defendants were also charged with money laundering.
- 9 Convictions for Selling \$30 Million of Counterfeit Software on eBay
6/22/07 (Milwaukee, WI): DOJ obtained the 8th and 9th felony convictions involving the eBay auction sales of \$30 million in counterfeit Rockwell Automation software. All 9 defendants pled guilty in separate proceedings to felony copyright infringement. The convictions were part of a larger DOJ online auction piracy nationwide initiative.
- Extradited Australian Ringleader Gets 51 Months for Software Piracy
6/22/07 (Alexandria, VA): Hew Raymond Griffiths was sentenced to 51 months in prison for crimes committed as leader of one of the oldest and most renowned internet software piracy groups worldwide, DrinkOrDie. From his home in Australia, Griffiths violated US criminal copyright laws by pirating and distributing more than \$50 million worth of pirated software, movies, games and music. This was one of the first ever extraditions for an intellectual property offense.
- 50th Conviction in Largest Online Software Piracy Enforcement Action
5/14/07 (Alexandria, Virginia): DOJ obtained the **50th conviction** in Operation FastLink, the largest and most successful global online piracy enforcement initiative ever conducted. This Operation culminated in the execution of more than 120 searches and arrests in 12 countries, the seizure of more than 200 computers, the complete dismantlement of 30 Internet distribution sites, and the confiscation of hundreds of thousands of counterfeit software titles valued at more than \$50 million.

More can be found at: <http://www.cybercrime.gov/ip.html>

FBI INVESTIGATION UPDATE

- On July 23, the FBI reported a joint investigation conducted by the FBI and authorities with the China's Ministry of Public Security (MPS) has resulted in multiple arrests and the seizure of more than a half billion dollars worth of counterfeit software. The operation, codenamed "Summer Solstice," began in 2005 and since then, law enforcement in both countries have worked closely by sharing information to jointly investigate multinational conspiracies by groups who manufacture and distribute counterfeit software products around the world. This unprecedented cooperative effort led to the arrest of twenty five individuals, the search of multiple businesses and residential locations, asset seizures by the Chinese government worth over \$7 million, and the seizure of over 290,000 counterfeit software CDs and COAs (certificates of authenticity) in China. The counterfeit software has an estimated retail value of \$500 million.

DHS SEIZURES STATS

FY 2006

Seizures – 14,675

USD Value - \$155,369,236

FY 2007 – First Half Year

Seizures – 7,245

USD Value- \$110,200,000

- The domestic value of goods seized for intellectual property rights (IPR) violations at the mid-year point of FY 2007 increased by 141% to \$110.2 million (M) from \$45.7M at the mid-year point of FY 2006.
- The number of IPR seizures increased by 22%, from 5,940 to 7,245.
- China was the top trading partner for IPR seizures at mid-year FY 2007 with a domestic value of \$89.2M, accounting for 81% of the total value seized.
- Footwear was the top commodity seized at mid-year FY 2007 with a domestic value of \$39.7M, which accounted for 36% of the entire value of infringing goods.
- Watches and parts, pharmaceuticals, footwear, and consumer electronics had significant increases in domestic value at mid-year FY 2007 over mid-year FY 2006 values.

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