2011 U.S. INTELLECTUAL PROPERTY ENFORCEMENT COORDINATOR JOINT STRATEGIC PLAN

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Introduction

As the Joint Strategic Plan described last year, the U.S. Government is committed to improving intellectual property enforcement to strengthen the U.S. economy; create jobs for American workers and support for U.S. exports; promote innovation and the security of America's comparative advantage in the global economy; protect consumer trust and safety; protect national and economic security; and validate rights protected under our Constitution. The Administration wants to re-emphasize its commitment to protect the intellectual property that underpins the products and services that lead to more jobs, increased exports, safer goods, and better lives.

One year ago our office released the first ever Joint Strategic Plan on Intellectual Property Enforcement (Strategy) which uses six general principles, covering 33 action items. In formulating the Strategy, we drew on the input of over 1,600 public comments, as well as the coordinated efforts of the U.S. Government agencies that have a stake in intellectual property, including the U.S. Departments of Agriculture (USDA), Commerce (DOC), Health and Human Services (HHS), Homeland Security (DHS), Justice (DOJ), and State, the Office of the U.S. Trade Representative (USTR), and the U.S. Copyright Office.

In the last year, the Administration has made significant progress on intellectual property enforcement. Investigations, seizures and arrests have all increased. DOJ and U.S. Immigration and Customs Enforcement (ICE) have seized and forfeited domain names of websites offering counterfeit goods or pirated content. DOJ has also won significant convictions against persons who sought to steal trade secrets for products and services vital to American prosperity, safety, and infrastructure. In addition, we are working with a broad range of companies that facilitate or benefit from e-commerce to take voluntary actions to reduce infringement.

The Administration recently issued a White Paper with 20 recommendations for legislative changes, and we look forward to working closely with the Congress on these recommendations to improve intellectual property enforcement.

U.S. Government agencies have done more to coordinate their efforts on IPR enforcement. On February 8, President Obama signed an Executive Order establishing a Cabinet-level intellectual property advisory committee chaired by the IPEC to further focus Administration efforts. Both the ICE Intellectual Property Theft Enforcement Teams and the Federal Bureau of Investigation (FBI) Intellectual Property Task Forces have worked with other non-Federal law enforcement to protect intellectual property rights, ensuring that Federal resources are efficiently combined with other law enforcement bodies. In addition, the following now have representatives at the National Intellectual Property Rights Coordination Center (IPR Center): four previously unrepresented Federal agencies, a foreign government, and for the first time, an international law enforcement body. Embassies in priority countries have established senior-level working groups to better coordinate their efforts, and the U.S. Patent and Trademark Office (USPTO) established a database that will help Federal agencies better coordinate trainings across the Government, increase transparency of U.S. Government training programs, and help ensure that our resources are used as effectively as possible.

We have been working closely with foreign governments to press for increased enforcement. USTR concluded negotiations on Anti-Counterfeiting Trade Agreement, which will be the first international trade agreement focused on intellectual property enforcement. DOJ and DHS are organizing cross-border enforcement actions and urging their counterparts to do more.

In addition, DOJ, DHS, and Commerce are leading efforts to better inform the public of the negative consequences of counterfeiting and piracy.

Law Enforcement Increased Significantly

FBI, ICE, and CBP Seized More Goods, Opened More Cases, and Arrested More Suspects

Consistent with the commitment set forth in our Strategy to increase criminal enforcement, law enforcement agencies across the U.S. Government have improved their efforts to combat intellectual property infringement. From fiscal year 2009 to 2010, ICE's opened intellectual property investigations were up more than 41 percent and arrests were up more than 37 percent, DHS intellectual property seizures were up more than 34 percent, and FBI intellectual property investigations opened were up more than 44 percent. In fiscal year 2010, CBP and ICE intellectual property seizures of consumer safety and critical technology increased by 97 percent. The domestic value of the goods was $145,605,100. CBP and ICE also enhanced the reporting of seizure statistics by including manufacturer's suggested retail price (MSRP) and Modes of Transportation.

ICE and DOJ Launched Innovative Internet Enforcement Program

In the Strategy, we committed to increase criminal intellectual property enforcement. Last June, under Operation In Our Sites, DOJ and ICE launched the first ever U.S. Government program for the seizure of websites that either provide pirated content or sell counterfeited products. ICE has had five major operations, resulting in the seizure of 125 domain names, over half (84) of which have been administratively forfeited to the U.S. Government.

Federal Law Enforcement Operations Led to Historic Seizures

In June and July of 2010, ICE and DOJ had two of the largest counterfeit good cases in U.S. history, each involving $100 million of counterfeit goods imported over several years. Also, from January 1 through Super Bowl weekend – February 6, 2011 – ICE , CBP, local police departments, and the National Football League coordinated to target various physical venues selling 36,273 counterfeit game-related sportswear items nationwide resulting in a record-breaking $3.56 million based on the manufacturer's suggested retail price (MSRP) in seizures.

DOJ Won Major Convictions on Trade Secret Cases

In our Strategy, we cited the threat to national and economic security from economic espionage involving the theft of trade secrets. In the last year, the investigation and prosecution of trade secret cases has exposed and assisted in preventing theft of information that is critical to the success of American businesses. Trade secrets are extremely valuable intellectual property, for example $500 million, as in the case of *Mr. Sergey Aleynikov*, a former Goldman Sachs computer programmer who was sentenced to 97 months last March. Enforcement against theft of trade secrets safeguards critical industries. For example, DOJ last year prosecuted two cases involving automobile trade secrets, including one trade secret regarding hybrid cars (estimated to be worth $40 million in the case of *U.S. v. Qin et. al.*).

United States Worked with International Authorities to Stop Illegal Pharmaceuticals

The U.S. has continued to bring the fight against counterfeit drugs and online piracy to an international level by leading and participating in three global law enforcement sweeps in conjunction with the World Customs Organization (WCO), INTERPOL, and others. These sweeps against dangerous pharmaceuticals and unsafe products have had a significant effect; some involved as many as 45 countries. We expect to build on these successes in future operations.

IPR Center Added Partners

The Strategy, as part of ensuring efficiency and coordination for intellectual property enforcement efforts, committed to coordinating national law enforcement efforts to avoid duplication and waste. In 2010, the IPR Center added four Federal partners including the State Department, the Consumer Product Safety Commission, the Army Criminal Investigation Command – Major Procurement Fraud Unit, and the Defense Logistics Agency – Investigations Division. The IPR Center also added its second foreign government partner, the Royal Canadian Mounted Police (RCMP), who joined the first foreign government partner, the Government of Mexico's Tax Administration Service, and added its first international law enforcement partner, INTERPOL.

More State and Local IPR Enforcement Achieved Activity Through DOJ Funding

The DOJ Bureau of Justice Assistance (BJA) grant program has bolstered the efforts of State and local authorities to enforce intellectual property rights. Taken together, the program grantees have seized over $195 million worth of infringing merchandise since October of 2009. This value is 30 times the value of the grants – $6.5 million – distributed to date. These seizures are in addition to the increased training, arrests, warrant executions, and other activities that the BJA grants fund.

Online Enforcement Broke New Ground

ICE and DOJ Launched Innovative Operations to Seize Rogue Websites

Last June, ICE and the IPR Center, in coordination with DOJ, launched an ongoing law enforcement operation – Operation in Our Sites – to seize domain names of websites offering counterfeit products or pirated content, both of which are illegal actions which could be used to finance other criminal behavior in addition to posing certain safety risks. To date, there have been five operations targeting 125 websites.

Voluntary Cooperation by Private Sector to Reduce Online Piracy and Counterfeiting

The Administration is committed to facilitating practical and efficient voluntary actions by the private sector that take into account protection of legitimate uses of the Internet, privacy rights, and the principles of fair process. Since the release of the Strategy, we have facilitated and encouraged dialogue among the different private sector Internet intermediaries that contribute to the dynamic nature and functioning of the Internet, including payment processors, search engines, and domain name registrars and registries. These entities can support efforts by rightholders and law enforcement to reduce online infringement in a manner consistent with our commitment to the principles of fair process, freedom of expression and other important public policy objectives. We believe that most companies share the view that providing services to infringing sites is inconsistent with good corporate business practice, and we are beginning to see several companies take the lead in pursuing voluntary cooperative action.

In December, eleven market leaders agreed to form a nonprofit organization to combat illegal online pharmacies – criminals masquerading as "pharmacies" – by education and voluntary enforcement. In April, the group – The Center for Safe Internet Pharmacies (CSIP) – finalized corporate documents, elected a Board of Directors, and is awaiting IRS approval. In January, Vice President Biden hosted a meeting with the CEOs of software, pharmaceutical, entertainment, credit card, and telecommunications companies along with labor and consumer advocacy groups to encourage these voluntary efforts.

Consumer Education Efforts on IPR Infringement Spread to the Internet

As a result of DOJ and ICE's trailblazing work against rogue websites, domain names seized pursuant to court order display a banner announcing the seizure of the site by the Government and an explanation of the federal crime and punishment for copyright theft and distribution or trademark violations. Since the initial seizures in June 2010, there have been more than 50 million hits to the banner notifying viewers a Federal court order has been issued for the domain name and educating them that willful copyright infringement is a Federal crime. After the seized domain names are forfeited to the U.S. Government, a new banner is placed on the sites notifying the public that the sites have been forfeited. Also, the Center for Safe Internet Pharmacies discussed above has consumer education as one of its four major principles. And DOJ is funding public awareness campaigns on the risks to the public of purchasing counterfeit goods.

International Efforts Supported Online IPR Enforcement

In May, the Group of Eight (G8) released a final declaration, in which they jointly announced their commitment to protect intellectual property rights on the Internet and to take "effective action against violations of intellectual property rights in the digital arena, including action that addresses present and future infringements."

In June, in association with Operation In Our Sites, several U.S. law enforcement agencies worked cooperatively with Dutch law enforcement authorities to seize an image a server in the Netherlands being used to facilitate the unauthorized reproduction and distribution of copyrighted material. That same month, the FBI worked with Latvian authorities to arrest and to extradite a trafficker of counterfeit gaming machines, and in August, the trafficker and his partner were each sentenced to two years in prison and ordered to pay $151,800 in restitution.

In October 2010, Operation Pangea III targeted the online sale of counterfeit and illegal medicines across 45 countries and resulted in world-wide arrests and seizures of thousands of potentially harmful medications. During this operation, the U.S. coordinated with the WCO, INTERPOL, and others.

U.S. Trade Representative Published Influential Out-Of-Cycle Notorious Markets List

In February, USTR released a special report on "Notorious Markets"—a list of over 30 Internet and physical markets that exemplify key challenges in the global struggle against piracy and counterfeiting. The report has helped to encourage both voluntary action by business owners and enforcement by Government authorities in China and elsewhere.

Comprehensive Domestic Legislative Review; 20 Legislative Recommendations Issued to Congress

Administration White Paper

Our Strategy committed to a comprehensive review of existing intellectual property laws to determine if legislative changes would be needed to address developments in technology and the growing sophistication of intellectual property violators. On March 15, 2011, the Administration released its White Paper on Intellectual Property Enforcement Legislative Recommendations, which set forth 20 legislative recommendations to the Congress that were designed to improve intellectual property enforcement. The legislative recommendations are meant to help ensure that American workers and businesses are protected and they exemplify the Administration's commitment to grow jobs and exports, as well as to protecting the health and safety of the American people.

Punishing Economic Espionage

Since the release of the legislative recommendations, we have been working with the Congress on legislative proposals that reflect those released in the White Paper and ultimately embody a robust intellectual property enforcement regime. On March 30, 2011, Senator Kohl, along with Senators Whitehouse and Coons, introduced the Economic Espionage Penalty Enhancement Act of 2011. As set forth in our legislative recommendations, this legislation would increase penalties for trade secret theft offenses.

Fighting Counterfeit Drugs

On April 12, 2011, Representative Dingell, along with Representatives Capps, Clarke, McGovern, Stark, Slaughter, Waxman, Pallone and DeGette, introduced the Drug Safety Enhancement Act of 2011 that incorporated several of the Administration's legislative recommendations to combat counterfeit drugs, including provisions that provide civil and criminal forfeiture, increased penalties for counterfeit drug offenses, and counterfeit drug notification requirements.

Clarifying Streaming as a Felony

On May 12, 2011, Senator Klobuchar, along with Senators Cornyn and Coons, introduced legislation that incorporated the Administration's recommendation to clarify that copyright infringement by streaming is a felony in appropriate circumstances.

Providing Disclosure Authority to DHS

On May 26, 2011, Senator Leahy introduced legislation – as part of the "Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act" ("PROTECT IP Act") discussed below – to allow trade secret information disclosure to rightsholders when DHS needs the disclosure to make a pre-seizure infringement determination.

Stopping Rogue Websites

In addition, we have been working closely with the Congress on efforts to improve enforcement against websites engaged in substantial infringement activity. On May 12, 2011, Senate Judiciary Committee Chairman Leahy, with Senators Hatch, Grassley, Schumer, Feinstein, Whitehouse, Graham, Kohl, Coons and Blumenthal, introduced the "Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act" (PROTECT IP Act). The PROTECT IP Act would increase law enforcement authority to combat websites that are used to distribute or provide access to infringing products. The introduction of the PROTECT IP Act is an important step towards addressing counterfeiting and piracy online and the websites that steal the intellectual property of hard working Americans. We look forward to continuing to work closely with Chairman Leahy and other members of the Congress to ensure an effective and appropriate approach that addresses the challenges and opportunities of the Internet environment.

We will continue to work with members of the Congress on these current legislative proposals and other proposals contained in the White Paper.

Approaches to Stop Illegal Pharmaceuticals Went Further

IPEC Released Broad Strategy to Fight Counterfeit Drugs

In March, we sent to Vice President Biden and to the Congress a strategy that described in detail how the U.S. Government will work to fight counterfeit drugs sold on the Internet, smuggled into the U.S., and sold in cities nationwide.

IPEC Recommended Strengthened IPR Laws to Congress on Illegal Pharmaceuticals

As part of our White Paper and the Pharmaceutical Strategy discussed above, we provided the Congress with six recommendations involving improvements in areas such as FDA notifications, Federal Food, Drug, and Cosmetic Act (FFDCA) clarifications, track-and-trace systems, civil and criminal forfeiture authority, punishments, and sentencing.

Major Internet Companies Committed to Taking Action Against Illegal On-line Pharmaceuticals

Together with law enforcement efforts, private sector voluntary actions can dramatically reduce online infringement and change the enforcement paradigm. Last April, as a start to this approach, eleven market leaders took concrete steps towards their commitment to form a nonprofit – now called the Center for Safe Internet Pharmacies ("CSIP") – by finalizing corporate documents. In addition, a Board of Directors was elected, consisting of Co-Chairs: Google and GoDaddy, Treasurer: Neustar, and Secretary: American Express. CSIP incorporated in Delaware and is now awaiting 501(c)(3) approval by the IRS.

United States Linked with International Partners Against Illegal Pharmaceuticals

Since June 2010, the United States has led and participated in several international law enforcement sweeps in coordination with the WCO, INTERPOL, and other international bodies. Included in those operations is Operation Pangea III, referenced above, which targeted online sale of counterfeit and illegal medicines across 45 countries, resulting in world-wide arrests and seizures of thousands of potentially harmful drugs. Also, in Operation Mercury II last June, the United States worked with the WCO and INTERPOL to seize over 1,300 parcels containing a wide variety of illegal pharmaceuticals, including psychiatric and heart medications.

State Boosted Training Funds for International IPR Training

The Department of State has renewed its focus in combating counterfeit pharmaceuticals and is devoting one third of its international intellectual property training funds to help other countries build capacity to combat counterfeit drugs.

Data-Driven Government Efforts Moved Forward

IPEC Requested Data on U.S. Government Agency IPR Resources

Last April, we requested data from the Departments of Justice, Commerce, State, Homeland Security, Treasury, Health and Human Services, Agriculture, and the U.S. Trade Representative to learn the extent of resources expended on intellectual property enforcement across the United States Federal Government agencies.

USG Economists Conducting First Ever Analysis of IP Value to U.S. Economy

The Department of Commerce, in consultation with the President's Council of Economic Advisors and the chief economists of many of the Federal agencies, is conducting an economic analysis to identify the industries that most intensively produce intellectual property, and to measure the importance of those industries to the U.S. economy. This is the first time that the U.S. Government has conducted a broad study of this sort across all sectors of our economy. On June 15, IPEC and Commerce met with a broad range of outside stakeholders to discuss the methodology of the report. We hope to finalize and release the report and the underlying data in the coming weeks.

International Cooperation Increased

Strong Statement on Intellectual Property Enforcement from G8 Leaders

As part of our effort to strengthen intellectual property enforcement through international organizations, this year's G8 declaration contained strong commitments on intellectual property. The G8 renewed its commitment "to ensuring effective action against violations of intellectual property rights in the digital arena, including action that addresses present and future infringements." The G8 declaration specifically highlights "the importance of enforcement in order to incentivize innovation and protect innovation once developed," and recognizes "the need to have national laws and frameworks for improved enforcement."

President Obama and President Hu Jintao Joint Statement

In January, President Obama met with the President of China, Hu Jintao, and raised intellectual property enforcement. President Obama and President Hu issued a joint statement, agreeing that China will strengthen its efforts to protect intellectual property rights, including not linking its innovation polices to the provision of government procurement preferences and conducting audits to ensure that government agencies at all levels use legitimate software. The two countries reaffirmed and expanded upon these commitments at the Third Round of the U.S.-China Strategic and Economic Dialogue (S&ED), led by Treasury Secretary Geithner in Washington, DC last May.

China Conducts "Special Campaign" Against IP Theft

Last October, China launched a nation-wide "Special Campaign on Combating IPR Infringement and Manufacturing and Sales of Counterfeit and Shoddy Commodities" (Special Campaign). This campaign had high-level attention and was led by China's Vice Premier, who coordinated IP enforcement efforts across China. The Special Campaign has resulted in improved coordination between China's intellectual property enforcement agencies and higher levels of enforcement activity in some areas. But more is needed, and we will continue to urge China to maintain a long-term, high-level focus on intellectual property enforcement.

U.S. Embassies Increased Coordination

We established a new working group within the government to coordinate activities overseas. As part of that group's efforts, we identified 17 countries in which we should focus particular efforts with respect to intellectual property enforcement. The U.S. Embassy in each of those countries established an embassy intellectual property working group. Each of those groups is chaired by a senior embassy official, and in May, the groups completed drafting concrete actions plans. These plans identify the actions that each embassy will take to address the specific challenges in their respective host countries, and will guide their actions on intellectual property enforcement over the coming year.

Anti-Counterfeiting Trade Agreement Negotiations Concluded

Last November, the U.S. Trade Representative concluded negotiations on the Anti-Counterfeiting Trade Agreement with 37 other countries, who together with the United States represent over 50 percent of global trade. That agreement will be the first international agreement focused exclusively on intellectual property enforcement. Among other benefits, the agreement calls for stronger legal frameworks and broader international cooperation to curb illicit trade in counterfeit and pirated goods.

Attorney General and ICE Director Press Chinese Law Enforcement to Do More

Both U.S. Attorney General Eric Holder and DHS ICE Director John Morton traveled to China within the last year to press their counterparts for increased cooperation to fight intellectual property crime. This was the first time an ICE director has traveled to mainland China, and Director Morton made intellectual property enforcement a major focus of his trip. During his trip, Director Morton signed a Letter of Intent with the Chinese Ministry of Public Security to enhance cooperation on law enforcement, including intellectual property. He signed a subsequent Memorandum of Understanding with the General Administration of Customs to enhance cooperation on law enforcement, including intellectual property, in May, 2011.

U.S. Trade Representative Published Out-Of-Cycle Notorious Markets List

In February, USTR released its annual Notorious Markets List—a list of more than 30 Internet and physical markets that exemplify key challenges in the global struggle against piracy and counterfeiting. This year, for the first time, USTR published the Notorious Markets List apart from the annual Special 301 Report following a separate, dedicated request for comments. One positive development of this year's report is that Taobao.com, China's largest online retail site, announced in response to being listed that it will launch a major campaign to stop online piracy and counterfeiting occurring on its site. Notably, the Government of Hong Kong took quick action against a market listed in the report, utilizing a new enforcement strategy, including increased patrols, arrests and prosecutions, and displaying an anti-piracy banner, at the notorious "Ladies' Market."

U.S. Trade Representative Calls for Action Plans from Trading Partners

At the end of April, USTR released its annual Special 301 Report on the adequacy and effectiveness of U.S. trading partners' protection of intellectual property rights. This year, for the first time, USTR issued an open invitation to all trading partners listed in the report to cooperatively develop action plans to resolve IPR issues of concern. The 2010 Joint Strategic Plan on IPR Enforcement called for USTR, in coordination with the IPEC, to initiate an interagency process focused on improving the effectiveness and implementation of Special 301 action plans. As a result, USTR announced that it invites any country appearing on the Special 301 Priority Watch List or Watch List to negotiate a mutually agreed action plan designed to lead to that country's removal from the relevant list. Agreement on such a plan will not by itself change a trading partner's status. However, in the past, successful completion of action plans has led to the removal of trading partners such as Saudi Arabia, Taiwan, and many others from Special 301 lists.

ICE and FBI IP-Dedicated Personnel in China

In September 2010, the ICE Assistant Attaché in Guangzhou was designated as ICE's first "IP Attaché" in China. The FBI is also preparing to send an IP-dedicated attaché to China later this year.

CBP Enhanced Cooperative Efforts with Chinese Enforcement Agencies

In May, CBP worked with the General Administration of China (GACC) to increase opportunities for information-sharing for both sides. CBP also signed a Memorandum of Understanding with the Ministry of Public Safety (MPS), which will lay the groundwork for information-sharing and collaboration between the two agencies.

United States Worked with International Authorities to Stop Illegal Pharmaceuticals

The U.S. has continued to bring the fight against counterfeit drugs and online piracy to an international level by leading and participating in three global law enforcement sweeps together with the World Customs Organization (WCO), INTERPOL, and others. These sweeps against dangerous pharmaceuticals and other unsafe products have had wide effect – some involving as many as 45 countries – and wide success which we expect to build upon for future operations.

U.S. Patent and Trademark Office Launched a Training and Capacity Building Database

In May, the USPTO launched a new searchable database www.usipr.gov with information regarding intellectual property enforcement training programs that the U.S. Government conducts around the world. To date, information regarding more than 100 training and technical assistance programs has been entered into the database. The database will increase transparency by allowing the public to see how the U.S. Government is allocating resources on intellectual property training; increase public participation by identifying upcoming training events that are open to the public; help facilitate a more efficient use of resources , by allowing U.S. Government agencies to share materials and avoid providing duplicative programs, and help to improve results, by making it easier for officials to build on past programs, and to better identify which places require which training.

United States Continued Global Efforts on IPR Trainings

The State Department approved fifteen new foreign intellectual property rights training programs, totaling $3.36 million, being conducted in 2011 to train foreign judges and law enforcement officials in nations across the Pacific Rim, Latin America, Eastern Europe, Central Asia and Africa. In the first two quarters of fiscal year 2011 alone, the USPTO conducted 62 IPR training programs, which reached over 2,000 trainees. In addition, since June 2010, ICE has conducted nearly 100 IPR training programs, and ITA's Office of Intellectual Property Rights has conducted nearly 40 such programs.

International Trade Administration Continued Helping U.S. Companies Overcome Counterfeiting and Piracy

Through its Trade Agreements and Compliance Program, ITA's Office of Intellectual Property Rights (OIPR) continued to work with other U.S. Government agencies to help U.S. businesses by suggesting strategies they can take to evaluate IPR problems encountered abroad. Since June 2010, 60 cases were

initiated on behalf of U.S. rights holders. Of those, 20 cases were on behalf of U.S. small and medium-sized business. Fifteen barriers in 14 countries were removed. OIPR also launched a number of additional tools and services to help U.S. businesses protect and enforce their IPR abroad which are now available through www.stopfakes.gov, including a new Transatlantic Intellectual Property Rights Resource Portal launched in December 2010. OIPR continues to educate businesses on how to protect and enforce their IP overseas through outreach and capacity building targeting U.S. and foreign industry, government representatives, and consumers. Since June 2010, OIPR conducted 38 of these events.

Domestic Coordination Further Improved

Executive Order Establishing Intellectual Property Advisory Committees

On February 8, President Obama signed Executive Order 13565 establishing two intellectual property advisory committees chaired by the IPEC, a Cabinet-level committee comprised of the heads of the departments responsible for intellectual property enforcement and a committee comprised of Senate-confirmed Government officials from those departments. In addition, we have established four interagency working groups concerning U.S. Government procurement, U.S. Government personnel stationed overseas, international training efforts, and counterfeit pharmaceuticals.

FBI Intellectual Property Task Forces Coordinated with Local and Foreign Law Enforcement

Our Strategy committed to ensure the efficiency and coordination of Government resources in intellectual property rights enforcement, including the coordination of Federal, State, and local law enforcement. In February 2010, U.S. Attorney General Eric Holder announced the formation of a Department of Justice Task Force on Intellectual Property, which is intended to strengthen efforts to fight intellectual property crimes by coordinating with State and local law enforcement partners, and with international counterparts.

The FBI in California worked with the Placer County Sheriff's Office and Galt Police Departments to investigate and arrest a trafficker of counterfeit items – including some bearing the "UL" safety mark–that, if genuine, would have been worth over $7 million. Last November, after being found guilty, the trafficker was sentenced to 26 months in prison, and was ordered to pay a $25,000 fine and $9,575 in restitution.

Also, The FBI has enhanced the coordination of intelligence of global intellectual property threats through its Intelligence Fusion Group, as well as avoiding conflicts of agencies working on intellectual property cases through its Intellectual Property Rights Unit stationed at the IPR Center.

ICE IP Theft Enforcement Teams Coordinated with Local Law Enforcement

Since April 2010, ICE has established 26 Intellectual Property Theft Enforcement Teams ("IPTETs") throughout the U.S. that consist of ICE HSI offices, other Federal agencies, and State and local law enforcement. Among the successes from this program, the Houston IPTET had three significant enforcement actions over a four-month period. In July, it seized nearly a half million dollars worth of counterfeit goods at a local boutique; in September, it seized more than $1 million of pirated DVDs at a local flea market; and, in October, it seized $2.5 million of counterfeit goods at three local businesses.

CBP and ICE Coordinated to Stop Counterfeit Network Hardware

By May 2010, Operation Network Raider had led to over 30 felony convictions, and over 700 seizures of counterfeit Cisco hardware with an estimated retail value of $143 million. This case began as routine targeting by CBP. After seizing Cisco branded counterfeit networking equipment, CBP sent intelligence to ICE for criminal investigation and continued to work with ICE to find numerous false identities and related counterfeit shipments. As a result of this operation, last fall, two defendants pled guilty to selling

over $1 million in counterfeit Cisco products. And as of last May, the DOJ Computer Crime and Intellectual Property Section and the U.S. Attorney's Office successfully prosecuted two defendants for their roles in importing and selling counterfeit Cisco computer network equipment; the jury found the defendants should forfeit bank accounts holding over $1.6 million in illegal proceeds, several luxury cars, and real property worth over $2.6 million.

Counterfeits in USG Procurment

USG Inter-Agency Anti-Counterfeiting Working Group Established to Provide Recommendations to President Obama

In the IPEC Strategy under the general principle of "leading by example," we committed to establishing a U.S. Government-wide Working Group to eliminate counterfeits in the U.S. Government supply chain. This partnership's goal is to develop a consistent and effective Government-wide approach to reducing the U.S. Government's vulnerability to counterfeit products.

We formed the working group which comprises fourteen U.S. Government components, including IPEC, Office of Management and Budget (OMB), Department of Defense (DOD), National Aeronautics and Space Administration (NASA), Department of Energy (DOE), and others. The group has met several times and has broken into subgroups to tackle specific action items, including the following: legislative and regulatory recommendations; legal remedies; training and outreach strategies; government and industry counterfeit evaluation capabilities; the feasibility of requiring suppliers and manufacturers to authenticate products; and best practices to secure at-risk products from being counterfeited.

We plan to send recommendations on a U.S. Government-wide approach to reducing the U.S. Government's vulnerability to counterfeit products to President Obama later this year.