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Intellectual Property Spotlight



Contents

Introduction	1
Federal Coordination of Intellectual Property Enforcement Efforts	2
Enforcing Our Rights Internationally	2
Securing Our Supply Chain	2
Online Piracy	2
Theft of Innovation	3
Health and Safety	3
Counterfeit Goods	4

Introduction

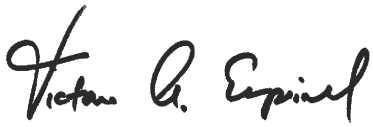
On February 8, President Obama signed an Executive Order establishing two intellectual property advisory committees chaired by the IPEC, a Cabinet-level committee comprised of the heads of the departments responsible for intellectual property enforcement and a committee comprised of Senate-confirmed government officials from those departments. The Executive Order was well received, as reflected in the statements of Senate Judiciary Committee Chairman Patrick J. Leahy, House Judiciary Committee Chairman Lamar Smith and Ranking Member John Conyers, the U.S. Chamber of Commerce, and the AFL-CIO.

On February 7, the IPEC sent to Congress the first Annual Report on Intellectual Property Enforcement, a follow-up to last June's Joint Strategic Plan on IP Enforcement detailing the Administration's progress over the last half year.

On March 15, the IPEC transmitted to Congress 20 legislative recommendations designed to improve intellectual property enforcement. The legislative recommendations set out in the White Paper sent to Congress exemplify the Administration's commitment to protect and grow jobs and exports, as well as to safeguard the health and safety of our people.

On March 1, the IPEC issued the Administration's strategy to fight counterfeit drugs to the Vice President and to Congress. The strategy sets out in detail the Administration's plan to aggressively combat counterfeit drugs.

Also on March 1, the House Judiciary Sub-Committee on Intellectual Property, Competition, and the Internet held an oversight hearing on the Administration's efforts to coordinate intellectual property enforcement. The IPEC was the sole witness, and described to the committee the progress the Administration has made on intellectual property enforcement since the strategy was released in June.



Victoria A. Espinel
U.S. Intellectual Property Enforcement Coordinator

Federal Coordination of Intellectual Property Enforcement Efforts

Federal Law Enforcement Coordination with State and Local Law Enforcement

Defendant Extradited to Face Charges for the Sale of Counterfeit Goods to Support Hezbollah: On Feb. 24, pursuant to an extradition agreement, U.S. Marshals took a defendant into custody in Paraguay to return him to the U.S. to face charges, including the sale of counterfeit goods. The defendant is alleged to have committed his crimes to raise money for the terrorist group Hezbollah. The case involves the coordinated efforts of federal, state and local law enforcement. "The allegations contained in this complaint demonstrate how terrorist organizations rely on a variety of underlying criminal activities to fund and arm themselves," said **David Kris, then-Assistant Attorney General for the National Security Division**. "I applaud the many agents, analysts, and prosecutors who worked tirelessly to bring about these charges and arrests." The case was investigated by the Federal Bureau of Investigation (FBI), U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI), the New Jersey State Police, the Internal Revenue Service, the U.S. Secret Service, Defense Criminal Investigative Services, the Department of Commerce, the U.S. State Department, U.S. Customs and Border Protection (CBP), the Bureau of Alcohol, Tobacco, and Firearms and Explosives, Federal Air Marshals, Pennsylvania State Police, and the Philadelphia Police Department. The case is being prosecuted by the U.S. Attorney's Office for the Eastern District of Pennsylvania and the Department of Justice's (DOJ's) National Security Division.

Counterfeit Rifle Sights Arrests: On Mar. 23, two men were arrested while another is still wanted for their role in selling 700 counterfeit high-tech rifle sights and 200 magnifier systems, worth $475,000. The magnifiers and gun sights, which were shipped by way of China, help weapon users' aim and fire at targets with greater accuracy and speed. The case was jointly investigated by ICE HSI and the Anaheim Police Department. The Orange County District Attorney's Office is prosecuting.

Enforcing Our Rights Internationally

USTR Out-of-Cycle Notorious Markets Report: On Feb. 28, the U.S. Trade Representative issued a report identifying 30 online and physical markets – including China's search engine, **Baidu**, and e-commerce platform, **Taobao** – as "notorious markets" tied to sales of pirated and fake goods. The report will help guide the Administration's trade-related enforcement efforts. We have already seen voluntary action from sites listed in the special report, such as Taobao's announcement that it will increase efforts to crack down on counterfeit products being sold through its system.

Quotes about Notorious Markets



"Piracy and counterfeiting undermine the innovation and creativity that is vital to our global competitiveness. These notorious markets not only hurt American workers and businesses, but are threats to entrepreneurs and industries around the world," said **United States Trade Representative Ron Kirk**. "The review we are announcing today shines a light on examples of many offending markets, and highlights an opportunity to work together with our trading partners to curb illicit trade and expand legitimate commerce in creative and innovative industries."

Securing Our Supply Chain

Online Piracy

Operation In Our Sites: Under Operation In Our Sites, DOJ and ICE HSI have conducted four major operations since June 2010, resulting in the seizure of **over 100 domain names**. In February, 2011, Operation In Our Sites v. 3.0, which coincided with the Super Bowl, resulted in the seizure of 10 domain names of websites that provided access to pirated telecasts of the National Football League, the National Basketball Association, the National Hockey League, World Wrestling Entertainment, and the Ultimate Fighting Championship. Prosecution was conducted by the U.S. Attorney's Office for the Eastern District of New York. On March 3, ICE arrested an operator of one of the seized sites, who is now facing charges in New York. On Valentine's Day, Operation In Our Sites v. 4.0 resulted in the seizure of 18 domain names used to sell luxury counterfeit goods. Prosecution was conducted by the U.S. Attorney's Offices for the Southern District of New York and the Southern District of Texas.

Accused Movie Pirate Pleads Guilty: On Mar. 14, a New York man pled guilty to releasing an internet copy of the blockbuster *X-Men Origins: Wolverine* a **month before the movie's release** date. He is scheduled to be sentenced in September where he could get up to three years in prison and a $250,000 fine. The FBI investigated the case, and DOJ CCIPS is prosecuting.

Theft of Innovation

Financial Computer Code Thief Gets 97 Months in Prison: On Mar. 18, a former Goldman Sachs computer programmer received 97 months in prison and a $12,500 fine for stealing his employer's **$500 million** proprietary computer code used for high-frequency trading of commodities and equities. The case was investigated by the FBI and prosecuted by the U.S. Attorney's Office for the Southern District of New York.

Financial Computer Code Thief Gets 36 Months in Prison: On Feb. 28, a federal judge issued a 36-month prison sentence to Mr. Samarth Agrawal, a defendant convicted of stealing a high-frequency trading platform's trade secrets at Societe Generale in New York, as we highlighted in the December Spotlight. The case was investigated by the FBI and prosecuted by the U.S. Attorney's Office for the Southern District of New York.

LCD Technology Thief Gets 30 Months in Prison: On Feb. 8, a defendant who acted for a Taiwanese corporation received 30 months in prison for conspiring over three years to steal liquid crystal display trade secrets from Corning, Inc. The FBI investigated the case, and the U.S. Attorney's Office for the Western District of New York prosecuted.

Industrial Technology Thief Convicted: On Feb. 7, a jury convicted a scientist of stealing trade secrets from Dow Chemical Company. After working on an industrial use plastic, the defendant conspired with other former Dow employees to steal the plastic's trade secrets, traveled to China to market the information, lied under oath on arranging for a co-conspirator to go to China, and bribed a Dow employee for information. The case was investigated by the FBI's New Orleans Division and prosecuted by the Senior Deputy Criminal Chief, the U.S. Attorney's Office for the Middle District of Louisiana, and DOJ Computer Crime and Intellectual Property Section (CCIPS).

Health and Safety

Counterfeit Drug Seller Gets 46 Months in Prison: On Feb. 9, a defendant was sentenced to 46 months in prison and ordered to pay restitution for illegal importation and sale of counterfeit and misbranded drugs. The defendant had been charged in an investigation involving over 11,000 doses with the counterfeit trademarks of Eli Lilly and Co. (Cialis) and Pfizer, Inc. (Viagra), worth over $120,000. The case was investigated by ICE HSI, CBP, and the Postal Inspection Service, with the assistance of the Food and Drug Administration's Office of Criminal Investigations, and was prosecuted by the Eastern District of Missouri.

Nearly 20,000 Counterfeit Drugs Seized: On Feb. 18, CBP officers at JFK International Airport seized 20,000 erectile dysfunction pills with counterfeit trademarks belonging to Pfizer, Inc. (Viagra), Eli Lilly & Co. (Cialis), and Bayer Pharmaceuticals Corp. (Levitra). CBP estimates the value of the pills at over $220,000.

Quotes about the Prosecution

Societe General Trade Secret Case



"Aggressive protection of intellectual property is essential to America's current economic prosperity and future success," said **Preet Bharara, U.S. Attorney for the Southern District of New York**. "Today's sentence confirms that theft of intellectual property by people like [defendant, Samarth] Agrawal is a serious, federal offense that can lead to substantial jail time."

LCD Technology Trade Secret Case

"As we go forward into the Twenty-First Century, the value of the unique and creative ideas of a person or company will often times become the difference between those who succeed commercially, and those who fail," said **William J. Hochul Jr., U.S. Attorney for the Western District of New York**. "For these and other reasons, this Office is committed to protecting the hard work and intellectual property of all of who call our region home."

Retired Dentist and Son Sentenced for Selling Counterfeit Drugs: On Feb. 14, a father and son – both living in Canada – were sentenced for selling and dispensing counterfeit Viagra and Cialis. Over the course of a year, 22 packages with counterfeit drugs arrived from China and India at a mail box in Blaine, Washington, near the U.S.-Canada border. The son received a year and a day in prison, two years of supervised release, and a $5,000 fine. The father received a $30,000 fine and one year of supervised release. The case was investigated by the FDA Office of Criminal Investigations, the U.S. Postal Inspection Service, and CBP, and was prosecuted by the U.S. Attorney's Office for the Western District of Washington.

Counterfeit Goods

Operation Interception: From January 1 through Super Bowl weekend, ICE HSI, CBP, local police departments, and the NFL coordinated to target various physical venues selling 36,273 counterfeit game-related sportswear items nationwide resulting in a **record-breaking** $3.56 million (MSRP) in seizures.

DVD and CD Counterfeiters get 50-Month and 60-Month Prison Terms: On Feb. 24, two individuals received 50 and 60 month prison terms for their roles in a counterfeit DVD and CD ring worth over $2 million (MSRP). The FBI and ICE HSI investigated the case, along with the Atlanta Police Department Organized Crime Unit, the College Park, GA Police Department, and East Point, GA Police Department. The U.S. Attorney's Office for the Northern District of Georgia as well as DOJ CCIPS prosecuted the case.

33 Months in Prison for Counterfeit Good Sales: On Feb. 8, a defendant received 33 months in prison for selling a broad array of goods with counterfeit trademarks including Nike, Chanel, and Polo. The defendant was also ordered to forfeit nearly $30,000 in cash as well as personal property connected to the illegal sales. The St. Louis Police Department initiated the case and carried out the investigation along with ICE HSI. The U.S. Attorney's Office for the Eastern District of Missouri prosecuted the case.

U.S. Customs and Border Protection **U.S. Immigration and-Customs Enforcement**

CBP and ICE Release IPR Seizure Report**:** On Mar. 16, CBP and ICE released their 2010 report on IPR seizures of goods violating trademarks and copyrights. The report shows a sharp rise in seizures, including a 97% increase in seizures affecting public safety.



If you feel that you have been the victim of an intellectual property crime, you can report the crime by clicking on the button to the left, calling the IPR Center at 1-866-IPR-2060, or contacting a field office of the FBI. To help you determine what to do when reporting an intellectual property crime, see DOJ's "Reporting Intellectual Property Crime: A Guide for Victims of Counterfeiting, Copyright Infringement, and Theft of Trade Secrets." DOJ also has created forms/checklists that identify the information you will need to provide when referring copyright infringement and trademark offenses and theft of trade secrets.

If you would like to subscribe to the newsletter in the future, email IntellectualProperty@omb.eop.gov. If you would like more information about the Office of the IPEC, including a copy of the 2010 Joint Strategic Plan on Intellectual Property Enforcement. Please visit our website.