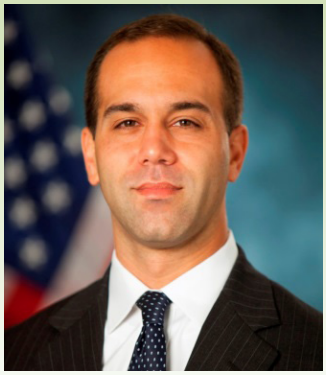
OFFICE OF THE UNITED STATES INTELLECTUAL PROPERTY ENFORCEMENT COORDINATOR

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Intellectual Property Spotlight



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Introduction

After three-and-a-half years serving as the nation's first U.S. Intellectual Property Enforcement Coordinator (IPEC), Victoria Espinel stepped down from her position as IPEC head on August 9, 2013, to return to the private sector. During her tenure, Victoria established a well-deserved reputation for bringing together a wide variety of stakeholders across the intellectual property space to improve the intellectual property landscape.

Victoria was instrumental in promoting voluntary efforts among stakeholders to reduce online copyright infringement and reduce the prevalence of rogue online pharmacies selling counterfeit pharmaceutical products. She also coordinated U.S. Government-wide policies to address trade secret theft, counterfeit interdiction enforcement, and overseas capacity building efforts.

Moreover, law enforcement efforts have improved across the Federal government since the Office of the U.S. Intellectual Property Enforcement Coordinator was established in 2010. For example:

- ICE-HSI new IP cases are up 71 percent, arrests are up 159 percent, indictments are up 264 percent, and convictions are up 103 percent.
- FBI health and safety-focused investigations are up 308 percent, FBI health and safety arrests are up 286 percent, and new trade secret theft cases are up 39 percent.
- CBP and ICE seizures of infringing imports have increased by 53 percent.

Victoria leaves behind a strong legacy of accomplishment and framework for success; moving forward, IPEC and the Administration will continue to meet this high bar and improve upon these efforts as we implement the Administration's 2013 Joint Strategic Plan on Intellectual Property Enforcement. Under Office of Information and Regulatory Affairs (OIRA) Administrator Howard Shelanski's interim leadership, IPEC will continue to coordinate IP policy and enforcement efforts, foster collaboration and efficiency across Federal agencies, and encourage IP protection abroad in order to promote innovation, U.S. global economic competitiveness, and the health and safety of the American public.

Alexander N.M. Niejelow
Chief of Staff, U.S. Intellectual Property Enforcement Coordinator
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Voluntary Initiatives

Agreement on Voluntary Best Practices to Reduce Advertising Revenue to Infringing Sites

On July 15, 2013, numerous Internet and advertising stakeholders, including AOL, Google, Microsoft, Yahoo!, SpotXchange, Conde Nast, Adtegrity, and 24/7 Media, with the support of the Interactive Advertising Bureau, committed to a set of best practices to address online infringement by reducing the flow of advertising revenue to operators of sites engaged in significant infringing activity. IPEC has strongly supported voluntary efforts by the private sector to reduce online infringement, consistent with the Administration's broader Internet policy principles emphasizing privacy, free speech, fair process and competition.

USPTO Evaluates Voluntary Initiatives

The Administration's 2013 Joint Strategic Plan on Intellectual Property Enforcement stressed the importance of evaluating the effectiveness of voluntary initiatives to address intellectual property infringement. In support of this effort, the U.S. Patent and Trademark Office (USPTO) solicited input from the public and other parts of the U.S. Government. On June 20, 2013, USPTO published in the Federal Register a request for public comments. Input was invited from all interested parties on the processes, data metrics, and methodologies that could be used to assess the effectiveness of cooperative agreements and other voluntary initiatives to reduce infringement. Comments are available at http://www.uspto.gov/ip/officechiefecon/comments_joint_strategic_plan.jsp.



"The theft of intellectual property is a global problem and cross-border efforts are needed to fight it. CBP looks forward to a continued partnership with the People's Republic of China General Administration of Customs in confronting this critical trade issue," said CBP Acting Commissioner Thomas S. Winkowski.

International Cooperation Between U.S. & China

U.S. and China Announce First Joint Intellectual Property Customs Operation

On July 31, 2013, U.S. Customs and Border Protection (CBP) and the General Administration of Customs, People's Republic of China (GACC) announced the results of the first joint customs operation focusing on intellectual property rights enforcement between the two countries. The month-long operation resulted in the seizure of over 243,000 counterfeit consumer electronics products, including goods with popular trademarks such as Apple, Beats by Dr. Dre, Blackberry, Samsung, Sony and UL. The operation also resulted in the arrest by local law enforcement in New Orleans of a U.S. citizen who allegedly imported Beats by Dr. Dre headphones which were then sold online. GACC provided the referral to CBP and U.S. Immigration and Customs Enforcement (ICE), which coordinated with local law enforcement on the arrest.

The operation resulted from a previous commitment between CBP and GACC to work together cooperatively in order to produce tangible IPR enforcement results. During the U.S.-China Strategic and Economic Dialogue held in July 2013, both countries committed to further cooperation on IPR enforcement (CBP, ICE, GACC).

Counterfeit Merchandise, Pharmaceuticals and Safety Labels

CBP Seizes $3.9 Million Worth of Counterfeit Consumer Goods

On July 22, 2013, CBP seized a shipment of 70,000 counterfeit consumer goods at the Port of Newark, New Jersey, worth an estimated $3.9 million. With input from the Consumer Product Safety Commission (CPSC) and targeting assistance from the Commercial Targeting and Analysis Center (CTAC) in Washington, D.C., CBP seized the shipment of illicit products, including razor blades, toys, sunglasses, markers and batteries, when it arrived from China (CBP, CPSC, CTAC).

Chinese Nationals Sentenced in Counterfeit Sneakers Case

On August 23, 2013, Xiao Cheng Lin, 50, and Ling Zen Hu, 51, of Flushing, New York, were sentenced to one year in prison, and six months in prison, respectively, after being convicted of conspiracy to import goods falsely classified. The defendants also will forfeit $750,000 in cash and other monetary instruments that were seized during a search of their residence. The defendants were involved in importing from China counterfeit Nike sneakers which the defendants then sold to a co-defendant in New York City for further distribution. Over 300,000 pairs of counterfeit Nike sneakers and over $1 million in cash were seized during the investigation (ICE, CBP, USAO-Western District of New York).

California Man Sentenced to 10 Months for Selling Counterfeit, Lead-Tainted Male Enhancement Pills

On July 22, 2013, Shem Michah David Weissman was sentenced to 10 months in prison for illegally importing 22,800 counterfeit, Chinese-made male enhancement pills that contained hazardous lead levels. Weissman intended to sell the pills illegally online.

As part of his plea agreement, Weissman admitted that he ordered thousands of counterfeit ExtenZe tablets from a China-based manufacturer and had them shipped to Los Angeles. At a mail screening facility in Northern California, CBP intercepted several parcels containing counterfeit ExtenZe tablets and shortly after Weissman picked up one such parcel, ICE investigators initiated a traffic stop and recovered from Weissman's vehicle additional packages containing counterfeit ExtenZe tablets. Forensic analysis revealed dangerously high lead levels in the pills (CBP, ICE, Food and Drug Administration-Office of Criminal Investigations (FDA-OCI), USAO-Central District of California).

"This sentence should serve as a warning about the consequences facing those who sell counterfeit consumer products over the Internet," said Claude Arnold, Special Agent in Charge for HSI Los Angeles. "The case is also a sobering reminder about the risks for consumers who purchase such products online from unknown sources. Never has the expression 'buyer beware' been more true."



"This prosecution sends the important message that companies importing goods from overseas may not gain a competitive advantage over those that play by the rules, by cutting corners when it comes to safety or intellectual property rights," said Tammy Dickinson, U.S. Attorney for the Western District of Missouri.

Missouri Company Admits Importing $1.8 Million in Products with Counterfeit Safety Labels

On July 15, 2013, GuildMaster, Inc., of Springfield, MO, represented by its company president, pleaded guilty to trafficking in goods bearing counterfeit marks. The company admitted that it imported thousands of lamps from China bearing counterfeit Underwriters Laboratories (UL) safety certification labels. UL is an independent product safety certification organization, and the UL mark was the manufacturer's representation to the public that the lamp as a whole was certified by UL as meeting safety requirements.

Under the plea agreement, the company must forfeit 5,585 lamps valued at $1.8 million, $43,786 in cost bonds (required by the Government in the event the importer defaults on debts owed to the Government), and serve five years of probation (ICE, CBP, USAO-W.D.Missouri).

CBP Seizes Counterfeit Designer Watches at Los Angeles International Airport

On August 8, 2013, at Los Angeles International Airport (LAX), CBP seized 215 designer watches bearing counterfeit Rolex, Louis Vuitton, Cartier and Omega registered trademarks, which arrived by air cargo from China. If genuine, the merchandise would have been valued at over $1.2 million based on the manufacturer's suggested retail price (CBP).

Los Angeles City Attorney Secures $388,000 Civil Penalty Against Merchant Selling Counterfeit Goods

On August 15, 2013, the Los Angeles City Attorney secured $388,000 in fines and strict court-ordered conditions against Ahmad Salim, the owner and operator of El Socalo, a downtown garment merchant, for selling designer name-brand counterfeit items. Salim was found to possess or to have sold 1,552 counterfeit clothing items from his store since 2004.

The case against Salim was a result of a joint investigation by the Los Angeles Police Department and FBI into counterfeit goods sales in the Downtown fashion district in May 2011. The resulting prosecution was supported by funds from the Intellectual Property Theft Enforcement Grant Program, which is administered by the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance (FBI, Los Angeles Police Department (LAPD), Los Angeles City Attorney).

Consumer Alert Regarding Illegally Copied Software

National Intellectual Property Rights Coordination (IPR) Center Issues Consumer Alert that Illegally Copied Software May Contain Malware

On August 1, 2013, the ICE-led National Intellectual Property Rights Coordination Center (IPR Center) issued a consumer alert warning the public that illegally copied software might contain malware. Whether downloaded from an online auction site or purchased from a street vendor or kiosk, illegally copied software may contain malware capable of recording the user's key strokes and capturing the user's personally identifiable information (Social Security Numbers, birthdates) and sending the sensitive information back to criminal organizations for illegal purposes such as identity theft or financial fraud.

In the consumer alert (the link is found here), the IPR Center identified several possible signs of illegally copied software, including: poor quality labeling on the disk, software labeled as the full retail version but only containing a limited version, missing features such as lack of security tape around the edges of the plastic case, or requiring the user to go a website for a software activation key (which can be ploy to disseminate additional malware). Those who think they may have purchased pirated software or have information about sellers of pirated software are encouraged to submit a tip to the IPR Center. The IPR Center referral link is available here.



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 2013 Joint Strategic Plan on Intellectual Property Enforcement, please visit our website.