OFFICE OF THE UNITED STATES INTELLECTUAL PROPERTY ENFORCEMENT COORDINATOR

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Intellectual Property Spotlight



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Introduction

In this issue of Spotlight, I am pleased to report the release of the Administration's 2013 Joint Strategic Plan on Intellectual Property Enforcement, which sets forth 26 specific action items agencies will take over the next three years to promote economic growth, ensure our global competitiveness, and protect the health and safety of our citizens. The Joint Strategic Plan further highlights the progress that has been made to improve enforcement of U.S. intellectual property rights.

Also on June 20, as part of the interagency review effort directed at strengthening the processes used during enforcement of ITC exclusion orders pertaining to intellectual property, my office published a Federal Register notice seeking public input on ways to ensure that enforcement of exclusion orders is as efficient and transparent as possible.

In addition, we are seeking input on whether the voluntary initiatives that we have encouraged to reduce online infringement are working well and are having a positive impact. To that end, the U.S. Patent and Trade Office (USPTO) issued a request for public input on how to measure the effectiveness of the voluntary initiatives. I encourage public engagement on these issues, and look forward to working with all stakeholders to implement the 2013 Strategic Plan.

Victoria A. Espinel

U.S. Intellectual Property Enforcement Coordinator

Administration Announces Release of Joint Strategic Plan, Seeks Public Input

Administration Releases 2013 Joint Strategic Plan for Intellectual Property Enforcement

On June 20, 2013, the Administration released its 2013 Joint Strategic Plan for Intellectual Property Enforcement, which builds upon our efforts to safeguard intellectual property (IP) to date, and provides a three year road map to improve IP protections. The Joint Strategic Plan reviews the significant progress that has been made in the past, and details the areas that will be strengthened in the next three years. Recognizing that innovation and creativity are the foundation of our economy, the 2013 Joint Strategic Plan sets forth 26 Action Items designed to promote economic growth, ensure global competitiveness, and protect the health and safety of our citizens.

IPEC Seeks Public Comment on Strengthening Exclusion Order Processes Under Section 337

The 2013 Joint Strategic Plan announced that IPEC will chair a new interagency effort directed at strengthening the processes that U.S. Customs and Border Protection (CBP) uses to enforce International Trade Commission (ITC) exclusion orders under Section 337 of the Tariff Act of 1930. Under Section 337, the ITC investigates allegations of unfair trade practices, including intellectual property infringement allegations, and once a violation is found, ITC issues an exclusion order barring the importation of infringing goods. As part of the release of the 2013 Strategic Plan, IPEC issued a solicitation seeking public comment on whether the procedures utilized when enforcing exclusion orders are clear, accessible and understood, and whether the process can be improved. The solicitation can be viewed here.

2013 Joint Strategic Plan

Upon release of the 2013 Joint Strategic Plan for Intellectual Property Enforcement, Victoria Espinel, Intellectual Property Enforcement Coordinator, stated: "Intellectual property is a key driver of our economy. So it matters that we have the right approach to intellectual property enforcement; one that is thoughtful, dedicated and effective, and that makes good and efficient use of our resources."

U.S. Patent and Trade Office Seeks Public Comment on Analysis of Voluntary Initiatives to Reduce Online Infringement

Also as part of the release of the 2013 Joint Strategic Plan, the USPTO published a Federal Register Notice seeking public comment on the effectiveness of voluntary initiatives undertaken by private parties to reduce infringement. The Administration encourages the private sector to take steps to reduce online intellectual property infringement by developing cooperative, voluntary initiatives that are practical, effective, and consistent with fair process, free speech, privacy of users and competition. The 2013 Joint Strategic Plan stresses the importance of building a data-driven government. To that end, USPTO's public solicitation asks for input on suggested methodologies to evaluate existing voluntary initiatives. The solicitation can be viewed here.

Health & Safety: Counterfeit Toys with Lead, Counterfeit Airbags, Razor Blades, Pharmaceuticals

Successful Prosecution of Smugglers of Counterfeit Goods and Toys Containing Lead

On May 31, 2013, Hung Lam and Isabella Kit Yeung, both of Miami-Dade County Florida, were sentenced for smuggling hazardous children's products from China. Lam was sentenced to 22 months incarceration and Yeung was sentenced to one year of probation and an $862,500 forfeiture order was imposed against Lam and Yeung. Lam distributed children's products imported from China that posed a risk of choking, and which contained hazardous amounts of lead. Lam also trafficked in counterfeit goods, including Disney, Marvel and Major League Baseball merchandise. (ICE, CBP, Consumer Product Safety Commission (CPSC), U.S. Attorneys' Office (USAO)-Southern District of Florida (SDFL)).

Trafficking in Counterfeit Airbags



"The prosecution of fraud cases is a priority of my office," said U.S. Attorney Michael C. Ormsby, E.D. Washington. "This fraud case is particularly egregious because the lives of innocent people were placed at risk by the sale of these counterfeit products."

Trafficking in Counterfeit Airbags

On June 12, 2013, Jason Jordan, of Moxee, Washington, pleaded guilty to conspiracy to traffic in counterfeit goods. Jordan imported counterfeit Ford, General Motors, Honda and Toyota airbags from China, and then sold the counterfeits online, grossing nearly $450,000 between June 2011 and August 2012. (ICE, CBP, USAO-E.D. Washington).

Washington State Man, 25, Pleads Guilty to Trafficking Counterfeit Airbags

On May 17, 2013, Vitality Yaremkiv, of Vancouver, Washington, pleaded guilty to trafficking in counterfeit goods. Between June 2011 and June 2012, Yaremkiv sold more than 900 illegally imported counterfeit airbags through his home-based online business. Yaremkiv imported counterfeit Honda, Subaru and Toyota airbags from sources in China, and then sold the counterfeit airbags as genuine products at discount prices on the Internet. (ICE, Federal Bureau of Investigation (FBI), USAO-W.D. Washington).

30 month Sentence in Counterfeit Razor Blade Scheme

On June 14, 2013, Jeffrey Steven Telsey, of Delray Beach, Florida, was sentenced to 30 months in prison, and $400,506.17 in restitution, for his role in a counterfeit razor blade scheme. Telsey co-mingled counterfeit Gilette-brand razors imported from China with legitimate business products (odd and leftover lots of health and beauty care products). Agents seized approximately 27,000 units of counterfeit Gillette-branded razors valued at approximately $425,000. All of Proctor & Gamble's Gillette-brand razors are actually manufactured in Boston, Massachusetts and Berlin, Germany, not China (ICE, USAO-W.D. Michigan).

Food and Drug Administration Seizes Over 1,600 Websites Used to Sell Counterfeit or Misbranded Drugs

On June 27, 2013, the U.S. Attorney's Office for the District of Colorado obtained, and the U.S. Food and Drug Administration (FDA), executed seizure warrants for 1,677 websites that were illegally selling counterfeit or misbranded drugs that purported to be brand name pharmaceuticals. Many of the sites falsely claimed to be hosted in Canada, while others falsely claimed to be affiliated with major U.S. pharmacy retailers by using the names of those retailers in the domain names. Drugs purchased from the sites proved not to be from Canada, and they were neither brand name drugs nor were they approved by the FDA. The websites offered medications to treat, among other things, conditions related to diabetes, schizophrenia, pain and inflammation (FDA Office of Criminal Investigations, USAO- D. Colorado).

Counterfeit Razor Blade Scheme

"Counterfeit goods cost American brand holders billions of dollars on an annual basis," said William Hayes, Acting Special Agent in Charge of ICE Detroit. "HSI will continue to work collaboratively with our law enforcement partners to aggressively target individuals and groups involved in the trafficking of counterfeit goods."

Significant Prison Sentences

Chinese Citizen Sentenced to 12 Years in Prison for Cyber-Theft and Software Piracy

On June 11, 2013, Xiang Li, of Chengdu, China, was sentenced to 12 years in prison for conspiracy to commit wire fraud and criminal copyright infringement. Li operated a series of websites through which he sold over $100 million worth of pirated, industrial-grade software in which the access and copyright controls had been circumvented. Li sold the software to customers in at least 28 states and over 60 foreign countries. One customer, the chief scientist at a Kentucky-based government contractor that serviced the U.S. military, used software obtained from Li to design components for Patriot missiles and military radar systems. Another customer, a NASA engineer, obtained 12 software programs worth $1.2 million and uploaded the software to a NASA computer network to perform a side-contract for a China-based company (ICE; Defense Criminal Investigative Service (DCIS), USAO-D.Delaware).

Cyber-Theft and Software Piracy Conviction

"Counterfeiting and intellectual property theft is one of the most serious threats this century to U.S. businesses and innovation," said John P. Kelleghan, Special Agent in Charge of ICE Philadelphia. "While we've dealt a significant blow to an organization who was distributing pirated and cracked software, our agency is committed to identifying, infiltrating and disrupting these criminal enterprises wherever they exist."

Baltimore Man Sentenced to More than Seven Years in Prison for Criminal Copyright Infringement

On June 6, 2013, Naveed Sheikh, of Baltimore, Maryland, was sentenced to 87 months in prison for conspiracy to infringe copyrights by illegally reproducing and distributing more than 1,000 copyrighted commercial software programs. Sheikh created multiple websites and used them to illegally sell copies of original copyrighted software programs. The software included, among other things, Microsoft Office and Windows XP Professional with SP2, Adobe Acrobat and Photoshop, and Quicken Premier Home. Sheikh also was ordered to pay $4 million in restitution to the victims (ICE, FBI, U.S. Postal Inspection Service, National Intellectual Property Rights (IPR) Coordination Center, USAO-D.Maryland).

International Cooperation in Major Seizure of Websites

ICE and European Partners Seize 328 Domain Names Related to Sales of Counterfeit Goods

On June 26, 2013, ICE and several European law enforcement agencies, coordinated by the European Police Office (Europol), announced the seizure of 328 domain names in two related operations. In Project American Icons, ICE seized 177 domain names associated with websites that were selling counterfeit products of Rosetta Stone, Nike, the National Football League (NFL), Major League Baseball (MLB), and the National Hockey League (NHL). In Project Transatlantic Two, law enforcement from Belgium, France, Romania and the United Kingdom executed coordinated seizures of 151 foreign based domain names (ICE, USAO-D. Colorado, New Jersey, W.D. Texas, E.D. Louisiana, U.S. Department of Justice, Computer Crime and Intellectual Property Section (DOJ-CCIPS), Europol).

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.