

# United States Department of Justice

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## PRO IP Act Annual Report FY2012



December 2012

# **PRO IP ACT ANNUAL REPORT OF THE ATTORNEY GENERAL FY2012**

## **INTRODUCTION**

The Department of Justice (the “Department”) submits this Fiscal Year 2012 (“FY2012”) annual report to the United States Congress pursuant to section 404 of the *Prioritizing Resources and Organization for Intellectual Property Act of 2008* (“PRO IP Act” or “Act”), Pub. L. No. 110-403. The Act imposes a number of annual reporting requirements on the Attorney General, including actions the Department has taken to implement Title IV of the Act (“Department of Justice Programs”) and “a summary of the efforts, activities, and resources the [Department] has allocated to the enforcement, investigation, and prosecution of intellectual property crimes.” The Act requires similar reporting by the Director of the Federal Bureau of Investigation (“FBI”) on its intellectual property (“IP”) enforcement efforts pursuant to Title IV of the Act.

To the extent a particular request seeks information maintained by the FBI, the Department respectfully refers Congress to the FBI’s Annual PRO IP Act Report.

Section 404(a) of the PRO IP Act requires the Attorney General to report annually to Congress on the Department's efforts to implement eight specified provisions of Title IV during the prior fiscal year. Those provisions and the Department's implementation efforts to implement them during FY2012 (*i.e.*, October 1, 2011 through September 30, 2012) are set forth below.

In February 2010, the Attorney General announced the creation of the Intellectual Property Task Force ("IP Task Force") as part of a Department-wide initiative to confront the growing number of domestic and international IP crimes. The IP Task Force, chaired by the Deputy Attorney General and comprised of senior Department officials from every component with a stake in IP enforcement, has brought a coordinated approach and high-level support to the Department's overall efforts to combat IP crime. The Department's efforts, activities, and allocation of resources described below were achieved under the IP Task Force's direction and support.

In addition, working closely with the Office of the Intellectual Property Enforcement Coordinator ("IPEC"), the Department contributed to the 2010 Joint Strategic Plan on Intellectual Property Enforcement (June 2010), the Administration's White Paper on Intellectual Property Enforcement Legislative Recommendations (March 2011), and the IPEC's annual reports, among other things. The Department also participates in a number of IPEC-led working groups.

**(a)(1) State and Local Law Enforcement Grants**

*"(1) With respect to grants issued under section 401, the number and identity of State and local law enforcement grant applicants, the number of grants issued, the dollar value of each grant, including a breakdown of such value showing how the recipient used the funds, the specific purpose of each grant, and the reports from recipients of the grants on the efficacy of the program supported by the grant. The Department of Justice shall use the information provided by the grant recipients to produce a statement for each individual grant. Such statement shall state whether each grantee has accomplished the purposes of the grant as established in section 401(b). Those grantees not in compliance with the requirements of this title shall be subject, but not limited to, sanctions as described in the Financial Guide issued by the Office of Justice Programs at the Department of Justice."*

As in FY2009 through FY2011, Congress did not appropriate funds in FY2012 for the issuance of state and local law enforcement grants as authorized under Section 401 of the Act.

Nevertheless, in keeping with IP Task Force priorities, the Office of Justice Programs ("OJP") offered competitive grants to support state and local IP law enforcement task forces and local IP training and technical assistance as authorized by the Consolidated and Further

Continuing Appropriations Act of 2012 (P.L. 112-55) and as informed by Section 401 of the PRO IP Act. The FY2012 Intellectual Property Crime Enforcement Program, as it is known, is designed to provide national support and improve the capacity of state and local criminal justice systems to address criminal IP enforcement, including prosecution, prevention, training, and technical assistance. Under the program, grant recipients would establish and maintain effective collaboration and coordination between state and local law enforcement, including prosecutors, multi-jurisdictional task forces, and appropriate federal agencies, including the FBI and U.S. Attorneys' Offices. The information shared under the program will include information about the investigation, analysis, and prosecution of matters involving IP offenses as they relate to violations of state and local criminal statutes. The program is administered by the Bureau of Justice Assistance ("BJA"), a component of OJP.

The competitive grant process ended on March 2, 2012, and on October 3, 2012, OJP announced that it had awarded \$2,457,310 in grants to 13 state and local law enforcement agencies in support of the FY2012 Intellectual Property Crime Enforcement Program. OJP awarded seven supplemental awards in FY2012 to state and local enforcement agencies who also were recipients of grants in FY 2010 or 2011. The following FY2012 new and supplemental awards to state and local jurisdictions cover expenses related to: performing criminal enforcement operations; educating the public to prevent, deter, and identify criminal violations of IP laws; establishing task forces to conduct investigations, forensic analyses, and prosecutions; and acquiring equipment to conduct investigations and forensic analyses of evidence.

<b>Award Number</b>	<b>Grantee</b>	<b>Amount</b>	<b>New or Supplemental</b>
2012-MU-BX-0011	Baltimore County, Maryland	\$123,971	New
2012-BE-BX-0014	Board of Police Commissioners, St. Louis Metropolitan Police	\$199,961	New
2012-DG-BX-0010	California Department of Justice	\$200,000	New
2012-DG-BX-0002	City of Orlando, Florida	\$100,020	New
2012-DG-BX-0012	Cook County Sheriff's Office, Illinois	\$213,300	New
2012-DG-BX-0009	County of Riverside, Office of the District Attorney	\$200,000	New
2012-DG-BX-0008	City of Los Angeles, California	\$200,000	Supplemental
2012-DG-BX-0004	City of San Antonio, Texas	\$200,000	Supplemental
2012-DG-BX-0001	New York County District Attorney's Office, New York	\$199,829	Supplemental
2012-BE-BX-0003	Virginia State Police, Virginia	\$214,971	Supplemental

2012-H0593-TX-BE	City of Austin, Texas	\$200,000	Supplemental
2012-DG-BX-0013	City of Central Point Police Department, Oregon	\$200,000	Supplemental
2012-DG-BX-0007	County of Sacramento, California	\$205,258	Supplemental

Since the inception of the program, state and local law enforcement have seized \$203,317,052 in counterfeit merchandise; \$14,994,741 in non-counterfeit merchandise, and \$2,382,598 in currency (total aggregate seizure value: \$220,694,391). In addition to these seizure values, grantees achieved the following in the one-year period from July 1, 2011 to June 30, 2012:

- Over 1,411 individuals were arrested for violation of IP laws;
- Over 345 state and local IP search warrants were served; and
- 600 piracy/counterfeiting organizations were disrupted or dismantled.

The BJA also continues to support one-day training events on IP rights for state and local law enforcement agencies across the country through cooperative agreements with the National White Collar Crime Center (“NW3C”) and National Association of Attorneys General (“NAAG”). In FY2012, these training sessions took place in Detroit, Michigan (October 12, 2011); Newtown, Pennsylvania (December 12, 2011); San Antonio, Texas (January 11, 2012); San Francisco, California (February 22, 2012); Phoenix, Arizona (March 20, 2012); Nashville, Tennessee (April 24, 2012); Franklin, Massachusetts (May 2, 2012); Wilmington, Delaware (May 11, 2012); Indianapolis, Indiana (June 13, 2012); Des Moines, Iowa (July 24, 2012); New Braunfels, Texas (August 10, 2012); Saint Paul, Minnesota (August 24, 2012); Edison, New Jersey (September 6, 2012); and Lake Oswego, Oregon (September 24, 2012).

**(a)(2) Additional Agents of FBI**

*“(2) With respect to the additional agents of the Federal Bureau of Investigation authorized under paragraphs (1) and (2) of section 402(a), the number of investigations and actions in which such agents were engaged, the type of each action, the resolution of each action, and any penalties imposed in each action.”*

Please see the Annual Report of the Federal Bureau of Investigation, which will be submitted separately pursuant to Section 404(c) of the PRO IP Act.

**(a)(3) FBI Training**

*“(3) With respect to the training program authorized under section 402(a)(4), the number of agents of the Federal Bureau of Investigation participating in such program, the elements of the training program, and the subject matters covered by the program.”*

Please see the Annual Report of the Federal Bureau of Investigation, which will be submitted separately pursuant to Section 404(c) of the PRO IP Act.

*“(4) With respect to the organized crime plan authorized under section 402(b), the number of organized crime investigations and prosecutions resulting from such plan.”*

**(a)(4) Organized Crime Plan**

As in FY2009 through FY2011, Congress has not appropriated funds to support Section 402(b) of the PRO IP Act in FY2012.<sup>1</sup> Nevertheless, the Department has continued to take a number of actions, described below, in an effort to implement this provision. The actions taken include increased information sharing and coordination, training, and outreach. However, the Department will not be able to provide a specific number of prosecutions directly resulting from these increased efforts for at least two reasons. First, the Department can retrieve statistical information from its database based on the statute charged but not based on the type of defendant or group that committed the offense. Second, it is difficult to determine whether prosecutions involving organized crime groups have resulted directly from the Department’s organized crime plan efforts or other ongoing efforts.

In addition to the ongoing activities detailed in PRO IP Act Reports for fiscal years 2009 through 2011, the Department has taken the following additional actions to address this important issue:

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<sup>1</sup> Section 402(b) provides that “[s]ubject to the availability of appropriations to carry out this subsection, and not later than 180 days after the date of the enactment of this Act, the Attorney General, through the U.S. Attorneys’ Offices, the Computer Crime and Intellectual Property section, and the Organized Crime and Racketeering section of the Department of Justice, and in consultation with the Federal Bureau of Investigation and other Federal law enforcement agencies, such as the Department of Homeland Security, shall create and implement a comprehensive, long-range plan to investigate and prosecute international organized crime syndicates engaging in or supporting crimes relating to the theft of intellectual property.”

## **Increased Information Sharing and Coordination**

- The Department, through the Criminal Division, is continuing to coordinate with federal investigatory agencies to work with the International Organized Crime Intelligence and Operations Center (“IOC-2”) in an ongoing effort to develop and implement a mechanism to both contribute data to IOC-2 and to address intelligence gaps as they relate to IP, among other things. IOC-2 has provided operational, intelligence, and financial support to investigations where international organized crime groups were involved in IP offenses.

## **Training and Outreach**

- In June 2012, representatives of CCIPS, the FBI, the IRS, and United States Attorney’s Office for the Northern District of California met with government officials from South Africa and Botswana to conduct assessments of intellectual property enforcement in those countries and to discuss matters related to intellectual property, taxes, financial and economic crimes, corruption, organized crime, money laundering, and other white collar crimes.
- In May 2012, representatives of CCIPS, OPDAT, and the FBI led a five-day training for Mexican law enforcement and government officials entitled “Computer Forensics for Intellectual Property and Other White Collar Crimes.” The training included techniques for handling digital evidence and targeting transnational organized crime groups involved in counterfeit goods. The five-day event brought together more than 40 officials from police, prosecutor’s offices, revenue service, customs, and intellectual property agencies. In June 2012, a similar training was presented to West African government officials.
- In May 2012, representatives of CCIPS met with a delegation of ten Bulgarian government officials to discuss the work of CCIPS and strategies for combating cyber and intellectual property crime. The Bulgarian delegation was led by the Deputy Minister of Justice and included judges and prosecutors assigned to Bulgaria’s newly-formed specialized court handling organized crime cases.
- In April 2012, representatives of CCIPS met with the Chairman of the Nigerian Economic and Financial Crimes Commission (“EFCC”), who is responsible for targeting complex organized and financial crimes in Nigeria as well as official corruption within the government. The meeting focused on ways in which CCIPS could strengthen the support it has given to Nigeria and the EFCC in the past, work with the EFCC to increase its technical capacity and ability to handle digital forensics, and train Nigerian prosecutors, investigators, and computer experts to better combat intellectual property offenses.
- In March 2012, representatives from CCIPS, OPDAT, and INTERPOL held an “Intellectual Property Rights Training Enforcement Seminar and IP Crime Regional

Planning Meeting” in Lusaka, Zambia. The five-day event brought together more than 60 officials from police, prosecutor’s offices, customs, and intellectual property agencies, as well as intellectual property law enforcement experts from Zambia, Tanzania, Botswana, and Malawi. The meeting included training on identifying, targeting, and dismantling transnational organized crime groups involved in the manufacture and distribution of counterfeit goods.

- In February 2012, representatives from CCIPS, OPDAT, and INTERPOL held an “Intellectual Property Rights Training Enforcement Seminar and IP Crime Regional Planning Meeting” in Panama City, Panama. The five-day event brought together more than 70 officials from police, prosecutor’s offices, customs, and intellectual property agencies, as well as intellectual property law enforcement experts from Panama, Mexico, Belize, Guatemala, Costa Rica, El Salvador, and Nicaragua. The meeting included training related to transnational organized crime groups involved in the manufacture and distribution of counterfeit goods.
- In January 2012, representatives of CCIPS presented on a panel at the NAC in Columbia, South Carolina focused on conducting international cyber investigations and recent developments in international organized cyber crime in Eastern Europe and West Africa. The panel was part of a week-long training put on by the Organized Crime and Gang Section for organized crime coordinators in U.S. Attorneys’ Offices around the country.
- In December 2011, the Asset Forfeiture and Money Laundering Section (“AFMLS”), the Attorney General’s Organized Crime Council (“AGOCC”)<sup>2</sup>, and the Organized Crime and Gang Section (“OCGS”) incorporated a training block on the links between IP crime and organized crime at AFMLS/AGOCC/OCGS’s Financial Investigations Seminar at the National Advocacy Center (“NAC”) in Columbia, South Carolina.
- In November 2011, representatives from CCIPS, the Office of Overseas Prosecutorial Development Assistance and Training (“OPDAT”), and INTERPOL held a conference entitled “Operation Wamouvo [“let the cheating stop”], Training on Intellectual Property Right Enforcement,” in Ouagadougou, Burkina Faso. The three-day event brought together more than 50 officials from police, prosecutor’s offices, customs, and intellectual property agencies, as well as IP enforcement experts from neighboring West African countries like Benin, Cote d’Ivoire, Ghana, and Togo. The training included methodology for identifying, targeting, and dismantling

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<sup>2</sup> The AGOCC is comprised of the Deputy Attorney General (Chair); the Assistant Attorney General, Criminal Division; the Chair of the Attorney General’s Advisory Committee; and the heads of the following nine participating law enforcement agencies: FBI; Drug Enforcement Administration; Bureau of Alcohol, Tobacco, Firearms, and Explosives; ICE; U.S. Secret Service; Internal Revenue Service, Criminal Investigation; U.S. Postal Inspection Service; U.S. Department of State, Bureau of Diplomatic Security; and the U.S. Department of Labor, Office of the Inspector General.



transnational organized crime groups involved in the manufacture and distribution of counterfeit goods.

**(a)(5) Authorized Funds Under Section 403**

*“(5) With respect to the authorizations under section 403—*

- (A) the number of law enforcement officers hired and the number trained;*
- (B) the number and type of investigations and prosecutions resulting from the hiring and training of such law enforcement officers;*
- (C) the defendants involved in any such prosecutions;*
- (D) any penalties imposed in each such successful prosecution;*
- (E) the advanced tools of forensic science procured to investigate, prosecute, and study computer hacking or intellectual property crimes; and*
- (F) the number and type of investigations and prosecutions in such tools were used.”*

The Department did not receive any authorizations under Section 403 of the PRO IP Act in FY2012.

As noted in the Department’s FY 2011 PRO IP Act Report, in December 2009, the Department filled fifteen new AUSA positions to support CHIP units nationwide with an emphasis on IP enforcement.

FY 2011 was the first full fiscal year during which the additional AUSAs were in place. Between FY 2010 and FY 2011, there was a slight decline in the number of IP enforcement cases and defendants charged. It was anticipated, however, that as the new prosecutors developed experience, their workload statistics, including cases filed, would increase. As reflected in the statistics provided in section (a)(7)(C) herein, the Department began to see these benefits in FY 2012. In FY 2012, although the number of IP investigative matters received from law enforcement agencies remained relatively stable (387 matters in FY 2011 and 390 matters in FY 2012), the number of IP cases opened and defendants prosecuted did increase slightly. In FY 2011, 168 IP enforcement cases were filed nationwide, with 215 defendants charged. In FY 2012, 178 IP enforcement cases were filed nationwide, with 254 defendants charged. Additional details regarding the new AUSA positions are provided in the Department of Justice FY 2012 Report to Congress Regarding Activities of Assistant United States Attorneys on Intellectual Property-Related Work.

In May 2012, CCIPS organized and led the annual CHIP training conference at the National Advocacy Center. The conference brought together over 160 members of the national CHIP coordinators’ network and provided cutting-edge training on legal issues and policy developments relating to the investigation and prosecution of IP and computer crime, as well as technological trends and investigative tools for obtaining and reviewing electronic evidence.

Please see the Annual Report of the Federal Bureau of Investigation, provided separately under Section 404(c) of the PRO IP Act, for details on the FBI allocation of resources.

**(a)(6) Other Relevant Information**

*“(6) Any other information that the Attorney General may consider relevant to inform Congress on the effective use of the resources authorized under sections 401, 402, and 403.”*

The Department did not receive any authorizations under Sections 401, 402 and 403 of the PRO IP Act in FY2012.

**(a)(7) Efforts, Activities and Resources Allocated to the Enforcement of IP Crimes**

*“(7) A summary of the efforts, activities, and resources the Department of Justice has allocated to the enforcement, investigation, and prosecution of intellectual property crimes, including –*

- (A) a review of the policies and efforts of the Department of Justice related to the prevention and investigation of intellectual property crimes, including efforts at the Office of Justice Programs, the Criminal Division of the Department of Justice, the Executive Office of United States Attorneys, the Office of the Attorney General, the Office of the Deputy Attorney General, the Office of Legal Policy, and any other agency or bureau of the Department of Justice whose activities relate to intellectual property;*
- (B) a summary of the overall successes and failures of such policies and efforts;*
- (C) a review of the investigative and prosecution activity of the Department of Justice with respect to intellectual property crimes, including –*
  - (i) the number of investigations initiated related to such crimes;*
  - (ii) the number of arrests related to such crimes; and*
  - (iii) the number of prosecutions for such crimes, including—*
    - (I) the number of defendants involved in such prosecutions;*
    - (II) whether the prosecution resulted in a conviction; and*
    - (III) the sentence and the statutory maximum for such crime, as well as the average sentence imposed for such crime; and*
- (D) a Department-wide assessment of the staff, financial resources, and other resources (such as time, technology, and training) devoted to the enforcement, investigation, and prosecution of intellectual property crimes, including the number of investigators, prosecutors, and forensic specialists dedicated to investigating and prosecuting intellectual property crimes.”*

**(a)(7)(A) Review of the Department’s Policies and Efforts Relating to the Prevention and Investigation of IP Crimes**

The Department investigates and prosecutes a wide range of IP crimes, including those involving copyrighted works, trademarks, and trade secrets. Primary investigative and prosecutorial responsibility within the Department rests with the FBI, the U.S. Attorneys’ Offices, CCIPS, and, with regard to offenses arising under the Food, Drug, and Cosmetic Act,

the Consumer Protection Branch of the Civil Division. In addition, the IP Task Force provides high-level support and policy guidance to the Department's overall IP enforcement efforts. Each of these components will be described briefly below.

In addition to enforcing existing criminal laws protecting IP, the Department has supported and contributed to most major legislative developments updating criminal IP laws, including: the National Defense Authorization Act for FY2012 ("NDAA"), which enhanced penalties for certain offenses involving "counterfeit military goods"; the Food and Drug Administration Safety and Innovation Act ("FDASIA"), which created a new offense for "trafficking in counterfeit drugs"; the PRO IP Act of 2008; the Family Entertainment and Copyright Act of 2005 ("FECA"), which criminalized "camcording" (the illegal copying of movies in a theater) and unauthorized distribution of pre-release works over the Internet; the No Electronic Theft Act of 1997 ("NET Act"), which criminalized the unauthorized reproduction and distribution of copyrighted works without a commercial purpose or financial gain; and the Economic Espionage Act of 1996 ("EEA"), which criminalized the theft of trade secrets, including economic espionage.<sup>3</sup>

The Department contributed to a number of legislative proposals and recommendations regarding criminal IP enforcement that were included in the Administration's White Paper on Intellectual Property Enforcement Legislative Recommendations submitted to Congress in March 2011. To date, there have been three bills enacted into law to implement aspects of the White Paper, including amendments to the criminal trademark statute (18 U.S.C. § 2320) to increase penalties for offenses involving counterfeit military goods and counterfeit drugs, a directive to the Sentencing Commission to review the guidelines applicable to counterfeit drug offenses, as well as provisions authorizing the Department of Homeland Security ("DHS") to share information about suspected infringing goods that have been detained or seized.

There are also several pending legislative proposals seeking to incorporate other aspects of the White Paper's criminal enforcement recommendations, including proposals to address streaming (S. 978 - Klobuchar), Economic Espionage Act penalties (S. 678 - Kohl), and to further expand the scope of DHS authority to share information (H.R. – 4216 - Poe).

The Department coordinates closely with IPEC in addressing the Administration's priorities on intellectual property enforcement and actively participates in a variety of IPEC-led working groups, including multi-agency groups designed to address the proliferation of counterfeit pharmaceuticals online and elsewhere, counterfeit goods in the government's procurement process, and the theft of trade secrets by foreign actors.

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<sup>3</sup> For an overview of the Department's policies and efforts in the five years prior to the enactment of the PRO IP Act in October 2008, the Department's PRO IP Act First Annual Report 2008-2009 may be found online at <http://publicdevelopment.doj.gov/dag/iptaskforce/proipact>. The Department's FY2010 and FY2011 PRO IP Reports are available at the same location. Additionally, the Department's achievements and progress were reported to Congress in each of the five years preceding enactment of the PRO IP Act in the annual report to Congress of the National Intellectual Property Law Enforcement Coordination Council, which the Department co-chaired.

### *CCIPS and CHIP Program*

The Department carries out its overall IP criminal prosecution mission through the U.S. Attorneys' Offices and CCIPS, including a network of approximately 260 specially-trained federal prosecutors who make up the Department's CHIP program.

CCIPS is a section within the Criminal Division consisting of a specialized team of 40 prosecutors who are devoted to the enforcement of computer crime and IP laws. Fourteen CCIPS attorneys are assigned exclusively to intellectual property enforcement. These attorneys prosecute criminal cases, assist prosecutors and investigative agents in the field, and help develop and implement the Department's overall IP enforcement strategy and legislative priorities. CCIPS attorneys are available to provide advice and guidance to agents and prosecutors on a 24/7 basis. CCIPS attorneys also provide training on criminal enforcement of IP laws to prosecutors and investigative agents both domestically and abroad.

CCIPS places a high priority on fostering international cooperation and coordination in its IP enforcement efforts. It has developed relationships with foreign law enforcement through international casework as well as through training and outreach. One key cornerstone of the Department's international enforcement efforts is the Intellectual Property Law Enforcement Coordinator program ("IPLEC"). Through the IPLEC program, the Department has placed an experienced federal prosecutor in Bangkok, Thailand, who handles IP issues in Asia. The Department is also working closely with the State Department to deploy a new IPLEC for Eastern Europe during FY2013, after that position lost its funding from State INL in FY2011. Additionally, the President's proposed budget for FY2013 contains a request to permanently fund up to six Department Attachés who would be cross designated as International Computer Hacking and Intellectual Property ("ICHIP") coordinators. The ICHIP Attachés would be deployed in key locations overseas to assist in implementing the Department's international IP and cybercrime mission.

The CHIP program is a network of experienced and specially-trained federal prosecutors who aggressively pursue computer crime and IP offenses. Each of the 94 U.S. Attorneys' Offices has at least one CHIP coordinator. In addition, 25 U.S. Attorneys' Offices have CHIP Units, with between two and eight CHIP attorneys.<sup>4</sup> CHIP attorneys have four major areas of responsibility including: (1) prosecuting computer crime and IP offenses; (2) serving as the district's legal counsel on matters relating to those offenses, and the collection of electronic or digital evidence; (3) training prosecutors and law enforcement personnel in the region; and (4) conducting public and industry outreach and awareness activities.

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<sup>4</sup> CHIP Units are currently located in Alexandria, Virginia; Atlanta, Georgia; Boston, Massachusetts; Chicago, Illinois; Dallas, Texas; Kansas City, Missouri; Los Angeles, California; Miami, Florida; New York, New York; Brooklyn, New York; Sacramento, California; San Diego, California; San Jose, California; Seattle, Washington; Nashville, Tennessee; Orlando, Florida; Pittsburgh, Pennsylvania; Philadelphia, Pennsylvania; Washington, D.C.; Austin, Texas; Baltimore, Maryland; Denver, Colorado; Detroit, Michigan; Newark, New Jersey; New Haven, Connecticut.

### *Interagency Coordination*

In addition to investigating and prosecuting IP crimes domestically, the Department also has worked closely with other federal agencies (*e.g.*, National IP Rights Coordination Center (“IPR Center”), DHS, and the U.S. Patent and Trademark Office (“USPTO”)) to improve IP enforcement overseas. These activities have included training investigators and prosecutors in the investigation and prosecution of IP crimes; contributing to the U.S. Trade Representative’s Special 301 process of evaluating the adequacy of our trading partners’ criminal IP laws and enforcement regimes; helping to catalogue and review the U.S. government’s IP training programs abroad; and implementing an aggressive international program to promote cooperative enforcement efforts with our trading partners and to improve substantive laws and enforcement regimes in other countries.

### *Intellectual Property Task Force*

The Department’s IP Task Force, which was established by the Attorney General in February 2010, continues to ensure that the Department’s IP enforcement strategy and tools are capable of confronting the growing number of domestic and international IP crimes. The IP Task Force, which is chaired by the Deputy Attorney General and comprised of senior Department officials from every component with a stake in IP enforcement, focuses on strengthening efforts to combat IP crimes through close coordination with state and local law enforcement partners as well as international counterparts. The Task Force also monitors and coordinates overall IP enforcement efforts at the Department, with an increased focus on the international aspects of IP enforcement, including the links between IP crime and international organized crime. Building on previous efforts in the Department to target IP crimes, the Task Force serves as an engine of policy development to address the evolving technological and legal landscape of this area of law enforcement.

In order to provide focused attention to particular issues, the Task Force has established three working groups:

- **Criminal Enforcement / Policy Working Group:** charged with an ongoing responsibility to assess the Department’s IP enforcement efforts, policies, and strategies, and to make recommendations where appropriate, including evaluating the need for legislative changes to key federal statutes and the U.S. Sentencing Guidelines to address gaps or inadequacies in existing law, changing technology, and increasingly sophisticated methods of committing IP offenses;
- **Domestic and International Outreach and Education Working Group:** spearheads public outreach and education activities on IP issues, including outreach to victim industry groups, the general public, and state and local governments, and focuses on expanding international enforcement and capacity building efforts as well as improving relationships with foreign counterparts; and

- **Civil Enforcement / Policy Working Group:** charged with an ongoing responsibility to identify opportunities for increased civil IP enforcement and legislative action.

As part of its mission, the IP Task Force works closely with the IPEC. The IP Task Force assists the IPEC in recommending improvements to IP enforcement efforts, including:

- Helping to identify and develop legislative proposals;
- Developing an agenda for future international IP programs to ensure integration and reduce overlap with programs run by other agencies;
- Helping to develop a model for IP plans in selected Embassies around the world; and
- Coordinating activities through regular calls and meetings with the IPEC, IPEC-led working groups, and relevant agencies.

The efforts undertaken under the IP Task Force's direction are described in more detail in §(a)(7)(B) below.

#### **(a)(7)(B) Summary of Overall Successes and Failures of Such Policies and Efforts**

As part of the IP Task Force initiative, the Department achieved notable success in FY2012 both domestically and abroad. Some of these efforts are highlighted below:

##### **Prosecution Initiatives**

Through its IP Task Force, the Department identified four enforcement priorities for IP investigations and prosecutions, including offenses that involve (1) health and safety, (2) trade secret theft or economic espionage, (3) large-scale commercial counterfeiting and piracy, particularly occurring online, and (4) links to organized criminal networks.

#### **(1) Health and Safety**

The Department's health and safety initiative brings together private, state, and federal enforcement resources to address the proliferation of counterfeit goods posing a danger to consumers, including counterfeit and illegally prescribed pharmaceuticals. In FY2012, this initiative resulted in a number of significant prosecutions, including those set forth below:

- *Operation Bitter Pill Seizes 686 Domain Names Distributing Illegal Pharmaceuticals.* On October 3, 2012, in Operation Bitter Pill, a Baltimore magistrate judge authorized ICE special agents to seize 686 domain names associated with websites unlawfully distributing counterfeit pharmaceuticals. Operation Bitter Pill is part of the larger global law enforcement effort known as Operation Pangea V, the fifth iteration of a week-long global enforcement effort aimed at disrupting the organized crime networks behind the illicit online sale of fake drugs. Worldwide, preliminary results show that the 100

countries participating in the effort have accounted for 79 arrests and the seizure of 3.7 million doses of potentially life-threatening counterfeit medicines worth an estimated \$10.5 million. Additionally, approximately 18,000 websites engaged in illegal sale of counterfeit drugs have been taken down. (DMD, CCIPS, ICE, CBP, FBI, FDA)

- *Federal Jury Convicts Distributor of Counterfeit Pharmaceuticals.* On September 20, 2012, Luis Angel Garcia Torres, 41, of Patillas, Puerto Rico, was sentenced to 21 months in prison after having been convicted of 12 counts in relation to the trafficking of counterfeit goods. Torres used the Internet to obtain and distribute counterfeit Viagra and Cialis pharmaceutical drugs from China. (SDTX, ICE, FDA)
- *Federal Jury Convicts Puerto Rican Man for Counterfeit Pharmaceutical Offenses.* On August 8, 2012, a federal jury in Los Angeles, California, convicted Francis Ortiz Gonzalez on conspiracy and counterfeit goods trafficking offenses related to his role in an online scheme to sell counterfeit prescription drugs. Ortiz Gonzalez was a drop-shipper for co-conspirators; he packaged and shipped drugs out to customers who ordered drugs on various Internet websites. The drugs included Lipitor, Viagra, and Cialis. His sentencing is scheduled for January 2013. (CDCA, ICE, FDA USPIS)
- *Los Angeles Man Sentenced for Trafficking in Counterfeit Pharmaceuticals.* On July 16, 2012, Barry Ronnel Johnson was sentenced to one year in prison after pleading guilty to trafficking in counterfeit pharmaceuticals bearing Viagra, Cialis, and Levitra trademarks that he imported into the United States from China and India. He sold or attempted to sell the items as on Craigslist and another website, which he created for this purpose. (CDCA, ICE, CBP)
- *Rochester Man Sentenced for Importing Counterfeit Pharmaceuticals.* On May 16, 2012, Curtis Henry, 53, of Rochester, NY, was sentenced to three years of probation and ordered to pay restitution for attempting to import hundreds of counterfeit Viagra and Cialis tablets from China into the United States for resale. (WDNY, ICE, FDA)
- *New York Woman Sentenced to 8 Months for Trafficking in Counterfeit Cigarettes.* On March 20, 2012, Su Lian Wu, 54, was sentenced to 8 months incarceration for trafficking in counterfeit cigarettes. Wu and five other defendants brought 2,580 cartons of counterfeit cigarettes imported from China to Delaware and sold the counterfeit cigarette cartons to ATF special agents. (DDEL, ATF)
- *North Carolina Man Found Guilty of Distributing Counterfeit Viagra and Cialis.* On February 14, 2012, Awni Shauaib Zayyad, 55, of Wilson, NC, was convicted of a conspiracy to sell counterfeit Viagra and Cialis, and to sell counterfeit prescription medications at a convenience store in Charlotte. (WDNC, ICE, FDA)
- *Chinese Perfume Importers Sentenced for Trafficking in Counterfeit Perfume.* On December 7, 2011, and December 20, 2011 respectively, Shaoxia Huang, 33, and Shaoxiong Zhou, 42, both of Shantou, Guangdong, China, were sentenced to one year in prison, and nine months in prison respectively, after each pleaded guilty to one count of trafficking in counterfeit goods. Defendants shipped a cargo container that contained



approximately 37,000 units of perfume bearing counterfeit marks of brands such as Lacoste, Polo Black, and Armani Code. On December 1, 2011, a related indictment was unsealed against Sanjay Anandani, 34, of Clinton, NJ, and Rohit Rohit, 28, of Edgewater, NJ, charging the two in a conspiracy to import and traffic in counterfeit perfume. (EDNY, CCIPS, ICE)

- *Florida Man Sentenced to 38 Months for Conspiracy to Sell Counterfeit Circuits.* On October 25, 2011, Stephanie A. McCloskey, 39, of Clearwater, FL, was sentenced to 38 months in prison for her role in a scheme in which she and others imported counterfeit integrated circuits from China and Hong Kong and sold hundreds of thousands of them to the U.S. Navy, defense contractors, and others, marketing some of these products as “military-grade.” McCloskey pleaded guilty in November 2010 to a charge of conspiracy to traffic in counterfeit goods and to commit mail fraud. From about January 2007 through December 2009, McCloskey and others generated approximately \$15.8 million in gross receipts through their company’s sale of counterfeit integrated circuits. (DDC, ICE, NCIS, USPIS, DOT, CBP)

## **(2) Protecting American Business from Commercial and State-Sponsored Trade Secret Theft**

In FY2012, Department prosecutors and the FBI have continued to emphasize the investigation and prosecution of commercial and state-sponsored trade secret theft. This continuing focus has led to the investigation and prosecution of 13 trade secret cases and two economic espionage cases. Recent cases include:

- *Former Silicon Valley Engineer Convicted of Stealing Trade Secrets.* On May 7, 2012, Suibin Zhang, 43, was found guilty of five counts of theft of trade secrets. While employed as a project engineer at Netgear Inc., Zhang had access to the secure database of Marvell Semiconductor Inc. After accepting a position with a competitor, Zhang used his Netgear account to download trade secrets and proprietary information from Marvell, including dozens of documents, data sheets, hardware specifications, design guides, functional specifications, application notes, and board designs. The defendant then loaded the trade secrets onto a laptop for his new employer. (NDCA, FBI)
- *Texas Man Pleads Guilty to Theft of Trade Secrets.* On April 27, 2012, Wen-Long Huan, aka Joseph W. Huang, 62, a U.S. citizen originally from Taiwan now residing in Houston, Texas, pleaded guilty to one count of theft of trade secrets. Huan illegally copied and downloaded product data sheets belonging to his employer, Jet Products, LLC, for his own financial gain. Jet Products is a Houston-based company that develops and manufactures environmentally friendly building products to be used in residential and commercial construction. On July 27, 2012, Huan was sentenced to two years probation. (SCTX, FBI)
- *Former DuPont Scientist Pleads Guilty to Economic Espionage.* On March 2, 2012, Tze Chao, 77, of Newark, Delaware, pleaded guilty to conspiracy to commit economic espionage. Chao provided information that he “understood to be secret . . . and not

available to the public” concerning his former employer’s (DuPont’s) proprietary titanium dioxide (TiO<sub>2</sub>) manufacturing process to companies he knew were controlled by the government of the People’s Republic of China (“PRC”). (NDCA, NSD, FBI)

- *Former Dow Scientist Sentenced to 60 Months for Stealing Trade Secrets and Perjury.* On January 12, 2012, Wen Chyu Liu, aka David W. Liou, 75, of Houston, TX, was sentenced to 60 months in prison for stealing trade secrets from Dow Chemical Company and selling them to companies in China, as well as committing perjury. While employed as a research scientist, Liu had access to trade secrets and confidential and proprietary information pertaining to a certain valuable chemical process and product technology. Liu conspired with at least four current and former employees of Dow’s facilities in Plaquemine and Stade, Germany, to misappropriate those trade secrets in an effort to develop and market the same process design packages to Chinese companies. (MDLA, CCIPS, FBI)
- *Chinese National Sentenced to 87 Months in Prison for Economic Espionage & Theft of Trade Secrets.* On December 21, 2011, Kexue Huang, 48, a Chinese national and former resident of Carmel, Indiana, was sentenced to 87 months in prison for economic espionage and theft of trade secrets for stealing trade secrets from Dow AgroSciences LLC to benefit components of the Chinese government. He was also separately charged in the District of Minnesota with stealing a trade secret from a second company, Cargill Inc. Huang caused an aggregated loss up to \$20 million. (SDIN, DMN, CCIPS, FBI)

### **(3) Large-Scale Commercial Counterfeiting and Online Piracy**

The Department’s recent efforts in this area build upon its former initiative in which the Department targeted the large-scale commercial distribution of counterfeit and pirated goods through Internet auction sites (*e.g.*, eBay, Yahoo Auctions), classified ad sites (*e.g.*, Craigslist, iOffer), and direct sales websites. In FY2012, the initiative resulted in a number of significant prosecutions, including those set forth below:

- *Domains Involved in Distributing Pirated Android Cell Phone Apps Seized.* On August 21, 2012, in the first comprehensive law enforcement action targeting widespread infringement of mobile device apps in the cell phone app marketplaces, law enforcement dismantled three of the most prolific websites involved in illegally distributing infringing copies of Android cell phone apps. During the operation, FBI agents downloaded thousands of copies of popular copyrighted mobile device apps from the alternative online markets suspected of distributing copies of apps without permission from the software developers who would otherwise sell copies of the apps on legitimate online markets for a fee. Law enforcement executed seizure orders against three website domain names – appplanet.net, appbucket.net, and snappzmarket.com – and executed nine search warrants in six different districts across the country. The operation also was coordinated with international law enforcement, including Dutch and French law enforcement officials. (CCIPS, NDGA, SDMS, MDLFL, WDMI, SDIN, DRI, NDTX, OIA, FBI)

- *Annandale Man Pleads Guilty to \$2.3 Million in Software Piracy.* On August 9, 2012, Quynh Trong Nguyen, 36, of Annandale, Virginia, pleaded guilty to copyright infringement in connection with his sale of counterfeit and altered computer software. Nguyen defrauded more than 2,000 customers by selling in excess of \$2.3 million in copyright-infringing software, including popular titles such as Adobe Acrobat, Microsoft Office, and Autodesk AutoCAD. In FY2013, Nguyen was sentenced to 36 months in prison, followed by three years of supervised release. Nguyen was also ordered to pay restitution of \$2.5 million and a fine of \$1.4 million. (EDVA, ICE, USPIS)
- *Plymouth Man Pleads Guilty to Selling Counterfeit Cell Phones.* On July 24, 2012, Mario Samson, 39, of Plymouth, MN, pleaded guilty to one count of trafficking in counterfeit goods for selling refurbished and counterfeit mobile phones on the Internet, claiming they were brand new. In total, Samson made approximately 10,711 transactions, with a combined retail value of between \$400,000 and \$1 million. (DMN, ICE)
- *San Jose Man Pleads Guilty to Extensive Counterfeit Media Conspiracy.* On July 9, 2012, Jose Alfredo Colorado Munoz, 29, of San Jose, CA pleaded guilty to conspiring to traffic in counterfeit music CDs and movie DVDs. If genuine, the counterfeit music CDs and motion picture DVDs seized from the San Jose warehouse would have had a retail value exceeding \$2.6 million. In FY2013, Colorado was sentenced to 48 months in prison, followed by three years of supervised release. Colorado was also ordered to pay restitution of \$1.4 million. (EDCA, FBI, Sacramento Valley Hi-Tech Crimes Task Force)
- *Las Vegas Resident Sentenced to Two Years for Criminal Copyright Infringement.* On June 25, 2012, Roosevelt Anderson Jr. was sentenced to two years in prison and ordered to pay Adobe Systems Inc. \$247,144 in restitution for criminal copyright infringement. Anderson was convicted on February 10, 2012 after a three-day jury trial. Anderson manufactured exact digital copies of Adobe Photoshop Creative Suite 3 and Adobe Photoshop Creative Suite Extended; advertised them for sale on “PriceGrabber.com” and his own website, “Anderson9000.com”; and sold more than 300 copies of Adobe’s software, generating more than \$70,000. (NDCA, USPIS)
- *Department of Justice Seizes Hundreds of Domain Names and More Than \$2 Million in Proceeds from Counterfeit Goods as Part of “Operation In Our Sites.”* In June 2010, ICE launched “Operation In Our Sites” (“Operation IOS”), which targets online commercial intellectual property crime, including websites offering pirated movies and television shows as well as a diverse array of counterfeit goods. To date, more than 760 domain names of websites engaged in the sale and distribution of counterfeit goods and illegal copyrighted works have been seized as a result of Operation IOS. Notable FY2012 seizures under Operation OIS include the following:
  - On May 11, 2012, the Department announced that it seized three domain names and more than \$1.5 million in proceeds from the distribution of counterfeit apparel and jerseys sold on commercial websites. (DDC, CCIPS, AFMLS, ICE)

- On April 10, 2012, the Department announced that it seized seven domain names and more than \$896,000 in proceeds from the distribution of counterfeit sports apparel and jerseys sold on commercial websites. (DDC, CCIPS, AFMLS, ICE)
  - On February 2, 2012, the Department announced the arrest of a Michigan man for illegally streaming live sporting events over the Internet and the seizure of sixteen related websites. (SDNY, ICE)
  - On November 28, 2011, the Department announced that it seized 150 domain names of commercial websites engaged in the illegal sale and distribution of counterfeit goods and copyrighted works. (DMN, DCO, DMD, SDTX, WDTX, EDMI, EDLA, CCIPS, ICE, FBI)
- *Georgia CD and DVD Counterfeiter and Supplier Sentenced to Prison.* On December 14, 2011, Charles Ndhlovu, 34, of Fairburn, GA, and Scott Ahn, 42, of Lawrenceville, GA, were sentenced on charges relating to copyright and counterfeiting violations of CDs and DVDs. Ndhlovu was sentenced to 51 months in prison after being convicted on two charges of copyright infringement and one charge of trafficking in counterfeit labels. Ahn was sentenced to 19 months in prison after pleading guilty to one count of conspiracy to violate copyright laws. Ndhlovu and Ahn were among 13 charged by a federal grand jury on May 19, 2009, in an indictment alleging various copyright, trademark, and counterfeit goods offenses arising out of the mass-production and sale of infringing copies of popular movie and music titles. (NDGA, CCIPS, FBI, ICE)
  - *Delaware Woman Pleads Guilty to Operating Software Piracy Websites.* On November 16, 2011, Jamie Lynn Snyder, 34, of Newark, DE, pleaded guilty to one count of criminal copyright infringement for her role in operating a group of websites that were unlawfully selling hundreds of popular computer software products. Snyder's websites processed over \$970,000 in unlawful software transactions between February 26, 2008 and March 3, 2010. (DDEL, FBI)

**(4) Protecting the Marketplace from Domestic and International Organized Criminal Groups**

The Department has prosecuted criminal groups and networks whose large-scale online piracy and counterfeiting crimes seriously damage the marketplace for legitimate goods and services.

- *Leaders of Internet Piracy Group Plead Guilty to Copyright Infringement Conspiracy.* On August 29, 2012, Jeramiah B. Perkins, 39, of Portsmouth, Virginia, pleaded guilty to one count of conspiracy to commit criminal copyright infringement. Perkins was indicted on April 18, 2012, along with three other leading members of the IMAGiNE Group, an organized online piracy group seeking to become the premier group to first release Internet copies of new movies only showing in theaters. Perkins and his co-conspirators sought to illegally obtain and disseminate digital copies of copyrighted motion pictures showing in theaters. On November 2, 2012, co-conspirator Willie Lambert was sentenced to 30 months in prison, three years of supervised release, and ordered to pay \$449,514 in restitution, jointly and severally with his co-defendants. That

same day, co-conspirator Sean Lovelady was sentenced to 23 months in prison and three years of supervised release. (EDVA, CCIPS, OIA, ICE)

- *Merced Resident Sentenced to 27 Months in Prison for Participating in Large-Scale Conspiracy to Sell Counterfeit Music and Movies.* On August 27, 2012, Luis Puntos Coahuilas, 24, of Merced, CA, was sentenced to 27 months in prison for conspiring to sell counterfeit CDs and DVDs. Previously, Puntos had pleaded guilty to conspiracy to commit criminal copyright infringement and traffic in counterfeit labels, illicit labels, and counterfeit documentation and packaging. Between January 2010 and November 2010, Puntos, along with co-conspirators, sold counterfeit CDs and DVDs at the Galt Market and other flea markets in the Eastern District of California having a retail value exceeding \$1 million. (EDCA, FBI)
- *Three California Individuals Charged With Trafficking in Counterfeit DVDs.* On July 12, 2012, Xavier Johnson, 31, formerly of Elk Grove, Kristin Caldwell, 30, and William Brown, 28, both of Elk Grove, were charged with trafficking in counterfeit goods and wire fraud. According to the indictment, from 2008 to 2011 the defendants imported DVDs containing counterfeit copies of children's movies and marketed them over the Internet. The defendants falsely advertised to have located a limited supply of scarce Disney DVDs that were otherwise unavailable for purchase. In reality, they were importing thousands of bootleg copies of the movies directly from factories in China and selling them as if they were legitimate DVDs. The defendants had their Chinese partners ship the DVDs to numerous acquaintances to avoid detection by U.S. Customs and used friends and acquaintances to wire money to China to pay for the goods. (EDCA, FBI, USPIS)
- *Twenty-Nine Charged in New Jersey for Related, International Schemes to Import Counterfeit Goods and Drugs and to Launder Profits.* On March 2, 2012, in one of the largest counterfeit goods cases in U.S. history, federal law enforcement agencies coordinating parallel international investigations disrupted massive conspiracies to import over \$300 million in counterfeit goods from China and illegal drugs from Taiwan to the United States. Law enforcement used undercover agents and court-authorized wiretaps to uncover two elaborate schemes to defeat federal border and port security measures at Port Newark-Elizabeth Marine Terminal in Elizabeth, NJ. Federal charges were brought against 29 defendants involved in the schemes. Significantly, the investigation into the smuggling of counterfeit goods also uncovered an alleged scheme to import 50 kilograms of crystal methamphetamine. (DNJ, ICE, FBI, CBP)
- *Leaders of NinjaVideo.net Sentenced for Criminal Copyright Conspiracy.* On January 6, 2012, Hana Amal Beshara, 30, of North Brunswick, NJ, was sentenced in the Eastern District of Virginia to 22 months in prison, two years of supervised release, and 500 hours of community service, and was ordered to repay \$209,826 that she personally obtained from her work at NinjaVideo.net. On January 20, 2012, Matthew David Howard Smith, 24, of Raleigh, NC, was sentenced in Alexandria, VA, to 14 months in prison for his role in founding NinjaVideo.net. The NinjaVideo.net website offered visitors the ability to illegally download high-quality copies of copyright-protected television

programs and movies, many of which were still in theaters or had not yet been released in theaters, and many television programs immediately after they aired. (EDVA, CCIPS, ICE)

- *Leaders of Megaupload Charged with Widespread Online Copyright Infringement.* On January 5, 2012, Megaupload Limited, Vestor Limited, and seven individuals were charged with operating an international organized criminal enterprise allegedly responsible for massive worldwide online piracy of numerous types of copyrighted works. This massive piracy was allegedly through Megaupload.com and other related sites, generating more than \$175 million in criminal proceeds and causing more than half a billion dollars in harm to copyright owners. The seven individuals indicted were Kim Dotcom, 37, a resident of both Hong Kong and New Zealand; Finn Batato, 38, of Germany; Julius Benkco, 35, of Slovakia; Sven Echternach, 39, of Germany; Mathias Ortmann, 40, of Germany; Andrus Nomm, 32, of Estonia; and Bram van der Kolk (aka Bramos) 29, a resident of both the Netherlands and New Zealand. Law enforcement executed more than 20 search warrants in the United States and eight countries, and seized approximately \$50 million in assets and targeted sites where Megaupload has servers in Ashburn, VA, Washington, D.C., the Netherlands, and Canada. (EDVA, CCIPS, OIA, OCGS, AFMLS, FBI, ICE)
- *Three Mexican Nationals Sentenced for Conspiring to Use Forced Labor for Pirated CD/DVD Sales.* In October 2011, Estela Aguilar-Lopez, 47, Blanca Estela Lopez-Aguilar, 37, and Francisco Ivan Rodriguez-Garcia, 29, were sentenced to 46, 50, and 57 months in prison, respectively, for conspiring to use forced labor and conspiring to distribute copyrighted works. The three defendants pled guilty in March 2011 to using undocumented aliens to distribute copyrighted materials on CD and DVD as payment for the defendants' assistance to the aliens in entering the United States. The FBI investigation revealed that the defendants abused the undocumented aliens verbally and physically, using threats of force to compel the service of the undocumented aliens until their debts were paid. (SDTX, FBI, Harris County Sheriff's Office, ICE, State DSS, Texas Attorney General's Office as part of the Human Trafficking Rescue Alliance ("HTRA"))

### **Domestic Training**

During the past year, the Department provided a number of training programs for federal, state, and local prosecutors and agents investigating IP crimes. These training courses covered a range of IP enforcement issues and were designed to increase coordination between prosecutors and investigators as well as coordination between federal, state, and local law enforcement agencies. Examples of such training included:

- Throughout FY2012, the Criminal Division coordinated with the IPR Center's IP Theft Enforcement Team to provide training to ICE agents, U.S. Customs and Border Protection ("CBP") officers, and state and local law enforcement agents across the country. These training sessions took place in Dallas, Corpus Christi, and El Paso, Texas (July 2012);

Albuquerque, New Mexico (July 2012); Boston, Massachusetts (June 2012); Cleveland, Ohio (August 2012); Salt Lake City, Utah (May 2012); and Denver, Colorado (May 2012).

- In September 2012, CCIPS organized and taught the Complex Online Crime Seminar at the NAC in Columbia, South Carolina. This seminar, which was attended by both prosecutors and federal agents, used a case scenario involving IP crime to provide a number of strategies and techniques for investigating criminal offenses occurring over the Internet.
- In July 2012, CCIPS organized the Intellectual Property Seminar at the NAC in Columbia, South Carolina. This seminar, which was attended by both prosecutors and federal agents, provided substantive instruction on trademark counterfeiting, copyright piracy, and trade secret theft through case studies, as well as in-depth guidance on the use of seizure in IP cases, online investigation, and digital forensics. Forensics experts from CCIPS' Cyber Lab, as well as attorneys from U.S. Attorney's Offices and the Consumer Protection Branch of the Civil Division assisted with subject matter presentations.
- In June 2012, CCIPS organized and taught the Electronic Evidence and Basic Cybercrime Seminar at the NAC in Columbia, South Carolina. This seminar, which was attended by both prosecutors and federal agents, provided instruction on the Electronic Communications Privacy Act, the Internet for prosecutors, surveillance techniques, international issues, IP crimes, and other topics.
- From April 30 through May 3, 2012, CCIPS prosecutors trained over 160 members of the national CHIP coordinators' network. The annual training, which brought together CHIP prosecutors from U.S. Attorneys' Offices across the United States and the litigating divisions in D.C., examined recent IP prosecutions, as well as techniques for investigating and trying IP crimes.
- The Bureau of Justice Assistance partnered with the National White Collar Crime Center and the National Association of Attorneys General to offer law enforcement personnel and prosecutors a series of one-day training seminars entitled "Fake Products, Real Crime: Intellectual Property Theft." These seminars were held across the country throughout FY2012 in locations such as Detroit, Michigan; San Antonio, Texas; Wilmington, Delaware; Des Moines, Iowa; and St. Paul, Minnesota. The goal of the seminars was to increase the quantity and quality of investigations and prosecutions of IP crime by state and local law enforcement.

### **International Outreach and Training**

The Department continues to work with law enforcement counterparts around the world to address the international IP crime. The Department seeks to engage foreign law enforcement through meetings of officials ranging from the Attorney General to line attorneys and agents in order develop the expertise and will to address IP crime at its source.

Global IP crime, from the manufacture and worldwide distribution of counterfeit goods, to the sprawling online businesses designed to reap profits from the distribution of copyrighted

works, continues to grow and change to stay ahead of law enforcement authorities. As a world leader in efforts to combat criminal IP infringement, the Department actively seeks to develop training and technical assistance programs to assist other countries in effectively enforcing IP laws and reducing the trafficking of counterfeits and pirated goods.

CCIPS and OPDAT worked with State Department grants and in cooperation with other U.S. agencies in FY2012 to provide training to foreign officials on effective enforcement of IP laws. CCIPS' IP training is designed to increase cooperation between various law enforcement agencies with responsibility for IP offences, to utilize various types of charges, including economic and organized crime statutes to get at IP crime, and to increase the knowledge of enforcement officials and the judiciary about the importance of reducing counterfeiting and piracy.

Multi-year initiatives in Mexico and on the African continent addressing a wide range of IP crime continued in FY2012, as highlighted:

## **MEXICO**

### **Criminal Enforcement at the Border, Train the Trainers, Mexico City, Mexico (September 2012)**

Building on the progress made over the last eight years in Mexico, the Department has transitioned from providing basic training, to now providing "Train the Trainers" programs. To this end, the Department organized and facilitated a "Train the Trainers" Workshop for Criminal Enforcement at the U.S.-Mexico Border, intended for Mexico's customs officials and prosecutors. The future trainers were taught techniques for educating prosecutors and other law enforcement officials regarding developing customs' related evidence in criminal cases, maintaining and documenting chain of custody for customs' seizures, and presenting court testimony of customs officials.

### **Criminal Enforcement at the Border, World Customs Accredited IP Experts to Assist Prosecutors, Brussels, Belgium (May 2012)**

With the collaboration of the World Customs Organization ("WCO"), the Department supported the selection and training of 13 Mexican customs officials who competed to become WCO "World Accredited Experts," able to assist prosecutors in the criminal enforcement of intellectual property at the U.S.-Mexico Border. These experts will act as a force multiplier for the Department by, among other things, training other customs officials, investigators, and prosecutors in Mexico and around the world. They will also be involved in matters affecting cooperation between Mexican customs, CBP, investigators, and prosecutors at legal and operational levels. These trainings have yielded significant results. For instance, in November 2011, a program alumnus participated in an investigation which resulted in a seizure of 17 containers totaling 124 tons of methamphetamine precursors. In the summer of 2012, another program graduate discovered 82 million "branded" counterfeit pharmaceuticals.



### **Criminal Enforcement of IP at the Border, Guadalajara, Mexico (March 2012)**

Following up on similar programs that were conducted at maritime ports of entry and seeking to introduce the topic of air and express shipments of counterfeit goods, the Department conducted a basic training on Criminal Enforcement at the Border in cooperation with WCO. The training included 60 government officials from Aduanas (Mexican Customs), IMPI (Mexican Patent and Trademark Office), Indautor (Mexican Copyright Office), Cofepris (Mexican FDA), and prosecutors from PGR (Office of the Mexican Attorney General). Through this program, the Department also identified ten highly-qualified Mexican officials who later competed for international IP accreditation through the WCO. As was the case in prior events, the event involved the participation of the U.S. Chamber of Commerce and of several rights holders.

### **IP Rights Training Enforcement Seminar, Panama City, Panama (February 2012)**

Building on the extensive interagency work that it has conducted in Mexico, the Department sought to address regional cooperation and increase cooperation between prosecutors and investigators by organizing, with the participation of INTERPOL, a conference entitled “Intellectual Property Rights Training Enforcement Seminar.” The seminar brought together more than 70 officials from police, prosecutors’ offices, customs, and intellectual property agencies, as well as intellectual property law enforcement experts from Panama, Mexico, Belize, Guatemala, Costa Rica, El Salvador, and Nicaragua. The seminar provided methodologies for identifying, targeting, and dismantling transnational organized crime groups involved in the manufacture and distribution of counterfeit goods. Representatives from the private sector also shared their experience and specialized knowledge. Canada was represented by the Royal Canadian Mounted Police, and France by its Customs department. A Hong Kong customs official also shared her experience in fighting IP Crime. Panama was selected to host the seminar because of the large volume of counterfeiting activity that takes place in the region as a result of the Panama Canal and the Seaport of Colon. Moreover, by training in Panama, the participating field agents could better experience the international impact of their day-to-day activities.

### **IP Rights Training Enforcement Seminar and IP Crime Regional Planning Meeting, Mexico City, Mexico (December 2011)**

Seeking to increase cooperation between prosecutors and investigators to build stronger cases, the Department organized its first training with INTERPOL on Criminal Intellectual Property Right Enforcement, in Mexico City, Mexico. The five-day event brought together more than 50 officials from police, PGR (Attorney General’s office), Aduanas (Mexican customs), IMPI (Mexican Patent and Trademark Office), Indautor (Mexican Copyright Office), Cofepris (Mexican FDA). Intellectual property law enforcement experts from neighboring Guatemala and Belize were also present. Representatives of DHS, CBP and FBI served as faculty.

## **SUB-SAHARAN AFRICA**

### **West African Workshop on Computer Forensics for IP and Other White Collar Crimes, Accra, Ghana (June 2012)**

In collaboration with the FBI, the Department organized a training on Computer Forensics for Intellectual Property and Other White Collar Crimes for West African government officials from Ghana, Togo, Benin, Nigeria, and Burkina Faso. The five-day event brought together more than 40 officials from police, prosecutor's offices, revenue services, and intellectual property agencies. The training included methodologies for identifying, preserving, triaging, and analyzing digital evidence, and also sought to assist in targeting transnational organized crime groups involved in the manufacture and distribution of counterfeit goods. The training also included an advanced track for participants who were more seasoned and could act as trainers. Zambia and Botswana were invited to attend as observers and two members of the Ghana and Zambia judiciary participated as legal advisors for some of the exercises involving chain of custody, and the admissibility and presentation of reports to the court.

### **Criminal Enforcement Assessment on Financial Investigative Skills for IP Crimes South Africa and Botswana (June 2012)**

Building on the lessons learned over the last several years regarding the necessity of training prosecutors and investigators on the use of technology in IP investigations, the Department is seeking to provide new training on "Financial Investigative Skills for Intellectual Property and Other Related White Collar Crimes." To this end, the Department traveled to South Africa and Botswana to work with government officials to conduct an assessment on designing such a course. The delegation spent two days in each country, meeting with government officials on matters related to intellectual property, taxes, financial and economic crimes, corruption, organized crime, money laundering, and other white collar crimes.

### **Meeting with Chairman of Nigerian Economic and Financial Crimes Commission (EFCC) (April 2012)**

To increase cooperation with agencies investigating IP issues in Africa, the Department met with Ibrahim Abdullahi Lamorde, Chairman of the EFCC. Mr. Lamorde was appointed by, and reports directly to, the President of Nigeria, and is responsible for targeting complex organized and financial crimes in Nigeria, as well as official corruption within the government. The meeting focused on ways in which the Department could build on the support it has provided Nigeria and the EFCC in the past, work with the EFCC to improve its ability to handle technology, and help train its prosecutors, investigators, and computer experts on cyber crime, intellectual property offenses, and other white collar crimes that involve digital evidence.

### **Regional Zambian Seminar on IP Rights Training Enforcement Seminar, Lusaka, Zambia (March 2011)**

The Department organized a regional conference with INTERPOL for officials from Zambia and some of its neighbors who are also involved in the flow of counterfeits entering or exiting Zambia, including Tanzania, Botswana, and Malawi. The five-day event brought together

more than 60 officials from police, prosecutor's offices, customs, and intellectual property agencies, as well as intellectual property law enforcement experts. The training focused on counterfeiting patterns and commodities that are specific to Zambia and its neighbors. Representatives from the private sector supported the Seminar by sharing their experience and specialized knowledge.

### **West African Training on IP Rights Enforcement: "Operation Wamouvo," Ouagadougou, Burkina Faso (November 2011)**

As part of a series of events intended to promote communication between prosecutors and investigators, the Department organized its second conference with INTERPOL in Africa, entitled "Operation Wamouvo," which translates to "let the cheating stop." The three-day event brought together more than 50 officials from police, prosecutors' offices, customs, and intellectual property agencies, as well as IP law enforcement experts from neighboring West African countries such as Benin, Cote d'Ivoire, Ghana, and Togo. The conference was held in Burkina Faso because, due to its strategic geographic location (it is landlocked and borders six countries), it is often used by criminal organizations to route counterfeit goods to other countries in Africa and Europe, and also receives significant numbers of counterfeit goods from the Port of Lomé in Togo.

### **OTHER REGIONS AND INTERAGENCY COORDINATION**

CCIPS and the State Department are coordinating an effort to place a new IP Law Enforcement Coordinator for Eastern Europe in the region during FY 2013. In order to continue cooperation and to develop the skills of IP investigators and prosecutors in Central and Eastern European countries during the time when the Department does not have a IP-specific representative stationed in the region, in June 2012, the CCIPS Cybercrime Lab Director, two CCIPS attorneys, and a CHIP attorney trained approximately 50 prosecutors and investigators at a "Combating Intellectual Property Crime Seminar" in Bucharest, Romania. The seminar was sponsored by the Southeast European Law Enforcement Center ("SELEC"), OPDAT, and CCIPS, and was designed to build on the success of similar training held in the region by former IP Law Enforcement Coordinator Matthew A. Lamberti (who also participated in the training). Prosecutors and criminal investigators from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Hungary, Kosovo, Macedonia, Moldova, Romania, Serbia, Slovenia, and Turkey attended. Regional representatives of trade associations and rights holders also presented concerning issues and trends affecting their specific industries, companies, and products. The training concluded with presentations by SELEC country representatives and a group discussion on the importance of information sharing in IP criminal cases.

The Office of International Affairs and CCIPS recently hired an experienced CHIP attorney to serve as the DOJ Attaché/IPLEC for the position in Southeast Asia. He has now been posted in Bangkok, Thailand, and is continuing the work of the previous IPLECs in the region.

In FY2012, as part of the Department's International Visitors Program, the Department met with 68 visitors from more than 40 countries to coordinate on issues related to international IP investigation and prosecution. Visiting delegations have included representatives from

Turkey, Cambodia, Laos, Thailand, Vietnam, China, Italy, Australia, Bahrain, Costa Rica, Egypt, Fiji, India, Jordan, Kenya, Malawi, Mexico, Namibia, Nigeria, Sri Lanka, Taiwan, Tanzania, Tunisia, Venezuela, Bulgaria, France, Azerbaijan, Brazil, Chile, El Salvador, Eritrea, Estonia, Guatemala, Hungary, Kenya, Kuwait, Maldives, New Zealand, Russia, Saudi Arabia, Spain, and Sri Lanka.

In addition to these Department-led programs, Department attorneys provided significant assistance in numerous training programs provided by other agencies, including:

- *GIPA Presentation on Copyright Enforcement for International Delegation.* On September 12, 2012, CCIPS presented on criminal copyright enforcement at the USPTO's Global Intellectual Property Academy ("GIPA") in Alexandria, Virginia. The presentation was part of a conference entitled "Copyright in the Digital Age," which was co-hosted by USPTO and the United States Copyright Office. The audience included approximately 20 foreign government officials from a variety of countries.
- *International Law Enforcement Academy's Advanced IP Seminar in Lima, Peru.* Representatives of the Department, FBI, and CBP presented at the U.S. State Department's International Law Enforcement Academy's Advanced Intellectual Property Seminar for IP prosecutors and law enforcement officers from Peru, Chile, Ecuador, and Colombia, held in Lima, Peru, from August 6-10, 2012. The presentations provided an overview of U.S. IP criminal law enforcement, trade secrets and economic espionage investigations and prosecutions, the use of electronic evidence in IP investigations and prosecutions, and several case studies of IP investigations and prosecutions. The seminar was particularly significant because the four participating nations have not previously been in close cooperation with the U.S. on matters of criminal IP enforcement.
- *INTERPOL Awareness Seminar and Workshop on Medical Products Counterfeiting and Pharmaceutical Crime* A Consumer Protection Branch attorney took part in this program in Sint Maarten. This was a follow-up meeting to the 21st INTERPOL Americas Regional Conference, held in July 2011, during which member countries recommended training on combating pharmaceutical crime in the Caribbean region.
- *GIPA Presentation for Chinese Delegation from the Jiangsu Province.* On August 1, 2012, CCIPS presented on criminal IP enforcement at the USPTO's GIPA. The presentation included a review of applicable criminal laws for use during prosecutions in IP investigations and how the Department implements strategies for combating IP crimes. Approximately 12 Jiangsu provisional government officials participated in the training program.
- *WIPO-US Summer School on Trademarks.* On August 1, 2012, a CCIPS attorney gave a presentation on prosecuting trademark counterfeiting crime to 35 representatives from 22 member countries of the World Intellectual Property Organization ("WIPO"). The presentation was part of a broader 14-day "Summer School on Trademarks," hosted by WIPO and the USPTO in Alexandria, Virginia.
- *Interagency Group Meeting with Iraqi Delegation to Discuss Intellectual Property Enforcement.* On July 30, 2012, CCIPS represented the Department in a meeting held at the U.S. Department of Commerce Secretary's Office between an interagency group of

U.S. officials and an eight-member delegation from Iraq to discuss IP enforcement policy. The Iraqi delegation included officials from Iraq's Ministry of Trade as well as professors from Iraq's major universities.

Looking forward, in the proposed FY2013 administration budget, there is a request for funds for International CHIP coordinators, who would take on the training and operational responsibilities for international IP enforcement and provide additional guidance in the area of cyber crime and electronic evidence on behalf of the Department.

### **Outreach to the Public Sector**

The Department continues to reach out to the victims of IP crimes in a wide variety of ways, including during the operational stages of cases and through more formal training programs and conferences. For example, the Criminal Division hosted CCIPS' Annual IPR Industry/Law Enforcement meeting in June 2012, in Washington, D.C. The meeting provided representatives from a broad range of industries with an opportunity to communicate directly with the law enforcement agents and prosecutors most responsible for federal criminal enforcement of IP law at the national level. The meeting was attended by high-level officials from the Department, including opening remarks by Attorney General Eric Holder and Assistant Attorney General Lanny Breuer. Senior law enforcement officials from the FBI, ICE, CBP, and FDA-OCI participated in the meeting. More than 80 individuals attended the meeting, including senior representatives from a broad range of industries such as pharmaceuticals, software, luxury goods, electronics, apparel, motion pictures, music, certification mark, consumer goods, and automobiles.

In the past year, the Criminal Division's high-level officials and CCIPS attorneys have also presented at a variety of domestic and international conferences, symposiums, and workshops attended by IP rights holders and law enforcement officials. These events included: International Anti-Counterfeiting Coalition's Fall Conference in Orlando, Florida in October 2011, and Spring Conference in Washington, D.C. in May 2012; Corporate Counsel's Annual IP Counsel Forum in San Jose, California in May 2012; Underwriters Laboratories Brand Protection Summit in Long Beach, California in June 2012; International Law Enforcement IP Crime Conference in Panama City, Panama in September 2012; and the IPR Center Intellectual Property Symposium in Crystal City, Virginia in September 2012.

In May 2012, Attorney General Eric Holder provided keynote remarks on the first day of the 2012 International Anti-Counterfeiting Coalition ("IACC") held in Washington, D.C. Representatives of CCIPS also presented on various issues related to IP enforcement. In March 2012, then Deputy Assistant Attorney General Jason Weinstein was the featured speaker at Corporate Counsel's Eighth Annual IP Counsel Forum. Developed for the benefit of general counsel, intellectual property counsel, IP managers, and business owners in all industries, the two-day conference outlined important issues in IP litigation, reform, prosecution, and pertinent international issues.

In October 2012, a representative from CCIPS presented on federal criminal trademark and copyright issues at the IACC Training Seminar for federal and local law enforcement in San

Diego, California. The audience included 85 federal and local investigators. In October 2012, CCIPS was also represented on a panel of prosecutors as part of a workshop in San Diego for 100 representatives of member companies of the IACC.

In FY2012, representatives the Criminal Division also presented to industry specific associations. For instance, in October 2011, senior counsel from CCIPS, presented at the Pharmaceutical Security Institute's 20th General Assembly in McLean Virginia. Senior counsel from CCIPS also presented at a Pharmaceutical Security Institute's August 2012 seminar in Fort Lauderdale, Florida entitled "Counterfeit Medicines – Threats to the Americas." In addition, in October 2011, representatives of CCIPS and the IPR Center met with representatives of the Business Software Alliance.

The U.S. Attorney's Offices have also hosted regional IP programs for law enforcement and industry representatives in FY2012. For example, in September 2012, the Eastern District of Michigan hosted a program on "Protecting Michigan's Technology" to an audience of over 100 law enforcement, academic, industry, and law firm representatives at Schoolcraft College in Livonia, Michigan. Deputy Attorney General James M. Cole provided keynote remarks.

Through its IP Task Force and CCIPS, the Department maintains two websites that, among other things, provide the public with information on the Department's IP enforcement efforts, assist victims in understanding where and how to report an IP crime, and provide guidance on case referrals. Those links can be found at <http://www.justice.gov/dag/iptaskforce/> and <http://www.cybercrime.gov/> (also linking the IPR Center <http://www.ice.gov/iprcenter/iprreferral.htm>).

In addition, the Department is working with the National Crime Prevention Council ("NCPC") on a public awareness campaign in order to help educate the public about IP crime and its consequences, the initial phases of which were introduced November 29, 2011. Since November 2011, the campaign has garnered more than \$42 million in donated media, including more than 42,830 total airings on television in 207 of 210 nationwide markets and 16,180 airings on radio. In addition, 1,841 digital mall posters have been displayed in 43 nationwide markets, and public service announcements can be seen at 813 elevators in 19 nationwide markets. The NCPC and the BJA are currently overseeing follow-up data collection efforts to measure any resulting attitudinal changes in the public's perception of IP and to learn any new attitudinal information that can be applied to the production of new television, social media, and outreach tools.

#### **(a)(7)(C) Investigative and Prosecution Activity of the Department with Respect to IP Crimes**

In addition to the examples of successful prosecutions listed above, there are of course hundreds of other worthy cases that could be cited. Numerical statistics do not adequately convey the quality or complexity of these prosecutions, but they are one of the metrics most frequently used to assess the effectiveness and impact of the Department's prosecution efforts.

Accordingly, we have provided the chart below that contains statistics for the five fiscal years from 2008 - 2012, listing the number of defendants and cases charged, the number of

defendants sentenced, and the length of those sentences.<sup>5</sup> Section 404(b) of the PRO IP Act also requests statistics on the number of arrests made. Please see the Annual Report of the Federal Bureau of Investigation, provided pursuant to Section 404(c) of the PRO IP Act, for an accounting of arrest statistics.

As reflected in the chart on the following page, the Department has maintained a relatively consistent number of cases prosecuted for IP crimes over the course of the last three years. In addition, the number of defendants receiving no prison sentence has consistently declined over the last four years. Finally, as demonstrated by the cases highlighted above, the Department has also sought to increase the quality and scope of its investigations and prosecutions over the past years, which is not always reflected in statistics. However, given the recent increases in referrals reflected below, the Department anticipates a corresponding increase in prosecutions.

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<sup>5</sup> Case statistics were compiled by the EOUSA. The chart includes data on criminal cases/defendants where the following charges were brought as any charge against a defendant: 17 U.S.C. §506 (criminal copyright infringement); 17 U.S.C. §§ 1201 to 1205 (circumvention of copyright protection systems); 18 U.S.C. §§ 1831 (economic espionage) & 1832 (theft of trade secret); 18 U.S.C. § 2318 (counterfeit labeling); 18 U.S.C. § 2319 (criminal copyright infringement); 18 U.S.C. §2319A (live musical performance infringement); 18 U.S.C. § 2319B (unauthorized recording of motion pictures); 18 U.S.C. § 2320 (trafficking in counterfeit goods); and 47 U.S.C. §§ 553 or 605 (signal piracy). The statutes were grouped together in the data run in order to eliminate any double-counting of cases and/or defendants where more than one statute was charged against the same defendant. However, this chart may not include cases or defendants if only a conspiracy to violate one of these offenses was charged.

District Totals	FY2008	FY2009	FY2010	FY 2011	FY2012
<b>Investigative Matters Received by AUSAs</b>	365	285	402	387	390
<b>Defendants Charged</b>	259	235	259	215	254
<b>Cases Charged</b>	197	173	177	168	178
<b>Defendants Sentenced</b>	242	223	207	208	202
<b>No Prison Term</b>	107	126	121	102	95
<b>1-12 Months</b>	48	35	38	27	46
<b>13-24 Months</b>	45	29	27	33	26
<b>25-36 Months</b>	20	6	10	17	15
<b>37-60 Months</b>	19	18	7	21	17
<b>60 + Months</b>	3	9	4	8	3

**(a)(7)(D) Department-Wide Assessment of the Resources Devoted to Enforcement of IP Crimes**

The Criminal Division currently devotes 14 full-time attorneys, two paralegals and two support staff in CCIPS to IP issues, when fully staffed. CCIPS also provides substantial support to the IPR Center, assigning at least one attorney, and sometimes more, to help identify and de-conflict investigative leads, as well as develop and execute national enforcement initiatives. In addition, throughout FY2012, CCIPS detailed a senior prosecutor on a full-time basis to serve as Acting Director to IOC-2 in Chantilly, Virginia.

The CHIP network consists of more than 260 AUSAs who are specially trained in the investigation and prosecution of IP and computer crimes. The network includes 25 CHIP Units of between two to eight CHIP prosecutors, generally located in the districts that have historically faced the highest concentration of IP and high-tech crimes.

The IPLEC program currently consists of a Department attorney in Bangkok, Thailand, who handles IP issues in Asia. An IPLEC for Asia has been stationed in Bangkok since January 2006. From November 2007 until March 2011, when the IPLEC for Eastern Europe lost its funding from State INL, a Department attorney served in Sofia, Bulgaria, in order to handle IP issues in Eastern Europe. The Department is working closely with the State Department to deploy a new IPLEC for Eastern Europe during FY2013. Additionally, the President's proposed budget for FY2013 contains a request to permanently fund up to six Department Attachés cross designated as ICHIPS. The specially trained ICHIP Attachés would be deployed to critical regions around the world to carry the Department's IP and computer crime mission.



The Cybercrime Lab housed in CCIPS provides support in evaluating digital evidence in IP cases, with a total of four computer forensics experts on staff. In addition to evaluating digital evidence, Cybercrime Lab technicians have provided extensive training on the use of digital forensics tools in IP cases to legal audiences around the world.

Intellectual property enforcement is also an integral part of the mission of three sections of the Department's Civil Division: the Intellectual Property Section, the National Courts Section, and the Consumer Protection Branch. Through the Civil Division's Intellectual Property Section, the Department assists in initiating civil actions on behalf of CBP to recover penalties imposed by CBP on importers of counterfeit goods and brings affirmative cases when U.S. intellectual property is infringed. The National Courts Section initiates civil actions to recover various penalties or customs duties arising from negligent or fraudulent import transactions, many of which include importation of counterfeit goods. The National Courts Section also defends CBP enforcement of the ITC's Section 337 exclusion orders at the Court of International Trade; these orders are an important tool for patent enforcement. Finally, the Consumer Protection Branch conducts civil and criminal litigation under the Food, Drug, and Cosmetic Act, including prosecuting counterfeit drug and medical device offenses.

**(a)(8) Efforts to Increase Efficiency**

*“(8) A summary of the efforts, activities, and resources that the Department of Justice has taken to—*

*(A) minimize duplicating the efforts, materials, facilities, and procedures of any other Federal agency responsible for the enforcement, investigation, or prosecution of intellectual property crimes; and*

*(B) enhance the efficiency and consistency with which Federal funds and resources are expended to enforce, investigate, or prosecute intellectual property crimes, including the extent to which the Department has utilized existing personnel, materials, technologies, and facilities.”*

The Department works hard to ensure the effective use of limited resources devoted to fighting IP crime. One of the most important ways to reduce duplication of effort is to ensure that law enforcement agencies are pursuing unique case leads, and that prosecutors are not following prosecution strategies that overlap with cases in other districts. To that end, CCIPS continues to provide ongoing support to the IPR Center in Arlington, Virginia. Among other things, the IPR Center serves as an investigation clearinghouse for FBI, ICE, CBP, FDA, and other agencies. CCIPS also works closely with the CHIP network to assist in coordinating national prosecution initiatives. Department attorneys will continue to work with the IPR Center to identify and de-conflict investigative leads as well as assist the CHIP network to ensure that investigations and prosecutions are streamlined, not duplicated, and charges brought in the appropriate venue.