

United States Department of Justice

PRO IP Act Annual Report FY 2015



PRO IP ACT ANNUAL REPORT OF THE ATTORNEY GENERAL FY 2015

INTRODUCTION

The Department of Justice (the “Department” or “DOJ”) submits this Fiscal Year 2015 (“FY 2015”) 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 FY 2015 Annual Report on IP Enforcement.

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 efforts to implement them during FY 2015 (*i.e.*, October 1, 2014 through September 30, 2015) are set forth below.

In February 2010, former Attorney General Eric Holder 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 2013 Joint Strategic Plan on Intellectual Property Enforcement (June 2013), the Administration's Strategy on Mitigating the Theft of U.S. Trade Secrets (February 2013), the Administration's White Paper on Intellectual Property Enforcement Legislative Recommendations (March 2011), and the IPEC's annual reports, among other things. The Department has also participated 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."

In FY 2015, the Office of Justice Programs ("OJP") awarded 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, 2015, Pub. L. No. 113-235, 128 Stat. 2130, 2192, and as informed by Section 401 of the PRO IP Act. The FY 2015 Intellectual Property Enforcement Program ("IPEP"), 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 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 United States Attorneys' Offices. The information shared under the program includes 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.

Due to limited funding, OJP was only able to issue grants to three state and local law enforcement agencies during the competitive grant process in FY 2014, despite the number of high quality applicants. In FY 2015, OJP was able to grant ten awards totaling \$3,236,240 to several of those agencies who participated in the FY 2014 competitive process. The following FY 2015 new 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.

Award Number	Grantee	Amount
2015-ZP-BX-0001	City of Austin Police Department	\$400,000
2015-ZP-BX-0003	City of Hartford Police Department	\$399,545
2015-ZP-BX-0005	Cook County State Attorney's Office	\$400,000
2015-BE-BX-0003	Baltimore County Police Department	\$120,174
2015-ZP-BX-0004	North Carolina Department of Secretary of State	\$367,076
2015-ZP-BX-0002	New Jersey State Police	\$269,619
2015-BE-BX-0004	City of Phoenix Police Department	\$253,129
2015-BE-BX-0005	City of Portland (OR) Police Department	\$373,569
2015-BE-BX-0001	Virginia State Police	\$253,128
2015-IP-BX-0012	City of San Antonio Police Department	\$400,000

Since the inception of the program, OJP has awarded \$22,077,022 in grants to support state and local law enforcement agencies, training and technical assistance providers, and an IP public education campaign. Of this total amount of funding, state and local law enforcement

agencies have received \$16,785,348. Throughout the duration of the program, these agencies have seized a total of \$351,473,404 in currency and other property, which includes \$345,276,217 in counterfeit merchandise and other property, and \$6,197,187 in currency.

In addition to these seizures, grantees achieved the following in the one-year period from July 1, 2014 to June 30, 2015:

- 545 individuals were arrested for violation of IP laws;
- 175 state and local IP search warrants were served; and
- 474 piracy/counterfeiting organizations were disrupted or dismantled.

Examples of how state and local law enforcement used prior IPEP grants include:

- In April 2015, the Los Angeles County Sheriff's Department COPS Bureau—Counterfeit and Piracy Enforcement (CAPE) team arrested four individuals for their role in selling counterfeit luxury purses, counterfeit cigarettes, and pirated DVDs with a combined estimated value of over \$130,000 dollars.
- From April 2015 to June 2015, the Los Angeles Police Department's Anti-Piracy Unit served 15 search warrants, arrested 24 individuals for intellectual property related crimes, and recovered evidence valued at over \$4 million. The Anti-Piracy Unit also provided intellectual property investigative technique training to 356 law enforcement officers and conducted first-hand “ride-along” training to officers and prosecutors. The Anti-Piracy Unit received awards and recognition from The Underwriter Laboratory Corporation and from the Emirate Intellectual Property Association. The Anti-Piracy Unit's enforcement action was aired on “ABC 20/20” and “Good Morning America” in May 2015.

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”). Between July 1, 2014 and June 30, 2015, NW3C conducted these training sessions for 198 attendees from 108 agencies in 12 locations.¹ During this time, NW3C also conducted six tailored seminars for 181 attendees representing 79 agencies as well as engaged in an additional 13 technical assistance visits involving 35 agencies with 137 participants in order to improve their IP investigative and prosecutorial approaches.

Since the inception of the program, BJA has supported the following:

- 82 trainings for 1782 attendees from 944 agencies;
- 15 seminars for 514 attendees from 171 agencies; and
- 21 technical assistance visits for 173 attendees from 48 agencies.

¹ Training sessions took place in: Bel Air, MD; Carson City, NV; Cheyenne, WY; Columbia, SC; Georgetown, TX; Honolulu, HI; Middletown, VA; Nashville, TN; Philadelphia, PA; Pierre, SD; Rancho Cordova, CA; Springfield, MO.

(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 FBI Fiscal Year 2015 Report to Congress on IP Enforcement, 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 FBI Fiscal Year 2015 Report to Congress on IP Enforcement, which will be submitted separately pursuant to Section 404(c) of the PRO IP Act.

(a)(4) Organized Crime Plan

“(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.”

As in FY 2009 through FY 2014, Congress did not appropriate funds to support Section 402(b) of the PRO IP Act in FY 2015.² 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 2014, the Department has taken the following additional actions to address this important issue:

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 (the "Center") in an ongoing effort to develop and implement a mechanism to both contribute data to the Center to address intelligence gaps as they relate to IP, among other things. The Center has provided operational, intelligence, and financial support to investigations where international organized crime groups are involved in IP offenses.

Training and Outreach

In FY 2015, CCIPS has continued to strengthen the Department's ability to combat organized IP crime through training and outreach with international counterparts. These include: a December 2014 presentation at the 19th Annual Fraud and Anti-Counterfeiting Conference in Toronto about money laundering as it pertains to IP offenses and organized crime; a February 2015 meeting with the top Mexican IP prosecutor, the head of investigations at Mexican Customs, the head of the Mexican Institute of Industrial Property, and the head of the Mexican Copyright Office to discuss cooperation on IP prosecutions; a March 2015 training for 18 judges, prosecutors, investigators, inspectors, customs officers, attorneys, and other officials from Brazil, Chile, Mexico, Panama, Paraguay, and Uruguay on organized crime and its relation to counterfeit pharmaceuticals; and a July 2015 presentation about IP enforcement at a conference in Mexico City for approximately 150 Mexican law enforcement officers.

² 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 United States 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."

(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 which such tools were used.”*

Section 403 related to funds appropriated during FY 2009-13. No funds were appropriated under this section or expended during FY 2015 based on funds previously appropriated under this section. Information about the cases, defendants, and types of investigations carried out by the Department may be found described in greater detail below.

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 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 402 and 403 of the PRO IP Act in FY 2015.

(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 United States Attorneys’ Offices, CCIPS in the Criminal Division, the Counterintelligence and Export Control Section (CES) in the National Security Division, and, with regard to offenses arising under the Food, Drug, and Cosmetic Act, the Consumer Protection Branch of the Civil Division. In addition, the Department’s IP Task Force, led by the Deputy Attorney General, provides high-

level support and policy guidance to the Department's overall IP enforcement efforts. Each of these components is described briefly below.

In addition to enforcing existing criminal laws protecting IP, in FY 2015 the Department publically supported the proposed change to the criminal copyright statute to address unauthorized online streaming as well as modification of Federal Rule of Criminal Procedure 4 to allow for simplified service of foreign corporations in trade secret theft and other cases, and provided technical assistance regarding the creation of a federal private right of action for theft of trade secrets offenses. Historically, the Department has contributed to most major legislative developments updating criminal IP laws, including: the Foreign and Economic Espionage Penalty Enhancement Act of 2012, which increased fines for theft of trade secrets committed with the intent to benefit a foreign entity; the Theft of Trade Secrets Clarification Act of 2012, which clarified that the Economic Espionage Act applies to trade secrets that are "related to a product or service used or intended for use in interstate or foreign commerce"; the National Defense Authorization Act for FY 2012, which enhanced penalties for certain offenses involving "counterfeit military goods"; the Food and Drug Administration Safety and Innovation Act, which created a new offense for "trafficking in counterfeit drugs"; the PRO IP Act of 2008; the Family Entertainment and Copyright Act of 2005, 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, which criminalized the unauthorized reproduction and distribution of copyrighted works without a commercial purpose or financial gain; and the Economic Espionage Act of 1996, which criminalized the theft of trade secrets, including economic espionage.³

The Department made substantial contributions to the criminal enforcement proposals contained in the Administration's White Paper on Intellectual Property Enforcement Legislative Recommendations (March 2011), including several of which (described above) were enacted into law. The Department looks forward to working with Congress as it considers additional proposals.

The Department coordinates closely with IPEC in addressing the Administration's priorities on intellectual property enforcement and has participated 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.

CCIPS and CHIP Program

The Department carries out its overall IP criminal prosecution mission through the United States Attorneys' Offices and CCIPS, which works closely with a network of over 270 specially-trained federal prosecutors who make up the Department's CHIP program.

³ 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://www.justice.gov/ip/f/pro-ip-act-reports>. The Department's FY 2010-FY 2014 PRO IP Reports are available at the same location.

CCIPS is a section within the Criminal Division consisting of a specialized team of up to forty prosecutors who are devoted to enforcing laws related to computer and IP crimes. Fifteen CCIPS attorneys are assigned 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 continues to place a high priority on fostering international cooperation and coordination of criminal IP enforcement efforts. It has developed relationships with foreign law enforcement through international casework as well as through training and outreach. An important component of the Department's international enforcement efforts is the Intellectual Property Law Enforcement Coordinator ("IPLEC") program. In the current program, the Department has placed an experienced federal prosecutor in Bangkok, Thailand, to coordinate law enforcement activities in Asia since 2006. The Department, working closely with the State Department, recently deployed a new IPLEC to Bucharest, Romania, for Eastern Europe, and will expand the program to Sao Paulo, Brazil, and Hong Kong in 2016.

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 United States Attorneys' Offices has at least one CHIP coordinator. In addition, 25 United States Attorneys' Offices have CHIP Units, with two or more CHIP attorneys.⁴ 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 evidence; (3) training prosecutors and law enforcement personnel in the region; and (4) conducting public and industry outreach and awareness activities.

CES and the NSCS Network

In 2012, the Department established the National Security Cyber Specialists ("NSCS") Network to create a "one-stop-shop" for attorneys, investigators, and members of the private sector looking to combat national security cyber thefts—including economic espionage and trade secret theft—with all appropriate legal tools. Each U.S. Attorney's Office has at least one representative to the NSCS Network, and in each of the last four years NSCS Network representatives have convened in the D.C. area for specialized training focusing on issues at the intersection of national security and cybersecurity. The NSCS representative provides technical and specialized assistance to his or her colleagues within the relevant U.S. Attorney's Office, and serves as a point of contact for coordination with the Department's headquarters. At

⁴ 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.

headquarters, all National Security Division (“NSD”) components, CCIPS, and other relevant sections of the Criminal Division are members of the Network. The Department relies on the NSCS Network to disseminate intelligence and other information to the field, to train prosecutors on investigating national security cybercrimes, and to coordinate and de-conflict national security cyber investigations.

Within NSD, the Counterintelligence and Export Control Section (CES)—one of NSD’s principal litigating components—is responsible for coordinating and conducting investigations and prosecutions of a wide variety of national security offenses, including economic espionage.⁵ In June 2015, NSD, recognizing the increasingly acute and costly threat that economic espionage poses to the U.S. national and economic security, released its “Strategic Plan for Countering the Economic Espionage Threat.” This plan aims to heighten awareness of the threat in order to deter and mitigate economic espionage. The plan also seeks to coordinate efforts within the government to counter the threat, including through operational disruption, increased and improved training, and the provision of technical advice and expertise. NSD is currently in the process of implementing the plan.

Interagency Coordination

In addition to investigating and prosecuting IP crime, the Department has worked closely with other federal agencies directly, and through the National IP Rights Coordination Center (“IPR Center”), to improve IP enforcement domestically and overseas.⁶ These activities have included training investigators and prosecutors in the investigation and prosecution of IP crimes; contributing to the Office of the United States 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 United States 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.

⁵ In 2015, CES changed its name from the “Counterespionage Section” to better reflect the scope of its work.

⁶ These federal agencies include Customs and Border Protection (“CBP”), the Federal Bureau of Investigation (“FBI”), the United States Postal Inspection Service (“USPIS”), the Food and Drug Administration’s Office of Criminal Investigations (“FDA-OCI”), the Department of Commerce’s International Trade Administration (“DOC”), the Naval Criminal Investigative Service (“NCIS”), the Defense Criminal Investigative Service (“DCIS”), the Defense Logistics Agency’s Office of Inspector General (“DLA”), Immigration and Customs Enforcement’s Homeland Security Investigations (“ICE-HSI”), the United States Nuclear Regulatory Commission (“NRC”), the United States Patent and Trademark Office (“USPTO”), the General Service Administration’s Office of Inspector General (“GSA”), the Consumer Product Safety Commission (“CPSC”), the National Aeronautics and Space Administration’s Office of Inspector General (“NASA”), the Department of State’s Office of International Intellectual Property Enforcement (“IPE”), the Army Criminal Investigation Command’s Major Procurement Fraud Unit (“MPFU”), the Air Force Office of Special Investigations (“AFOSI”), the U.S. Postal Service Office of Inspector General (“USPS OIG”), and the Federal Maritime Commission (“FMC”).

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, seeks to support prosecutions in priority areas, promote innovation through heightened civil enforcement, achieve greater coordination among federal, state, and local law enforcement partners, and increase focus on international enforcement efforts, including reinforcing relationships with key foreign partners and U.S. industry leaders.

The IP Task Force supports the Department's efforts to aggressively investigate and prosecute a wide range of IP crimes, with a particular focus on: (1) public health and safety; (2) theft of trade secrets and economic espionage; and (3) large-scale commercial counterfeiting and piracy. The Department places a special emphasis on the investigation and prosecution of IP crimes that are committed or facilitated by cyber-enabled means or perpetrated by organized criminal networks. The IP Task Force also supports state and local law enforcement's efforts to address criminal intellectual property enforcement by providing grants and training.

IP Task Force Members include the Assistant Attorney Generals (or equivalent) for the following components:

- Antitrust Division (ATR)
- Civil Division (CIV)
- Criminal Division (CRM)
- Federal Bureau of Investigation (FBI)
- National Security Division (NSD)
- Office of Justice Programs (OJP)
- Office of Legislative Affairs (OLA)
- Office of Public Affairs (OPA)
- United States Attorneys' Offices/Executive Office for United States Attorneys (EOUSA)

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, among other things:

- 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 Section (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 FY 2015 both domestically and abroad. Some of these efforts are highlighted below:

Prosecution Initiatives

Through its IP Task Force, the Department identified three enforcement priorities for IP investigations and prosecutions, including offenses that involve (1) health and safety, (2) trade secret theft or economic espionage, and (3) large-scale commercial counterfeiting and piracy. The Department has also increased its focus on IP crimes that are committed or facilitated by use of the Internet or perpetrated by 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, automotive parts, and military goods. In FY 2015, this initiative resulted in a number of significant prosecutions, including those set forth below:

- *Louisiana Man and His Company Plead Guilty to Copyright Infringement for Selling Counterfeit Automotive Diagnostic Equipment.* On October 2, 2014, Rainer Wittich, age 65, of River Ridge, Louisiana, and the company he owns, The Brinson Company ("TBC"), of Harahan, Louisiana, were charged for their role in creating and selling fake Mercedes-Benz diagnostic equipment containing proprietary software. The conspirators obtained Mercedes-Benz software without authorization and manipulated the software to operate on counterfeit diagnostic devices. In total, defendants sold no less than 700 counterfeit units, with a value of over \$15,000,000. On September 10, 2015, Wittich and TBC pleaded guilty to criminal copyright infringement, and TBC also pleaded guilty to violating the Digital Millennium Copyright Act and conspiracy. (EDLA, CCIPS, FBI)
- *Two Individuals Sentenced for Smuggling Counterfeit Cancer Drugs.* On October 28, 2014, Ozkan Semizoglu, the Foreign Trade Director of a Turkish drug wholesaler, was sentenced to 27 months in prison for smuggling counterfeit, misbranded, and adulterated cancer treatment drugs into the United States, including multiple shipments of Altuzan (the Turkish version of Avastin). On January 23, 2015, co-defendant Sabahaddin Akman was sentenced to 30 months in prison and ordered to pay a fine of \$150,000 for his role in the operation. As part of the scheme, defendants knowingly shipped the climate-sensitive drugs without proper temperature control, endangering users of the counterfeit drug. (EDMO, FDA-OCI, USMS, DPR, HHSS, Dept. of State, Europol)

- *Florida Resident Sentenced for Selling Counterfeit Xanax.* On February 5, 2015, Frank Fiore, age 60, of Parkland, Florida, was sentenced to 32 months in prison for conspiring to traffic in counterfeit Xanax and illegally distributing steroids. Fiore sold the counterfeit drugs and steroids to undercover officers and a cooperating source. (SDFL, FDA-OCI, Palm Beach County Sheriff's Office)
- *Defendants Sentenced for Importing and Selling Hazardous and Counterfeit Toys.* On June 16, 2015, five corporations involved in an import scheme to import and sell counterfeit and hazardous toys were sentenced to five years probation, and ordered to pay restitution totalling \$1,441,430.03. In addition, on June 9, 2015, Chenglan Hu, age 52, was sentenced to two years of probation with special conditions, and Hua Fei Zhang, age 53, was sentenced to three years of probation with special conditions. Both are from Bayside, New York. Defendants were sentenced for their role in importing and selling children's toys bearing copyright-infringing images and counterfeit trademarks of popular children's characters. Many of these toys were hazardous, containing unsafe lead levels, small parts that presented choking risks, easily-accessible battery compartments, and other potential risks. In pleading guilty, defendants agreed to forfeit \$700,000 and more than 120,000 unsafe toys. (EDNY, CCIPS, ICE-HSI, NYPD, CPB, CPSC)
- *Eleven Defendants Charged in Nationwide Conspiracy to Manufacture and Distribute Counterfeit 5-Hour ENERGY Drink.* On June 19, 2015, ten individuals were arrested after being charged with conspiracy to counterfeit goods, conspiracy to commit criminal copyright infringement, and conspiracy to introduce misbranded food into interstate commerce. One additional defendant remains at large. The charges stem from the illegal distribution and counterfeiting of the liquid dietary supplement 5-Hour ENERGY. The initial scheme involved repackaging 350,000 bottles of authentic 5-Hour ENERGY intended for Spanish-language markets and selling them to American markets at a discount. Defendants then transitioned to counterfeiting the entire 5-Hour ENERGY product. Using untrained day workers, Defendants manufactured the counterfeit liquid at an unsanitary facility by mixing unregulated ingredients in plastic vats to mimic the authentic product. Over 8 million bottles of these counterfeit 5-Hour ENERGY are alleged to have entered the market. (NDCA, FBI, FDA-OCI)
- *South Carolina Man Sentenced for Trafficking in Counterfeit Medications.* On June 22, 2015, Arthur Fleming Moler, age 41, of Gaston, South Carolina, was sentenced to 78 months in prison, three years of supervised release, and ordered to pay \$33,380.05 in restitution for trafficking in counterfeit goods, smuggling illegal medications, and theft of government services. As part of his scheme, Moler sold and shipped counterfeit goods and medications, including counterfeit versions of Viagra and Cialis. Investigators discovered over \$2 million worth of counterfeit erectile dysfunction medications at Moler's warehouse, in addition to counterfeit designer handbags, sunglasses, electronics, and golf equipment. (DSC, DHS-ICE, USPS)
- *Trafficker Guilty of Distributing Dangerous Counterfeit Drugs.* On June 29, 2015, Martez Alando Gurley, age 40, of Napa, California, pleaded guilty to conspiracy to traffic in counterfeit Viagra and Cialis and introducing misbranded prescription drugs into interstate commerce. Gurley admitted that he purchased between 15,000 and 18,000 counterfeit

pharmaceuticals from a source in China and between 3,600 and 4,800 from another source within the U.S. Testing on the counterfeit drugs revealed minimal or nonexistent levels of their respective active pharmaceutical ingredient and in some instances, tablets were found to contain an unrelated compound. (SDTX, FDA-OCI, HSI)

- *Four Men Charged with Trafficking in Pet Products with Counterfeit Labels.* On July 9, 2015, Ian Nigel MacKellar, age 58, of England; Lam Ngoc Tran, age 40, of Fountain Valley, California; Allen Smith, age 49, of Phoenix, Arizona; and William Humphreys, age 58, of Laguna Hills, California, were indicted for their role in importing counterfeit packaged pet products. The indictment alleges that the defendants smuggled veterinary products that were not manufactured for American markets into the U.S. for distribution under false labels, such as Frontline and Frontline Plus pesticides. The conspiracy is suspected to be one of the largest known operations to import counterfeit packaged pet products. In December 2015, Tran pleaded guilty to trafficking in counterfeit labels. (SDTX, CCIPS, CDCA, FDA-OCI, HSI, EPA)
- *California Man Pleads Guilty in Multistate Conspiracy to Sell \$1 Million in Counterfeit Drugs.* On August 3, 2015, John Derek Gitmed, age 53, of Los Angeles, California, pleaded guilty to trafficking in counterfeit goods. In the preceding months, Gitmed's ex-wife, daughter, and nephew also pleaded guilty. The conspirators obtained and sold over \$1.2 million worth of counterfeit copies of Viagra, Cialis, and Levitra. Subsequently, Gitmed's ex-wife was sentenced to five months in prison, his nephew to 57 months in prison, and Gitmed himself to 77 months in prison. His daughter is scheduled to be sentenced in February 2016. (EDCA, FBI)
- *Two Canadians Sentenced for Distributing Counterfeit and Adulterated Botox.* On August 4, 2015, Kamaldeep Sandhu and Navdeep Sandhu, both residents of Vancouver, British Columbia, Canada, pleaded guilty to distributing counterfeit, misbranded, and adulterated Botox into the United States. Kamaldeep Sandhu was sentenced to 24 months in prison while Navdeep Sandhu was sentenced to three months in prison. Defendants shipped counterfeit Botox from Turkey into several states. Defendants did not store or ship the temperature-sensitive drugs in the requisite climate-controlled settings. Moreover, some of the Botox was contained within counterfeit exterior packaging with mismatched manufacturing lot numbers. (EDMO, FDA-OCI, INTERPOL, USMS, RCMP)
- *Massachusetts Man Sentenced to 37 Months in Prison for Trafficking Counterfeit Military Goods.* On October 6, 2015, Peter Picone, 42, of Methuen, MA, was sentenced to 37 months in prison for importing thousands of counterfeit integrated circuits (ICs) from China and Hong Kong and reselling them to U.S. customers, including contractors supplying them to the U.S. Navy for use in nuclear submarines. In addition to his prison term, Picone was ordered to pay \$352,076 in restitution to the 31 companies whose ICs he counterfeited, and to forfeit \$70,050 and 35,870 counterfeit ICs. On June 3, 2014, Picone pleaded guilty to trafficking in counterfeit military goods. From 2007 through 2012, Picone imported counterfeit integrated circuits from China and Hong Kong and sold them to customers in the U.S. and abroad. Picone sold the chips to contractors knowing that they would be supplied to the United States Navy for use in nuclear submarines. (DCT, CCIPS & Cybercrime Lab, FRAUD, AFMLS, DCIS, ICE-HSI, NCIS)

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

In FY 2015, consistent with the Administration's Strategy on Mitigating the Theft of U.S. Trade Secrets and the IP Task Force's priorities, 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 numerous trade secret cases and economic espionage cases. Recent cases include:

- *Former Winchester Brake Pad Engineer Sentenced for Theft of Trade Secrets.* On October 6, 2014, David Lewis, age 65, was sentenced to three years of probation and ordered to pay \$32,000 in restitution for conspiracy to steal trade secrets. Lewis was employed as the Principal Development Engineer at Brake Parts, Inc. ("BPI"), where he specialized in the development of ceramic brake pads, the formulas for which are trade secrets. Lewis secretly transmitted these formulas to a foreign competitor of BPI in exchange for cash and promise of future employment. By its own estimate, the competitor grossed \$40 million from the sale of those brake pads. (EDKY, CCIPS, FBI)
- *Computer Analyst Sentenced to Three Years in Prison for Stealing Trade Secrets.* On January 15, 2015, Yihao Pu, age 27, of Waltham, Massachusetts, was sentenced to three years in prison and ordered to pay \$759,649.55 in restitution. Pu, a computer science engineer, stole sensitive trade secrets from two former employers—a trading firm in New Jersey and Citadel, LLC, a Chicago-based financial firm. While employed at the respective firms, Pu accessed secure internal computer servers and downloaded files onto a personal hard drive, including thousands of automated electronic trading algorithms and strategies. Pu used this data in his own high frequency trading strategy for his personal investment account. (NDIL, FBI)
- *Kolon Industries Inc. Pleads Guilty for Conspiring to Steal DuPont Trade Secrets Involving Kevlar Technology.* On April 30, 2015, Kolon Industries Inc., a South Korean industrial company, pleaded guilty to conspiracy to steal trade secrets involving DuPont Company's Kevlar technology, and was sentenced to pay \$85 million in criminal fines and \$275 million in restitution. As part of the conspiracy, Kolon worked with former DuPont employees and others to obtain confidential and proprietary DuPont information about Kevlar technology. This case represented the first instance where a foreign corporation with no direct presence in the U.S. was found to be successfully served with U.S. criminal process based on service pursuant to an international treaty. (EDVA, CCIPS, CRM FRAUD, OIA, FBI)
- *Chinese Professor Charged with Economic Espionage and Theft of Trade Secrets.* On May 16, 2015, Hao Zhang, age 36, was arrested upon entry into the U.S. from China in connection with his role in committing economic espionage and theft of trade secrets. Five other Chinese citizens are named in the indictment. Zhang and co-conspirators are alleged to have participated in a long-running effort to obtain U.S. trade secrets for the benefit of universities and companies controlled by the Chinese government. While a doctoral student in Southern California, Zhang conducted research and development on thin-film bulk acoustic resonator (FBAR) technology, funded by the U.S. Defense Advanced Research Projects Agency. While FBAR technology is primarily used in mobile devices like cellular telephones, tablets,

and GPS devices, it also has numerous applications in military and defense communication. After earning his doctorate, Zhang accepted employment as an FBAR engineer with Skyworks Solutions Inc. (“Skyworks”) in Massachusetts. Zhang later resigned from Skyworks and accepted a professorship at Tianjin University in China. The indictment alleges that Zhang and other co-conspirators stole trade secret information from victim companies, including Skyworks, and shared the information with Tianjin University. (NDCA, NSD, FBI)

- *Two Members of Computer Hacking Ring Sentenced for Hacking and Intellectual Property Theft.* On June 11, 2015, Nathan Leroux, age 20, of Bowie, Maryland, was sentenced to 24 months in prison, and Sanadodeh Nesheiwat, age 28, of Washington, New Jersey, was sentenced to 18 months in prison. Both Leroux and Nesheiwat pleaded guilty to conspiracy to commit computer intrusions and criminal copyright infringement based on their roles in the cyber theft of software and data related to the Xbox One gaming console and the Xbox Live online gaming system. The conspirators accessed and stole unreleased software, source code, trade secrets, copyrighted and pre-release works, and other confidential and proprietary information. Leroux and others used the stolen intellectual property to build and attempt to sell counterfeit versions of the Xbox One console, as well as generate counterfeit in-game currency used in online games. The value of the intellectual property and other data that the conspirators stole, as well as the costs associated with the victims’ responses to the crimes, is estimated to range between \$100 million and \$200 million. (DDEL, CCIPS, OIA, FBI, HSI, CBP, USPIS)
- *Second Superseding Indictment Filed in Trade Secret Case.* On June 25, 2015, Mo Hailong, a PRC citizen previously employed by Beijing Dabeinong Technology Group Company (“DBN”), was charged in a second superseding indictment with conspiracy to steal trade secrets from several U.S. based seed manufacturing companies, including proprietary inbred corn seeds belonging to Pioneer Hi-Bred and Monsanto, and conspiracy to transport stolen property. Mo was arrested in December 2013. Five co-conspirators were charged alongside Mo, all of whom remain fugitives outside the United States and all but one of whom have DBN ties. Mo pleaded guilty in January 2016. (SDIA, NSD, FBI)
- *Silicon Valley Employee Arrested For Theft Of Trade Secrets.* On August 20, 2015, Jing Zeng, 42, of San Ramon, California, was arrested on a criminal complaint, alleging theft of trade secrets. Zeng is alleged to have downloaded over one hundred files containing propriety, non-public information from a confidential Machine Zone, Inc. database after he learned that his employment was to be terminated. Machine Zone, Inc., makes the online video game “Game of War: Fire Age.” Zeng was arrested at San Francisco International Airport as he prepared to board a flight for China. (NDCA, FBI)

(3) Large-Scale Commercial Counterfeiting and Online Piracy

The Department continues to pursue significant, large-scale piracy and counterfeiting operations. In FY 2015, the Department has had a number of significant prosecutions, including those set forth below:

- *Conspirator in Android Mobile Device App Piracy Group Pleads Guilty.* On November 3, 2014, Scott Walton, age 28, of Cleveland, Ohio, pleaded guilty to conspiracy to commit criminal copyright infringement. The charges stem from his role as a leading member of an online piracy group called the SnappzMarket Group, which distributed more than one million pirated copies of copyrighted Android mobile device applications, or “apps,” with a total retail value of more than \$1.7 million. On August 21, 2012, the FBI executed a seizure order against SnappzMarket Group’s website, which was the first time a website domain involving mobile device app marketplaces had been seized. (NDGA, CCIPS, OIA, FBI)
- *Member of Megaupload Conspiracy Sentenced for Copyright Infringement.* On February 13, 2015, Andrus Nomm, age 36, of Estonia, pleaded guilty for his connection with Megaupload.com and associated piracy websites. Nomm was sentenced to one year and a day in prison for his role as a computer programmer for the Mega copyright piracy conspiracy. The harm caused to copyright holders by the conspiracy is admitted to have exceeded \$400 million. Nomm further acknowledged that the group obtained at least \$175 million in proceeds through their conduct. In December 2015, a New Zealand district court judge ruled that the defendants Kim Dotcom, Mathias Ortmann, Bram Van der Kolk and Finn Batato were eligible for extradition to the U.S. to face all charges. (EDVA, CCIPS, OIA, FBI)
- *Texas Man Sentenced for Trafficking in Counterfeit Merchandise.* On March 16, 2015, Han Woon Liew, age 46, of Sugar Land, Texas, was sentenced to 70 months in prison followed by three years of supervised release for conspiracy to traffic in counterfeit goods. Liew was additionally ordered to pay \$2.6 million in restitution. Liew admitted that from January 2012 through April 2014, he intentionally trafficked in counterfeit Louis Vuitton, Michael Kors, Coach, and Gucci purses and wallets. (SDTX, HSI, HPD)
- *Counterfeit DVD Trafficker Sentenced.* On March 30, 2015, Christian Patrick Lusardi, age 43, of Fayetteville, North Carolina, was sentenced to 60 months in prison and three years of supervised release for copyright infringement and trafficking in counterfeit labels. Lusardi was additionally ordered to pay \$1,137,864.01 in restitution. Between June 2010 and July 2012, Lusardi was in the business of receiving, manufacturing, and selling counterfeit DVDs in both the United States and Canada. During this time period, Lusardi received over \$1.3 million in his PayPal account. (EDNC, HSI, USPIS)
- *California Men Sentenced for Counterfeit Media Scheme in Fresno.* On April 20, 2015, Emilio Perez-Solis, age 39, of Oakland, CA, was sentenced to 46 months in prison for conspiracy to commit criminal copyright infringement and trafficking in counterfeit labels, documentation, and packaging. On June 8, 2015, Hernan Cortes, age 53, of Tulare, California, was sentenced to 24 months in prison and three years of supervised release for the same charges. Both men participated in a conspiracy to sell counterfeit CDs and DVDs out of a building in rural Fresno. A search of that building revealed over 70,000 CDs and DVDs. (EDCA, HSI)
- *Four Individuals Charged for Importing and Trafficking Counterfeit Apple and Sony Technology into the United States.* On July 1, 2015, Andreina Becerra, age 30, a Venezuelan national residing in Miami; Roberto Volpe, age 33, an Italian national residing in Miami;

Jianhua Li, age 40, a Chinese national residing in Guangzhou, China; and Rosario La Marca, age 52, an Italian national residing in Italy, were charged with smuggling counterfeit Sony Camcorders, Apple iPhones, iPads, and iPods, into the U.S. from sources in China. Defendants also were charged for their role in a related international money laundering scheme. Defendants attempted to avoid detection from law enforcement by shipping devices separate from labels bearing counterfeit trademarks and structuring bank deposits to avoid bank reporting requirements. Defendants are alleged to have made more than 100 illegal wire transfers totaling over \$1.1 million as a result of their criminal activity. (DNJ, CCIPS, HSI, Bergen County Prosecutor's Office)

- *Leader of Coupon Counterfeiting Ring on Silk Road Websites Pleads Guilty.* On July 22, 2015, Beau Wattigney, age 30, of New Orleans, Louisiana, pleaded guilty to leading a conspiracy to sell counterfeit coupons using the "Silk Road" online marketplace. Wattigney admitted that between May 2012 and November 2014, he sold counterfeit coupons for various goods and services. These coupons allowed purchasers to obtain discounts on a variety of goods and services offered by the victim companies, including Hopster, Veri-fi, SmartSource, RedPlum, and Visa. For example, Wattigney sold a counterfeit coupon that allowed users to purchase \$50.00 Visa Gift Cards for \$0.01 each. Wattigney also admitted that the scheme affected more than 50 American businesses and caused or attempted to cause more than one million dollars in losses. (EDLA, CCIPS, FBI)
- *Music Piracy Website Operator Pleads Guilty.* On August 21, 2015, Rocky P. Ouprasith, age 23, of Charlotte, North Carolina, pleaded guilty to criminal copyright infringement. Ouprasith admitted that between May 2011 and October 2014, he operated RockDizMusic.com, a website where Internet users could find and download infringing copies of copyrighted music. Ouprasith also admitted that he solicited others to upload digital copies of copyrighted songs and albums to RockDizFile.com. According to the Recording Industry Association of America, in 2013, RockDizFile.com was the second largest website in the United States specializing in the reproduction and distribution of infringing copies of copyrighted music. According to court documents, the market value of Ouprasith's illegally-pirated material was more than \$6 million. Ouprasith was sentenced to 36 months in prison in November 2015. (EDVA, CCIPS, HSI)
- *Imperial Valley Businessman Admits to Trafficking in Counterfeit Cell Phone Parts.* On September 24, 2015, Octavio Cesar Sana, a Spanish national residing in Imperial Valley, pleaded guilty to trafficking in millions of dollars of counterfeit Chinese cell phone parts. Sana admitted that he sold at least \$3.2 million worth of counterfeit cell phone parts through businesses he has operated since 2007. On the day Sana was arrested, investigators executed a series of searches across the nation, including in Florida, Texas, Massachusetts, Georgia, Pennsylvania, Tennessee, and California. These searches yielded more than 55,000 counterfeit items, resulting in additional criminal charges in several jurisdictions. As part of the plea agreement, Sana has agreed to forfeit \$3.2 million. (SDCA, OIA, HSI, USPIS)

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:

- In October 2014, CCIPS organized and taught the 18th annual CHIP Prosecutor’s Training Seminar at the National Advocacy Center (“NAC”) in Columbia, South Carolina. The seminar brought together 170 CHIP prosecutors from around the country for in-depth training on a wide range of investigative, litigation, legislative, and technology issues.
- In October 2014, CCIPS presented the keynote speech at the International Anti-Counterfeiting Coalition Foundation’s Training Seminar for federal and local law enforcement in Orlando, Florida. In attendance were roughly 100 HSI investigators, local investigators, and rights holder representatives.
- In November 2014, NSD, with support from CCIPS, organized and led the annual NSCS Network training conference in the Washington, D.C. area. The NSCS Network is a nationwide network of prosecutors and other attorneys, whose members are specially trained to investigate computer crimes that have a national security dimension, including the theft of IP and other information by nation state actors. Many members of the NSCS Network are also members of the CHIP Network where appropriate. The NSCS training builds on the technical skills covered by the annual CHIP conference to address the added complexity of working with classified information and related issues to investigate, prosecute, and otherwise disrupt those crimes.
- In February 2015, CCIPS, in conjunction with the NSD, organized and taught its Trade Secret Seminar at the NAC in Columbia, South Carolina. More than 50 AUSAs and 20 agents attended the seminar to learn about legal and tactical considerations relating to the investigation and prosecution of trade secret and economic espionage cases.
- In May 2015, CCIPS presented to 150 FBI agents and other law enforcement representatives at an FBI training session focused on strengthening trade secret investigations.
- In May 2015, CCIPS organized and taught the Electronic Evidence and Basic Cybercrime Seminar at the NAC in Columbia, South Carolina. This seminar, which was attended by approximately 70 prosecutors, addressed a variety of topics relevant to the investigation and prosecution of computer crime and the collection and use of electronic evidence, including substantive statutes applicable to computer- and Internet-related crime, including the criminal IP statutes; the Electronic Communications Privacy Act; the seizure and search of computers and other digital devices; cell phone location information; and the use of electronic evidence at trial.
- In June 2015, CCIPS trained approximately 50 FBI agents as part of the IPR Center’s three-day conference on IP enforcement.
- In July 2015, CCIPS presented at the U.S. Department of State Foreign Service Institute’s Intellectual Property Rights Seminar, held at the U.S. Patent and Trademark Office’s Global Intellectual Property Academy in Alexandria, Virginia. The training was designed for new Foreign Service Officers soon to be deployed to U.S. embassies and consulates.

- In August 2015, CCIPS presented a case study on trafficking in counterfeit military goods to HSI agents. The presentation was a part of an IPR Center training seminar on Operation Chain Reaction, an ongoing law enforcement effort targeting counterfeit parts in the government supply chain.
- In September 2015, CCIPS organized and taught the Complex Online Crime Seminar at the NAC in Columbia, South Carolina. This seminar, which was attended by federal prosecutors and investigators, used a case scenario involving IP crime to provide a number of strategies and techniques for investigating criminal offenses occurring over the Internet.
- The Bureau of Justice Assistance partnered with the National White Collar Crime Center 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 FY 2015 in locations such as Boston, MA; Denver, CO; Pittsburgh, PA; Myrtle Beach, SC; and Mesa, AZ. 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

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 in an effort 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 counterfeit and pirated goods. Despite budgetary constraints, in FY 2015 the Department worked extensively with its law enforcement counterparts around the world. The Department sought to engage foreign law enforcement through meetings of officials, ranging from the Attorney General to line attorneys and agents.

CCIPS and DOJ’s Office of Overseas Prosecutorial Development, Assistance and Training (“OPDAT”) worked with State Department grants and in cooperation with other United States agencies in FY 2015 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 offenses; to utilize various types of charges, including economic and organized crime statutes to combat IP crime; and to increase awareness amongst enforcement officials and the judiciary of the importance of reducing counterfeiting and piracy.

In FY 2015, an experienced CHIP attorney continued his service as the third IP Law Enforcement Coordinator (“IPLEC”) in Bangkok, Thailand. Another experienced CHIP attorney began service in Bucharest, Romania, as the Eastern Europe IPLEC. A CHIP attorney also served a six-month term in Brasilia, Brazil, as an IPLEC. DOJ, with the support of the State Department, will expand the IPLEC program in 2016 by placing two additional IPLECs in Sao Paulo, Brazil, and Hong Kong.

In addition to the Department's regional efforts through its IPLEC program, examples of DOJ engagement regarding various IP enforcement include:

CHINA

US-China Joint Liaison Group on Law Enforcement Cooperation. The Department continues to engage with China through the bilateral IP Criminal Enforcement Working Group ("IPCEWG"), which is part of the Joint Liaison Group ("JLG"). The JLG is designed to strengthen law enforcement cooperation between the United States and China across a range of issues, including intellectual property and cybercrime. In November 2014, CCIPS participated in the annual meeting of the JLG's IPCEWG in Washington, D.C. As co-chair, CCIPS' Deputy Chief led the meeting, which included discussions about the identification of new initiatives and priority areas for cooperation, the continued commitment to ongoing case cooperation and coordination, and best practices for information-sharing and case referrals. Eight Chinese law enforcement officials participated in the working group meeting, as well as additional representatives from DOJ, FBI, and ICE-HSI. In December 2014, CCIPS representatives also participated in the 12th Annual Plenary Meeting of the JLG in Beijing, China.

Training at the International Judicial Academy. In October 2014, CCIPS presented a seminar on intellectual property issues at the International Judicial Academy in Washington, D.C. In attendance were approximately 20 judges from the High People's Court in China's Guangzhou City. The training addressed the investigation and prosecution of IP crimes in the United States.

Meetings with Chinese Government Delegations. During FY 2015, CCIPS attorneys participated in a number of meetings with visiting Chinese government officials. These meetings included: an October 2014 meeting with the Ministry of Public Security as part of ongoing efforts and initiatives of the IPCEWG; a December 2014 meeting with 21 Chinese prosecutors through OPDAT; a January 2015 meeting with 21 members from the Office of the National Leading Group for Combating IPR Infringement and Counterfeits, a part of the Chinese Ministry of Commerce; and an April 2015 meeting with more than 10 Chinese IP officials at the USPTO's Global Intellectual Property Academy as part of the IP Working Group meeting of the U.S.-China Joint Commission on Commerce and Trade.

NORTH AFRICA AND THE MIDDLE EAST

CCIPS Attorney Meets with Egyptian Officials Regarding IP Issues. In February 2015, CCIPS traveled to Egypt to meet with five officials from the Egyptian government and one Egyptian rights holder regarding IP issues in Egypt. The discussion addressed how stronger IP rights enforcement in Egypt would help its economy; the need for more specialization and interagency coordination on IP issues; techniques for dealing with increasing internet and mobile device piracy; and the importance of international cooperation and information sharing.

Presentations at Two IP and Money Laundering Conferences in the United Arab Emirates. In April 2015, CCIPS presented to 60 prosecutors, investigators, and judges at two conferences addressing the money laundering of proceeds from IP crimes. Both conferences occurred in the United Arab Emirates, one in Sharjah and one in Dubai. CCIPS and the participants shared best

practices on how to work together effectively to combat IP crime and discussed the importance of identifying and tracking the proceeds of IP crime.

CCIPS Presents to Officials from Middle Eastern Countries. In April 2015, CCIPS presented on IP enforcement at a conference for 30 judges, prosecutors, and other international officials from Georgia, Kyrgyzstan, and Kazakhstan. Also in attendance were federal judges from the Central District of California and the Southern District of New York.

IP Enforcement Presentation to Middle Eastern and North African Officials. In May 2015, a CCIPS attorney presented on the prosecution of IP crimes at a “Colloquium on Intellectual Property Rights Enforcement for Judges and Prosecutors.” The audience consisted of prosecutors and judges visiting from Algeria, Egypt, Jordan, Lebanon, Palestinian Authority, and Saudi Arabia.

Presentation to Delegates from Kazakhstan and Tajikistan. In July 2015, a CCIPS attorney presented to ten prosecutors from Kazakhstan and Tajikistan on topics including IP crimes and sentencing issues. The presentation was followed by a roundtable discussion of barriers to IP prosecution.

LATIN AMERICA

Meeting with High-Level Mexican IP Officials. In February 2015, CCIPS representatives met with 11 high ranking Mexican IP officials including the top Mexican IP prosecutor, the head of investigations at Mexican Customs, the head of the Mexican Institute of Industrial Property, and the head of the Mexican Copyright Office. CCIPS discussed the Department’s efforts to combat IP crime, U.S.-Mexico cooperation on IP issues, and computer forensics.

Training Conference on Counterfeit Medicines in Latin America. In March 2015, a CCIPS attorney participated in a two-day training conference for law enforcement officials from six Latin American countries. The audience included 18 judges, prosecutors, investigators, inspectors, customs officers, attorneys, and other officials from Brazil, Chile, Mexico, Panama, Paraguay, and Uruguay.

IPR Enforcement Training in Mexico City. In July 2015, a CCIPS attorney represented the Department at an intellectual property rights enforcement conference in Mexico City. This was the first IP conference to include participants from a broad array of Mexican federal, state, and military law-enforcement entities. In attendance were approximately 150 Mexican law enforcement officers and other officials from Mexico’s Attorney General Office’s, Federal Police, District Police, State Police, Local Police, Tax and Customs Administration Service, Institute of Industrial Property, Federal Consumer Attorney’s Office, Federal Commission for the Protection against Sanitary Risk, the Army, and the Navy.

CCIPS Attorney Presents to Latin American Judges. In July 2015, CCIPS presented on the criminal prosecution of digital piracy cases at a judicial workshop on digital piracy and copyright enforcement. The audience included approximately 75 judges from Costa Rica, El Salvador, Guatemala, Honduras, and Panama.

CCIPS Attorney Presents at Training Conference for New IP Prosecution Unit. In September, 2015, CCIPS presented at a three-day training conference in Mexico City. The conference provided support for Mexico's new specialized prosecutors' unit that focuses on internet piracy. The training also discussed how to combat internet piracy within Mexico's new accusatory criminal justice system. Approximately 80 law enforcement officials participated in the conference.

OTHER REGIONS

IP Litigation Training at Indian IP Seminar. In December 2014, CCIPS spoke at the LITCON Conference on IP Litigation in Chanai, India. The conference, sponsored by the USPTO and the Confederation of Indian Industry, focused on devising litigation strategies for the protection and enforcement of IP rights. In attendance were 50 Indian lawyers, judges, and government officials.

CCIPS Travels to Canadian Conference Focusing on Fraud and IP Crime. In December 2014, CCIPS represented the Department at the 19th Annual Fraud and Anti-Counterfeiting Conference in Toronto, the premier antipiracy and anti-counterfeiting conference in Canada. CCIPS addressed issues pertaining to money laundering and the importance of tracking proceeds of crime in fraud and anti-counterfeiting cases. In a separate presentation, CCIPS discussed strategies for prosecuting IP cases. The three-day conference brought together law enforcement, right holders, government officials, and others to improve Canadian efforts to investigate and prosecute IP crimes in the Canadian market, on the internet, and on the U.S.-Canada border. In attendance were the U.S. Attorney for the Western District of New York, U.S. Consul General in Toronto, European Union Trade Counselor for Canada, and numerous others from Canadian law enforcement, government ministries, and industry associations.

CCIPS Meets with European Prosecutors to Establish IP Enforcement Network. In June 2015, CCIPS met with prosecutors from over 16 European Union countries in Alicante, Spain, to facilitate the establishment of a "European Intellectual Property Prosecutor's Network." This is the first time the EU has attempted to create a network of specialized prosecutors from each of its member states dedicated to combatting IP crimes. CCIPS discussed IP prosecutions in the U.S. and led a roundtable discussion on how the EU's new network could more closely work with American law enforcement.

IP Training for Thai Prosecutors. In June 2015, CCIPS presented to Thai prosecutors on prosecuting criminal copyright, trademark counterfeiting, and theft of trade secret cases. The presentation also covered common sentencing issues in IP cases.

IP Crime Enforcement Network ("IPCEN") Conference. In August 2015, CCIPS and the IPLEC for Asia hosted the fourth IPCEN Conference in Bangkok, Thailand. The conference was designed to help local prosecutors and investigators develop a regional network of IP enforcement authorities, foster bilateral and regional cooperation, and learn effective strategies for the investigation and prosecution of IP crime. In attendance were IP law enforcement

officials from Cambodia, Indonesia, Laos, Malaysia, the Philippines, South Korea, and Vietnam, as well as a judge from Mozambique and an investigator from Nigeria.

CCIPS Meets with Delegates of 28 Countries. In addition to the efforts described above, CCIPS participated in a wide-range of programs and meetings for international visitors from approximately 28 countries to engage on IP enforcement issues in FY 2015. Visiting delegations included representatives from Bangladesh, Barbados, Botswana, Brazil, Brunei, Cambodia, Colombia, Indonesia, Italy, Jamaica, Jordan, Kosovo, Laos, Lithuania, Malaysia, Mexico, Moldova, Myanmar, the Netherlands, Nigeria, Pakistan, Paraguay, Peru, Philippines, Switzerland, Taiwan, Thailand, and Vietnam. Programs included a March 2015 meeting with the new Economic and Financial Crimes Italian Attaché to discuss anti-piracy operations; a March 2015 meeting with high-level Swiss officials focusing on legislative efforts to curb piracy sites; an April 2015 meeting with the Chief of the Copyright Division of Taiwan's IP Office; a May 2015 meeting with Bangladeshi officials to discuss enhanced intellectual property prosecutions; a July 2015 meeting with Southeast Asian prosecutors regarding the prosecution of trade secrets theft; an August 2015 meeting with a Pakistani judicial delegation; and a September 2015 presentation at a government and industry copyright seminar for 24 officials from 17 countries.

Outreach to the Private 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 IP Industry and Law Enforcement Meeting in October 2015, in Washington, D.C. The yearly meeting provides 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 remarks by Assistant Attorney General Leslie Caldwell. Senior law enforcement officials from DOJ, FBI, ICE, and FDA also participated in the meeting. More than 90 individuals attended the meeting, including senior representatives from a broad range of industries such as pharmaceuticals, software, luxury goods, electronics, apparel, motion pictures, music, 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, symposia, and workshops attended by IP rights holders and law enforcement officials. These events included, among others: Cyber Security Summit, hosted by Symantec and others in October 2014; American Bar Association's Public Contract Law Section Task Force meetings in October 2014 and June 2015; California State Bar's 39th Annual Intellectual Property Institute in November 2014; Computer Crime & Intellectual Property Symposium at Seton Hall Law School in November 2014; Fifth Annual West Coast Compliance Pharmaceutical Conference in November 2014; Practising Law Institute's Conference on Intellectual Property Rights Enforcement in January 2015; Samford University Cumberland School of Law symposium entitled "Practicing Law in the Age of Surveillance and Hackers" in February 2015; Twelfth Annual Pharmaceutical Compliance Conference in March 2015; American Bar Association's International Law Section's Spring Meeting in May 2015; Secure360 Conference in May 2015; Annual Meeting of the Western

District of Wisconsin Bar Association in June 2015; U.S. Chamber of Commerce's Global Brand Council Strategy Session in July 2015; and Annual Meeting of the Connecticut Intellectual Property Law Association in September 2015.

In addition, other select Department outreach to industry groups affected by IP crime included:

- On October 17, 2014, CCIPS and FBI representatives met with the Interactive Advertising Bureau (IAB), an association comprised of more than 600 leading media and technology companies, to discuss the IAB's new Anti-Malware Working Group. Specifically, representatives discussed how to identify, mitigate, and neutralize cybercrime and IP crime threats.
- On February 18, 2015, CCIPS representatives met with executives from the Motion Picture Association of America to discuss a variety of issues involving audiovisual piracy and counterfeiting.
- On February 25, 2015, CCIPS and the IPR Center co-hosted a meeting of the Counterfeit Microelectronics Working Group, which focuses on the challenge of counterfeit microelectronics in the government supply chain and related issues. Over 120 representatives from the microelectronics industry and law enforcement attended the meeting.
- On April 15, 2015, CCIPS attorneys met with representatives of the Personal Care Products Industry Council to discuss the challenges of combating counterfeit cosmetics, fragrances, toiletries, and related personal care products in the marketplace. The program included the identification of emerging trends in counterfeiting and a discussion of ideas for improved cooperation between law enforcement and industry.
- On April 30, 2015, CCIPS attorneys met with representatives of the Association of American Publishers ("AAP") regarding copyright/cyber issues affecting the industry.
- On May 29, 2015, CCIPS participated in the Department of Defense Systems Engineering Research Center's Anti-Counterfeiting Roundtable at the Pentagon.
- On June 17, 2015, CCIPS met with the International Anti-Counterfeiting Coalition to emphasize the importance of developing relationships with law enforcement before an IP or cyber incident occurs.
- On June 23, 2015, CCIPS met with companies in the energy sector to discuss the topic of trade secret theft and cybersecurity. Sponsored by the FBI, the event took place in Little Rock, Arkansas and was attended by executives from 40 oil and gas companies, as well as the U.S. Attorneys from the Eastern and Western Districts of Arkansas.

- On September 1, 2015, CCIPS and the IPR Center co-hosted another meeting of the Counterfeit Microelectronics Working Group, which focuses on the challenge of counterfeit microelectronics in the government supply chain and related issues. Over 200 representatives from the microelectronics industry and law enforcement attended the meeting.

In the past year, NSD announced strategic changes within the Division designed to put additional focus on the protection of national assets from the threats of nation states, including economic espionage and trade secret theft. These changes included creating a new Deputy Assistant Attorney General position focusing on protecting national assets and naming the first Director of the Division's Protection of National Assets Outreach Program. Pursuant to this increased focus, NSD leadership and other attorneys have reached out to senior managers and counsel at hundreds of companies over the last year to educate them about the Department's resources and efforts to combat economic espionage and trade secret theft and other national security threats. These outreach efforts have included presentations at universities and think tanks, cybersecurity summits and roundtable discussions, as well as one-on-one meetings with senior executives at Fortune 500 and other companies. The NSCS Network also periodically disseminated talking points and other resources to its members nationwide to facilitate their outreach to companies and other organizations in their home districts and facilitated FBI field offices' efforts to educate AUSAs on the national security threats in their districts and to include them in FBI's outreach efforts in their districts.

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 sites can be found at <http://www.justice.gov/iptf> and <http://www.cybercrime.gov> (also linking the IPR Center <http://www.iprcenter.gov/>).

In addition, the Department continues to contribute to a National Crime Prevention Council ("NCPC") public awareness campaign, which launched in November 29, 2011. The campaign aims to raise the public's awareness of the impact of counterfeit and pirated products, change the widely-accepted belief that purchasing counterfeit and pirated products is not harmful, and reduce demand for counterfeit or pirated products by influencing the behaviors of at-risk consumers. Since November 2011, the campaign has garnered more than \$96.4 million in donated media, including more than 88,479 total airings on television in 209 of 210 nationwide markets and 27,618 airings on radio. In addition, 1,841 digital mall posters have been displayed in 43 nationwide markets; print support for the campaign continues to be strong, adding another \$412,000 in donated media.

In August 2015, NCPC hosted a live Twitter town hall chat with industry experts and law enforcement to discuss IP theft and to promote the online video, "Get Hip to IP Theft." This video targeted an audience between the ages of 18 and 24 year olds and was developed by two students during their internship with NCPC. During the one hour town hall, there were a total of 1,500 tweets and the top tweet received 1,926 views.

Between September 7, 2015 and October 4, 2015, NCPC's latest IP theft public service announcement, "Phony," was featured on a digital billboard in Times Square courtesy of the CauseWay Agency (who developed and produced the PSA). The Times Square digital billboard media donation is valued at approximately \$12,500 and received an estimated 1,849,860 views.

On October 2, 2015, Attorney General Loretta Lynch unveiled the NCPC's last set of videos geared towards law enforcement. The videos explain IP theft, its effect on the U.S. economy and our communities, and how combating IP crimes benefits law enforcement. Featured in the videos are eight IP experts ranging from law enforcement officers, representatives from the National Intellectual Property Rights Coordination Center, the U.S. Chamber of Commerce, and National Association of Attorneys General.

On October 7, 2015, NCPC released the IP newspaper advertorial in support of the public education campaign. The advertorial was distributed in the Washington Times to more than 100,000 subscribers. NCPC partnered with the Newspaper in Education Institute ("NIEI") to distribute the supplement for use in schools across America. The outreach includes 1,000 NIEI programs that partner with more than 100,000 schools, 380,000 teachers, and 14 million students each year.

(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. As demonstrated by the cases highlighted above, the Department has sought to increase the quality and scope of its investigations and prosecutions over the past years. Numerical statistics do not adequately convey the quality or complexity of these prosecutions, but they provide some insight into the effectiveness and impact of the Department's prosecution efforts. Accordingly, we have provided the chart below that contains statistics for FY 2015, listing the number of defendants and cases charged, the number of defendants sentenced, and the length of those sentences.⁷ 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.

⁷ Case statistics were compiled by the Executive Office of the United States Attorneys ("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 secrets); 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	FY 2015
Investigative Matters Received by AUSAs	236
Defendants Charged	177
Cases Charged	114
Defendants Sentenced	183
No Prison Term	100
1-12 Months	27
13-24 Months	31
25-36 Months	7
37-60 Months	10
60 + Months	8

In addition, we have provided the chart below with FY 2015 statistics for criminal IP cases broken down by type of charge.⁸

Charge	Cases charged	Percentage
Trademark <i>Trafficking in counterfeit goods, 18 U.S.C. § 2320</i>	68	59.6%
Copyright <i>Criminal copyright infringement, 17 U.S.C. § 506 & 18 U.S.C. § 2319</i> <i>Counterfeit labels, 18 U.S.C. § 2318</i> <i>DMCA, 17 U.S.C. § 1201</i>	36	31.6%
Economic Espionage Act <i>Theft of trade secrets, 18 U.S.C. § 1831</i> <i>Economic espionage, 18 U.S.C. § 1832</i>	10	8.8%
Signal Piracy <i>Unauthorized reception of cable service, 47 U.S.C. § 553</i> <i>Unauthorized publication or use of communications, 47 U.S.C. § 605</i>	0	0.0%
Total	114	100%

⁸ EOUSA compiled the statistics for number of cases charged broken down by IP statute. These statistics may not reflect cases where only a conspiracy to violate one of these offenses was charged, and there may be double-counting of cases where more than one statute was charged in the same case.

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

The Criminal Division currently devotes 16 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.

The CHIP Network consists of more than 270 AUSAs who are specially trained in the investigation and prosecution of IP and computer crimes. The network includes 25 CHIP Units of two or more CHIP prosecutors, generally located in the districts that have historically faced the highest concentration of IP and high-tech crimes.

Over the last year, approximately twenty NSD attorneys have worked on hacking investigations (most of which involve the theft of information, including but not limited to trade secrets). As described above, the NSCS Network consists of more than 100 AUSAs and attorneys at Department headquarters who receive specialized annual training in the investigation and prosecution of national security cyber offenses, including the theft of IP and other information.

The IPLEC program currently consists of a DOJ attorney stationed in Bangkok, Thailand, who has handled IP issues in Asia since January 2006. Between November 2007 and March 2011, a separate DOJ attorney was stationed in Sofia, Bulgaria, in order to handle IP issues in Eastern Europe. While funding for this position expired in 2011, DOJ has worked with the Department of State to post a DOJ attorney in Bucharest, Romania in 2015. DOJ also expanded its IPLEC program in FY 2015 by placing a DOJ attorney in Brasilia, Brazil, for a six-month term. With the generous assistance of the State Department, DOJ will continue its expansion of the IPLEC program by placing DOJ attorneys in Sao Paolo, Brazil, and Hong Kong in 2016.

The Cybercrime Lab housed in CCIPS provides support in evaluating digital evidence in IP cases, with a current 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 law enforcement 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 brings affirmative cases when United States' intellectual property is infringed, including Uniform Domain-Name Dispute-Resolution Policy ("UDRP") proceedings where domain owners have used trademarks owned by the United States in a manner that is likely to confuse the public. 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 and assisting AUSAs throughout the country with their counterfeit pharmaceutical and device cases.

In FY 2015, the Intellectual Property Section's accomplishments included:

- The Intellectual Property Section filed a suit for infringement under the Hatch-Waxman Act against Cipla, Ltd., alleging that its planned generic version of Prezista, an anti-HIV drug, would infringe on the National Institute of Health's ("NIH") patents involving methods of treatment using that drug. The Intellectual Property staff had brought previous suits against Lupin Pharmaceuticals, Mylan Pharmaceuticals, and Teva Pharmaceuticals, which all resulted in those generic drug manufacturers entering into royalty-bearing patent licenses with NIH.
- The Intellectual Property Section successfully defended an appeal in the Fifth Circuit from an injunction against a person who was using a website "voiceofamerica.com," which infringed the trademark Voice of America held by the Board of Broadcasting Governors. Oral argument was held on October, 6, 2015, and the Fifth Circuit affirmed the district court's issuance of the injunction on October 26, 2015.

(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 duplicate those 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. Along similar lines, NSD and NSCS attorneys closely coordinate with the National Cyber Investigative Joint Task Force, which serves as a focal point for government agencies to coordinate, integrate, and share information related to cyber threat investigations affecting the national security. One NSD attorney works full-time as an onsite liaison between NCIJTF and other members of the NSCS Network. Department attorneys will continue to work with the IPR Center and NCIJTF to identify and de-conflict investigative leads, as well as assist the CHIP and NSCS Networks to ensure that investigations and prosecutions are streamlined, not duplicated, and that charges are brought in the appropriate venue.