

# United States Department of Justice

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## PRO IP Act Annual Report FY 2022



# **PRO IP ACT ANNUAL REPORT OF THE ATTORNEY GENERAL FY 2022**

## **INTRODUCTION**

The Department of Justice (the “Department” or “DOJ”)<sup>1</sup> submits this Fiscal Year 2022 (“FY 2022”) 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 several 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 Appendix B of this annual report.

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<sup>1</sup> Appendix A contains a glossary of acronyms referenced throughout this 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 efforts to implement them during FY 2022 (*i.e.*, October 1, 2021, through September 30, 2022) are set forth below.

In addition, working closely with the Office of the Intellectual Property Enforcement Coordinator ("IPEC"), the Department contributes to strategic planning and implementation of U.S. IP policy as well as the IPEC's annual reports.

**(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 2022, the Office of Justice Programs, Bureau of Justice Assistance (“OJP/BJA”) awarded grants to support state and local IP law enforcement task forces under statutory authority provided by the Department of Justice Appropriations Act, 2022 (Pub. L. No. 117-103, 136 Stat. 49, 125), and as informed by Section 401 of the PRO IP Act. The Intellectual Property Enforcement Program (“IPEP”), as the grant program is known, is designed to provide national support through training and technical assistance 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 such as 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.

In FY 2022, OJP granted seven awards totaling \$2,171,119.00 to local and state law enforcement and prosecutorial agencies. The following FY 2022 new awards 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
15PBJA-22-GG-01584-INTE	County of Los Angeles (LA Sheriff's Office)	\$374,979.00
15PBJA-22-GG-01585-INTE	Mississippi Attorney General's Office	\$335,000.00
15PBJA-22-GG-01588-INTE	City of Austin	\$375,000.00
15PBJA-22-GG-01590-INTE	County of Cook (State's Attorney)	\$375,000.00
15PBJA-22-GG-01592-INTE	County of Cook (Sheriff's Office)	\$340,000.00
15PBJA-22-GG-01594-INTE	City of New York	\$244,000.00
15PBJA-22-GG-01596-INTE	Pennsylvania Department of State Police	\$127,140.00

Since the inception of the program, OJP has awarded over \$36.5 million 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 over \$29.5 million. Throughout the duration of the program, these agencies have made seizures totaling over \$1.662 billion, which includes counterfeit merchandise and other property as well as currency.

During the one-year period July 1, 2021 – June 30, 2022, grantees reported seizures totaling **\$436,095,286.58** (**\$433,000,263** in counterfeit merchandise, **\$561,447** in other property, and **\$2,533,577** in currency). Over this same one-year period, grantees engaged in the following law enforcement activities:

- **395** individuals were arrested for violations of IP laws;
- **150** state and local IP-related search warrants were served; and
- **322** piracy/counterfeiting organizations were disrupted or dismantled.

Examples of how state and local law enforcement used prior IPEP grants in FY 2022 include the following, provided by grantees:

- During the reporting period, agents conducted enforcement activities throughout the state of North Carolina working with local jurisdictions, other state agencies and federal partners targeting crimes involving intellectual property. Homeland Security Investigations agents and task force officers conducted a border inspection at a port of entry in NC in August 2021 and enforcement activities

continued into FY 2022. Items were seized at the port of entry after confirmation by brand experts that they were counterfeit. A follow-up investigation by Secretary of State North Carolina's (SOSNC's) agent, along with a brand expert, resulted in a seizure of additional counterfeit items with an estimated value of more than \$1,000,000.00.

After additional investigation, SOSNC agents, Homeland Security Investigations, and Task Force members as well as non-task force member agencies executed a state search warrant that resulted in a seizure of additional counterfeit merchandise. The Mint Hill, NC operation resulted in seizure of fashion and clothing merchandise. That seizure was valued at more than \$9,000,000.00. This action resulted in both a large seizure and an excellent example of multi-agency cooperation at the local, state, and federal levels.

Agents are continuing to work several cases involving counterfeit fashion items such as clothing and athletic shoes. Agents are also beginning an operation involving adulterated (Delta 8- THC) food items that are packaged as trademarked retail items. Agents are investigating a long-term case possibly involving related offenses including laundering proceeds from the distribution of counterfeit items.

- During this reporting period, in November 2021, the Essex County Prosecutor's Office IP Unit executed two search warrants in Irvington, New Jersey, resulting in the seizure of approximately 547 counterfeit items (e.g., Louis Vuitton handbags) with an MSRP value of approximately \$1,859,704.50, and trademark counterfeiting charges against the operators of the business. The IP Unit continues to prosecute cases involving intellectual property violations, including an indicted case against two defendants for trademark counterfeiting involving thousands of counterfeit electronic cigarette products, and an indicted case against a defendant who had imported counterfeit goods from Turkey, among other offenses.
- The County of Los Angeles Counterfeit and Piracy Enforcement (CAPE) Team has increased its total seizures through increased partnerships and procedures with federal partners, increasing follow-up to distribution networks of storage warehouses resulting in seizures of an MSRP of over \$38 million.
- The City of Houston hosted the 2021 World Series, and observed many individuals selling trademark counterfeit merchandise. The Houston Police Department made multiple trademark counterfeit arrests and several large cash

seizures as of a result of its investigations, and targeted additional individuals with the assistance of federal partners.

- From June through September 2021, the Los Angeles Police Department's (LAPD) Illicit Pharmaceutical and Counterfeit Unit (IPCU) served three State search warrants, arrested 14 for intellectual property-related crimes, and recovered approximately \$85 million dollars in evidence value. The IPCU provided intellectual property investigative technique training to approximately 38 law enforcement officers and conducted webinar-based training to officers and prosecutors. The IPCU provided training for the Department of Homeland Security, International Anti-Counterfeiting Coalition, San Bernardino Sheriffs, Riverside Sheriffs and the California Department of Tax and Fee Administration on intellectual property investigative techniques.
- The City of Austin was able to execute a warrant on, and dismantle the operation of, a known counterfeiter. This investigation led to not only seized goods, but the identification of new counterfeiting targets, which led to more warrants and seizures. Operations on its grant continue to be successful and yield positive results. The last quarter resulted in several seizures of which the value is still being appraised.

BJA 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 October 1, 2021, and September 30, 2022, NW3C conducted 11 live online training sessions for 167 attendees from 156 agencies. During this time, NW3C also continued to provide online web-based training for 263 attendees from 256 agencies. NW3C also continued to provide technical assistance to Intellectual Property Enforcement Program (IPEP) Grantee task forces.

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

- 146 IP theft trainings for 3,517 attendees from 2,081 agencies
- 1,394 attendees from 1,236 agencies successfully completed web-based training and utilized online resources specific to IP-related investigations
- 25 seminars/webinars for 3,811 attendees from 2,535 agencies
- 51 technical assistance meetings for 583 attendees from 142 agencies

NW3C continues to manage IPTheft.org to provide a single location for IPEP grantees and law enforcement to find training, resources, and technical assistance that will aid in their intellectual property crime investigations. The website contains legal resources for prosecutors and judges as well as resources for the general public.

**Examples of how attendees utilized the training and technical assistance include:**

- NW3C provided guidance and resources to the Harrison County Sheriff’s Office in West Virginia, following suspicions that a commercial cybersecurity testing and evaluation tool was used for hacking, eavesdropping, unlawful access, and ultimately theft of intellectual property. NW3C staff provided technical assistance remotely, by examining the product’s online address space, geolocation data related to the hosting, and both name and address space to validate a connection to a Russian company. Assistance is ongoing via legal and investigative research to help determine if there are any ongoing criminal cases where the product/technology or the corporate details are present.
- Detectives from the Alabama Bureau of Investigations, who attended NW3C’s IPTT Training, executed a search warrant on a location seizing several hundred counterfeit handbags that included top designer brands. A sample of these items were reviewed, and virtual meetings were set up with NW3C representatives and brand representatives confirming the merchandise was counterfeit. Both criminal and civil litigation is pending.

**(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 Appendix B of this annual report for further information.

**(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 Appendix B of this annual report for further information.

#### **(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 2021, Congress did not appropriate funds to support Section 402(b) of the PRO IP Act in FY 2022.<sup>2</sup> Nevertheless, the Department has continued to take a number of actions in an effort to implement this provision. The actions, described below, include (1) increased information sharing and coordination and (2) 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 these organized crime plan efforts or from other ongoing efforts.

In addition to the ongoing activities detailed in PRO IP Act Reports for fiscal years 2009 through 2021, 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 in an ongoing effort to develop and implement a mechanism to 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 2022, the Computer Crime and Intellectual Property Section (“CCIPS”) of the DOJ’s Criminal Division has continued to strengthen the Department’s ability to combat organized IP crime through training and outreach with international counterparts and organizations, which often encounter IP crime committed by organized crime groups. These

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<sup>2</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 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.”



training and outreach activities are described in section (a)(7)(B) of this Report.

**(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 2009–2013. In FY 2022, funds were neither appropriated under this section nor expended 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 in greater detail below.

Please see Appendix B of this annual report 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 2022.

**(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 (“NSD”), and, with regard to offenses arising under the Food, Drug, and Cosmetic Act, the Consumer Protection Branch of the Civil Division. Each of these components is described briefly below.

In addition to enforcing existing criminal laws protecting IP, the Department has continued its tradition of identifying areas for legal updates and providing technical assistance in major legislative developments in criminal IP laws.

Examples include:

- The Protect Lawful Streaming Act of 2020, which provided felony penalties for the unlawful streaming of copyrighted content;
- The Defend Trade Secrets Act of 2016, which was notable not only for creating a federal civil cause of action for misappropriation of trade secrets, but also for increasing criminal fines for organizational defendants who steal commercial trade secrets, and allowing prosecutors to bring racketeering charges based on the theft of trade secrets;
- 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 even without a commercial purpose or financial gain; and

- The Economic Espionage Act of 1996, which criminalized the theft of trade secrets, including economic espionage.<sup>3</sup>

The Department looks forward to working with Congress as it considers additional proposals.

The Department coordinated closely with the IPEC in addressing the Administration’s priorities on IP enforcement and implementing the IPEC’s 2020-2023 Joint Strategic Plan (“JSP”) on Intellectual Property Enforcement.

### **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 Computer Hacking and Intellectual Property (“CHIP”) program.

CCIPS is a section within the Criminal Division consisting of a specialized team of forty-six prosecutors in FY2022 who are devoted to enforcing laws related to computer and IP crimes. Seventeen CCIPS attorneys are assigned to IP 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 also houses the Cybercrime Lab, which provides support in evaluating digital evidence in IP cases. The Lab is staffed in FY2022 with eight computer forensics experts. In addition to evaluating digital evidence, the Lab’s experts have provided extensive training on the use of digital forensics tools in IP cases to law enforcement audiences around the world.

CCIPS continues to place a high priority on fostering international cooperation and coordination of criminal IP enforcement efforts. The Section 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 U.S. Transnational and High-Tech Crime Global Law Enforcement Network (“GLEN”) of regional International Computer Hacking and Intellectual Property (“ICHIP”) attorneys (formerly, the Intellectual Property Law Enforcement Coordinator (“IPLEC”) program). With the support of the State Department, DOJ has posted ICHIPs in Bucharest, Romania; Hong Kong; São Paulo, Brazil; Abuja, Nigeria; Bangkok, Thailand; Kuala Lumpur, Malaysia; The Hague, Netherlands; Panama City, Panama; Zagreb, Croatia; and Addis Ababa, Ethiopia. The GLEN also now includes two ICHIPs based in the United States, to serve as global subject

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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 <https://www.justice.gov/criminal-ccips/ccips-documents-and-reports>. The Department’s FY 2010–FY 2020 PRO IP Reports are available at the same location.

matter experts on dark web and cryptocurrency issues and internet-based fraud and public health issues; and Global Cyber Forensic Advisors, based in Washington, D.C.

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 one or more CHIP coordinators. In addition, 25 United States Attorneys' Offices have CHIP Units, with two or more 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 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**

Within NSD, 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.<sup>5</sup> 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. In January 2017, CES released its “Strategic Plan for Countering the National Security Cyber Threat,” which recognizes that our nation's adversaries are also stealing intellectual property through cyber-enabled means and proposes a strategy specifically designed to disrupt such efforts. NSD is currently in the process of implementing both plans.

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 NSCS Network representatives have convened annually in the D.C. area for specialized training focusing on legal and other 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 headquarters, all 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

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

<sup>5</sup> In 2015, CES changed its name from the “Counterespionage Section” to the “Counterintelligence and Export Control Section” to better reflect the scope of its work.

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.

### **Interagency Coordination**

In addition to investigating and prosecuting IP crime, the Department has worked closely with federal law enforcement agencies directly, and through the National Intellectual Property Rights Coordination Center (“IPR Center”), to improve IP enforcement domestically and overseas.<sup>6</sup> 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.

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

The Department achieved notable success in FY 2022 both domestically and abroad. Some of these efforts are highlighted below:

### **Prosecution Initiatives**

The Department continues to prioritize IP-related investigations and prosecutions that involve (1) health and safety, (2) trade secret theft or economic espionage, and (3) large-scale commercial counterfeiting and online 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 2022, this initiative resulted in a number of significant prosecutions, including those set forth below:

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<sup>6</sup> 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 (“FDA”) Office of Criminal Investigations, the Department of Commerce’s International Trade Administration, the Naval Criminal Investigative Service, the Defense Criminal Investigative Service, the Defense Logistics Agency’s Office of Inspector General, Homeland Security Investigations (“HSI”), the United States Nuclear Regulatory Commission, the United States Patent and Trademark Office (“USPTO”), the General Service Administration’s Office of Inspector General, the Consumer Product Safety Commission, the National Aeronautics and Space Administration’s Office of Inspector General, the Department of State’s Office of International Intellectual Property Enforcement, the Army Criminal Investigation Command’s Major Procurement Fraud Unit, the Air Force Office of Special Investigations, the U.S. Postal Service Office of Inspector General, the Federal Maritime Commission, and the Department of Veterans Affairs Office of Inspector General.

- Oregon Man Charged with Illegally Trafficking Counterfeit Gun Parts for Use as Airsoft Accessories.* On November 9, 2021, a federal grand jury in Portland returned an indictment charging Johnny Li with trafficking counterfeit gun accessories, including suppressors, scopes, grips and sights, from China for resale as airsoft gun accessories. On June 23, 2022, he pleaded guilty to the single charge. According to court documents, sometime in 2019, Li began trafficking counterfeit gun parts he purchased from China—often through Alibaba.com, one of the world’s largest online commerce companies—into the U.S. for resale online via his website SupplyAirsoft.com. In December 2019, U.S. Customs and Border Protection seized 35 counterfeit laser sights, labeled as “Toy Telescopes”, sent from a Chinese company to Li’s home in Happy Valley. CBP sent Li a letter notifying him of the seizure. Several months later, in May 2020, CBP seized additional rifle sights en route to Li and again notified him of the seizure. On October 27, 2020, federal agents executed a search warrant on Li’s residence and seized hundreds of counterfeit gun parts and accessories. Altogether, the counterfeit items seized had an estimated value of more than \$281,000. In December 2022, Li was sentenced to five years’ federal probation, including 180 days of home detention, and ordered to pay \$281,628 in restitution.
- Defendant Pleaded Guilty to Conspiracy to Manufacture, Import, and Sell Counterfeit Military Clothing and Gear.* In February 2022, Terry Roe of Burlington, ND, pleaded guilty to conspiracy to commit wire fraud and traffic in counterfeit goods. The conduct involved a wide-ranging conspiracy that developed, manufactured, and imported \$20 million worth of Chinese-made counterfeit U.S. military uniforms and gear that were passed off as genuine American-made products to the U.S. military. Ultimately, substandard, counterfeit goods manufactured in China were sold to the U.S. government to be worn or carried by Airmen in the U.S. Airforce. Some of these products lacked crucial safety features or failed to meet safety specifications, endangering the health and safety of the military personnel who wore them. At least 13,332 counterfeit jackets not resistant to enemies’ night vision goggles and 18,597 non-flame resistant hoods were among the counterfeit products that entered the military supply chain destined for U.S. Air Force bases around the world. Roe, a now-former manager at a North Dakota supplier that purchased counterfeit clothing and gear from members of the conspiracy, acted as the point-of-contact with personnel at military Base Supply Centers. In October 2023, Roe was sentenced to 24 months in federal prison. Other co-conspirators previously pleaded guilty and were also sentenced, including the leader of the conspiracy, Ramin Kohanbash, who pleaded guilty in June 2019 and was sentenced to 40 months imprisonment in October 2022 and ordered to forfeit the \$20 million in proceeds that he obtained from the sale of the counterfeit goods, and Bernard Klein, who was sentenced in April 2021 to 18 months imprisonment.
- Philadelphia Man Charged with Trafficking Counterfeit Airbags from China.* On February 2, 2022, Emiliano Rodriguez, 44, a citizen of the Dominican Republic residing in Philadelphia, PA, was arrested and charged by indictment with one count of trafficking in counterfeit goods, and two counts of causing the delivery of hazardous materials by air carrier in connection with a scheme to utilize counterfeit goods in used vehicles, which he then resold to unsuspecting customers. The indictment alleges that from at least

January 2017 through October 2019, the defendant, who is a trained auto mechanic, fraudulently imported counterfeit airbags from China and installed these unproven parts in salvaged autos which were then reintroduced to the consumer market. China has been identified as the largest exporter of counterfeit commodities, including counterfeit airbags. Persons involved in the trade of counterfeit airbags engage in this practice in an effort to increase profits from their sales by decreasing the cost of the parts used to replace the original items. Unsuspecting motorists purchase used or salvaged vehicles unaware of the history of the part(s) used in the vehicle reconstruction. Once purchased, the vehicles are driven on public roads and expose the driver, passengers and general public to potential hazards associated with the use of counterfeit parts. In this case, federal agents recovered more than 450 counterfeit airbags and parts from Rodriguez's residence and business.

- *Bergen County Man Charged for Participating in Multimillion-Dollar Counterfeit Trafficking Conspiracy.* On May 20, 2022, Musa Karaman, 35, of North Arlington, New Jersey, was arrested on charges of participating in a multimillion-dollar conspiracy to traffic counterfeit computer networking devices. According to documents filed in this case and statements made in court, from at least September 2017 through May 2021, Karaman, Israfil "David" Demir, and another uncharged conspirator, formed and operated numerous entities in the business of selling computer networking equipment, particularly, networking devices manufactured by Cisco Systems Inc., a major U.S. technology conglomerate. Although Karaman and his conspirators advertised the Cisco products they offered for sale as new and genuine, the products were in fact counterfeit Cisco devices that the conspirators procured from various illicit suppliers based in China. In May 2021, federal agents executed a search warrant at a Woodland Park, New Jersey, warehouse used by Karaman and his conspirators as their business headquarters and discovered thousands of counterfeit Cisco devices, including 7,260 counterfeit Cisco transceivers with a total manufacturer's suggested retail price of approximately \$13.77 million. From September 2017 to May 2021, approximately \$3.8 million worth of counterfeit Cisco products were seized, contained in over 20 shipments sent by illicit China-based suppliers to various locations under the control of Karaman and his conspirators, including their warehouse and home addresses, often under bogus names.
- *Leaders of International Organization that Trafficked in Counterfeit Apple Products Plead Guilty.* On June 2, 2022, three brothers from San Diego pleaded guilty, admitting that for eight years, they led an international conspiracy to traffic counterfeit iPhones and iPads. As part of their plea agreements, the Liao brothers – Zhiwei, Zhimin and Zhiting - and their wives - Dao La, Mengmeng Zhang, and Tam Nguyen, who also pleaded guilty - agreed to forfeit their interests in five residences in San Diego, more than \$250,000 in criminal proceeds, and more than 200 Apple iPhones that were counterfeit, fraudulently obtained, or linked to their criminal conspiracy. The Liaos admitted that, from 2011 through at least August 2019, they managed an organization to traffic in counterfeit Apple products. The Liaos imported counterfeit iPhones and iPads from China that looked genuine and included identification numbers that matched identification numbers on real iPhones and iPads that were under warranty and had been previously sold to customers in the United States and Canada. At the direction of the Liao brothers, co-



conspirators traveled to hundreds of Apple stores across the United States and Canada and attempted to exchange more than 10,000 counterfeit iPhones and iPads for genuine iPhones and iPads. The Liaos exported fraudulently obtained iPhones and iPads to individuals in foreign countries for profit. The estimated total infringement amount or loss suffered by Apple was approximately \$6.1 million.

- *CEO of Dozens of Companies and Entities Charged in Scheme to Traffic an Estimated \$1 Billion in Fraudulent and Counterfeit Cisco Networking Equipment.* On July 7, 2022, an indictment was returned charging a resident of Florida with running a massive operation over many years to traffic in fraudulent and counterfeit Cisco networking equipment with an estimated retail value of over \$1 billion. According to the indictment, Onur Aksoy, aka Ron Aksoy, aka Dave Durden, 38, of Miami, allegedly ran at least 19 companies formed in New Jersey and Florida as well as at least 15 Amazon storefronts, at least 10 eBay storefronts, and multiple other entities that imported tens of thousands of fraudulent and counterfeit Cisco networking devices from China and Hong Kong and resold them to customers in the United States and overseas, falsely representing the products as new and genuine. The operation allegedly generated over \$100 million in revenue, and Aksoy received millions of dollars for his personal gain. The devices imported were typically older, lower-model products, some of which had been sold or discarded, which Chinese counterfeiters then modified to appear to be genuine versions of new, enhanced, and more expensive Cisco devices. As alleged, the Chinese counterfeiters often added pirated Cisco software and unauthorized, low-quality, or unreliable components – including components to circumvent technological measures added by Cisco to the software to check for software license compliance and to authenticate the hardware. Finally, to make the devices appear new, genuine, high-quality, and factory-sealed by Cisco, the Chinese counterfeiters allegedly added counterfeited Cisco labels, stickers, boxes, documentation, packaging, and other materials. Customers of Aksoy’s fraudulent and counterfeit devices included hospitals, schools, government agencies, and the military. In July 2021, agents executed a search warrant at Aksoy’s warehouse and seized 1,156 counterfeit Cisco devices with a retail value of over \$7 million. On June 5, 2023, Onur Aksoy pleaded guilty to one count of conspiracy to traffic in counterfeit goods and commit mail and wire fraud, and one count of mail fraud.
- *Pharmaceutical President and Company Guilty in Counterfeit Drug Trafficking Conspiracy.* On August 22, 2022, Florida-based pharmaceutical president, Adam P. Rundsorf, 57, of Boca Raton, Florida, pleaded guilty to conspiracy, trafficking in counterfeit drugs, and money laundering conspiracy. Eight other defendants also pleaded guilty by the end of FY2022. On February 2, 2022, a federal grand jury in Beaumont, Texas, returned a three-count indictment charging Rundsorf, along with nine other individuals. According to the indictment, Rundsorf is the owner and president of Woodfield Pharmaceutical LLC, a pharmaceutical business based in Boca Raton, Florida, with a manufacturing facility in Houston, Texas. The nine other Texas individuals who have already been arrested on the indictment are: Tunji Campbell, a/k/a Mike, 43, of Webster; Byron A. Marshall, a/k/a Robert Griffin, a/k/a Dr. Griffin, 43, of Houston; Cheryl A. Anderson, 43, of League City; Ashley A. Rhea, a/k/a Ashley A. Johnson, 35, of Houston; Chauntell D. Brown, a/k/a Juan Brown, 49, of Manvel; Willis Reed, 60, of

Richmond; Kalpen D. Patel, 36, of Richmond; Jonathan R. Shaver, 35, of Richmond; and Gina Acosta, 40, of Fresno. These 10 individuals along with an eleventh defendant, Maria Anzures-Camarena, were charged in a Third Superseding Indictment on August 3, 2022. According to the indictment, from April 2014 until August 2021, the defendants conspired to traffic misbranded and counterfeit drugs, specifically promethazine-codeine cough syrup. The indictment alleges the conspiracy resulted in approximately \$52,736,000 in drug trafficking proceeds. In February and March 2023, Rhea and Anzures-Camarena were each sentenced to 60 months imprisonment.

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

In FY 2022, 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 thefts and economic espionage cases. Recent cases include:

- *Jury convicts Chinese official of espionage crimes, attempting to steal trade secrets from Cincinnati company.* On November 5, 2021, a Chinese Ministry of State Security (MSS) operative, Yanjun Xu, aka Qu Hui, was found guilty on all counts, including conspiring to and attempting to commit economic espionage and stealing trade secrets. Xu was the first Chinese intelligence agent ever to be extradited to the United States to stand trial. According to court documents and trial testimony, beginning in at least December 2013, Xu targeted specific companies in the United States and abroad that are recognized as leaders in the field of aviation. He identified individuals who worked for the companies and recruited them to travel to China, often initially under the guise that they were traveling to give a presentation at a university. Xu and others paid the individuals stipends on top of covering travel costs. According to the conviction, Xu attempted to steal technology related to GE Aviation's exclusive composite aircraft engine fan – which no other company in the world has been able to duplicate – to benefit the Chinese state. In March 2017, a GE Aviation employee in Cincinnati was solicited to give a report at a university in China. The employee traveled to China two months later to present at the university and was introduced to Xu. Xu and others paid the employee's travel expenses and a stipend. In January 2018, Xu requested "system specification, design process" information from the employee and – with the cooperation of the company, who was working with the FBI – the employee emailed a two-page document from the company that included a label that warned about the disclosure of proprietary information. In February 2018, Xu began discussing with the employee the possibility of meeting in Europe during one of the employee's business trips and asked the employee to send a copy of the file directory for his company-issued computer. Xu traveled to Belgium on April 1, 2018, to meet with the employee and was arrested. Xu was extradited to the United States on October 9, 2018, and charges were announced on October 10, 2018. In November 2022, Xu was sentenced to 20 years in prison.
- *Federal Indictment Charges PRC-Based Telecommunications Company with Conspiring with Former Motorola Solutions Employees to Steal Technology.* On February 7, 2022, a

federal indictment was unsealed, charging a telecommunications company with conspiracy to commit theft of trade secrets. The indictment alleges that a telecommunications company conspired with former employees of Chicago-based Motorola Solutions Inc. to steal digital mobile radio (DMR) technology developed by Motorola. According to court documents, Motorola Solutions developed the DMR technology through years of research and design. Motorola Solutions marketed and sold the radios, which are sometimes referred to as “walkie-talkies,” in the United States and elsewhere. The indictment alleges that PRC-based Hytera Communications Corp. LTD recruited and hired Motorola Solutions employees and directed them to take proprietary and trade secret information from Motorola without authorization. The charges allege that, while still employed at Motorola, some of the employees allegedly accessed the trade secret information from Motorola’s internal database and sent multiple emails describing their intentions to use the technology at Hytera. As alleged, from 2007 to 2020, Hytera and the recruited employees used Motorola’s proprietary and trade secret information to accelerate the development of Hytera’s DMR products, train Hytera employees, and market and sell Hytera’s DMR products throughout the world, the indictment states. According to the indictment, Hytera paid the recruited employees higher salaries and benefits than what they received at Motorola. The 21-count indictment charges Hytera with conspiracy to commit theft of trade secrets. Hytera and others are also charged with individual counts of possession or attempted possession of stolen trade secrets.

- *Former CEO And COO Of JHL Biotech Sentenced for Conspiring To Steal Trade Secrets And Commit Wire Fraud Exceeding \$101 Million.* On March 15, 2022, Racho Jordanov, the co-founder and former Chief Executive Officer of JHL Biotech, and Rose Lin, another of the company’s co-founders and former Chief Operating Officer, were sentenced for their respective roles in conspiring to commit trade secret theft and wire fraud. Jordanov was sentenced to a term of imprisonment of twelve months and one day, to be followed by a term of supervised release of 36 months. Lin was sentenced to a term of imprisonment of twelve months and one day, to be followed by a term of supervised release of 36 months. Both defendants pleaded guilty to the charges on August 24, 2021. According to the plea agreements, in 2012, Jordanov, also known as “Racho” Jordanov, 74, of Rancho Santa Fe, Calif., and Lin, also known as Rose Sweihorn Tong, 73, of San Francisco, Calif., co-founded JHL Biotech, Inc., a biopharmaceutical startup in Taiwan. Between 2011 and 2019, Jordanov, as President and CEO, obtained and possessed confidential, proprietary, and trade secret information from Genentech, and used it to accelerate the timeline for and to reduce the costs of JHL Biotech’s development and production of Genentech biosimilars. Jordanov obtained for JHL Biotech’s use many confidential and proprietary documents from Genentech without authorization, some of which contained trade secret information. In so doing, he worked with multiple people within JHL Biotech to possess and use confidential, proprietary, and trade secret information he knew JHL Biotech was not authorized to have. Jordanov also hired former Genentech employees to work at JHL Biotech, several of whom brought, without authorization, confidential and proprietary documents with them from Genentech to JHL Biotech. Jordanov admitted that he suspected that some or all the stolen information was brought to JHL Biotech in violation of relevant Genentech non-disclosure agreements

and employment contracts. Lin also arranged for a scientist working at Genentech to secretly work as the head of formulation for JHL Biotech, despite knowing that the scientist was not authorized to work for JHL Biotech, and the scientist was paid indirectly through Lin's husband. In late 2016, Jordanov and Lin also met with representatives of Sanofi S.A., the multi-national French pharmaceutical company, during which they reviewed the strategic partnership agreement to be entered into by Sanofi and JHL Biotech. Jordanov and Lin reviewed the prospective partnership agreements, which involved JHL Biotech representing to Sanofi that it had developed and was conducting its biosimilar operations without infringing the intellectual property rights of other companies or using other companies' proprietary information. This led Sanofi to invest approximately \$80 million in JHL Biotech securities pursuant to the subscription agreement and approximately \$21 million pursuant to Biologics Products Options Agreement (BPOA) for a total investment by Sanofi in JHL Biotech of approximately \$101 million.

- *Ph.D. Chemist Sentenced To 168 Months for Conspiracy To Steal Traded Secrets, Economic Espionage, Theft Of Trade Secrets, And Wire Fraud.* On May 9, 2022, Dr. Xiaorong You, aka Shannon You, 59, of Lansing, Michigan, was sentenced to serve 168 months in prison and three years of supervised release and pay a \$200,000 fine. In April 2021, a federal jury convicted You of conspiracy to commit trade secret theft, conspiracy to commit economic espionage, possession of stolen trade secrets, economic espionage, and wire fraud. According to court documents and evidence presented at trial, You stole valuable trade secrets related to formulations for bisphenol-A-free (BPA-free) coatings for the inside of beverage cans. You was granted access to the trade secrets while working at The Coca-Cola Company in Atlanta, Georgia, and Eastman Chemical Company in Kingsport, Tennessee. The stolen trade secrets belonged to major chemical and coating companies, and cost nearly \$120,000,000 to develop. You stole the trade secrets to set up a new BPA-free coating company in China. You and her Chinese corporate partner, Weihai Jinhong Group received millions of dollars in Chinese government grants to support the new company. Documents and other evidence presented at trial, showed You's intent to benefit not only Weihai Jinhong Group, but also the governments of China, the Chinese province of Shandong, and the Chinese city of Weihai, as well as her intent to benefit the Chinese Communist Party.
- *Former Broadcom Engineer Pleads Guilty to Theft of Trade Secrets.* On May 10, 2022, Peter Kisang Kim, 50, a former Broadcom engineer, pleaded guilty to three counts of trade secret theft involving Broadcom trade secrets. In November 2021, a federal grand jury indicted Kim. The indictment alleged that Kim worked as a principal design engineer at Broadcom and had been employed by the company for over twenty years. Broadcom is headquartered in San Jose and its products include networking chips used in equipment sold worldwide, including for enterprise and data center networking. In the days before his July 17, 2020 departure from Broadcom, the indictment alleges that Kim stole Broadcom trade secrets from the company that were associated with a Broadcom family of chips often used in high-volume data centers. According to the indictment, the trade secrets were stored in non-public document repositories that were restricted to Broadcom employees within the same suborganization, or to Broadcom employees

working on a project. About ten days after his departure from Broadcom, Kim began working at the director level for Company-1, a China-based startup company focused on chip design and the market for networking chips, according to the indictment. The indictment alleges that Kim received a laptop for his work at Company-1 and, during the nine months following his departure from Broadcom and the start of his work at Company-1, that Kim possessed and repeatedly used Broadcom trade secrets on the newly-issued laptop and on other electronic devices. These trade secrets were associated with test plans, design verification environment files, and design specifications for the Broadcom family of chips. In September 2022, Kim was sentenced to eight months in prison.

- *Lexington Man Convicted of Possessing Stolen Trade Secret.* On May 26, 2022, Haoyang Yu, 43, of Lexington, MA was convicted following a month-long jury trial of possessing the prototype design of a microchip, known as the HMC1022A, which was owned and developed by Analog Devices, Inc. (ADI), a semiconductor company headquartered in Wilmington. The chip is used in aerospace and defense applications. From 2014 to 2017, Yu worked at ADI, where he designed microchips used by the communications, defense and aerospace industries. As a result of his work, Yu had access to ADI's present and future microchip designs, including their schematic files, design layout files and manufacturing files. While he was an ADI employee, Yu started his own microchip design firm, Tricon MMIC, LLC, and used the stolen HMC1022A design to manufacture a knock-off version of ADI's chip. Yu began selling his version of HMC1022A prior to ADI's release of its chip.

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

The Department continues to pursue significant, large-scale piracy and counterfeiting operations. In FY 2022, the Department has had a number of significant prosecutions, including those set forth below:

- *Member Of International Movie Piracy Ring Sentenced to 22 Months.* On February 8, 2022, George Bridi, a citizen of the United Kingdom, was sentenced to 22 months in prison and \$120,000 restitution for his role in the Sparks Group, an international piracy group that illegally distributed movies and television shows on the Internet. Bridi was extradited from Cyprus on August 31, 2021, related to charges of conspiracy to commit copyright infringement, wire fraud conspiracy, and conspiracy to commit interstate transportation of stolen property, for his involvement in the Sparks Group. As alleged in the indictment and statements made in open court, between 2011 and the present, Bridi and others known and unknown were members of the Sparks Group, a criminal organization that disseminated on the Internet movies and television shows prior to their retail release date, including nearly every movie released by major production studios, after compromising the content's copyright protections. In furtherance of its scheme, the Sparks Group fraudulently obtained copyrighted DVDs and Blu-Ray discs from wholesale distributors in advance of their retail release date by, among other things, making various misrepresentations to the wholesale distributors concerning the reasons that they were obtaining the discs prior to the retail release date. Sparks Group members

then used computers with specialized software to compromise the copyright protections on the discs, a process referred to as “cracking” or “ripping,” and to reproduce and encode the content in a format that could be easily copied and disseminated over the Internet. Sparks Group members then uploaded copies of the copyrighted content onto servers controlled by the Sparks Group, where other members further reproduced and disseminated the content on streaming websites, peer-to-peer networks, torrent networks, and other servers accessible to public. The Sparks Group identified its reproductions by encoding the filenames of reproduced copyrighted content with distinctive tags, and also uploaded photographs of the discs in their original packaging to demonstrate that the reproduced content originated from authentic DVDs and Blu-Ray discs. Bridi arranged for discs to be picked up, mailed, or delivered from distributors located in Manhattan, Brooklyn, and New Jersey to other members of the Sparks Group prior to their official release date. BRIDI then reproduced, and aided and abetted the reproduction of, these discs by using computer software that circumvented copyright protections on the discs and reproducing the copyrighted content for further distribution on the Internet.

- *ODAI Wireless, LLC Pleads Guilty to Copyright Infringement.* On May 26, 2022, ODAI WIRELESS, LLC d/b/a ELITE WIRELESS, located in New Orleans, Louisiana, pleaded guilty to one-count of copyright infringement. According to court records, ODAI WIRELESS, LLC, infringed the copyright of three fashion designers, Gucci, Supreme, and Burberry, when it attempted to import for resale and distribution approximately 1,200 counterfeit cloth masks without the authorization of the three fashion designer copyright holders.
- *EDVA Seizes Six Websites Providing Illegal Access to Copyrighted Music.* On June 27, 2022, the U.S. Attorney’s Office for the Eastern District of Virginia announced the seizure of six websites as part of ongoing efforts by Homeland Security Investigations (HSI) and the Department of Justice to combat copyright infringement. According to court records, the United States obtained court authorization to seize six domain names pending forfeiture. Four of those domains – Corourbanos.com, Corourbano.com, Pautamp3.com, and SIMP3.com – were registered with a U.S.-based registry, while two domains – flowactivo.co and Mp3Teca.ws – were registered through a U.S.-based domain registrar. According to court documents, law enforcement identified these six domains as being used to distribute copyrighted material without the authorization of the copyright holders. A law enforcement investigation confirmed that copyright-protected music content was present and available for streaming or downloading on each of these six websites from the Eastern District of Virginia.
- *Three Defendants Indicted in Massive Software Piracy Scheme.* On June 28, 2022, a grand jury indictment was unsealed, charging three individuals with violating federal wire fraud and money laundering statutes in connection with an operation to sell over \$88 million of stolen Avaya Direct International (ADI) software licenses, which were used to unlock features of a popular telephone system used by thousands of companies around the globe. The following defendants were charged with conspiracy to commit wire fraud and 13 counts of wire fraud: Raymond Bradley Pearce aka Brad Pearce, 46, of Tuttle, Oklahoma; Dusti O. Pearce, 44, of Tuttle, Oklahoma; and Jason M. Hines aka Joe Brown,

aka Chad Johnson, aka Justin Albaum, 42, of Caldwell, New Jersey. According to the indictment, Avaya Holdings Corporation, a multinational business communications company headquartered in California, sold a product called IP Office, a telephone system used by many midsize and small businesses in the United States and abroad. To enable additional functionality of IP Office, such as voicemail or more telephones, customers had to purchase software licenses – which Avaya generated – from an authorized Avaya distributor or reseller. According to the indictment, Brad Pearce, a long-time customer service employee at Avaya, allegedly used his system administrator privileges to generate tens of millions of dollars of ADI software license keys that he sold to Hines and other customers, who in turn sold them to resellers and end users around the globe. The retail value of each Avaya software license ranged from under \$100 to thousands of dollars. Brad Pearce also allegedly employed his system administrator privileges to hijack the accounts of former Avaya employees to generate additional ADI software license keys. Furthermore, he allegedly used these privileges to alter information about the accounts to conceal the fact that he was generating ADI license keys, preventing Avaya from discovering the fraud scheme for many years. Brad Pearce’s wife, Dusti Pearce, is alleged to have handled accounting and helped run the financial side of the illegal business. Hines operated Direct Business Services International (DBSI), a de-authorized Avaya reseller, in New Jersey. He allegedly bought software licenses from the Pearces under his own name and also using an alias, Joe Brown. Hines was the Pearces’ largest customer and significantly influenced how the scheme operated. Hines also received help from Brad Pearce to resell the stolen software licenses. Hines was allegedly one of the biggest users of the ADI license system in the world. Trial is scheduled for May 2023.

### **Domestic Training**

During the past fiscal 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 among federal, state, and local law enforcement agencies. Examples of such training included:

- In October 2021, NSD/CES hosted the annual National Security Cyber Specialists Conference in-person at a U.S. Intelligence Community conference facility. Attendees included prosecutors from U.S. Attorney’s Offices and Main Justice components who have been designated as NSCS representatives for their offices. The conference provided attendees with the latest classified and unclassified briefings, information, and guidance with respect methods to disrupt national security-related cyber thefts—including economic espionage and trade secret theft—with all appropriate legal tools.
- In December 2021 and April 2022, CCIPS provided virtual training during a course hosted by HSI’s IPR Center. The series consisted of trainings and informational webinars related to the fight against counterfeit and fraudulent goods that have flooded markets during the COVID-19 crisis. CCIPS presented to a group of federal agents and analysts regarding relevant statutes, including IP-related federal crimes, that may come up during their investigations.

- In March 2022, CCIPS engaged with agents and analysts from the FBI's Economic Crimes Unit. This meeting stemmed from a recent organizational change within FBI resulting in the Intellectual Property Unit merging with the Economic Crimes Unit. CCIPS led a training and discussed best practices for investigating and prosecuting intellectual property crimes with agents and analysts from the Economic Crimes Unit. CCIPS described the statutory framework covering intellectual property crime, discussed how to interface with victims harmed by violations of those statutes, and gave recommendations for pursuing those violations. Following the training, CCIPS attorneys and Economic Crimes Unit agents and analysts discussed their areas of subject matter expertise and prior casework.
- In May 2022, CCIPS participated in a virtual panel discussion on parallel civil litigation and criminal prosecutions. CCIPS addressed strategies for the successful coordination of efforts between government and company lawyers and hurdles that arise during parallel proceedings. The two-day symposium was hosted by the U.S. Patent and Trademark Office and brought together government and private sector experts to discuss trending cross border issues in trade secrets matters.
- In May 2022, the Civil Division's Consumer Protection Branch presented to the Pharmaceutical Security Institute's Spring 2022 General Assembly in McLean, Virginia, on prosecuting counterfeit drug cases. The presentation focused on federal prosecution priorities and recent cases involving counterfeit drugs.
- In June 2022, the FBI hosted its Financial Crimes & Intellectual Property Rights Conference, gathering over 200 FBI personnel from across the country. Leading off the conference, CCIPS provided an introduction to criminal intellectual property rights enforcement in the United States. Besides highlighting enforcement entities and their roles, CCIPS discussed crimes associated with trademarks, copyrights, and trade secrets, and present strategies for successfully investigating and prosecuting those crimes.
- In July 2022, National Security Division's Counterintelligence and Export Control Section hosted a symposium at the National Advocacy Center (NAC) where it presented, among other topics, a panel regarding recent economic espionage prosecutions and lessons learned to national-security prosecutors from across the country.
- In August 2022, CCIPS organized and hosted the CHIP Prosecutors' Conference. Attendees included prosecutors from U.S. Attorneys' Offices and Main Justice components, as well as special agents and other interested government attorneys. The conference provided attendees with the latest information and guidance with respect to the collection and use of electronic evidence, computer crime, intellectual property crime, and related issues.
- In August 2022, CCIPS presented a session on the last day of a five-day conference hosted by HSI's IPR Center. The conference consisted of trainings and informational presentations related to the fight against counterfeit and fraudulent goods. CCIPS attorneys instructed the



audience made up of attorneys and agents about the relevant criminal statutes available to successfully investigate and prosecute Intellectual Property violations.

### ***International Outreach and Training***

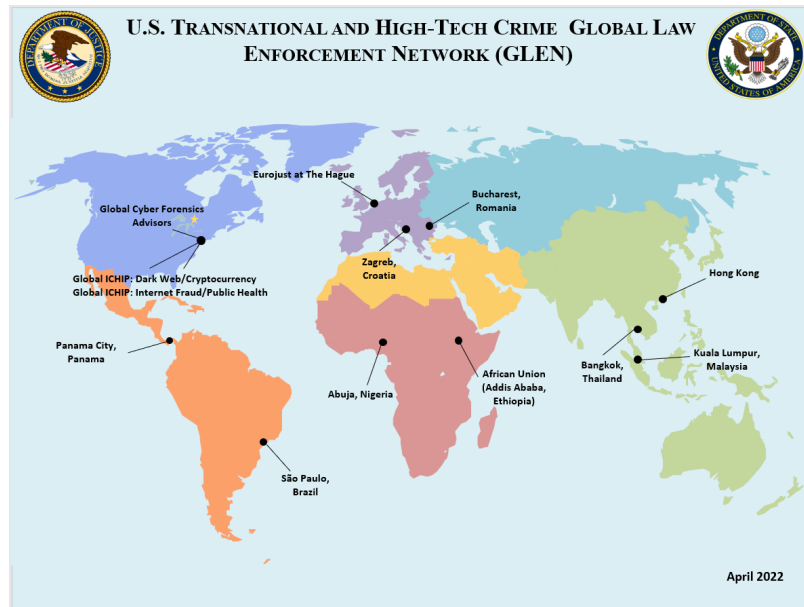
Global IP crime, from the manufacture and worldwide distribution of counterfeit goods to the sprawling online businesses designed to reap profits from the distribution of copyrighted works, continues to grow and change in an effort to stay ahead of law enforcement. As a world leader in efforts to combat 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 constraints related to the COVID-19 pandemic, in FY 2022, 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 2022, to provide training to foreign officials on effective enforcement of IP laws. The Department's IP trainings are 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 2022, the Department, with assistance from the State Department, continued to support the U.S. Transnational and High Tech Crime Global Law Enforcement Network ("GLEN") of International Computer Hacking and Intellectual Property ("ICHIP") attorneys (formerly, the Intellectual Property Law Enforcement Coordinator ("IPLEC") program). DOJ has posted experienced prosecutors in Bucharest, Romania; Hong Kong; São Paulo, Brazil; Abuja, Nigeria; Bangkok, Thailand; Kuala Lumpur, Malaysia; The Hague, Netherlands; Panama City, Panama; Zagreb, Croatia; and Addis Ababa, Ethiopia. The GLEN also includes two ICHIPs based in the United States to serve as global subject matter experts in dark web and cryptocurrency issues ("DWC") and internet-based fraud and public health ("IFPH") issues. Additionally, the GLEN includes Global Cyber Forensic Advisors based in Washington, D.C.<sup>7</sup>

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<sup>7</sup> For more information about CCIPS' international outreach, see <https://www.justice.gov/criminal-ccips/overseas-work>.



Examples of DOJ’s international engagement regarding criminal IP enforcement include:

## ASIA

*Presentation at the INTERPOL Digital Evidence Online Workshop for ASEAN Countries.* In October 2021, ICHIP Hong Kong presented on online attribution at an INTERPOL Digital Evidence Online Workshop for ASEAN countries. Approximately 40 police, prosecutors, and judges attended. The ICHIP specifically discussed attribution issues in cases involving digital piracy and online counterfeiting schemes.

*Discussion with Vietnamese Officials on Best Practices in Combating IPR Crimes.* In December 2021, ICHIP Hong Kong and representatives from USPTO, HSI Vietnam, HSI Thailand, HSI Philippines, the IPR Center, the Philippines’ IP Office, and Thailand’s Department of Intellectual Property virtually met with approximately 30 Vietnamese officials from various agencies responsible for enforcing IP laws, including the Ministry of Public Security, People’s Supreme Procuracy, People’s Supreme Court, and the Inspectorate Department of the Ministry of Science and Technology, to discuss best practices in combatting IP-related crimes. The ICHIP discussed the importance of coordination and U.S. approaches in combatting online and e-commerce counterfeiting and digital piracy.

*Advisory Group on Digital Piracy Organized by the INTERPOL.* In March 2022, ICHIP Hong Kong virtually attended the first meeting of the Advisory Group on Digital Piracy organized by the INTERPOL Stop Online Piracy (I-SOP) Project. The meeting was chaired by the I-SOP Project Coordinator in Lyon, France, and included INTERPOL-Singapore, United Kingdom law enforcement officials, and private sector representatives, such as individuals from the Motion Picture Association and the International Federation of the Phonographic Industry. The ICHIP

discussed recent capacity building efforts in Asia and offered suggestions for future engagement with rights-holders.

*Discussions with Government of Indonesia’s IP Task Force on Efforts to Enhance IPR Protection.* In March 2022, ICHIP Hong Kong, ECON Officers from the U.S. Embassy in Jakarta, USPTO officials, representatives from the American Chamber of Commerce, and IP rightsholders met with high-level Indonesian officials and the Government of Indonesia’s (GOI’s) IP Task Force to discuss GOI’s efforts to enhance IPR protection. The U.S. Deputy Chief of Mission and Indonesian Minister of Law and Human Rights gave opening remarks. The meeting was a follow-up to the revived IP Task Force’s visit to the United States in November 2021 to discuss with various U.S. government agencies what the GOI can do to potentially be removed from the USTR’s Priority Watch List.

*IP and Case Management Training for 100 Judges.* In April 2022, ICHIP Hong Kong and a District Judge of the U.S. District Court for the Eastern District of Michigan delivered an IP-focused virtual presentation to about 100 judges from the Philippines, Indonesia, Malaysia, Thailand, Brunei, Myanmar, and Australia as part of a series of judicial programs on IP and case management conducted by the USPTO. The ICHIP spoke about U.S. criminal IP statutes, criminal enforcement priorities, and the U.S. sentencing guidelines. The judge spoke about the sentencing process and calculating loss amounts in IP cases.

*Training for 200 Philippine Law Enforcement Officials on IP Crime and Counterfeit Pharmaceuticals.* In April 2022, ICHIPs Hong Kong and IFPH, and the Econ Section of the U.S. Embassy in Manila, hosted a virtual IP program on digital aspects of IP crime and counterfeit pharmaceuticals for about 100 Philippine police officers and 100 other Philippine officials, including representatives from the IP Office of the Philippines, Bureau of International Revenue, Department of Trade and Industry, Bureau of Customs, Food and Drug Administration, Optical Media Board, National Telecommunication Commission, Office of the Special Envoy on Transnational Crime, and National Bureau of Investigation. Speakers included a prosecutor with DOJ Philippines, a USPTO representative, a HSI agent, and a Global Cyber Forensics Advisor (GCFA).

*Training for 125 Philippine Law Enforcement Officials on Online Investigative Techniques to Solve IP Crime.* In April 2022, over 125 Philippine police officers, prosecutors, regulators, and other government officials participated in a virtual workshop on investigating and prosecuting IP crimes, organized by ICHIP IFPH, ICHIP Hong Kong, and the U.S. Embassy in Manila, with the assistance of the IP Office of the Philippines. The program focused on online investigative techniques used to solve IP crime, digital forensics, and combatting counterfeit pharmaceuticals. The event also featured remarks by the Head of Enforcement from the IP Office of the Philippines, and representatives from the HSI Assistant Attaché’s office in Manila, HSI Houston, USPTO, and the CCIPS Cybercrime Lab.

*Workshop on “Enforcement Against Trade in Counterfeit Goods” for 85 Prosecutors and IP Enforcement Officials from 17 Countries.* In June 2022, in Bangkok, Thailand, ICHIPs Hong Kong, Bangkok, IFPH, a GCFA, and USPTO, with the support of the ASEAN Secretariat, conducted a three-day, in-person workshop on “Enforcement Against Trade in Counterfeit

Goods” for approximately 85 prosecutors and IP enforcement officials from 17 countries, including Thailand, Vietnam, Laos, Cambodia, Malaysia, the Philippines, Indonesia, Brunei, India, Pakistan, Sri Lanka, Maldives, Bangladesh, Bhutan, Nepal, Mongolia, and Fiji. The program aimed to enhance the attendees’ abilities to investigate the online aspects of IP crime and combat counterfeiting crimes involving health and safety, including the trafficking of counterfeit pharmaceuticals, food, and cosmetics. Speakers included officials from the National IPR Coordination Center, the FDA’s Office of Criminal Investigations (FDA-OCI), U.S. Customs and Border Protection (CBP), Interpol, and representatives from companies such as Johnson & Johnson, Pfizer, Colgate-Palmolive, Estee Lauder, Rouse International, and Lazada.

*Interpol’s 15th International Law Enforcement Intellectual Property Crime Conference in Seoul.* In September 2022, ICHIP São Paulo provided opening remarks and advice on developing trends and challenges in online piracy for approximately 45 law officers from throughout the globe who attended Interpol’s 15th International Law Enforcement Intellectual Property Crime Conference in Seoul, Republic of Korea. The ICHIP highlighted the importance of international cooperation amongst partners from the very beginning of an online piracy case through the use of the Budapest Convention and other multilateral conventions. The ICHIP also demonstrated how the ICHIP network can work quickly and efficiently across the globe to furnish assistance with transnational criminal IP cases. Two key partners of the ICHIP network, a police officer in Colombia and an ICHIP-mentored police officer in Panama, received Interpol’s highest awards for Commendation and Excellence in Service for their efforts in IP enforcement.

*Intellectual Property Rights Enforcement Workshops.* In September 2022, ICHIP Hong Kong, USPTO, and the U.S. Embassy co-hosted four Intellectual Property Rights (IPR) enforcement workshops and a roundtable discussion for more than 150 Mongolian officials in Ulaanbaatar, Mongolia. USG expert presenters included CCIPS GCFA Thomas Song, Judge David Carter of the U.S. District Court for the Central District of California, and Judge Edmond Chang of the U.S. District Court for the Northern District of Illinois, as well as representatives from the National IPR Center and HSI. The programs addressed the role of judges in IP cases, best practices in enforcing IP laws, criminal IP-related investigations and prosecutions, the importance of electronic evidence, and the utility of the G7 24/7 High-Tech Crime Network.

*Prosecutors Conference in Taiwan.* In October 2022, prosecutors from CES presented to an audience of Taiwanese prosecutors on mutual legal assistance practice between the United States, particularly as it related to the cooperation between the United States and Taiwan in the economic espionage cases against Fujian Jinhua Integrated Circuit Co., Ltd., which began trial in February 2022 in San Francisco. Taiwan’s Ministry of Justice put on the conference, which was attended by over 40 Taiwanese prosecutors.

## **NORTH AFRICA AND THE MIDDLE EAST**

*Training Workshop on Pharmaceutical IP Crime for Egyptian Public Prosecutor’s Office.* In February and March 2022, OPDAT Egypt ILA hosted approximately 20 Egyptian prosecutors at the Egyptian Public Prosecutor’s Office’s Criminal Research and Training Institute in Cairo for a three-day training workshop focused on investigating and prosecuting pharmaceutical IP crime. The workshop included frank discussions on best practices and challenges in IP cases; case

studies; and a breakout session focused on utilizing best practices to solve a pharmaceutical crime hypothetical. Presenters included ICHIP Abuja in person and ICHIP IFPH virtually; an HSI Agent; and a representative of the Pharmaceutical Security Institute.

*Presentations at IPR Center's IP Workshop in Cairo, Egypt.* In March 2022, ICHIP Addis Ababa led two presentations during the IPR Center's intellectual property workshop in Cairo, Egypt. During the presentations, the ICHIP promoted DOJ's Global Law Enforcement Network (GLEN), emphasizing the types of expert assistance available to Egyptian law enforcement, prosecution, and judiciary through the ICHIP network. The ICHIP also illustrated ways the Egyptians can leverage ICHIP assistance to effectively advance cases involving electronic evidence. The Egyptian audience was comprised of approximately 30 attendees, drawn from the Ministry of Justice, Prosecutor General Office, Egyptian Money laundering and Terrorism Financing Combating Unit, and other agencies. Questions during and after the ICHIP's two presentations included how to safeguard personal rights during searches, how to dispose of seized cryptocurrency, and how to more effectively obtain evidence held by U.S. providers.

*Workshop for Algerian Customs Officers on IPR Border Enforcement.* In June 2022, ICHIP Abuja participated in USPTO's IPR Border Enforcement Workshop for Algerian Customs Officers, in Algiers, Algeria. This program was part of the U.S. State Department's Middle East Partnership Initiative. Customs officials from the U.S. described using risk analysis to prioritize examinations and the importance of targeting in combating IPR violations. The HSI Attaché from Dakar discussed U.S. operations and trends along with international cooperation and information sharing. The ICHIP discussed evidentiary considerations in prosecuting cases emanating from the border. Representatives from the private sector, including from Danfoss, Nike, FIFA, and P&G also described trends their brands had observed.

*National IPR Training Program in Nairobi.* In September 2022, ICHIP Abuja participated in a National IPR Training Program in Nairobi, Kenya. Participants included representatives from Kenya's Anti-Counterfeiting Authority, the Office of the Director of Public Prosecutions (ODPP), the Pharmacy and Poisons Board, the Kenya Revenue Authority, and the Kenya Bureau of Standards.

*Meeting for the Africa Joint Pharmacrime Working Group.* In September 2022, ICHIPs Abuja and IFPH hosted a virtual meeting for 19 members of the Africa Joint Pharmacrime Working Group. ICHIP IFPH moderated a discussion that first related a recent meeting between Ugandan and Kenyan officials that was led by Working Group members (WGMs). Uganda has had trouble getting responses from certain rights holders but, thanks to relationships built through the Working Group, Ugandan and Kenyan WGMs were able to join forces with the result that Kenyan WGMs would also reach out to those rights holders, generating a better response. A Kenyan member agreed, noting that without the Working Group, they would never have known about the Ugandan member's ability to share intel. Another WGM also discussed an ongoing problem involving either counterfeit or falsified paracetamol, which is causing acute kidney failure among children.

## **CENTRAL AND SOUTH AMERICA**

*Workshops with Brazilian Federal Judges on Best Practices for IP Offenses.* In October 2021, ICHIP São Paulo concluded a series of six workshops with Brazilian federal judges focused on best practices for handling cybercrime, electronic evidence, complex cases, and intellectual property offenses. A Chief District Judge from the Northern District of Georgia discussed the importance of protecting intellectual property rights and detailed his decision to sentence one defendant to 60 months' imprisonment for a wide-reaching, multi-year digital piracy scheme, noting that a stiff sentence in this case was needed "to promote respect for the law" and respect for the rights of the IP victims. The series included presentations by U.S. District Judges from the District of Maryland, Central District of California, and Northern District of Georgia, and a U.S. Magistrate Judge from the District of Maryland, ICHIP IFPH, and CCIPS.

*Workshops with Brazilian Police and Prosecutors on Best Practices in International Collaboration and Investigations of Multi-national IP Criminal Organizations.* In October 2021, ICHIP São Paulo and the ICHIP IFPH concluded a series of six virtual workshops with Brazilian police and prosecutors focused on best practices in international collaboration and investigations of large-scale, multi-national intellectual property and cyber-enabled criminal organizations. The ICHIPs presented a discussion of a multi-year investigation of a transnational criminal organization based in Romania and Bulgaria that committed online auction fraud in Kentucky and elsewhere. An AUSA and CCIPS Senior Trial Attorney discussed the challenges they faced in obtaining evidence and cooperation in foreign countries and the methods they used to investigate collaboratively and cooperatively the transnational case with their agents.

*Training on Importance of IP Enforcement and Best Practices to Federal Customs and Police Officers.* In October 2021, ICHIP São Paulo conducted a training on the importance of IP enforcement and best practices in obtaining evidence from the United States to a group of federal customs and police officers at Galeão International Airport in Rio de Janeiro. The ICHIP noted and demonstrated connections between transnational organized crime, human trafficking, and lost tax revenues and IP-related offenses and urged the audience to collaborate with each other, rights-holders in the United States, and USG representatives in combating IP theft in the future.

*Trainings at the Ministry of Justice and Security for State Police Chiefs Detailed to Cyber and IP Criminal Investigations.* In October 2021, ICHIP São Paulo conducted in-person trainings at the Ministry of Justice and Security, in Brasília, Brazil, for a group of 26 state police chiefs detailed to cyber and IP criminal investigations, including many who participated in past iterations of *Operação 404*. The audience discussed the intersection of cyber-enabled crimes and digital piracy and the ability of the private sector to effectively engage and support criminal investigations of transnational criminal organizations. The ICHIP also demonstrated the effectiveness of the G7 24/7 Network in preserving evidence in international cyber cases and encouraged the use of an ICHIP-created, standardized form to identify and preserve electronic evidence in other countries.

*Brazilian Multinational IP Congress to Discuss Multi-national Collaboration to Strengthen IP Enforcement.* In October 2021, ICHIP São Paulo, a Brasília ECON Officer, and the USPTO Attaché joined the first Brazilian multinational IP Congress, featuring delegates from Australia, Canada, France, Germany, Japan, the EU, United Kingdom, and Switzerland in a meeting with Brazilian foreign ministry officials responsible for IPR. The foreign ministry officials

specifically noted that Brazil continued to embrace a national strategy to protect IPR, but the country continued to need international support to entrench its forward progress. The ICHIP discussed potential avenues for the multinational group to reform penal laws and allow for greater ex officio authorities for seizures and destruction of counterfeit goods in Brazil.

*Trainings with the State Attorney General for Minas Gerais for State Prosecutors Detailed to Cyber and IP Criminal Investigations.* In November 2021, ICHIP São Paulo conducted virtual trainings with the State Attorney General for Minas Gerais, Brazil, for 25 state prosecutors detailed to cyber and IP criminal investigations. The audience discussed the intersection of cyber-enabled crimes and digital piracy, and the ability of the private sector to effectively engage and support criminal investigations. The ICHIP demonstrated the effectiveness of the G7 24/7 Network in preserving evidence in international cybercrime cases and encouraged the use of an ICHIP-created standardized form to identify and preserve electronic evidence in other countries.

*Meeting with the Chief of the Intellectual Property Crimes Unit at the Panamanian National Police.* In December 2021, ICHIP Panama City and ICHIP Staff Attorney met with the Chief of the Intellectual Property Crimes Unit at the Panamanian National Police to discuss ongoing cases and investigations. During the discussion, the Chief cited online trademark infringement on e-commerce platforms and trade-based money laundering as key challenges and priorities for his unit.

*Discussion on New Protecting Lawful Streaming Act of 2020 with Brazilian Prosecutors and Law Enforcement.* In February 2022, ICHIP São Paulo led a virtual discussion on the recently passed Protecting Lawful Streaming Act of 2020 (PLSA) with a group of approximately 30 Brazilian prosecutors, police, and rights-holders. The ICHIP discussed how the PLSA closed a loophole for digital pirates who streamed content rather than made it available for download, and how the United States consistently seeks opportunities to work in tandem with the public and private sectors to combat digital piracy, highlighting the implementation of a similar model in Brazil and regionally.

*Workshop for Panamanian Law Enforcement on IP Enforcement.* In February 2022, ICHIP Panama City and IPR Center officials held a four-day bilateral workshop in Panama City on issues in intellectual property enforcement for approximately 30 Panamanian law enforcement, customs, and border security officials who investigate IP crimes or intercept counterfeit goods at Panamanian air and seaports. Presenters from HSI and Customs and Border Protection (CBP) shared best practices for developing charges of trade-based money laundering related to the importation and distribution of counterfeit goods, particularly through free trade zones. Representatives from U.S. brands such as Apple, Pfizer, and Nike also presented during the program. These and other brands also participated in a trade fair to help officials distinguish between real and fake versions of frequently counterfeited products.

*Initiative to Counter IPR Crimes in São Paulo, “Operação Comércio Legal.”* In March 2022, an ICHIP-led Brazilian interagency initiative to counter IP-related crimes in São Paulo, Brazil, named “Operação Comércio Legal,” introduced a new method to promote respect for IPR in USTR-listed Notorious Markets. The ICHIP-trained team joined forces with 20 trade associations representing over 10,000 store owners engaged in legal commerce to promote a new

certification of authenticity for stores that do not sell pirated goods. The certification helps stores in the Rua 25 de Março and Brás areas (both Notorious Markets areas) to distance themselves from the stigma of other stores engaged in illegal commerce, and further shows that these vendors recognize the harms they suffer from this illicit trade.

*Conference to Exchange Best Practices in Creating Specialized IPR and Cyber-focused Prosecution Units.* In April 2022, ICHIP São Paulo partnered with Consul General for Porto Alegre to hold a conference with the Public Prosecutor's Office for Rio Grande do Sul focused on exchanging best practices in creating specialized IPR and cyber-focused prosecution units. The conference featured ICHIP-mentored cyber and IP prosecutors from São Paulo, industry partners from the motion picture and recording industries, and provider panels featuring Mercado Livre, Amazon, and Microsoft. The program emphasized the importance of IPR enforcement, private-public partnerships, and the need for specialized prosecution services dedicated to investigating and prosecuting these offenses.

*Meeting and Case-based Mentoring with Auditor from Brazil's Receita Federal.* In April 2022, ICHIP Staff Attorney and ICHIP met with an Auditor from Brazil's Receita Federal to discuss one of São Paulo's most notorious marketplaces, 25 de Março. During the meeting, the Auditor discussed current trends and developments regarding the sale and distribution of counterfeit goods in São Paulo, as well as the enforcement actions Receita Federal has taken to minimize the sale of counterfeit goods. Following the meeting, the ICHIP SA contacted the Auditor to offer case-based mentoring on Receita Federal's investigation into the owners of 25 de Março, while concurrently working with the IPR Center to identify intelligence gaps and needs for the USIC.

*Meeting and Case-based Mentoring with Dominican Republic's Departamento de Investigación de Crímenes y Delitos de Alta Tecnología on a Digital Piracy Investigation.* In May 2022, ICHIP Staff Attorney and the ICHIP São Paulo Legal Advisor participated in a meeting with the Dominican Republic's Departamento de Investigación de Crímenes y Delitos de Alta Tecnología (DICAT) to discuss a digital piracy investigation, known as IPTV66. During the meeting, the DICAT investigators provided an overview of their investigation and how they planned to proceed. In turn, the ICHIP SA provided case-based mentorship by discussing the importance of operational security, secure methods for purchasing bitcoin, record keeping, and tools available to help facilitate their investigation.

*Two Large-Scale Counterfeiting Raids Conducted by ICHIP-Mentored Law Enforcement.* In May 2022, ICHIP-mentored federal customs officials and police officers from the São Paulo State Department of Criminal Investigations conducted two separate operations against warehouses and manufacturers of counterfeit apparel and perfumes. In the first action, an ICHIP-trained Receita Federal (Brazilian customs) officer located and seized over 1,400 large bags of counterfeit apparel infringing on U.S. rights-holders including Oakley, and those of other major international rights-holders, such as Lacoste, from a rural São Paulo city. In the second action, state police officers discovered a factory in São Paulo specializing in counterfeiting perfumes from the world's leading brands, including Carolina Herrera, Giorgio Armani, and Dolce & Gabbana. The teams found counterfeit packages, bottles and liquids used in the production of counterfeit fragrances. Both teams are still accounting for the seizures, which are expected to reach thousands of items.



*Presentation on the Protect Lawful Streaming Act to 15 Argentinian and Paraguayan Prosecutors.* In June 2022, ICHIP São Paulo and the U.S. Patent and Trade Office (USPTO) Regional Attaché based in Rio de Janeiro, Brazil, provided a virtual presentation on the Protect Lawful Streaming Act (PLSA) to a group of approximately 15 Argentinian and Paraguayan prosecutors. The ICHIP discussed how the PLSA closed a loophole for digital pirates who streamed content rather than make it available for download, and how the U.S. consistently seeks opportunities to work in tandem with the public and private sectors to combat digital piracy, highlighting the implementation of a similar model in Brazil and regionally.

*Fourth Phase of Multi-National Digital Piracy Takedown.* In June 2022, ICHIP São Paulo-mentored Brazilian Ministry of Justice and Public Security (MJSP) Cyber Laboratory and 11 State Police forces participated in *Operação 404.4*, the fourth phase of a multi-national digital piracy takedown. The Brazilian authorities, with additional assistance from the HSI, CCIPS, and the U.S. Attorney's Office (USAO) for the Eastern District of Virginia (EDVA), disrupted over 266 websites, 461 mobile applications, and 15 social media profiles used to pirate copyrighted content. In a first of its kind effort, Brazilian authorities obtained seizure warrants for a virtual reality social media platform. Brazilian police also arrested 10 people and conducted 30 search warrants on residences and offices in Brazil used to facilitate the illegal streaming. The EDVA USAO seized six domains and the U.K. Intellectual Property Office and City of London Police, simultaneously seized 53 domains.

*Virtual IP Theft Course for Caribbean and South American Judges, Prosecutors, and Law Enforcement.* In July 2022, ICHIP Staff Attorney, in coordination with the National White Collar Crime Center (NW3C), a non-profit organization involved in the prevention, investigation, and prosecution of economic and high-tech crime, hosted a virtual IP Theft course for approximately 45 judges, prosecutors, and law enforcement officials in the Dominican Republic, Chile, Costa Rica, Peru, Uruguay, and Paraguay. In part, NW3C provided attendees with a four-hour presentation to better help them understand the dangers of intellectual property theft and its impacts throughout society, obtain tips and best practices for identifying counterfeit products, and learn how the IPR Center could assist state and local law enforcement in IP theft investigations. Among the attendees were the Dominican Republic's Director of the Special Crimes and Hi-Tech Crimes Unit for the Attorney's Office of West Santo Domingo, as well as Costa Rica's Director of Fiscal Control Police for the Ministry of Finance.

*Conference on IPR for Caribbean Investigators and Prosecutors.* In July 2022, ICHIP Staff Attorney presented at a conference in Bridgetown, Barbados, organized by INTERPOL and the Caribbean Commission (CARICOM), for approximately 30 investigators and prosecutors from Barbados, Guyana, Trinidad and Tobago, Jamaica, Santa Lucia, Suriname, and Dominican Republic. The SA explained the scope of different intellectual property rights and how to investigate and prosecute violations successfully. The SA also shared examples of how the ICHIP network supports foreign counterparts investigating these cases, including *Operation 404* in Brazil.

*Three-Day Course for Law Enforcement on Fighting Counterfeit Agrichemicals.* In August 2022, in Asunción, Paraguay, ICHIP São Paulo and ICHIP Staff Attorney developed the capacity of a cross-section of customs, police, prosecutors and judges from Peru, Paraguay, Argentina,

Uruguay, and Brazil, in the fight against harmful counterfeit agrichemicals in and around the Amazon Rainforest and Pantanal Wetlands. The training, accomplished with the help of Paraguay RLA and USPTO Attaché in Rio de Janeiro, was opened by the Paraguayan Attorney General and the Director of the Paraguayan Patent and Trademark Office (DNAPI). During the three-day course, participants made important transnational connections and heard from a Brazilian judge on effective strategies and efforts needed to successfully fight counterfeit agrichemicals. Moreover, participants exchanged charging and investigative strategies in their respective cases and experiences that should improve future coordination and success across the region.

*Training on IP Enforcement for Specialized South American Investigative Units.* In August 2022, ICHIP São Paulo and ICHIP Staff Attorney provided in-person training on intellectual property enforcement for specialized investigative units from Argentina, Brazil, Paraguay, and Uruguay in Asunción, Paraguay, with significant support from OPDAT Paraguay RLA. The participants learned about and discussed best practices in customs enforcement, interagency collaboration, and international cooperation in counterfeit, trademark, and digital piracy matters. Presentations highlighted partnerships available to the participants from private sector rightsholders and third-party companies in fighting counterfeiting and piracy online. In addition to the ICHIPs, CCIPS Trial Attorney, HSI Special Agents, CBP Attorney, FBI Intelligence Analyst, and a representative from the IPR Center provided expert presentations. This program is part of a consecutive series of multi-day, intensive IPR training programs provided by the ICHIPs to South American countries, with the goal of establishing strong ties among the audience members.

*Successful Dismantling of Counterfeit Pesticide Facility.* In August 2022, two weeks after ICHIP São Paulo hosted a multi-lateral counterfeit agrichemicals workshop for Argentina, Brazil, Peru, Paraguay, and Uruguay, in Asunción, Paraguay, an ICHIP-trained prosecutor and police unit dismantled a warehouse operation in São Paulo, Brazil, used by a criminal gang to manufacture and distribute counterfeit pesticides. The search reeled in several tons of counterfeit chemicals and a production facility that was used to distribute the illicit products throughout the country. The facility was detected by an ICHIP-trained federal highway unit that used best practices and techniques to monitor the movement of trucks and vehicles transporting the counterfeit agrichemicals and worked in close cooperation with the Ministerio Publico in São Paulo, Brazil to facilitate the quick arrests and prosecutions of five individuals behind the criminal scheme.

*Presentation for Peruvian Officials on Best Practices for IP Theft Investigation.* In September 2022, ICHIP São Paulo and the ICHIP SA provided high-level best practices training on intellectual property theft investigations, digital piracy, digital evidence collection and best practices in working with the Department of Justice in IP-related, cybercrime and cyber-focused cases, to approximately 20 Peruvian officials in their copyright, patent and trademark, public prosecution and national police offices in Lima, Peru. The ICHIP team identified key leaders in the prosecution and police services that could form core members of the international IPR-focused working group for the Western Hemisphere.

*Meeting with Panamanian National Police, the Business Alliance for Secure Commerce, and the American Chamber of Commerce on IP Threats.* In September 2022, the ICHIP SA and ICHIP Panama City Staff Attorney briefed high-ranking members of the Panamanian National Police, the Business Alliance for Secure Commerce, and the American Chamber of Commerce on various aspects of IP and Cybercrime. The ICHIP and ICHIP Staff Attorney provided the Panamanians with a global IP and Cyber threat overview and discussed the roles, responsibilities, and objectives of the ICHIP Program, other international partnerships, and the various resources available to support IP and Cyber enforcement. They also discussed specific challenges each of these entities are facing, and how the ICHIP program could potentially help, including issues involving Mutual Legal Assistance, online undercover operations, and resources to address investigative and intelligence gaps.

## **EUROPE**

*Meeting with Croatian Government Officials and Private Sector Representative.* In October 2021, ICHIP Bucharest visited Zagreb, Croatia, for IPR-focused meetings with U.S. Embassy personnel, Croatian Government Officials, and private sector representatives. U.S. Embassy Zagreb ECON Officer and ECON LES organized IPR meetings for ICHIP Bucharest and ICHIP Zagreb. They met with the American Chamber of Commerce's IPR Committee, which included Nike Regional Brand Manager and two IPR Attorneys to discuss the current state of IPR enforcement in Croatia from the private sector's perspective.

*Participation in Investigation Handbook Workshop for the EUIPO.* In October 2021, ICHIP Bucharest participated virtually in the IP-related investigations handbook workshop for the EU Intellectual Property Office (EUIPO) in Strasbourg, France. The EUIPO asked ICHIP Bucharest to speak at the European Intellectual Property Prosecutors Network (EIPPN) conference and to lead a discussion workshop following the conference.

*Seminar for European Law Enforcement, Customs, and Prosecutors on Combating Counterfeit Pesticides.* In December 2021, ICHIP Bucharest conducted a seminar on combating counterfeit pesticides, which was attended by around 180 law enforcement, customs, and prosecutorial officials from Ukraine, Moldova, Romania, and Bulgaria. ICHIP Bucharest secured presenters from the United Nations Food and Agricultural Program, EUROPOL, the European Anti-Fraud Office, the European Commission Health and Food Safety Directorate, Croplife International, the Public Prosecutor's Office of Antwerp, the Netherlands, and the U.S. DOJ's Environment and Natural Resources Division. Speakers discussed the scope of the issue, the European framework for regulating pesticides, the importance of private sector cooperation, best practices for investigating and prosecuting these cases, and typical legislative weaknesses.

*Program on Digital Piracy for Bulgarian Prosecutors and Judges.* In January 2022, in conjunction with the USPTO, ICHIP Bucharest presented a virtual program on digital piracy for over 70 Bulgarian prosecutors and judges. ICHIP Bucharest organized the speakers, to include an IPR consultant and a Special Agent with the FBI's Money Laundering, Forfeiture, and Bank Fraud Unit.

*Workshop on Trade Secret Protection for Baltic Public and Private Sector Participants.* In February 2022, ICHIP Bucharest conducted a virtual online workshop on trade secret protection for public and private sector participants in the Baltics (Latvia, Lithuania, and Estonia). The program consisted of presentations on the EU's legal framework, as well as case studies from Latvia and the United States. The program continued with a roundtable discussion of the Baltics' trade secret laws and challenges and concluded with breakout sessions.

*Meeting with MPA and Czech Republic Officials.* In February 2022, ICHIP Bucharest organized a meeting of officials from the Motion Picture Association (MPA) and the Czech Republic. Also present were officials from the United States Embassy in Prague. The purpose of the meeting was to discuss Propellerads, a Cyprus-based organization with servers in the Czech Republic, that has been previously listed on the Notorious Markets List. A representative from the MPA discussed the organization's disruption and legal efforts to date, as well as information connecting Propellerads to the Czech Republic.

*Meeting on IP Enforcement with Bulgarian Private and Public Sector Representatives.* In March 2022, ICHIP Bucharest visited Sofia, Bulgaria, to discuss intellectual property enforcement with various private and public sector interlocutors in Bulgaria, including the Head of DIICOT (including the IPR Team), the National Investigation Service, the President of the Bulgarian Patent Office, the Director of the Ministry of Culture's Copyright Directorate, AmCham Bulgaria, and representatives from Bulgaria's music industry rights-holders. As part of the visit, ICHIP Bucharest delivered a lecture on "Ideas and Innovation: Intellectual Property in History" to students from Sofia University and the University for National and World Economy.

*Roundtable Discussions with Kyrgyz Public and Private Sector IP Stakeholders.* In March 2022, ICHIP Bucharest and CLDP officials participated in meetings and roundtable discussions with Kyrgyz public and private sector IP stakeholders in Bishkek, Kyrgyz Republic. The ICHIP met with the Head of the Legal Department for the State Service of Intellectual Property and Innovation (aka, "Kyrgyz Patent," an independent government body), the Head of the Department for the Enforcement of IP Rights (Kyrgyz Patent), the Chief Specialist for the Division of the Implementation of Intellectual Property Rights' Legal Department (Kyrgyz Patent), the Leading Specialist for the Ministry of Justice's Department of Legislation of Social Issues, Public Administration, Law Enforcement and the Judiciary (Ministry of Justice), and a Specialist with the Department of Economic Legislation (Justice). These officials are part of the Kyrgyz delegation to the Central Asia TIFA IP Working Group.

*European Commission's Conference to Encourage Cross-national Cooperation in Combating Trafficking in Counterfeit Goods.* In March 2022, ICHIP Bucharest participated in the European Commission's Conference, "East Connection 202: Transnational and Multidisciplinary Cooperation Between the Law Enforcement Authorities in Countering Smuggling and Fraud" in Sibiu, Romania. The conference brought together law enforcement officials from Romania, Bulgaria, and the Republic of Moldova to encourage cross-national cooperation, particularly with respect to trafficking in counterfeit goods. The ICHIP delivered a presentation on the challenges presented by online platforms selling counterfeit goods.

*Training for Romanian Prosecutors and Judges as Part of the Romanian National Institute of Magistracy's CLE Curriculum.* In April 2022, ICHIP Bucharest delivered an IP-themed virtual training for Romanian prosecutors and judges, as part of the Romanian National Institute of Magistracy's continuing legal education curriculum. Speakers detailed Romania's criminal legal framework with respect to copyright, as well as the current ways that counterfeit goods make their way into and/or through Romania. Of particular interest to many participants was a debate as to whether Romanian criminal procedure allows for the use of "special investigative methods" in digital piracy cases. Intellectual property crimes do not meet the threshold sentence allowing the use of such investigative methods. However, there is an exception for cybercrime investigations, and so the debate centered on whether digital piracy cases are cybercrimes under the applicable provision. Speakers also offered U.S. and European digital piracy case studies.

*Program and Roundtable on Civil and Criminal IP Enforcement in Moldova.* In May 2022, ICHIP Bucharest conducted a day-long program and roundtable discussion on civil and criminal IP enforcement in Moldova. The program was delivered with the Chisinau American Chamber of Commerce and featured presentations from private and public sector participants. The morning session focused on civil enforcement challenges in Moldova, whereas the afternoon session centered on criminal enforcement. Public sector participants included law enforcement and prosecutors who handle IP cases, as well as the Moldovan Intellectual Property Agency (AGEPI).

*Regional, Sports-themed Digital Piracy/Physical Goods Workshop.* In June 2022, ICHIP Bucharest delivered a regional, sports-themed digital piracy/physical goods workshop titled, "Teaming Up: Combatting Intellectual Property Crime in Eastern Europe," in Bucharest, Romania, at the Romanian Football Federation's House of Football. Prosecutors, law enforcement, and judges from multiple countries in Eastern Europe gathered to participate in the program, the first day of which focused on physical counterfeit goods, while the second day focused on digital piracy and illicit streaming. On day one, participants heard from, among others, representatives from the Fédération Internationale de Football Association (FIFA), the Royal Thai Police, and one of DHS-HSI's Transnational Criminal Investigative Units. In addition, representatives from multiple online retail platforms, including Amazon and Facebook, discussed the ways in which law enforcement can more effectively work with such platforms when investigating suspected counterfeit goods in a panel moderated by ICHIP IFPH. On day two, which included speakers representing the FBI, the Spanish National Police, and the Union of European Football Associations (UEFA), participants listened to a roundtable discussion regarding illicit streaming among the National Football League (NFL), World Wrestling Entertainment (WWE), UEFA, La Liga, and the Romanian Football Federation.

*Program for Georgia Government Officials on Counterfeiting and Piracy.* In July 2022, ICHIP Bucharest met in Batumi, Georgia, with government officials and speak at the joint Georgia-Commercial Law Development Program's (CLDP), "Georgia Against Counterfeiting and Piracy." During the program, the ICHIP delivered a presentation on the intellectual property issues related to the growing popularity of non-fungible tokens (NFTs). The ICHIP also led a breakout group discussion on digital piracy that included government officials from Georgia, Kazakhstan, Tajikistan, Turkmenistan, Moldova, and Armenia. During the visit, the ICHIP met

with officials from the Adjara Police Department as well as prosecutors and customs investigators with responsibility for intellectual property cases.

*Presentations for Balkan and Eastern European Countries at the “Combating Counterfeit Goods” Conference Sponsored by the Department of Commerce.* In September 2022, ICHIP Bucharest delivered multiple presentations at the regional “Combating Counterfeit Goods,” conference sponsored by the Department of Commerce’s Commercial Law Development Program in Tivat, Montenegro. Conference participants included law enforcement, prosecutors, and other officials from several Balkan and Eastern European countries. The ICHIP discussed the U.S. legal framework for criminal intellectual property enforcement as well as the standards for obtaining electronic evidence.

*Discussions at the European Intellectual Property Prosecutors Network Workshop.* In September 2022, ICHIP Bucharest participated in the European Intellectual Property Prosecutors Network workshop at Eurojust headquarters in The Hague. The workshop brought together IP-focused prosecutors from around Europe, as well as attorneys and academics in the IP field. The ICHIP participated in small-group discussions regarding the continued effort to develop a handbook for IP crime investigations and delivered a presentation on trade secrets enforcement in the United States.

*ICHIP Presented and Moderated Panels at the International Association of Prosecutors Conference.* In September 2022, ICHIP The Hauge attended the International Association of Prosecutors Conference in Tbilisi, Georgia. The ICHIP presented on panels titled, “Evolution of Cybercrime Typologies,” which the ICHIP also moderated, “Prosecuting Crimes on the Dark Web,” and “International Cooperation in Cybercrime Prosecutions.” The conference provided an opportunity to meet and develop connections with prosecutors from around the world. The ICHIP coordinated and sponsored the conference attendance of a prosecutor from Costa Rica, Laura Mora, who presented on a panel discussing cryptocurrency investigations.

## **SUB-SAHARAN AFRICA**

*Second Annual IP Rights and Cybercrime workshop for 22 Nigerian Judges.* In October 2021, ICHIP Abuja partnered with Nigeria’s National Judicial Institute (NJI) to lead the second annual IP rights and cybercrime workshop for 22 Nigerian judges. U.S. Circuit Judges from the 6th Circuit and the D.C. Circuit, and a U.S. District Judge from the Eastern District of Virginia, discussed sentencing considerations in a case involving counterfeit drugs sold on the dark web. Experts from the World Intellectual Property Organization, the Nigerian Copyright Commission (NCC), the Anti-Counterfeiting Collaboration, and the International Trademarks Association also participated.

*Nigerian Anti-Counterfeiting Collaboration/International Trademark Association Annual Virtual Roundtable Event.* In October 2021, ICHIP Abuja worked with NGOs in Nigeria focused on IP protection. ICHIP Abuja was the keynote speaker at the Nigerian Anti-Counterfeiting Collaboration/International Trademark Association annual virtual roundtable event. In November 2021, the ICHIP served as a panelist at the Afro Culture Convention, hosted by the

American Business Council (the Nigerian Chamber of Commerce) in partnership with two law firms. It looked at, among other things, the future of the creative sector in Nigeria.

*Training on Cross-Border Online Counterfeit and Falsified Pharmaceutical Training.* In October 2021, ICHIP Addis Ababa presented in the online training, “Switching on the Lights: Webshop on the Sale of Cross-Border and/or Online Counterfeit/Falsified Pharmaceutical and Healthcare Products.” This web-based training was done for South African pharmaceutical regulators, and featured ICHIP IFPH and a case study of an online pharmacy investigation.

*USPTO and OAPI Program on the Disposal and Destruction of IP-Infringing Goods.* In December 2021, ICHIP Abuja spoke at a USPTO and OAPI (African Regional Intellectual Property Organization for francophone countries) virtual program entitled, “Best Practices for the Disposal and Destruction of IP-Infringing Goods.” The ICHIP gave an overview of the U.S. forfeiture process, particularly as it operates in IP cases, and highlighted a past IP forfeiture cases. A Senior Program Analyst from the U.S. Department of Treasury’s Office for Asset Forfeiture described what happens with assets while cases are pending and after the cases are over – from storage to disposition of IP-infringing and other seized assets.

*Case-based Assistance with Kenyan Africa Joint Pharmacrime Working Group Member.* In January 2022, ICHIP IFPH engaged in a case-based assistance call with an Africa Joint Pharmacrime Working Group member from Kenya who had inquired about a suspected counterfeit health supplement that had been imported into his country.

*Webinar with 20 Prosecutors and Law Enforcement from 15 African Countries.* In February 2022, ICHIP Abuja and ICHIP IFPH hosted a Senior Intelligence Analyst with the National IPR Center for a session of the Africa Joint Pharmacrime Working Group. This webinar included 20 WGMs comprised of prosecutors and law enforcement officials from 15 countries (Benin Republic, Botswana, Burkina Faso, Burundi, Cote D’Ivoire, The Gambia, Ghana, Kenya, Liberia, Nigeria, Senegal, Sierra Leone, Tanzania, Togo, and Zambia). The Analyst discussed the process of collecting and analyzing leads, as well as the back and forth between law enforcement and analysts in developing criminal cases.

*Case Study and Webinar with 17 Prosecutors and Law Enforcement from 13 African Countries.* In March 2022, ICHIPs Abuja and IFPH hosted a webinar for the Africa Joint Pharmacrime Working Group. During this meeting, a Working Group Member (WGM) from Niger discussed a recent seizure of cocaine and 30 boxes containing 450,000 capsules of Pregabalin, a drug like Tramadol. The webinar included 17 WGMs comprised of prosecutors and law enforcement officials from 13 countries (Ghana, Botswana, Zambia, Liberia, The Gambia, Kenya, Namibia, Nigeria, Niger, Burundi, Senegal, Benin Republic, and Togo). WGMs, particularly those neighboring Nigeria, asked numerous questions to determine whether cross border investigations may be explored.

*Workshop for Kenyan Officials on Combating Illicit Trade.* In March and April 2022, in Mombasa, Kenya, ICHIP Abuja joined the World Customs Organization’s East and Southern Africa Regional Office, SGS (formerly Société Générale de Surveillance S.A.), and Kenya Customs and Border Control Department to enhance capacity for combating illicit trade. Forty

officials from Customs and the Anti-Counterfeiting Authority attended and participated actively in this workshop. Attendees learned new profiling and targeting techniques to better detect counterfeits, with particular attention to counterfeit and illegal pesticides. Private sector representatives from CropLife Kenya, Syngenta, and Bayer raised awareness on the serious harms of illicit pesticides, including damage to crops, the environment, agricultural exports, and public health.

*Discussion with 18 African Country Law Enforcement Officials and Regulators About E-Commerce Issues and Counterfeit Pharmaceuticals.* In April 2022, ICHIPs Abuja and IFPH moderated a discussion by 18 prosecutors, investigators, customs officials, and regulators from multiple African countries about e-commerce issues and counterfeit pharmaceuticals. A Zambian senior investigator WGM shared an investigation into an earthmoving company that had attempted to import unregistered COVID-19 vaccines under suspicious circumstances. In addition, a WGM from South Africa discussed how the country was slowly adjusting to the previously prohibited online sale of pharmaceuticals. The WGM ruefully noted how, with so many rural areas, countrymen were often closer to a post office than a pharmacy. This, along with the popular use of the internet for medical information, meant that online pharmacies were increasingly popular. Regulators were obliged to find a balance. This built on an earlier presentation where a WGM from Kenya's Pharmacy & Poisons Board shared the agency's recently promulgated Guidelines on Internet Pharmacy Services. These guidelines were responsive to pharmaceuticals sales on an e-commerce platform.

*Discussion with 15 Law Enforcement Officials of the Africa Joint Pharmacrime Working Group on Innovative Ways to Deal with Confiscated Counterfeit Goods.* In April 2022, ICHIPs Abuja and IFPH moderated a discussion among 15 prosecutors, investigators, customs officials, and regulators from twelve African countries of the Africa Joint Pharmacrime Working Group on innovative ways to deal with confiscated counterfeit goods. A Pharmacrime WGM from South Africa kicked off the discussion with a presentation on a pilot project to upcycle counterfeit apparel seized by law enforcement. Worldwide, most of these items currently are incinerated or buried in a landfill; both means are environmentally unfriendly and have been disfavored. Given that an important goal of the Working Group is to promote the exchange of ideas, the ICHIPs helped facilitate a discussion following the South African WGM's presentation outlining the pros and cons of such a program and ways to incentivize brand holders and the different home countries of other WGMs. As a result of these discussions, a Namibian official later announced interest in starting a similar program in their country.

*IP Symposium for 100 Participants in Nigeria to Coincide with World IP Day.* In April 2022, ICHIP Abuja led Mission Nigeria's second IP Symposium to coincide with World IP Day. A U.S. Ambassador gave opening plenary remarks on the theme "IP and Youth: Innovating for a Better Future." One hundred attendees participated from the Ministry of Justice, Nigeria Customs Service, National Agency for Food and Drug Administration and Control, Nigerian Copyright Commission, Patents and Trademarks Registry, Federal Competition and Consumer Protection Commission, secondary and primary school students, judiciary, academia, various IP stakeholders in the private sector.



*Law Enforcement Workshop for 50 Participants as Part of World IP Day Observation.* In April 2022, ICHIP Abuja led a hybrid law enforcement workshop as part of the World IP Day observation. Fifty attendees comprising prosecutors, customs officials, and investigators participated in this event. ICHIP IFPH provided critical investigative skills training in combating commercial fraud and online piracy and ICHIP Abuja discussed Public Private Partnership in IP Enforcement. A speaker from the International Federation of the Phonographic Industry, based in Nairobi, Kenya, described current threats to Nigeria’s music industry in the online environment. A Nigerian judge gave the judiciary’s perspective on challenges in litigating IP actions. Participants were inspired to strengthen relationships with the private sector and were eager to build greater capacity for fighting online infringements and piracy.

*Workshop to Enhance the Capacity of Southern Africa Region to Investigate and Prosecute IPR Crimes.* In May 2022, ICHIP Abuja teamed up with the National IPR Center, HSI Pretoria, and the South African Companies & Intellectual Property Commission in Durban, South Africa, to enhance the capacity of officers in the Southern Africa region to investigate and prosecute IPR crimes. Thirty-three prosecutors, customs officers, police, and regulatory officials from South Africa, Lesotho, Eswatini, and Botswana attended and participated actively in this workshop. The ICHIP gave two presentations, one describing the GLEN Network and the other discussing the targeting and dismantling of illegal online pharmacies. Private sector representatives from Estee Lauder, Syngenta, Bayer, Colgate-Palmolive, and Aspen Pharmacare Holdings Limited shared successes, challenges, and ideas for leveraging public-private partnerships for successful IP enforcement. They also raised awareness on the seriousness of counterfeits in their respective industries. HSI agents presented case studies on counterfeit car parts and pharmaceuticals, among others. This program helped improve regional officials’ knowledge of the dangers of counterfeits.

*Capacity-building Workshop for Officers of the Nigeria Customs Service.* In May 2022, the Anti-Counterfeiting Collaboration (ACC) held a virtual capacity-building workshop for officers of the Nigeria Customs Service (NCS). The workshop, titled “The Role of Collaboration among Stakeholders in Combating Counterfeiting in Nigeria,” brought together different stakeholders working together to combat counterfeiting in Nigeria. Private sector presenters at the workshop gave participants pointers on how to spot counterfeits of their products in the market. ICHIP FSN informed participants about the scope of counterfeiting and pointed out the need for a coordinated approach amongst all stakeholders to combat the menace. Also discussed were the ICHIP programs and the African Pharma Crime Working Group, encouraging the customs officers to leverage those relationships to enhance NCS’s effectiveness.

*Program to Promote and Strengthen Cooperation among IP Enforcement Agencies in Nigeria.* In May 2022, ICHIP Abuja and ICHIP Abuja FSN partnered with INTERPOL in Abuja to promote and strengthen cooperation among IP enforcement agencies. Officials from the Nigerian Copyright Commission, the Standards Organization, the Nigerian Police, the National Agency for Food & Drug Administration and Control, and the Nigerian Customs Service attended and participated actively in this program. The ICHIP discussed ongoing initiatives to formalize interagency cooperation in Nigeria resulting from earlier ICHIP programs, and the ICHIP FSN reviewed the legal framework for IP criminal enforcement in Nigeria. INTERPOL officials spoke about their organization’s policing capabilities, particularly their databases. This program

identified gaps in IP criminal enforcement – for example, few street officers have computers to access INTERPOL’s online IP crime training platform.

*First In-person Meeting of the Combined Anglophone and Francophone African Regional Pharmacrine Working Group in Two Years.* In June 2022, in Dakar, Senegal, ICHIP Abuja held the first in-person meeting of the combined Anglophone and Francophone African Regional Pharmacrine Working Group after two years of virtual meetings and webinars due to COVID-19. The WGMs enjoyed robust engagement and shared successes that have resulted from information shared within the group. Several panels consisting of WGMs from neighboring countries tackled perennial porous border issues and brainstormed on ways to enhance border cooperation. Another panel focused on sentencing issues in these cases. Several WGMs discussed ongoing cases they were handling for feedback and input. Private sector representatives from the Pharmaceutical Security Institute and Pfizer participated in-person, and GSK and Servier representatives participated virtually. At the end, WGMs deliberated on ideas to strengthen and create a legacy for the working group, such as national task forces to boost interagency cooperation, mechanisms to improve reporting in the international community, and a standard operating guide for pharma crime cases.

*USPTO IPR Border Enforcement Workshop for Algerian Customs Officers.* In June 2022, ICHIP Abuja participated in USPTO’s IPR Border Enforcement Workshop for Algerian Customs Officers, which took place in Algiers, Algeria. This program was part of the U.S. State Department’s Middle East Partnership Initiative. Customs officials from the U.S. described using risk analysis to prioritize examinations and the importance of targeting in combating IPR violations. The HSI Attaché from Dakar discussed U.S. operations and trends along with international cooperation and information sharing. The ICHIP discussed evidentiary considerations in prosecuting cases emanating from the border. Representatives from the private sector, including Danfoss, Nike, FIFA, and P&G also described trends their brands had observed. The Algerian officers appreciated the information, and many expressed a desire and a need for more in-depth training.

*In-Person Meeting of the African Regional IP Bench Book Committee.* In July 2022, ICHIP Abuja convened the first in-person meeting of the African Regional IP Bench Book committee in Kigali, Rwanda. A D.C. Circuit Court of Appeals judge, and Sixth Circuit Court of Appeals judge attended alongside judges from Rwanda, Tanzania, Ethiopia, Malawi, Liberia, and Sierra Leone, while judges from Nigeria and Uganda participated virtually. African Regional IP Organization (ARIPO) officials also participated in-person. The U.S. Judges assisted the judges in developing a comprehensive book outline. The presentation became the framework for the section on complex litigation. Based on guidance from a writing expert, a representative of the USPTO, and the Federal Judicial Center, the participants developed a survey to solicit more information from the judiciary in Anglophone Africa and an outline for the IP Bench Book. This proposed IP Bench Book is very much in line with the IP goals of the African Regional Free Trade Agreement.

*Workshop Conducted for Gambian Law Enforcement Officers to Strengthen IP Awareness and Enforcement.* In September 2022, ICHIP Abuja, in collaboration with WIPO, conducted a workshop for Gambian law enforcement officers aimed at strengthening IP awareness and

enforcement capabilities. The program, held in Banjul, the Gambia, included members of the judiciary, prosecutors, and private sector individuals. The ICHIP discussed considerations for criminal IP enforcement, including economic and public health risks. She also highlighted a variety of investigative tools for building effective IP criminal cases and delivered a broad overview of infringements over the internet. Attendees appreciated this program and expressed a desire for more engagement on IP, particularly given that there is an IP bill pending in the country's legislature.

*ICHIP Virtually Met with the Deputy Commissioner of the Federal Bureau of Crime Investigation of Ethiopia to Discuss Programming with the Legat Office.* On October 5, ICHIP Addis Ababa Staff Attorney met virtually with Mullisa Abdisa, Deputy Commissioner, Federal Bureau of Crime Investigation of Ethiopia, to discuss possible cooperation and programming with the Legat office. This is the second discussion after meeting with newly arrived ALAT, Adria Johnson, and Legat, Diep Shoemaker, at Embassy Addis Ababa.

### **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, in FY 2022, CCIPS hosted its Fifteenth Annual IP Industry and Law Enforcement Meeting held virtually in November 2021. The yearly meeting gives representatives from a broad range of industries 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. This year, due to the ongoing COVID-19 pandemic, the meeting was held in a virtual format. Senior law enforcement officials from DOJ, HSI, FBI, CBP, and FDA-OCI provided updates on their agencies' enforcement efforts and initiatives, and approximately 200 industry and government representatives 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 and ICHIP attorneys, as well as the Civil Division's Consumer Protection Branch attorneys, have also presented at a variety of domestic and international conferences, symposia, workshops, and events attended by IP rights holders and law enforcement officials. These events included, among others:

- In February 2022, CCIPS and OPDAT organized and hosted an annual ICHIP industry meeting on intellectual property rights enforcement. The virtual meeting featured the ICHIPs located throughout the world who provided updates on activities in each of the ICHIP Regions, including Asia, Africa, Europe, Latin America, and the Caribbean, and globally. AAG Polite and Assistant Secretary of State Todd Robinson provided opening remarks, and DAAG Richard Downing provided closing remarks. ICHIP for Internet Fraud and Public Health moderated an open discussion between industry members and ICHIPs. Approximately 100 industry and government representatives attended, including senior representatives from a broad range of industries.

- In April 2022, CCIPS participated in a panel discussion in Washington, DC, at the Federal Circuit Bar Association’s event entitled “Trade Secrets – From Enforcement to Unique Issues in the Virtual Setting.” CCIPS addressed DOJ’s efforts and priorities with respect to theft of trade secrets matters and IP criminal enforcement.
- In April 2022, CCIPS presented at the International Anti-Counterfeiting Coalition Conference in Washington, DC. CCIPS provided a law enforcement perspective during a panel discussion on the “Role of Social-Media in Counterfeiting and Other Illicit Activities,” and took part in a panel discussion entitled, “The Future of Online Enforcement – Getting ahead of Today’s Counterfeiting Challenges.” ICHIP Panama also presented to the audience of 350 industry and law enforcement representatives.
- In April 2022, CCIPS attended an Anti-Counterfeiting Workshop at the International Trademark Association’s (INTA) annual meeting in Washington, DC. The workshop provided a forum for trademark owners and attorneys involved in brand protection and anti-counterfeiting enforcement to discuss various topics, including the impact of e-commerce growth on enforcement efficacy, the potential use (or abuse) of technologies such as blockchain and cryptocurrency to prevent (or facilitate) counterfeiting, technical investigative tools and other best practices, and emerging trends related to counterfeiting. The INTA annual meeting typically attracts more than 10,000 participants for the 5-day conference. The audience for this closed-door workshop was approximately 100.
- In June 2022, CCIPS organized and hosted a delegation from the California Law Association’s IP Section. CCIPS Attorneys discussed various facets of CCIPS’s mission, including enforcement of the Protect Lawful Streaming Act and updated CFAA charging policy, as well as recent cases and publications.

The Department maintains a website that, among other things, provides the public with information on the Department’s IP enforcement efforts, assists victims in understanding where and how to report an IP crime, and provides guidance on case referrals. That site can be found at <https://www.cybercrime.gov>. The IPR Center also has a website where the public can report IP theft. That site can be found at <https://www.iprcenter.gov>.

Several years ago, NSD placed 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 focused on protecting national assets. Pursuant to this increased focus over the last several years, NSD leadership and other attorneys have reached out to senior managers and counsel at many companies 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 has 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.

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

As the cases highlighted above show, 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 2022, listing the number of defendants and cases charged, the number of defendants sentenced, and the length of those sentences.<sup>8</sup> Section 404(b) of the PRO IP Act also requests statistics on the number of arrests made. Please see Appendix B of this annual report for an accounting of arrest statistics.

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<sup>8</sup> Case statistics were compiled by the Executive Office for U.S. Attorney's ("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 (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. § 2319C (illicit digital transmission services); 18 U.S.C. § 2320 (trafficking in counterfeit goods); and 47 U.S.C. §§ 553 & 605 (signal piracy). The database does not contain 17 U.S.C. §§ 1202 to 1205 and 18 U.S.C. § 2319B. The statutes were grouped together to eliminate double counting of cases and/or defendants where more than one statute was charged against the same defendant. This chart may not include cases or defendants if only a conspiracy to violate one of these offenses was charged.

District Totals	FY 2022
<b>Investigative Matters Received by USAOs</b>	109
<b>Defendants Charged</b>	64
<b>Cases Charged</b>	35
<b>Defendants Sentenced</b>	22
<b>No Prison Term/</b>	12
<b>1-12 Months</b>	3
<b>13-24 Months</b>	0
<b>25-36 Months</b>	2
<b>37-60 Months</b>	2
<b>61 + Months</b>	3

In addition, the chart below details FY 2022 statistics for criminal IP cases broken down by type of charge.<sup>9</sup>

Charge	Cases charged	Percentage
<b>Trademark</b> <i>Trafficking in counterfeit goods, 18 U.S.C. § 2320</i>	26	74%
<b>Copyright</b> <i>Criminal copyright infringement, 17 U.S.C. § 506; 18 U.S.C. § 2319</i>	3	9%
<i>Counterfeit labels, 18 U.S.C. § 2318</i>	0	0%
<i>DMCA, 17 U.S.C. § 1201</i>	0	0%
<b>Economic Espionage Act</b> <i>Economic espionage, 18 U.S.C. § 1831</i>	0	0%
<i>Theft of trade secrets, 18 U.S.C. § 1832</i>	6	17%
<b>Total</b>	<b>35</b>	<b>100%</b>

<sup>9</sup> 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 17 full-time attorneys, along with paralegals and support staff, in CCIPS to IP issues. 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 AUSAs who are specially trained in the investigation and prosecution of IP and computer crimes. Every U.S. Attorney's Office has at least one CHIP attorney, and those districts that have historically faced the highest concentration of IP and high-tech crimes tend to have multiple CHIP attorneys.

Over the last year, more than 25 NSD attorneys have worked on hacking investigations (most of which involve the theft of information, including but not limited to trade secrets) and/or economic espionage investigations. 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.

Under the ICHIP program, DOJ has had a Department attorney stationed in Bangkok, Thailand, since January 2006 to handle IP issues in Asia. 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 worked with the Department of State to post a DOJ attorney in Bucharest, Romania, beginning in 2015 to continue to handle IP issues in that region. DOJ also expanded its ICHIP program in FY 2015 by placing a DOJ attorney in Brasilia, Brazil, for a six-month term. With the assistance of the State Department, DOJ expanded the ICHIP program in FY 2016 by posting new regional ICHIPS in Hong Kong and São Paulo, Brazil. In FY 2017, the State Department and DOJ prepared to field a new ICHIP position in Abuja, Nigeria, which was deployed in October 2017. In FY 2019, the State Department and DOJ added regional ICHIP positions in Kuala Lumpur, Malaysia, and The Hague, Netherlands, and two new ICHIP Advisors based in the United States who have global subject matter expertise in dark web and cryptocurrency issues and internet-based fraud and public health issues, respectively. Global Cyber Forensic Advisors are also based in Washington, D.C. In FY 2020, the ICHIP Network expanded to include regional ICHIPS in Panama City, Panama; Zagreb, Croatia; and Addis Ababa, Ethiopia. Twelve ICHIP attorneys now serve in the Network, plus Global Cyber Forensic Advisors.

In addition to evaluating digital evidence, the CCIPS Cybercrime Lab technicians have provided extensive training on the use of digital forensics tools in IP cases to law enforcement audiences around the world.

IP enforcement is also an integral part of the mission of four sections of the Department's Civil Division: the Intellectual Property Section, the National Courts Section, the Consumer Protection Branch, and the Civil Appellate Staff. Through the Civil Division's Intellectual Property Section, the Department enforces the false marking statute, 35 U.S.C. § 292, and brings

affirmative patent and trademark litigation for infringement of IP owned by the United States. The Section also defends the decisions of the Copyright Office and the Patent and Trademark Office in district court. 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. 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. Finally, the Civil Appellate Staff represents the United States in copyright and trademark cases in the courts of appeals, including participating as an amicus or intervenor in private IP litigation involving important government interests and defending decisions of the Copyright Office and the USPTO against constitutional and statutory challenges.

**(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, HSI, CBP, FDA, and other agencies. CCIPS also works closely with the CHIP Network to assist in coordinating national prosecution initiatives. Along similar lines, NSD works closely with the NSCS Network to assist in coordinating national prosecution initiatives designed to counter the national security cyber threat. Department attorneys will continue to work with the IPR Center and the National Cyber Investigative Joint Task Force 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.



## Appendix A – Glossary

<b>AUSA</b>	Assistant U.S. Attorney
<b>BJA</b>	Bureau of Justice Assistance
<b>CBP</b>	Customs and Border Protection
<b>CCIPS</b>	Computer Crime and Intellectual Property Section
<b>CES</b>	Counterintelligence and Export Control Section
<b>CHIP</b>	Computer Hacking and Intellectual Property
<b>DMCA</b>	<i>Digital Millennium Copyright Act</i>
<b>DOJ</b>	Department of Justice
<b>EOUSA</b>	Executive Office for United States Attorneys
<b>FBI</b>	Federal Bureau of Investigation
<b>FDA</b>	Food and Drug Administration
<b>FY</b>	Fiscal Year
<b>HSI</b>	Homeland Security Investigations
<b>ICHIP</b>	International Computer Hacking and Intellectual Property
<b>IFPH</b>	Internet Fraud and Public Health
<b>INTERPOL</b>	International Criminal Police Organization
<b>IP</b>	Intellectual property
<b>IPR</b>	Intellectual property rights
<b>IPEC</b>	Intellectual Property Enforcement Coordinator
<b>IPEP</b>	Intellectual Property Enforcement Program
<b>IPLEC</b>	Intellectual Property Law Enforcement Coordinator
<b>IPR Center</b>	National Intellectual Property Rights Coordination Center
<b>NSCS</b>	National Security Cyber Specialists
<b>NSD</b>	National Security Division
<b>NW3C</b>	National White Collar Crime Center
<b>OJP</b>	Office of Justice Programs
<b>OPDAT</b>	Office of Overseas Prosecutorial Development, Assistance and Training
<b>PRO IP Act</b>	<i>Prioritizing Resources and Organization for Intellectual Property Act of 2008</i>
<b>USPTO</b>	United States Patent and Trademark Office

## Appendix B – Federal Bureau of Investigation Fiscal Year 2022 Report on Intellectual Property Enforcement

The Federal Bureau of Investigation (“FBI”) provides the following supplement on its intellectual property (“IP”) enforcement efforts pursuant to Section 404(c) of the *Prioritizing Resources and Organization for Intellectual Property Act of 2008* (“PRO IP Act” or “Act”), Pub.L. No. 110-403.



**FBI Report on  
Intellectual Property Rights Enforcement  
Fiscal Year 2022**

Prepared by:  
Federal Bureau of Investigation  
Department of Justice

## **Executive Summary**

The FBI intellectual property rights (IPR) enforcement strategy is to disrupt and dismantle international and domestic criminal organizations and individuals who manufacture or traffic counterfeit and pirated goods and/or steal, distribute, or otherwise profit from the theft of intellectual property (IP). Investigative priorities include: theft of trade secrets; counterfeit goods posing a threat to health and safety; and copyright and trademark infringement cases with a national security, organized crime, or significant economic impact nexus.

The FBI is a key partner at the National Intellectual Property Rights Coordination Center (IPR Center). In fiscal year (FY) 2022, the FBI pursued IPR enforcement through coordination with partners at the IPR Center, and the public and private sectors, to include domestic and foreign government agencies, rights holders, brand and content protection specialists, and other entities in strategic positions. Coordination included the joint pursuit of initiatives based on current or emerging threats, de-confliction, joint investigations, communication between intelligence components, and the synchronization of investigative strategies with private industry partners.

## **Summary of Overall Successes of FBI Policies and Efforts**

### Investigative and Prosecution Activity with Respect to Intellectual Property Crimes

At the end of FY2022, the FBI had 132 pending IPR investigations with the following areas of focus: 53 investigations of criminal theft of trade secrets; 12 investigations of copyright infringement related to software; 26 investigations of copyright infringement related to signal theft; 18 investigations of other copyright infringement; 5 investigations of trademark infringement; 1 investigation of counterfeit aircraft parts; 2 investigations of counterfeit electrical parts; 4 investigations of counterfeit automotive parts; 7 investigations of counterfeit health products; and 4 investigations of other counterfeit health and safety products.

The following is a summary of statistics attributable to IPR investigations in FY2022<sup>10</sup>: 42 new investigations initiated; 2 arrests; 7 convictions; 7 information/indictments; and restitution totaling \$165,222.

### Collaboration and Training

In FY2022, the FBI collaborated with domestic and foreign law enforcement, IPR and industry partners through various formats, to include task forces, working groups, training, outreach, and case initiatives regarding copyright infringement, trademark infringement, counterfeit goods, and theft of trade secrets. The FBI and IPR Center partner agencies increased relationships with private sector partners and trade groups to combat digital piracy and illicit streaming. In addition, the Economic Crimes Unit IPR team was a member of the FBI-led National Counterintelligence Task Force (NCITF) and participated in NCITF meetings to address instances of trade secret theft and other intellectual property violations involving a foreign government agency or an agent of a foreign power. Coordination through the NCITF facilitated routine communication among counterintelligence agents and FBI investigators assigned to investigations related to theft of trade secrets, fostering the sharing of observations, trends, best practices, and subject tradecraft.

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<sup>10</sup> Source: Sentinel, as of 10/26/2022.