

**DEPARTMENT OF JUSTICE
DEPARTMENT OF THE TREASURY**

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RELEASE

CIV

FRIDAY, JULY 23,
1999

(202) 514-2007

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TDD

**JUSTICE DEPARTMENT, FBI AND CUSTOMS SERVICE
TO COMBAT INTELLECTUAL PROPERTY CRIME
U.S. Law Enforcement Will Target High Tech Corridors
to Fight Piracy and Counterfeiting Surge**

SAN JOSE, Ca. -- The Department of Justice, the Federal Bureau of Investigation, and the U.S. Customs service today announced the establishment of a law enforcement initiative aimed at combating the growing challenge of piracy and counterfeiting of intellectual property, both domestically and internationally. The initiative initially will target the New York-New Jersey metropolitan area, South Florida, the high tech corridors of California and the Boston metropolitan area. Each of the targeted areas have port cities, where piracy and counterfeiting problems are most serious.

Domestically, United States Attorneys, the FBI, and the U.S. Customs Service have agreed to increase their enforcement efforts nationwide, with particular emphasis in seven target districts. Internationally, the initiative pledges support from the Justice Department, including the FBI, for existing efforts of the State Department, Customs Service, and trade agencies with specialized expertise in intellectual property issues -- the U.S. Trade Representative, Department of Commerce's Patent & Trademark Office, and the Copyright Office -- to enhance their technical assistance capabilities and training priorities. The initiative also pledges the key federal law enforcement agencies to assist U.S. trading partners that have robust intellectual property laws, face serious piracy and counterfeiting problems, and are committed to dedicating resources to tackle the problem.

Deputy Attorney General Eric H. Holder, Jr., announced the initiative today in San Jose, along with FBI Assistant Director, Criminal Investigative Division, Thomas J. Pickard; Sam Banks, Deputy Commissioner of the U.S. Customs Service; United States Attorney Robert S. Mueller, III from the Northern District of California; and United States Attorney Alejandro Mayorkas from the Central District of California.

"At the same time that our information economy is soaring, so is intellectual property theft," said Holder. "We are here to send the message that those who steal our intellectual property will be prosecuted. This is theft, pure and simple."

Key components of the Intellectual Property Rights Initiative include:

- Increasing the priority of criminal IP investigations and prosecutions in the Southern and Eastern Districts of New York, the District of New Jersey, the Northern and Central Districts of California (including Los Angeles, San Francisco, San Jose, and Silicon Valley), the Southern District of Florida (including Miami), and the District of Massachusetts (including the Boston metropolitan area);
- Increasing specialized training courses for investigators and prosecutors at the National Advocacy Center in Columbia, S.C., the FBI Academy in Quantico, Va., the Customs Service Academy at the Federal Law Enforcement Training Center in Glynco, Ga., the International Law Enforcement Academies in Budapest, Hungary, and Bangkok, Thailand, and developing training programs for state and local officials in conjunction with the National Cybercrime Training Partnership;
- Seeking referrals from industry through a streamlined system;
- Utilizing procedures for forfeiture of infringing merchandise as an additional tool to get illegal product off the streets;
- Continuing support for increased criminal penalties for infringement through efforts directed at amending the Sentencing Guidelines;
- Highlighting U.S. trade priorities in international law enforcement anti-piracy efforts, including the prioritization of key countries for U.S. training and technical assistance.

The FBI has elevated intellectual property crime to one of its white collar crime priorities. "Intellectual property criminals are organized, well-funded, and use the tools of the Internet and modern telecommunications to steal the product of our labors," Pickard said. "To effectively protect the creativity and ingenuity of our citizens, and the trade secrets they develop through research and development, we need to outmatch the criminals. That means integrating our federal resources with the resources of domestic industries that enjoy legal protection under intellectual property laws."

The U.S. Customs Service has asked Congress to fund an effort to collect, analyze and disseminate domestic and world-wide intelligence on the new patterns in intellectual property crime.

"The Customs Service and other law enforcement and intelligence sources are concerned about the increasing involvement of organized criminal gangs in high-volume counterfeiting," said Sam Banks, Deputy Commissioner of the U.S. Customs Service. "Smuggling counterfeit products across our borders is a lucrative illegal activity costing consumers and businesses billions. Our goal is to make it more difficult and less profitable for these criminals."

The U.S. Customs Service protects American industry and ingenuity by vigorous enforcement of intellectual property laws and interdicting of illegally-copied goods. FY-1998 was a record-

breaking year for the U.S. Customs Service in enforcing intellectual property rights laws, with seizures of nearly \$76 million.

The combined copyright and trademark industries, according to figures released by the Department of Commerce in June, represent the second fastest growing sector of the U.S. economy behind Internet-related electronic commerce. An economic study released last month by the Business Software Alliance reported that, in 1998, the software industry alone generated employment for 2.7 million Americans, generating \$28.2 billion in income tax revenue. Both the copyright and trademark industries have cited increased infringement both domestically and abroad, particularly Internet-facilitated piracy and the online distribution of counterfeit products, as presenting a significant threat to increased growth in this vital economic area. The BSA study also concluded that software piracy cost the U.S. 109,000 jobs and \$991 million in tax revenue in 1998.

The initiative will also call upon U.S. industry to reaffirm its support for law enforcement efforts in the IP area by referring matters for investigation and prosecution, particularly those which involve threats to public health and safety, offenses believed to be committed by organized criminal syndicates, and other high volume or consequential intellectual property crimes.

For more information about efforts to fight computer and intellectual property crime, see www.usdoj.gov/criminal/cybercrime.

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