



# IP Criminal Enforcement

**New York China Roadshow**

**September 27, 2018**

Eun Young Choi, Cybercrime Coordinator  
Assistant United States Attorney, Southern District of New York  
U.S. Department of Justice

# Enforcement Network - Prosecutors



- **Computer Crime & Intellectual Property Section (CCIPS)**

- DOJ's experts - Attorneys, Digital Forensic Analysts
- Prosecution / Legislation-Policy / International
- Training, Education and Outreach (domestic / foreign)
- National CHIP Coordinator
- [www.cybercrime.gov](http://www.cybercrime.gov)



- **Computer Hacking & Intellectual Property Prosecutors (CHIPs)**

- At least one in each 93 USAOs
- 25 specialized CHIP Units
- Over 270 specially trained prosecutors



# Enforcement Network - Investigators



- **National IPR Coordination Center (DHS-ICE Led)**
  - 23 Investigative and Regulatory Partners (CCIPS is DOJ Liaison)
  - Deconfliction, investigation/interdiction, training/outreach
  - <http://www.iprcenter.gov>



- **Federal Bureau of Investigation**
  - Partner agency at IPR Center
  - Special Agents Dedicated to IP



- **State and Local Authorities**
  - OJP IP Task Force Grant Money
  - FYs 2009 – 2014: Over \$18 million in awards



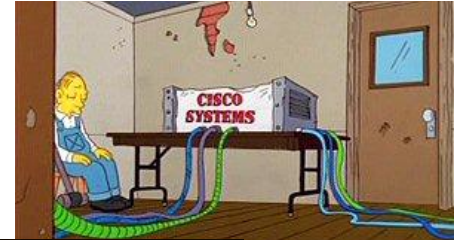
# Federal Priorities

## Priorities

- Health and safety
- Trade secret/economic espionage
- Large-scale piracy and counterfeiting

## Emphasis

- Cyber-related IP crime
- Organized criminal networks
- Increased international engagement
  - IP Law Enforcement Coordinator
  - Multi / Bilateral Working Groups (China)
- Coordination with State and Local Law Enforcement





## Computer Crime & Intellectual Property Section

- ▶ About CCIPS
- ▶ Press Releases
- Documents and Reports
- Cybercrime Symposium
- Career Opportunities
- Report Crime
- Contact CCIPS
- Arranging Speakers

## COMPUTER CRIME AND INTELLECTUAL PROPERTY SECTION (CCIPS)



### GENERAL INFORMATION COMPUTER CRIME AND INTELLECTUAL PROPERTY SECTION

#### LEADERSHIP

**John Lynch**  
Chief, Computer Crime & Intellectual Property Section

#### CONTACT

**Department of Justice Main  
Switchboard**  
(202) 514-2000

### ABOUT THE COMPUTER CRIME & INTELLECTUAL PROPERTY SECTION

The Computer Crime and Intellectual Property Section (CCIPS) is responsible for implementing the Department's national strategies in combating computer and intellectual property crimes worldwide. CCIPS prevents, investigates, and prosecutes computer crimes by working with other government agencies, the private sector, academic institutions, and foreign counterparts. Section attorneys work to improve the domestic and international infrastructure-legal, technological, and operational-to pursue network criminals most effectively. The Section's enforcement responsibilities against intellectual property crimes are similarly multi-faceted. Intellectual Property (IP) has become one of the principal U.S. economic engines, and the nation is a target of choice for thieves of material protected by copyright, trademark, or trade-secret designation. In pursuing all these goals, CCIPS attorneys regularly run complex investigations, resolve unique legal and investigative issues raised by emerging computer and telecommunications technologies; litigate cases; provide litigation support to other prosecutors; train federal, state, and local law enforcement personnel; comment on and propose legislation; and initiate and participate in international efforts to combat computer and intellectual property crime.



# Victim Resources

Computer Crime & Intellectual Property Section

▶ About CCIPS

▶ Press Releases

Documents and Reports

Cybercrime Symposium

Career Opportunities

Report Crime

Contact CCIPS

Arranging Speakers

## REPORTING COMPUTER, INTERNET-RELATED, OR INTELLECTUAL PROPERTY CRIME

Internet-related crime, like any other crime, should be reported to appropriate law enforcement investigative authorities at the local, state, federal, or international levels, depending on the scope of the crime. Citizens who are aware of federal crimes should report them to local offices of federal law enforcement.

- ▶ Reporting computer hacking, fraud and other internet-related crime

### ▶ Reporting Intellectual Property Crime

#### REPORTING INTELLECTUAL PROPERTY CRIME

Type of Crime	Appropriate federal investigative law enforcement agencies
Copyright piracy (e.g., software, movie, sound recordings)	<ul style="list-style-type: none"> <li>• FBI local office</li> <li>• U.S. Immigration and Customs Enforcement (ICE)</li> <li>• Internet Crime Complaint Center</li> </ul>
Trademark counterfeiting	<ul style="list-style-type: none"> <li>• FBI local office</li> <li>• U.S. Immigration and Customs Enforcement (ICE)</li> <li>• Internet Crime Complaint Center</li> </ul>
Theft of trade secrets /Economic Espionage	<ul style="list-style-type: none"> <li>• FBI local office</li> </ul>

- Reporting Intellectual Property Crime: A Guide for Victims of Copyright Infringement, Trademark Counterfeiting, and Trade Secret Theft (Second Edition)

### GENERAL INFORMATION COMPUTER CRIME AND INTELLECTUAL PROPERTY SECTION

#### LEADERSHIP

**John Lynch**  
Chief, Computer Crime & Intellectual Property Section

#### CONTACT

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## Victim Resources

- **Other Government Initiatives to Combat Cybercrime**

### National Intellectual Property Rights Coordination Center

The IPR Coordination Center's responsibilities include:

- Coordinating U.S. government domestic and international law enforcement activities involving IPR issues.
- Serving as a collection point for intelligence provided by private industry, as well as a channel for law enforcement to obtain cooperation from private industry (in specific law enforcement situations).
- Integrating domestic and international law enforcement intelligence with private industry information relating to IPR crime, and disseminating IPR intelligence for appropriate investigative and tactical use.
- Developing enhanced investigative, intelligence and interdiction capabilities.
- Serving as a point of contact regarding IPR law enforcement related issues.

### The STOP Initiative ([www.stopfakes.gov](http://www.stopfakes.gov))

The [stopfakes.gov](http://stopfakes.gov) website provides information to consumers and businesses on intellectual property, including information on how to report trade in fake goods.

Those with specific information regarding intellectual property crime can submit an IPR Coordination Center Complaint Referral Form.



# Victim Resources

HOME ABOUT AGENCIES RESOURCES NEWS CAREERS CONTACT

Home » Criminal Division » About The Criminal Division » Sections/Offices » Computer Crime and Intellectual Property Section (CCIPS)

Computer Crime & Intellectual Property Section

- About CCIPS
- Press Releases
- Documents and Reports
- Cybercrime Symposium
- Career Opportunities
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## CCIPS DOCUMENTS AND REPORTS

### Manuals/Guides

- Prosecuting Computer Crimes Manual (2010)
- Prosecuting Intellectual Property Crimes Manual (April 2013)
- Searching and Seizing Computers and Obtaining Electronic Evidence in Criminal Investigation Manual (2009)


Investigating Trademark Counterfeiting Crime: A Field Guide

Searching and Seizing Computers and Obtaining Electronic Evidence in Criminal Investigation

Department of Justice Train Switchboard (202) 514-2000



U.S. Department of Justice  
Criminal Division




### REPORTING INTELLECTUAL PROPERTY CRIME

A Guide for Victims of Copyright Infringement, Trademark Counterfeiting, and Trade Secret Theft

Second Edition


U.S. Department of Justice | Computer Crime and Intellectual Property Section | June 2016



U.S. Department of Justice  
Executive Office for United States Attorneys

## PROSECUTING INTELLECTUAL PROPERTY CRIMES

Third Edition



Computer Crime and Intellectual Property Section  
Criminal Division

April 2013





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# **IP Enforcement in the U.S. Federal Courts involving Chinese Entities**

**Prepared For:  
China IP Road Show, NYIPLA**

**Anthony F. Lo Cicero, Esq.**

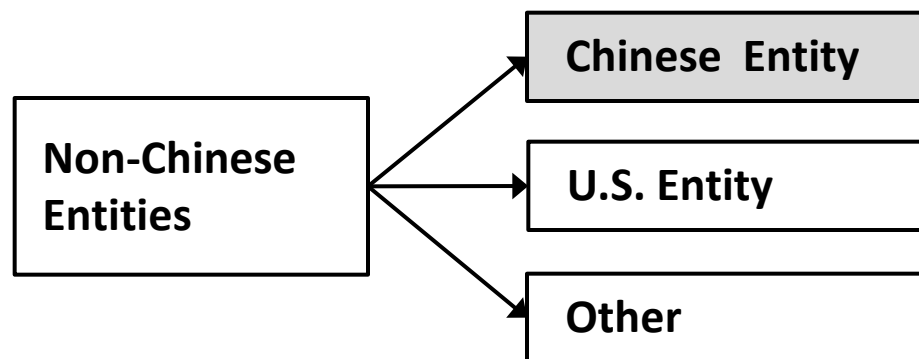
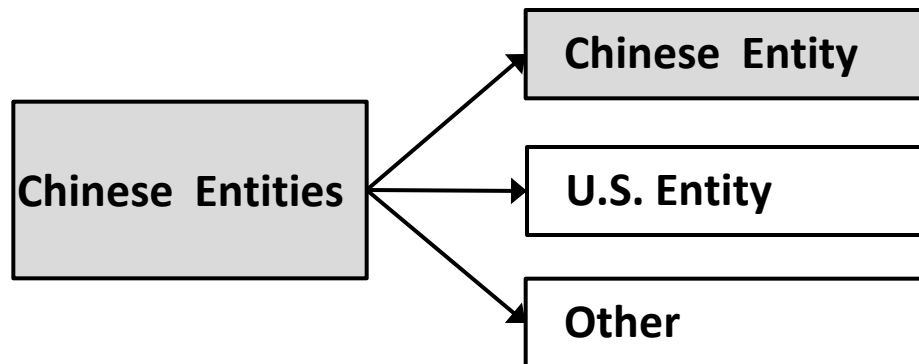
**September 27, 2018**

# U.S. IP Enforcement Involving Chinese Entities

## Rights Owner

## Accused Infringer

## Potential Issues (examples)



- The rights owner may not be familiar with the U.S. system, including discovery and privileges -- extensive education efforts by counsel may be needed

- Even the service of the complaint can be challenging.
- Obtaining discovery from the accused Chinese Entity can be challenging.

# IP Infringement in the U.S.

## Patents

### 35 U.S. Code § 271

- Whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent
- Whoever actively induces infringement of a patent shall be liable as an infringer
- Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer

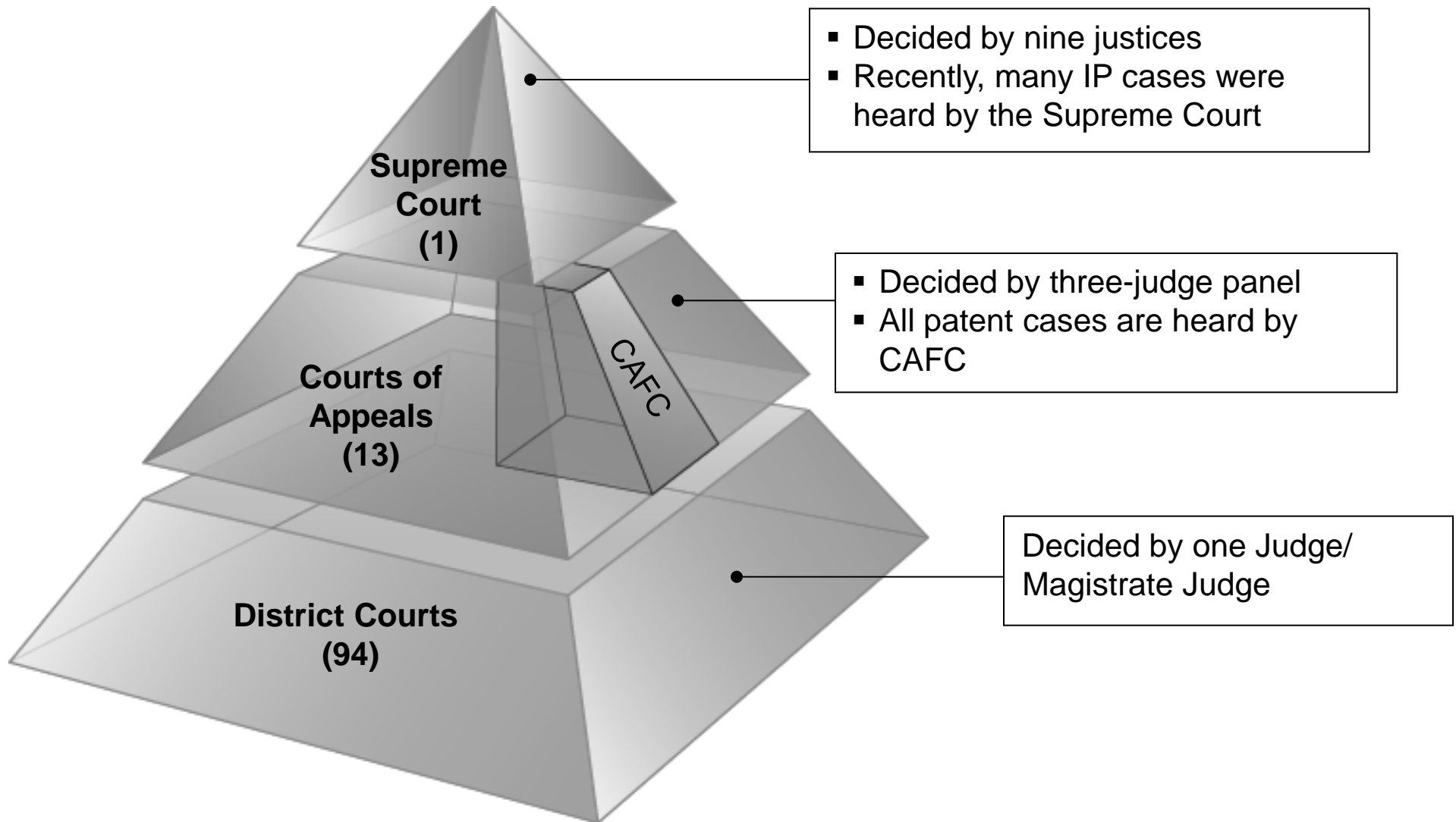
## Trademarks

### 15 U.S. Code § 1114

- Any person who shall, without the consent of the registrant -
  - use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
  - reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive

shall be liable in a civil action by the registrant for the remedies hereinafter provided

# U.S. Federal Court System



# Potential Issues in U.S. IP Lawsuits Involving Chinese Entities

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## Topics

## Issues

### Service

Unless agreed by the parties otherwise, the Complaint needs to be served via the Hague Convention:

- It can take time and money.
- In a trademark infringement case:
  - a Chinese counterfeiter avoided service of the Complaint by continually changing its name -- a Chinese officer hesitated to serve the complaint unless the company name matched the name on the complaint. After the complaint was filed in the U.S. and the translation etc. was being prepared for service via the Hague Convention, the target Chinese counterfeiter changed its corporate name.
  - a U.S. subsidiary sued together with its parent suddenly abandoned its office in California and disappeared.
  - President of a Chinese counterfeiter disappeared to avoid the service and did not go home for a while.

### Discovery

- China does not permit attorneys to take depositions in China for use in foreign courts, regardless of whether the deposition is voluntary or compelled. Thus, unless a witness is willing to come to the U.S. for deposition, it is safer to assume that no deposition from a witness in China is obtainable.
- Chinese law may be cited to object to production of documents. If the judge is persuaded, the document production may need to be requested via the Hague Convention, despite China's history of rejecting or delaying discovery requests under the convention.

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**ADDUCI MASTRIANI  
& SCHAUMBERG LLP**

USPTO China IP Road Show  
September 27, 2018

# **SECTION 337 LITIGATION AT THE ITC**

**TOM M. SCHAUMBERG**



# WHAT IS SECTION 337?

(19 U.S.C. § 1337)

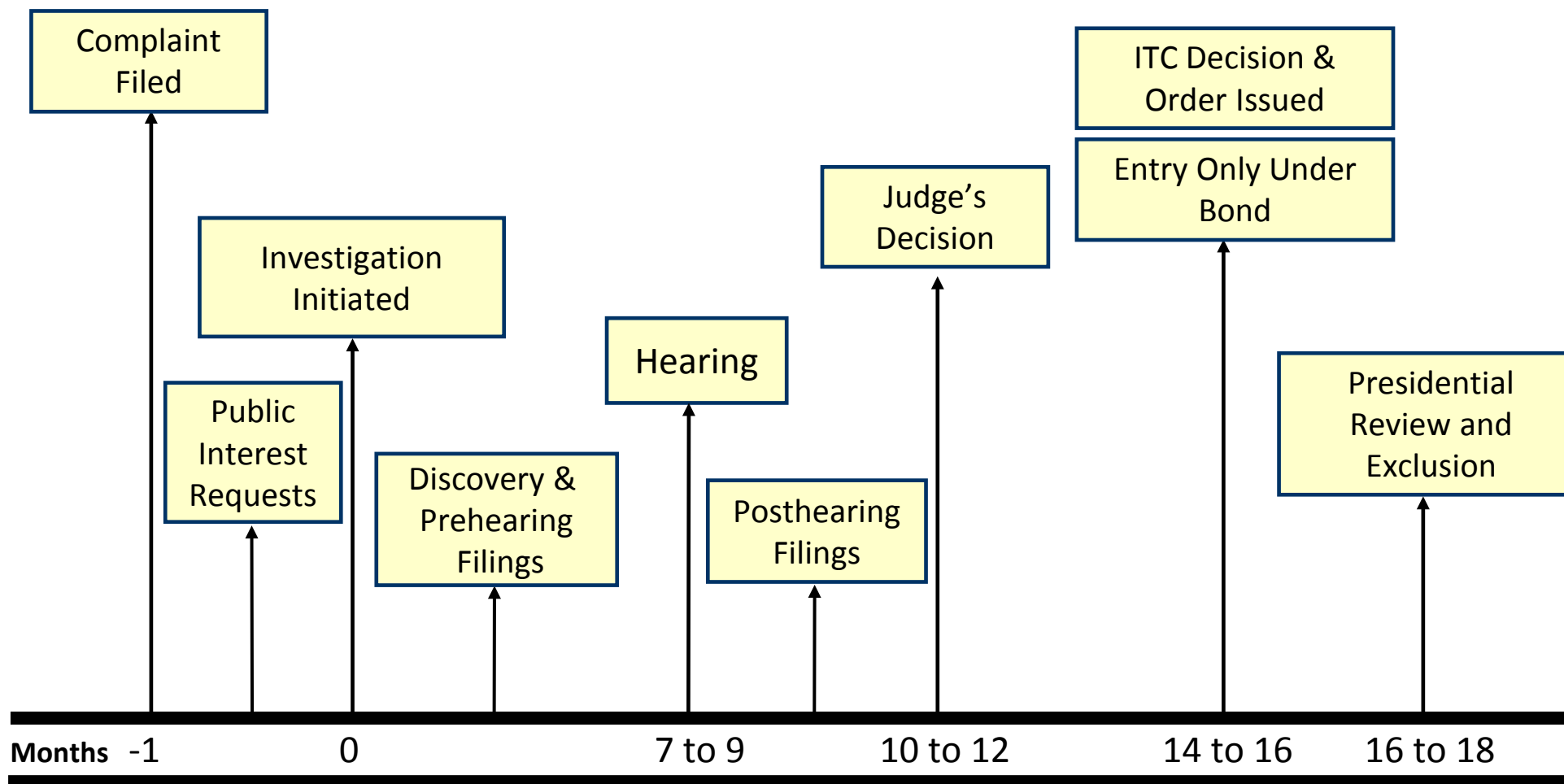


- ❖ Trade remedy to address unfair competition
  - Authorizes the ITC to investigate unfair methods of competition and unfair acts in the importation of articles into the United States
  - Enforced by the U.S. Customs and Border Protection, a component of the U.S. Department of Homeland Security
  
- ❖ Examples of Unfair Acts
  - Infringement of U.S. intellectual property rights (patents, trademarks, copyrights)
  - Lanham Act claims (common law trademarks, trade dress, false advertising)
  - Trade secret misappropriation
  - Other unfair competition (antitrust, false designation of origin, and others)

# ITC VS. DISTRICT COURT

	ITC	District Court
Length	Typically less than 18 months	Average of 3 years
Parties	Seek relief against multiple parties; ITC Office of Unfair Import Investigations may participate	AIA Joinder Provision rules apply
Discovery	Broad scope; nationwide subpoena power; short discovery deadlines	Federal Rules apply; limited subpoena power; slow discovery
Confidentiality	Strictly-policed, one-level (highest) protective order	Inconsistent enforcement of protective orders
Remedy	Automatic “exclusion order” barring infringing imports; nationwide cease and desist order	Injunction potential, but must first satisfy <i>eBay</i> factors
Judges	6 Administrative Law Judges handling only unfair competition and IP cases and subject to review by the full Commission.	677 judges with diverse caseload
Review/Appeals	Federal Circuit	Federal Circuit (patents) Other Circuits (trademarks, etc.)

# SECTION 337 TIMELINE



# SECTION 337 VIOLATION

## ❖ Elements of Violation

- **Importation** into the United States, the sale for importation, or the sale within the U.S. after importation by the owner, importer or consignee of articles
- **Infringement** of U.S. intellectual property right or other unfair act involving articles
- **Domestic Industry** related to the articles protected by a U.S. intellectual property right or targeted by the unfair acts exists, or is in the process of being established

## ❖ Additional Element for Cases Not Involving Statutory Intellectual Property

- **Injury:** that the threat or effect of importation is to destroy or substantially injure a domestic industry, or prevent the establishment of such an industry

# DOMESTIC INDUSTRY REQUIREMENT

- ❖ Complainant's U.S. footprint: domestic, product-centered activities
  - manufacturing, development, assembly, quality control, customer service
- ❖ For statutory intellectual property, defined in 19 U.S.C. § 1337(a)(3)
  - Evaluates whether there is in the United States, with respect to the articles protected by the patent, copyright, trademark, mask work or design concerned –
    - (A) Significant investment in plant and equipment;
    - (B) Significant employment of labor or capital; or
    - (C) Substantial investment in the patent's exploitation, including engineering, research & development, or licensing
- ❖ For other unfair acts, § 1337(a)(1) applies
  - Defined as the industry targeted by unfair acts

# 100-DAY PROCEEDINGS TO DATE

Inv. No Institution Date	Title	Issue	Outcome
337-TA-874 3/22/2013	Products Having Laminated Packages	<b>Economic Prong of Domestic Industry</b>	ALJ: No Domestic Industry Commission affirmed
337-TA-949 3/18/2015	Audio Processing Hardware and Software	Standing	ALJ: Standing Confirmed
337-TA-994 5/11/2016	Portable Electronic Devices	Section 101 Subject Matter Patentability	ALJ: Patent Invalid Commission affirmed Appealed; Federal Circuit affirmed
337-TA-1009 6/24/2016	Inflatable Products with Tensioning Structures	<b>Economic Prong of Domestic Industry</b>	Case Settled Prior to 100-Day Decision
337-TA-1025 10/19/2016	Silicon-On-Insulator Wafers	<b>Economic Prong of Domestic Industry</b>	ID Feb. 8, 2017 ( <i>Complainant contingently established economic prong of DI under all 3 subsections of statute</i> ) Commission affirmed; Case Settled

# 100-DAY PROCEEDINGS TO DATE

Inv. No Institution Date	Title	Issue	Outcome
337-TA-1094 1/22/2018	IoT Devices	<b>Domestic Industry</b>	ALJ: Patent would expire before hearing could be held Commission affirmed
337-TA-1097 1/26/2018	Solid State Storage Drives, Stacked Electronics Components	<b>Economic Prong of Domestic Industry</b>	ALJ: Domestic industry found Commission: Affirmed with modifications
337-TA-1109 4/23/2018	Clidinium Bromide	Demonstrated an injury or threat of injury to a U.S. industry	ALJ: Complaint withdrawn Commission: Not reviewed
337-TA-1132 9/13/2018	Motorized Vehicles	Is complainant contractually barred from enforcing its IP against named respondents	Pending

# REMEDIES AVAILABLE

- ❖ Limited Exclusion Order (*in rem*)
  - excludes the violating products of specific person(s) found to be violating the statute
- ❖ General Exclusion Order (*in rem*)
  - excludes all violating products, regardless of manufacturer
- ❖ Cease and Desist Order (*in personam*)
  - prohibits domestic sale, marketing, distribution, aiding and abetting, and other activities of entities found to maintain commercially significant inventory of imported violating products
- ❖ Remedy must not be contrary to the public interest



# ITC REMEDIAL ORDERS

## Exclusion Orders

- Limited (LEO)
- General (GEO)



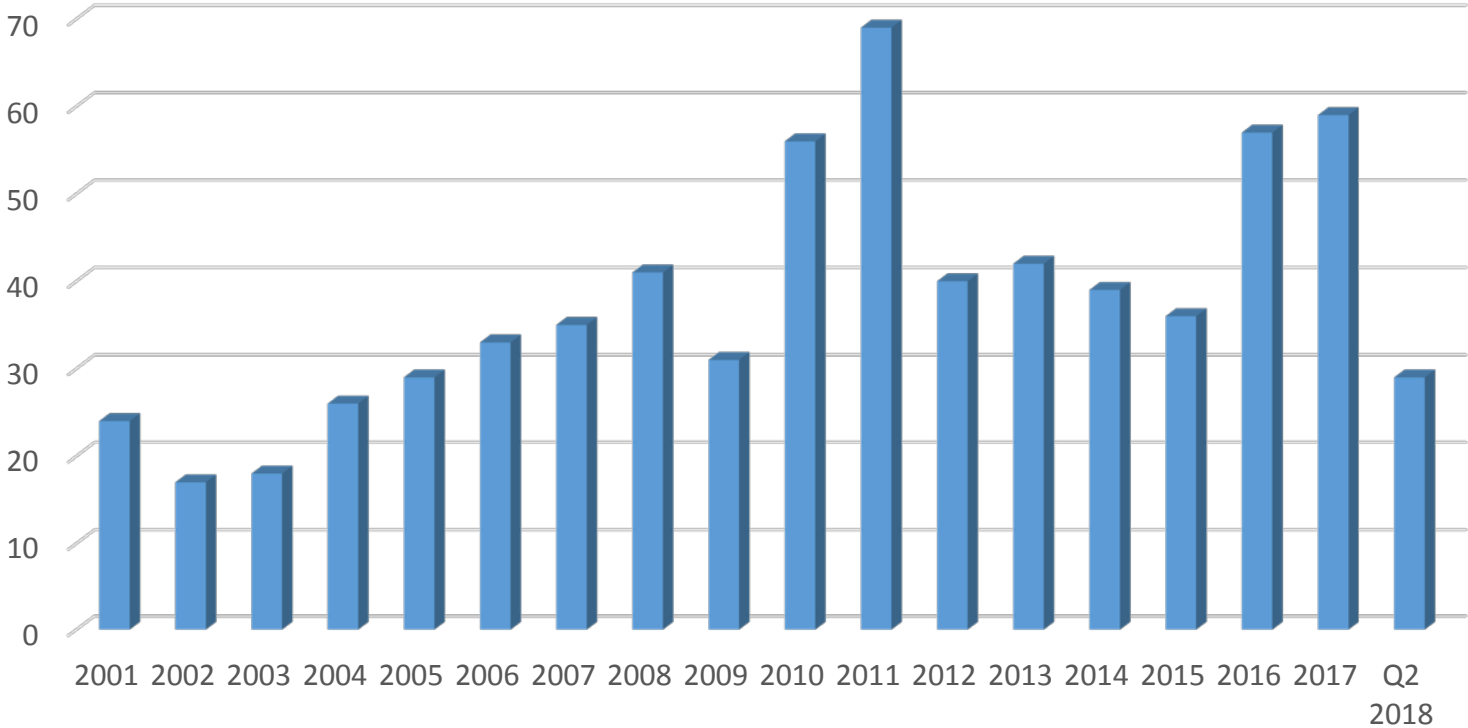
“Dam the River”

## Cease & Desist Orders



“Drain the Swamp”

# USE OF SECTION 337 (2001-2018)



← **2001 – 2018** →  
**Average 37/Year**

# REPRESENTATIVE USAGE - NON-U.S. BASED COMPLAINANTS (2015-2018)



<b>Australia</b>	ResMed Ltd. (2016)
<b>Barbados</b>	International Refills Company Ltd. (2016)
<b>British Virgin Is.</b>	Intex Marketing Ltd. (2016)
<b>Canada</b>	Valeant Pharmaceuticals International (2018)
<b>China</b>	Ninebot (Tianjin) Technology Co. Ltd. (2016)
<b>Denmark</b>	LEGO A/S (2015)
<b>Germany</b>	Daimler AG (2016); Carl Zeiss SMT GmbH (2018)
<b>Hungary</b>	Celanese IP Hungary Bt (2016)
<b>Ireland</b>	Endo Ventures Ltd. (2016)
<b>Japan</b>	Fujifilm Corp. (2016 and 2017); Canon Inc. (2015); Seiko Epson Corp. (2015); NEC (2018)
<b>Korea</b>	Nautilus Hyosung Inc. (2016)
<b>Netherlands</b>	DSM IP Assets B.V. (2016); NXP B.V. (2015); Heineken (2018)
<b>Norway</b>	Aker BioMarine Antarctic AS (2016); Laerdal Medical AS (2016)
<b>Singapore</b>	Creative Technology Ltd. (2016)
<b>Sweden</b>	Telefonaktiebolaget LM Ericsson (2015)
<b>Switzerland</b>	Varian Medical Systems Int'l AG (2015); Baxter Healthcare SA (2015); Kudelski SA (2017)
<b>United Kingdom</b>	Reebok International Ltd. (2016); Neptune Subsea (2017)

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

IN THE MATTER OF  
CERTAIN PERSONAL  
TRANSPORTERS, COMPONENTS  
THEREOF, AND PACKAGING AND  
MANUALS THEREFOR

Investigation No. 337-TA-\_\_\_\_\_

COMPLAINT OF  
SEGWAY INC., DEKA PRODUCTS LIMITED PARTNERSHIP,  
AND NINEBOT (TIANJIN) TECHNOLOGY CO. LTD.  
UNDER SECTION 337 OF THE TARIFF ACT OF 1930, AS AMENDED

COMPLAINANTS

**Segway Inc.**  
14 Technology Drive  
Bedford NH 03110  
Tel: (603) 222-6000  
Fax: (603)222-6001

**DEKA Products Limited Partnership**  
340 Commercial St Ste 401  
Manchester, NH 03101  
Tel: (603)669-5139

**Ninebot (Tianjin) Technology Co., Ltd.**  
Building 9, Jiasuqi, Tianrui Rd Science  
and Technology Park Center,  
Auto Industrial Park, Wuqing,  
Tianjin, China

COUNSEL FOR COMPLAINANTS

Tony V. Pezzano, Esq.  
Aleksandra King, Esq.  
A. Elizabeth Korchin, Esq.  
HOGAN LOVELLS US LLP  
875 Third Avenue  
New York, NY 10022  
Tel: (212) 918-3000  
Fax: (212) 918-3100

PROPOSED RESPONDENTS

**Inventist, Inc.**  
4901 NW Camas Meadows Drive  
Camas, WA 98607  
Tel: (360) 833-2357

**PhunkeeDuck, Inc.**  
250 Jericho Turnpike  
Floral Park, NY 11001  
Tel: (347) 235-4073

**Razor USA LLC**  
12723 166th St.  
Cerritos, California 90703  
Tel: (562) 345-6000

**Swagway LLC**  
3431 William Richardson Dr., Suite F  
South Bend, IN 46628  
Tel: (844) 299-0625

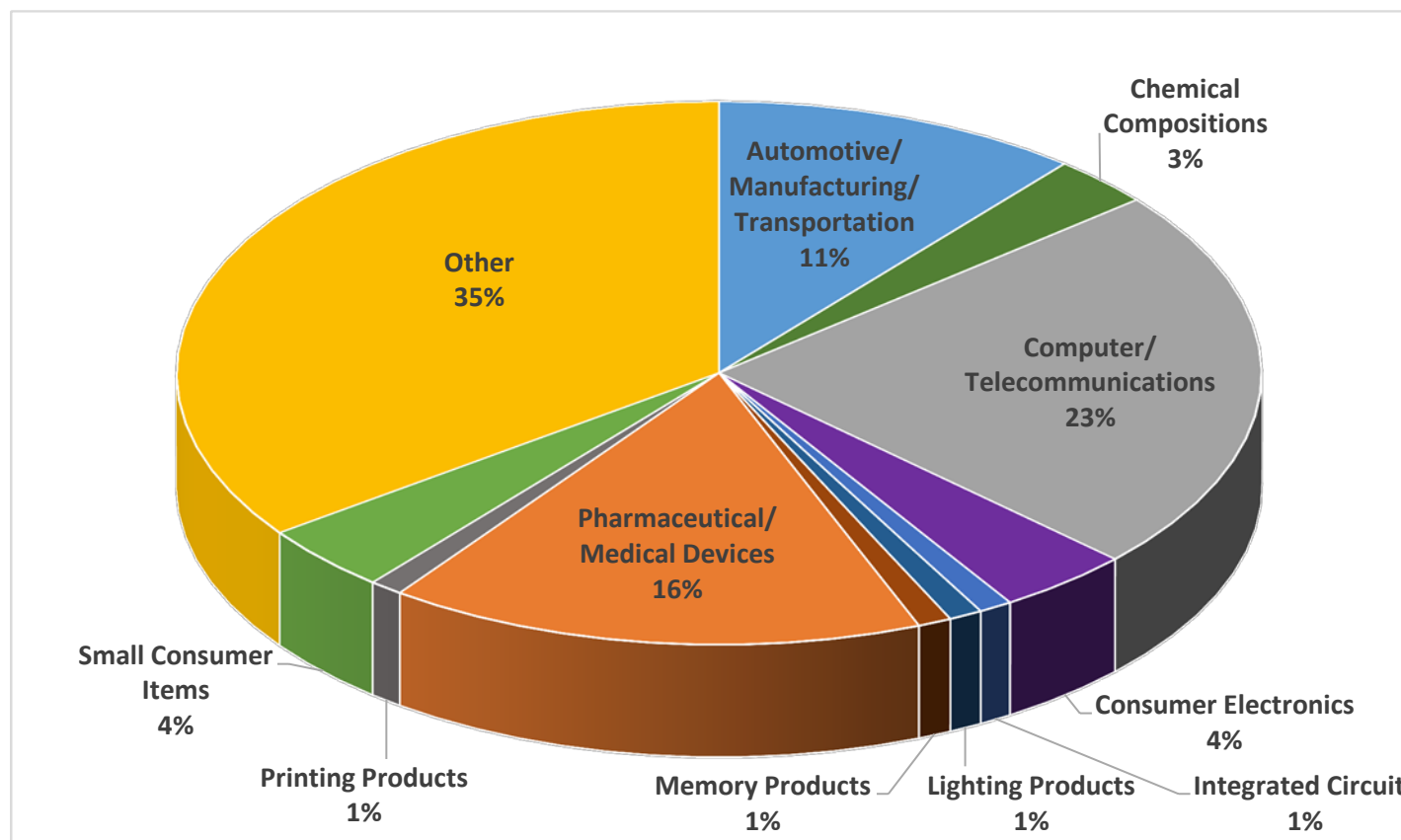
**Segaway**  
3940 Laurel Canyon Blvd #376  
Studio City, CA 91604  
Tel: (800) 578-9456

**Jetson Electric Bikes LLC**  
175 Varick Street  
New York, NY 10014  
Tel: (888) 976-9904

# 337-TA-1007

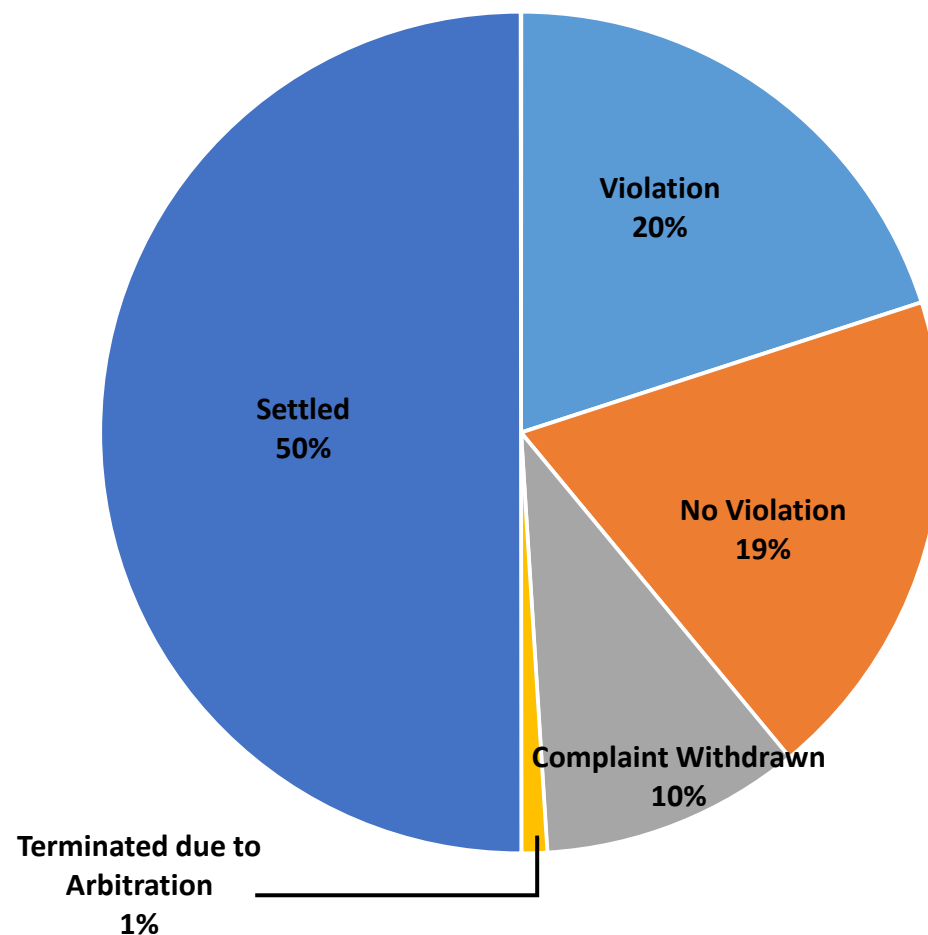
# COMPLAINANTS: SEGWAY, INC; DEKA PRODUCTS LTD. PARTNERSHIP; AND NINEBOT (TIANJIN) TECHNOLOGY Co. LTD.

# ACCUSED PRODUCTS IN FY 2017



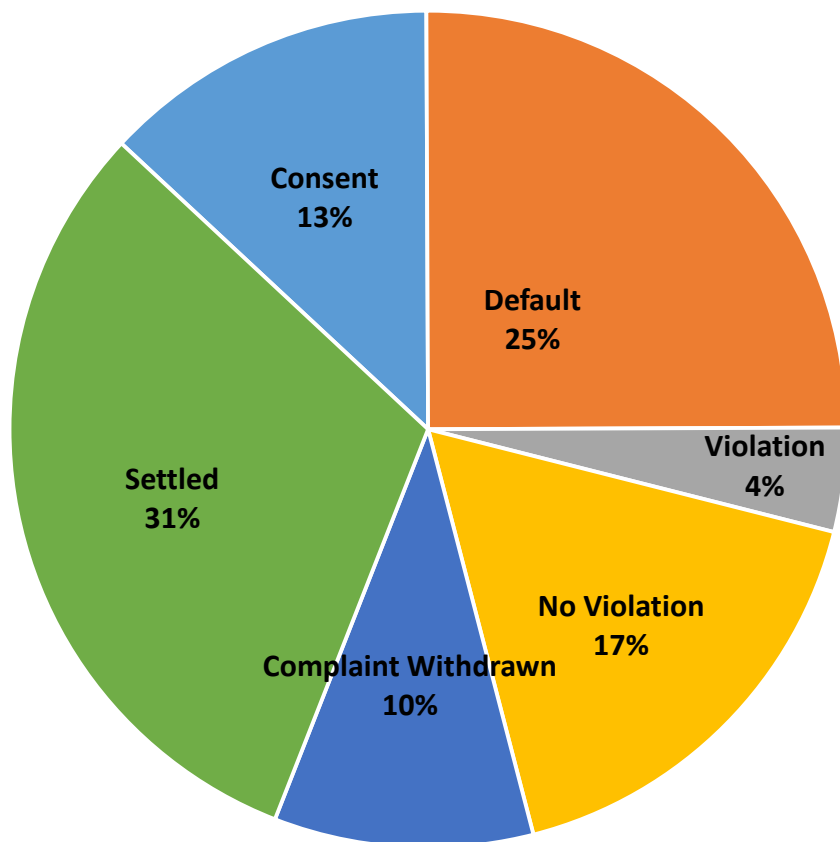
Source: USITC, 2017

# DISPOSITIONS 2007-2017



# DISPOSITIONS

## CHINESE RESPONDENTS, 2009-2016



- ❖ Many Chinese companies used to default
  - If respondents do not appear to defend against the complaint, they risk their products being excluded from the U.S. without a fight
- ❖ More recently, many Chinese companies have successfully defended against Section 337 complaints
  - ITC investigations consist of many elements – failure to prove only one can defeat a case
  - Chinese companies need to appear and participate in the entire investigation

# ENFORCEMENT OF EXCLUSION ORDERS

- ❖ U.S. Customs & Border Protection (formerly Customs Service) – within the U.S. Department of Homeland Security
- ❖ Office of International Trade
  - Regulations & Rulings; IPR Branch
- ❖ Educate Customs
  - Provide samples of infringing goods
  - Provide patent excerpts, technology tutorial
- ❖ Provide industry intelligence to Customs
  - Preferred ports, potential importers, likely means of importation



# FOR MORE INFORMATION . . .



## Tom M. Schaumberg

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Editor:

*A Lawyer's Guide To Section 337 Investigations  
Before the U.S. International Trade Commission*



汤姆·迈克尔·萧姆伯格/主编

## 美国国际贸易委员会 337调查 律师实践指南

第二版

A LAWYER'S GUIDE TO  
SECTION 337  
INVESTIGATIONS  
BEFORE THE  
U.S. INTERNATIONAL  
TRADE COMMISSION  
SECOND EDITION

Tom M. Schaumberg, Editor

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美国律师协会知识产权部

Section of  
Intellectual Property Law