The following is a compendium of news reports over the last month that may be of interest to our AG offices that are dealing with intellectual property issues. Neither the National Association of Attorneys General nor the National Attorneys General Training & Research Institute expresses a view as to the accuracy of news accounts nor as to the position expounded by the authors of the hyperlinked articles.

Attorneys General Fight Intellectual Property Theft

April 15, 2014: The Washington Post ran a front page article on the Attorneys General efforts to reach an agreement with Google regarding the illegal online sale of pharmaceuticals.

Federal Legislation

Legislation has been entered in the Senate that would allow companies to file suits in federal courts against those who steal their trade secrets. Under the Defend Trade Secrets Act, S.2267, there would be a federal private right-of-action. Although the federal government is empowered under the Economic Espionage Act of 1996 to bring criminal actions, there were only 25 trade secret cases filed last year.

Sen. Carl Levin (D. Mich.) has proposed legislation, S. 884, with bipartisan support, that would require President Obama to develop a report listing the countries engaging in cyber theft and to specify the goods stolen and the goods produced using the stolen information. It would also grant the Treasury Department the authority to freeze the assets of foreign companies knowingly benefiting from the theft.

State Legislation

Patent Trolls

The Governors of Georgia, Maine, Maryland, Oklahoma, Tennessee, Utah, Virginia, and Wisconsin have signed bills that address bad faith patent infringement demand letters. Other states -- Alabama, Connecticut, Illinois, Kansas, Louisiana, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, and Pennsylvania -- are considering similar bills. Utah Governor Herbert signed HB 117 on April 1; this law includes the requirement of filing a bond to cover costs of litigation. Georgia Governor Deal signed HB 809 on April 15. It includes bad faith assertions of patent infringement claims to under the Georgia Fair Business Practices Act. Maine Governor LePage signed similar legislation, SP 654, on April 14; Wisconsin Governor Walker signed SB 498 on April 24; Tennessee Governor Haslam signed HB 2117 on May 1; Maryland Governor O’Malley signed SB 585 on May 5; Oklahoma Governor Mary Fallin signed HB 2837; and Virginia Governor Terry McAuliffe signed into law SB 150 on May 23.

In Kentucky SB 116 was passed in the Senate seeking to establish a bad-faith assertion of patent infringement as a violation of Kentucky’s consumer protection statute. This legislation remains in the Kentucky House of Representatives.
An article reviewing states’ attempts to deal with the patent troll issue appeared in the May 21 issue of the *Wall Street Journal*.

**State Intellectual Property Theft Investigations/Prosecutions**

**Alabama**

**May 22, 2014:** 17th Judicial Drug Task Force led a counterfeit and drug search in Thomaston. Three people were arrested and crack cocaine, marijuana, and counterfeit purses and DVDs were seized.

**Arizona**

**April 15, 2014:** A joint task force involving the Phoenix Police Department and ICE Homeland Security arrested a 58-year-old man, Dwight Smith, 58. He was booked into Maricopa County Jail on charges of counterfeit marks and manufacturing counterfeit airbags and components. After Mr. Smith’s arrest, the Phoenix Police Department urged citizens to research the history of their pre-owned cars to determine whether airbags had been replaced because of the car’s involvement in an accident.

**California**

**April 17, 2014:** Huntington Park police arrested a 27-year-old man in connection with the seizure of 27 pallets of counterfeit American flags made in China bearing the label of U.S. manufacturer Annin.

**May 9, 2014:** Los Angeles City Attorney Mike Feuer announced that his office has secured a permanent injunction against Sergio Huerta Falcon and Jonna Garcia, who operated T.J. Accessories, a clothing business. They have also been assessed a $26 million penalty for selling counterfeit goods.

**Georgia**

**May 3, 2014:** Gwinnett County police arrested three people who have been accused of selling counterfeit purses and jewelry at a Lawrenceville, Georgia, mall. Two stores at Discover Mills mall were allegedly selling counterfeit goods. At Bags & More, Jiwani Neermeen Nadir and Nathajiwnadi Nadir Noorali were taken into custody and at Jewelry Castle, Mia Jarvis was arrested.

**May 23, 2014:** Atlanta police raided the West End market in Atlanta, seizing more than a million dollars in counterfeit items during a two-day operation. Fake Uggs, Nikes, and other designer bags and clothing were found at two shops in the market. Police say that the suspects used a machine, located at the mall, to press fake brand name labels onto generic cheaper bags. At one location, police also recovered drugs. Five people have been arrested.

**Indiana**
April 11, 2014: Indiana State Excise Police officers arrested two men in an ongoing investigation into the sale of drugs and counterfeit goods at a Peru, Indiana, convenience store. According to officials, employees and the owner of the Peru Stop & Go were making and selling clothing, including hats and shirts, which counterfeited brand name companies’ products.

Louisiana

May 21, 2014: A Shreveport man was arrested by the Caddo-Shreveport Financial Crimes Task Force for possessing 2,441 bootleg DVDs and CDs. He has been charged with counterfeiting and possessing counterfeit labels.

Massachusetts

May 13, 2014: Lawrence police arrested 42 people in a raid of Don’s Flea Market and the Lawrence Flea Market. According to police, each of them had more than 100 counterfeit items. The local police were accompanied by investigators from the U.S. Department of Homeland Security. A translator who speaks Mandarin and Cantonese was brought in to assist with the arraignment in state district court.

Michigan

May 2, 2014: Michigan State Police detectives seized an estimated $62,000 worth of allegedly counterfeit products from a Muskegon store. The owner, Charles Clanton, has been charged under state law with trademark infringement. Seized items included purported Coach, Louis Vuitton, Michael Kors, Dolce & Gabbana, North Face, Timberland, and Gucci items.

New Jersey

April 22, 2014: In addition to seizing hundreds of thousands of dollars of illicit drugs during a raid of a Union County heroin mill, police also seized 14,000 counterfeit Viagra pills. Twenty people were arrested. The seizure was the result of a year-long investigation into gang activity.

New York

May 31, 2014: Lockport police and U.S. Homeland Security agents arrested Stephen Penkalski after 47 counterfeit athletic jerseys were found during a search of his residence. He has been charged with two misdemeanor counts of third-degree trademark counterfeiting.

North Carolina

May 28, 2014: Winston-Salem shop owner Muhammed Fayyaz was arrested May 15 and charged with multiple felonies including the sale of stolen and counterfeit merchandise. His store, Gold Valley, located in the Hanes Mall, allegedly sold gold marked as 10K and 14K which was, in fact, counterfeit.

Ohio

April 29, 2014: Hamilton County sheriff’s deputies arrested Travis Townsend when he was spotted selling counterfeit DVDs in front of the Hamilton County Courthouse. He had 221 DVDs in his backpack.
along with a stolen iPod Touch. He was charged with trademark counterfeiting and receiving stolen property.

**Pennsylvania**

**April 17, 2014:** Authorities arrested two individuals, Muhammad Bobbi-Salaam and Abdel Salaam, for selling counterfeit goods from the People’s Choice and Discount Clothing store in Chester, Pennsylvania. The arrests came after a year-long investigation by federal officials. They were charged with trademark counterfeiting under Pennsylvania state law.

**South Carolina**

**May 27, 2014:** Horry County Police and the Secretary of State’s Office conducted a raid during Atlantic Beach Bikefest in Myrtle Beach, seizing counterfeit goods valued at nearly $150,000. Three people were arrested and charged with trafficking or distribution of counterfeit goods. Police also seized a van used to transport goods and $2,730 in cash.

**April 16, 2014:** Police report that a man who attempted to sell counterfeit purses and clothing to three men in a gas station in Bluffton was shot in the leg when he accompanied the men to a more secluded spot to complete the sale. The men then stole the counterfeit merchandise and left in an Oldsmobile sedan.

**Tennessee**

**May 12, 2014:** Memphis police, investigating the source of thousands of dollars worth of fake handbags in Memphis, went undercover to purchase bags on a street corner in Memphis. J. Roby was arrested with nearly $70,000 worth of bags and about $450 in cash.

**Texas**

**May 21, 2014:** As a result of a joint investigation by both federal law enforcement and Chicago, Illinois, and Houston police, Nasif Bagla pled guilty to conspiring to smuggle and to traffic in counterfeit and misbranded pharmaceuticals which had been shipped to Houston from China.

**Virginia**

**May 8, 2014:** Danville police arrested 36-year-old Same Kontae and charged him with two felony counts of knowingly selling counterfeit goods. A representative of North Face provided the tip that led to search warrants being served at two businesses in Danville.

**Articles of General Interest**
Customs and Border Protection is seeing an increase in counterfeit items being smuggled into Texas from Mexico. Agents are averaging 66 seizures of counterfeit items every day. Items seized include clothing, handbags, leather goods, perfumes, watches, and illegally copied movies.

The differences between a real and phony IPad charger are detailed in a blog by Ken Shirriff.

Click here to view ABC’s 20-20 segment on counterfeits.

Click here to view Honda’s visual depiction of the consequences of a counterfeit airbag deploying seven hundredths of a second late.

Click here to view a video in which the owner of Saddleback Leather demonstrates to would-be counterfeiters how to knock off a Saddleback briefcase.