STATE LEGISLATION

Idaho

Governor Otter signed SB 1354 the end of March involving bad faith assertion of patent infringement claims. It grants authority to the Attorney General to investigate such claims and sets out facts that a court may consider in examining these claims.

Mississippi

In HB 116, Mississippi lawmakers have extended trade-secret protections to universities and community colleges by exempting commercial, scientific, or technical research from the State’s Open Records Act before the research is published.

Ohio

Ohio legislators have passed HB 177, which makes it a felony to knowingly manufacture, import, install, or sale counterfeit airbags. In passing the legislation, Ohio followed the lead of Connecticut, Louisiana, and New York.

Oregon

On March 3, Governor Kitzhaber signed into law SB 1540, which prohibits bad faith claims of patent which would allow recipient of a bad faith patent infringement claim to file suit under the state’s Unlawful Trade Practices Act. It also permits the Attorney General to investigate bad faith claims and specifies acts or omissions that a court may consider in finding a bad faith claim.

South Dakota

At the end of March, Governor Daugaard signed into law SB 143, which, like similar laws passed this month in other states, provides a civil remedy to those who have been victimized by bad faith patent infringement claims.

LITIGATION AGAINST PATENT TROLLS

New York
January 14, 2014: Attorney General Eric Schneiderman announced a grand-breaking settlement with MPHJ Technology Investments, LLC, a so-called patent troll. The Attorney General’s office accused MPHJ of abusive and deceptive tactics when it contacted hundreds of small and medium-sized New York businesses accusing them of patent infringement and demanding they purchase licenses. The form letters were sent without MPHJ doing any independent investigations regarding whether a patent had, in fact, been infringed and contained misleading information regarding the number of businesses which had purchased licenses, the fees, and threats to file lawsuits. Under the settlement, license fees which had been paid must be returned and prohibits MPHJ from further contacting certain small businesses it previously targeted. MPHJ also committed to a variety of other obligations which will provide guidelines for other so-called patent troll businesses to follow.

STATE INTELLECTUAL PROPERTY THEFT INVESTIGATIONS/ PROSECUTIONS

Alabama

January 15, 2014: An East Gadsden businessman was charged with selling counterfeit handbags and wallets at his nail salon. Since November, 14 people have been arrested for selling counterfeit items in the county.

Arizona

March 20, 2014: Investigators with the Phoenix Business and Economic Stability Team, accompanied by Homeland Security Investigators, served search warrants at four kiosks in Phoenix malls allegedly selling counterfeit prescription and novelty contact lenses, jewelry, and clothing. The owner, Mosarof Hosain, was jailed on charges of illegal control of an enterprise and counterfeit marks.

California

March 10, 2014: The Fresno County Sherriff’s Department assisted federal officials with the investigation and arrest of two northern California men who were subsequently indicted on federal charges for running a high-volume operation selling purported counterfeit movie DVDs and music CDs. More than 70,000 counterfeit CDs and DVDs were seized from a building in Fresno, used as a distribution point.

January 15, 2014: The Los Angeles city attorney’s office announced that it had received a $3.96 million judgment and permanent injunction against Marie Luisa Sanchez. It is the largest judgment the city has secured in a counterfeiting case. She was fined $2,500 for each of the 1,586 counterfeit items that she sold or had for sale. The judge also entered a permanent injunction, enjoining Sanchez from continuing business at the store’s location and from her being present at any location where counterfeit goods are sold.

Connecticut

January 28, 2014: Middletown police raided a local store, Definitely Urban Clothing, where they found hundreds of counterfeit items, including Nike sneakers, Northface jackets, Uggs, CDs and DVDs. Tracy
Merritt and his common-law wife, Jasmine Lattice Williams, were charged with forgery of stamps or labels, possession of unauthorized recordings, and manufacturing/distribution of recorded media.

**Florida**

**March 28, 2014:** Daytona Beach officials arrested a Town Center Mall kiosk owner, Hana Singh, for selling counterfeit jewelry, including Cartier, Hello Kitty and Chanel jewelry. She was charged with counterfeiting private labels with a value of more than $20,000.

**January 17, 2014:** West Palm Beach officials arrested Hyun Suk Moon after seizing an estimated $121,400 worth of counterfeit items out of a booth at a West Palm Beach flea market. When asked where she got the merchandise, Moon told officials that an unknown man had come to her booth and sold her the items. She stated that she paid cash for them and kept no receipts for her purchases.

**January 9, 2014:** West Palm Beach police confiscated $117,000 worth of counterfeit merchandise at Casa Blanca Fashions, operating out of the 45th Street Flea Market. They arrested the store owner, Jamal Hammadh, who indicated that he had no idea that he was selling illegal merchandise.

**Georgia**

**March 2, 2014:** Six men were arrested by Atlanta police and accused of selling about $5 million in counterfeit goods at the West End Market. Citizen complaints led officers to the market who made undercover purchases of several items. Counterfeit products include those with Louis Vuitton, Gucci, Prada, True Religion, and Michael Kors trademarks. Aliou Diallo, Samba Ba, Bockarie Jalloh, Macky Traore, and Asdo Chukwu were charged with selling forged or counterfeited items. Mohamed Diallo was charged with reproduction of recorded material.

**Illinois**

**February 13, 2014:** The owner of a Bridgeview vehicle diagnostic center has been charged with felony counterfeit trademarks after more than two dozen counterfeit airbags were found at this business. The charges resulted from an investigation conducted by the Cook County Sheriff’s Department which, acting on a tip from Homeland Security Investigations, went to the home that was listed as the receiving address for counterfeit air bags. U.S. Customs and Border Protection officers had seized the shipment earlier.

**Mississippi**

**March 18, 2014:** An undercover investigation by the Attorney General’s Knock Out Knock Offs Task Force led to the arrest of Keith Danner. He has been charged with one count of sale of a controlled substance and one count of sale of counterfeit goods. Investigators were able to seize around $60,000 in alleged counterfeit goods, including designer handbags and jeans, Polo shirts and Northface jackets.
February 14, 2014: Mississippi Attorney General Jim Hood announced that a Pontotoc County resident was arrested for selling and producing counterfeit DVDs. Investigators from the Attorney General’s Office seized approximately $50,000 in alleged counterfeited copyrighted material.

New Hampshire

March 30, 2014: The Riverside County District Attorney’s Office joined with law enforcement agencies in conducting an intellectual property rights enforcement operation at the Winchester swamp meet. The search resulted in the seizure of counterfeit goods with an estimated retail value of more than $150,000. Two people were arrested on suspicion of selling counterfeit marks and five were arrested on suspicion of sales of counterfeit recording or audiovisual work. Officials of the Environmental Health Enforcement Department accompanied law enforcement and cited 14 people with misdemeanor citations of operating a food facility without a permit and other health code violations.

New York

March 10, 2014: New York State police arrested a Pennsylvania man on felony drug charges following a traffic stop on Interstate 287 in Elmsford, New York. Among the items confiscated from the car were counterfeit DVDs and cash. He was charged with first-degree criminal possession of a controlled substance, and third-degree trademark counterfeiting along with other charges.

March 8, 2014: Over $2 million worth of fake beauty and health products were seized by authorities in Long Island. Nassau County District Attorney Kathleen Rice announced that search warrants were executed at five locations around the county. Two men, brothers Pardeep Malik and Hamant Mullick, were arrested and charged with three counts of Trademark Counterfeiting in the First Degree and one count of Trademark Counterfeiting in the Second degree. The manufacturing and sale of these items were discovered when fire department officials, after responding to an April 2013 fire, returned to the site in January for a follow-up investigation.

January 20, 2014: Attorney General Eric T. Schneiderman announced the arrests of Chen Zhibin and Yun Wei Huang who were charged with selling counterfeit copies of designer handbags and watches out of the Mendi Gift Shop on Canal Street. They also are accused of underreporting their corporate income and personal income to avoid paying state income tax. The two are each facing one count of Criminal Tax Fraud, a Class E Felony, and one count of Trademark Counterfeiting, a Class C Felony.

South Carolina

March 6, 2014: Law enforcement officers from the Springdale and South Congaree police departments recently executed a search warrant at the home of Jamil Jones. Jones had been stopped for a traffic infraction where officers observed what appeared to be counterfeit Nike shoes. The shoes were confiscated; subsequent inspection by an investigator from the South Carolina Secretary of State’s office confirmed the shoes were counterfeit. On executing the search warrant at Jones’ home, officers found and confiscated other counterfeit items, such as Ray Ban sunglasses, Ralph Lauren shirts, Coach hats,
February 20, 2014: Clarendon County Sheriff officers seized more than $25,000 in counterfeit goods during a traffic stop on Interstate 95. A member of the county’s Interstate Criminal Enforcement Team (ICE) observed a car weaving in and out of traffic while traveling 80 mph in a 70 mph zone. When the car was stopped, the deputy noticed a strong odor of marijuana coming from inside the car. The driver said he did not have a driver’s license and that he was driving a rental vehicle. A probable cause search of the car revealed 23 boxes of various counterfeit perfumes and colognes, wallets, do-rags and purses and a small amount of marijuana. The driver of the car, Winston Udell Alleyne was arrested and charged with possession of counterfeit items, possession of marijuana, and driving under suspension.

Tennessee

March 10, 2014: Murfreesboro police arrested Wade Massey, who has been accused of selling counterfeit Gibson guitars to pawn shops in Nashville and Murfreesboro. Massey claims that he didn’t know that guitars were counterfeit, but that he sold them on behalf of a dealer who asserted that they were rejects from the Nashville plant.

March 5, 2014: Rutherford County investigators confiscated over $160,000 of counterfeit products from the Crazy C’s Liquidation store. Some of the counterfeit items confiscated included Northface, Under Armour, Ugg, and Louis Vuitton products. The case has gone before the Rutherford County Grand Jury.

January 9, 2014: Working in partnership with Homeland Security Investigators, Nashville Metro police raided the Legends Clothing Store, seizing thousands of counterfeit items worth more than $1.8 million.