



ACTIONS

Game Industry Supports the Brazilian “City Free of Piracy” Campaign. The Brazilian authorities currently are pursuing piracy in such cities as Santo André, Franca and Araraquara, although historically, the authorities have focused on big cities like São Paulo. The game industry, partnered with movie and music industries, lent their support to the “City Free of Piracy” campaign, which also targets surrounding cities. In March alone, raids in over a dozen Brazilian locations resulted in the seizure of significant counterfeit products, including 4,000 counterfeit *Wii* discs.

Newly Appointed IP Enforcement Director Targets Piracy in Mexico. Raids have increased against Mexican sellers of counterfeit video game products. Mexico’s criminal branch and newly appointed Director of the Specialized IP Unit initiated and supported the activity. Significant actions targeting hundreds of vendors took place in multiple Mexico City locations, including Azcapotzalco, Tepito, and Bazar del Entretenimiento y El Videojuego. Additional raids were conducted at San Juan de Dios Market in Guadalajara and the San Javier section of Tlanepantla. One raid alone yielded 14,000 infringing *Nintendo* products, consisting mainly of counterfeit *Wii* discs. Nintendo applauds the efforts of the newly appointed Director of the Specialized IP unit, as raids can be dangerous and require additional resources, as well as support from the Mexican Army and the Federal Agency of Investigations due to unsafe conditions and the risk of rioting.



Mexico Retail Shop Before Raid



Mexican Police in Action

U.S. Federal Bureau of Investigations (FBI) Agents Take Down Game Pirate. Twenty FBI agents conducted a raid in February against a southern California retailer involved in the sale of infringing video game products. The industry supported the FBI’s action to prevent this business from selling pirated software and modifying various game systems. Approximately 20 hard drives, multiple computers, modding tools, and pirated game discs were confiscated during the raid, including *Wii* discs and modified *Wii* consoles. The FBI questioned individuals in California, Virginia and Maryland connected to the online and retail business.

U.S. Marine Selling Pirated Video Games on Base Subject to Criminal Investigation. In February, the Marine Corps Air Station at Miramar initiated a criminal investigation against an enlisted military member selling pirated games and modding services to other military personnel. The military man was offering modding services for *Wii* and other consoles, while selling game copying devices loaded with *Nintendo DS* games. The investigation revealed the individual was “in business” for approximately eight months before a fellow serviceman reported the infringing activity to a superior.

IP POLICY ACTIVITIES

What Happened to SOPA? The Stop Online Piracy Act (SOPA) introduced late last year in the U.S. House of Representatives effectively died in January. In addition to SOPA, a companion bill proposed in the Senate, called the Protect IP Act (PIPA), also has been put to rest. The bills were intended to create laws that allowed for effective enforcement tools to address pirate sites directed at U.S. consumers.

Electronic Frontier Foundation (EFF) Seeks to Legalize Jailbreaking Video Game Consoles. The Digital Millennium Copyright Act (DMCA) requires a rulemaking proceeding every three years to review how the anti-circumvention provisions affect consumers. Proponents can seek exemptions from the law if consumers are adversely affected. In the last rulemaking, EFF successfully obtained an exemption allowing for the jailbreaking of Apple iPhones. EFF now seeks to broaden the exemption to include video game consoles (*Wii*, *PS3* and *Xbox* only). The video game industry trade association, in cooperation with the console manufacturers, is aggressively combating EFF’s proposal. Formal hearings are scheduled for May and the review process will continue throughout the year. Allowing for unauthorized applications (jailbreaking) to run on the consoles will facilitate Internet piracy and prevent enforcement against certain hardware modifications.

AWARENESS AND TRAINING

Industry Education Campaign in Mexico Secures Widespread Media Coverage. The second annual IP education contest called “Mexico Wins with the Original,” hosted in Mexico City and sponsored by the Entertainment Software Association (ESA) and the Mexican Department of Education, selected its winners in February. Students ages 8-15 created videos addressing why to buy legitimate rather than pirated game products. Winners were invited to attend a live taping of the popular children’s program “Once Niños.” With sponsorship from Nintendo and other industry members, show hosts offered quiz questions to win prizes. Both the education contest and the video game industry’s efforts to combat piracy received widespread media coverage.

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Chinese Factory Worker

Chinese Authorities Pursue Game Copier Distribution and Assembly Centers. In 2012 alone, authorities have pursued 13 businesses, seizing over 21,000 game copying devices. China continues to be the leading source of game copiers and Chinese representatives remain diligent in monitoring developments related to *Nintendo 3DS* piracy.

Korean Customs Shift Focus to Internet Sellers, Leads to Court Ordered Penalties. Customs offices located in Seoul, Busan and Suwan are pursuing Internet sellers distributing illegal game copying devices and illegal *Nintendo* software. In both January and February, based on investigations and actions pursued by Customs, district courts imposed penalties against an owner of an Internet shopping mall (www.r4sky.net) and another online distributor of devices. The penalties imposed against the distributors ranged from a fine (\$6,155 USD) and 160 community service hours to a suspended prison sentence of up to 10 months.

Korean Law Enforcement Officials Raid Business After It Fails to Comply with Nintendo's Warning. Korean consumers take advantage of multi-room businesses that offer entertainment rental services, including DVD movies, karaoke machines and video game systems. A number of these businesses rent modified *Wii* consoles that play illegal *Nintendo* software. After one franchised business failed to comply with Nintendo's warning, Nintendo sought assistance from criminal authorities. In response, the Western District Court issued a search warrant authorizing the copyright enforcement police to conduct raids against two locations, leading to the seizure of computer equipment used to facilitate piracy.



Chinese Authorities
During Game Copier Raid

Newly Energized Middle Eastern Criminal Enforcement Authorities Pursue Illegal Products at Retail. Based on a complaint filed by Nintendo in November 2011, authorities in Dubai raided almost 30 retailers selling illegal *Nintendo* products. In Q1 alone, the Dubai authorities targeted 14 retailers and imposed fines of over \$35,000 USD. Nintendo applauds these actions conducted by Dubai authorities, which directly correlate to a decline in readily visible counterfeit *Nintendo* products at prominent retail stores.

Taiwanese Pirates Look at E-Commerce. Vigilant police efforts in pursuing counterfeit *Nintendo* products at the retail level have prompted pirates to take their businesses online. As pirates increasingly fulfill online orders based on demand, little inventory appears at the retail level. Local delivery of illegal *Nintendo* products is done by bike or via the postal service.

IP POLICY ACTIVITIES

Hong Kong Internet Service Providers (ISPs) Adopt Code of Practice. Members of the Entertainment Software Association (ESA) joined forces with, and provided comments to, the Hong Kong Commerce and Economic Development Bureau regarding its proposed ISP Code of Practice, aimed at decreasing Internet piracy. The Code of Practice was designed to complement the proposed Copyright (Amendment) Bill by outlining a procedure to notify subscribers of IP infringement. Its March 2nd submission was a follow-up to concerns raised by the industry last year. While the government has attempted to address the industry's concerns with the revised Code of Practice, further work is needed to be done to create an expedited, efficient and transparent process.

AWARENESS AND TRAINING

Australian Customs Officials Take Proactive Steps to Protect Brand Owners. In March, Australian Customs coordinated a three-day workshop dedicated to working with brand owners, including Nintendo, to develop best practices on curtailing illegal products transported via postal services, by air and on ships. Australian authorities from Brisbane, Melbourne and Sydney participated in this significant training opportunity.

Saudi Arabia Customs National Day Highlights Nintendo. On January 28th, Saudi officials representing Customs, the Chamber of Commerce and the Drug Control Department spent hands-on time identifying *Nintendo* products to learn how to support Nintendo in its battle against piracy.



Saudi Arabia
Customs Training

ACTIONS



R4 iTT Game Copier



R4 SDHC Game Copier

Belgium Customs Carefully Monitor Game Copiers. In Q1 alone, the Customs office located in Zaventem stopped 180 separate shipments of game copiers. The small size of the shipments, however, indicated that importers had purchased the devices from Asian-based online sellers for their own use.

Italian Police Shut Down Major Websites Offering Illegal Nintendo Video Games. On February 15th, the Guardia di Finanza closed down two major Italian websites that provided links to illegal video games: Filmgratis.tv and Scaricolibero.com. Nintendo had targeted Scaricolibero.com, the top Italian site offering users access to illegal *Nintendo* games. In response to the criminal crackdown a prominent Italian linking site (Ddlfantasy.net) decided to shut down on March 1st. It published a notice on its home page announcing the closure due to prior enforcement activities.

Spanish Court Dismisses Criminal Action Against Game Copiers. On January 26th, the Provincial High Court of Asturias dismissed criminal charges, based on dubious procedural grounds, against an importer and distributor of game copiers. The case originated in 2009 when Spanish Customs seized multiple shipments of game copiers. Nintendo has filed an appeal with the Constitutional Court.

Nintendo and London Police Work Together to Take Down Illegal Websites. The London Police Metropolitan Economic and Specialist Crime Unit, in collaboration with the U.K. domain name registry (Nominet), have been supporting Nintendo's efforts to shut down websites selling game copiers and/or mod chips. To date, 30 websites selling game copying devices have been reported to the Metropolitan Police. They are working with the U.K. domain name registry to take down the websites.

IP POLICY ACTIVITIES

Will the German Government Consider Internet Legislation? In February, the German Ministry of Economics and Technology published a comparative study on different Internet graduated response models underway in Europe, including a look at the situation in France, the U.K. and Ireland. The study suggests the introduction of a "two strikes" model for Germany, with educational notifications as well as information disclosure to rights holders. Involvement from the Ministry of Justice, which is generally in charge of introducing any kind of graduated response system in Germany, remains critical. Nintendo continues to educate the Ministries on the impact of Internet piracy. The next meeting is set for March 30th.

New Spanish Internet Anti-piracy Law Enacted. As of March 1st, the Intellectual Property Commission began processing complaints received from IP owners regarding infringing websites. There reports join hundreds of prior complaints submitted to the Commission. In collaboration with the Spanish industry association, ADESE, Nintendo has filed 10 complaints concerning websites linking to unauthorized copies of video games. The Commission has up to three months to determine whether to block the availability of such sites to Spanish citizens.

AWARENESS AND TRAINING

Nintendo Provides Practical Tips to Netherlands Enforcement Officials. Nintendo, along with 20 other brand owners, participated in a training seminar held on March 23rd in Amsterdam. Nintendo highlighted the challenges posed by circumvention devices and counterfeit products for the Customs officers, police and other enforcement officials in attendance.

Credit Card Companies Collaborate With Nintendo in Preventing Circumvention Devices Sales. In February, Nintendo's European Anti-Piracy Counsel presented to more than 160 attendees at the Global Merchant Risk Conference in London. Attendees included the global heads of compliance at MasterCard, VISA Europe and PayPal, as well as many senior executives from the compliance and risk departments of European banks and payment service providers. The presentation sought to raise awareness and to educate key decision makers about game copiers and mod chips. Many attendees have since implemented new internal strategies to prevent sellers of these devices from obtaining credit facilities, and have begun working with Nintendo to cut off revenue streams of those with existing merchant accounts.