



### Protecting Nintendo's Legacy Titles

With continued popularity of the classic *Nintendo* video games, site operators worldwide exploit fans' nostalgia by offering unauthorized, infringing downloads of "legacy" games for free, as a "service" to fans. Many sites offer entire libraries of unauthorized game downloads ("ROMs") for older *Nintendo* systems. Operators of infringing sites can make upwards of USD \$100,000.00 per year in advertising revenue and site membership fees. To combat infringing ROM sites – more than 100 to date – Nintendo uses a variety of enforcement methods including direct notices to host Internet Service Providers (ISPs); direct notices to Google to remove search result links to classic games; referring sites to payment processors such as PayPal, when sites collect money in exchange for illegal game content; criminal referrals to law enforcement; and direct notices to site operators. Nintendo has removed over 40,000 infringing links from 35 infringing ROM websites or from Google's search index; and, in some cases, the entire website was shut down. Nintendo works with Google and Apple to disable access to infringing apps linked to infringing ROM sites. Continued monitoring and enforcement is necessary to combat illegal distribution of *Nintendo* games on the Internet, one ROM site at a time.

### Nintendo Facilitates Anti-Piracy Talks with U.S. Law Enforcement

Nintendo held key meetings in September that resulted in heightened awareness of online piracy issues. Nintendo met with the new Section and Unit Chiefs of the National Intellectual Property Rights Center (IPR Center) in Washington, D.C. to provide information on rogue

websites selling circumvention devices that directly support Internet piracy. The IPR Center has specialized units dedicated to "*Operation in our Sites*," a government effort targeting infringing websites, and their operators, that distribute counterfeit items over the Internet. Nintendo also hosted a meeting with the Federal Bureau of Investigation (FBI) Seattle IP Division to educate agents on Nintendo's piracy challenges and to push for action against infringing Internet sites. Nintendo established key FBI contacts, educated and increased awareness about piracy's impact to Nintendo, and discussed ways to collaborate on potential targets. Nintendo already has experienced renewed momentum and collaboration with agents on several investigations, especially related to Legacy ROM download sites.

### Mexico Customs Foils Smugglers

Guadalajara markets in Mexico are repeatedly identified to the United States Trade Representative (USTR) as "notorious markets" for infringing products. Despite enforcement activity, the availability of pirated entertainment software has not decreased, due in part to a lack of meaningful prosecutions. However, Guadalajara Customs has been active in identifying game copiers en route to Mexico from Asia-Pac. Over the last five years, they have supported 47 of the 62 game copier seizures in Mexico, with more than 9,000 game copiers seized. This quarter, Guadalajara Customs found R4 devices hidden inside an Xbox power supply, stopping the importer from smuggling the circumvention devices into Mexico. Authorities previously detected another attempt to smuggle devices inside *Wii* AC adapters and inside USB card reader housings because of the weight and rattling

inside the adapters. Nintendo provided this information to global customs authorities to raise awareness and provide tips on new forms of concealment.

### Video Game Repair Business Also Sold Game Copiers

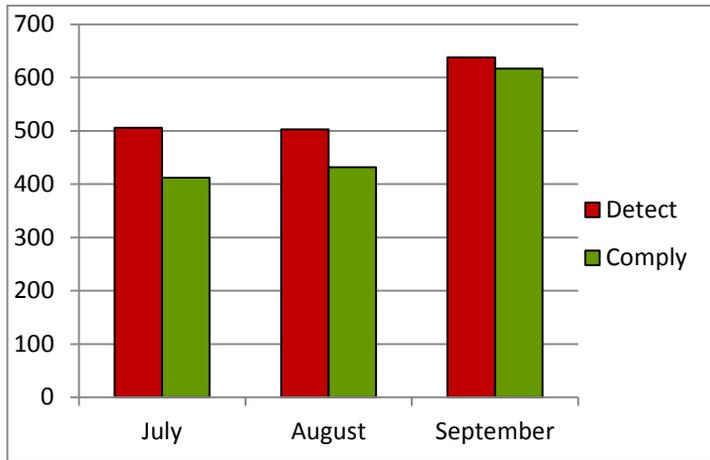
A video game repair shop falsely portraying itself as an authorized Nintendo repair center, using the domain name [www.nintendorepairshop.com](http://www.nintendorepairshop.com), also sold game copying devices and other infringing products. The business was the subject of a raid by U.S. Homeland Security Investigation (HSI) agents in May 2014, resulting in the seizure of infringing *Nintendo DS* products. Nintendo contacted the owner, demanding he stop the infringing activity and cease using the "nintendorepairshop" domain name. The business owner complied and now operates under the name "Retro-Video-Game-Repair.com." He added a disclaimer to the site confirming the business is not affiliated with or authorized by Nintendo. The owner agreed never to import, offer or sell infringing Nintendo products in the future.

### ESA Education and Industry Training

The Entertainment Software Association (ESA) represented Nintendo in a large training event in September attended by over 500 law enforcement agents. The goal was to educate law enforcement on different products and brands and to learn about key piracy-related issues. The Commercial Fraud division of Homeland Security Investigations (HSI) found the training so beneficial that they've requested private trainings in the future.

**Chinese Online Monitoring Demonstrates Strong Results**

In September, detections and compliance rates for infringing links in China rose. Nintendo’s new China-based vendor is providing stronger results primarily due to deeper understanding of local market conditions, dialects, slang and other alternative terms of which foreign-based vendors lack particular experience or knowledge. Year to date, there have been 5,164 infringing links to circumvention devices detected in China. The compliance rate is 99.4%, with 5,133 postings successfully removed.



**Nintendo Supports Key Trainings in China and Taiwan**

On July 31 Nintendo collaborated with its partner, REACT China, and conducted a small parcel training seminar at the Shenzhen Customs Postal Office to update customs officials on Nintendo’s products and tricks in detecting pirated goods. Shenzhen Customs handles more than 100,000 parcels every day, with electronics and apparel topping the list of its most-seized products. On August 28-29, Nintendo supported a training workshop in New Taipei City, Taiwan. More than 100 law enforcement and policy officials from Taiwan Customs, IP Police, Department of Intellectual Property, Economic Police, and Ministry of Justice attended the event. Officials received updates on Nintendo’s brand protection program, information on infringing and authentic products and provided with updated training materials.

**Nintendo Collaborates with Interpol Against Piracy**

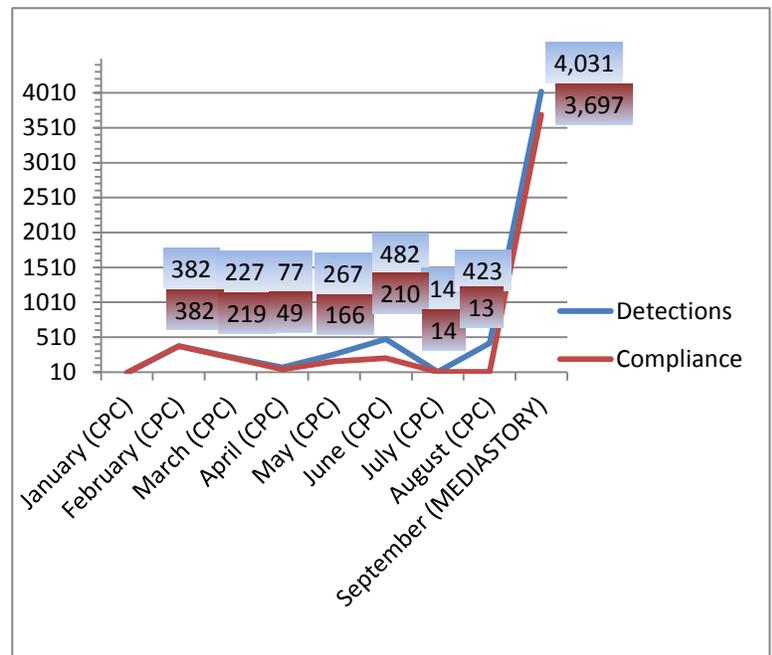
Nintendo participated in the International IPR Crime Conference, organized by Interpol, in Hanoi, Vietnam from September 23-25. Some 500 senior law enforcement officials, security and industry experts from more than 80 countries and 200 organizations attended the conference under the theme of “Global Partnerships to Turn Back Crime.” Nintendo collaborated with law enforcement officials detailing its top priorities.

**Nintendo Prepares Chinese Customs for amiibo!**

Nintendo collaborated with Chinese Customs to ensure authentic *amiibo* figures are exported successfully for global distribution, while ensuring Nintendo’s key trademarks and copyrights are registered with the Chinese officials. As the Chinese officials have been provided with the names of the official manufacturers and Nintendo’s IP rights protecting its famous characters, Customs will have the information needed to stop suspect shipments and assist in battling *amiibo* piracy.

**New Online Vendor in Korea Boosts Compliance Rates**

As of September 1, 2014, the Entertainment Software Association (“ESA”) changed its online monitoring and enforcement service from Copyright Protection Center (“CPC”) to MediaStory in Korea. Each month CPC and, currently, MediaStory monitor 50 first-party *Nintendo* game titles. The following graph illustrates that MediaStory detected a total of 4,031 infringing files across 51 sites in September, a dramatic surge over CPC’s 423 detections across 5 sites in August. Compliance with MediaStory’s takedown requests reached 92% in September, a substantial increase from CPC’s compliance rate of 3% in August. In September, MediaStory results achieved 3,697 compliant files, compared to CPC’s 13 compliant files in August. Nintendo is pleased with the improved enforcement activities underway against online piracy in Korea.



### Nintendo Participates in French Customs Trainings

On September 25, Nintendo presented to the Customs officers at the Federal Customs Training Centre in Rouen, France. Nintendo educated the officials on how to identify counterfeit and pirate products. The training was a great success and shortly thereafter resulted in the first global seizure of counterfeit *Nintendo 3DS* shells (components) in early October.



### Italy's Latest Online Piracy Regulations Challenged

Following claims in late September by local consumer associations, an Italian administrative court referred questions to Italy's Constitutional Court on whether the regulations on online copyright infringement (the so-called "AGCOM Regulations") are consistent with the principles of freedom of expression, economic freedom and proportionality set out in Italy's constitution. Under the regulations, AGCOM may order ISPs to block access to websites that offer infringing content to Italian Internet users.

### Reform of Spain's IP Laws Continues through Legislative Process

In July, Spain's parliament voted to pass the new IP Bill intended to reform Spain's intellectual property laws. The Senate is expected to review and vote on the IP Bill later this year. The current draft contains

important anti-piracy provisions aimed at further clarifying the existing legal framework applicable to linking sites (websites that carry links to infringing content). This civil procedural law will enable a judge to order to identify an end-user's identity who has been involved in IP infringement. In addition, the law will introduce an administrative fine system, with fines ranging from 150K to 600K EURO (188K - 750K USD). This improved legislation is a positive step against Internet piracy in Spain.

### Chipspain Complies with Court Decision

Earlier this year, Nintendo obtained its first positive decision from the Spanish civil courts against a well-known seller of circumvention devices. The decision issued by the Mercantile Court of Barcelona required the operators of the "Chipspain" e-commerce website to publish a summary of the decision on the home page of the [chipspain.com/.es/.de/.it/.fr/.co.uk](http://chipspain.com/.es/.de/.it/.fr/.co.uk) and [chipfrance.com](http://chipfrance.com) domains for a minimum of two months. In September, Chipspain introduced pop-up windows on all the above domains acknowledging that importing and selling game copiers is unlawful, with a link to the Court decision:

[www.chipspain.com/nintendo.html](http://www.chipspain.com/nintendo.html)  
and  
[www.chipspain.com/sentencia\\_nintendo.html](http://www.chipspain.com/sentencia_nintendo.html)).

### European Internet Data Research Shows Change to User Behavior

Nintendo commissioned a third party company to research and analyze the availability of pirated *Nintendo* video games for Internet users based in Austria, Benelux, France, Germany, Italy, Portugal, Russia, Spain, Switzerland and the

U.K. The last report of its kind was prepared for Nintendo in 2011. The results shown in the 2014 report, compared to the 2011 data, suggest that a proportion of Internet users in these European countries have changed their preferred methods used to access illegal *Nintendo* games. In most territories, Internet users seeking access to illegal games have migrated from their use of file hosting services (also known as cyberlockers), such as MegaUpload and Rapidshare in 2011, to Peer to Peer protocols. The behavioral change could be directly attributed to enforcement actions, such as the U.S. Department of Justice's action against MegaUpload and legislative changes, including those made in Italy and France. Based on the Internet research data, Nintendo is able to strategically deploy the appropriate countermeasures in battling video game piracy.