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Intellectual Property Rights Take Center Stage in Several Recent Court Rulings

AGMA Member Companies Cisco and EMC Take Legal Steps to Address Key Brand Protection Issues

LOS GATOS, Calif., May 24, 2011 – The IT industry is being barraged by threats in various forms, and companies are being forced to protect some of their most valuable assets - intellectual property rights (IPR). From patents, trademarks and copyrights to employee know-how, a company's IPR is increasingly more valuable than its physical assets.

AGMA ([Alliance for Gray Market and Counterfeit Abatement](#)) is a non-profit organization that brings together a number of leading high technology companies committed to addressing the gray marketing, [counterfeiting](#), software piracy, warranty and service fraud and other IPR concerns of brand owners around the globe. Recently, AGMA member companies Cisco and EMC have made headlines in the brand protection fight.

A Massachusetts man that defrauded Cisco of \$15.4 million was sentenced to four years in prison, in a warranty and service abuse case. The defendant used fictitious names to contact Cisco and falsely claim that parts supposedly covered under Cisco's SMARTnet warranty program failed and needed to be replaced. These fraudulently obtained replacement parts were then sold by the defendant. Under the SMARTnet program, Cisco provides customers with technical support, including advance hardware

replacement. Advance hardware replacement allows customers to obtain immediate replacement equipment from Cisco, without having to first return the broken part.

Cooperating with the U.S. Immigration and Customs Enforcement's Office of Homeland Security Investigations, EMC recently came to an agreement with defendants that had participated in schemes to sell equipment stolen from the company over the Internet. Known as 'e-fencing,' the use of the Internet to fence stolen goods resulted in charges of wire fraud and selling, receiving or transporting stolen property in interstate commerce. Under the terms of the agreement, the defendants were ordered to pay restitution to EMC; cooperate with law enforcement officials and adhere to a strict compliance program designed to ensure that they do not purchase or sell stolen equipment or update used equipment without the manufacturer's agreement.

In another recent case highlighting the importance of AGMA's charter, the U.S. Supreme Court decided that Swatch's Omega can effectively protect the pricing of its luxury watches sold in the U.S. by enforcing its rights under U.S. copyright laws. Omega's watches are not identically priced from country to country. In this case, U.S. retailer Costco bought new Omega watches on the gray market from middlemen outside of the U.S., then sold them at prices well below the retail price for Omega watches sold in the U.S. market. The ruling in this case supports one of AGMA's key missions - reducing illegal activities associated with gray marketing.

According to AGMA president, [Ram Manchi](#), "IPR infringement takes many shapes and forms, and we applaud all of the AGMA member companies that are battling back against these infringements in the legal arena – and winning. Cisco and EMC have given us great examples on how to successfully engage and partner with law enforcement agencies in order to better protect IPR."

AGMA provides a platform for sharing collaborative strategies, brand protection programs and effective processes which address the growing threats to the IT industry. To learn more about AGMA's initiative or to become a member, please visit www.agmaglobal.org.

About AGMA

AGMA is a non-profit organization comprised of influential companies in the technology sector. Incorporated in 2001, AGMA's mission is to address gray market fraud, parallel imports, counterfeiting, software piracy, and service abuse of technology products around the globe. The organization's goals are to protect intellectual property and authorized distribution channels, improve customer satisfaction and preserve brand integrity.

AGMA welcomes any technology manufacturer, as well as persons or entities that own or hold intellectual property rights to finished goods outside the technology industry; product and service providers, government and law enforcement who provide goods and/or services to combat gray market fraud, counterfeiting and warranty and service abuse threats. AGMA uses a variety of avenues to cultivate change in the marketplace, including event speaking, educational initiatives, benchmark studies, industry guidelines, and, where appropriate, public policy advocacy. To learn more about AGMA's initiatives or to become a member, please visit www.agmaglobal.org.

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