### U.S. Chamber of Commerce



1615 H Street, NW Washington, DC 20062-2000 uschamber.com

April 13, 2023

The Honorable Chris Coons Chair Subcommittee on Intellectual Property Committee on the Judiciary United States Senate Washington, DC 20510 The Honorable Thom Tillis Ranking Member Subcommittee on Intellectual Property Committee on the Judiciary United States Senate Washington, DC 20510

Dear Chairman Coons and Ranking Member Tillis:

The U.S. Chamber of Commerce's ("the Chamber") Global Innovation Policy Center ("GIPC") submits these written comments for the record in conjunction with its oral testimony for the Tuesday, April 18 hearing entitled "Foreign Competitive Threats to American Innovation and Economic Leadership," focusing on the impacts of counterfeit goods and streaming piracy and their threats to intellectual property ("IP") and innovation, particularly within the Chinese market. As the world's largest business federation, representing some of the most innovative companies and industries worldwide, we appreciate the opportunity to share our thoughts and research on such an important topic that affects all industry sectors.

The Chamber strives to ensure policymakers and the United States' multilateral allies are engaged in data-driven policy discussions to inform the debate regarding the critical role intellectual property plays in advancing global frameworks that foster innovation and creativity.

The protection of robust IP requires a global approach. Successful IP enforcement is often a result of extensive public-private sector collaboration that builds ecosystems of mutual trust and ingenuity. This partnership ensures economies can benefit from the fruits of IP-driven innovation while also protecting consumers against harmful and substandard counterfeit goods. As such, the Chamber is especially concerned that theft of American IP from foreign countries, including China, undercuts American innovation, jeopardizes our economic growth, and endangers U.S. national security.

The Chamber looks forward to working with Members of Congress to find solutions that will protect American innovation and creativity and safeguard our IP rights. We would like to emphasize five points about the role of IP rights in fostering a framework that advances ingenuity, protects the U.S. business community's investment in innovation, and protects American consumers from theft of U.S. intellectual property.

I. IP underpins the growth of an effective global innovation ecosystem.

The global pandemic demonstrated the power of IP-enabled innovation, with multiple safe and effective vaccines and therapeutics developed in record time. Innovation occurs along a lifecycle and across a multi-stakeholder ecosystem of private industry, financial markets, government agencies, research universities, and scientific institutions. This ecosystem collectively advances knowledge and develops, tests, and commercializes new technologies that have revolutionized and enhanced the lived human experience. Public-private sector collaboration across the ecosystem is critical to ensuring that the fruits of the innovation ecosystem are realized and reach end-users to save and transform lives.

According to the National Science Foundation, three-quarters of research and development ("R&D") taking place throughout the U.S. innovation ecosystem is performed by the private sector, whose investment relies on effective IP laws and supporting regulatory frameworks backed by a commitment to the rule of law. As in the case of mRNA, many new technologies require decades of R&D before reaching a form where they can reach an end-user as a new product or service. IP rights serve a critical economic function as a guarantor of investment in these long-term, high-risk, capital-intensive projects. Without this, it would be impossible for private sector actors, especially financial markets, to allocate resources to such activities instead of other less risky or time-consuming alternatives.

In the U.S. ecosystem, innovation is rarely monolithic: ideas, know-how, data, and rights change hands frequently among public, private, and academic stakeholders. Within this ecosystem, IP rights serve as a medium for exchange and a store of value. They enable diverse partners to mutually assess and reach an agreement on the relative value of the assets that each brings to a partnership. Where IP rights and/or the rule of law are weak, this frictionless exchange breaks down with the result that entities are incentivized to hoard their knowledge rather than make it available to partners on agreed and enforceable terms.

Underscoring the importance of implementing a baseline for IP protection, the U.S. Chamber International IP Index (the "Index") illustrates the socio-economic benefits associated with a conscious, policy choice to invest in stronger IP frameworks.<sup>1</sup> For example, the Index illustrates that economies with the most effective IP frameworks are 40% more attractive to foreign investment, are 32% more likely to see private-sector investment in R&D and have almost double the innovative output as economies whose IP system lags behind. For the global innovation ecosystem to continue to thrive, it is critical to have an effective framework for protecting and enforcing IP rights.

### II. A Range of Threats - Ongoing debates at multilateral organizations threaten to dismantle a global IP system already under duress.

From pervasive systemic threats at the multilateral level to relentless piecemeal nationallevel attacks, U.S. IP is at risk overseas like never before. Outright IP infringement, online piracy,

<sup>&</sup>lt;sup>1</sup> See 2022 Statistical Annex to the U.S. Chamber International IP Index at <u>https://www.valueingenuity.com/wp-content/uploads/2022/04/GIPC IPIndex2022 StatAnnex v2-1.pdf</u>

counterfeiting, cyber-hacking, trade secret theft, erosion of legal rights, forced technology transfer, political stigmatization of IP, and outright waiver of global IP commitments all contribute to an environment of heightened vulnerability for American innovators and creators around the world.

#### WTO TRIPS Waiver and Other Multilateral Threats

IP weakening measures, such as the TRIPS waivers that have been agreed to or proposed at the World Trade Organization ("WTO"); in the World Health Organization ("WHO") Pandemic Treaty Zero Draft; with respect to revisions to the WHO International Health Regulations; in the United Nations High Level Panel on Pandemic Preparedness and Response; and in the United Nations Framework Convention on Climate Change, are proliferating at the national, plurilateral and multilateral levels.

Given IP's vital role in supporting investment in innovation, U.S. leadership in advancing strong, rules-based global IP standards is critical. The Chamber is grateful for the U.S. government's legacy efforts to promote and protect IP worldwide. However, the Chamber was alarmed by the U.S. government's unprecedented support for the waiver of WTO TRIPS commitments related to COVID-19 vaccines, which will disrupt the IP ecosystem that enabled American industry's highly effective response to the pandemic and undermine future American innovation. This marks a radical departure from long-standing, bipartisan U.S. policy.

Proposals to expand the waiver to therapeutics and diagnostics will only compound threats to American competitiveness and sabotage investment in other IP-intensive sectors, including digital, green, and agricultural technologies that are central to the response to current and future crises. With renewed U.S. leadership at multilateral organizations in support of a strong, global framework of IP rules, it is not too late to stem the damage from the initial waiver and preserve American jobs, foster ingenuity, and protect U.S. national security.

#### IP Theft and Erosion Takes Many Forms

The theft and erosion of IP standards are widespread globally and are in no way confined to one particular nation or economy. The Chamber, other trade organizations, and industry leaders have extensively documented the scale of IP theft and erosion. The Index—which benchmarks the IP framework in economies representing nearly 90 percent of global gross domestic product (GDP)—and the Chamber's annual Special 301 submission highlight the business community's concerns with the absence of effective standards of IP protection in key global markets. Examples of this theft and erosion covered in the Index and Special 301 submission include:

• The use of compulsory or government use licenses for a COVID-19 treatment in Hungary and Indonesia;

- The mass distribution and use of unlicensed and pirated software in India and Brazil;
- The absence of sufficient standards for regulatory data protection across many regions of the world, including the Indo-Pacific, Latin America, the Middle East, and Africa; and
- Gaps in patent term restoration in both emerging and developed economies alike, from Israel and Canada to Chile and India;

# III. Counterfeiting - Public-private partnership can successfully combat widespread counterfeiting operations that endanger U.S. consumers.

In recent years, studies by the Chamber, the Organization for Economic Cooperation and Development ("OECD"), and others have shown global trade in illicit goods taking place on a massive scale, with significant ramifications for consumer health and safety, jobs, and economic growth. Working with both public and private sector partners, the Chamber and other key stakeholders are innovating to meet the challenge. The Chamber is leading efforts to facilitate information-sharing between the public and private sectors through groundbreaking partnerships, including a first-of-its-kind Memorandum of Understanding with U.S. Customs and Border Protection ("CBP"). Congress, meanwhile, added critical transparency to the online market space with the recent passage of the INFORM Consumers Act, and has an opportunity for further progress by ensuring that law enforcement agencies at both the federal, state, and local levels have the resources they need to successfully protect brand owners from trademark infringement, and consumers from dangerous fake products.

### Illicit Trade on a Massive and Damaging Scale

In a series of studies compiled over a six-year period, the Organization for Economic Cooperation and Development and EU Intellectual Property Office have consistently reported that trade in counterfeit and pirated goods reaches upwards of \$500 billion, and a significant percentage of global trade. The most recent study, reflecting 2019 data, estimates that the volume of international trade in counterfeit and pirated (non-digital) products amounted to as much as \$464 billion in that year, or 2.5% of world trade.<sup>2</sup> These results rely on customs seizure observations and do not include pirated digital content on the Internet. In its own proprietary study of global counterfeiting trends, the U.S. Chamber of Commerce reached similar conclusions.<sup>3</sup>

<sup>&</sup>lt;sup>2</sup> See OECD study *Global Trade in Fakes A Worrying Threat* at <u>https://euipo.europa.eu/tunnel-</u> web/secure/webdav/guest/document library/observatory/documents/reports/2021 EUIPO OECD Report Fa kes/2021 EUIPO OECD Trate Fakes Study FullR en.pdf

<sup>&</sup>lt;sup>3</sup> See U.S. Chamber of Commerce study *Measuring the Magnitude of Global Counterfeiting* at <u>https://www.uschamber.com/assets/archived/images/documents/files/measuringthemagnitudeofglobalcount</u> <u>erfeiting.pdf</u>

The OECD finds fakes prevalent across all types of goods, "including common consumer products (clothing, footwear), business-to-business products (spare parts, pesticides), and luxury items (fashion apparel, deluxe watches)." Both studies highlight the risk to health, security, and safety:

"First and foremost, counterfeit goods jeopardize consumers and pose a serious safety risk: fake toys contain hazardous and prohibited chemicals and detachable small parts; brake pads made of compressed grass; counterfeit microchips for civilian aircrafts; all these and many more may and tragically already have led to injuries and deaths. Counterfeit products also result in detrimental effects on economies due to decreased innovation, loss of revenue and taxation, and higher employment rate. Disturbingly, a growing body of evidence draws a clear link between physical counterfeiting and terrorist groups which exploit the easy-made money and high profit margin to fund terror activities around the world."<sup>4</sup> – U.S. Chamber of Commerce

"These include fake pharmaceuticals in particular, but also food, cosmetics, toys, medical equipment and chemicals,"<sup>5</sup> adds the OECD.

The Chamber study found China alone to be the source for more than 70% of global physical trade-related counterfeiting, accounting for the equivalent of 12.5% of China's exports of goods and over 1.5% of its GDP. China and Hong Kong together are estimated as the source for 86% of global physical counterfeiting.<sup>6</sup> The OECD adds that, "[w]hile counterfeit and pirated goods originate from virtually all economies in all continents, China remains the primary economy of origin."<sup>7</sup>

During the COVID-19 pandemic, e-commerce surged as consumers turned to online markets to make many of their purchases. Significant growth in e-commerce corresponded with an increase in the number of counterfeits for purchase online. Fake goods included not only medicines and personal protective equipment (PPE), but also household and consumer goods, apparel and accessories, and kitchen appliances. The increase in online shopping also meant that fakes were being delivered directly to the consumer's front door via small parcels. Small parcels pose a significant enforcement challenge due to their sheer quantity.<sup>8</sup>

<sup>7</sup> See OECD study *Global Trade in Fakes A Worrying Threat* at <u>https://euipo.europa.eu/tunnel-</u> web/secure/webdav/guest/document library/observatory/documents/reports/2021\_EUIPO\_OECD\_Report\_Fa kes/2021\_EUIPO\_OECD\_Trate\_Fakes\_Study\_FullR\_en.pdf

<sup>4</sup> Id.

<sup>&</sup>lt;sup>5</sup> See OECD study *Global Trade in Fakes A Worrying Threat* at <u>https://euipo.europa.eu/tunnel-</u> web/secure/webdav/guest/document library/observatory/documents/reports/2021 EUIPO OECD Report Fa kes/2021 EUIPO OECD Trate Fakes Study FullR en.pdf

<sup>&</sup>lt;sup>6</sup> See U.S. Chamber of Commerce study *Measuring the Magnitude of Global Counterfeiting* at <u>https://www.uschamber.com/assets/archived/images/documents/files/measuringthemagnitudeofglobalcount</u> <u>erfeiting.pdf</u>

The Chamber has found that the "economic damage sustained from counterfeit goods is significant," affecting the economy at large.<sup>9</sup> Consumers encounter products that fail to meet expectations and that may be unsafe; this in turn undermines a brand's integrity and customer trust. Specifically, IP owners sustain not only direct losses due to decreased market share, but also irreparable damage to the brand's reputation and dilution of the brand, along with costs related to defending their intellectual property rights.

#### Public-Private and Private-Private Partnerships

These challenges have spurred considerable effort and ingenuity from the public and private sectors alike – and, increasingly, in partnership. In April 2021, the Chamber, and the GIPC commenced a Secondee program with the Department of Homeland Security ("DHS"), Homeland Security Investigations ("HSI"), National Intellectual Property Rights Coordination Center ("the National IPR Center") to combat the illicit movement and trade of counterfeit products. With approval from the HSI Office of the Principal Legal Advisor, the secondee represents the Chamber and its members at the National IPR Center and acts as a conduit between the private sector and U.S. government to exchange actionable intelligence in a timely manner. This real-time information sharing has facilitated identification of individuals involved in the smuggling of counterfeit goods, which then is used to issue search warrants and seize fake goods.

Soon after inception of the Secondee program, the Chamber and DHS, U.S. Customs and Border Protection ("CBP") established a historic Memorandum of Understanding (MOU) founded on pillars such as information sharing, consumer awareness, and public-private trainings to enhance intellectual property rights enforcement. Since the signing of the MOU in May 2021, CBP has added personnel to meet the flow of data from Chamber members which has increased the ability of the Chamber Secondee to work with CBP to share relevant data on potential exporters and importers shipping counterfeit goods. CBP can analyze this data and use it for targeting purposes to generate leads for HSI.

#### Congressional Action: Laws and Resources

The Chamber applauds Congress for the recent passage of the INFORM Consumers Act, which enhances seller transparency on online platforms. The legislation is a landmark effort to protect brand owners from having their intellectual property stolen by bad actors and protect consumers from falling prey to counterfeiters aiming to utilize an online marketplace to peddle fake goods.

The Chamber recommends the continued funding of federal, state, and local law enforcement efforts to combat IP theft and the prevalence of counterfeit goods entering our country. The Chamber supports increased funding for the Intellectual Property Enforcement Program within the Department of Justice ("DOJ"). The grant program awards state, local, and

<sup>&</sup>lt;sup>9</sup> See U.S. Chamber of Commerce study *Measuring the Magnitude of Global Counterfeiting* at <u>https://www.uschamber.com/assets/archived/images/documents/files/measuringthemagnitudeofglobalcount</u> <u>erfeiting.pdf</u>

tribal jurisdictions funds to prevent and reduce IP theft and related crime and supports law enforcement efforts to investigate and prosecute IP crime, including violent crime associated with IP theft investigations.<sup>10</sup> Additionally, the Chamber supports the mission and activities of DHS's National IPR Center and supports funding for the dedicated placement of federal law enforcement agents at the National IPR Center to enable greater collaboration between government agencies charged with preserving IP and protecting the American public.

## **IV.** Piracy - Similar collaborations between government and stakeholders are needed to effectively fight piracy.

#### Digital Piracy Has Accelerated

While advancing technology and evolving distribution methods enable consumers to stream content like movies, music, and video games from virtually any device, the door is also opened to digital pirates aiming to illegally stream licensed content to a growing consumer base. This poses a significant threat because the copyright industry employs over five million Americans and accounts for nearly 12% of the overall U.S. economy.<sup>11</sup>

According to a 2019 Chamber study, Impacts of Digital Video Piracy on the U.S. Economy, more than 80% of digital piracy is attributed to streaming, and although there are significant benefits that streaming brings to the U.S. economy, those economic gains are capped by the extreme cost of digital piracy.<sup>12</sup> Online piracy cost 290,000 creative professionals their jobs in 2020 as well as almost \$30 billion in lost revenue, and furthermore, digital piracy causes losses to the U.S. economy of between 230,000 and 560,000 jobs and between \$47.5 billion and \$115.2 billion in GDP every year.<sup>13</sup>

Effective online enforcement against the theft of creative works is grounded in a robust and modernized copyright framework. Creators across the African content have expressed serious concern about their ability to protect their works from theft and to make a living at their craft. Strong copyright protections ensure the benefit of these local creators, as well as the U.S. creative industries who are working in, partnering with, and exporting to these markets. As the Administration seeks to deepen ties between the U.S. and African creative industries, it must also work with governments to modernize their copyright laws and ensure that all creators have the benefit of meaningful and modernized copyright protections.

<sup>12</sup> See U.S. Chamber of Commerce report *Impacts of Digital Video Piracy on the U.S. Economy* at <u>https://www.theglobalipcenter.com/wp-content/uploads/2019/06/Digital-Video-Piracy.pdf</u>

<sup>&</sup>lt;sup>10</sup> See DOJ Intellectual Property Enforcement Program at <u>https://bja.ojp.gov/funding/opportunities/o-bja-2022-</u> <u>171289</u>

<sup>&</sup>lt;sup>11</sup> See Digital Creator Coalition *2022 Digital Discover Report* at <u>https://irp.cdn-website.com/39c12a3c/files/uploaded/DigitalDiscoveryReport-2022.pdf</u>

<sup>&</sup>lt;sup>13</sup> See Digital Creator Coalition *2022 Digital Discover Report* at <u>https://irp.cdn-website.com/39c12a3c/files/uploaded/DigitalDiscoveryReport-2022.pdf</u>

# V. China - The United States can play a leading role in addressing the theft of IP from foreign competitors.

The U.S. innovation ecosystem empowered the U.S. to become the world's leading producer of innovative and creative goods and services. Effective protection and enforcement of IP rights are the backbone of America's leadership on ingenuity. The Chamber is concerned that theft of American intellectual property will jeopardize our ability to continue to lead the world on IP-driven innovation.

The Chamber appreciates the Committee's focus on countering IP theft by foreign competitors, including China. When China acceded to the WTO in 2001, the global business community was hopeful that alignment with WTO standards, including the TRIPS Agreement, would mitigate China's widescale counterfeiting efforts. However, China remains a hotbed of counterfeit production and dissemination, which pose a serious threat to American innovation and creativity and the well-being of global consumers. The production, sale, and distribution of these counterfeit and pirated goods hurts American businesses and consumers and undermines the foundational IP rights that form the cornerstone of our economic system.

Intellectual property theft by "far away" bad actors is not a victimless crime. Theft of IP rights through the production and sale of counterfeit and pirated goods continues to harm legitimate businesses by robbing them of creative ownership, fair market competition, and profits earned.

For this reason, the Chamber remains committed to encouraging the Chinese government to strengthen IP protection and enforcement. The Chamber acknowledges that since the U.S. and China concluded the Phase One Economic and Trade Agreement (the "Phase One Agreement"), the government introduced a series of legislative and regulatory changes, including:

- The PRC Patent Law, amended in October of 2020, with revisions that took effect in June of 2021.
- The China National Intellectual Property Administration (CNIPA) issued new rules on trademark usage that took effect on January 1, 2022.
- The PRC Copyright Law, amended in November of 2020, with revisions that took effect in June of 2021.
- The State Administration of Market Regulation circulated draft revisions to the PRC Anti-Unfair Competition Law in November of 2022.
- The PRC Anti-Monopoly Law, amended in June of 2022, with revisions that took effect in August of 2022.

Challenges remain even amidst these changes. Many of our members in the pharmaceutical industry remain frustrated that China is yet to implement a meaningful patent term adjustment and patent term extension mechanism as part of the patent linkage system stipulated in the Phase One Agreement. We have also voiced concerns over the invocation of antitrust measures to compel U.S. companies to license their technology at suppressed rates, particularly for standard

essential patents.<sup>14</sup> We do hope, however, that the proposed revisions to the Anti-Unfair Competition Law will be an impetus for statutory damages with teeth for trade secret infringement and a lunching point for meaningful action on digital piracy.

Perhaps most notably for this hearing, China's amendments to its Copyright Law from November 2020 broadly aligns with the development of China's cultural industry over the past several years and under the Phase One Agreement. While the amendments are mainly geared towards strengthening digital copyright protections, they simultaneously strengthen and increase penalties for general copyright infringement. The new law includes discussion of protections for audio-visual works that are common in today's digital environment, including webcasts and short videos.

As noted in the Chamber's Special 301 submission and in the Index, there has been some progress in recent years in China regarding government enforcement against the distribution of infringing content via online piracy. Chinese authorities have begun to crack down on the illegal distribution of content, and rights-holders have successfully sued websites engaged in brazen infringement. However, China still lacks adequate tools to encourage cooperation with internet intermediaries, ensure rapid takedown of infringing content, act against repeat infringers, and provide proactive measures to address piracy.

Compounding existing issues with online piracy in China, piracy devices including media boxes, set-top boxes, or other devices that allow users, through piracy apps, to stream, download, or otherwise access unauthorized content from the internet are increasingly available in China. Piracy devices are part of a sophisticated and integrated online ecosystem facilitating access to pirated audiovisual materials. These devices have emerged as a significant means through which pirated motion picture and television content is accessed on televisions in homes in China. China is a hub for manufacturing these devices, which are openly and explicitly promoted and advertised for enabling copyright infringement or other illegal activities. Chief among these activities are:

- 1. Enabling users to access unauthorized decrypted motion pictures or television programming;
- 2. Facilitating easy access, through apps, to remote online sources of unauthorized entertainment content, including music, music videos, karaoke, motion pictures and television programming, video games, and published materials; and
- 3. Preloading the devices with infringing apps that provide access to hundreds of highdefinition (HD) motion pictures prior to shipment or allowing vendors to load content upon import and prior to sale, or as an "after sale" service.

The longstanding issue of piracy in China stems from the challenges related to the distribution copyrighted content in the market. Extensive market access barriers limit the

<sup>&</sup>lt;sup>14</sup> See U.S. Chamber of Commerce report *U.S. Antitrust Legislative Proposals: A Global Perspective* at <u>https://www.uschamber.com/assets/documents/U.S.-ANTITRUST-LEGISLATIVE-PROPOSALS-A-GLOBAL-PERSPECTIVE-FINAL-LOCKED-2.16.22.pdf</u>

admission of legitimate content, which fosters a market that thrives on piracy. To meaningfully address the challenges surrounding piracy in China, the U.S. government should focus on the bigger problem of foreign piracy sites aimed explicitly at the U.S. and other lucrative foreign markets. The 2022 Notorious Markets report shows that that this is a key concern for U.S. stakeholders.

For example, if the infringing website is based in the U.S., American authorities have the power to shut it down and take other necessary criminal and civil actions against hosting actors. In the U.S., this most recently occurred through the District Court for the Southern District of New York ruling that ordered U.S. Internet service providers (ISPs) to disable access to infringing content online.<sup>15</sup> Likewise, many other jurisdictions provide tools that allow rights holders to act against foreign-based infringing sites through the application of injunctive style relief or dynamic injunctions. The Index details how economies around the world—from EU Member States to India to Singapore—use these types of mechanisms that allow rightsholders to seek and gain effective relief against copyright infringement online.<sup>16</sup> However, China does not have a similar mechanism in place to address infringing content. The Chamber encourages the Committee consider how the application of similar tools could be used to combat the pervasive piracy emanating from China.

Like online piracy, online counterfeiting remains a significant challenge in China. The explosive growth of online transactions in China has fueled online sales of counterfeit goods and the upstream manufacturing and distribution of these goods. In 2015, a report to Chinese lawmakers found that more than 40% of goods sold online in China were either counterfeit or of "bad quality." A survey by the China Consumer Association in 2018 revealed that over 70% of customers had purchased counterfeit goods online. Respondents believe counterfeit goods are the most severe problem on online platforms. Over half of the online-shopping customers surveyed have purchased counterfeits from cross-border online platforms. Additionally, the popularity of counterfeit goods on social media sites has also become a new and distinct challenge for rightsholders in China.

It is for these reasons, and many more, that China currently leads the world in counterfeit and pirated products. In fact, according to the 2023 Notorious Markets Report, "Counterfeit and pirated goods from China, together with transshipped goods from China to Hong Kong, accounted for 75% of the value of counterfeit and pirated goods seized by U.S. Customs and Border Protection in 2021."<sup>17</sup> These staggering numbers are aided by approximately 6 major online markets (most notably WeChat) and 10 physical markets identified by U.S. officials that are reportedly engaging in or facilitating "substantial trademark counterfeiting or copyright piracy" in China.<sup>18</sup> The Chamber is grateful that the U.S. government acknowledges the scale of counterfeiting and piracy in China, and we look forward to working with members of the

 <sup>&</sup>lt;sup>15</sup> See 2023 U.S. Chamber International IP Index at <u>https://www.valueingenuity.com/wp-content/uploads/2023/02/GIPC\_IPIndex2023\_FullReport.pdf</u>
<sup>16</sup> Id.

 <sup>&</sup>lt;sup>17</sup> See USTR report 2022 Review of Notorious Markets for Counterfeiting and Piracy at <a href="https://ustr.gov/sites/default/files/2023-01/2022%20Notorious%20Markets%20List%20(final).pdf">https://ustr.gov/sites/default/files/2023-01/2022%20Notorious%20Markets%20List%20(final).pdf</a>
<sup>18</sup> Id.

Committee and the Hill to address the theft of IP through the proliferation of counterfeit and pirated goods.

#### Closing

It has never been more evident that foreign threats to intellectual property rights, particularly China's ongoing abuses, pose a significant challenge to the economic and national security interests of the United States and American business community.

While progress has been made in recent years to address these issues through policy and legal means, particularly through the Phase One Agreement with China, much more must be done. Congress must continue to prioritize and invest in efforts to protect American innovation and creativity, including through targeted measures that increase transparency and accountability for those who violate IP rights and enforce the agreements on the books and with our trading partners.

Doing so will require close collaboration with our international and multilateral partners to establish clear rules and enforceable standards. Strong U.S. leadership will be indispensable to protecting American IP rights, securing our economic growth, and safeguarding U.S. national security. The Chamber looks forward to working the Congress and the Administration to strengthen our defenses and safeguard American innovation for generations to come.

Sincerely,

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Patrick Kilbride SVP, Global Innovation Policy Center U.S. Chamber of Commerce

cc: Members of the Senate Committee on the Judiciary, Subcommittee on Intellectual Property