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Chairman Leahy, Ranking Member Grassley, members of the Committee on the Judiciary: Thank you for your continued leadership on this important issue. I also want to thank you for the support that this Committee has provided to my office and the Administration's overall intellectual property enforcement efforts. Although my young office operates with limited resources, your support and the attention you bring to this issue has helped us to be more effective.

In June of 2010, we sent to you the Administration's Inaugural Joint Strategic Plan on Intellectual Property Enforcement. That Strategy was developed with significant public input -- including more than 1,600 comments from the public -- and the coordinated efforts of the Federal agencies, including the U.S. Departments of Commerce (DOC), Health and Human Services (HHS), Homeland Security (DHS), Justice (DOJ), State and the Office of the U.S. Trade Representative (USTR). The overarching goal of the Strategy is to protect U.S. jobs, to increase exports of innovative technology and creative works and to support and protect our intellectual property rights, thereby allowing America's innovation to continue to drive our economic growth. A second principal goal is to protect the health and safety of the public. In that Strategy, we set out six broad principles that we would follow to meet our goals and 33 specific actions that we would take to improve enforcement. We knew the Strategy would take time to fully implement, and we are making progress in doing that. I want to highlight some of the concrete steps that we have taken to support those principles and to improve enforcement since we issued the Strategy.

I. Lead by Example

First, we will lead by example and work to ensure that the U.S. Government does not purchase or use infringing products. Specifically, we must prevent counterfeit and pirated products from coming in to the U.S. Government supply chain and take aggressive action especially against those who sell counterfeits to our military or for critical infrastructure needs. To that end, in December 2011, President Obama signed into law the National Defense Authorization Act of 2012 (NDAA), which includes provisions that (1) increase penalties for sales of counterfeit goods sold to, or for use by, the military or national security applications, and (2) provide authority to give rightholders more information to help determine if imported products suspected being counterfeit are genuine or not. These specific pieces of NDAA achieve key objectives in the Administration's White Paper on Intellectual Property Enforcement Legislative Recommendations. We thank the members of this committee, and other members of the Congress, who worked so hard to make the protection of intellectual property a significant part of our Nation's defense.

Also, we continue to work closely with the Department of Defense (DOD), National Aeronautics and Space Administration, DOJ, DHS and other Federal agencies in examining ways to prevent counterfeit and pirated products from entering the United States government's supply chain, particularly our military and critical infrastructure. For example, in August 2011, the IPEC took aim at counterfeits in the United States Government supply chain by releasing a Federal Register Notice that sought comment from the public on how the U.S. Government can prevent counterfeit products from entering its supply chain. The IPEC has now processed the feedback and further agency input into recommendations that will be available soon.

We also continue to pursue, catch, and punish those who are selling fakes into our military supply chains, through aggressive and coordinated seizures, investigations, and prosecutions. For example, in October 2011, a Federal judge sentenced a defendant to 38 months in prison for her part in a scheme in which she and others imported \$15.8 million worth of counterfeit integrated circuits from China and Hong Kong and sold hundreds of thousands of them to the U.S. Navy, defense contractors and others, marketing some of the products as "military-grade." The success of this case depended on the closely coordinated work of U.S. Immigration and Customs Enforcement – Homeland Security Investigations (ICE-HSI), Naval Criminal Investigative Service, the Department of Transportation's Office of the Inspector General, the U.S. Postal Inspection Service, DOD, U.S. Customs and Border Protection (CBP), and the U.S. Attorney's Office for the District of Columbia. Also, in March 2012, the FBI and Offices of Inspector

General from both the Department of Transportation and the Department of Labor arrested 15 individuals for their role in a scheme to falsely certify the quality of aircraft windows.

II. Transparency

Second, we will be transparent in our policymaking and enforcement. The IPEC maintains an open door policy and meets with hundreds of stakeholders, large and small, across a broad range of sectors in developing and implementing the Administration's strategy for intellectual property enforcement. Also, the IPEC issues a periodic report to the public, called the Intellectual Property Spotlight, which reports on what the U.S. Government agencies, along with their state, local, and foreign law enforcement partners, are doing to protect intellectual property. The Department of Justice and FBI also publish annual reports on IP enforcement pursuant to the PRO IP Act, and meet regularly with stakeholders and victims of IP crime. Finally, the National Intellectual Property Rights Coordination Center (IPR Center) continues to provide information to victims and rightholders through its outreach program known as Operation Joint Venture. In FY 2011, Operation Joint Venture conducted 352 outreach and training events to 17,083 individuals, an increase of 16 percent over FY 2010.

In February of this year, I hosted a meeting between members of the interagency work plan group which I chair, and private sector industry stakeholders. The purpose of this meeting was to get stakeholder input for improving the execution of plans involving our intellectual property working groups located at key U.S. embassies.

III. Improve Coordination

Third, we will improve coordination, including coordination of our law enforcement, the men and women stationed in our embassies overseas and our international training with foreign officials meant to build capacity.

Towards this end, we have identified 17 countries in which improving intellectual property enforcement is a priority. The embassies in each of those countries have each established senior-level intellectual property working groups and have completed detailed plans setting out the actions each embassy will take to address the specific challenges in those countries. Each country's post has a formal interagency team of U.S. Government personnel stationed there to help improve the host country's protection and enforcement of intellectual property rights.

We established these interagency working groups to better coordinate our training efforts and to make sure that our limited resources are used wisely. In May 2011, as part of this effort, the U.S. Patent and Trademark Office (USPTO) launched a new searchable database (www.usipr.gov) for U.S. Government intellectual property enforcement training programs conducted around the world. In 2011 alone, the database listed over 100 training programs conducted by 7 U.S. Government agencies in 36 countries.

U.S. law enforcement authorities continue to maximize their limited resources in a coordinated and efficient manner to fight the tide of infringing and potentially dangerous products entering the U.S. and the global market. By ensuring that we are using our precious resources in the most efficient manner we can make better informed decisions and maximize assets. Last year, federal law enforcement took a modest 5% increase in spending and turned it into a 33% increase in operations in comparison to the previous year. Since 2009, the Department of Justice's Bureau of Justice Assistance awarded \$10.9 million in grants to state and local law enforcement agencies for intellectual property enforcement, as well as support training, technical assistance, and outreach. The return on the total investment yielded seizures of infringing goods that were valued in excess of \$202 million – roughly 18 times the value of the original grants.

Perhaps one of the most impressive statistics regarding efficient coordination involves the National Intellectual Property Rights Coordination Center. Under the leadership of ICE-HSI in coordination with the 20 participating agencies – including international partners like INTERPOL, the Royal Canadian Mounted Police, Mexican Customs and recent addition EUROPOL – the center maximized resources through the de-confliction of cases. The de-confliction process has been collaborative and complementary, using each agency's comparative advantage to most efficiently conduct the investigation. The agencies have cooperatively worked on investigations using their agency-specific expertise to develop cases with one another. This includes FDA pharmaceutical testing, Consumer Product Safety Commission (CPSC) product safety analysis, IRS financial audits, Postal Service package inspections, CBP import targeting, ICE HSI undercover operations, FBI undercover investigations, and many other activities. Last fiscal year, the number of leads de-conflicted totaled 2,877 – a 429% increase compared to 2010.

IV. Increase enforcement efforts overseas

Fourth, we will increase enforcement overseas, including pressing foreign governments to do more to protect American right holders. Ten days ago, USTR issued the 2012 Special 301 Report. This report is an annual review of the state of intellectual property rights (IPR) protection and enforcement by trading partners around world.

This year's Special 301 Report highlights progress made in Spain, which after years of placement on the Watch List, was removed from the list because of steps made to address piracy over the Internet, including the recent adoption of regulations to implement a law to combat piracy over the Internet. Malaysia was also removed from the Watch List after passing significant copyright amendments to strengthen its protection and enforcement against copyright piracy and promulgating regulations to protect pharmaceutical test data. The United States will continue to monitor progress in these two trading partners, and will continue to work with these trading partners to address other areas of concern. In addition, Ukraine was moved to the Priority Watch List in this year's Special 301 Report, because of its failure to effectively implement its 2010 IPR action plan, and in light of serious concerns relating to counterfeiting and rampant piracy, including piracy over the Internet.

In addition to the removal of Spain and Malaysia from the Watch List and inclusion of Ukraine on the Priority Watch List, the 2012 Special 301 Report noted significant new IPR laws, rules, or leadership structures in Israel, the Philippines, Russia and China, among other countries. Significant trends noted in the report included growth in the online sale of pirated products and counterfeit hard goods; a surge in the use of legitimate courier services to deliver infringing goods; an increase in the practice of shipping of counterfeit products separately from labels and packaging in order to evade enforcement efforts; growing challenges facing rights holders seeking to collect royalties that are legally owed for the public performance of their musical works in certain regions; the need for stronger and more effective criminal and border enforcement to stop the manufacture, import, export, transit, and distribution of pirated and counterfeit goods; the manufacture and distribution of pharmaceutical products bearing counterfeit trademarks; and bulk active pharmaceutical ingredients (API) used to manufacture pharmaceuticals that bear counterfeit trademarks that are not made according to good manufacturing practices.

In September 2011, the FBI posted an agent dedicated to intellectual property investigations in Beijing, China to work full time on intellectual property matters. That agent will be in addition to existing FBI Attaché staff in Beijing and the ICE-HSI special agent dedicated to intellectual property issues, who are also

stationed in China. USPTO added two Intellectual Property Attachés in Beijing and Guangzhou and will station a third in Shanghai.

Moreover, in the President's 2013 budget, DOJ requested funds to place six International Computer Hacking and Intellectual Property (ICHIP) Coordinators in strategic global locations to strengthen international intellectual property efforts. The ICHIP program would also support the DOJ's transnational organized crime strategy as related to intellectual property rights (IPR), online fraud, and data breaches that threaten U.S. economic security in targeted regions around the world.

We are pressing our foreign counterparts to do more. President Obama, Vice President Biden, U.S. Trade Representative Ron Kirk, and other senior Administration officials have directly and repeatedly pressed China and other countries to do much more to combat intellectual property theft.

For example, in November 2011, President Obama continued the Administration's press for more American jobs at the Asia Pacific Economic Cooperation (APEC) leader's summit, by calling attention to China's record on intellectual property. Following closely in November, at the 22nd Joint Commission on Commerce and Trade (JCCT) in Chengdu, China, Administration officials from the U.S. Trade Representative, and the Departments of Commerce and Agriculture secured important commitments from China on key intellectual property issues, including: the establishment of a State Council-level leadership structure to lead and coordinate intellectual property rights enforcement across China; the completion dates for the legalization of software at the provincial, municipal, and county level governments; and the elimination of any catalogues or other measures linking innovation policies to government procurement preferences at the provincial, municipality, and autonomous region levels.

Vice President Biden also continued the Administration's engagement on intellectual property rights as part of his August 2011 trip to China, pressing for better enforcement in several forums, including in his meetings with China's leaders. Chinese Vice President Xi Jinping affirmed China's commitment to intellectual property rights (IPR) enforcement, promising that China would intensify IPR protections and treat all businesses equally in terms of accreditation of indigenous innovation products and government procurement. In February 2012, during Vice President Xi's visit to the United States, Vice President Biden was able to persuade the Chinese to raise their quota cap on American movies and negotiated a better revenue share for distributors.

And just last week, at the conclusion of this year's U.S.-China Strategic and Economic Dialogue in Beijing, China agreed to increase enforcement against thieves who would steal trade secrets from foreign companies, and it committed to treat intellectual property owned or developed in other countries the same as that developed in China.

China also, for the first time, committed to creating an environment where the level of sales of legitimate IP-intensive products and services within its border will increase, in line with its status as a globally significant economy. This commitment in particular is a meaningful one, as an underlying goal of strong IP enforcement is to ensure that legitimate sales can flourish and take back the marketplace from the clutches of the pirates and counterfeiters.

We are also seeing greater cooperation from some foreign governments in law enforcement operations. For example, the Department of Justice and the FBI worked with their foreign counterparts in New Zealand, Hong Kong, the Netherlands, and Germany in the investigation of Megaupload and the arrest of its operators. That investigation is still pending and the case is still active so I cannot comment on specifics. However, the investigation could not have moved forward without the assistance of foreign law enforcement that was willing to cooperate. The important take away is that this case is the exception and not the rule in investigations involving foreign based websites.

In June 2011, ICE-HSI Brasilia special agents participated with Brazilian authorities in operations against several complexes near a shopping district that led to the seizure of 10 million items estimated to be worth the equivalent of approximately \$255 million. The Sao Paulo Mayor's office initiated the program and invited ICE-HSI Brasilia special agents to participate in the operation which included 400 Brazilian national, state, and city-level officials.

In July 2011, the IPR Center, with DOJ and other agency participation, organized an IPR criminal enforcement symposium in Manila, Philippines for law enforcement officers, prosecutors, and officials. Within two months of the symposium, Philippine law enforcement officers conducted two highly successful operations. First, in late August, HSI Manila special agents assisted the National Bureau of Investigation in seizing counterfeit Oakley merchandise, worth approximately \$1.2 million, during the execution of six search warrants executed in Manila, Philippines. Then, a day later, HSI Manila special agents assisted the Philippine Bureau of Customs in seizing approximately 6,000 counterfeit luxury

branded products, estimated at \$17 million, during the execution of a search warrant in Manila, Philippines.

Also, Operation Pangea IV was launched by INTERPOL and the World Customs Organization (WCO) in September, involving 81 participating countries, in a global law enforcement effort focused on websites supplying illegal and dangerous medicines. As a result, 2.4 million illicit and counterfeit pills worth \$6.3 million were confiscated, 13,495 websites were shut down, and 55 individuals are currently under investigation or under arrest, according to INTERPOL.

Operation APEC was a CBP-led Asia Pacific Economic Cooperation (APEC) Mutual IPR Enforcement Operation. The operation targeted counterfeit pharmaceuticals by developing model practices for intellectual property enforcement in international postal and express courier facilities. This is the first time a joint law enforcement operation has ever been conducted through the auspices of APEC. The United States and ten other countries participated in the operation which had enforcement actions ranging from detentions to seizures taken on over 1,200 shipments. The United States' side of the operation was conducted by CBP and seized over \$230,000 worth of counterfeit pharmaceuticals.

In addition, Operation Short Circuit was the culmination of a three-month operation conducted by 43 countries and led to the seizure of more than one million counterfeit electrical goods. This operation was spearheaded in the United States by the IPR Center and conducted on an internal level in coordination with the WCO. This operation resulted in the seizure of counterfeit electrical goods that posed a significant risk to public safety.

Finally, during a six-week operation in November and December, the IPR Center coordinated several Federal agencies, state and local law enforcement, and the Government of Mexico to seize over 327,000 counterfeit items worth an estimated \$76.8 million, which is nearly 200% greater than the first iteration of Holiday Hoax in 2009 (\$26 million). The operation spread across 66 U.S. cities; 55 cities in Mexico; and Seoul, South Korea. Local authorities have also arrested 33 people connected to the violations.

In addition to the recent and significantly successful international law enforcement cooperation achieved, 2011 also built on the strides made for trade policy tools to protect intellectual property. For example, after completing negotiations on the Anti-Counterfeiting Trade Agreement (ACTA) with 37 other countries, who together with the United States represent over 50 percent of global

trade, the United States and seven other countries signed ACTA in October. ACTA provides for enhanced international cooperation; promotion of sound enforcement practices; and a strengthened legal framework for IPR enforcement in the areas of criminal enforcement, enforcement at the border, civil and administrative actions, and distribution of copyrighted material on the Internet. This agreement is in addition to three bilateral Free Trade Agreements with Colombia, Panama, and South Korea which were both overwhelmingly approved by the Congress and signed by President Obama in October 2011. Each of these trade agreements contains a chapter dedicated to intellectual property rights, with state-of-the-art protections spanning all types of intellectual property, and requirements to join key multilateral intellectual property rights agreements. They also contain strong provisions to ensure that intellectual property rights are efficiently and effectively protected in those countries.

China is clearly a priority focus because of the scope and volume of its problems there. Due to growing concerns over China's administrative and judicial systems of patent enforcement, IPEC in 2011 launched an initiative to hear from U.S. companies about any challenges they have faced when enforcing their patents in China. IPEC and USPTO have conducted roundtables in Washington, Beijing, Shanghai, and Guangzhou as part of a new focus this year on China's patent enforcement system. Public comments were solicited through a Federal Register Notice in October. The U.S. Government is looking for ways to address companies' concerns, including the lack of effective discovery, low damages awards, unexamined utility model patents, and enforceability of judicial orders.

USTR released its first-ever out-of-cycle Notorious Markets List in February 2011, listing more than 30 online and physical foreign markets that deal in infringing goods, including several markets based in China. As a result of the increased attention to these markets, Taobao, China's leading business-to-consumer website listed on the Notorious Markets List, launched a campaign to address the availability of infringing goods through its website. Baidu, a leading Chinese search engine listed in the report, signed a music licensing agreement with One-Stop China, a joint venture between the Universal Music Group, the Warner Music Group, and Sony BMG. USTR released a second out-of-cycle Notorious Markets List in December 2011. Baidu was removed from the Notorious Markets List as a result of its landmark licensing agreement with U.S. and other rights holders. However, Taobao, which appears to have made efforts to address intellectual property rights infringement at its site, reportedly continues to offer infringing products and therefore remains on the Notorious Markets List.

ITA and USPTO also continued to educate U.S. small- and medium-sized companies regarding intellectual property issues in China. ITA's Office of China Economic Area hosts a China IPR webinar series, free of charge, on the website www.stopfakes.gov, with 15 webinars conducted in 2011, on topics such as Chinese bad-faith trademark squatting, protection of intellectual property at Chinese trade fairs, and intellectual property licensing in China. STOPfakes.gov, which was recently designed to be more user-friendly, is maintained by ITA's Office of Intellectual Property Rights.

One of my serious concerns related to China is the threat to U.S. innovation from economic espionage and trade secret theft by persons on behalf of Chinese companies. Economic espionage and the theft of trade secrets represent a significant cost to victim companies and threaten the economic security of the U.S.

Economic espionage and trade secret theft inflicts costs on companies such as loss of unique intellectual property, loss of expenditures related to research and development, and loss of future revenues and profits. Many companies are unaware when their sensitive data is pilfered, and those that find out are often reluctant to report the loss, fearing potential damage to their reputation with investors, customers, and employees.

The pace of foreign economic collection of information and industrial espionage activities against major U.S. corporations is accelerating. Foreign competitors of U.S. corporations with ties to companies owned by foreign governments have increased their efforts to steal trade secret information and intellectual property. The loss of this information and intellectual property can have serious repercussions for the victim company.

For FY 2011, DOJ and the FBI saw an increase of 29 percent in economic espionage and trade secret theft investigations compared to FY 2010. As a result of recent Federal investigations and prosecutions, evidence suggests that economic espionage and trade secret theft on behalf of companies located in China is an emerging trend. In FY 2010, of the nine cases brought to date pursuant to 18 U.S.C. § 1831 – economic espionage to benefit a foreign agent – seven have involved a link to China. U.S. corporations and cyber security specialists also have reported an onslaught of computer network intrusions originating from Internet Protocol (IP) addresses in China, which private sector specialists call “advanced persistent threats.” Some of these reports have alleged a Chinese corporate or government sponsor of the activity. However, law enforcement and the intelligence community have not been able to attribute many of these private sector data

breaches to a state sponsor. Attribution is especially difficult when the event occurs weeks or months before the victims request law enforcement help.

V. Secure our supply chain

Fifth, we will secure our supply chain. That includes securing the physical border, working to minimize infringing products coming into the United States and preventing innovative technology from being illegally transferred out of the United States.

The Administration takes the threat to health and safety from fake products very seriously. In 2011, the United States Government agencies have reflected that concern by engaging in highly coordinated and successful activities that included international operations, domestic investigations, and high-level prosecutions against especially egregious offenders whose intellectual property theft activities directly threatened lives with illegal pharmaceuticals, dangerous consumer electronics, fakes sold to the military, and even human trafficking.

Because of serious risks to health and safety, combating counterfeit drugs is a major priority. Fortunately, the Administration is turning the tide by reinventing the ways that the U.S. Government agencies enforce against fake prescription drugs. For example, in 2011 CBP instituted a pilot program—the Centers for Excellence and Expertise (CEE)—that focused on forming closer partnerships with pharmaceutical and electronics companies to better understand the industry’s practice, and to leverage this information into more efficient and effective enforcement. CEE’s success cannot be denied as the pilot – now a full-blown center – increased the amount of DHS fake pharmaceutical seizures by nearly 200 percent. In March of 2011, we sent to Congress a strategy which laid out how we will combat counterfeit drugs sold on the Internet, smuggled into the U.S., and sold in cities throughout the United States. We plan to update this strategy and send the results to Congress later this year.

Securing our supply chain includes not only the physical border, but also combating infringement in the digital world. Since 2010, we have advanced a coordinated approach to combat online infringement: increased law enforcement action, voluntary efforts by the private sector and consumer education.

In June 2010, DOJ and ICE-HSI announced the first coordinated effort to target websites engaged in distributing or providing access to pirated or counterfeit goods. Under Operation In Our Sites, American law enforcement has conducted a

series of operations seizing over 750 domain names. Over 500 million visitors to these sites were redirected to a banner informing them of the domain name's seizure and of the criminal penalties for infringement.

Effective enforcement against online infringement also requires strong laws that keep up with technology. In March of 2011, we made 20 recommendations for legislative changes to Congress to strengthen enforcement. Those recommendations are up on the White House website. Since the release of the legislative recommendations, we have been working with Congress on legislative proposals that reflect the White Paper recommendations. As discussed earlier, two of those recommendations are now law, and we look forward to making further strides with the Congress towards the rest.

We know that there is a great deal of interest in Congress to give our law enforcement additional tools to stop websites engaged in substantial criminal infringing activity. We believe that new legislative and non-legislative tools are needed to address offshore infringement and counterfeiting and call on all stakeholders to work cooperatively together.

In January of this year, I co-authored a White House blog post in response to a We the People petition regarding online piracy legislation that was being considered in Congress. This response clearly stated the Administration's position. Specifically, the Administration recognizes that online piracy is a serious problem, but also makes it clear that we will not support legislation that reduces freedom of expression, decreases cybersecurity or undermines the dynamic, innovative global Internet. The Administration remains committed to working with Congress to ensure that these issues are addressed in a manner that takes into account the challenges and opportunities of the Internet and that is consistent with the Administration's goals and public policy principles.

On engagement with the private sector, we know that effective enforcement must involve private-sector stakeholders. We are working with private-sector companies that facilitate or benefit from e-commerce to encourage practical and effective voluntary actions to address repeated acts of infringement. These voluntary agreements must respect privacy, due process and protect legitimate uses of the Internet. In 2011, my office worked with Internet Service Providers, advertisers, industry associations, credit card companies, payment processors, search engines, domain name registrars and registries to help facilitate action against illegal activity. And the results are noteworthy.

Last week, the Association of National Advertisers and the American Association of Advertising Agencies issued a leadership pledge to address online piracy and counterfeiting. In their joint statement, they recognized that Internet advertising may unintentionally provide financial support to, or otherwise legitimize “rogue” Internet sites whose primary and apparent purpose is to steal or facilitate theft of American intellectual property. To combat this complex problem, the associations encouraged their members to voluntarily avoid placement of their ads on such sites. This statement was also supported by the Interactive Advertising Bureau.

In June 2011, American Express, Discover, MasterCard, PayPal and Visa—major credit card companies and payment processors—reached an agreement to develop voluntary best practices to withdraw payment services for sites selling counterfeit and pirated goods.

In July 2011, a voluntary agreement was finalized among several internet service providers (ISPs) - AT&T, Comcast, Cablevision, Verizon, and Time Warner Cable - and major and independent music labels and movie studios to reduce online piracy. Under the agreement, ISPs will notify subscribers, through a series of alerts, when their Internet service account appears to be misused for infringement on peer-to-peer networks.

Finally, in December 2010, as a result of the Administration’s strategy to combat illegal online pharmacies, several prominent payment processors and internet intermediaries announced that they would form a non-profit group to combat illegal fake online “pharmacies.” In 2011, the Center for Safe Internet Pharmacies (CSIP) successfully filed for non-profit status and established leadership positions; they are currently in talks – which we are coordinating – with FDA to establish a process for sharing information, to the extent permitted by law, on fake online pharmacies.

The third piece of our online enforcement approach is to make sure the public is aware of the risks of counterfeiting and piracy online. It is essential to inform the public of the far-reaching implications that counterfeiting and other intellectual property crimes have on jobs, the economy and the health and safety of consumers.

In November 2011, I joined Attorney General Eric Holder, Deputy Secretary of Commerce Rebecca Blank, ICE Director John Morton, and the President of the

National Crime Prevention Council, Ann Harkins, in unveiling the first comprehensive public awareness campaign to inform the public about the dangers of counterfeits and piracy. The campaign includes a television ad, new media ads, radio ads, and posters and was partially funded through the Department of Justice's Bureau of Justice Assistance

VI. Data

Finally, we will want to ensure that our policies are built on the best data possible. Last month, I was joined by Commerce Secretary John Bryson, Deputy Secretary of Commerce Rebecca Blank, USPTO Director David Kappos, U.S. Chamber of Commerce President and CEO Thomas Donohue, and President of the AFL-CIO Richard Trumka in announcing the release of a report by the U.S. Department of Commerce identifying the sectors that generate intellectual property and the impact of those sectors on the U.S. economy. The report examined the quantifiable metrics of jobs, exports, and wage premiums that those sectors support. This study is the first of its kind — never before has the U.S. Government produced a report of this scale that analyzes the nature and impact of intellectual property across the entire American economy.

Some key findings determined that intellectual property is a key driver of our economy. The report found that IP-intensive industries create 27.1 million jobs and indirectly support another 12.9 million jobs. All told, nearly 30 percent of all U.S. jobs are directly or indirectly attributable to the IP-intensive industries.

Intellectual property is also critical to our balance of trade; goods from the IP-intensive industries account for 60 percent of all U.S. exports. In 2010 alone, IP-intensive industries accounted for about \$5.06 trillion in value added, or 34.8 percent of U.S. gross domestic product.

As the Joint Strategic Plan described a year ago, the U.S. Government is committed to utilizing the resources at our disposal to improve intellectual property enforcement to grow the U.S. economy; create jobs for American workers and support for U.S. exports; promote innovation and the security of America's comparative advantage in the global economy; protect consumer trust and safety; protect national and economic security; and enforce rights consistent with U.S. law.

Mr. Chairman, in closing, I commend this Committee's leadership on intellectual property enforcement. Several members of this committee have sponsored legislation aimed at protecting intellectual property rights. Intellectual

property is used everywhere in the U.S. economy and intellectual property rights support innovation and creativity in virtually every U.S. industry. That creativity and innovation must be protected through approaches that include increased law enforcement operations both domestically and by foreign governments, bridging the public awareness gap regarding the dangers of online infringement, voluntary action by the private sector and encouraging the development of authentic alternatives for consumers.

I look forward to working closely with this Committee on improving our protection of American intellectual property. Now, I would be happy to take any questions.