

**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
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**Testimony of Victoria A. Espinel  
United States Intellectual Property Enforcement Coordinator  
Office of Management and Budget  
Executive Office of the President  
Before the House Committee on Foreign Affairs  
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Chairman Berman, Ranking member Ros-Lehtinen, and members of the House Committee on Foreign Affairs. Thank you for your leadership on this important issue.

I sit here today humbled by my recent confirmation and service to the President as the first Intellectual Property Enforcement Coordinator on a vital issue facing American businesses and consumers in the 21<sup>st</sup> Century and sensitive to the foreign policy implications that flow from an issue that has such global reach.

I feel particularly privileged to have the opportunity to work with the House Committee on Foreign Affairs on this effort. This Committee has an important role to play, given that many intellectual property-related problems facing American businesses and consumers originate overseas. This is a global problem that will require global solutions. And while the United States must lead the way, we will need the cooperation of our trading partners overseas to succeed.

The United States is a global leader in developing new technologies in intellectual property-related industries. We lead the way in bringing new pharmaceuticals to consumers, inventing tires that keep families safe on the road, developing environmentally-conscious technologies, creating innovative software products, and producing films, music and games

craved by consumers throughout the world. However, our leadership in the development of innovative technology and creative works also makes us a global target for theft.

Congress tasked the Administration with developing and implementing a U.S. government strategy to tackle a wide range of problems associated with intellectual property enforcement and a few weeks ago, we presented our strategy to Congress. This first strategy reflects the extensive coordination between numerous U.S. government agencies, others in the public sector, the business community, interested groups, and my small but hard-working office. However, the release of this strategy marks only the commencement of a long process; much hard work lies ahead.

The country needs America's ingenuity now more than ever. It is American innovation that drives our economy and keeps people working. Strong intellectual property enforcement saves American jobs, it creates American jobs, it protects American ideas and it invigorates our economy. And that makes our international intellectual property enforcement efforts all the more critical. Without a focus on the problems that we face internationally, this strategy will not realize its full potential.

In this strategy, we have attempted to capture the significant issues that require immediate attention. We'll be targeting counterfeiters and pirates -- not those engaged in legal and legitimate activities. Increased coordination, cooperation, and prioritization must accompany this first step.

Intellectual property infringement affects a vast range of businesses and industry sectors. As part of our efforts to develop the strategic plan, we asked the public for input so the Administration could understand their concerns directly and we received over 1,600 responses. My office reviewed all of those responses and we posted them on our website so that anyone

who is interested can see what we are taking into account. I also met with many companies, across a broad spectrum of America's industries, as well as unions, academics and consumers groups to engage them about where the problems in intellectual property enforcement lie and to find out what we can do to make things better for the many Americans and American industries that depend on intellectual property for success. The strategy reflects the recommendations that came from the public. I also want to emphasize that the development of this strategy was an inter-agency collaboration. Justice, Homeland Security, Commerce, USTR, HHS, State and others all worked tirelessly to make this an excellent and forward leaning strategy.

The overarching mission of this strategy is to ensure that all of the agencies that have a hand in enforcing intellectual property are working together in a coordinated fashion and in a manner that is consistent with the priorities of the Administration. With increased cooperation and coordination, this plan has the ability to alter our approach to intellectual property enforcement for the better for many years to come. To do so, we are taking some bold new steps and we look forward to partnering with this Committee on many of them. Let me highlight a few now.

We are establishing an interagency working group to improve coordination of our international capacity building and training, so that foreign governments have the tools necessary to strengthen intellectual property protection on their own. The working group will create a forum in which agencies will share plans, information and best practices, focus efforts where enforcement is a high priority, develop agency strategic plans, measure the effectiveness of these efforts, establish a shared database for storing training materials, ensure materials are consistent with U.S. intellectual property laws (including the relevant balance in our laws) and are

consistent with U.S. policy goals, and coordinate our efforts with international organizations and the business community to make our trainings efforts as effective as possible.

Recognizing the importance of our overseas personnel to successful enforcement both here and abroad, we have committed to improving the effectiveness and coordination of intellectual property specialists stationed overseas. Bringing together the relevant agencies, we will work to prioritize stationing of these personnel based on identified need, establish embassy working groups and develop embassy work plans in countries where intellectual property enforcement is a priority, and implement procedures to measure their effectiveness on an ongoing basis. We will also work with foreign governments to increase foreign law enforcement efforts and promote enforcement of American intellectual property rights through trade policy tools, including bilateral trade dialogues, committing our trading partners to protect American intellectual property through trade agreements such as the Anti-Counterfeiting Trade Agreement and the Trans-Pacific Partnership, communicating U.S. concerns clearly through reports such as the Special 301 Report, and, when necessary, asserting our rights through the World Trade Organization dispute settlement process.

We are establishing a counterfeit pharmaceutical interagency committee to examine the numerous problems associated with unlicensed Internet pharmacies operating over the internet, health and safety risks in the United States associated with the distribution of counterfeits, and the proliferation of the distribution of counterfeit pharmaceuticals abroad.

We need to facilitate cooperation to reduce intellectual property infringement occurring over the Internet. It's important for the private sector to work to find practical and efficient solutions to this problem. At the same, we will also be exploring measures to reduce piracy. For example, we will go after the foreign-based websites and web services that infringe our

intellectual property rights utilizing a combination of tools, including law enforcement, diplomatic measures, and coordination with the private sector.

Since the release of this strategy, this Administration announced the launch of a new joint initiative to go after Internet piracy: “*Operation In Our Sites.*” During the course of this investigation, DHS and DOJ authorities across the country moved together to seize numerous bank and PayPal accounts from sites that were offering first-run movies, often within hours of their theatrical release. Federal agents also seized the domain names for the pirate sites, preventing the sites from continuing to operate. But this is only the beginning of our enforcement actions.

Finally, we will undertake a comprehensive review of efforts to support U.S. businesses that face difficulties enforcing their intellectual property in overseas markets in order to ensure that American rights are respected and enforced in global markets. There are several countries of key concern. However, due to the scale and scope of manufacturing, its industrial policies and its potential as an export market, it’s fair to say that China raises a particularly troubling set of issues. Therefore, China will be a significant focus of our enforcement efforts as we address intellectual property infringement abroad. Whether it’s coordinating our law enforcement personnel overseas, developing a strategy to go after foreign-based websites, or using trade policy tools to address the competitive disadvantages that we face, China will be a priority.

Before I conclude, I want to say a word or two about John Morton who is following me at this table. Under his leadership, ICE has made intellectual property enforcement a real priority. ICE’s creation of the IPR Center demonstrates the agency’s commitment, and John has taken the Center to a new place. Interagency, domestic and foreign law enforcement, as well as industry

partners are coordinating better and working together collaboratively because of it – both domestically and internationally.

I've stated some ambitious goals today. I commend your leadership on these issues and I look forward to working closely with this Committee in the coming months on improving our enforcement efforts - here and abroad. I look forward to your questions.