

STATEMENT OF

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**before the**

Subcommittee on Oversight of Government Management,  
the Federal Workforce and the District of Columbia

Committee on Governmental Affairs

UNITED STATES SENATE

“Pirates of the 21<sup>st</sup> Century: The Curse of the Black Market.”

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Introduction

Chairman Voinovich, Ranking Member Durbin, and Members of the Subcommittee:

Thank you for this opportunity to appear before you to discuss the problem of counterfeiting and intellectual property theft and the Department of Commerce’s role in protecting intellectual property abroad.

Secretary of Commerce Don Evans is keenly aware of the increasing significance of intellectual property protection for American businesses and innovators and has made combating counterfeiting and piracy a top priority for the entire Department. The Department fully appreciates the crucial role of intellectual property development to the economic competitiveness of the United States. As you know, intellectual property is a net export of the United States and is responsible for creating and sustaining tens of millions of U.S. jobs. As the Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office (USPTO), I am dedicated to coordinating U.S. Government efforts to reduce the toll that IP theft takes on American IP owners and users. As we hear regularly from the IP community about the huge challenge of combating piracy and counterfeiting, I commend you for holding today’s hearing and am grateful to the Subcommittee for its interest in finding additional ways to protect U.S. intellectual property owners’ assets overseas.

International IP Enforcement Overview

Increasingly, both the United States and our trading partners are relying on intellectual property (IP) to drive economic growth. This is because competitive success in a market economy depends heavily on the IP

assets held by an institution -- from the results of the latest research to the brand recognition of a company's "crown jewel" trademarks.

According to the International Intellectual Property Alliance, U.S. copyright industries continue to lead the U.S. economy in their contributions to job growth, gross domestic product (GDP), and foreign sales/exports. In the twenty-four year period between 1977 and 2001, the U.S. copyright industries' share of the GDP grew more than twice as fast as the rest of the U.S. economy. In other words, the U.S. copyright industry collectively contributed to sustained increases in economic growth through all types of economic conditions. In 2001, the U.S. copyright industries achieved estimated foreign sales and exports of \$89 billion, leading all major industry sectors, including motor vehicles (equipment and parts), aircraft and aircraft parts, and the agricultural sector.<sup>1</sup> These same companies depend upon their brands or trademarks to compete effectively in the marketplace, distinguishing one's products from others used in commerce, and promoting consumer confidence and brand loyalty.

Unfortunately, the economic benefits of capitalizing on intellectual property rights have captured the attention of pirates, organized crime, and -- in some limited but increasing instances -- terrorists. Today, the illegal duplication of software, music, DVDs, and other digitized information and the trafficking in counterfeit products, from which no industry and no country is exempt, are all too common.

Optical disk piracy in the form of music, business software, video games, and published materials is a chief concern. In China, U.S. industry estimates that 90 percent of business software, valued at \$1.5 billion, is pirated.<sup>2</sup> Worldwide, industry estimates that approximately 40 percent of software programs are pirated. In 2002, *Pravda* reported that the bulk of video and audiotapes produced in Russia were counterfeit. With advances in digital technology, piracy in optical media is increasingly high quality, high volume, and low cost. The problem is compounded by the growth of the Internet and the increase in bandwidth, which makes some of this piracy less dependent on tangible optical media, while at the same time enhancing the impression that piracy is victimless or free.

According to 2001 and 2002 U.S. Customs statistics on seizures based on copyright piracy and trademark counterfeiting, the value of goods seized due to trademark counterfeiting was greater than for copyright piracy. Indeed, the United States Trade Representative's 2003 Special 301 Report concluded that counterfeiting has become "a massive, sophisticated global business involving the manufacturing and sale of counterfeit versions of everything from soaps, shampoos, razors and batteries to cigarettes, alcoholic beverages and automobile parts, as well as medicines and health care products." The World Health

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<sup>1</sup> "Copyright Industries in the U.S. Economy: The 2002 Report," International Intellectual Property Alliance, April 2002.

<sup>2</sup> <http://www.bsa.org/usa/press/newsreleases/New-Economic-Impact-Study-Details-Benefits-of-Strong-Copyright-Protection.cfm>

Organization estimates that counterfeit drugs account for ten percent of all pharmaceuticals, and in developing countries the percentage can be as high as 60 percent.<sup>3</sup>

Many consumers -- and even some governments -- believe that pirated and counterfeit goods are a great deal, offering almost the real thing at a huge discount. They could not be more wrong. In fact, purchasers of pirated and counterfeit goods pay a terrible price -- and they pass the price of their mistake to innocent people, in a variety of insidious forms. For example, according to the Business Software Alliance, in the United States the U.S. software industry lost billions in 2002.<sup>4</sup> Thus, purchase of pirated CDs may cost someone's neighbor his or her livelihood. And the cost of counterfeit and pirated products is not limited to lost revenue and jobs. Consumer health and safety is at stake, too. U.S. Food and Drug Administration counterfeiting investigations have jumped from about five a year in the late 1990s to 22 in 2002.<sup>5</sup> Viagra is known to be a frequent target of counterfeiters, but other commonly prescribed drugs such as Lipitor and Procrit are being targeted as well. Counterfeit drugs may contain too much, too little, or none of a drug's active ingredient. Common everyday household products also are at risk. Counterfeit batteries can explode in electronic equipment or children's toys. Even product approval marks certifying a product's safety are being counterfeited.

To make matters worse, the global criminal nature of IP piracy is all too real. During a House International Relations Committee hearing in 2003, the Secretary General of Interpol identified a disturbing potential trend when he testified that IP crime "is becoming the preferred method of funding for a number of terrorist groups." A customs expert with the European Commission recently stated that al-Qaeda and Hezbollah are among organizations believed to be using counterfeit goods to launder money and fund their activities. Mr. James Moody, former chief of the Federal Bureau of Investigation's Organized Crime/Drug Operations Division, has stated that counterfeiting is likely to become "the crime of the 21st Century."<sup>6</sup>

Given these threats to U.S. economic interests and our national security, the USPTO and our colleagues in the Department of Commerce, particularly the International Trade Administration and the Office of General Counsel, are working hard to curb IP crime and strengthen IP enforcement in every corner of the globe. Indeed, Secretary Evans is a true champion on this issue and has made it a top priority for the entire Department.

Because American IP owners compete in a global marketplace, we need to expand our efforts to promote IP protection internationally. We need to make sure that American IP owners have sufficient legal tools to fight

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<sup>3</sup> <http://www.iacc.org/teampublish/uploads/factsupdated.pdf>

<sup>4</sup> <http://www.bsa.org/resources/loader.cfm?url=/commonspot/security/getfile.cfm&pageid=1292&hitboxdone=yes>

<sup>5</sup> "More Fake Lipitor Prompts Lawsuit from Distributor", Wall Street Journal, Oct. 5, 2003, p. C.9.

<sup>6</sup> <http://www.iacc.org/teampublish/uploads/factsupdated.pdf>

piracy. We also need to provide technical assistance to foreign entities on drafting and implementing effective IP laws and training on enforcement of IP rights.

Under the American Inventors Protection Act of 1999 (AIPA) (P.L. 106-113), the USPTO is directed to advise the President, through the Secretary of Commerce, and advise all Federal agencies, on national and international intellectual property policy issues including intellectual property protection in other countries. USPTO is also authorized by the AIPA to provide guidance, conduct programs and studies and otherwise interact with foreign intellectual property offices and international intergovernmental organizations on matters involving the protection of intellectual property.

Through our Offices of International Relations and Enforcement, the USPTO: (1) helps negotiate and works with Congress to implement international IP treaties; (2) provides technical assistance to foreign governments that are looking to develop or improve their IP laws and systems; (3) trains foreign IP officials on IP enforcement; (4) assists in the drafting and revision of IP sections in bilateral investment treaties and trade agreements; (5) advises the Office of the U.S. Trade Representative (USTR) on intellectual property issues in the World Trade Organization; (6) works with USTR and industry on the annual review of IP protection and enforcement under the Special 301 provisions of the Trade Act of 1974; and (7) consults with the Department of Justice and other Federal law enforcement entities who are responsible for criminal IP enforcement.

The USPTO also serves as the co-chair, with the Criminal Division of the Department of Justice, of the National Intellectual Property Law Enforcement Coordination Council (NIPLECC), which is tasked with coordinating domestic and international intellectual property law enforcement. NIPLECC was launched in 1999 to ensure the effective and efficient enforcement of intellectual property in the United States and worldwide. NIPLECC's coordination activities help ensure that government enforcement efforts are consensus-based and non-duplicative, and therefore are vital to ensuring fairness and honesty in the use and development of intellectual property.

NIPLECC has developed a comprehensive data base that includes all recent intellectual property law enforcement training provided by the U.S. Government and many associations to developing and least developed nations. It is also developing legislative suggestions to improve domestic intellectual property laws related to enforcement. NIPLECC currently operates on whatever funding and resources are provided by individual member agencies. One of the most important NIPLECC initiatives, which is pending due to funding issues, is a public awareness campaign on IP piracy and counterfeiting.

## Enforcement Training and Technical Assistance

The USPTO provides intellectual property enforcement training and technical assistance on a truly global basis. These training and assistance programs foster respect for IP, encourage governmental and corporate efforts to combat and deter infringement, and promote honest business practices in the use and development of intellectual property. Our technical assistance and training initiatives were launched to address U.S. statutory and trade obligations to promote IP protection, and to meet increasing numbers of requests for assistance by foreign governments throughout the world. Our efforts have yielded positive results, measured by decreasing levels of intellectual property piracy and stronger legal protections for intellectual property in many countries where we provided training and technical assistance. Still, much work remains.

Today, the focus of our efforts is: (1) addressing the difficulties governments in developing and least developed countries face in meeting international obligations; and (2) bringing together local authorities to address their own enforcement issues.

At the conclusion of the Uruguay Round in 1994, the resulting World Trade Organization's (WTO) Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPs) presented WTO members with new obligations and challenges. TRIPs sets minimum standards of protection for the various forms of intellectual property and requires WTO members to provide for "effective enforcement" of intellectual property rights. TRIPs also includes detailed provisions on civil, criminal and border enforcement measures designed to protect intellectual property rights. Today, developing countries obligations under TRIPs have entered into force. Least developed countries have until 2006 to comply with the bulk of the provisions, including the enforcement obligations. As a WTO agreement, TRIPs obligations are subject to the dispute settlement procedures of the WTO.

Over the last several years, the USPTO has assisted countries around the world in establishing adequate enforcement mechanisms to meet their obligations under TRIPs. In bilateral negotiations, we work closely with USTR to obtain more detailed commitments on enforcement and means to deal with infringement using new technology. We provide technical advice through the annual Special 301 process, the Generalized System of Preferences (GSP) review, TRIPs Council review of implementing enforcement legislation, and in the negotiation of free trade agreements (FTAs).

Our approach to the ongoing FTA negotiations has been to build upon TRIPs. In other words, our negotiating position is that these trade agreements should follow a "TRIPs Plus" format by expanding the minimum standards set out in TRIPs. One way of achieving the "TRIPs Plus" goal is by enhancing the enforcement provisions contained in TRIPs and combining them with the enforcement provisions contained in the WIPO "Internet" Treaties – the WPPT and WCT. The 1996 WIPO Copyright Treaty (WCT) and the WIPO Performers and Phonograms Treaty (WPPT) bring copyright law in line with the digital age. The WCT

and the WPPT establish important new international norms related to the right to make a work available to the public through interactive media. They also provide for the protection of copyright management information and technological measures used to protect copyrighted works. The FTAs also incorporate provisions from our own Digital Millennium Copyright Act. These include Internet Service Provider (ISP) liability and protection against anti-circumvention devices and satellite signal theft.

### China

As I am sure the Committee is well aware, one of the areas of greatest concern with respect to IP piracy is Asia, particularly mainland China. Despite China's membership in the WTO and its requirement to comply with the TRIPs agreement, the lack of effective IP enforcement in China is a major problem for U.S. business interests, costing billions of dollars in lost revenue and tens of thousands of U.S. jobs. For example, China accounts for 44 percent of the dollar loss due to piracy in the Asia/Pacific region. IP enforcement problems are pervasive with piracy and counterfeiting being the most serious and widespread. These problems run the gamut from rampant piracy of movies and business software to counterfeiting of consumer goods, electrical equipment, automotive parts and pharmaceuticals.

Under the direction of Secretary Evans, the USPTO has been working extensively to reduce piracy and counterfeit activity in China. First, we provide technical support to all agencies of the U.S. Government that are addressing these issues, including USTR, the Department of Commerce/International Trade Administration, U.S. Department of Justice, Department of Homeland Security, and the State Department. We have also consulted with state authorities involved in IPR enforcement, and are seeking ways to improve our cooperation with them. Our cooperation on these efforts is through our own team of experts on Chinese intellectual property matters, which includes individuals with knowledge and background on patents, trademarks, copyrights, enforcement issues, and WTO/WIPO issues. Our cooperation with these agencies also extends beyond the trade agenda, to providing technical support on strategies to address transnational crime and transnational trade in counterfeit goods as well as other issues.

For the past two summers, with the active support of U.S. Ambassador Randt, we have stationed an IP enforcement attorney – who is fluent in Mandarin – in our embassy in Beijing to help with IP enforcement issues in the region. Working with industry groups such as the Business Software Alliance, International Federation of Phonographic Industries, Motion Picture Association, and anti-counterfeiting associations, we have held enforcement conferences in such major cities as Beijing, Shanghai, Guangzhou, Wuhan, Nanjing, and Chengdu, that addressed piracy and counterfeiting issues. Working with the Department of Commerce's Technology Administration and the International Intellectual Property Institute, we have provided technical assistance on copyright protection in Dalian and Shenzhen. Our rights holders have welcomed this approach. In fact, USPTO intends to detail an IP enforcement attorney to China soon for an extended period to provide further expert support for our Government's efforts to combat piracy and counterfeiting.

One of the greatest challenges in China is ensuring that localities fully enforce national laws. To that end, we have held meetings with numerous local copyright, trademark, judicial, police, and prosecutorial enforcement officials throughout China to insure that local officials fully understand their international obligations. We have also hosted numerous such delegations at the USPTO, with the objective of addressing this challenge. We have worked with China's Supreme People's Court to encourage greater transparency in its regulation-like "judicial interpretations." We have also worked with U.S. non-governmental organizations in support of rule of law efforts and training programs, including a Temple University program.

Last fall, Secretary Evans led a mission to China and highlighted China's lack of IPR enforcement. The Secretary met with high-ranking Chinese officials and reiterated a continuing concern: that effective IPR protection requires that criminal penalties for stolen intellectual property theft and fines are large enough to be a deterrent rather than a business expense. Secretary Evans believes in the strong enforcement of our trade laws and is taking new and proactive measures to strengthen the enforcement and compliance of our trade agreements. He has tasked Commerce agencies, such as USPTO and the new Investigations and Compliance Unit within the International Trade Administration's Market Access and Compliance Group, to coordinate their efforts to vigorously pursue allegations of IPR violations wherever they occur, especially in China.

The Chinese IPR enforcement and protection environment today is complicated by a variety of different Chinese and foreign interests, including Chinese industrial policies, trade policies, the interests of foreign investors, and the interests of Chinese domestic enterprises. In this environment, our rights holders increasingly look to adequate enforcement of criminal IPR laws in implementation of China's WTO commitments, as a key to reducing counterfeiting and piracy rates in China. China, it should be noted, does not lack for quantitative enforcement. Each year thousands of enforcement actions are undertaken. However, these actions are typically pursued by administrative agencies which impose non-deterrent penalties. For this reason, we have undertaken numerous joint training programs and discussions with U.S. Department of Justice, U.S. Immigration and Customs Enforcement and other agencies on the criminalization of IPR violations, and we are actively talking with other countries about cooperating on joint efforts in training the Chinese on criminal enforcement in particular.

Many of the challenges that China encounters are at least partially due to deficiencies in its own system, including extensive corruption, lack of interagency coordination, and lack of adequate legal understanding. Some of the issues we have raised with Chinese colleagues include: the use of mandatory sentencing guidelines for IPR crimes; support for specialized IPR courts which have greater independence from local financing and control; establishing appropriate procedures for investigation, prosecution and conviction of IPR criminals; and how to effectively address trans-border IPR crime, as well IP crime committed over the Internet.

As a follow-up to the Secretary's October 2003 trip, I recently led a delegation to China with other members of the USPTO China team for consultations with senior officials at China's patent and trademark and other intellectual property agencies. Our delegation also met with U.S. companies facing intellectual property issues in China. A primary focus of this trip was to further the Administration's goals of improving the intellectual property environment for U.S. companies doing business in China and, specifically, of addressing widespread counterfeiting and piracy. This trip also was intended to pave the way for this month's meeting of the Joint Commission on Commerce and Trade (JCCT) on trade issues with China, as well as other Department of Commerce IPR initiatives in China.

While our visits were well received and we were pleased to note a continuing and increasing awareness among Chinese officials of the importance of IP protection and enforcement, we have not yet seen significant progress on most of the key issues we have been urging China to act on for some time. These issues include enhanced criminal enforcement, protecting copyrights over the Internet, and stopping the export of counterfeit goods. For example, we have yet to see a plan for China's IPR "task force", notwithstanding a stated commitment to solving intellectual property rights problems "step-by-step" at a U.S. Embassy "roundtable" in November 2004. We also share concerns of many other agencies and private organizations that such task forces may be short-lived or fail to address long-term systemic problems in China's IPR enforcement system.

We have also participated in training programs for our business people in the United States, to better enable them to forcefully address the IPR challenges they experience in China and, when necessary, bring well-founded complaints to our attention. Typically in conjunction with the Department of Commerce, we have held programs in such cities as: Cincinnati, Ohio; Grand Rapids and Pontiac, Michigan; Wichita, Kansas; St. Louis, Missouri; New York City; Long Island; Waterbury, Connecticut; Boston, Massachusetts; Providence, Rhode Island; Portsmouth, New Hampshire; Fresno, San Jose and San Francisco, California; Salt Lake City, Utah; and Washington, D.C. A major focus of these efforts has been to address problems of small and medium enterprises, although larger enterprises have also participated in many of these programs and have benefited from them.

While we fully recognize that China needs to make significant, drastic improvements in its IPR system in order to ensure that our rights holders are fairly protected, we should not underestimate the steps that our businesses and government can undertake to reduce the risks of piracy and counterfeiting. Many small and medium-sized companies still fail to register their Chinese language trademarks, and fall victim to counterfeiting of these marks in a timely manner. Given the fast pace of China's economic development and the huge volume of trademark applications in China, companies should file for their marks early in their marketing cycle. Globalization has meant that competitors can retrieve information about products not yet introduced in their country from a U.S. company's web site. Much counterfeiting and piracy originates from employees, agents, or distributors who have taken confidential information to engage in a competing operation. Many companies have declined to prosecute invention or design patents in China, when



prudence might dictate otherwise. Sometimes the problems are at least partially attributable to lack of cultural or linguistic familiarity. Chinese police and enforcement officials are much more comfortable enforcing trademarks in their own native language rather than in English or other foreign languages. Just recently, one U.S. company reportedly lost a copyright case in China involving the artistic calligraphy it uses for its Chinese trademark, an art form that is very difficult for most Americans to evaluate.<sup>7</sup> Furthermore, in China's increasingly complicated environment, many of the rights and obligations that we have requested of China to be used in our interests can equally be used against us, including requests for deterrent damages, preliminary injunctions, ex parte relief or border measures on imports or exports. It is therefore especially important that our industries: urge the fair and transparent implementation of China's IPR system; fully exploit this system; provide us with detailed information on its deficiencies in order to reduce future risks of such activities; and support our bilateral and multilateral efforts to reduce the impact of these problems.

At the same time, we must seek on an interagency basis to use the available government tools at our disposal to address these issues. The USPTO, through its roles as the agency in charge of domestic patent and trademark filings, as an expert consultant to other agencies on trade-related intellectual property issues, as well as co-chair of the National Intellectual Property Law Enforcement Coordination Council with U.S. Department of Justice, has a unique role to play in these areas. In addition to trade remedies which are within the jurisdiction of USTR, we believe that cooperation on trans-border IPR crimes between U.S. Department of Justice and China's Ministry of Justice can also help to improve the overall enforcement environment for U.S. rights holders, particularly in copyright and Customs crimes. We may consider specific strategies to address trends in imports or exports. U.S. Customs and Border Protection may also wish to develop unique profiling systems to track goods that originate from known counterfeiting "hot spots". State government authorities also undertake a large amount of U.S. IPR enforcement, which might be more deeply involved in enforcement and training efforts. A recent raid in New York State, for example, involved cooperation with the U.S. Department of Labor.<sup>8</sup> We may also wish to see how we can better cooperate with administrative agencies in China that conduct much of the enforcement activities, such as China's State Food and Drug Administration, which pursues counterfeit drug products, China's State Tobacco Monopoly Administration, which pursues counterfeit cigarettes, and Chinese Customs, which imposes border measures on infringing exports.

It is important to recognize that there is a Chinese domestic constituency seeking enhanced IPR enforcement, and that pirates and counterfeiters do not necessarily discriminate against Americans or just against Americans lacking political influence. Among the famous incidents, the daughter of China's former leader, Deng Xiaoping, had her biography of her father pirated. In another incident, one of China's preeminent scholars on intellectual property law who is also considered a "state treasure" on these matters, Prof. Zheng Chengsi, had his textbooks compiled into a pirated version. What was worse, the publisher was

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<sup>7</sup> "Dow Jones Loses Copyright Suit in China." [http://quickstart.clari.net/qs\\_se/webnews/wed/bb/Qchina-media-copyright.RZR4\\_DSN.html](http://quickstart.clari.net/qs_se/webnews/wed/bb/Qchina-media-copyright.RZR4_DSN.html)

the Chinese prosecutor's publishing house. Recently, press reports indicated that a private publishing house also pirated a Communist Party handbook. Chinese software engineers, inventors and movie producers have to struggle with a severely deficient domestic market as their principal source of income.

Additionally, in a recent study commissioned by the State Council Development Research Center, the Chinese Government acknowledged the increasing role of organized crime in counterfeiting activities, and the need for international cooperation and enhanced, deterrent penalties. The Vice Premier's Market Order Rectification Office intends to address some of these issues. Among the indicia that IPR is obtaining increased domestic importance, the Chinese Trademark Office received more trademark applications than any country in the world for the past two years. The Chinese Patent Office is one of the most rapidly growing patent offices in the world. The USPTO, for its part, has tried to play a constructive role in our recent meetings with these agencies to help them improve the quality and efficiency of their decision making, which has a direct impact on product piracy and counterfeiting. As the economy grows domestic interest in intellectual property, particularly in the more developed cities on China's seaboard, is increasing dramatically. China received more foreign direct investment (FDI) than any country in the world for the past two years. This FDI is also having an impact on the domestic call for increased IP protection.

All of these developments may be of small comfort to industry when reports tell of some cases where piracy and counterfeiting matters have gotten worse. U.S. Government statistics show a worsening situation as well. For example, U.S. Customs and Border Protection reported that year-end-2003 China accounted for 66 percent of the domestic value for all seizures of infringing goods; this is a steady increase from 16 percent in 1999.<sup>9</sup> Many industries also increasingly suspect that the Chinese Government, by restricting market access, is providing free reign for counterfeiters, pirates and criminals to exploit the void created by the lack of legitimate products. Many U.S. companies also complain of industrial policies that help create conditions for production of infringing products. Counterfeit Viagra, for example, dominates the Chinese market, while the legitimate product is hampered by market access restrictions. Pirated movies appear in the Chinese market long before censors have approved the legitimate product. Other high tech companies complain of standards setting, such as in wireless networking technology, which limits introduction of legitimate products or mandate technology transfer. Is improvement possible? Many in industry look to the relative success of China's efforts to stem its export of pirated optical media in the mid-90's as an indication that this task can be accomplished. As my testimony has indicated, there are in fact numerous approaches at our disposal.

We recognize that IPR protection and enforcement face enormous challenges in China, and that the losses are mounting daily. At the same time, the pressures of the competitive global marketplace, criminal elements, protectionist and non-tariff barriers, make these challenges increasingly more sophisticated. While the USPTO does not have the lead on trade policy issues, which is the mandate of USTR, we have devoted

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<sup>8</sup> "2 Chinatown Stores Raided in Counterfeit Goods Sweep"

<http://www.nytimes.com/2003/12/03/nyregion/03RAID.html?ex=1082088000&en=457a005d61ad9144&ei=5070>

<sup>9</sup> [http://www.customs.gov/xp/cgov/import/commercial\\_enforcement/ipr/seizure/top\\_trading\\_partners.xml](http://www.customs.gov/xp/cgov/import/commercial_enforcement/ipr/seizure/top_trading_partners.xml)

significant resources to making progress in improving China's IPR regime for our industries, rights holders and this Administration.

### Conclusion

Mr. Chairman, the demands on the Department of Commerce's and USPTO's expertise in the international arena have grown dramatically in the last few years. These demands most assuredly will increase in the next few years, alongside our obligations to meeting our core patent and trademark examination functions.

I am hopeful that with the continued support and partnership of this Committee, we will be able to provide American businesses and entrepreneurs with the IP protection they need. Clearly, in terms of the economy and national security, much is at stake. That is why our dedicated team of experts will continue to work tirelessly to protect American products in every corner of the globe.

Thank you very much.