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STATEMENT OF THE INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE ON USTR'S TRIPS ARTICLE 63.3 REQUEST TO THE PEOPLE'S REPUBLIC OF CHINA ON COPYRIGHT ENFORCEMENT

Washington — The International Intellectual Property Alliance (IIPA), a coalition of seven trade associations representing over 1,900 U.S.-based copyright companies, today applauded Ambassador Portman and officials in the Office of the United States Trade Representative (USTR) and other trade and enforcement agencies for seeking from the Government of the People's Republic of China specific information – heretofore unavailable to WTO member governments and private right holders – on cases Chinese authorities have brought against infringers of U.S. and other WTO members' copyrighted (and trademarked) products. USTR made the request pursuant to the provisions of Article 63.3 of the TRIPS Agreement which provides a mechanism for WTO Members to request information on specific cases from another WTO member with respect to laws, regulations or judicial or other infringement cases which "affects its rights under this Agreement."

In applauding USTR Portman's action, IIPA President Eric H. Smith stated: "China is obligated under the TRIPS Agreement to provide to U.S. copyright owners 'effective action against any act of infringement of intellectual property rights covered under this Agreement' (Article 41) and if the infringement amounts to 'willful trademark counterfeiting or copyright piracy on a commercial scale' to provide for criminal penalties including imprisonment and monetary fines sufficient to provide a deterrent to future acts of piracy (Article 61).

"Over the almost four years since China entered the WTO, the enforcement authorities, to the best of our knowledge, have brought, at the most, a handful of criminal cases against infringers of our members' copyrights and convicted even fewer. As an inevitable consequence of this failure, the theft of U.S. copyright material continues unabated. IIPA conservatively estimates that losses due to piracy of U.S. copyrights in China in 2004 exceeded $2.5 billion and that piracy levels continue at around 90% of the market," Smith added.

"IIPA is particularly pleased that the Governments of Japan and Switzerland have decided to join the U.S. in making this request, demonstrating that inadequate enforcement in China is damaging other WTO members as well. All WTO member countries deserve to have accurate information on how the Chinese system functions in practice, and to understand better the current profile of enforcement cases that are being brought by the Chinese Government."

About the IIPA:

      The International Intellectual Property Alliance (IIPA) is a coalition of seven trade associations representing U.S. copyright-based industries in bilateral and multilateral efforts to open up foreign markets closed by piracy and other market access barriers. In October 2004, the IIPA released its latest economic report entitled *Copyright Industries in the U.S. Economy: The 2004 Report*, which details the economic impact and contributions of U.S. copyright industries to U.S. Gross Domestic Product, employment, and trade. In 2002, the U.S. "core" copyright industries accounted for an estimated 6% of U.S. Gross Domestic Product (GDP), or $626.6 billion, and employed 4% of U.S. workers in 2002 or 5.48 million persons. Also in 2002, the U.S. copyright industries achieved foreign sales and exports estimated at $89.26 billion, leading other major industry sectors such as: chemicals and related products, motor vehicles, equipment and parts, and aircraft and aircraft parts. For more info on the IIPA, visit www.iipa.com.

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