

INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE®



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Submitted to <http://www.regulations.gov>

Carmen Suro-Bredie
Chairman, Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Re: Public Comment Concerning the Proposed Trans-Pacific Partnership Free Trade Agreement with Singapore, Chile, New Zealand, Brunei Darussalam, Australia, Peru and Vietnam, 74 Fed. Reg. 66,720 (December 16, 2009)

To the Trade Policy Staff Committee:

The International Intellectual Property Alliance (IIPA) appreciates this opportunity to submit the views of the U.S. copyright industries on proposed negotiations toward a Trans-Pacific Partnership Free Trade Agreement with Singapore, Chile, New Zealand, Brunei Darussalam, Australia, Peru and Vietnam (“TPP FTA”). Enhancement of copyright standards and enforcement consistent with those agreed to by current FTA partners, Australia, Singapore, Chile and Peru, would greatly benefit the creative and business communities in the U.S. and in our new FTA partners.

About the IIPA

The International Intellectual Property Alliance (IIPA) is a coalition of seven trade associations -- Association of American Publishers (AAP), Business Software Alliance (BSA), Entertainment Software Association (ESA), Independent Film & Television Alliance (IFTA), Motion Picture Association of America (MPAA), National Music Publishers' Association (NMPA) and the Recording Industry Association of America (RIAA) -- which represent the U.S. copyright-based industries in bilateral and multilateral efforts to open up foreign markets closed by piracy and other market access barriers. These member associations represent over 1,900 U.S. companies producing and distributing materials protected by copyright laws throughout the world—all types of computer software, including business applications software and entertainment software (such as videogame discs and cartridges, personal computer CD-ROMs, and multimedia products); theatrical films, television programs, DVDs and home video and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and textbooks, trade books, reference and professional publications and journals (in both electronic and print media).

Adequate and effective copyright protection and enforcement in foreign countries is critical to the U.S. economy, to U.S. employment, to economic growth and to trade. On July 20, 2009, the IIPA released an economic report entitled *Copyright Industries in the U.S. Economy: The 2003 - 2007 Report*, the twelfth study written by Stephen Siwek of Economists Inc. This report details the economic impact and contributions of U.S. copyright industries to U.S. Gross Domestic Product, employment, economic growth and trade. The latest data show that the “core” U.S. copyright industries accounted for an estimated \$889.1 billion or 6.44% of the U.S. gross domestic product (GDP) in 2007. These “core” industries were responsible for 22.74% of the real economic growth achieved by the U.S. economy in 2006-2007. In addition, the “core” copyright industries employed 5.6 million workers in 2007 (4.05% of U.S. workers) in 2007. The report also provides data on the estimated average annual compensation for a worker in the core copyright industries: \$73,554, which represents a 30% premium over the compensation paid the average U.S. worker. Finally, estimated 2007 foreign sales and exports of the core copyright industries increased to at least \$126 billion, leading other major industry sectors.¹

About the TPP

USTR held a public hearing regarding the proposed TPP on March 4, 2009, and IIPA participated in that hearing.² More recently, on December 14, 2009, USTR notified Congress that “the President intends to enter into negotiations of the agreement with the TPP countries with the objective of shaping a high-standard, 21st century agreement with a membership and coverage that provides economically significant market access opportunities for America's workers, farmers, ranchers, service providers, and small businesses.”³ The initial TPP negotiating partners include Australia, Brunei Darussalam, Chile, New Zealand, Peru, Singapore and Vietnam. The Administration has indicated its objective to expand on this initial group to include additional countries throughout the Asia-Pacific region. We understand that the first meeting will be held in March 2010 in Australia.

As cited in the background materials on the USTR website, the Asian region accounts for 27% of U.S. jobs from exports and exports account for 40% of real GDP growth in the U.S.⁴ Expanding exports in Asia can, as USTR states, “contribute significantly to further job growth and economic recovery for America's working families.”⁵ As the statistics for the copyright industries in the preceding section demonstrate, the copyright industries can be a key leader in achieving these goals. With a secure foundation for copyright protection and enforcement in the existing Asian FTA partners, an expansion of these protections to other countries in the region will clearly contribute to the U.S. job growth and economic recovery that is this Administration’s goal.

¹ IIPA’s latest economic report is posted on the IIPA website at www.iipa.com.

² IIPA Testimony for TPP Hearing before the Trade Policy Staff Committee, dated February 25, 2009 available at <http://www.iipa.com/pdf/IIPANoticeofRequesttoTestifyandOralTestimonyonProposedTransPacFTA022509>.

³ <http://www.ustr.gov/tpp>

⁴ <http://www.ustr.gov/about-us/press-office/fact-sheets/2009/december/economic-opportunities-and-tpp>

⁵ Id.

Copyright Protection and Enforcement

IIPA fully supports the initiation of negotiations for a TPP FTA and has been a strong supporter of the FTA process from its inception. The U.S. economy has already reaped significant benefits from the strengthened copyright protection required by FTAs currently in force throughout the world.

Not only do the standards required by the FTAs help to ensure free and fair trade in physical copyright-protected products but they also provide the legal infrastructure for protection of those works in the online environment. These agreements have established a benchmark of protection and enforcement that will ensure continued revenue and job growth for the creative industries in the U.S. as well as within each of our FTA partners.

The extension of these FTA IPR obligations and standards to Brunei Darussalem, New Zealand and Vietnam will benefit all parties, and establish a trade framework in intellectual property that will link the Asian countries to each other, and to the TPP FTA members from the Americas.

The level of IPR protection contemplated for the TPP should be consistent and co-extensive with the current FTAs between the U.S. and its current FTA partners. Half the TPP members already have high-standard FTA obligations to the US, and under principles of national treatment, should have no difficulty extending those existing protections to TPP members that are not in a current FTA relationship with the U.S. For example, key elements for the copyright industries in the current FTAs include:

- High standards of protection that take into account technological changes and that reflect the global consensus on minimum standards already embodied in international copyright treaty instruments, such as the WIPO Internet treaties, to which all current U.S. FTA partners have adhered. New Zealand, Brunei Darussalam and Vietnam have not ratified these treaties nor yet implemented all of the treaties' obligations. These obligations include, on a technologically neutral basis, a broad right of reproduction, including protection for temporary copies, the right of making available, protection against circumvention of technological protection measures, and protection against tampering with rights management information. While these treaties are not limited to the online environment, they are key to enabling an effective and safe e-commerce environment within the TPP potential member countries. The FTA provisions clarify and extend protections provided in the TRIPS agreement and provide for the implementation of "best enforcement practices" that have developed in the 20 years since the TRIPS enforcement text was developed.
- Obligations regarding copyright enforcement and the scope of criminal penalties and civil remedies are also comprehensive in existing FTAs and will help lower rates of copyright piracy. For example, enforcement actions must be taken *ex officio* in both the criminal and customs areas. Presumptions are added and broadened to speed up copyright infringement proceedings. Parties are obligated to establish a system of pre-established (statutory) damages

in civil cases.⁶ Criminal and civil remedies are extended to cover circumvention and rights management information violations, as well as to illegal camcording and the unauthorized decryption of cable and satellite signals and their further distribution for commercial advantage.

- Laws, regulations or executive decrees must be issued to prevent the unauthorized use of computer software or other protected materials within government agencies -- a significant source of losses in many countries to, in particular, the business software industry.
- Enforcement measures address online infringement, and mandate deterrent civil and criminal remedies. They provide incentives for online service providers to cooperate with right holders and provide certain limitations on infringement remedies if service providers expeditiously take down infringing material and otherwise operate in a reasonable fashion.

Electronic Commerce

Existing U.S. FTAs also have a chapter on electronic commerce. These provisions prevent the application of customs duties on electronically delivered digital products, assure the non-discriminatory treatment of digital products, address the valuation of physically-delivered digital products, and provide commitments to cooperate on electronic commerce policy. These critical provisions should be extended to all TPP contracting parties.

Market Access

IIPA envisions that the TPP would also eliminate many of the market access barriers that now inhibit U.S. copyright-based companies from doing business with at least one of the potential TPP members, Vietnam. Our companies have just begun to enter this market, but unfortunately face quite high piracy rates and many onerous market access barriers.

There are a whole host of additional barriers to entry in particular in Vietnam that adversely affect numerous U.S. sectors, such as the audiovisual (theatrical film and home video) and music and sound recording industries, that IIPA has identified as part of the Special 301 process.⁷ Various market access barriers exist in Vietnam today, the most serious being limitations and prohibitions on foreign companies' setting up subsidiaries to produce or distribute "cultural products," including IIPA members' products. This leaves certain right holders no choice but to license Vietnamese companies, which often refuse to do so due to the prevalence of piracy, continuing the vicious cycle of high piracy rates and little to no market access. To improve market access and commercial development of Vietnam's cultural and software and publishing sectors, Vietnam should look to internationally

⁶ In the Australia FTA, the statutory damages obligation is a back-up in case Australia's system of "additional damages" fails to deliver deterrence. See Art. 17.11.7.b of the US-Australia FTA, available at http://www.ustr.gov/sites/default/files/uploads/agreements/fta/australia/asset_upload_file469_5141.pdf.

⁷ See IIPA's 2009 Special 301 report on Vietnam, February 2009 available at <http://www.iipa.com/rbc/2009/2009SPEC301VIETNAM.pdf>. An updated 2010 Special 301 report will be available to the public on February 16, 2010. .

accepted standards and practices, recognizing that constraining market access for legitimate products complicates efforts to effectively combat piracy.

Conclusion

The TPP, if completed in a comprehensive way, would serve as an important milestone for U.S. trade policy, linking all these trading partners to each other in offering the benefits of free trade and significantly improved IPR protection across all their markets. This will set an important precedent for expanding such arrangements among other countries in Asia and Latin America.

By providing a specific mechanism to settle disputes that arise under the various TPP FTA chapters, the U.S. and each of the other partners in the Agreement would embark upon a more mature trading relationship benefitting all these countries now living in an increasingly intertwined globalized economy.

We look forward to participating in any future public hearings that might be held on the TPP.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Eric H. Smith".

Eric H. Smith
International Intellectual Property Alliance