Strategy Targeting Organized Piracy (STOP!)

Growing global trade in pirated and counterfeit goods threatens America's innovation economy, the competitiveness of our leading companies and small manufacturers, and the livelihoods of their workers. Bogus products – from CDs, DVDs, software and watches to electronic equipment, clothing, processed foods, consumer products, and auto parts – are estimated to account for up to seven percent of global trade and cost legitimate rights holders around the world billions of dollars annually.

Developed over the last year, the Strategy Targeting Organized Piracy (STOP!) is the most comprehensive initiative ever advanced to smash the criminal networks that traffic in fakes, stop trade in pirated and counterfeit goods at America's borders, block bogus goods around the world, and help small businesses secure and enforce their rights in overseas markets. STOP! underscores the Administration's continuing commitment to level the playing field for American businesses and workers. And it builds on the Administration's solid track record of real results in combating global piracy and counterfeiting.

MAKING THE WORLD A MISERABLE PLACE FOR MODERN-DAY PIRATES

Empowering Small Businesses to Secure and Enforce their Rights

- Help U.S. companies establish their rights at home and abroad by:
  - -- Establishing a hotline that provides a one-stop-shop for businesses to protect their intellectual property at home and abroad. 1-866-999-HALT gives businesses the information they need to leverage the resources of the United States Government to lock down and enforce their trademarks, patents and copyrights overseas – both in individual countries and in multiple countries through international treaties.
  - -- Notifying persons who receive trademarks that they can choose to record their rights with the Bureau of Customs and Border Protection (CBP) to ensure effective enforcement at U.S. borders.
  - -- Enhancing the protection of sound recordings, motion pictures and other audio-visual works by allowing rights holders to record their intellectual property with CBP without first registering it with the U.S. copyright office.
- Educate small businesses and their workers on the risks of global piracy and counterfeiting and best practices to protect their rights.

Stopping Trade in Fakes at America's Borders

- Cast a wider, tighter net for pirated and counterfeit goods entering the United States and hunt down those who traffic in such goods by:
  - -- Implementing new procedures and risk assessments that will allow the Department of Homeland Security (DHS) and CBP to better identify firms routinely trafficking in fake goods.

- -- Conducting post-entry product audits to verify that an importer is authorized to use trademarks and copyrights.

- -- Applying these specialized technologies and techniques, which DHS has developed in fighting the war on terror, to combat piracy and counterfeiting meshes with and improves our ability to identify high-risk companies and shipping techniques that could also be utilized by terrorist organizations.

- Work to make this state-of-the art approach to cracking down on the trade of fakes across our borders fully operational nationwide this year.

- Seek new legislation to empower U.S. District Courts to issue injunctions against pirated and counterfeit goods entering any U.S. port in court cases directly linked to imports of pirated and counterfeit goods. Currently, district courts may issue injunctions only for goods entering at ports in their jurisdiction.

Raising the Stakes for International Pirates and Counterfeiters

- Use DHS and CBP methods outlined above to make it more costly for violators by tacking down illicit financial gains as well as exposing counterfeit and piracy businesses practices.

- Expose pirates and counterfeiters by publishing the names of overseas firms that produce or trade in fakes in the U.S. Trade Representative's annual Special 301 Report.

- Encourage companies to exercise their rights under the Lanham Act, which allows them to conduct private seizures of fakes when accompanied by federal marshals with seizure orders and injunction notices.

Working with the Private Sector to Keep Fakes Out of Global Supply Chains

- Clean out fakes from global distribution networks by partnering with industry to develop a "No Trade in Fakes" program, under which participating companies would take steps to ensure that their supply chains are free of counterfeit or pirated goods.

Dismantling Criminal Enterprises that Steal Intellectual Property

- Work to dismantle large-scale criminal organizations through Justice Department prosecutions using all appropriate criminal laws.

- Overhaul, update and modernize U.S. intellectual property statutes – particularly updating criminal penalties – to ensure that they meet the needs of the 21st century and serve as an effective deterrent to piracy and counterfeiting.

Reaching Out to Trading Partners and Building an International Coalition to Block Bogus Goods

- Tighten the global noose on IPR thieves by seeking agreement with like-minded countries to block trade in pirated and counterfeit goods, conduct joint enforcement actions, and actively share information on the movement of suspected fake products.

- Bring pirates and counterfeiters to justice in America by amending and upgrading U.S. mutual legal assistance and extradition treaties.

- Continue to improve the global intellectual property environment by working with our partners in multilateral organizations such as the G-8, the OECD and APEC. The Administration will work with our key trading partners to introduce intellectual property initiatives in all these forums.

BUILDING ON A TRACK RECORD OF REAL RESULTS

- The Administration's clear focus on combating global piracy and counterfeiting has already produced a solid track record of real results. The STOP! initiative provides additional tools to build on this strong foundation.

- While the priority mission of the Department of Homeland Security (DHS) is keeping our country safe from the instruments of terror, the tools developed by DHS, CBP, and Immigrations and Customs Enforcement to detect terrorists and terrorist weapons also have yielded an impressive record of stopping fakes at our borders and cracking down on organized piracy and counterfeiting organizations.

  -- Since 2000, the number of seizures of infringing goods at our nation's borders has increased by 100 percent. During the first half of 2004, CBP is setting a record pace with increases in seizures.

  -- During the first half of fiscal year 2004, there has been a 60 percent increase in criminal arrests for intellectual property rights crimes – indicative of both a growing problem and corresponding enforcement efforts on the part of DHS.

  -- DHS undercover Operation Executive recently identified and dismantled a combined Chinese and Middle-Eastern organization that was responsible for the large-scale smuggling and nationwide distribution of over 100 containers of counterfeit trademark merchandise. The counterfeit goods, valued in excess of $400 million, were smuggled into this country from China in less than a year.

  -- DHS special agents, working in conjunction with the Chinese government and the IP industry, conducted the first ever joint U.S.–Chinese enforcement action on the Chinese mainland and disrupted a network that distributed counterfeit motion pictures worldwide. More than 210,000 counterfeit motion picture DVDs were seized.

- The Office of the U.S. Trade Representative is negotiating and enforcing cutting edge agreements designed to protect American creations, brands and inventions abroad. These actions help to protect American innovators and their workers by:

  -- Establishing a worldwide legal infrastructure for innovation through implementation of WTO intellectual property rules in more than 140 countries.

  -- Building on that foundation through free trade agreements (FTAs) with 12 countries and negotiations with 10 more. U.S. FTAs contain the highest level of intellectual property protection of any agreements in the world.

  -- Successfully using all available tools to enforce international commitments and secure necessary reforms in economies from Taiwan, Indonesia and Korea to Poland and Colombia. The Administration imposed $75 million in trade sanctions on Ukraine for its failure to take action against violations of intellectual property rights.

  -- Getting China to commit to subject the full array of piracy and counterfeiting operations to criminal prosecution and initiating the first-ever systematic review of China's intellectual property enforcement regime, including soliciting evidence from U.S. businesses.

- The Department of Commerce is actively helping American businesses – particularly small businesses – and their workers protect their ideas and innovations at home and abroad by:

  -- Creating an Office of Enforcement at the U.S. Patent and Trademark Office to help foreign countries get serious about policing and enforcement of intellectual property rights.

  -- Building an Investigations and Compliance unit to chase down intellectual property cheats around the world and make sure our trading partners abide by their agreements.

  -- Placing the first full time intellectual property rights attaché on the ground in China to make sure that China keeps its intellectual property commitments and to deal with counterfeiting and piracy of American creations, brands, and inventions there.

  -- Establishing a team of experts – trade agreement and intellectual property specialists, country specialists, and attorneys – to actively work on the companies' international enforcement complaints.

  -- Conducting over 290 enforcement and technical assistance projects around the world to help our trading partners better protect and enforce intellectual property rights.

- The Justice Department is aggressively pursuing intellectual property thieves and counterfeiters here at home, while also cooperating with our partners overseas to crack down on global intellectual property and counterfeiting organizations. A few examples include:

  -- In April 2004, Justice led the largest international enforcement effort ever undertaken against on-line piracy – Operation Fastlink. Through this effort, law enforcement simultaneously executed over 120 searches in the United States and 10 foreign countries.

  -- In April 2004, a Ukrainian man was charged with illegally distributing millions of dollars of unauthorized copies of software from Microsoft, Adobe, Autodesk, Borland, and Macromedia. The government of Thailand recently extradited the defendant to the United States to face criminal charges.

  -- In September 2004, over $56 million in counterfeit Microsoft software was seized and 11 people in California, Texas, and Washington were charged with manufacturing counterfeit software and counterfeit packaging.