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POLITICS AND POLICY

# U.S. Prepares to Crack Down On Intellectual-Property Piracy

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The Bush administration is expected to announce today a coordinated crackdown on the theft of U.S. intellectual property, such as pirated compact discs and knockoff auto parts, which U.S. officials say amounts to about 7% of global trade.

Called the Strategy Targeting Organized Piracy, or Stop, the effort consists of immediate steps to be taken by federal agencies, together with legal and administrative changes to be made in coming months.

The effort, nearly a year in the works, reflects a desire within the administration to strengthen the ability of U.S. companies to compete overseas at a time when the widening U.S. trade deficit continues to set records. Officials say that rampant piracy of copyrighted or patented U.S. goods, particularly in China, is depriving American companies of billions of dollars a year in revenue.

"This will be the most comprehensive effort ever launched to stop the trade in pirated goods," said one senior administration official, who provided details on the initiative. The official added that while "China is not the only problem, it is ground zero."

The initiative comes as the White House faces growing pressure from Congress and U.S. industry to get tough with China on counterfeiting. U.S. officials contend that after a series of negotiations over the past year, Beijing is at last beginning to take steps to improve its piracy record.


The announcement also comes as the presidential campaign shifts its attention to the economy from the war in Iraq. A crackdown on pirated goods would show the administration is ready to protect U.S. industry and is getting tough on trade.

The theft of brands, even down to similar packaging and company catalogs, has skyrocketed during recent years thanks to the ease of downloading information from the Internet. U.S. officials say the problem has begun to hit even small U.S. manufacturers and now goes beyond the usual trafficking in pirated movies and designer purses to include sales of substandard tools and parts under the stamp of well-known U.S. brands.

Attorney General John Ashcroft, Commerce Secretary Don Evans and U.S. Trade Representative Robert Zoellick plan to lay out details of the initiative, along with senior officials from the Department of Homeland Security.

Under the effort, the U.S. will publish for the first time an annual "name and shame" list of foreign companies known to be producing or trafficking in fakes. The Justice Department, meanwhile, will conduct a large-scale

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effort to break up criminal organizations that U.S. officials say are involved in widespread sales of pirated products. And the administration plans to push for an overhaul of U.S. intellectual-property laws, with an emphasis on toughening criminal penalties for people convicted of piracy.

The Bureau of Customs and Border Protection plans to implement procedures this year, the official said, to allow the agency to track down companies that traffic in fake products. Some of the advances on this front are possible largely because of enhanced cargo-tracking rules put in place after the Sept. 11, 2001, terror attacks, the official said.

The Justice Department is also seeking changes that would allow U.S. District Courts to impose injunctions against the import of known fake products into ports nationwide. Existing rules allow courts to impose such injunctions only for ports within their own jurisdiction.

The U.S. Trade Representative will begin to seek international agreements among other concerned countries to block trade in counterfeit products, including the possibility of seizures at sea and joint sting operations. As an example, the U.S. official described continuing, but so far unsuccessful, efforts in Japan, Europe and the U.S. to shut down a Chinese company that is exporting supposedly shatterproof, brand-name car windshields that explode on impact.

Largely to give small U.S. companies a leg up, the U.S. Patent Office will open a hot line, 1-866-999-HALT, to help businesses register their patents and trademarks around the world and to instruct them on lodging complaints.

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