

NEWS

from the office of

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Representative Watson's Bill Urging China to Improve Protection of Intellectual Property Rights Approved by House of Representatives

Washington, D.C. – The House of Representatives today approved, by a vote of 416-3, House Resolution 576, a bill sponsored by Congresswoman Diane E Watson (D-CA-33rd) that urges the Government of China to improve its protection of intellectual property rights (IPR).

“H. Res. 576 puts the House of Representatives on record that it recognizes the serious problem of China’s egregious violation of intellectual property rights (IPR) and, most importantly, that it will continue to monitor China’s progress in meeting its commitments to significantly improve its IPR compliance as outlined at the April meeting of the U.S.-China Joint Commission of Commerce and Trade (JCCT).” At the April 2004 JCCT meeting, China presented an action plan to significantly reduce IPR infringement levels, increase criminal prosecution and penalties for IPR violators, expand customs enforcement actions, and improve its protection of electronic data.

House Resolution 576 also recommends that the Chinese government implement more effective customs and border measures to prevent exportation of pirated goods into the U.S. and other countries; encourages the Chinese government to fully and comprehensively implement a legal framework to protect intellectual property rights; and urges the Chinese government to give greater market access to foreign producers of legitimate products to reduce the demand for counterfeit goods.

In her remarks on the floor, Congresswoman Watson stated:

“I represent the 33rd congressional district of Los Angeles and Culver City, California, which contains a number of major entertainment companies, including Sony Studios, Capitol Records, Raleigh Film and Television Studios, and the American Film Institute. Each one of these companies, as well as countless residents throughout the greater Los Angeles area, are directly impacted by the scourge of IPR infringement. The protection

of U.S. intellectual property rights abroad and at home is especially crucial to the health and vitality of the U.S. entertainment sector, which brings in an estimated \$535 billion to the U.S. economy each year and remains one of our nation's largest export sectors. The loss of revenue from IPR infringement affects the income levels and pocketbooks of not only my constituents but countless other Americans across the nation.

“In the case of China, U.S. companies continue to lose more than \$2.5 billion a year due to piracy of copyrighted materials. Amazingly, counterfeit products account for 15 to 20 percent of all products made in China, approximately 8 percent of its GNP. Counterfeit and pirated items that originate in China include, but are not limited to, movies, recorded music, published products, software, pharmaceuticals, electrical equipment, industrial products, apparel, auto parts, and automobiles.

“With respect to entertainment software—one of the most explosive sectors of growth – the Entertainment Software Association estimates that 97 percent of all personal computer entertainment software is pirated in China, while 75 percent of all console products, such as those for Sony Playstation, and 99 percent of all handheld products, such as those for Nintendo Gameboy, are also pirated. As the Entertainment Software Association notes, and I quote, ‘Piracy at these extreme levels makes it extraordinarily difficult to build legitimate distribution and sales.’

“Moreover, many of these counterfeit products end up reentering the domestic U.S. market in ever increasing quantities. In fact, the office of U.S. Immigration and Customs enforcement estimates that over 60 percent of all pirated goods its seizes originate in China. This is a staggering and sobering statistic. As anyone can see, IPR theft has reached epidemic levels in China, and its adverse impact is being directly felt by American producers, consumers, workers in terms of lost revenues and wages.”

“H. Res. 576 provides further and significant impetus to the Government of China to meet its important commitments and take immediate steps to significantly reduce theft and piracy of intellectual property by the end of 2004.”