



Campaign to Protect America

News Clips

- 1. Crackdown on counterfeit products is urged – St. Louis Post-Dispatch**
- 2. Coalition Presses Congress on Counterfeiting and Piracy – The Hill**
- 3. Business group presses government for piracy reforms – Reuters**
- 4. Anti-Piracy unit requests resources – Variety**
- 5. Industry Players Outline Agenda Against Piracy – National Journal’s Tech Daily**
- 6. US firms urge clampdown on piracy ‘epidemic’ – AFP**
- 7. Discount Counterfeits Can Be Dangerous – Associated Press**
- 8. MPAA, others call for new anti-piracy laws – Video Business**
- 9. Hollywood Wants DC to Get Tougher on Pirates – Broadcasting & Cable**



Crackdown on counterfeit products is urged

By Katie Pennell

POST-DISPATCH WASHINGTON BUREAU

Friday, Jun. 15 2007

WASHINGTON — When Keavin Blount, of St. Charles, learned that his mother had breast cancer, he had no idea that her ordeal would lead him to one day become an advocate for changing federal product-counterfeiting laws.

Blount was in Washington on Thursday to urge legislation that would make it harder for counterfeiters to operate and would set tougher penalties when they are caught.

In 2002, Blount's mother, Maxine Blount, began chemotherapy. Her doctor prescribed a drug, Procrit, to treat anemia and improve energy.

She saw results for the first several months. Then the medication seemed to stop working.

She eventually spoke to her doctor about the drug's ineffectiveness. It turned out that for several months Blount had been taking counterfeit medication — drugs watered-down to the point of being ineffective.

Keavin Blount watched his mother suffer through the last few months of her life without the relief that effective medication would have provided. The source of the counterfeit drug was never determined, despite law enforcement efforts to do so.

"To this day, nobody really knows where it came from," Blount said Thursday.

Blount and others spoke at a news conference sponsored by the Chamber of Commerce and the Coalition Against Counterfeiting and Piracy, which has more than 300 member associations and businesses.

Counterfeit goods are a serious and growing problem in the United States, said Rick Cotton, chairman of the coalition.

Counterfeit medications that are either diluted or contain no actual medication are only one of the concerns. Counterfeit products ranging from cigarettes and purses to brake pads are being manufactured and sold to unknowing consumers.

"It truly is a problem that is the new face of crime in the U.S. and globally," Cotton said.

Counterfeit products cost the U.S. economy between \$200 billion to \$250 billion per year in revenue and 750,000 jobs, according to the coalition.

"We can no longer accept counterfeiting and piracy as just another cost of doing business," said Bruce Josten, executive vice president of the Chamber of Commerce.

A Senate bill, sponsored by Sen. Evan Bayh, D-Ind., would toughen penalties for copyright and counterfeiting crimes that endanger or kill. But the coalition is pushing for legislation that would spend more money, require better border enforcement and improve coordination among government agencies.

Keavin Blount is hopeful that his efforts will help spur change. "It's not about money any more. There's people's lives at stake," Blount said.

The Hill

Coalition Presses Congress on Counterfeiting and Piracy

By Ilan Wurman and Lisa Chapman June 15, 2007

A large coalition of business and industry associations launched a campaign Thursday to spur congressional action on counterfeiting and piracy.

The Coalition Against Counterfeiting and Piracy (CACP) announced at a press conference several initiatives that it will urge members of Congress to act on, including proposals to give more resources to the Departments of Justice and Homeland Security; increase border protection; strengthen criminal penalties for piracy; and increase cooperation with foreign governments.

Intellectual property theft represents a pernicious epidemic of global crime that threatens to undermine our future economic growth and security," said Rick Cotton, chairman of the CACP. "If we want to be effective, we must ... make commitments of dedicated and technologically sophisticated law enforcement resources at all levels of government.

"The CACP's report is an excellent set of proposals in this direction," he added.

CACP is also calling on consumers to learn about this growing threat, and it wants the federal government to disseminate the message that counterfeiting not only costs American jobs and competitiveness, but also threatens public health and safety.

Keavin Blount, who spoke at the press conference, said he lost his mother to counterfeit prescription drugs.

"We are seeing this increase around the world," said Chris Singer, executive vice president of Pharmaceutical Research and Manufacturers of America. "Millions of people unfortunately are experiencing the same thing Keavin's mother experienced."

The president and chief executive officers from the Motion Picture Association of America, Recording Industry Association of America and National Association of Manufactures also spoke at the conference.



Business group presses government for piracy reforms

Thu Jun 14, 2007 2:52 PM ET

By Mary Childs

WASHINGTON (Reuters) - Leading U.S. business groups on Thursday urged stronger U.S. government action to stop trafficking of pirated or counterfeit goods, which they said costs the U.S. economy between \$200 to \$250 billion per year.

"Every product in every industry is vulnerable," said Bruce Josten, Executive Vice President of the U.S. Chamber of Commerce. "We can no longer accept counterfeiting and piracy as just a cost of doing business."

Members of the Coalition Against Counterfeiting and Piracy (CACP) presented a six-pronged agenda aimed at stopping the trafficking of illegal goods, which they blame for 750,000 lost U.S. jobs.

Their proposal includes tougher border control and penalties for counterfeiters, more funding for the Homeland Security and Justice Departments, reformed judicial processes, and improved coordination and education for consumers.

The coalition included U.S. movie and recording industry groups, as well as drug manufacturers, the U.S. Chamber of Commerce and the National Association of Manufacturers.

Intellectual property protection has become a particular sore point in the U.S.'s relationship with China, and the groups estimate global trade in fake goods to be about \$500 billion to \$600 billion per year.

"Intellectual property theft stabs at the heart of the U.S. economy," said John Engler, President and CEO of the NAM, calling creativity and innovation the U.S.'s comparative advantage. "There are some products that literally put lives at risk. We saw what happened with pet foods."

TAINTED PET FOOD

Pet food from China, tainted with melamine, caused the death of cats and dogs across the United States this year.

Concerns about "filthy" imports from China heightened after the U.S. Food and Drug Administration warned that it found a poisonous chemical in toothpaste made in China.

But few Americans realize that their new toothbrush could be counterfeit.

Oral-B was just one brand among a myriad of fake products displayed by the groups, including faux Louis Vuitton bags, New Balance shoes, DVDs, brake shoes for cars, prescription medication for cancer, erectile dysfunction and mental illness, and polypropylene mesh used in surgery.

While instances of piracy in the pharmaceutical industry are more rare than other sectors, the threat is growing, and it's serious, said Chris Singer, Chief Operating Officer for Pharmaceutical Research and Manufacturers of America.

"Even our experts have a really hard time telling the difference," Singer said.

Stronger overseas enforcement and government partnerships are needed to temper the flood of goods into the United States, whose strong laws against counterfeiting and piracy should be the standard for other countries to meet, he said.

"Much of the supply is coming out of Southeast Asia," Singer said. "We need to work with those government to make sure we put those people out of business."

The coalition's proposals weren't directed at any particular country, but business groups see China, India and Russia as major sources of the trade in fake goods.



Anti-piracy unit requests resources

Coalition takes on full range of illegal goods

By WILLIAM TRIPLETT

The movie and music industries have joined a broad coalition calling for a significant increase in federal resources and attention devoted to combating the full range of pirated goods, from DVDs and CDs to automobile brakes and prescription drugs.

In a Thursday press conference on Capitol Hill, the recently formed Coalition Against Counterfeiting and Piracy unveiled a six-point plan to improve intellectual property laws and enforcement. The group will mount an intensive lobbying campaign to get the plan enacted into law.

Together, counterfeiting and piracy constitute "a pernicious epidemic threatening the future economic growth of the U.S. in all sectors," said Rick Cotton, CACP chairman and general counsel for NBC Universal. Bootlegging is "the new face of crime" both domestically and internationally, Cotton added, noting the increasing role that organized gangs have been playing.

CACP members total 350 from both business and labor, Cotton said. The main players are the National Assn. of Manufacturers, the Pharmaceutical Research and Manufacturers of America and the U.S. Chamber of Commerce, as well as, from the showbiz side, the Motion Picture Assn. of America and the Recording Industry Assn. of America.

Each of those groups has at one time or another pressed the government for help against the problem. CACP marks the first time such a broad-based org has banded together against bootlegging.

Former Michigan governor John Engler, now president of the National Assn. of Manufacturers, said that counterfeiting and piracy account for some 5% of total global trade and pose a public health and safety threat.

Also speaking at the press conference was a man whose mother's fight against cancer was undercut by a diluted drug sold to her as the real thing. As a result, she experienced great pain in her final months.

The six-point plan, dubbed "Campaign to Protect America," calls for the following:

Increasing resources for the Dept. of Homeland Security and Dept. of Justice to fight bootlegging.

Strengthening border enforcement to catch bogus goods being smuggled into the country.

Toughening penalties.

Improving federal government coordination, including establishment of a fulltime White House position overseeing all efforts.

Reforming civil and judicial processes.

Educating consumers about the dangers and wrongs of buying counterfeited/pirated product.

Bruce Josten, exec VP of the Chamber of Commerce, acknowledged the ambitiousness of the plan. "We realize we won't change things overnight," Josten said. "This is a long-term fight."

Cotton said the CACP is still trying to estimate the amount of taxpayer dollars it would cost to implement the plan, "but active enforcement will benefit the U.S. economy. The cost should be seen as an investment."

The coalition is still in early talks with congressional leaders. Cotton declined to identify them but said, "We've been talking to a broad range of leaders in the House and Senate and the preliminary reactions have been very encouraging."

Industry Players Outline Agenda Against Piracy

by [Andrew Noyes](#)

Leading private-sector players in the intellectual property arena unveiled an aggressive package of legislative proposals Thursday geared toward fighting counterfeiting and piracy. They plan on meeting with key members of the House and Senate in coming weeks to advance their agenda in the 110th Congress.

The six-point plan calls for: boosting IP enforcement within the Homeland Security and Justice departments; strengthening border security; toughening criminal penalties for infringers; enhancing coordination among federal agencies; reforming the civil and judicial process; and educating consumers.

The effort is backed by "all sectors of the economy," U.S. Chamber of Commerce Executive Vice President **Bruce Johnston** told reporters at a morning briefing. "We've developed a comprehensive agenda that calls for the U.S. government to elevate this issue as a national priority."

Other speakers included Motion Picture Association of America President **Dan Glickman**; Recording Industry Association of America Chairman **Mitch Bainwol**; National Association of Manufacturers President **John Engler**; and **Chris Singer**, executive vice president of the Pharmaceutical Research and Manufacturers of America.

"We realize that changes will not happen overnight," said Johnston, whose trade group runs the Coalition Against Counterfeiting and Piracy. Major industries are "committed to a long-term battle" to protect U.S. jobs and consumers.

Rep. **Lamar Smith** of Texas, the ranking Republican on the House Judiciary Committee, lauded the group's effort. He plans to introduce an IP bill that will include many of the recommendations.

Sens. **Evan Bayh**, D-Ind., and **George Voinovich**, R-Ohio, introduced a measure earlier this year that would help agencies work together and consult with industry on IP issues. The bill, S. 522, also would establish a way for other countries to track infringers.

Chris Israel, the IP czar to President **Bush**, issued a statement that did not directly address the coalition's proposals. But he said the Bush administration "continues to place a very high priority on the promotion and protection of U.S. intellectual property."

The multi-agency Strategy Targeting Organized Piracy initiative is "a strong and well-coordinated answer to the challenge of IP enforcement," Israel said. Federal prosecutions for IP crimes were up 57 percent in 2006, he added, and border seizures of counterfeit goods also doubled last year.

NBC Universal General Counsel **Rick Cotton**, who chairs the chamber's IP alliance, said piracy is "the new face of crime in the United States and globally." He added that it's a "problem that is not only about economic security. It's about health and safety."

Glickman, a former House Democrat from Kansas, called piracy a "monumental" crisis that accounts for \$18 billion in annual losses for the movie industry. "I think we're going to get this passed," he said.



US firms urge clampdown on piracy 'epidemic'

Jun 14 01:22 PM US/Eastern

Executives representing some of America's biggest companies urged the US government Thursday to aggressively clamp down on a tidal wave of fake products, many of which come from China and Russia.

Leaders of several powerful industry associations, including the US Chamber of Commerce and the Motion Picture Association of America, said the government should urgently adopt tougher legal penalties against counterfeiters and boost efforts to combat foreign piracy of US brands.

"It is an epidemic," John Engler, the president of the National Association of Manufacturers, told a news conference at a congressional office building.

The groups also called on US President George W. Bush to appoint an intellectual property enforcement czar to the White House staff to help police the global fight against fake goods.

The executives, representing a range of industries, brought their concerns to Congress to seek legislative action on their complaints. They are backed by the Coalition Against Counterfeiting and Piracy, a network of over 300 US companies and trade associations.

Chris Singer, the chief operating officer of the Pharmaceutical Research and Manufacturers of America, held aloft two similar-looking medicine packages for reporters to view.

"Even our experts have a really hard time telling the difference, although the threat is rare, it is growing," Singer said, identifying one of the packages as fake drugs produced by skilled counterfeiters.

Executives said many of the counterfeit goods seized by customs officers come from China and Russia.

The stepped-up industry campaign comes after the US government sharpened trade tensions with China in April by filing a wide-ranging complaint over "rampant" copyright piracy with the World Trade Organization.

Some US lawmakers have also criticized the Chinese government for what they say is the Asian powerhouse's failure to tackle industrial-scale counterfeiting networks.

Despite Chinese government pledges of a clampdown, fake DVDs, software, luxury goods, books, auto parts, footwear and even pharmaceuticals can be widely bought across China, according to US officials.

The trade in fake goods, however, extends worldwide. Fake designer handbags can even be bought from street vendors just blocks from the US Congress.

Industry executives said the illicit trade depletes the potential revenues of American companies and that in some cases, such as fake drugs, can even threaten peoples' lives.

"What we believe is that a lot of this is coming from China, we also believe that quite a bit is coming from Russia," Singer told AFP, referring to the trade in counterfeit drugs.

He spoke after Keavin Blount related how his now deceased mother, Maxine, had unwittingly purchased a counterfeit drug which she believed was Procrit from a pharmacy to treat cancer.

Singer said the pharmaceutical industry was looking at high-tech ways to imprint medicine shipments to guard against fakers pedaling knock-off drugs.

The executives pressured the government the same day as Colgate-Palmolive Co. warned that counterfeit toothpaste falsely packaged as "Colgate" had been found in discount stores.

The fake Colgate toothpaste was discovered in several bargain stores in four east coast states and may contain diethylene glycol, a toxic chemical, the consumer products giant warned.

And it is just not American firms that are reeling from the effects of piracy.

Counterfeiters have ripped off toys made by the Danish firm Lego and luxury goods such as Swiss Rolex watches and Italian and French designer handbags.

The Chamber of Commerce claims that illegal counterfeiting costs America's economy between 200 billion and 250 billion dollars a year and caused the loss of 750,000 jobs.

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The Associated Press

Discount Counterfeits Can Be Dangerous

Associated Press Newswires

14 June 2007

16:13

By ANDREW BRIDGES

WASHINGTON (AP) - Discount stores that scour the world for deals sometimes give shoppers something they didn't bargain for: bogus products of uncertain origin that may even be dangerous.

A prime example: this week's recall of toothpaste believed to be both counterfeit and toxic.

Government tests on the toothpaste, bought by federal investigators at a discount store in Maryland, revealed it contained diethylene glycol, a chemical found in antifreeze, a Food and Drug Administration spokesman said Thursday. Although the toothpaste was labeled as "Colgate," Colgate-Palmolive Co. said the imported 5-ounce tubes were falsely packaged counterfeits.

Foes of counterfeiting said it was an example of how it's more than CDs, DVDs, handbags and sunglasses that are getting faked these days.

"This has really become an issue where every industry is affected," said Caroline Joiner, executive director of the U.S. Chamber of Commerce's anti-counterfeiting and piracy initiative. The Chamber unveiled a lobbying effort Thursday to step up federal efforts in combatting a problem it estimates costs U.S. companies \$250 billion a year in lost sales.

Lately, counterfeit drugs have repeatedly made headlines, even though the FDA concedes they are quite rare in the U.S. drug distribution system. Worries about fake drugs recently helped sink legislation in the Senate that would have permitted the importation of prescription drugs. When fake drugs do crop up, it's typically after they've been purchased over the Internet.

In May, the FDA relayed reports from three consumers who had purchased bogus Xenical, a weight-loss drug, from a pair of Web sites. Testing revealed that none of the capsules contained the active ingredient in Xenical -- though one did include a drug found in Meridia, a competing medication, the FDA said. Other capsules contained nothing more than talc and starch.

Meanwhile, the galaxy of counterfeits continues to expand to include an ever-broader range of consumer products.

"It's to a point where we see fake auto parts --fake brake pads. We see toothpaste tainted with antifreeze and Underwriters Laboratories tags on electric cords that are fake and catch on fire," Joiner said.

In 2006, U.S. agents increased their seizures of counterfeit goods by 83 percent, making more than 14,000 seizures worth at least \$155 million, the Homeland Security Department said earlier this year.

Even though many bogus goods, including the toothpaste, have murky origins, signs point to overseas -- and China in particular. That country was the source of 81 percent of all phony goods seized in 2006, according to federal statistics.

The recalled toothpaste was labeled as made in South Africa but its toxic ingredient previously has been found in Chinese-made toothpastes. Colgate-Palmolive pointed out the packages it had examined bore several misspellings, including "SOUTH AFRLCA." That suggests even the bogus product's true origin may have been faked.

Its distributor could do little to explain the ultimate source of the toothpaste, which it sold at 60 cents to 70 cents a tube to discount stores in New York, New Jersey, Pennsylvania and Maryland.

"We do not make it, we don't import it, we just buy it from a guy," said Chris Kim, manager of MS USA Trading Inc., the North Bergen, N.J., company that recalled the 100 cases of suspect toothpaste. A telephone message left for the source identified by Kim -- a man he knows only as "Dialo" -- was not immediately returned Thursday.

Discount stores in particular can be an important outlet not only for fakes but other dangerous goods as well, federal officials said.

The Consumer Product Safety Commission, for example, has announced well more than a dozen recalls of children's jewelry this year because they contain lead, which is toxic if ingested. The Chinese-made jewelry is predominantly sold through discount outlets, CPSC spokesman Scott Wolfson said.

A message left with the Retail Dollar Store Association seeking comment was not immediately returned.

Overall, federal regulators are stepping up their scrutiny of Chinese-made goods. Wolfson said products made in China account for more than 60 percent of the recalls the CSPC has announced so far this year.

And FDA investigators have been stopping Chinese toothpaste imports at the border and scouring the shelves of discount stores where it's typically sold, after receiving reports from abroad that it can contain diethylene glycol. The South African "Colgate" got caught in that dragnet, FDA spokesman Doug Arbesfeld said.

Subsequent FDA testing showed the South African-labeled toothpaste contained 3 percent diethylene glycol by weight. The chemical, used as a lower-cost substitute for the sweetener glycerin, previously has been found in Chinese-made toothpaste also sold in discount stores.

"It's a low health risk but the bottom line is, it doesn't belong in toothpaste," Arbesfeld said of the chemical.

Video Business

MPAA, others call for new anti-piracy laws

Industry groups lobby Congress, White House for more enforcement

By Paul Sweeting -- Video Business, 6/14/2007

JUNE 14 | WASHINGTON—The Motion Picture Assn. of America is joining forces with the U.S. Chamber of Commerce and a diverse collection of other industry groups to press Congress and the White House on an ambitious agenda to bolster enforcement of anti-piracy and anti-counterfeiting laws.

At a Capitol Hill news conference here today, MPAA head Dan Glickman shared the podium with representatives from the Recording Industry Assn. of America, the National Assn. of Manufacturers and the pharmaceuticals industry, as well as the Chamber, to unveil a six-point program that, if enacted, would amount to a major realignment of federal law enforcement efforts.

“Our law enforcement resources are seriously misaligned,” NBC/Universal general counsel Rick Cotton said. “If you add up all the various kinds of property crimes in this country, everything from theft, to fraud, to burglary, bank-robbing, all of it, it costs the country \$16 billion a year. But intellectual property crime runs to hundreds of billions [of dollars] a year.”

Cotton is spearheading the new effort, christened the “Campaign to Protect America,” as chairman of the newly formed [Coalition Against Counterfeiting and Piracy](#).

The Coalition claims to represent more than 300 businesses and associations and has begun reaching out to organized labor on grounds that counterfeiting and piracy are threats to American jobs.

“The motion picture industry employs over a million people in this country, and most of them are not high-priced stars,” Glickman said. “Most of them are blue-collar workers, or craft workers, who are just trying to make a decent living.”

Unlike previous anti-piracy lobbying efforts, the new campaign is aimed less at defining new crimes afflicting particular industries than at elevating enforcement of existing copyright, patent, trademark and trade secret laws to the top of the public policy agenda.

“Part of the problem is that the policy approach up to now has been sector by sector,” Cotton said. “This is not about addressing problems in a particular sector. This is a major issue of public policy that affects our entire economy.”

The campaign’s six-point agenda includes:

- increasing investigative and enforcement resources at DHS and DOJ, including dedicated, institutionalized IP resources in U.S. attorneys offices;
- strengthening enforcement of counterfeiting laws at U.S. borders;
- increasing penalties for trafficking in counterfeit and pirated goods;
- improving federal coordination of IP enforcement efforts;
- reforming civil and judicial processes to combat organized criminal trafficking; and
- consumer education.

The group also supports the creation of a new IP enforcement coordinator within the White House.

“The benchmark of what we’re asking other companies to do to enforce intellectual property rights is what we do in this country,” Cotton said. “We want to make it clear that it’s a priority at the highest levels.”

Though the group has broad support across a diverse group of industry sectors, it faces difficult political challenges in enacting its program.

The program crosses jurisdictional boundaries among many different congressional committees and would affect the budgets and priorities of multiple federal agencies, each of which undergoes its own appropriations process.

In deference to those potential conflicts, the coalition is not promoting a single, omnibus piece of legislation to address all of its concerns, Cotton said. Instead, it will work on different pieces of its agenda with different committees before seeking specific appropriations for specific departments.

“We’re having intensive consultations with the leadership in Congress, and we’ll be consulting closely with the appropriate committee chairman to try to put the agenda into the appropriate legislative vehicles,” Cotton said.

Broadcasting & Cable

Hollywood Wants DC To Get Tougher on Pirates

By John Eggerton -- Broadcasting & Cable, 6/14/2007 6:57:00 AM

Hollywood film, video, and record producers, drug manufacturers and the U.S. Chamber of Commerce are calling on the U.S. government to get tougher on piracy, counterfeiting and other intellectual property theft.

At a Capitol Hill press conference scheduled for Thursday morning, the producers, via their Coalition Against Counterfeiting and Piracy (CACP), and the Chamber, planned to call for a half dozen specific actions the government could take to foil what they called the hijackers of "American innovation, jobs and consumer health and safety."

They are: Boost the participation of the departments of Justice and Homeland Security, toughen border enforcement, levy bigger fines and penalties, improve intergovernmental communication and coordination, reform laws, and better educate consumers.

The group is looking to raise the issue's profile at the White House and to get Congress to weigh in as well.

"We must escalate leadership on IP protection into the White House," says NBCU VP and General Counsel and CACP Chairman Rick Cotton. NBCU has been a leading voice for intellectual property protection under Chairman Bob Wright. Wright has been the CAE (chief anti-piracy evangelist) for the industry, arguing that the TV and movie production industries are on the front lines of a battle for our economic security that he likens to the one the nation is currently fighting for its physical security.

Echoing that theme, Cotton calls IP theft "a pernicious epidemic of global crime that threatens to undermine our future economic growth and security," saying the country needs a dramatic overhaul of its protection regime.

"We hope these proposals will be well received by the Congress and will be the building blocks for bold and decisive action on Capitol Hill," says Cotton.

Just last month, Attorney General Alberto Gonzales pledged to get tougher on pirates, but the studios want to make sure the effort is broad and deep.