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# Highlights

Highlights of [GAO-06-1004T](#), testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Government Affairs, United States Senate

## Why GAO Did This Study

U.S. goods are subject to substantial counterfeiting and piracy, creating health and safety hazards for consumers, damaging victimized companies, and threatening the U.S. economy. In 2004, the Bush administration launched the Strategy for Targeting Organized Piracy (STOP) – a multi-agency effort to better protect intellectual property (IP) by combating piracy and counterfeiting. This testimony, based on a prior GAO report as well as observations from on-going work, describes (1) the range and effectiveness of multi-agency efforts on IP protection preceding STOP, (2) initial observations on the organization and efforts of STOP, and (3) initial observations on the efforts of U.S. agencies to prevent counterfeit and pirated goods from entering the United States, which relate to one of STOP's goals.

## What GAO Recommends

GAO is not recommending executive action.

## INTELLECTUAL PROPERTY

### Initial Observations on the STOP Initiative and U.S. Border Efforts to Reduce Piracy

## What GAO Found

STOP is the most recent in a number of efforts to coordinate interagency activity targeted at intellectual property (IP) protection. Some of these efforts have been effective and others less so. For example, the Special 301 process – the U.S. Trade Representative's process for identifying foreign countries that lack adequate IP protection – has been seen as effective because it compiles input from multiple agencies and serves to identify IP issues of concern in particular countries. Other interagency efforts, such as those by the National Intellectual Property Law Enforcement Coordination Council (NIPLECC), are viewed as being less effective because they have produced little beyond a summary of agencies' actions in the IP arena.

While STOP has energized IP protection and enforcement efforts domestically and abroad, our initial work indicates that its long-term role is uncertain. STOP has been successful in fostering coordination, such as by reaching out to foreign governments and private sector groups. Private sector views on STOP were generally positive; however, some stated that it emphasizes IP protection and enforcement efforts that would have occurred regardless of STOP's existence. STOP's lack of permanent status and accountability mechanisms poses challenges for its long-term impact and congressional oversight.

STOP faces challenges in meeting some of its objectives, such as increasing efforts to seize counterfeit goods at the border – an effort for which the Department of Homeland Security's Customs and Border Protection (CBP) and Immigration and Customs Enforcement are responsible. CBP has certain steps underway, but our initial work indicates that resources for IP enforcement at certain ports have declined as attention has shifted to national security concerns. In addition, prior GAO work found internal control weaknesses in an import mechanism through which a significant portion of imports flow, and which has been used to smuggle counterfeit goods.

## Examples of authentic and counterfeit products.



Source: GAO.

Authentic (left) versus counterfeit batteries, counterfeit Nike shoes, and counterfeit toothpaste (left) versus authentic toothpaste.

[www.gao.gov/cgi-bin/getrpt?GAO-06-1004T](http://www.gao.gov/cgi-bin/getrpt?GAO-06-1004T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4128 or [yagerl@gao.gov](mailto:yagerl@gao.gov).