



Highlights of [GAO-08-177T](#), a report to House Judiciary, Subcommittee on Courts, the Internet, and Intellectual Property.

Why GAO Did This Study

Intellectual property plays a significant role in the U.S. economy, and the United States is an acknowledged leader in its creation. Industries that relied on IP protection were estimated to account for over half of all U.S. exports and employed about 18 million Americans in 2006. However, legal protection of IP varies greatly around the world, and several countries are havens for the production of counterfeit and pirated goods. Counterfeit products raise serious public health and safety concerns, and the annual losses that companies face from IP violations are substantial. Eight federal agencies undertake a wide range of activities in support of protecting IP rights, and two mechanisms coordinate protection efforts: the National Intellectual Property Law Enforcement Coordination Council (NIPLECC) and the Strategy for Targeting Organized Piracy (STOP). GAO was asked to address: (1) the nature of the risks that U.S. corporations face in protecting IP, particularly in countries such as China, and (2) U.S. methods for implementing and coordinating domestic IP enforcement activities. This testimony is based on issued GAO reports that focused on IP protection and related trade matters.

What GAO Recommends

In prior reports, GAO made a number of recommendations to various agencies to strengthen their management of their IP enforcement efforts.

To view the full product, including the scope and methodology, click on [GAO-08-177T](#). For more information, contact Loren Yager at (202) 512-4128 or yagerl@gao.gov.

INTELLECTUAL PROPERTY

Risk and Enforcement Challenges

What GAO Found

U.S. intellectual property is increasingly at risk of theft as U.S. firms become more integrated into the world economy and the production of more sophisticated processes and investments move overseas. High profits and technological advances have also increased the risk of IP infringements by making counterfeiting and piracy more attractive and easy to conduct. At the same time, deterrents such as penalties and other measures have failed to keep pace. The seriousness of these risks has been exacerbated by weak enforcement in some countries, particularly China.

While the U.S. faces significant obstacles when trying to ensure effective IP protection abroad, it also faces serious challenges in coordinating domestic efforts and ensuring that IP protection remains a priority. The large number of federal agencies involved, due to the cross-cutting nature of IP protection, makes coordination particularly important. However, GAO's recent report on coordinating mechanisms for federal IP protection, we found that the effectiveness and long-term viability of the coordinating structure is uncertain. In addition, each of the agencies involved in IP has multiple missions, and it is a challenge to ensure that IP enforcement is a sufficiently high priority. GAO's report on the efforts of the Customs and Border Patrol (CBP) to interdict counterfeit goods at the border found that the bulk of CBP's enforcement outcomes in recent years have been generated by pockets of activity within certain modes of transport and product types as well as among a limited number of port locations. While the number of seizure actions has increased, this growth can be attributed to a growing number of small-value seizures made from air-based modes. CBP lacks an approach to further improve border enforcement outcomes; it has been focused on efforts that have produced limited results, while not taking the initiative to understand and address the variations among ports.