

August 10, 2012

The Honorable Victoria A. Espinel  
United States Intellectual Property Enforcement Coordinator  
Office of Management and Budget  
Executive Office of the President  
The White House  
Washington, DC 20500

Submitted via: [www.regulations.gov](http://www.regulations.gov)

**RE: Request for Public Comments: Development of the  
Joint Strategic Plan on Intellectual Property Enforcement  
OMB-2012-0004-0002, 77 Fed. Reg. 38088 (June 26, 2012) and  
77 Fed. Reg. 42765 (July 20, 2012)**

Dear Ms. Espinel:

The American Intellectual Property Law Association (AIPLA) is pleased to have the opportunity to present its views with respect to the U.S. Intellectual Property Enforcement Coordinator (“IPEC”) Request for Public Comments: Development of the Joint Strategic Plan on Intellectual Property Enforcement, OMB-2012-0004-0002, 77 Fed. Reg. 38088, dated June 26, 2012, and extension of comment period, 77 Fed. Reg. 42765, dated July 20, 2012 (the “Request”).

AIPLA is a national bar association with approximately 14,000 members who are primarily lawyers in private and corporate practice, government service, and the academic community. AIPLA represents a diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, unfair competition, and trade secret law, as well as other fields of law affecting intellectual property.

### **Strategy Recommendations**

AIPLA and its members strongly support government efforts to improve enforcement of intellectual property rights. AIPLA also strongly supports the efforts of the Intellectual Property Enforcement Coordinator to streamline and facilitate government programs which promote intellectual property enforcement, both domestically and abroad.

In particular, AIPLA favors, in principle, the government providing an organized and aggressive solution to address the serious and dangerous effects of domestic and international counterfeiting.

AIPLA also favors providing protection against trafficking in goods, including providing mandatory destruction, forfeiture and restitution provisions, as well as effective civil equitable and monetary remedies.

AIPLA recognizes that it is easier and more practical for CBP to enforce trademarks and copyrights at the border than it is to enforce patents, partially because of the nature of infringing products and the relative difficulty of determining potential infringement. However, AIPLA believes that design patents, at least, are of the nature that they may be enforced at the border in a way similar to the enforcement of trademarks and copyrights, and would favor looking into the possibility of including design patents within CBP authority.

The effective and efficient enforcement efforts of the government and of private parties benefit the public in a number of ways. First, elimination of counterfeit products provides an overall public benefit as it protects public expectations in the quality of products, and protects public health and safety through the elimination of harmful and substandard counterfeits. Further, efficient enforcement efforts at the border benefit both producers and consumers by reducing, in some cases, the need for expensive civil litigation, the cost of which is often passed on to the consumer through higher prices.

Thus, AIPLA believes that the government should strive to reduce the cost of enforcement on IP owners by reducing court costs, streamlining litigation, speeding up time to judgment, and removing barriers to collection of judgments. AIPLA is in a unique position to highlight the high costs of IP protection, through the direct input of its members as set out in the following section.

### **Economic Costs of Enforcing Intellectual Property Rights**

#### *AIPLA Economic Survey*

Every two years, AIPLA conducts an economic survey of its members on, *inter alia*, the cost of enforcement of intellectual property rights. The latest survey, conducted in 2011, solicited participation from AIPLA's more than 14,000 members, of whom over 2,500 members responded. Based on the responses, AIPLA compiled statistics on the typical cost of litigation, including the cost of outside legal and paralegal services, local counsel, associates, paralegals, travel and living expenses, fees and costs for court reporters, photocopies, courier services, exhibit preparation, analytical testing, expert witnesses, translators, surveys, jury advisors, and similar expenses. Median litigation costs were compiled for patent, trademark and copyright infringement cases in the courts, as well as trade secret misappropriation cases.

The 2011 median litigation costs in this area, including costs through the end of the litigation, were as follows:

Patent Infringement Suit:

<\$1 Million at risk:	\$ 650,000
\$1-25M at risk:	\$ 2,500,000
>\$25M at risk:	\$ 5,000,000

Trademark Infringement Suit:

<\$1 Million at risk:	\$ 350,000
\$1-25M at risk:	\$ 775,000
>\$25M at risk:	\$ 1,500,000

Copyright Infringement Suit:

<\$1 Million at risk:	\$ 350,000
\$1-25M at risk:	\$ 700,000
>\$25M at risk:	\$ 1,375,000

Trade Secret Misappropriation Suit:

<\$1 Million at risk:	\$ 425,000
\$1-25M at risk:	\$ 1,000,000
>\$25M at risk:	\$ 2,500,000

While these figures represent the median cost, the actual cost could be substantially higher. As an example, the estimated costs of a patent infringement suit ranged from \$2,500,000, to \$7,500,000.

*Effect of ICANN Increase of gTLDs on Enforcement of Trademarks*

An additional aspect of the cost of intellectual property enforcement involves the projected increase of the number of Top Level Domains (gTLDs) as intended by the Internet Corporation for Assigned Names and Numbers (ICANN). The current plan still requires businesses to pay for defensive registrations or file IP claims in connection with hundreds of new gTLDs, at prices that are unconstrained by ICANN or other regulatory bodies. These defensive registrations will be necessary to prevent consumer fraud and confusion on the part of users who are rightfully concerned about deceptive websites and online scams. Moreover, the legal expenses and domain acquisition costs of defensive registrations and IP claims will not be offset by potential economic or informational value to either registrants or Internet users. Indeed, ICANN's own economic studies indicate that there is no compelling economic need to introduce new gTLDs, and that the current gTLD structure adequately accommodates the current and forecasted needs of Internet users.

AIPLA has recommended that ICANN begin with a small pilot program, as previously suggested by the GAC, for a strictly limited number of gTLDs designed to serve linguistic, geographical, and cultural communities. As the GAC suggests, such a pilot could provide actual data that could be used “to refine and improve the application rules for subsequent rounds.”

### **Optional Questions**

AIPLA hereby responds to selected optional questions as set out in the IPEC Request for Comments, based on input received from individual AIPLA members (Q-numbers refer to the question numbers in the Request):

Q1. How can international regulatory and law enforcement collaboration and information sharing be enhanced to address cross-border intellectual property infringement?

Cross-border patent enforcement is a particularly important and expensive concern to AIPLA members. Since patent protection, like other areas of intellectual property, is on a country-by-country basis, patent enforcement must be accomplished by separate actions in many countries around the world. Especially given the high costs of litigation, as outlined above, any procedures that would facilitate and streamline cross-border intellectual property enforcement would be very welcome.

Q2. What legal or operational changes might be made, or collaborative steps undertaken between federal agencies and the private sector, to streamline or improve the efficacy of enforcement efforts directed at protecting intellectual property rights?

<and>

Q9. Are there ways in which CBP could improve its intellectual property rights e-recording system to enhance ease of use and make it a more useful tool for intellectual property rights enforcement?

AIPLA members have suggested that a direct database connection between the USPTO and the CBP, and between the Copyright Office and the CBP, would be useful in establishing CBP protection efforts. In particular, an effective database connection would be one in which, when applying for CBP protection, a right holder could simply enter the registration number for the trademark or copyright registration, and the CBP database would self-populate with the relevant information from the trademark and copyright databases. In addition, members have requested that the Customs online form should be streamlined such that only the most critical information be requested from the IP rights owner.

Q3. What measures can be taken by the private sector to share actionable information on entities engaging in or supporting infringement of intellectual property rights? To the extent

necessary, what government safeguards and conditions would be useful to facilitate sharing of such information?

AIPLA members have asked whether the Department of Justice could create an online form for IP rights owners to report suspected cases of counterfeiting and piracy. Any such database should of course provide robust security against hacking. A special division within the Department of Justice could be set up as a liaison between federal prosecutors and private industry.

Q6. When goods are imported into the United States, U.S. Customs and Border Protection (“CBP”) and other federal agencies charged with enforcing intellectual property rights and ensuring the safety of products entering the stream commerce, *e.g.*, U.S. Food and Drug Administration and the Consumer Product Safety Commission, engage in a risk-based assessment of the level of risk that a shipment contains violative goods, and decides whether to inspect the shipment based on this risk determination. What steps can federal agencies and the private sector take to improve the risk assessment process so that high risk shipments may be quickly identified and segmented from lower risk shipments?

AIPLA members have responded that CBP and other federal agencies charged with enforcing intellectual property rights should monitor closely the manifests of foreign entities that have previously engaged in the export/import of counterfeit and/or piratical merchandise. Manifests from entities within countries that are known exporters of counterfeit and/or piratical merchandise also should be monitored closely.

AIPLA appreciates the opportunity to provide input to the IPEC in respect of the Development of the Joint Strategic Plan on Intellectual Property Enforcement. We are continuing to gather information on these important issues, and look forward to continuing to work with IPEC and to providing more data as it becomes available.

Sincerely,



William G. Barber  
President  
American Intellectual Property Law Association