

**Remarks by Victoria Espinel
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Thank you very much for inviting me to speak today. I am so pleased to be here.

I am President Obama's coordinator for intellectual property enforcement. I head a new office at the White House. My job is to make sure intellectual property laws are working properly and that they're enforced. As America continues to invest in the knowledge-based economy, more growth in our economy, more jobs in our communities, and more solutions to our common challenges depend on functioning and enforced intellectual property laws.

The United States government is a big place. There are 17,000 people in the federal government that touch some aspect of intellectual property enforcement during the course of their work. And I have great partners in the heads of the Departments that I work with most closely as well as the support of President Obama and Vice President Biden. So that makes my job a bit easier. In fact, the President recently created a new cabinet-level intellectual property enforcement committee that I will chair to help further focus the Administration's efforts.

Some people at the White House spend their days working on issues that are very contentious. I am lucky. Intellectual property enforcement is a bipartisan issue. My new office has had great support from Democrats and Republicans alike. Intellectual property protection also unites labor and business.

Not that many issues bring together the business and labor community- but this is one that does. When I began this new job, my first order of business was to develop the Administration's strategy for intellectual property enforcement – our overall vision and plan for intellectual property enforcement. We issued the strategy last June- almost exactly a year ago. While putting together the strategy, we sought and received significant public input- over 1,600 comments which are all posted on our website. We worked closely with Departments across the US government and many offices of the White House.

The strategy was well-received- and that's great- but the real test will be in how well we make the strategy a reality. I know that the European Commission has recently released a strategy for intellectual property and I look forward to discussing it with my European counterparts while I am here.

Much of my job is about issues other than copyright. My job includes making sure American patents and trade secrets are protected, supporting our small businesses when they are entering foreign markets, changing how the US government buys things in order to keep counterfeits out of our supply chain making sure that the US government has better data on how we spend our resources and the importance of intellectual property to our economy. But since I am here at the World Copyright Summit, I am going to focus my remarks today on copyright.

Copyright issues have become more complex as the world embraces technology that continues to advance our lives. This is true, of course, of the Internet. The Internet is an extraordinary platform. It has transformed traditional commerce. Millions of businesses use the Internet- barriers to entry have collapsed; small businesses are on the grid. Billions of people use the Internet to simply stay in touch.

Intellectual property is critical to the Internet. And not just for the creators and innovators - it is also of critical importance for consumers. The promise of the Internet is, after all, about improving quality of life for individuals, families and communities.

There is a lot of discussion right now about the "cloud" and the impact it will have. It is true that the "cloud" may intensify variations of issues that arose years ago with the advent of the Internet. The flexibility and capacity of the cloud - as the Internet has for many years - will continue to shape consumer desire. So the cloud may accelerate the pace at which we need to address these issues.

A number of US technology companies have joined some of the major movie studios to develop "ultraviolet" - a cloud based locker system to allow consumers to "buy" a work forever and access to from any device. It is being designed as a response to changing consumer desires and expectations - expectations being shaped by what the cloud makes possible. If it is possible to construct it so that it cannot be compromised, it may have the effect of reducing piracy by giving value to consumers - the ability to own forever and access almost anywhere - that cannot be obtained with illegal copies.

Amazon and Google - and most recently - Apple - have announced cloud music services. These are also attempts to give consumers a more flexible service. Questions have been raised about the legality of some of these services. We hope these questions are sorted out. As a government we want to and are looking for ways to encourage new legal alternatives. So the flexibility of the cloud may help spur the development of compelling legal alternatives. And we will continue to combat the illegal alternatives.

Now, there are a lot of ideas out there about how we can enforce intellectual property rights on the Internet. Some of these ideas are focused on a top-down, command-and-control model of authority. As I hope is evident in the work my office has conducted over the last year - I do not think this is the approach we need to take.

The US government doesn't need to pick winners and losers and the last thing we should think about doing is messing up the Internet with inappropriate regulation. In my area, we need to do three simple things: 1) make sure we have good laws and then enforce those laws, 2) engage the private sector, and create voluntary solutions through productive conversations and 3) educate consumers. It is our hope, of course, that what we are doing in the United States will be a positive example - not just to our own citizens but to governments and citizens around the world.

On **law enforcement**, we are going after the pirates. These are not legitimate businesses and their activities are a direct threat to authentic engagement for consumers and to the jobs that support authentic products and services. This Administration is committed, at all levels, to enforcing the law to protect value for authentic creations and innovations and to protect our citizens.

Last June, DOJ and DHS/ICE announced the first coordinated effort to target websites engaged in distributing pirate or counterfeit goods. Under Operation In Our Sites, American

law enforcement has conducted five operations seizing over 120 domain names. Over 45 million visitors to these sites have seen a banner informing them of the website's seizure and of the criminal penalty for copyright infringement.

Effective enforcement against online infringement also requires strong laws that keep up with technology. In March, we made 20 recommendations for legislative changes to Congress to strengthen enforcement. Those recommendations are up on the White House website. One of those is to make sure that illegal streaming - a form of "distribution" online - is a felony, in the same way that more traditional forms of distribution are. We know that there is a great deal of interest in Congress in giving our law enforcement additional tools to stop websites

engaged in substantial criminal infringing activity- sometimes referred to as "rogue website legislation". My office has convened a process to develop the Administration's position on this legislation. This is a priority issue for us and we look forward to working closely with Congress to develop effective solutions.

On **engagement with the private sector**, we know that effective enforcement must involve the private sector stakeholders. In order for the Internet to be as productive and compelling as possible, we need to have active engagement from companies that interact with and benefit from Internet commerce. They have a role in making the Internet function in a responsible way. I do not believe that we need to add additional regulation on how they conduct their businesses or mandate new obligations for how they run their systems.

Instead, my office has taken what I believe can be a very efficient and effective approach: we've gathered a group of smart engaged people and started talking to each other.

Over the last several months, my office has been working closely with Internet Service Providers, advertisers, credit card companies, payment processors, search engines, domain name registrars and registries to take action against illegal activity. Many of the companies we are talking to are receptive because they recognize that we all have a stake in maintaining a safe and secure marketplace.

We are doing this to address repeated acts of infringement while protecting legitimate uses of the Internet and principles of free speech and due process. These are tricky issues and important issues - these are the conversations that we need to have.

For example, we hosted a series of meetings with companies that provide services to online pharmacies, including Google, GoDaddy, Microsoft, MasterCard, Yahoo!, American Express, eNom,, PayPal, Discover and Visa. Those companies have agreed to start a new non-profit to get illegal fake "pharmacies" - actually criminals masquerading as pharmacies- out of their systems and to choke off the revenue that fake "pharmacies" make by preying on the public. The nonprofit will also work on educating consumers on the dangers of buying from fake "pharmacies".

We are pleased that these companies have shown the leadership to do this and we need similar efforts on other Internet enforcement issues, including copyright. I believe that, together with law enforcement efforts, private sector voluntary actions can dramatically reduce online infringement and change the enforcement paradigm. As such, we will continue to encourage voluntary action on multiple fronts. And we hope to have some additional news on this front coming soon.

Finally, we need to make sure consumers know the law and the risks associated with online infringing goods. DOJ has committed to fund public awareness campaigns on the risks to

the public who purchase pirated or counterfeit goods. The nonprofit I just mentioned includes education and public awareness as one of its four guiding principles.

These issues are extremely important to the United States and this is a commitment across the many parts of our Government and at the most senior levels of our Government. We recently released our International Strategy for Cyberspace. The strategy calls for domestic laws to respect intellectual property rights and actions to protect against intellectual property theft; specifically saying respect for property, including intellectual property is an essential norm for cyberspace.

Two weeks ago [May 27], the G8 leaders agreed to protect intellectual property rights and to take "effective action against violations of intellectual property rights in the digital arena, including action that address present and future infringements." The G8 declaration specifically recognized "the need to have national laws and frameworks for improved enforcement."

It is very important to President Obama that the United States Government be an example to our citizens and to Governments around the world. The United States must lead by example. And we're at our best when we work together to develop creative, practical and efficient solutions that promote innovation and protect the foundation that enables the Internet to fulfill its promise. I am very pleased to have the opportunity to be here in Brussels. We in the United States are very committed to this fight. And we know we will be much more effective if we are working together, as closely and cooperatively as possible, with Europe.

Thank you.