

**U.S. Commerce Secretary Carlos M. Gutierrez Speech on Intellectual
Property Rights
Antigua , Guatemala
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[As Prepared for Delivery]

Today, I want to talk about the value of intellectual property. Intellectual property has led innovation throughout the world, and is an issue at the very heart of the global economy .

The applied talents of inventors, researchers, entrepreneurs, artists and workers contribute greatly to the most advanced economies.

We must work together to ensure these contributions and advancements rest on a basic, inherent respect for intellectual property rights and a system that protects them.

And I truly believe the world is a much better place because of these efforts. Protecting intellectual property rights has delivered life-saving drugs and products.

It has developed entirely new industries and set loose the imaginative power of entrepreneurs everywhere.

I've seen the best that this system has to offer. I've also, unfortunately, seen the dramatic impact that a lack of intellectual property protection is having around the world, particularly in some large and developing markets.

There are stories of fake and dangerous children's toys and clothing. There are reports of cell phone batteries that explode.

And the World Health Organization reports that 10 percent of the medicines throughout the world are counterfeit.

This is compounded by data showing that organized crime and gangs are most likely engaged in all aspects of piracy (production, transportation, and distribution). These criminals are moving away from narcotics trafficking—because of nonexistent or weak IPR laws in the global marketplace, or penalties that are less harsh.

The protection of intellectual property is vital to economic growth and global competitiveness. And it has major consequences for a country's ability to promote security and stability.

Many nations—such as China, Russia, Brazil, and India—are realizing that they cannot sustain an advanced and growing economy without protecting IPR.

During a recent trip to China, I learned that for the first time, there are more Chinese companies seeking patents in their country than foreign companies. In fact, China's Patent Office is among the world's fastest-growing.

The obvious takeaway here is that Chinese entrepreneurs also want intellectual property rights. More importantly, with each patent application and each innovation, the Chinese people are learning why this issue is so important in the global marketplace.

We are here today to work together and help your country's economy transition to one in which IPR is valued and protected. We can help protect the creative talents of everyone in Guatemala, and everyone in Central America.

Under CAFTA, the United States, the Dominican Republic, and the Central American member countries have agreed to a unified, strong approach to intellectual property rights enforcement.

Strong protection and enforcement of IPR in Central America and the Dominican Republic will encourage capital investment in this region—not just by the United States, but by other countries as well.

It will encourage the creation and growth of local intellectual property-based businesses in your country—from software developers ... to clothing designers ... to pharmaceutical companies ... and beyond.

And it will help the countries of Central America and the Dominican Republic become more competitive in today's global economy.

For example, the Institute for International Economics found that stronger intellectual property regimes improve foreign direct investment, licensing, and technology transfers.

And studies by the *Journal of World Trade* and the *Journal of Economic Dynamics and Control* found that stronger IPR is statistically positive for developing countries across the board.

We in the United States have seen that stronger patent and data protection increases the release of innovative drugs which increases the availability of medicines for our citizens.

For example, the U.S.-Jordan Free Trade Agreement, signed in 2000, contained an intellectual property chapter that covered data protection.

Since 2000, 32 new innovative pharmaceutical product launches have happened in Jordan—a substantial increase in the approval rate of innovative drugs. This facilitated Jordanian consumers' access to many new medicines.

And since the enactment of their free trade agreement, Jordan's drug industry has started developing its own innovative medicines.

Jordan's experience demonstrates how strong intellectual property protection can substantially benefit developing countries.

In short, IPR enforcement can improve your country's economy, and the lives of your citizens.

Because we believe so strongly in the value of intellectual property rights and their ability to strengthen economies, the United States is working aggressively to help countries around the world strengthen rights.

President Bush recently announced the creation of a new Coordinator for International Intellectual Property Enforcement. This office will focus and leverage the tremendous resources that the federal government brings to this challenge.

At the Department of Commerce—specifically our Patent and Trademark Office—we are working with Central American and Dominican Republic government officials—like you—to improve IPR enforcement.

I'll mention a few initiatives we've already started:

In February and October of this year, the USPTO held training programs at our offices on the enforcement of IPR for CAFTA members, plus Belize and Panama. These programs informed government officials about the IP enforcement requirements under the Trade Related Aspects of Intellectual Property agreement (TRIP) and CAFTA. The response of the attendees was very enthusiastic and hopeful.

We will be conducting several more enforcement programs like this for other CAFTA officials.

Earlier this month, we placed an intellectual property attorney in Miami, Florida, to serve as a resource for Latin America—on all aspects of intellectual property protection and enforcement. His name is **Dorian Mazurkevich**. This intellectual property legal expert will advise representatives from Latin American nations about IP policy, and offer guidance on complex IP issues.

Since January 2004, we have been conducting comprehensive workshops, seminars, and conferences on IPR—often in cooperation with other agencies at the Departments of State and Justice, or with regional non-governmental organizations.

Again, we do this because a world that values and protects the rights of intellectual property holders benefits everyone.

As judges and prosecutors, you have very important roles in the evolution of your country's system of IPR.

The basic concept to embrace is that the theft of intellectual property is the same as counterfeiting money.

Many governments have made efforts to come to grips with copyright and trademark violators. However, we need to make the consequences fit the crime.

Large-scale offenders who make careers out of stealing intellectual property should face stiff penalties.

Serious violators need to face prohibitive financial penalties and real jail time. It's time to do away with slap-on-the- wrist suspended sentences that allow IPR violators to go back into business.

I look forward to seeing you take a new interest in fighting piracy.

I look forward to working with you, again, as we help protect the creative talents of everyone here in Guatemala, and everyone throughout Central America.

And I'm confident that—as partners through CAFTA—we will make progress towards stronger IPR protections.

As a result, you will enhance your country's ability to grow economically, you will offer more to your citizens, and you will be an example to countries throughout the hemisphere.

Thank you.