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WELCOMING REMARKS OF

**WILLIAM J. BOWE
CHAIRMAN OF THE BOARD
OF DIRECTORS**

**1996 ANNUAL MEETING
INTERNATIONAL ANTICOUNTERFEITING
COALITION
SHERATON GRANDE TORREY PINES HOTEL
LA JOLLA, CALIFORNIA**

MAY 9, 1996

**GOOD MORNING AND WELCOME TO THE 1996 ANNUAL MEETING OF THE
INTERNATIONAL ANTICOUNTERFEITING COALITION. I AM BILL BOWE,
CHAIRMAN OF IACC.**

**I WOULD FIRST LIKE TO THANK THE IACC STAFF FOR GETTING US
OFF TO A GOOD START THIS MORNING. LET ME BEGIN WITH JOHN BLISS, OUR
PRESIDENT. ALSO, LET ME INTRODUCE AND THANK DAVID QUAM, OUR NEW**

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DIRECTOR OF INTERNATIONAL AFFAIRS AND HOUSE COUNSEL, AND GEORGE ABBOTT, DIRECTOR OF COMMUNICATIONS.

WE SHOULD ALSO TAKE THIS OPPORTUNITY TO THANK OUR MEETING MANAGER, LAURIE WINKELMANN, AND THIS YEAR'S MEETING CO-CHAIRS, TONY KEATS FROM BAKER & HOSTETLER AND ANNE MURPHY OF MICROSOFT.

I'VE BEEN A PART OF THE IACC FOR NEARLY A DECADE AND HAVE ATTENDED ALMOST ALL OF OUR MEETINGS IN THAT TIME. HOWEVER, I MUST ADMIT OUR SCHEDULE THIS WEEK LOOKS TO BE ONE OF THE MOST IMPRESSIVE PROGRAMS WE HAVE EVER ASSEMBLED. OVER THE NEXT TWO DAYS, YOU WILL HEAR FROM SOME OF THE FINEST MINDS IN INTELLECTUAL PROPERTY PROTECTION. AND I HOPE EACH OF US COMES AWAY FROM THIS MEETING WITH SOME NEW BIT OF INFORMATION OR AN IDEA THAT WILL ENHANCE YOUR ANTICOUNTERFEITING PRACTICE.

BEFORE WE HAVE OUR PRESIDENT, JOHN BLISS, OUTLINE OUR ACTIVITIES, I'D LIKE TO TAKE A MOMENT AND VERY BRIEFLY REVIEW THE IACC'S PROGRESS OVER THE PAST YEAR.

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SINCE ITS INCEPTION IN THE LATE 1970's, THE IACC HAS MAINTAINED A SIMPLE PHILOSOPHY: STRONG INTELLECTUAL PROPERTY PROTECTION IS ESSENTIAL TO THE CONTINUED GROWTH OF LEGITIMATE INDUSTRY AND MAINTAINING FAIR TRADE PRACTICES IN THE INTERNATIONAL MARKETPLACE.

WITH THAT AS ITS FOUNDATION, YOUR IACC ADMINISTRATION DURING MY TENURE THE LAST TWO YEARS AS CHAIRMAN HAS WORKED TO BUILD A FORMIDABLE GOVERNMENT RELATIONS PROGRAM TO ENSURE THAT ADEQUATE LAWS EXIST TO SUFFICIENTLY PROVIDE ENFORCEMENT OFFICIALS WITH THE TOOLS NECESSARY TO PROTECT OUR MEMBERS' INTELLECTUAL PROPERTY.

IN CRAFTING A PLAN OF ATTACK, THE IACC ADOPTED A THREE-TIERED CAMPAIGN: LEGISLATION, ENFORCEMENT AND EDUCATION.

IN PRACTICE, IT IS IMPOSSIBLE TO SEPARATE THE THREE TIERS OF OUR CAMPAIGN, AS THEY ONLY WORK SUCCESSFULLY WHEN EMPLOYED TOGETHER. HOWEVER, FOR PURPOSES OF AN OVERVIEW OF OUR

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ACCOMPLISHMENTS AND CURRENT ACTIVITIES, I'VE SEPARATED THEM INTO THEIR INDIVIDUAL ELEMENTS.

FIRST, LET ME DEAL WITH OUR LEGISLATIVE ACTIVITIES. TWO YEARS AGO, WE SET AS OUR DOMESTIC GOAL A MUCH NEEDED UPDATE TO THE FEDERAL ANTICOUNTERFEITING LAW. WE POOLED OUR COLLECTIVE RESOURCES AND DRAFTED PROVISIONS THAT FORMED THE BASIS FOR A STRONG NEW FEDERAL ANTICOUNTERFEITING BILL -- "THE ANTICOUNTERFEITING CONSUMER PROTECTION ACT OF 1995". THIS CRUCIAL LEGISLATION WILL REPRESENT THE MOST SIGNIFICANT IMPROVEMENTS TO TRADEMARK AND COPYRIGHT PROTECTION SEEN IN THE UNITED STATES OF AMERICA IN OVER A DECADE.

I AM FORTUNATE TO REPORT THAT WE ARE CLOSE TO ACHIEVING OUR GOAL AS CONGRESS IS CLOSE TO PASSING THIS IMPORTANT LEGISLATION.

ON THE SUBJECT OF FEDERAL PROJECTS, THIS PAST FEBRUARY THE IACC SCORED A MAJOR VICTORY IN A LANDMARK FEDERAL COURT DECISION. THANKS TO THE VALIANT EFFORTS OF TONY KEATS AND BAKER &

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HOSTETLER, THE IACC FILED AN AMICUS CURIAE OR FRIEND OF THE COURT BRIEF IN THE CASE *FONOVISA V. CHERRY AUCTION* SUPPORTING THE FINDING OF LIABILITY ON THE PART OF THE FLEA MARKET OWNERS FOR COPYRIGHT INFRINGEMENT TAKING PLACE ON THEIR PREMISES.

IN ITS DECISION, THE CALIFORNIA-BASED NINTH CIRCUIT FEDERAL APPEALS COURT HELD THAT FLEA MARKET OWNERS CAN BE FOUND LIABLE FOR COPYRIGHT INFRINGEMENT RESULTING FROM THE SALE BY ITS VENDORS OF COUNTERFEIT MERCHANDISE. KNOWING THIS CROWD, I'M SURE IT WON'T BE LONG BEFORE WE SEE THE DECISION CITED IN YOUR SUCCESSFUL PROSECUTIONS ALL ACROSS THE COUNTRY.

TURNING TO THE STATE LEVEL, THE IACC LED A CHARGE AGAINST COUNTERFEITERS LAST YEAR IN FLORIDA AND NORTH CAROLINA. AND IN EACH INSTANCE, WE SUCCESSFULLY HELPED ENACT FELONY STATUTES. THIS YEAR, RATHER THAN ONLY PURSUING ONE STATE AT A TIME, THE IACC IS TACKLING MULTIPLE STATES CONCURRENTLY.

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**THIS IS WITHOUT DOUBT THE MOST AMBITIOUS, PRO-ACTIVE
ANTICOUNTERFEITING LEGISLATIVE CAMPAIGN IN U.S. HISTORY. BY EARLY
1996, IACC-DRAFTED ANTICOUNTERFEITING LEGISLATION HAD BEEN
INTRODUCED IN:**

NEW JERSEY

THE DISTRICT OF COLUMBIA

MARYLAND

VIRGINIA

PENNSYLVANIA

OHIO

ILLINOIS AND

GEORGIA

**I'M PROUD TO REPORT THAT BOTH VIRGINIA AND GEORGIA HAVE
ENACTED STRONG, IACC-ENDORSED CRIMINAL PENALTIES FOR
COUNTERFEITING. THE IACC IS MAKING GREAT PROGRESS ON THIS FRONT,
AND SHOULD SOON SEE THE BALANCE OF THOSE STATES TARGETED BY THE**

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IACC ADOPT FELONY STATUTES FOR TRADEMARK COUNTERFEITING BY THE
END OF THE YEAR.

TURNING TO ENFORCEMENT, OUR INTERNATIONAL OFFENSIVE IS
EQUALLY AS AGGRESSIVE. YOUR IACC MANAGEMENT WAS QUICK TO
RECOGNIZE THE IMPORTANCE OF THE GATT/TRIPS AGREEMENT, WHICH WENT
INTO EFFECT JANUARY 1, 1996.

REALIZING THAT TRIPS GIVES THE UNITED STATES TRADE
REPRESENTATIVE (OR USTR) ONE OF THE MOST POWERFUL TOOLS FOR
NEGOTIATING STRONGER TRADEMARK, COPYRIGHT AND PATENT PROTECTION
AROUND THE WORLD, THE IACC IS SEIZING UPON THIS UNIQUE OPPORTUNITY
TO SHAPE THE USTR'S TRIPS COMPLIANCE AGENDA.

THROUGH THE RELEASE OF A TRIPS COMPLIANCE REPORT, THE IACC
WILL PROVIDE COMPREHENSIVE INFORMATION DETAILING FOREIGN
COUNTRIES WHICH LACK ADEQUATE PROTECTION OF INTELLECTUAL
PROPERTY RIGHTS. TARGETED COUNTRIES FOR THE 1996 REPORT INCLUDE:

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ARGENTINA
BRAZIL
CHINA
INDIA
INDONESIA
ITALY
KOREA
MEXICO AND
THAILAND

AS PROTECTION FOR INTELLECTUAL PROPERTY INCREASINGLY BECOMES AN IMPORTANT ISSUE IN U.S. FOREIGN TRADE RELATIONS, THE IACC PARTICIPATES IN WORKING CONFERENCES TO CREATE TRADE ENVIRONMENTS THAT ARE SAFE FOR INTELLECTUAL PROPERTY. RECENT CONFERENCES HAVE TAKEN THE IACC TO:

PANAMA
RUSSIA
CHINA AND

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TAIWAN

THIS MAY HAVE HELPED IN TAIWAN, AT LEAST. LAST WEEK, YOU MAY HAVE SEEN THAT THE GOVERNMENT'S INVESTIGATION BUREAU MADE ARRESTS AND SEIZED \$74 MILLION IN PIRATED COMPUTER SOFTWARE IN TAICHUNG.

OF COURSE, NO AMOUNT OF LEGISLATION WILL DETER COUNTERFEITING UNLESS GOVERNMENTS, FOREIGN AND DOMESTIC, VIGILANTLY ENFORCE THOSE LAWS. THEREFORE, THE IACC CONTINUES TO SUBMIT ITS ANNUAL SPECIAL 301 SUBMISSION TO THE USTR, IDENTIFYING THOSE COUNTRIES WHO DENY ADEQUATE PROTECTION FOR U.S. INTELLECTUAL PROPERTY RIGHTS AND INHIBIT FAIR MARKET ACCESS. THIS YEAR WE CITED CHINA, TAIWAN, SOUTH KOREA AND INDONESIA.

WE WERE NOT SURPRISED TO SEE THE USTR'S RECENT ANNOUNCEMENT THAT LISTED CHINA ALONE AS A "PRIORITY FOREIGN COUNTRY" BECAUSE OF ITS FAILURE TO DEAL WITH COUNTERFEIT CD, VIDEO, AND CD-ROM PRODUCTION AND THE EXPORT OF A WIDE RANGE OF OTHER INFRINGING

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GOODS. WITH EIGHT COUNTRIES, INCLUDING SOUTH KOREA, ON THE "PRIORITY WATCH LIST" AND 26 MORE COUNTRIES ON THE USTR'S "WATCH LIST", THE IACC WILL CONTINUE TO FOCUS ENFORCEMENT ATTENTION ON THOSE TRADING PARTNERS OF MOST CONCERN TO OUR MEMBERS.

IACC SEMINARS ARE ALSO CONDUCTED WITH GOVERNMENT OFFICIALS. WHILE THESE PROGRAMS ARE NOT PRODUCT-ORIENTED, THEY ARE INTENDED TO OPEN DIALOGUE BETWEEN THE IACC AND THOSE OFFICES RESPONSIBLE FOR INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT.

SO FAR, WE'VE TOUCHED ON LEGISLATION AND ENFORCEMENT. BUT WHAT BRINGS IT ALL TOGETHER IS THE IACC'S FOCUS ON EDUCATION. I'VE HINTED AT IT, BUT I MUST SAY THAT THE IACC COULD NOT HAVE COME AS FAR AS IT HAS WERE IT NOT FOR EDUCATING POLICY MAKERS, LAW ENFORCEMENT, THE MEDIA AND CONSUMERS.

YOUR IACC ADMINISTRATION PUT AN INCREASED EMPHASIS ON EDUCATION OVER THE LAST TWO YEARS. IN FACT, WE ARE AGGRESSIVELY

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PURSUING A HIGH PROFILE PUBLIC AFFAIRS APPROACH TO EDUCATING OUR AUDIENCES.

LAST YEAR, WE ADDED COMMUNICATIONS SUPPORT FOR OUR LEGISLATIVE AND ENFORCEMENT PROJECTS. PART OF THE EDUCATION PROCESS HAS BEEN DISPELLING THE UNFOUNDED MYTH THAT PRODUCT COUNTERFEITING IS A "SO WHAT" ACTIVITY, NOT EVEN A CRIME.

THROUGH OUR WORK WITH THE DOMESTIC AND INTERNATIONAL NEWS MEDIA, AND OUR NEWLY ENHANCED WEB SITE ON THE INTERNET, THE IACC IS REACHING MILLIONS OF PEOPLE WORLDWIDE -- ELEVATING THE ISSUE, BRINGING IT TO THE FOREFRONT OF CURRENT EVENTS AND PROVING THAT PRODUCT COUNTERFEITING IS INDEED A SERIOUS CRIME.

TAKE A LOOK FOR INSTANCE AT OUR NEW IACC WEB SITE.

[Do IACC Web Site Demo]

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SIGNS OF OUR SUCCESS OVER THE PAST TWO YEARS ARE EVIDENT IN OUR INTERNAL OPERATIONS AS WELL. I CANNOT RECALL A HEALTHIER IACC THAN WHAT WE HAVE TODAY. WHEN THIS ADMINISTRATION TOOK OFFICE IN 1994, TOTAL OPERATING REVENUES WERE \$484,628. TODAY, TOTAL REVENUES ARE UP 170 PERCENT, AT AN IMPRESSIVE \$1,209,306. IACC MEMBERSHIP GROWTH IS AT 16 PERCENT ANNUALLY.

AND IF YOU WERE WITH US LAST SPRING, YOU HEARD ME WELCOME A RECORD ATTENDANCE OF 181 PARTICIPANTS. THIS PALES BY COMPARISON TO TODAY'S NEW RECORD. I AM DELIGHTED TO ANNOUNCE THAT WE HAVE NOW BROKEN LAST YEAR'S RECORD BY 35 PERCENT, GROWING TO NEARLY 260 ATTENDEES.

AS YOUR CHAIRMAN, I HAVE LABORED TO MAINTAIN A BALANCED AGENDA, OFFERING IMPROVED INTELLECTUAL PROPERTY PROTECTION FOR THOSE WITH INTERNATIONAL CONCERNS, AS WELL AS FOR THOSE WHOSE FOCUS IS PRIMARILY DOMESTIC. AND FOR MEMBERS WHO ARE NOT INTELLECTUAL PROPERTY OWNERS, THOSE IN THE "SERVICE SECTOR" IF YOU WILL -- BUSINESS TRADE ASSOCIATIONS, OUTSIDE COUNSEL,

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INVESTIGATORS, AND PRODUCT SECURITY COMPANIES -- THE IACC
CONTINUES TO SERVE YOU AS A CLEARINGHOUSE FOR INFORMATION AND
NETWORKING.

IT IS CRITICAL TO OUR CONTINUED SUCCESS THAT WE CONTINUE
BUILDING A STRONG, DIVERSE COALITION. THERE IS POWER IN NUMBERS
AND THE IACC WILL ONLY TRAVEL DOWN THE ROAD OF SUCCESS IF IT
CONTINUES TO GROW THE WAY IT HAS OVER THE PAST TWO YEARS.

BY BUILDING A STRONGER COALITION, OUR PROJECTS WILL MULTIPLY,
DEEPENING OUR REACH INTO THE UNDERWORLD OF ORGANIZED CRIME AND
INTO THE PIRATE'S DEN.

BEFORE I HAND THINGS OVER TO JOHN, PLEASE LET ME EXPRESS MY
GRATITUDE FOR ALLOWING ME TO SERVE AS YOUR CHAIRMAN OF THE IACC
BOARD OF DIRECTORS. IT HAS BEEN BOTH AN HONOR AND A PLEASURE.

IN CLOSING, I TURN TO THOSE OF YOU REPRESENTING COMPANIES
OWNING INTELLECTUAL PROPERTY. YOU ARE THE IACC'S EXECUTIVE

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MEMBERS. THE IACC WAS FORMED NEARLY 20 YEARS AGO PRIMARILY TO SERVE THE EXECUTIVE MEMBERS. IN A MOMENT, YOU WILL HAVE AN OPPORTUNITY TO VOTE FOR NOMINEES TO THE IACC'S BOARD OF DIRECTORS.

THOSE OF YOU WHO KNOW ME UNDERSTAND MY CONVICTION THAT THE INTERESTS OF INTELLECTUAL PROPERTY OWNERS SHOULD BE PREDOMINATE ON THE BOARD. A COALITION REPRESENTING THE INTERESTS OF APPAREL AND ACCESSORIES, AUTO PARTS, PHARMACEUTICALS, CHILDREN'S TOYS, FOOD, SOFTWARE AND ENTERTAINMENT, JUST TO NAME A FEW, IS WHAT MAKES THIS BOARD STRONG, INFLUENTIAL, AND WORTH BELONGING TO.

BUT I ALSO ENCOURAGE THE SERVICE INDUSTRY TO SEEK REPRESENTATION ON THE BOARD. BUSINESS TRADE ASSOCIATIONS, OUTSIDE COUNSEL, INVESTIGATORS, AND PRODUCT SECURITY COMPANIES EACH SERVE AN INTEGRAL ROLE IN OUR FIGHT AGAINST COUNTERFEITING. AND YOUR MEMBERSHIP REINFORCES OUR RESOLVE AS A COALITION.

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**I AM CONFIDENT THAT THROUGH OUR COMBINED EFFORTS, THE IACC
WILL MAKE 1996 THE YEAR OF THE ANTI-COUNTERFEITER.**

THANK YOU VERY MUCH.