

TESTIMONY OF

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ON

"PRIORITIZING AND ORGANIZATION FOR INTELLECTUAL PROPERTY ACT

H.R. 4279

BEFORE THE

SUBCOMMITTEE ON COURTS, THE INTERNET, AND INTELLECTUAL

PROPERTY

OF THE

COMMITTEE ON THE JUDICIARY

UNITED STATES HOUSE OF REPRESENTATIVES

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Chairman Berman, Ranking Member Coble and Members of the Subcommittee:

Thank you for inviting me here today to testify on H.R. 4279, the "Prioritizing Resources and Organization for Intellectual Property Act of 2007" otherwise known as the PRO IP Act.

I appear before you today as the General President of the 1.4 million men and women of International Brotherhood of Teamsters, but also on behalf of all the men and women of the unions, associations and guilds in the industries impacted by this very important issue. In fact I believe my message reflects the concerns of all workers, even those not fortunate enough to have the benefits of union membership.

Mr. Chairman and the other co-sponsors of this bill, I applaud your efforts, and those of my dear friend and fellow Michigander Chairman John Conyers, to highlight the seriousness of this issue. While there are those who would minimize the impact of an illegally copied DVD here or a cheap imitation of a designer tie there, the total impact of these crimes is very real. Hundreds of billions of dollars per year in lost revenue and the resulting lost taxes, and millions of quality jobs, the kind of jobs my Union has fought for 100-plus years, should never be dismissed so easily.

I am particularly pleased to be able to support legislation that not only has bipartisan support but also brings Labor and Management together, something I'm sure you'd agree doesn't often happen. I appreciate the good work that Rick Cotton and the CACP (Coalition Against Counterfeiting and Piracy) have done to highlight the damage of these crimes, not just to the corporate bottom line, but also to the lives of workers who give so much to produce these goods and services.

I also want to point out that the entertainment industry, where much of the piracy damage is done, is one of the most unionized industries

in the world, with consistently good wages and benefits (despite the current differences of opinion in the writers' strike). The Teamsters Union supports our brothers and sisters in their efforts to obtain a good contract that recognizes their hard work and creativity. These are the quality jobs that symbolize the American workforce in an industry that is uniquely American and we are prepared to fight to protect it.

In addition to job loss, lost profits in the entertainment industry directly impact our brothers and sisters in the industry unions, guilds and associations. Many of these workers' pension and health and welfare funds are directly linked to sales of DVDs and other entertainment products. Piracy and counterfeiting is literally stealing millions of dollars out of their pockets.

In his introduction of H.R. 4279 last week, Chairman Conyers said that,

"This legislation is an important and necessary step in the fight to maintain our competitive edge in a global marketplace."

As I believe the members of this committee are aware, my union has been very vocal in our efforts to raise concerns about the passage of Free Trade Agreements that we believe will put American workers and the American economy at a disadvantage. From NAFTA to China PNTR, we have fought to make Congress and the American public aware of the possible pitfalls of a run-away trade agenda. And now it's China that leads the world as the main source for counterfeit goods.

As I travel the country, I take no great pleasure in having workers, business owners and the media tell me I was right to have fought those fights. Set aside, for purposes of this hearing, the issue of the inability of the American worker to compete on an unlevel playing field; in my wildest dreams I never believed we would see the impact

on American families that we have seen as a result of goods and products that are now being imported to the U.S.

Unsafe levels of lead and other toxins in our children's toys; unsafe food causing serious illnesses, especially among the elderly and the very young; untested and unsafe pharmaceuticals... these issues and more are, I believe examples of a trade agenda that far outpaced our country's ability to monitor it.

So again, I thank you for taking steps to correct this problem by bringing about changes necessary to protect the American public. The provisions in this legislation that create new Intellectual Property Enforcement positions within the White House and Department of Justice, in addition to a new Division and assignment of additional staff in the FBI, and IP specialists at the state level and Internationally are vital to efforts to begin to get control of this problem. Needed changes in civil and criminal laws to ensure that the legal system can keep pace with constantly evolving technologies are vital.

This legislation is particularly important to my union because of the many industries that are impacted by counterfeiting and piracy. Chairman Conyers in his introduction of H.R. 4279 puts the cost of these crimes at \$200 to \$250 billion and 750,000 lost jobs for America's workforce.

Many people think of the Teamsters as just a transportation union; true, several hundred thousand Teamsters go to work every day with the task of making sure America's products move smoothly throughout the country. But the fact is, we are America's most diverse union, with members who, as we say, work in industries from A to Z, from Airline Pilots to Zookeepers. And many of those 750,000 lost jobs are in industries where my Teamsters work.

As an example, within the entertainment industry alone, we know that \$60 billion a year in revenue and more than 370,000 jobs per

year are lost. Many of those jobs are performed by Teamsters. Our Teamster drivers move the equipment, the crew and the actors from location to location when a movie is being filmed. Others work as location managers and some are animal handlers. Teamsters at UPS, our largest employer, deliver millions of DVD's, video games, CD's and computer software produced by reputable manufacturers. When pirated DVDs and CDs are sold on a street corner in an underground economy, we lose jobs.

Our members in the food processing industry and their employers pride themselves on providing safe, quality produce in sanitary conditions yet are often painted with the same brush as foreign producers who do not meet the same standards. Our members produce fine clothing products with brand names such as Ralph Lauren, Calvin Klein, Izod, Sean John and other manufacturers, but cannot compete with products sold with fake labels and inferior materials in sweatshop conditions. Thousands of Teamster members work in warehouse, distribution or production of products including automotive parts, pharmaceuticals, dog and cat food, electronic components; batteries, tools and even baseball caps. All of these types of products are under attack in the intellectual property war against counterfeiting, piracy and adulterated products.

As for our members who drive a truck, a bus, a package car, pilot an airliner or operate a locomotive engine, we work constantly on their behalf to ensure they have the safest and most up-to-date equipment so that they return home at the end of the day to their families. As you can imagine, we are extremely concerned about the increasing instances of counterfeit brake pads made from kitty litter, sawdust and dried grass as highlighted in a recent Consumer Reports study (*Consumer Reports.com January 2008 report*). I'm certain we all recognize the danger of a fleet of long-haul 18-

wheelers with kitty litter for brakes, or airplanes flying with unsafe, counterfeit airplane parts.

Obviously, lost revenue means lost taxes. Lost tax revenue has a significant and potentially debilitating impact on American working families.

By most anyone's calculations, the bridges and roads that our members both build and travel over are in a critical state of disrepair throughout the country. Governments at all levels are scrambling to identify funding sources to pay for these desperately needed projects; failure to do so results in serious safety concerns and lack of work for men and women in the construction industry.

To public employees, it can be doubly painful. The Teamsters, along with the American Federation of State, County, Municipal Employees, the Service Employees International Union, the American Federation of Government Employees, the American Federation of Teachers and other unions and associations have millions of members who derive their income from tax revenues. They understand better than most the impact of the billions of dollars in lost taxes that is the result of losing \$200 billion in revenue; fewer pay raises to help keep up with rising gas prices, mortgages and tuition, while their own taxes are increased to make up for budget shortfalls.

The bottom line for American workers is this: The effort you are undertaking here will significantly impact peoples' lives. Certainly there are those who will portray this legislation as just an attempt by big business and, perhaps big Labor, to protect their own interests. While we are not always on the same side up here on Capitol Hill, on this issue we both have the same interests -- protecting the rights of Americans who create, produce, deliver, buy and utilize goods and services that they want and need.

And education will play a key role in our chances for success. An entire generation of I-pod and Internet users are coming of age believing that there is no crime associated with piracy. Our message today, and the good work you are doing on this legislation, can begin the process of forcing the public to recognize the price we pay for this shortsighted thinking.

I know that the Senate is also considering legislation to address this issue, and the Teamsters will work hard to help pass a good bill. I hope the New Year will find both Chambers ready to agree to legislation and move it to the President's desk for his signature.

Thank you for the opportunity to testify here today and I look forward to answering any questions you may have.