

Statement of  
**The Honorable Chuck Grassley**

United States Senator  
Iowa  
February 16, 2011

Prepared Statement of Senator Chuck Grassley  
Senate Committee on the Judiciary  
"Targeting Websites Dedicated to Stealing American Intellectual Property"  
Wednesday, February 16, 2011

Mr. Chairman, I appreciate your holding this hearing on this very important subject. I agree that increased online theft of intellectual property has really become a rampant problem. There's a lot of interest in going after criminals who engage in pervasive piracy and counterfeiting online. That's because the impact of copyright piracy and sale of counterfeit goods imposes a huge cost on the American economy - lost jobs, lost sales, and lost income. In fact, these detrimental impacts go far beyond the American economy. One recent report estimated that counterfeiting and piracy have resulted in 2.5 million jobs lost in G20 economies, and that the global value of counterfeited and pirated goods exceeds \$650 billion dollars. Those are staggering numbers.

Piracy and counterfeiting also can present serious health and safety problems. Counterfeit products such as ineffective pharmaceuticals, defective electrical products, tainted toothpaste, malfunctioning equipment, and sub-par materials, all pose a danger to the American public. Addressing this problem would help protect consumers against harmful counterfeit and pirated products.

A large chunk of this piracy and counterfeiting is done online. That's because the internet reaches across the globe and is mostly anonymous. Moreover, part of the problem is that many internet websites that engage in offering infringing content and counterfeit goods are actually foreign owned and operated. These websites appeal to American consumers because they reside at familiar top level domains, such as .com or .net. These websites also appear to be legitimate because they have corporate advertising and credit card acceptance.

Today we'll hear testimony on the scope of intellectual property theft over the internet and what efforts have been undertaken to combat this scourge. I'm interested in hearing whether the witnesses support or have concerns with the legislation that the Senate has proposed to address the problem. I'm certain that everyone supports the underlying goals of S. 3804, the Combating Online Infringement and Counterfeiting Act, a bill that was introduced in the last Congress.

That said, a number of concerns have been raised about that bill, and it is appropriate for the Committee to look into those concerns to determine whether they are legitimate and should be addressed. Certainly, we should act responsibly so that we do not harm consumers, innovation, or economic growth.

