



# Statement of the U.S. Chamber's Global Intellectual Property Center

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**ON:** The Importance of Intellectual Property in the Trans-Pacific Partnership (TPP) Agreement

**TO:** U.S. Senate Committee on Finance

**BY:** Mr. David Hirschmann, President and Chief Executive Officer, Global Intellectual Property Center, U.S. Chamber of Commerce

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## **Introduction**

Thank you Chairman Baucus, Ranking Member Hatch, and distinguished members of the Committee on Finance. My name is David Hirschmann, and I am the President and Chief Executive Officer of the U.S. Chamber of Commerce's Global Intellectual Property Center (GIPC).

GIPC was established in 2007 as an arm of the U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

GIPC champions intellectual property rights as vital to creating jobs, saving lives, advancing economic growth and development around the world, and generating breakthrough solutions to global challenges.

I appreciate the opportunity to speak with you today about the importance of including a robust IP chapter in the TPP Agreement.

## **Economic Contributions of IP**

IP-intensive industries create real jobs for Americans in every corner of the U.S., as evidenced by the U.S. Chamber's *IP Creates Jobs for America* study. According to this study, IP-intensive industries directly and indirectly support more than 55 million American jobs – jobs that pay 30% higher wages than those in other industries – and account for 74% of U.S. exports.

## **Challenges and Opportunities to Protecting IP in the TPP Agreement**

The global intellectual property rights (IPR) system is designed to incentivize individuals and businesses small and large to invest in innovation and creativity. This time-proven system also helps provide assurances to consumers that the products they use are authentic, safe, and effective.

America's IP-intensive industries, however, are facing increasing challenges to bringing their creations and innovations to the global marketplace due to unpredictable and insufficient intellectual property systems in a number of foreign markets. Moreover, some foreign governments are actively seeking to weaken IP

in their own countries and in multilateral institutions, which undermine the ability of businesses to innovate, bring the newest and most effective technologies to market, and differentiate brands. And even though they are not currently in the TPP agreement, I would be remiss in not singling out India for special mention. Many GIPC members are struggling with very difficult problems in that country.

While the challenges faced by our IP industries overseas are numerous, there are also important opportunities to seek greater improvements in IP systems around the globe. One of the most important opportunities is the negotiation of the Trans-Pacific Partnership (TPP) Agreement.

If the TPP Agreement is to be “a model for ambition for other free trade agreements in the future,” as declared by the TPP leaders in November 2011, it is essential that it include binding, enforceable, and robust standards for the protection of intellectual property. At a minimum, the TPP should establish a high standard of protection for IP and ensure effective enforcement on the basis of U.S. law and the U.S.-Korea Free Trade Agreement’s provisions relating to patents, trademarks, copyright, and trade secrets. In some areas, such as trade secrets, the TPP represents an opportunity to establish new and stronger disciplines.

We would like to thank Senators Baucus and Hatch for their letter to the Office of the U.S. Trade Representative calling for strong IP protections, and we urge the U.S. government to show heightened leadership to ensure that the final text of the TPP provide robust protections for creators and innovators as well as the 55 million American jobs supported by IP-intensive industries. This includes pushing back on any efforts to weaken IP rights or to exclude any sector from protection in the Agreement.

The Chamber’s support for a strong IP chapter in the TPP is reinforced by our insistence on it being a comprehensive agreement. In trade negotiations, whenever one party seeks to exclude a given commodity or sector from an agreement, others tend to follow suit, limiting its reach. For the United States to achieve the goal of a true 21st century agreement—with state-of-the-art rules on IP, cross-border data flows, state-owned enterprises, investor-State dispute settlement, and other key areas—our negotiators must hold fast to the goal of a comprehensive accord that avoids carve-outs and exclusions. This is a position that enjoys strong support from across the U.S. business and agriculture communities.

We know that USTR has been working tirelessly to ensure a high standard agreement, but it is essential that this Administration put forward any remaining text that secures commercially meaningful opportunities for all biotech and pharmaceutical companies to enter the TPP country markets, as well as provides 12 years of regulatory data protection for biologic products that is already provided under U.S. law. This will ensure that companies can recoup the costs of gathering data and thereby invest in new and innovative drugs.

## **Conclusion**

For the U.S. to remain the world's most innovative economy, we must ensure that our IP-intensive industries remain confident that copyrights, patents, and trademarks will be protected. Sound IP policies and enforcement of IP rights abroad are essential to advancing U.S. economic recovery, driving America's competitiveness and export growth, and creating high-quality, high-paying American jobs.

The GIPC was created six years ago to help U.S. businesses confront the increasingly dire threats to their IP rights they were facing both domestically and abroad. Since that time, the threats have only grown. This Committee has always stood with U.S. innovators seeking to protect their IP rights overseas. We implore you to stand with U.S. innovators now, at this critical moment in the TPP negotiations. We ask that you insist on a high standard agreement on intellectual property, one that will secure rights, promote innovation, and support and create U.S. jobs.

Thank you.