



STATEMENT OF

Thomas C. Short
On Behalf of the

International Alliance of Theatrical Stage Employees,
Moving Picture Technicians, Artists and Allied Crafts
Of the United States and Canada
AFL-CIO, CLC

Before the
Senate Finance Committee

“International Enforcement of
Intellectual Property Rights and American Competiveness”

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Washington, D.C.

Senator Baucus and Members of the Senate Finance Committee:

My name is Thomas C. Short and I am the International President of the International Alliance of Theatrical Stage Employes, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, AFL-CIO, CLC. Although I am unable to personally be present to testify before you today, I am grateful that you have permitted me to provide testimony through my designee, John Walter Cahill who is an International Vice President of the IATSE. We truly appreciate this opportunity to set forth the plight of IATSE members, members of other unions and guilds in the entertainment industry.

The IATSE was founded in 1893 by a group of stagehands in New York City and has expanded throughout our 115-year history with local unions chartered throughout the United States and Canada. Today, the IATSE is the largest entertainment union in the world with nearly 120,000 members who are employed in legitimate theatre, motion picture exhibition, convention and trade shows, motion picture and television production, radio and television broadcasting and various other crafts of the entertainment industry. The mission of the IATSE is to provide the finest representation for our members and protect their best interests. In so doing, it is incumbent on the leadership of our union to negotiate with employers in a fair and equitable manner thereby obtaining the best possible wages and benefits for our members. The benefits we negotiate are critical to the times in which we now find ourselves with pension benefits being challenged by the adoption

of the Pension Protection Act of 2006 and the extreme challenges we face with the health care crisis in this country.

As it applies to benefits for our members, the issues of combating Piracy and Intellectual Property are of paramount concern to us. There are literally thousands and thousands of individuals employed in the entertainment industry. These are hard working people who do not earn millions of dollars to make one movie such as some of the high profile actors with whom most may be familiar. The relatively few actors who are able to command such wages are able to do so because of the box office receipts they secure. The glitz and glamour of the motion picture and television industry are the fantasies created on the screen. However, the number of individuals employed on the production of a given motion picture may be anywhere from 200 to 1,000 employees who are not in front of the camera and are working long, hard hours on a daily basis. The wages we have been able to negotiate for our members are perhaps higher than the minimum hourly wage. That said, our members may have to make their paychecks last much longer because these are not permanent jobs. They are jobs that will end when production is complete and the next job they get may not be for months.

Because of the nature of our business we have attempted to ensure that our members and their families are taken care of by securing additional revenue to be provided for them in the form of residual payments. In the IATSE those payments are contributed into the health and retirement benefits that our members so desperately need. Piracy is costing these individuals literally billions of dollars a year in benefit contributions. When

studios release DVD's to the market our members share in the profits of those sales with these residuals, however, when pirated copies are selling on the streets or being downloaded from the Internet, our members and many more workers see nothing.

What is piracy? Piracy is stealing, pure and simple. Anyone who sells, acquires, copies, or distributes copyrighted materials without permission is a thief. Downloading a movie without paying for it is the same as stealing a DVD off the shelf of a store. Making movies available on the Internet for downloading, selling pirated DVDs on the street, or taping (also known as camcording) and redistributing movies, live broadcasts or performances without a license are all forms of motion picture piracy. Downloading movies and music without the authorization of copyright holders is a growing international problem and we need to take action. It has been reported that camcorded films in Canadian theatres account for almost 50% of camcord sources worldwide. The United States has been fighting back against camcording and 38 states have implemented legislation making camcording a crime.

This victimless crime mentality portrayed in an old-fashioned Hollywood movie is, unfortunately, how much of the public still perceives the illegal pirating of motion pictures, otherwise known as intellectual property theft. **PIRACY IS NOT A PETTY, VICTIMLESS CRIME.** It is not perpetuated solely by kids with camcorders and bargain hunters prowling the Internet. It is a devastating economic attack that, in 2007 alone, cost our industry \$6 billion! And, as large as that sum is, it's only a fraction of the \$250 billion that copyright piracy costs the overall U.S. economy every year. In fact, a recent study revealed that piracy in 2005 cost the movie industry

more than 141,000 jobs and \$5.5 billion in annual lost wages, while depriving state and local governments of \$837 million in tax revenue. That's money out of OUR POCKETS; money that could have gone toward roads, schools, and infrastructures to help shore up American communities.

Who does piracy hurt most? Working men and women of our union, who every year experience **roughly \$100 million in lost residuals to their health and pension funds** due to intellectual property thieves intent on copying, acquiring, and distributing copyright materials in an unauthorized manner. What can be done about piracy? Education for one: learning and recognizing what forms piracy actually takes. Some of the many examples include:

- Downloading movies from the Internet without making payment or without proper authorization of the copyright holder(s)
- Camcording movies in theaters
- Selling pirated DVD copies of films on the street
- Redistributing movies, performances, or live broadcasts without a license
- Making pirated films available for downloading on the Internet

While all consumers love something for nothing, the plain fact is that downloading a movie from the Internet without making a payment or without authorization from the copyright holder is no different than walking into a store and stealing a DVD off the shelf. Local and international law enforcement agencies have recognized that piracy is a serious CRIME. In 2006, the Motion Picture Association of America (MPAA) assisted law

enforcement agencies with operations in the Asia-Pacific rim that resulted in more than 30,000 cases of piracy. Nearly 12,400 raids were conducted, resulting in the seizure of more than 35 million illegal optical discs, 50 factory optical disc production lines, and nearly 5,000 optical disc burners. The net result of the MPAA's efforts was more than 11,000 legal actions against pirates in nations like China, Thailand, Malaysia, and the Philippines. Of the more than \$6 billion MPAA member studios lost to piracy last year, \$2.4 billion was due to bootlegging, \$1.4 billion to illegal copying and \$2.3 billion to Internet piracy.

Many city, state and federal agencies here in the United States are aggressively targeting American-based piracy. New York City signed into law a Bill that upped the ante against pirates videotaping movies in theaters in their five boroughs. What was once a \$250 fine and 15-day jail sentence in New York City now means six months in jail and fines up to \$5,000. More recently, legislation was passed on New York's State level that criminalizes piracy with penalties for felony. Likewise, for a joint marketing campaign by the MPAA and the National Association of Theater Owners (NATO), whose "Lights. Camera. Busted." posters, displayed in movie theaters around the country, remind would-be thieves that camcording is a federal offense, resulting in jail time and fines of up to \$250,000! Underscoring the anti-piracy movement is the fact that legislation has been enacted in 38 states, making camcording illegal. Our industry, which accounts for 1.3 million jobs and \$10 billion in federal and state taxes per year, cannot find itself commanding any less attention than a Wal-Mart or a General Motors. The entertainment industry is no corner candy store, and motion picture pirates are not a scruffy gang of teenagers looking for kicks.

PIRACY has become a highly evolved, criminal enterprise that is robbing billions from our industry. It is the THEFT of someone else's PROPERTY, and robs from those who work the hardest in the industry: IATSE craftspeople. Be aware and be informed. Protecting the motion industry benefits everyone.

What can we do?

First, we need to educate ourselves, our families, and our friends. We need to stop the theft we know about. We need to recognize piracy and who it actually hurts and inform those around us about the facts. Just as this society punishes bank robbers, this society should punish with just as much force those pirates who rob us.

Second, from our elected leaders we seek support and sponsorship of stronger legislation protecting intellectual property. We have the obligation to work with them to strengthen existing laws and enact new laws that protect us. After all, the movie industry is a significant portion of the economy: it accounts for about 1.3 million jobs, pays \$30.24 billion in wages, and pays \$10 billion in federal and state taxes a year. We all benefit from a thriving movie industry. The loss of \$6 billion in one year to piracy is unacceptable.

Six billion dollars in one year is an outrageous amount to have stolen from the pockets of the hard working employees who toil every day to make stories come alive on the big-screen. You see, the majority of the workers hurt by piracy are not the big-name actors or the wealthy producers—they make up only a small percentage of the motion picture workforce. The

people who are hurt the most are the ones working behind-the-scenes: us—each and every one of our members.

The IATSE consists of members in both the United States and Canada and our Canadian brothers and sisters are seeking relief from the Canadian government in the form of anti-piracy legislation as well. Our neighbors north of the border are under siege as well. Canadian movie theaters account for nearly 50 percent of all camcorder sources worldwide, and Canada's film industry has come out swinging. Amendments to Canada's Criminal Code were passed by the House of Commons in the 1st Session, 39th Parliament in 2006, which made individuals videotaping a movie, without the consent of the theater manager, subject to 2 years in prison; videotaping, without the consent of the theater manager, for the purpose of sale, distribution, or commercial transaction, now lands pirates 5 years in prison.

In addition, there is currently an initiative led by the Canadian Motion Picture Distributors Association (CMPDA – the counterpart to the MPAA in the U.S.) and other industry stakeholders to support recent tabled amendments to the Copyright Act in Canada. The IATSE and others will participate with the CMPDA in their Initiative to support Bill C-61, An Act to Amend Canada's Copyright Act. In brief, the proposed legislation is similar to the U.S. Digital Millennium Copyright Act (DMCA); it would go a long way to tightening up copyright protection and allow Canada to meet its obligations under the World Intellectual Property Organization (WIPO) treaties.

In the United States we are seeking relief on all levels of the legislature. This includes individual States, the U.S. Senate and House where we have been successful thus far in bringing to the attention of our elected leaders the effects of piracy, theft of intellectual property, and copyright infringement. We have recently seen legislation passed in the State of New York which provides the penalty of a felony for piracy. States across the nation are taking a look at what can be done to combat this crime. We are working with various entities to jointly protect workers from these crimes.

The entertainment industry is the largest export of product of the United States and is an area in which our economy thrives. It provides revenue for our government and employment for a vast number of U.S. citizens. We must collectively take strong action against this problem as expeditiously as possible.

Motion picture piracy is not something we can ignore. Piracy is a serious crime. We in the IATSE, our union brothers and sisters, and about a million hard working men and women, are its victims.

On behalf of the IATSE, I am particularly appreciative of this opportunity to have testimony presented to you and I thank this Committee for inviting us to participate in your hearing and provide information we feel is important for you to know and consider when legislation is to be formulated, proposed and acted upon.

If the IATSE can be of any further assistance to this and other committees regarding this issue, we stand ready, willing and able to do whatever we can to protect our members and workers across this nation.

Thank you.