



November 20, 2024

The Honorable Chris Coons
Chair
Subcommittee on Intellectual Property
U.S. Senate
Washington, DC 20510

The Honorable Thom Tillis
Ranking Member
Subcommittee on Intellectual Property
U.S. Senate
Washington, DC 20510

Dear Chairman Coons and Ranking Member Tillis:

The U.S. Chamber of Commerce (“Chamber”) is submitting this statement for the record to your Subcommittee’s November 13, 2024, oversight hearing with the United States Copyright Office. We appreciate the Subcommittee’s dedication to supporting copyright-intensive industries, and we believe the hearing facilitates the collaboration necessary among Congress, the Copyright Office, and the private sector to crack down on digital piracy and intellectual property theft.

Our priorities concerning digital piracy, and the actions needed from both the public and private sector to combat it, are outlined below.

I. Digital IP Theft is a Multi-Billion Dollar Problem

The Chamber’s 2019 [report](#) *Impacts of Digital Video Piracy on the U.S. Economy* demonstrates that digital piracy costs American businesses almost \$77 billion annually. This multi-billion-dollar issue is a low-risk, high-reward endeavor driven by global criminal syndicates. In fact, “piracy as a service” is an increasing, new trend wherein criminals educate and technologically enable others to engage in digital piracy. For the low cost of easily accessible technology, criminals can become multi-millionaires as digital pirates. These operations harm communities, consumers, businesses, and national security by stealing brands, content, and other IP for use in phishing, identity theft, hacking, counterfeits, and domain name system abuse. Experts have also noted these piracy sites are often riddled with viruses and malware and put individual, corporate and educational institution networks at great risk of harm.

In its 2023 annual [report](#), the Federal Bureau of Investigation’s Internet Crime Complaint Center (“IC3”) noted a nearly 10% increase in complaints and 22% increase in annual losses for American consumers. IC3 estimated American consumers lost

more than \$12.5 billion to cybercrime, including fraud, ransomware, scams, and malware-embedded advertisements (malvertising). Although many of these cybercrimes extend beyond the traditional notion of digital piracy, most utilize stolen IP, such as brand names or creative content, when targeting consumers. Thus, this digital IP theft causes significant harm to American consumers, the economy, and American innovation and creativity alike.

According to the 2022 [report *Unholy Triangle*](#), digital piracy operators net \$2.3 billion annually through ads and subscription fees, with \$122 million coming from malvertising. American consumers alone account for more than half of that revenue (\$68.3 million). In fact, 1 in 3 Americans admit to using pirate sites, and illicit streaming of sports content is the most prominent form of piracy. With [8 out of 10](#) pirate sites promoting malvertising, it's no wonder consumers who visit these sites are three times more likely to report malware, and those who use a credit card to subscribe for a pirated service are four times more likely to be a victim of fraud.

II. The Chamber's Findings on Digital Piracy: Collaboration Offers Promising Solutions

On September 30, 2024, the Chamber convened its inaugural symposium on digital piracy, bringing together industry leaders, government agencies, trade associations, interest groups, and academic institutions. Discussions highlighted the need for increased deterrence and enforcement and underscored the need for a collaborative approach between industry and governments to effectively combat these threats.

During the symposium, several best practices were highlighted by both industry and government personnel. Industry-specific, cross-industry, public-private, and international collaborations and partnerships were all touted as vital efforts for combatting piracy.

Representatives from the U.S. Patent and Trademark Office (USPTO) and Department of Justice's Criminal Division at the Computer Crime and Intellectual Property Section (CCIPS) all mentioned the importance of the U.S. Trade Representative's annual Special 301 Report and Notorious Markets List. These agencies actively engage in both processes and seek industry feedback during their respective comment periods.

Another crucial endeavor for fighting digital piracy is continued engagement with and education of international governments. The Copyright Office, as well as USPTO, maintains a positive track record on engagement and IP education. This provides an opportunity for Congress and the Copyright Office to lean into, alongside industry, and engage with international colleagues, educating them on the importance of IP, as well as the harms digital IP theft pose to consumers, public and private networks, businesses, and national security.

III. Conclusion

Congress, the Copyright Office, and the private sector should continue working together to identify and correct gaps or weak points that enable digital pirates to harm American consumers, innovators and creators, and the economy. Thank you again for holding this hearing and for allowing us to provide our input. The Chamber stands ready to work with the Subcommittee and the Copyright Office to ensure effective IP enforcement, and we look forward to engaging in further discussions.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Quaadman', with a long, sweeping horizontal stroke extending to the right.

Tom Quaadman
Senior Vice President
Economic Policy
U.S. Chamber of Commerce

cc: Members of the Senate Subcommittee on Intellectual Property