

# AFL-CIO

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## Innovation and Patent Reform

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### Innovation and Patent Reform

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#### AFL-CIO Executive Council statement

America continues to lead the world in ingenuity, creativity and product innovation. The ability of our people to continually develop new products and services is the envy of the world and is a major engine of growth for our economy.

The AFL-CIO has worked to ensure that intellectual property protection is pursued as a key component of our international trade agenda. Foreign intellectual property rights infringement robs the U.S. of tens of billions of dollars in sales, with the resulting lost jobs and income for America's workers. China, for example, is estimated to violate intellectual property rights in some sectors by 10 percent or more. We must be able to protect our innovations from both domestic and foreign infringement.

Intellectual property right infringement by our trading partners isn't limited to movies, music and other copyrighted products—it affects all sectors of our economy. From auto parts to high-technology products, we've seen counterfeit goods flood world markets depriving us of the sales necessary to maintain good wages and benefits. In addition, we've seen substandard counterfeit products sold overseas and here that jeopardize the health and safety of people in all countries.

Our domestic manufacturing sector is among the most innovative in the world. Roughly 60 percent of all patents issued in the United States are generated by the manufacturing sector. Strong intellectual property rights protection is vital to ensure that our companies are willing to make the capital investments in plant and equipment here in America to create good jobs.

Last year, the AFL-CIO raised serious questions about congressional legislation to reform the patent system and its potential impact on our nation's manufacturing workers. Working with committee leaders, improvements were adopted in a number of areas. At the same time, we made it clear that the bill was far from perfect and that a number of key concerns remained.

Many of these concerns continue and must be addressed. It's ironic that, at a time when our nation is pressing China to upgrade protection of intellectual property and expand the rule of law, the United States would actively consider steps that could undermine the effectiveness of our patent protections and ease the way for infringement upon the rights of our inventors. Invention and innovation are key to maintaining and enhancing our nation's manufacturing and economic base, and we must not take any step that could slow down this engine of growth.

Without substantial changes in three key areas—damages, post-grant review and publication—we will be unable to support the passage of the patent reform bill and will work actively to protect the interests of U.S. workers whose jobs and income rely on a strong patent system. Patent reform must not undermine our manufacturing base by diminishing the returns for those whose creativity and ingenuity has been one of the key ingredients to America's economic strength.

