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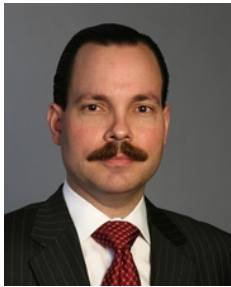


Innovation: Protecting Your Intellectual Property

Manufacturers and the U.S. government are taking new steps to protect against the theft of trade secrets as technology ratchets up the risk of unfair competition.

Apr. 9, 2013 Steve Minter | IndustryWeek

Drew Greenblatt can find his products easily on the internet. There are 20 companies in India, he says, that have pictures of his products on their sites for sale. This isn't a demonstration of his company's international distribution, though. Instead, it is these companies simply taking his products and copying them.



IP Attorney Matthew Prewitt: "It is getting easier and easier to misappropriate large volumes of highly valuable data without leaving any clear trail."

"They just cut and paste and post them, and sometimes they don't even bother to take our name off the photos," says Greenblatt, president of [Marlin Steel Wire Co.](#), a Baltimore-based manufacturer of custom steel wire baskets and other products.

Greenblatt is one of a growing number of [U.S. manufacturers concerned that intellectual property theft](#) is striking at the heart of America's chief manufacturing advantage -- innovation. He says the investment that his company makes in creative engineers who develop custom designs and in software (more than \$100,000 for licenses annually) in order to produce innovative products is all too easily negated by IP piracy.

Companies large and small are feeling the threat. On Nov. 30, 2012, Shansan Du, a former General Motors engineer, and her husband, Yu Qin, were both found guilty of stealing GM trade secrets related to hybrid vehicle technology and valued at \$40 million. Du and Qin tried to pass the trade secrets to Chinese automaker Chery Automobile Co.

Many times, Greenblatt notes, companies aren't even aware that their secrets are being stolen. After giving a speech on the topic recently to a National Association of Manufacturers meeting, two CEOs of large companies came up to him and told him that the FBI had informed them that they had been the subjects of cyberattacks. In one case, the company's network had been infiltrated with software that was sending to China all their new designs every three months.

"It is getting easier and easier to misappropriate large volumes of highly valuable data without leaving any clear trail," says Matt Prewitt, an intellectual property attorney and partner at Schiff Hardin in Chicago.

New Risks for IP Protection

Ironically, technologies that hold great promise in the revival of U.S. manufacturing, such as additive manufacturing, also present new risks for IP protection. In the past, employers created physical security systems to protect blueprints of their product designs, noted Rory Radding, an IP partner at Edwards Wildman Palmer. Today, he notes, designs can be pirated from software systems and produced easily with the new technology.

"3-D printing allows you not only to send out drawings but create molds, prototypes, even the actual product anywhere in the world," he says.

But while technology is a significant aspect of trade secret theft, Prewitt says one of the fundamental steps employers need to take to guard their IP is to know their own employees.

"You have to be sensitive to changes in their life circumstances, changes in their career arc that could prompt them to do something disloyal," says Prewitt. "I tell clients, 'Look how much you invest in knowing your customers. Give your employees the same level of attention and focus, and 99% of the time, you will be able to identify well in advance the employee most likely to walk out the door with your trade secrets.'"

The concern over IP theft recently led to the creation of the National Alliance for Jobs & Innovation (NAJI), a coalition of more than 100 companies and trade associations, which is trying to raise awareness of the issue. Greenblatt, a NAJI member, notes that this crime "hits especially hard to American manufacturing. Most manufacturers are small to midsize shops that can't weather the wholesale rip-off of their intellectual property."

In February, the Obama administration unveiled a new strategy to combat IP theft. It includes more diplomatic pressure on countries suspected of IP theft, increased prosecutorial activity by U.S. attorneys and encouragement of trade associations and other groups to draft voluntary best practices guides for IP protection.

But Greenblatt says it simply isn't enough. While he is an advocate of free trade, he says the government has to take stronger action against developing nations to ensure that they are not able to sell pirated products in the United States.

<http://www.industryweek.com/innovation/innovation-protecting-your-intellectual-property>

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