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The Washington Times

MCKENNA: Defending U.S. intellectual property

Foreign theft of American innovation costs jobs

By Rob McKenna

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There are few things U.S. workers value more than protecting the fruits of their labor and creativity. On Friday — World Intellectual Property Day — businesses across sectors and throughout the country celebrate American innovation, the millions of high-paying jobs it creates and the invaluable role it plays in rebuilding our economy.

However, today is also a reminder that this innovation is increasingly jeopardized by foreign companies that steal intellectual property to gain an unfair edge, and serves as a call to stand up for American ideas and jobs.

Rampant intellectual-property theft, especially in emerging markets with weak legal systems, enables those companies to cut costs, harming both U.S. manufacturing and technology employers. It destroys American jobs, slows economic growth and undermines our ability to compete.

Those companies invest savings from using pirated software and other stolen intellectual property to hire more staff, grow their facilities and expand research and development. Their savings from using pirated software can provide a real competitive advantage in any industry, especially where margins are thin. Meanwhile, American software developers are discouraged from investing in new technology and products when they know their software will be stolen.

We can't ignore the impact: There are 2.5 million fewer jobs today because of stolen intellectual property, according to the International Chamber of Commerce.

Fortunately, some leaders are working to tackle this crisis.

Recently, my successor as Washington state's attorney general, Bob Ferguson, helped resolve a dispute over software-licensing issues with the world's fourth-largest aircraft manufacturer, using a first-of-its-kind unfair-competition law. The new law, which I helped pass in 2011, bans the sale of products manufactured using stolen or misappropriated technology in the state of Washington.

Massachusetts Attorney General Martha Coakley recently forced Thailand-based Narong Seafood Co. to pay \$10,000 to resolve charges that its use of unlicensed software provided an unfair competitive advantage over Massachusetts businesses. In California, Attorney General Kamala Harris filed lawsuits against apparel manufacturers in India and China for gaining an unfair competitive advantage over

American companies by using pirated software in the production of clothing imported and sold in California.

Pirated software and other stolen intellectual property is not a problem for only two or three states. It affects every corner of an American economy which, as the April jobs report suggests, still needs all the help it can get.

Indeed, the Business Software Alliance recently estimated that in 2011, the commercial value of software pirated worldwide was \$63.4 billion. According to the alliance, if the United States reduces piracy by just 10 percentage points in two years, it will add \$56.8 billion to the gross domestic product, \$10.4 billion in U.S. tax receipts, and more than 31,000 new American jobs.

In all, 26 states have enacted laws aimed at protecting fair competition and stopping intellectual-property theft. While states are a key battleground, and I encourage more attorneys general to take action, we need a federal solution. Federal enforcement would elevate public awareness and provide a powerful national remedy to a problem that is clearly national in its impact and scope. It would also deter foreign manufacturers that today use millions in stolen U.S. software and other intellectual property with virtually no risk of legal sanction in their own countries.

Federal action need not preclude state enforcement of intellectual-property protections, either. When it comes to policing fair competition, it's better to have a federal marshal and 50 state sheriffs working together, rather than just one or the other.

[Drew Greenblatt, president of Baltimore-based Marlin Steel Wire Products](#), sees how piracy in countries such as China and India harm his business. He has seen his designs ripped off and had potential customers pick lower-cost competitors who utilize stolen intellectual property.

“We have to stop this,” Mr. Greenblatt said recently. “Our trade secrets are being stolen from us, and that minimizes the value of creating, which means we’re going to get less orders, which means I can hire less people, which means the recession continues.”

Quotations

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American innovators take great pride in their work — a fact evidenced by the vast amounts of time, energy and resources they pour into their creative efforts. As a nation, we must protect their work. Doing so will save jobs and grow employment in a healthier economy, for a brighter future.

Rob McKenna is a former attorney general of Washington state and co-founder of the Intellectual Property Task Force at the National Association of Attorneys General.

<http://www.washingtontimes.com/news/2013/apr/26/defending-us-intellectual-property/?page=all#pagebreak>

Marlin Steel 2640 Merchant Drive, Baltimore, MD, USA 21230-3307

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