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**Inc.**

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## Dear China: Stop Stealing My Intellectual Property, Or Else

Competitors in emerging markets can't be allowed the advantage of pirated technology.



shutterstock images

On multiple occasions, I've come across images of wire and sheet metal baskets on Chinese and Indian competitors' websites. They don't just look like our baskets. They *are* our baskets, being portrayed as the fruit of someone else's engineering.

My IT consultant has come across pilfered images of our baskets on Google searches so often she says it's like "fishing in a coffee cup." The thieves typically smudge off our watermark with photo software. One telltale sign: The basket is skewed to the bottom of the image so their watermark surgery isn't so obvious. Other times, they're so brazen they simply leave the Marlin logo on the photo.

Intellectual property theft is an enormous and growing burden for American business. Count us as one of the many victims. Imitation may be flattery, but in this case it has the potential to flatten businesses.

It's not just music and movies: This crime hits especially hard for American manufacturing. Although people most identify the sector with the household-name giants that made America the best manufacturer in the world, most manufacturers are small to mid-size shops that can't weather the wholesale ripoff of their intellectual property. Moreover, the thievery undercuts the very technological advantage that American businesses like mine have against foreign competition. That's why I recently I joined the advisory board of a new organization called the [National Alliance for Jobs and Innovation](#). It

was formed by business and technology experts to more aggressively counter IT and IP theft whether resulting from piracy, counterfeiting or the stealing of trade secrets.

Between 2006 and 2010, information technology spending by U.S. manufacturers grew 20 percent--to \$94 billion from \$73 billion--despite the recession. Computer-aided design software, once only affordable for huge companies, has become essential for manufacturers of all sizes. When I bought this company more than a decade ago, we had no degreed mechanical engineers. Now they comprise a fifth of the staff. Their basket designs get downloaded directly into robots that bend metal wire and slice sheet metal. That creative work is our bread and butter. It's why we had record revenue last year and have grown seven years running.

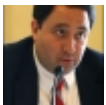
The Marlin basket images on websites in China and India--offenses we've reported to Google--undercut our investment in engineering. Think about that across thousands of other small and mid-sized companies that are being ripped off this way: The cost of such fraudulent behavior to American business overall is in the billions. I had to reinvent Marlin Steel a decade ago to remain viable in the face of foreign dumping of raw steel on the U.S. market. I shouldn't have to worry about reinventing it again because of intellectual property theft abroad.

These are not isolated cases in far-flung lands. Some of the largest emerging market manufacturers abroad are suspected of the highest rates of software piracy: Indonesia, China, Russia and India, according to studies by the Business Software Alliance and the research firm IDC.

U.S. officials are beginning to recognize the severity of the problem. In 2011, attorneys general from 39 states and territories urged the Federal Trade Commission to vigorously pursue IT theft against U.S. manufacturers. The attorneys general estimated that by reducing IT theft by even 10 percent over four years, the United States could add roughly 25,000 American jobs and \$37 billion in gross domestic product. And just weeks ago, the California attorney general filed suit against two apparel manufacturers in China and India for alleged software piracy, arguing that the suspected companies could channel their savings in software to compete more aggressively in California.

The problem is immense. It won't be easily solved. The U.S. cannot afford to view the problem as victimless or as too limitless and murky to police. It's a direct hit on American competitiveness and job creation.

<http://www.inc.com/drew-greenblatt/dear-china-stop-stealing-my-intellectual-property.html>



***Drew Greenblatt** is the president of **Marlin Steel**, a U.S.-based manufacturer of wire baskets and sheet-metal fabrications. Marlin has grown 25% over the past three years and has a record of 1,422 days without a safety problem.*

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