

PRESS RELEASE

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Up to \$600 Billion Dollars in American Intellectual Property Stolen Annually, Reports Bipartisan IP Commission

WASHINGTON, D.C. | The theft of American intellectual property (IP) remains a systemic threat to the U.S. economy, inflicting an estimated cost that **exceeds \$225 billion in counterfeit goods, pirated software, and theft of trade secrets and could be as high as \$600 billion annually**, according to a 2017 update to *The IP Commission Report*. The bipartisan, independent Commission on the Theft of Intellectual Property (IP Commission) assesses that China remains the world's principal IP infringer, driven by an industrial policy that continues to prioritize both acquisition and development of science and technology. And while the previous administration and Congress have enhanced the policy mechanisms to mitigate the theft of IP, much remains to be implemented.

Co-chair **Admiral Dennis Blair**, former Director of National Intelligence, states that “the massive theft of American IP—from companies and universities across the country, from U.S. labs to defense contractors, from banks to software companies—threatens our nation’s security as well as vitality. This report is just the latest reminder of its scale and critical importance.”

Though the complexity of IP theft is better understood today than in 2013 when the IP Commission released its landmark report, the 2017 update finds that implementation challenges remain. Some of the 2013 report’s key recommendations were realized by the previous administration and Congress. Significant actions include the creation of a private right of action for trade secret owners through the Defend Trade Secrets Act of 2016 and passage of Section 1637 of the 2015 National Defense Authorization Act, which allows the president to sanction individuals responsible for cyberespionage.

Yet these tools have not been fully utilized. To date, no individuals have been sanctioned for IP theft. And many key recommendations to encourage and protect American IP as outlined in the report remain unexercised.

“IP theft undermines our nation’s innovation ecosystem and ultimately our productivity, prosperity and global competitiveness,” said Commissioner **Deborah L. Wince-Smith**, President and CEO of the U.S. Council on Competitiveness. “It is imperative that the new administration utilize its policy tools to stem the billions of dollars our economy loses every year to IP theft.”

THE IP COMMISSION

The *IP Commission Report* provides recommendations aimed to curb IP theft and safeguard the competitive advantages of U.S. firms, including the following:

- authorize the secretary of commerce to serve as the principal official to manage all aspects of IP protection
- block foreign companies that repeatedly use or benefit from the theft of American IP from accessing the U.S. banking system
- consider U.S. companies' policy of protecting IP as a criterion for approving major foreign investments in the U.S. under the CFIUS process
- establish in the private, nonprofit sector a rating system on levels of IP legal protection by nations, including China
- support U.S. companies and technology that can both identify and recover IP stolen through cyber means

Co-chair **Governor Jon Huntsman, Jr.** states, "The vast, illicit transfer of American innovation is one of the most significant economic issues impacting U.S. competitiveness that the nation has not fully addressed. It looks to be, must be, a top priority of the new administration."

About the IP Commission

The Commission on the Theft of American Intellectual Property is an independent and bipartisan initiative of leading Americans from the private sector, public service in national security and foreign affairs, academia, and politics.

The three purposes of the Commission are to:

- 1) Document and assess the causes, scale, and other major dimensions of international intellectual property theft as they affect the United States.
- 2) Document and assess the role of China in international intellectual property theft.
- 3) Propose appropriate U.S. policy responses that would mitigate ongoing and future damage and obtain greater enforcement of intellectual property rights by China and other infringers.

About the Commissioners

- Co-chairs:
 - o **Admiral Dennis C. Blair**, Chairman and CEO of Sasakawa USA, and former Director of National Intelligence and Commander in Chief of the U.S. Pacific Command
 - o **Jon M. Huntsman, Jr.**, Chairman of the Atlantic Council, and former Ambassador to China, Governor of the State of Utah, and Deputy U.S. Trade Representative
- Other Commissioners:
 - o **Craig R. Barrett**, former Chairman and CEO of Intel Corporation
 - o **Slade Gorton**, former U.S. Senator from the State of Washington, member of 9/11 Commission

THE IP COMMISSION

- o **William J. Lynn III**, CEO of Leonardo North America and DRS Technologies
- o **Deborah Wince-Smith**, President and CEO of the Council on Competitiveness
- o **Michael K. Young**, President of Texas A&M University