The Threat of Digital Theft: Intellectual property theft is faster, costlier and more dangerous than ever

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In December, the White House released an interagency International Crime Threat Assessment, a big report with some stark conclusions: Intellectual property theft today is faster, costlier and more dangerous than ever. These trends will continue unless law enforcement and rights holders recognize that the threat crosses national borders - and resolve to work collectively to defeat the increasingly more organized efforts of the perpetrators.

Products and methods protected by intellectual property laws are critical to our national defense and economic security. Intellectual property laws provide core protections for this economic engine. Anti-counterfeiting laws also safeguard the reliability of products that affect public health and safety, covering everything from aircraft parts to infant formula.

But economic espionage - unlawful practices engaged in by private companies and sometimes by foreign governments aimed at stealing assets such as formulas, blueprints or marketing strategies - is on the rise. The FBI estimates that a significant number of countries are targeting U.S. firms, with high-tech companies the most frequent targets. For developing nations, the stakes are higher still. Countries that fail to protect intellectual property will witness the exodus of their best talent, a loss of jobs and tax revenues, a nutrient environment for official corruption and an increase in crimes financed by intellectual property theft. With so much at stake, law enforcement officials are deeply disturbed by an explosion in piracy and counterfeiting.

Among our concerns are the following:

- Criminal organizations appear to be using the proceeds of IP-infringing products to facilitate a variety of enterprises, including guns, drugs, pornography and even terrorism. Invariably, when there is intellectual property crime, there is tax evasion and money laundering.

- The Internet, while promoting knowledge-based industries and commerce, also makes it easier to steal, produce and distribute merchandise such as software, music, films, books and games. With the click of a mouse, identical copies can be reproduced and transferred immediately, cheaply, surreptitiously and repeatedly. (See www.cybercrime.gov.)

- Small businesses - the lifeblood of modern economies - can be devastated by organized, commercial-scale piracy. In one Latin American country, local music producers were nearly wiped out recently by music pirates using well-organized transborder operations to saturate the country with illegal domestic and foreign music products.

To meet this challenge, in July 1999 the Justice Department, FBI and Customs Service announced the first interagency effort to boost domestic enforcement of Francisco/San Jose agreed to make such cases a priority, share information and work closely with industry to encourage quality referrals.

As a result, we are beginning to see more promising prosecutions, including the first convictions under the No Electronic Theft Act, a 1997 law that punishes the latest wave of piracy on the Internet. Further, we are pleased the U.S. Sentencing Commission toughened the guideline range for criminal counterfeiting and piracy offenses.

To combat transborder intellectual-property crime, law enforcement in the U.S. and around the world must be trained and equipped, and our efforts linked across national and virtual borders, to meet the challenge of highly organized groups trafficking in these products. We need to continue efforts within the G8, the EU and countries in Asia and Latin America to elevate these crimes on their agendas.

Our citizens, policymakers and law enforcement experts must understand that stealing intellectual property will be prosecuted for what it is: not an exotic, hard-to-prosecute diversion or hobby, but theft, pure and simple.