



Congress of the United States
House of Representatives
Washington, DC 20515-0906

June 15, 2023

The Honorable Merrick B. Garland
Attorney General
U.S. Department of Justice
950 Pennsylvania Ave. NW
Washington, D.C. 20520

Dear Attorney General Garland,

The Select Committee on the Strategic Competition between the United States and the Chinese Communist Party and Committee on Small Business (Committees) are deeply concerned about the pervasive threat of Chinese intellectual property (IP) theft and its impact on American small businesses—the backbone of our economy. Small businesses play a crucial role in driving American innovation and advancing our economic and national security interests. Ensuring the safety of American small businesses from IP-related crimes is crucial, and we urge the U.S. Department of Justice (Department) to utilize all tools and capabilities at its disposal. Therefore, we respectfully request information regarding the Department's efforts in addressing this critical matter.

In 2018, the United States Trade Representative (USTR) published a report on China's policies and practices related to IP theft, finding that “the Chinese government directs and unfairly facilitates the systematic investment in, and acquisition of, U.S. companies and assets by Chinese entities, to obtain cutting-edge technologies and intellectual property... in industries deemed important by state industrial plans.”¹ Furthermore—according to USTR—China's actions are not aligned with the standards followed by both domestic and international communities.²

The Commission on the Theft of American Intellectual Property found that Chinese IP theft costs the United States economy \$600 billion annually and has a major effect on American small businesses.³ Indeed, there have been numerous instances of Chinese theft of intellectual property from small American businesses. In one instance, a Chinese company stole the

¹ *Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation Under Section 301 of the Trade Act of 1974*, OFFICE OF THE U.S. TRADE REP. (Mar. 22, 2018) available at www.ustr.gov/sites/default/files/Section%20301%20FINAL.PDF.

² *Id.*

³ *The Theft of American Intellectual Property: Reassessments of the Challenge and United States Policy*, THE IP COMMISSION (2017) available at www.nbr.org/wpcontent/uploads/pdfs/publications/IP_Commission_Report_Update.pdf.

proprietary design of a small irrigation company and started selling it to American consumers through online channels.⁴ Another case that illustrates the harsh reality faced by small businesses is that of Ruth Brons.⁵ Despite spending over \$100,000 to patent her invention—a learning tool for violin students—in multiple countries, counterfeit versions of her product began being sold on Chinese e-commerce markets. Indeed, the Chinese counterfeiters simply copied her patents and registered them in China.

These examples are a clear violation of intellectual property rights and must be addressed. Appropriate measures must be taken to hold guilty parties accountable for their actions. Chaired by the Deputy Attorney General, the Department has a Task Force on Intellectual Property that “is part of a Department-wide initiative to confront the growing number of domestic and international intellectual property crimes” and “works to identify and implement a multi-faceted strategy with our federal, state, and international partners to effectively combat this type of crime.”⁶ However, it remains unclear as to how many Chinese entities are held accountable for their illegal activities.

Given the seriousness of this issue, we respectfully request that the Department provide relevant staff of the Committees with a briefing as soon as possible but no later than June 30, 2023, regarding the following topics:

1. An overview of the current measures and initiatives by the Department to assist small businesses in protecting their IP rights, particularly in relation to China;
2. An overview of the current measures and initiatives by the Department to investigate IP theft and hold those guilty parties accountable, particularly in relation to China;
3. An overview of the implementation of the Protect American IP Act of 2022;
4. Detailed plans for strengthening and enhancing the Department’s investigative efforts to ensure effective protection against IP theft;
5. Information about the Department’s collaborations or partnerships with state and local governments to investigate cases of IP theft; and
6. Details regarding how the Department plans to address the issue of counterfeit products, like those experienced by Ms. Brons.

The House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party has broad authority to “investigate and submit policy recommendations on the status of the Chinese Communist Party’s economic, technological, and

⁴ *China’s theft of U.S. intellectual property is hurting small businesses: The IP Commission*, FOX NEWS (Mar. 23, 2018) available at www.foxbusiness.com/markets/chinas-theft-of-u-s-intellectual-property-is-hurting-small-businesses-the-ip-commission.

⁵ Spencer Kimball, *US small businesses are fighting an uphill battle against counterfeiters in China: ‘it’s like whack-a-mole’*, CNBC (Oct. 6, 2019) available at www.cnn.com/2019/10/06/how-us-small-businesses-are-fighting-counterfeiting-in-china.html.

⁶ *Intellectual Property Task Force*, U.S. DEP’T OF JUSTICE (2023) available at www.justice.gov/archives/iptf.

security progress and its competition with the United States” under H. Res. 11. The Committee on Small Business has broad authority to investigate “problems of all types of small business” under House Rule X.

To make arrangements to deliver a response or ask any questions, please contact Select Committee staff at (202) 308-8977 and Small Business Committee staff at (202) 225-5821.

Thank you for your attention to this important matter and prompt reply.

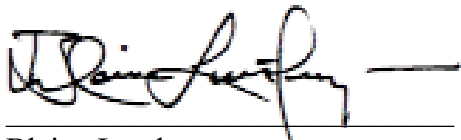
Sincerely,



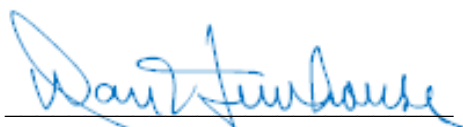
Mike Gallagher
Chairman
Select Committee on China



Roger Williams
Chairman
Committee on Small Business



Blaine Luetkemeyer
Vice Chairman
Committee on Small Business



Dan Newhouse
Member of Congress



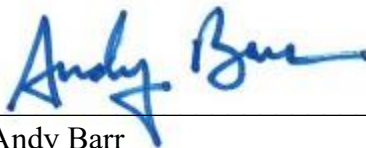
Pete Stauber
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Rob Wittman
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Dan Meuser
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Andy Barr
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Beth Van Duyne
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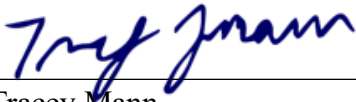
John Moolenaar
Member of Congress



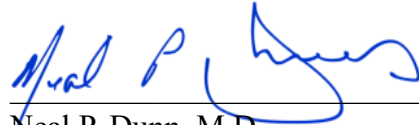
Maria Salazar
Member of Congress



Darin LaHood
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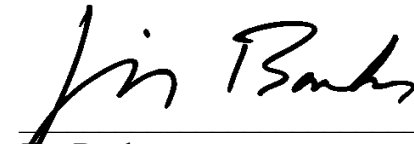
Tracey Mann
Member of Congress



Neal P. Dunn, M.D.
Member of Congress



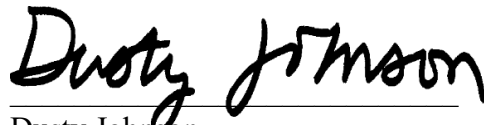
Jake Ellzey
Member of Congress



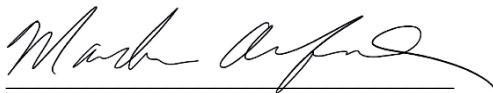
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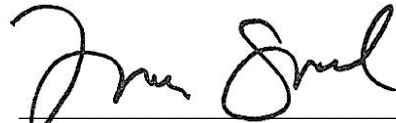
Marc Molinaro
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Dusty Johnson
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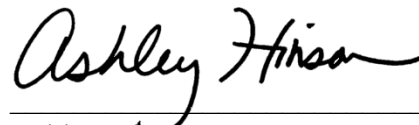
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Eli Crane
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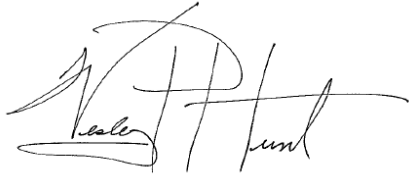
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