Corporate Espionage And Intellectual Property

Introduction

Corporate espionage is an illegal activity though it is on rise in business settings. Many organizations consider it as one of the techniques to increase their market share and beat the competitor. Several laws have been approved to combat these practices on domestic and international levels. Violation of these acts can result is hefty fines and suspension from the business sector.

The surge in information technology has revolutionized the entrepreneurial practices of todays society. It has facilitated entrepreneurial operations to a great extent. In our modern society, no organization can expect to exist without information technology. However, every man made system has flaws. Information technology has posed serious challenges for entrepreneurs and organizations with reference to their competitive advantage in the market. As many business owners work on creative and innovative solutions to attract the customers, the market value is expanded as far as the offers are unique. As soon as other organizations copy the style of the market leader, the competitive edge is lost and demand of a particular product becomes elastic.

In order to protect their uniqueness, the corporate world has introduced the concept of intellectual property. “Property rights consist of a number of sub-categories, including patent protection, the rule of law, control of corruption, copyright piracy, and both physical and intellectual property rights protection. New Zealand ranks Number 1. Venezuela and Yemen are at the bottom, China is near the middle, and the U.S. is at Number 14.” (Rahn, 2018) The word property gives the ideas that something is possessed by an entity and its use by any other entity is illegal. The term intellectual shows that the property is intangible. It can be an idea, design, feature etc. The combined term of intellectual property means that the ideas and designs belonging to one company are owned by them and others should not duplicate them. They are like property of an organization and their use by others will be a crime no less than a theft. Every organization has corporate secrets which are related to product development. The process of spying in an organization to find some confidential information is known as corporate espionage. In my research, I chose to shed light on the various aspects of corporate espionage.

History and Origins of Corporate Espionage

Business organizations are established to serve the needs of people through offering various products and services. According to market structure, the number of competitors varies. Generally speaking, there are competitors in every market and growth of one organization results in retrenchment of the products and services of other organization. Hence, organizations are always in the battlefield to compete. The corporate ethics focus on the need of promoting one’s products and services and adopt the best business practices. There are many organizations which bypass the ethical standards and try to build their strengths on the weaknesses of other organization. In order to get information about weaknesses of the competitors, corporate espionage is in practice.

It goes without saying that such practices are in place since the inception of business activities.

Competitive Intelligence vs. Corporate Espionage

It is important to mention that there is significant difference between corporate espionage and competitive intelligence. Competitive intelligence refers to the process of staying informed about the offers made by competitors in the market. It is one of the needs of business organizations so that they can match their standard with that achieved by the competitor.

Organizations usually develop a department of competitive intelligence whose responsibility is to keep an eye on the performance and activities of competitors. The personnel serving this department are the users of the goods and services offered by competitors. Through the use, they get an idea about the quality and features. They compare them with the ones offered by them. In case of discrepancy, they propose the same or better features for their product.

The competitive intelligence department has few other functions as well. It is impossible in every industry that competitor's products and services are actually consumed. Hence competitive intelligence department keeps an eye on the features which are marketed in their above the line and below the line advertisements. Sometimes, the advertisement tactics are also copied in addition to feature improvement. In case of seasonal packages and deals, competitive intelligence departments becomes highly active. The difference between competitive intelligence and corporate espionage is clear. The former one is an unethical and in certain domains illegal activity. The latter one is the requirement of business organizations and highly recommended.

Forms of Corporate Espionage

The methods to peep into the competitors' firm to steal corporate secrets are ever changing. Previously there have been methods to have friendship with an employee of competitor's firm who is offered a sum of money to leak their secrets. (Javers, 2011) Organizations also involve themselves in head hunting activities in which they look for the competent employee of competitors and offer him job. In this way they can use the talent and get benefit from the experience which he has have during his service in competitor's firm.

The roots of most all spy related activity is found in defense related activities. As such, the advancements taking place in military forces' mechanisms are reflected in business activities as well. As mentioned earlier, information technology aided business operations. It is important to mention that the first computer network on the face of earth was established for defensive forces. It was the project of US Department of Defense which was named as the Advanced Research Project Agency Network (ARPANet). The purpose was to ease communication between the various entities of The US Department of Defense. As its efficiency was confirmed with the passage of time, its use was expanded in commercial businesses for civilian purposes. Gradually, universities, business organizations and other governmental sectors introduced computer networking in their systems. The common backbone was established and the connectivity was given to every entity seeking use of networking facilities. The network continued to expand and it is named as Internet.

As there has been common backbone for information communication, spying in the information transferred by business competitors became easy. Organizations developed systems to spy into the information that is transferred by the competitors.

Agents and the Process of Information Theft and Sabotage

The spying agents have multiple options to temper with the information that is communicated using the computer networks. Either they steal the information so that it is not delivered to the destination or they manipulate it so that wrong information is delivered to recipient. In two ways, the attackers get access to authentic information and use it to hurt the interest of the competition. Data theft and sabotage both are unwelcome activities and modern corporate lawyers are trained to protect the activities of their clients.

Information is transferred on the computer networks in the form of signals. Though there are many encryption techniques and networking hardware is developed keeping in view the requirements of information security, the software experts have ways to peep into the information being transferred. Hacking and cracking are most common activities in this digital age and organizations need to have data security experts who design unique and specialized encryption algorithms to protect their data.

Notable Cases of Corporate Espionage

As mentioned earlier, corporate espionage is in practice since long, there are uncountable cases reported in this regard. It is important to mention that the organizations conduct these activities disguised in competitive intelligence or report as if they have come across this information by chance. In high tech industries the use of corporate espionage is more common as investment is high and it is almost impossible to change the product once it is launched. Below are a few cases of corporate espionage.

Boeing Aircraft Company is widely known to be the leader in the marketplace of aircraft manufacturing. It has always been in competition with Airbus and both accuse each other of dishonorable and unethical practices. In addition, Boeing has been sued by US defense giant for peeping in the bidding information (BBC, 2005).

Proctor & Gamble has been involved in corporate espionage against Unilever. Both the organizations are multinational and have a long product line. In order to cut the market share of Uni Lever, P&G initiated the activities of intelligence stealing related to hair products (Business Pundit, 2011).

Provisions and Restrictions against Corporate Espionage

As corporate espionage is on rise, business experts and researchers are looking for the ways to combat it. The issue is equally important for network specialists as well. Data security has become a burning question these days and it is important to have strict measures against it. Mentioned below are the steps carried out in this regard.

- •Virtual Private Networks (VPNs) are designed to ensure secure data transmission by the organizations. The use of generic email IDs and common Internet platforms are discouraged for corporate communication. Organizations have intranet utilized for their communication.
- The information systems are developed using secure platforms like Oracle to prevent data theft attacks and phishing activities.

- Various laws are passed on domestic and international level to ensure data security and privacy.

Domestic Laws to Safeguard Entrepreneurs from Intellectual Property Theft

As the issue of corporate espionage is rising in various parts of the world, the government officials are attending this issue seriously. The multinational organizations are particularly concerned about their intellectual property as their main objective is to ensure profit generation. If intellectual property is stolen, the profit margins reduce drastically. Various domestic laws to protect intellectual property are as follows.

The Espionage Act 1917 is in place in USA. It was mainly developed for controlling the spying activities related to military forces and national integrity. However, as mentioned earlier, security related measures are incorporated in business sector as well hence this law is applicable to all espionage activities including corporate espionage.

Canadian Intellectual Property Law is in force in Canada under the supervision of Canadian Intellectual Property Office (CIPO, 2011). China is also active in protecting its intellectual property and is very sensitive towards its. China has defined its own copyright and patent laws which need to be followed by any country which intends to conduct business in China or invest in Chinese organizations.

Conclusion

Besides the type of corporate theft mentioned, it is important to mention that there are certain other activities which are included in the domain of intellectual property rights. These are the books, movies and other work of fine art which belong to an individual or entity and others should not copy them without permission. The issue of pirated software and books is burning question in the late 20th and early 21st century. It is because, there are few entities actually working on knowledge creation while the entire world is in the need of this information. Computer systems are used in every aspect of life while the software producers are limited to Microsoft and few other companies.

Intellectual property theft includes use of software and books without permission. Hence Intellectual Property Rights (IPR) is established. It is an institution working for promotion of creative work. International Intellectual Property Law is introduced which is a detailed framework for guidance on intellectual property protection (American Society of International Law, 2013). In addition there are International Patent Law, International Copyright Law and International Private Law. These laws are honored in various parts of the world and various activities are measured on regular basis to ensure that no violation of these laws takes place.