

Theft of IP, U.S. Style

The government's taking of Intellectual property during World War I is the foundation for today's trade sanctions.

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Acquiring the intellectual property of U.S. companies through theft or economic pressure is a key issue in the current trade dispute between the United States and China. However, not so long ago, it was the United States that was doing the confiscating. During World War I, without agreement or compensation, the U.S. government seized and sold the IP of companies owned by its enemies.

Interrupting the commerce of opposing belligerents is a common tactic in war. Blockades at sea and seizures of property on land are almost invariably employed. For example, during the American Revolutionary War, seizures of real property owned by loyalists were widespread, and payments on contracts with and loans from British citizens were frozen.

FIRST A LAW, THEN LICENSES

Although World War I started in 1914, the United States didn't become a belligerent until 1917. After



Top photo, dated 1918: Workers in the U.S. Office of Alien Property Custodian. Bottom photo, dated 1918: Office of Alien Property Custodian officials and directors. Front row center: A. Mitchell Palmer. Images from Wikimedia Commons.

declaring war, Congress passed statutes targeting American enemies, including their economic capabilities. One of these was the Trading with the Enemy Act of 1917. This act prohibited entering into a contract with, extending credit to, or paying a debt to an enemy alien.

The act also allowed for the appointment of an alien property custodian. The APC was to oversee and conserve the American property of enemy aliens that had been placed under trust by the government. Acting as a common-law trustee, the APC would deprive