

113TH CONGRESS
2D SESSION

S. 2267

To modify chapter 90 of title 18, United States Code, to provide Federal jurisdiction for theft of trade secrets.

IN THE SENATE OF THE UNITED STATES

APRIL 29, 2014

Mr. COONS (for himself and Mr. HATCH) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To modify chapter 90 of title 18, United States Code, to provide Federal jurisdiction for theft of trade secrets.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Defend Trade Secrets
5 Act of 2014”.

6 **SEC. 2. FEDERAL JURISDICTION FOR THEFT OF TRADE SE-**
7 **CRETS.**

8 (a) IN GENERAL.—Section 1836 of title 18, United
9 States Code, is amended to read as follows:

1 **“§ 1836. Civil proceedings**

2 “(a) PRIVATE CIVIL ACTIONS.—

3 “(1) IN GENERAL.—An owner of a trade secret
4 may bring a civil action under this subsection if the
5 person is aggrieved by—

6 “(A) a violation of section 1831(a) or
7 1832(a); or

8 “(B) a misappropriation of a trade secret
9 that is related to a product or service used in,
10 or intended for use in, interstate or foreign
11 commerce.

12 “(2) CIVIL EX PARTE ORDER FOR PRESERVA-
13 TION OF EVIDENCE AND SEIZURE.—

14 “(A) IN GENERAL.—Based on an affidavit
15 or verified complaint satisfying the require-
16 ments of this paragraph, the court may, upon
17 ex parte application and if the court finds that
18 issuing the order is necessary to prevent irrep-
19 arable harm, issue appropriate orders—

20 “(i)(I) providing for the preservation
21 of evidence in a civil action brought under
22 paragraph (1), including by making a copy
23 of an electronic storage medium that con-
24 tains the trade secret; or

25 “(II) described in clause (i) or (ii) of
26 paragraph (3)(A); and

1 “(ii) providing for the seizure of any
2 property used, in any manner or part, to
3 commit or facilitate the commission of a
4 violation alleged under subparagraph (A),
5 except that the order—

6 “(I) may not provide for the sei-
7 zure of any property that is merely in-
8 cidental to the alleged violation unless
9 necessary to preserve evidence; or

10 “(II) shall provide for the seizure
11 of any property in a manner that, to
12 the extent possible, does not interrupt
13 normal and legitimate business oper-
14 ations unrelated to the trade secret.

15 “(B) REQUIREMENTS FOR APPLICATION
16 ORDER.—Notwithstanding rule 65 of the Fed-
17 eral Rules of Civil Procedure, the requirements
18 in paragraphs (2) through (11) of section 34(d)
19 of the Trademark Act of 1946 (15 U.S.C.
20 1116) shall apply to any ex parte application or
21 seizure order under subparagraph (A). Any ref-
22 erence in such paragraphs (2) through (11) of
23 section 34(d) of the Trademark Act of 1946 to
24 section 32 of such Act shall be read as ref-
25 erences to this section, and references to use of

1 a counterfeit mark in connection with the sale,
2 offering for sale, or distribution of goods or
3 services shall be read as references to a mis-
4 appropriation of a trade secret.

5 “(3) REMEDIES.—In a civil action brought
6 under this subsection, a court may—

7 “(A) grant an injunction—

8 “(i) to prevent any actual or threat-
9 ened violation described in paragraph (1)
10 on such terms as the court deems reason-
11 able;

12 “(ii) if determined appropriate by the
13 court, requiring affirmative actions to be
14 taken to protect a trade secret; and

15 “(iii) in exceptional circumstances
16 that render an injunction inequitable, that
17 conditions future use upon payment of a
18 reasonable royalty for no longer than the
19 period of time for which use could have
20 been prohibited;

21 “(B) award—

22 “(i) damages for actual loss caused by
23 the misappropriation of a trade secret;

24 “(ii) damages for any unjust enrich-
25 ment caused by the misappropriation of

1 the trade secret that is not addressed in
2 computing damages for actual loss; and

3 “(iii) in lieu of damages measured by
4 any other methods, the damages caused by
5 misappropriation measured by imposition
6 of liability for a reasonable royalty for a
7 misappropriator’s unauthorized disclosure
8 or use of a trade secret;

9 “(C) if the trade secret described in para-
10 graph (1)(B) is willfully or maliciously mis-
11 appropriated, award exemplary damages in an
12 amount not more than 3 times the amount of
13 the damages awarded under subparagraph (B);
14 and

15 “(D) if a claim of misappropriation is
16 made in bad faith, a motion to terminate an in-
17 junction is made or opposed in bad faith, or a
18 trade secret is willfully and maliciously mis-
19 appropriated, award reasonable attorney’s fees
20 to the prevailing party.

21 “(b) JURISDICTION.—The district courts of the
22 United States shall have original jurisdiction of civil ac-
23 tions brought under this section.

24 “(c) PERIOD OF LIMITATIONS.—A civil action under
25 this section may not be commenced later than 5 years

1 after the date on which the misappropriation is discovered
2 or by the exercise of reasonable diligence should have been
3 discovered. For purposes of this subsection, a continuing
4 misappropriation constitutes a single claim of misappropriation.”.

6 (b) DEFINITIONS.—Section 1839 of title 18, United
7 States Code, is amended—

8 (1) in paragraph (3), by striking “and” at the
9 end;

10 (2) in paragraph (4), by striking the period at
11 the end and inserting a semicolon; and

12 (3) by adding at the end the following:

13 “(5) the term ‘misappropriation’ means—

14 “(A) acquisition of a trade secret of another by a person who knows or has reason to
15 know that the trade secret was acquired by improper means; or
16 know that the trade secret was acquired by improper means; or
17 proper means; or

18 “(B) disclosure or use of a trade secret of another without express or implied consent by
19 a person who—
20 a person who—

21 “(i) used improper means to acquire
22 knowledge of the trade secret;

23 “(ii) at the time of disclosure or use,
24 knew or had reason to know that the
25 knowledge of the trade secret was—

1 “(I) derived from or through a
2 person who had used improper means
3 to acquire the trade secret;

4 “(II) acquired under circum-
5 stances giving rise to a duty to main-
6 tain the secrecy of the trade secret or
7 limit the use of the trade secret; or

8 “(III) derived from or through a
9 person who owed a duty to the person
10 seeking relief to maintain the secrecy
11 of the trade secret or limit the use of
12 the trade secret; or

13 “(iii) before a material change of the
14 position of the person, knew or had reason
15 to know that—

16 “(I) the trade secret was a trade
17 secret; and

18 “(II) knowledge of the trade se-
19 cret had been acquired by accident or
20 mistake;

21 “(6) the term ‘improper means’—

22 “(A) includes theft, bribery, misrepresenta-
23 tion, breach or inducement of a breach of a
24 duty to maintain secrecy, or espionage through
25 electronic or other means; and

1 “(B) does not include reverse engineering
2 or independent derivation; and

3 “(7) the term ‘Trademark Act of 1946’ means
4 the Act entitled ‘An Act to provide for the registra-
5 tion and protection of trademarks used in commerce,
6 to carry out the provisions of certain international
7 conventions, and for other purposes’, approved July
8 5, 1946 (15 U.S.C. 1051 et seq.) (commonly re-
9 ferred to as the ‘Trademark Act of 1946’ or the
10 ‘Lanham Act’).”.

11 (c) EXCEPTIONS TO PROHIBITION.—Section 1833 of
12 title 18, United States Code, is amended, in the matter
13 preceding paragraph (1), by inserting “or create a private
14 right of action for” after “prohibit”.

15 (d) TECHNICAL AND CONFORMING AMENDMENT.—
16 The table of sections for chapter 90 of title 18, United
17 States Code, is amended by striking the item relating to
18 section 1836 and inserting the following:

“1836. Civil proceedings.”.

19 (e) RULE OF CONSTRUCTION.—Nothing in the
20 amendments made by this section shall be construed to
21 modify the rule of construction under section 1838 of title
22 18, United States Code, or to preempt any other provision
23 of law.

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