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

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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 misappro-

5 priation.''.

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 an-

15   other by a person who knows or has reason to

16   know that the trade secret was acquired by im-

17   proper means; or

18   ''(B) disclosure or use of a trade secret of

19   another without express or implied consent by

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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