

113TH CONGRESS  
2D SESSION

S. \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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

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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 irre-  
19       parable 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 cir-  
5                 cumstances giving rise to a duty to  
6                 maintain the secrecy of the trade se-  
7                 cret or limit the use of the trade se-  
8                 cret; or

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

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

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

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

22                 “(6) the term ‘improper means’—

23                 “(A) includes theft, bribery, misrepresen-  
24                 tation, breach or inducement of a breach of a

1           duty to maintain secrecy, or espionage through  
2           electronic or other means; and

3           “(B) does not include reverse engineering  
4           or independent derivation; and

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

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

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

“1836. Civil proceedings.”.

21          (e) RULE OF CONSTRUCTION.—Nothing in the  
22 amendments made by this section shall be construed to  
23 modify the rule of construction under section 1838 of title  
24 18, United States Code, or to preempt any other provision  
25 of law.