

112TH CONGRESS  
2D SESSION

# S. 3389

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

JULY 17, 2012

Mr. KOHL (for himself, Mr. COONS, and Mr. WHITEHOUSE) 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 “Protecting American  
5 Trade Secrets and Innovation Act of 2012”.

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.—A person may bring a civil  
4 action under this subsection if the person is ag-  
5 grieved 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 or included in a product that  
10 is produced for or placed in interstate or for-  
11 eign commerce.

12 “(2) PLEADINGS.—A complaint filed in a civil  
13 action brought under this subsection shall—

14 “(A) describe with specificity the reason-  
15 able measures taken to protect the secrecy of  
16 the alleged trade secrets in dispute; and

17 “(B) include a sworn representation by the  
18 party asserting the claim that the dispute in-  
19 volves either substantial need for nationwide  
20 service of process or misappropriation of trade  
21 secrets from the United States to another coun-  
22 try.

23 “(3) CIVIL EX PARTE SEIZURE ORDER.—

24 “(A) IN GENERAL.—In a civil action  
25 brought under this subsection, the court may,  
26 upon ex parte application and if the court finds

1 by clear and convincing evidence that issuing  
2 the order is necessary to prevent irreparable  
3 harm, issue an order providing for—

4 “(i) the seizure of any property (in-  
5 cluding computers) used or intended to be  
6 used, in any manner or part, to commit or  
7 facilitate the commission of the violation  
8 alleged in the civil action; and

9 “(ii) the preservation of evidence in  
10 the civil action.

11 “(B) SCOPE OF ORDERS.—An order issued  
12 under subparagraph (A) shall—

13 “(i) authorize the retention of the  
14 seized property for a reasonably limited pe-  
15 riod, not to exceed 72 hours under the ini-  
16 tial order, which may be extended by the  
17 court after notice to the affected party and  
18 an opportunity to be heard;

19 “(ii) require that any copies of seized  
20 property made by the requesting party be  
21 made at the expense of the requesting  
22 party;

23 “(iii) require the requesting party to  
24 return the seized property to the party  
25 from which the property were seized at the

1 end of the period authorized under clause  
2 (i), including any extension; and

3 “(iv) include an appropriate protective  
4 order with respect to discovery and use of  
5 any property that has been seized, which  
6 shall provide for appropriate procedures to  
7 ensure that confidential, private, propri-  
8 etary, or privileged information contained  
9 in the seized property is not improperly  
10 disclosed or used.

11 “(C) SEIZURES.—A party injured by a sei-  
12 zure under an order under this paragraph—

13 “(i) may bring a civil action against  
14 the applicant for the order; and

15 “(ii) shall be entitled to recover appro-  
16 priate relief, including—

17 “(I) damages for lost profits, cost  
18 of materials, and loss of good will;

19 “(II) if the seizure was sought in  
20 bad faith, punitive damages; and

21 “(III) unless the court finds ex-  
22 tenuating circumstances, to recover a  
23 reasonable attorney’s fee.

24 “(4) REMEDIES.—In a civil action brought  
25 under this subsection, a court may—

1 “(A) issue—

2 “(i) an order for appropriate injunc-  
3 tive relief against any violation described  
4 in paragraph (1), including the actual or  
5 threatened misappropriation of trade se-  
6 crets;

7 “(ii) if determined appropriate by the  
8 court, an order requiring affirmative ac-  
9 tions to be taken to protect a trade secret;  
10 and

11 “(iii) if the court determines that it  
12 would be unreasonable to prohibit use of a  
13 trade secret, an order requiring payment of  
14 a reasonable royalty for any use of the  
15 trade secret;

16 “(B) award—

17 “(i) damages for actual loss caused by  
18 the misappropriation of a trade secret; and

19 “(ii) damages for any unjust enrich-  
20 ment caused by the misappropriation of  
21 the trade secret that is not addressed in  
22 computing damages for actual loss;

23 “(C) if the trade secret described in para-  
24 graph (1)(B) is willfully or maliciously mis-  
25 appropriated, award exemplary damages in an

1 amount not more than the amount of the dam-  
2 ages awarded under subparagraph (B); and

3 “(D) if a claim of misappropriation is  
4 made in bad faith, a motion to terminate an in-  
5 junction is made or opposed in bad faith, or a  
6 trade secret is willfully and maliciously mis-  
7 appropriated, award reasonable attorney’s fees  
8 to the prevailing party.

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

12 “(c) PERIOD OF LIMITATIONS.—A civil action under  
13 this section may not be commenced later than 3 years  
14 after the date on which the misappropriation is discovered  
15 or by the exercise of reasonable diligence should have been  
16 discovered. For purposes of this subsection, a continuing  
17 misappropriation constitutes a single claim of misappro-  
18 priation.”.

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

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

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

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

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

2 “(A) acquisition of a trade secret of an-  
3 other by a person who knows or has reason to  
4 know that the trade secret was acquired by im-  
5 proper means; or

6 “(B) disclosure or use of a trade secret of  
7 another without express or implied consent by  
8 a person who—

9 “(i) used improper means to acquire  
10 knowledge of the trade secret;

11 “(ii) at the time of disclosure or use,  
12 knew or had reason to know that the  
13 knowledge of the trade secret was—

14 “(I) derived from or through a  
15 person who had used improper means  
16 to acquire the trade secret;

17 “(II) acquired under circum-  
18 stances giving rise to a duty to main-  
19 tain the secrecy of the trade secret or  
20 limit the use of the trade secret; or

21 “(III) derived from or through a  
22 person who owed a duty to the person  
23 seeking relief to maintain the secrecy  
24 of the trade secret or limit the use of  
25 the trade secret; or

1                   “(iii) before a material change of the  
2                   position of the person, knew or had reason  
3                   to know that—

4                                 “(I) the trade secret was a trade  
5                                 secret; and

6                                 “(II) knowledge of the trade se-  
7                                 cret had been acquired by accident or  
8                                 mistake; and

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

10                                “(A) includes theft, bribery, misrepresenta-  
11                                tion, breach or inducement of a breach of a  
12                                duty to maintain secrecy, or espionage through  
13                                electronic or other means; and

14                                “(B) does not include reverse engineering  
15                                or independent derivation.”.

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

“1836. Civil proceedings.”.

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