

**96TH GENERAL ASSEMBLY
State of Illinois
2009 and 2010
SB2149**

Introduced 2/20/2009, by Sen. Don Harmon

SYNOPSIS AS INTRODUCED:

765 ILCS 1065/3	from Ch. 140, par. 353
765 ILCS 1065/5	from Ch. 140, par. 355
765 ILCS 1065/6.1 new	

Amends the Illinois Trade Secrets Act. Adds to the existing injunction provisions concerning injunction order time limits, the role of an overriding public interest, and the ordering of affirmative acts, new provisions that provide that an order restraining the use of trade secrets must identify the trade secrets involved and provide notice to the restrained party concerning the specific secrets that are enjoined from use, disclosure, or misappropriation. Provides for the mandatory award of attorney's fees, expert fees, and costs to the prevailing party and a mandatory award of attorney's fees and costs for: a false, knowingly inaccurate, or objectively unreasonable statement of trade secret misappropriation; unreasonably resisting the dissolution of an injunction; or filing an amended statement that abandons previously disclosed trade secrets or discloses additional trade secrets (instead of bad faith by a party resisting the termination of an injunction or willful and malicious misappropriation of trade secrets). Provides that if a party fails to comply with an order awarding attorney's fees, the court shall either strike the amended statement or dismiss the action. Provides that an award of attorney's fees and costs shall be tailored to the fees incurred due to the complained-of activity. Provides that attorney's fees may be awarded if there is bad faith by the party seeking or resisting an injunction or if there is willful and malicious misappropriation. Provides that the court may award attorney's fees to a party defending a misappropriation claim if the claim for damages is specious or without substantial proof of economic injury or if an injunction request is for an order substantially greater than necessary under specified circumstances. Provides for mandatory disclosure of the trade secrets allegedly used improperly. Makes other changes.

A BILL FOR

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1 AN ACT concerning civil law.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Trade Secrets Act is amended by
5 changing Sections 3 and 5 and by adding Section 6.1 as follows:

6 (765 ILCS 1065/3) (from Ch. 140, par. 353)

7 Sec. 3. (a) Actual or threatened misappropriation may be
8 enjoined. Upon application to the court, an injunction may be
9 terminated when the trade secret has ceased to exist, provided
10 that the injunction may be continued for an additional
11 reasonable period of time in appropriate circumstances for
12 reasons including, but not limited to an elimination of the
13 commercial advantage that otherwise would be derived from the
14 misappropriation, deterrence of willful and malicious
15 misappropriation, or where the trade secret ceases to exist due
16 to the fault of the enjoined party or others by improper means.

17 (b) If the court determines that it would be unreasonable
18 to prohibit future use due to an overriding public interest, an
19 injunction may condition future use upon payment of a
20 reasonable royalty for no longer than the period of time the
21 use could have been prohibited.

22 (c) In appropriate circumstances, affirmative acts to
23 protect a trade secret may be compelled by a court order.

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1 (d) In any order enjoining or restraining the use of trade
2 secrets, the court must specifically identify, either in the
3 order or by reference to a sealed exhibit, the trade secrets
4 which are the subject of the order. The court may take any
5 action reasonably necessary to protect the secrecy of the trade
6 secrets, consistent with Section 6; however, the court must
7 ensure that any restrained party is put on sufficient notice
8 concerning what specific trade secrets are enjoined from use,
9 disclosure, or misappropriation.
10 (Source: P.A. 85-366.)

11 (765 ILCS 1065/5) (from Ch. 140, par. 355)
12 Sec. 5. Attorney's fees.

13 (a) Prevailing party. In an action brought under this Act,
14 the court shall award reasonable attorney's fees and costs,
15 upon presentation of a petition to the court, expert witness
16 fees, and court costs to the prevailing party.

17 (b) Other circumstances; mandatory award. A court shall
18 award appropriate attorney's fees and costs, upon presentation
19 of a petition to the court in the following circumstances:

20 (1) if at any time the court finds that a party
21 asserting a claim under this Act submitted a written
22 statement of trade secrets under Section 6.1 which was
23 false, knowingly inaccurate, or which it knew or should
24 have known was objectively unreasonable in scope;

25 (2) if the court finds that a party has resisted a

1 motion to dissolve an injunction without reasonable cause
2 based in law or fact;

3 (3) if a party amends a statement required under
4 subsection (a) of Section 6.1 in violation of subsection
5 (b) of Section 6.1; or

6 (4) if a party amends a statement required under
7 subsection (a) of Section 6.1 upon leave of court and the
8 amended statement either abandons previously disclosed
9 trade secrets or discloses additional trade secrets.

10 If a party fails to comply with the terms of any order of
11 the court awarding attorney's fee and costs issued pursuant to
12 this subsection (b), the court shall either strike the
13 statement as amended or dismiss the party's cause of action as
14 an alternative remedy.

15 (c) Other circumstances; discretionary award. A court may
16 award appropriate attorney's fees and costs to a party
17 defending a claim of misappropriation of trade secrets in the
18 following circumstances:

19 (1) if the court grants its petition under subsection
20 (c) of Section 6.1;

21 (2) if the court enters a judgment and finds that a
22 claim for damages asserted under Section 4 is objectively
23 specious and has been maintained without substantial proof
24 of economic injury proximately caused by improper use,
25 disclosure, or misappropriation of trade secrets;

26 (3) if the court modifies an order of injunction as

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1 impermissibly over broad, vague, or ambiguous under
2 subsection (d) of Section 3; or

3 (4) if the court finds that a request for injunctive
4 relief is substantially greater than that necessary to
5 protect its legitimate economic interest in redressing
6 improper use, disclosure, or misappropriation of trade
7 secrets.

8 (d) Apportionment of award. For any award of attorney's
9 fees and costs under subsection (b) or (c), the amount must be
10 reasonably tailored to fees incurred due to the complained-of
11 activity.

12 ~~If (i) a claim of misappropriation is made in bad faith,~~
13 ~~(ii) a motion to terminate an injunction is made or resisted in~~
14 ~~bad faith, or (iii) willful and malicious misappropriation~~
15 ~~exists, the court may award reasonable attorney's fees to the~~
16 ~~prevailing party.~~

17 (Source: P.A. 85-366.)

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(765 ILCS 1065/6.1 new)

Sec. 6.1. Mandatory disclosure.

(a) Service of written statement. In any action brought under the Act, the party asserting a claim for trade secrets misappropriation shall, before commencing any written or oral discovery of its own, serve on all parties of record a written statement describing with reasonable specificity the trade secrets which it contends have been improperly used, disclosed,

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or misappropriated. The provisions of this subsection may be subject to a protective order entered by the court; however, no protective order may allow for discovery prior to the service of the written statement of trade secrets required by this subsection.

(b) Amendment of written statement. A party may, following the service of the written statement under subsection (a), amend the statement only upon leave of court for good cause shown. A moving party must set forth in a written motion the specific reasons why it seeks to amend its initial written statement of trade secrets. Any amendment of the statement required under subsection (a) of Section 6.1 must be served on the opposing party within 180 days after filing the party's original statement under subsection (a) of Section 6.1. The court may grant the amendment to the statement only after giving the affected parties adequate time to respond in writing and only by stating in an applicable order the specific reasons for allowing the petitioning party to amend its statement. In the event the court grants leave to amend a party's written statement of trade secrets, the court shall award attorney's fees and costs to the opposing party as provided in subsection (b) of Section 5. No amendments to a party's written statement of trade secrets shall be allowed past the date for completion of discovery. A party's last served or final statement of trade secrets shall be conclusive as to the identity of the trade secrets that the party claims were improperly used, disclosed,

1 or misappropriated under the Act.

2 (c) Motion relating to written statement. A party
3 responding to a claim of trade secrets misappropriation may
4 apply to the court for a more definite written statement under
5 subsection (a). A court shall not entertain that motion until
6 such time as the parties attempt to resolve their differences
7 through personal consultation. A party filing a motion under
8 this Section shall describe in writing its attempts to resolve
9 these differences, and the court shall not entertain a motion
10 under this subsection unless the court receives this statement
11 from the moving party.