

A New Way to Protect Trade Secrets Will Likely Be Law Soon

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May 12, 2016 UPDATE: As expected, President Obama signed the Defend Trade Secrets Act of 2016 into law. Effective immediately, we now have a federal law protecting trade secrets and providing for a variety of remedies including seizure of infringing material.

On April 27, 2016, the US House of Representatives overwhelmingly passed (410 to 2) the Defend Trade Secrets Act of 2016 (DTSA), which had previously been passed by the Senate on April 11 (87 to 0). The Obama Administration has voiced strong support for the bipartisan bill, and it is expected the President will sign it soon. Once President Obama does so, the DTSA will expand the Economic Espionage Act of 1996 to create a private federal cause of action for trade secret theft and provide owners of intellectual property another legal avenue with which to protect their intellectual property.

The impact will be widespread. While the DTSA has been widely praised by the private sector, from tech companies including Apple to industrial companies such as DuPont, any company with intellectual property is likely to benefit from the ability to bring an action to protect its trade secrets in federal courts.

The new law fills a significant void. Until the DTSA goes into effect, suits for misappropriation of trade secrets are brought in state court and under state law. Though 48 of the 50 states (excluding New York and Massachusetts) have adopted the Uniform Trade Secrets Act, they did so in many variations. Moreover, each state court has developed law binding only in that state, resulting in material differences across the country in the protection accorded to trade secrets. These differences in state laws involve core concepts, including the definition of "trade secret" and the remedies available for violations.

Under the DTSA, which will coexist with state law, owners of intellectual property will for the first time have the option of seeking relief in federal court, without having to worry about the differences across various state laws. This should make it easier for owners to determine what is protectable and better understand the likely outcome of any claim they may bring.

In addition to the more common remedies of injunctive relief, actual and exemplary damages, and attorney fees, relief available under the DTSA includes civil seizure for misappropriation of trade secrets in "extraordinary circumstances." The DTSA does not provide guidance as to what "extraordinary" means in the context of a seizure, though it is likely a plaintiff will need to show injury beyond that required for injunctive relief. The DTSA specifies that prior to granting a seizure, a court must find that "an order issued pursuant to Rule 65 of the Federal Rules of Civil Procedure or other form of equitable relief ... [would] be inadequate ... because the party to which the order would be issued would evade, avoid, or otherwise not comply with such an order."

The bill may be found [here](#).

If you have questions or would like additional information on this topic, please contact Randy Friedberg (friedberg@whiteandwilliams.com; 212.714.3079) or another member of our Intellectual Property Group.

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