

114TH CONGRESS  
2D SESSION

# S. 1890

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IN THE HOUSE OF REPRESENTATIVES

APRIL 11, 2016

Referred to the Committee on the Judiciary

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## AN ACT

To amend chapter 90 of title 18, United States Code, to provide Federal jurisdiction for the theft of trade secrets, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Defend Trade Secrets  
3 Act of 2016”.

4 **SEC. 2. FEDERAL JURISDICTION FOR THEFT OF TRADE SE-**  
5 **CRETS.**

6 (a) IN GENERAL.—Section 1836 of title 18, United  
7 States Code, is amended by striking subsection (b) and  
8 inserting the following:

9 “(b) PRIVATE CIVIL ACTIONS.—

10 “(1) IN GENERAL.—An owner of a trade secret  
11 that is misappropriated may bring a civil action  
12 under this subsection if the trade secret is related to  
13 a product or service used in, or intended for use in,  
14 interstate or foreign commerce.

15 “(2) CIVIL SEIZURE.—

16 “(A) IN GENERAL.—

17 “(i) APPLICATION.—Based on an affi-  
18 davit or verified complaint satisfying the  
19 requirements of this paragraph, the court  
20 may, upon ex parte application but only in  
21 extraordinary circumstances, issue an  
22 order providing for the seizure of property  
23 necessary to prevent the propagation or  
24 dissemination of the trade secret that is  
25 the subject of the action.

1           “(ii) REQUIREMENTS FOR ISSUING  
2 ORDER.—The court may not grant an ap-  
3 plication under clause (i) unless the court  
4 finds that it clearly appears from specific  
5 facts that—

6                   “(I) an order issued pursuant to  
7 Rule 65 of the Federal Rules of Civil  
8 Procedure or another form of equi-  
9 table relief would be inadequate to  
10 achieve the purpose of this paragraph  
11 because the party to which the order  
12 would be issued would evade, avoid, or  
13 otherwise not comply with such an  
14 order;

15                   “(II) an immediate and irrep-  
16 arable injury will occur if such seizure  
17 is not ordered;

18                   “(III) the harm to the applicant  
19 of denying the application outweighs  
20 the harm to the legitimate interests of  
21 the person against whom seizure  
22 would be ordered of granting the ap-  
23 plication and substantially outweighs  
24 the harm to any third parties who  
25 may be harmed by such seizure;

1                   “(IV) the applicant is likely to  
2 succeed in showing that—

3                   “(aa) the information is a  
4 trade secret; and

5                   “(bb) the person against  
6 whom seizure would be ordered—

7                   “(AA) misappropriated  
8 the trade secret of the appli-  
9 cant by improper means; or

10                   “(BB) conspired to use  
11 improper means to mis-  
12 appropriate the trade secret  
13 of the applicant;

14                   “(V) the person against whom  
15 seizure would be ordered has actual  
16 possession of—

17                   “(aa) the trade secret; and

18                   “(bb) any property to be  
19 seized;

20                   “(VI) the application describes  
21 with reasonable particularity the mat-  
22 ter to be seized and, to the extent rea-  
23 sonable under the circumstances,  
24 identifies the location where the mat-  
25 ter is to be seized;

1                   “(VII) the person against whom  
2                   seizure would be ordered, or persons  
3                   acting in concert with such person,  
4                   would destroy, move, hide, or other-  
5                   wise make such matter inaccessible to  
6                   the court, if the applicant were to pro-  
7                   ceed on notice to such person; and

8                   “(VIII) the applicant has not  
9                   publicized the requested seizure.

10                   “(B) ELEMENTS OF ORDER.—If an order  
11                   is issued under subparagraph (A), it shall—

12                   “(i) set forth findings of fact and con-  
13                   clusions of law required for the order;

14                   “(ii) provide for the narrowest seizure  
15                   of property necessary to achieve the pur-  
16                   pose of this paragraph and direct that the  
17                   seizure be conducted in a manner that  
18                   minimizes any interruption of the business  
19                   operations of third parties and, to the ex-  
20                   tent possible, does not interrupt the legiti-  
21                   mate business operations of the person ac-  
22                   cused of misappropriating the trade secret;

23                   “(iii)(I) be accompanied by an order  
24                   protecting the seized property from disclo-  
25                   sure by prohibiting access by the applicant

1 or the person against whom the order is  
2 directed, and prohibiting any copies, in  
3 whole or in part, of the seized property, to  
4 prevent undue damage to the party against  
5 whom the order has issued or others, until  
6 such parties have an opportunity to be  
7 heard in court; and

8 “(II) provide that if access is granted  
9 by the court to the applicant or the person  
10 against whom the order is directed, the ac-  
11 cess shall be consistent with subparagraph  
12 (D);

13 “(iv) provide guidance to the law en-  
14 forcement officials executing the seizure  
15 that clearly delineates the scope of the au-  
16 thority of the officials, including—

17 “(I) the hours during which the  
18 seizure may be executed; and

19 “(II) whether force may be used  
20 to access locked areas;

21 “(v) set a date for a hearing described  
22 in subparagraph (F) at the earliest pos-  
23 sible time, and not later than 7 days after  
24 the order has issued, unless the party  
25 against whom the order is directed and

1 others harmed by the order consent to an-  
2 other date for the hearing, except that a  
3 party against whom the order has issued  
4 or any person harmed by the order may  
5 move the court at any time to dissolve or  
6 modify the order after giving notice to the  
7 applicant who obtained the order; and

8 “(vi) require the person obtaining the  
9 order to provide the security determined  
10 adequate by the court for the payment of  
11 the damages that any person may be enti-  
12 tled to recover as a result of a wrongful or  
13 excessive seizure or wrongful or excessive  
14 attempted seizure under this paragraph.

15 “(C) PROTECTION FROM PUBLICITY.—The  
16 court shall take appropriate action to protect  
17 the person against whom an order under this  
18 paragraph is directed from publicity, by or at  
19 the behest of the person obtaining the order,  
20 about such order and any seizure under such  
21 order.

22 “(D) MATERIALS IN CUSTODY OF  
23 COURT.—

24 “(i) IN GENERAL.—Any materials  
25 seized under this paragraph shall be taken

1 into the custody of the court. The court  
2 shall secure the seized material from phys-  
3 ical and electronic access during the sei-  
4 zure and while in the custody of the court.

5 “(ii) STORAGE MEDIUM.—If the seized  
6 material includes a storage medium, or if  
7 the seized material is stored on a storage  
8 medium, the court shall prohibit the me-  
9 dium from being connected to a network or  
10 the Internet without the consent of both  
11 parties, until the hearing required under  
12 subparagraph (B)(v) and described in sub-  
13 paragraph (F).

14 “(iii) PROTECTION OF CONFIDEN-  
15 TIALITY.—The court shall take appropriate  
16 measures to protect the confidentiality of  
17 seized materials that are unrelated to the  
18 trade secret information ordered seized  
19 pursuant to this paragraph unless the per-  
20 son against whom the order is entered con-  
21 sents to disclosure of the material.

22 “(iv) APPOINTMENT OF SPECIAL MAS-  
23 TER.—The court may appoint a special  
24 master to locate and isolate all misappro-  
25 priated trade secret information and to fa-



1            facilitate the return of unrelated property  
2            and data to the person from whom the  
3            property was seized. The special master  
4            appointed by the court shall agree to be  
5            bound by a non-disclosure agreement ap-  
6            proved by the court.

7            “(E) SERVICE OF ORDER.—The court shall  
8            order that service of a copy of the order under  
9            this paragraph, and the submissions of the ap-  
10           applicant to obtain the order, shall be made by a  
11           Federal law enforcement officer who, upon  
12           making service, shall carry out the seizure  
13           under the order. The court may allow State or  
14           local law enforcement officials to participate,  
15           but may not permit the applicant or any agent  
16           of the applicant to participate in the seizure. At  
17           the request of law enforcement officials, the  
18           court may allow a technical expert who is unaf-  
19           filiated with the applicant and who is bound by  
20           a court-approved non-disclosure agreement to  
21           participate in the seizure if the court deter-  
22           mines that the participation of the expert will  
23           aid the efficient execution of and minimize the  
24           burden of the seizure.

25            “(F) SEIZURE HEARING.—

1           “(i) DATE.—A court that issues a sei-  
2           zure order shall hold a hearing on the date  
3           set by the court under subparagraph  
4           (B)(v).

5           “(ii) BURDEN OF PROOF.—At a hear-  
6           ing held under this subparagraph, the  
7           party who obtained the order under sub-  
8           paragraph (A) shall have the burden to  
9           prove the facts supporting the findings of  
10          fact and conclusions of law necessary to  
11          support the order. If the party fails to  
12          meet that burden, the seizure order shall  
13          be dissolved or modified appropriately.

14          “(iii) DISSOLUTION OR MODIFICATION  
15          OF ORDER.—A party against whom the  
16          order has been issued or any person  
17          harmed by the order may move the court  
18          at any time to dissolve or modify the order  
19          after giving notice to the party who ob-  
20          tained the order.

21          “(iv) DISCOVERY TIME LIMITS.—The  
22          court may make such orders modifying the  
23          time limits for discovery under the Federal  
24          Rules of Civil Procedure as may be nec-  
25          essary to prevent the frustration of the

1           purposes of a hearing under this subpara-  
2           graph.

3           “(G) ACTION FOR DAMAGE CAUSED BY  
4           WRONGFUL SEIZURE.—A person who suffers  
5           damage by reason of a wrongful or excessive  
6           seizure under this paragraph has a cause of ac-  
7           tion against the applicant for the order under  
8           which such seizure was made, and shall be enti-  
9           tled to the same relief as is provided under sec-  
10          tion 34(d)(11) of the Trademark Act of 1946  
11          (15 U.S.C. 1116(d)(11)). The security posted  
12          with the court under subparagraph (B)(vi) shall  
13          not limit the recovery of third parties for dam-  
14          ages.

15          “(H) MOTION FOR ENCRYPTION.—A party  
16          or a person who claims to have an interest in  
17          the subject matter seized may make a motion at  
18          any time, which may be heard ex parte, to  
19          encrypt any material seized or to be seized  
20          under this paragraph that is stored on a stor-  
21          age medium. The motion shall include, when  
22          possible, the desired encryption method.

23          “(3) REMEDIES.—In a civil action brought  
24          under this subsection with respect to the misappro-  
25          priation of a trade secret, a court may—

1 “(A) grant an injunction—

2 “(i) to prevent any actual or threat-  
3 ened misappropriation described in para-  
4 graph (1) on such terms as the court  
5 deems reasonable, provided the order does  
6 not—

7 “(I) prevent a person from enter-  
8 ing into an employment relationship,  
9 and that conditions placed on such  
10 employment shall be based on evi-  
11 dence of threatened misappropriation  
12 and not merely on the information the  
13 person knows; or

14 “(II) otherwise conflict with an  
15 applicable State law prohibiting re-  
16 straints on the practice of a lawful  
17 profession, trade, or business;

18 “(ii) if determined appropriate by the  
19 court, requiring affirmative actions to be  
20 taken to protect the trade secret; and

21 “(iii) in exceptional circumstances  
22 that render an injunction inequitable, that  
23 conditions future use of the trade secret  
24 upon payment of a reasonable royalty for

1 no longer than the period of time for which  
2 such use could have been prohibited;

3 “(B) award—

4 “(i)(I) damages for actual loss caused  
5 by the misappropriation of the trade se-  
6 cret; and

7 “(II) damages for any unjust enrich-  
8 ment caused by the misappropriation of  
9 the trade secret that is not addressed in  
10 computing damages for actual loss; or

11 “(ii) in lieu of damages measured by  
12 any other methods, the damages caused by  
13 the misappropriation measured by imposi-  
14 tion of liability for a reasonable royalty for  
15 the misappropriator’s unauthorized disclo-  
16 sure or use of the trade secret;

17 “(C) if the trade secret is willfully and ma-  
18 liciously misappropriated, award exemplary  
19 damages in an amount not more than 2 times  
20 the amount of the damages awarded under sub-  
21 paragraph (B); and

22 “(D) if a claim of the misappropriation is  
23 made in bad faith, which may be established by  
24 circumstantial evidence, a motion to terminate  
25 an injunction is made or opposed in bad faith,

1 or the trade secret was willfully and maliciously  
2 misappropriated, award reasonable attorney’s  
3 fees to the prevailing party.

4 “(c) JURISDICTION.—The district courts of the  
5 United States shall have original jurisdiction of civil ac-  
6 tions brought under this section.

7 “(d) PERIOD OF LIMITATIONS.—A civil action under  
8 subsection (b) may not be commenced later than 3 years  
9 after the date on which the misappropriation with respect  
10 to which the action would relate is discovered or by the  
11 exercise of reasonable diligence should have been discov-  
12 ered. For purposes of this subsection, a continuing mis-  
13 appropriation constitutes a single claim of misappropria-  
14 tion.”.

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

17 (1) in paragraph (3)—

18 (A) in subparagraph (B), by striking “the  
19 public” and inserting “another person who can  
20 obtain economic value from the disclosure or  
21 use of the information”; and

22 (B) by striking “and” at the 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 cir-  
18 cumstances giving rise to a duty to  
19 maintain the secrecy of the trade se-  
20 cret or limit the use of the trade se-  
21 cret; or

22 “(III) derived from or through a  
23 person who owed a duty to the person  
24 seeking relief to maintain the secrecy

1 of the trade secret or limit the use of  
2 the trade secret; or

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

6 “(I) the trade secret was a trade  
7 secret; and

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

11 “(6) the term ‘improper means’—

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

16 “(B) does not include reverse engineering,  
17 independent derivation, or any other lawful  
18 means of acquisition; and

19 “(7) the term ‘Trademark Act of 1946’ means  
20 the Act entitled ‘An Act to provide for the registra-  
21 tion and protection of trademarks used in commerce,  
22 to carry out the provisions of certain international  
23 conventions, and for other purposes, approved July  
24 5, 1946 (15 U.S.C. 1051 et seq.) (commonly re-



1       ferred to as the “Trademark Act of 1946” or the  
2       “Lanham Act”’.”.

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

7       (d) CONFORMING AMENDMENTS.—

8             (1) The section heading for section 1836 of title  
9       18, United States Code, is amended to read as fol-  
10       lows:

11       **“§ 1836. Civil proceedings”.**

12             (2) The table of sections for chapter 90 of title  
13       18, United States Code, is amended by striking the  
14       item relating to section 1836 and inserting the fol-  
15       lowing:

“1836. Civil proceedings.”.

16       (e) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply with respect to any misappropria-  
18 tion of a trade secret (as defined in section 1839 of title  
19 18, United States Code, as amended by this section) for  
20 which any act occurs on or after the date of the enactment  
21 of this Act.

22       (f) RULE OF CONSTRUCTION.—Nothing in the  
23 amendments made by this section shall be construed to  
24 modify the rule of construction under section 1838 of title

1 18, United States Code, or to preempt any other provision  
2 of law.

3 (g) **APPLICABILITY TO OTHER LAWS.**—This section  
4 and the amendments made by this section shall not be con-  
5 strued to be a law pertaining to intellectual property for  
6 purposes of any other Act of Congress.

7 **SEC. 3. TRADE SECRET THEFT ENFORCEMENT.**

8 (a) **IN GENERAL.**—Chapter 90 of title 18, United  
9 States Code, is amended—

10 (1) in section 1832(b), by striking  
11 “\$5,000,000” and inserting “the greater of  
12 \$5,000,000 or 3 times the value of the stolen trade  
13 secret to the organization, including expenses for re-  
14 search and design and other costs of reproducing the  
15 trade secret that the organization has thereby avoid-  
16 ed”; and

17 (2) in section 1835—

18 (A) by striking “In any prosecution” and  
19 inserting the following:

20 “(a) **IN GENERAL.**—In any prosecution”; and

21 (B) by adding at the end the following:

22 “(b) **RIGHTS OF TRADE SECRET OWNERS.**—The  
23 court may not authorize or direct the disclosure of any  
24 information the owner asserts to be a trade secret unless  
25 the court allows the owner the opportunity to file a sub-

1 mission under seal that describes the interest of the owner  
 2 in keeping the information confidential. No submission  
 3 under seal made under this subsection may be used in a  
 4 prosecution under this chapter for any purpose other than  
 5 those set forth in this section, or otherwise required by  
 6 law. The provision of information relating to a trade secret  
 7 to the United States or the court in connection with a  
 8 prosecution under this chapter shall not constitute a waiv-  
 9 er of trade secret protection, and the disclosure of infor-  
 10 mation relating to a trade secret in connection with a pros-  
 11 ecution under this chapter shall not constitute a waiver  
 12 of trade secret protection unless the trade secret owner  
 13 expressly consents to such waiver.”.

14 (b) RICO PREDICATE OFFENSES.—Section 1961(1)  
 15 of title 18, United States Code, is amended by inserting  
 16 “sections 1831 and 1832 (relating to economic espionage  
 17 and theft of trade secrets),” before “section 1951”.

18 **SEC. 4. REPORT ON THEFT OF TRADE SECRETS OCCUR-**  
 19 **RING ABROAD.**

20 (a) DEFINITIONS.—In this section:

21 (1) DIRECTOR.—The term “Director” means  
 22 the Under Secretary of Commerce for Intellectual  
 23 Property and Director of the United States Patent  
 24 and Trademark Office.

1           (2) FOREIGN INSTRUMENTALITY, ETC.—The  
2 terms “foreign instrumentality”, “foreign agent”,  
3 and “trade secret” have the meanings given those  
4 terms in section 1839 of title 18, United States  
5 Code.

6           (3) STATE.—The term “State” includes the  
7 District of Columbia and any commonwealth, terri-  
8 tory, or possession of the United States.

9           (4) UNITED STATES COMPANY.—The term  
10 “United States company” means an organization or-  
11 ganized under the laws of the United States or a  
12 State or political subdivision thereof.

13       (b) REPORTS.—Not later than 1 year after the date  
14 of enactment of this Act, and biannually thereafter, the  
15 Attorney General, in consultation with the Intellectual  
16 Property Enforcement Coordinator, the Director, and the  
17 heads of other appropriate agencies, shall submit to the  
18 Committees on the Judiciary of the House of Representa-  
19 tives and the Senate, and make publicly available on the  
20 Web site of the Department of Justice and disseminate  
21 to the public through such other means as the Attorney  
22 General may identify, a report on the following:

23           (1) The scope and breadth of the theft of the  
24 trade secrets of United States companies occurring  
25 outside of the United States.

1           (2) The extent to which theft of trade secrets  
2           occurring outside of the United States is sponsored  
3           by foreign governments, foreign instrumentalities, or  
4           foreign agents.

5           (3) The threat posed by theft of trade secrets  
6           occurring outside of the United States.

7           (4) The ability and limitations of trade secret  
8           owners to prevent the misappropriation of trade se-  
9           crets outside of the United States, to enforce any  
10          judgment against foreign entities for theft of trade  
11          secrets, and to prevent imports based on theft of  
12          trade secrets overseas.

13          (5) A breakdown of the trade secret protections  
14          afforded United States companies by each country  
15          that is a trading partner of the United States and  
16          enforcement efforts available and undertaken in each  
17          such country, including a list identifying specific  
18          countries where trade secret theft, laws, or enforce-  
19          ment is a significant problem for United States com-  
20          panies.

21          (6) Instances of the Federal Government work-  
22          ing with foreign countries to investigate, arrest, and  
23          prosecute entities and individuals involved in the  
24          theft of trade secrets outside of the United States.

1           (7) Specific progress made under trade agree-  
2           ments and treaties, including any new remedies en-  
3           acted by foreign countries, to protect against theft  
4           of trade secrets of United States companies outside  
5           of the United States.

6           (8) Recommendations of legislative and execu-  
7           tive branch actions that may be undertaken to—

8                   (A) reduce the threat of and economic im-  
9                   pact caused by the theft of the trade secrets of  
10                  United States companies occurring outside of  
11                  the United States;

12                  (B) educate United States companies re-  
13                  garding the threats to their trade secrets when  
14                  taken outside of the United States;

15                  (C) provide assistance to United States  
16                  companies to reduce the risk of loss of their  
17                  trade secrets when taken outside of the United  
18                  States; and

19                  (D) provide a mechanism for United States  
20                  companies to confidentially or anonymously re-  
21                  port the theft of trade secrets occurring outside  
22                  of the United States.

23 **SEC. 5. SENSE OF CONGRESS.**

24           It is the sense of Congress that—

1           (1) trade secret theft occurs in the United  
2 States and around the world;

3           (2) trade secret theft, wherever it occurs, harms  
4 the companies that own the trade secrets and the  
5 employees of the companies;

6           (3) chapter 90 of title 18, United States Code  
7 (commonly known as the “Economic Espionage Act  
8 of 1996”), applies broadly to protect trade secrets  
9 from theft; and

10           (4) it is important when seizing information to  
11 balance the need to prevent or remedy misappropria-  
12 tion with the need to avoid interrupting the—

13                   (A) business of third parties; and

14                   (B) legitimate interests of the party ac-  
15 cused of wrongdoing.

16 **SEC. 6. BEST PRACTICES.**

17           (a) IN GENERAL.—Not later than 2 years after the  
18 date of enactment of this Act, the Federal Judicial Center,  
19 using existing resources, shall develop recommended best  
20 practices for—

21                   (1) the seizure of information and media stor-  
22 ing the information; and

23                   (2) the securing of the information and media  
24 once seized.

1 (b) UPDATES.—The Federal Judicial Center shall  
2 update the recommended best practices developed under  
3 subsection (a) from time to time.

4 (c) CONGRESSIONAL SUBMISSIONS.—The Federal  
5 Judicial Center shall provide a copy of the recommenda-  
6 tions developed under subsection (a), and any updates  
7 made under subsection (b), to the—

8 (1) Committee on the Judiciary of the Senate;  
9 and

10 (2) Committee on the Judiciary of the House of  
11 Representatives.

12 **SEC. 7. IMMUNITY FROM LIABILITY FOR CONFIDENTIAL**  
13 **DISCLOSURE OF A TRADE SECRET TO THE**  
14 **GOVERNMENT OR IN A COURT FILING.**

15 (a) AMENDMENT.—Section 1833 of title 18, United  
16 States Code, is amended—

17 (1) by striking “This chapter” and inserting  
18 “(a) IN GENERAL.—This chapter”;

19 (2) in subsection (a)(2), as designated by para-  
20 graph (1), by striking “the reporting of a suspected  
21 violation of law to any governmental entity of the  
22 United States, a State, or a political subdivision of  
23 a State, if such entity has lawful authority with re-  
24 spect to that violation” and inserting “the disclosure



1 of a trade secret in accordance with subsection (b)”;  
2 and

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

4 “(b) IMMUNITY FROM LIABILITY FOR CONFIDENTIAL  
5 DISCLOSURE OF A TRADE SECRET TO THE GOVERNMENT  
6 OR IN A COURT FILING.—

7 “(1) IMMUNITY.—An individual shall not be  
8 held criminally or civilly liable under any Federal or  
9 State trade secret law for the disclosure of a trade  
10 secret that—

11 “(A) is made—

12 “(i) in confidence to a Federal, State,  
13 or local government official, either directly  
14 or indirectly, or to an attorney; and

15 “(ii) solely for the purpose of report-  
16 ing or investigating a suspected violation of  
17 law; or

18 “(B) is made in a complaint or other docu-  
19 ment filed in a lawsuit or other proceeding, if  
20 such filing is made under seal.

21 “(2) USE OF TRADE SECRET INFORMATION IN  
22 ANTI-RETALIATION LAWSUIT.—An individual who  
23 files a lawsuit for retaliation by an employer for re-  
24 porting a suspected violation of law may disclose the  
25 trade secret to the attorney of the individual and use

1 the trade secret information in the court proceeding,  
2 if the individual—

3 “(A) files any document containing the  
4 trade secret under seal; and

5 “(B) does not disclose the trade secret, ex-  
6 cept pursuant to court order.

7 “(3) NOTICE.—

8 “(A) IN GENERAL.—An employer shall  
9 provide notice of the immunity set forth in this  
10 subsection in any contract or agreement with  
11 an employee that governs the use of a trade se-  
12 cret or other confidential information.

13 “(B) POLICY DOCUMENT.—An employer  
14 shall be considered to be in compliance with the  
15 notice requirement in subparagraph (A) if the  
16 employer provides a cross-reference to a policy  
17 document provided to the employee that sets  
18 forth the employer’s reporting policy for a sus-  
19 pected violation of law.

20 “(C) NON-COMPLIANCE.—If an employer  
21 does not comply with the notice requirement in  
22 subparagraph (A), the employer may not be  
23 awarded exemplary damages or attorney fees  
24 under subparagraph (C) or (D) of section

1           1836(b)(3) in an action against an employee to  
2           whom notice was not provided.

3           “(D) APPLICABILITY.—This paragraph  
4           shall apply to contracts and agreements that  
5           are entered into or updated after the date of  
6           enactment of this subsection.

7           “(4) EMPLOYEE DEFINED.—For purposes of  
8           this subsection, the term ‘employee’ includes any in-  
9           dividual performing work as a contractor or consult-  
10          ant for an employer.

11          “(5) RULE OF CONSTRUCTION.—Except as ex-  
12          pressly provided for under this subsection, nothing  
13          in this subsection shall be construed to authorize, or  
14          limit liability for, an act that is otherwise prohibited  
15          by law, such as the unlawful access of material by  
16          unauthorized means.”.

17          (b) TECHNICAL AND CONFORMING AMENDMENT.—  
18          Section 1838 of title 18, United States Code, is amended  
19          by striking “This chapter” and inserting “Except as pro-  
20          vided in section 1833(b), this chapter”.

Passed the Senate April 4, 2016.

Attest:

JULIE E. ADAMS,

*Secretary.*