
Index

A

aberrant conduct, 149–50
 defined, 150
 impact on sentencing, 150
 law-abiding life, deviation from, 150
abuse of position of trust, impact of, 146–49
 fiduciary duties, consideration of, 148
 position of trust, defined, 147
 sentence adjustment for, 146
amount of loss, determining, 126–44. *Also see* research and development costs; response costs impact on loss determination
actual loss, defined, 127
damages for past harm, consideration of, 128–29
fair market value considerations, 127
fines adjusted upward based on amount, 126
intended loss, defined, 127
loss, defined, 127
lost profits, 132–33
 calculating, 133
 difficulties in determining, 133
replacement cost considerations, 127–28
Restatement of Torts, provisions regarding, 128
thieves' market concept, 137
 defined, 137
 use in loss valuations, 137
unjust enrichment, 136–38
 market value determinations, 137–38

 value of trade secret, relevance of, 129–31
 wrongdoer's profits, consideration of, 128–29
approval requirement for EEA, 13–14
 codification of, 14
 negative economic effect of EEA, concerns regarding, 13
 personnel eligible to provide approval, 14
 prosecution initiations, requirements for, 14
 violations of, sanctions for, 14

B

Beall, Thomas R., 207
border searches in EEA investigations, 29–32
 authority for, limitations on, 30
 Coast Guard officers, conduct by, 30
 conduct of, requirements for, 29
 Customs and Border Protection agents
 conduct of, 30
 functional equivalents of physical borders, 30
 defined, factors regarding, 30
 search authority for, 30
 guidelines for, 31
 Immigration and Customs Enforcement agent conduct of, 30
 law enforcement agents with authority for, 30
 procedures for, 30
 prohibitions regarding, 31
 reasonable suspicion, application of, 31
 usefulness of, 29

C

- Child Protection Act, 119
- civil remedies under the EEA, 201–04.
Also see Defend Trade Secrets Act
- congressional purpose in EEA enactment, 201–03
- Clinton, William, 15
- Coast Guard officers, border searches, conduct of, 30
- Computer Fraud and Abuse Act, 133–35
- criminal proceedings in trade secret cases, 157–59. *Also see* discovery in trade secret cases
- criminal discovery rules, impact of, 157
- EEA provisions regarding secrecy protection, 158
- Federal Rules of Civil Procedure, impact of, 158
- Federal Rules of Evidence, impact of, 158
- protective orders, 159–61
 - role in secrecy protection, 159
 - terms of, 159
- public disclosures of trade secret theft, impact of, 158
- secrecy protections, difficulties regarding, 157–59
- trial procedures, 166–68
- Customs and Border Protection agents, border searches, conduct of, 30

D

- Defend Trade Secrets Act, 43, 112, 202–06
 - compensatory damages, provisions for, 203
 - criticism of, 207–09
 - trade secret claims as weapons, potential for, 208–09
 - EEA, amendments to, 202
 - enactment of, 202
 - equitable relief, provisions for, 203

- purpose of, 202
- seizure of property, provisions for, 203–04
 - actual possession requirement, 204–05
 - materials seized, procedures regarding, 205
 - seizure orders, requirements for, 205
- special master, 206
 - appointment of, 206
 - function of, 206
- support for, 206
- defenses to EEA charges, 99–108. *Also see* entrapment; impossibility defense to EEA charges; independent development; reverse engineering
- acquired experience, employee use of, 100
- casually retained information, issues regarding, 101
- developed skills, employees capitalizing on, 102
- disclosure of trade secret, 114–15
 - reasonable measures to keep secret, requirement for, 114
- efforts to memorialize knowledge, consideration of, 108
- employee exposure to information, consideration of, 100
- general knowledge exclusion from trade secret definition, 103
- ignorance or mistake, 108–09
- trade secret conversion, consideration of, 105
- diplomatic issues in international EEA enforcement, 193–97
- Chinese military personnel, indictment of, 193–97
- diplomatic responses, 195
- retaliatory measures, potential for, 196
- U.S. Department of Justice, actions regarding, 193

- discovery in trade secret cases, 160–61
 - depositions, 164–66
 - confidentiality considerations, regarding, 164–66
 - pretrial depositions, issues regarding, 164
 - documents, 161–63
 - confidentiality considerations regarding, 161–63
 - materiality of, determining, 163
 - Federal Rule of Criminal Procedure 16, application to, 160
- Double Jeopardy Clause, trade secret theft cases, application to, 170
- Drug Control Act, 118
- dual sovereignty doctrine
 - exceptions to, 172
 - trade secret theft cases, application to, 170
- E**
- Economic Espionage Act. *Also see*
 - approval requirement for EEA; civil remedies under the EEA; defenses to EEA charges; Industrial Espionage Act; private interests participation in EEA enforcement; punishment for EEA violations; U.S. Department of Justice enforcement of EEA
 - economic effect of, concerns regarding, 13
 - enactment of, 2
 - final passage of, 8
 - introduction of, 5
 - origins of, 2–7
 - preemption of state law, prohibition against, 169
 - purpose of, 5
 - worker mobility, impact on, 13
- Economic Espionage Act section 1831. *See* economic espionage, foreign engagement in
 - economic espionage, foreign engagement in, 69–70. *Also see* foreign agent, trade secret theft; foreign instrumentality in trade secret thefts
 - benefit, proof of, requirement for, 76–79
 - benefit, defining, 78
 - China engagement in, 69
 - Chinese military personnel charged with, 70
 - foreign government
 - defined, 71
 - involvement in espionage, 71
 - foreign government benefit, requirement for, 70
 - intent, determinations regarding, 78–79
 - maximum fines for, 70
 - prevalence of, 69
 - Russian government engagement in, 69
- economic espionage, history of
 - developing countries engagement in, 2
 - domestic, criminal penalties for, 7
 - Industrial Revolution, spying during, 2
 - national security, threat to, 6
- Economic Espionage Penalty Enhancement Act, 124–25
- electronic surveillance in EEA investigations, 32–37. *Also see* FISA, electronic surveillance under
 - FBI conduct of, 32
 - Omnibus Crime Control and Safe Streets Act, provisions of, 32
 - trade secret owner, consent for, 32
- employee mobility, 100–08
 - acquired experience, employee use of, 100
 - casually retained information, issues regarding, 101
 - developed skills, employee capitalizing on, 102
 - efforts to memorialize knowledge, issues regarding, 108

employee exposure to information,
 consideration of, 100
potential obstacles to, 100
enforcement of the Economic Espionage
 Act. *See* federal resources for EEA
 enforcement
entrapment, 119–21
 electronic surveillance, FBI use of, 119
 entrapment defense, avoidance of, 120
 undercover operations use by FBI, 119
EUROPOL, IP protection efforts of, 20

F

FBI

 electronic surveillance, use of, 119
 intellectual property crime, investigation
 of, 12
 trade secret theft, investigation of, 11
 undercover operations, use of, 119
federal resources for EEA enforcement,
 9–12

 Department of Justice enforcement
 activities 9

Feinstein, Dianne, 6

foreign agent, trade secret theft, 75–79
 acting as foreign agent, determining, 75
 as foreign agent, 75
 benefit to government, determining, 75

Foreign Corrupt Practices Act

 economic espionage provisions, 72
 international enforcement of the EEA,
 application, 182

foreign instrumentality in trade secret
 thefts, 72–76

 activities directed by government,
 determination of, 73

 evasion of EEA, prevention of, 72

 Foreign Corrupt Practices Act, applica-
 tion to, 72

 instrumentality, failure to define, 72

 state-owned enterprises, issues
 regarding, 72

 substantial control requirement, 72–74

Foreign Intelligence Surveillance Act
 authorization, requirements for, 32
 electronic surveillance under, 32–36
 significant purpose requirement,
 application of, 33

Freeh, Louis, 2, 3, 69, 157

H

Hatch, Orrin, 13

Holder, Eric, 9

I

IBM, economic espionage, target of, 6

Immigration and Customs Enforcement
 agents, border searches, conduct of,
 30

impossibility defense to EEA charges,
 115–19

 act not made criminal by statute,
 consideration of, 117

 examples of, 115

 potential damage to EEA, consider-
 ation of, 119

 trend regarding, 117

 viability of, 117

independent development, 112–13

 as defense to EEA charges, 112

 burden of proof for, 112

independent economic value derived from
 secrecy, 61–65

 difficulties regarding, 64

 independent economic value require-
 ment, issues regarding, 61–62

 state trade secret laws, provisions
 regarding, 62

 Uniform Trade Secrets Act, provisions
 of, 62

Industrial Espionage Act

 passage of, 7

 provisions of, 7

Industrial Revolution, economic espionage
 during, 2

- Intellectual Property Enforcement
 - Coordinator, 10, 15–16, 18
 - creation of, 15
 - purpose of, 10, 15
 - intellectual property protection, state
 - involvement in, 17–18
 - intellectual property theft, Department of Justice focus on, 9
 - intent requirement in misappropriations, 44–49
 - benefit to another requirement, 48–49
 - explicit clearness of knowledge, determining, 46
 - knowledge allegations, challenges to, 45–47
 - knowledge regarding trade secret, importance of, 45–48
 - international cooperation to combat trade secret theft, 18–27. *Also see* Strategy on Mitigating the Theft of U.S. Trade Secrets
 - foreign law enforcement partners, training of, 19
 - INTERPOL involvement in, 20
 - U.S. Trade Representative involvement in, 19
 - international cooperation to protect IP
 - EUROPOL, involvement in 20
 - Mexican Revenue Service involvement in, 20
 - Royal Canadian Mounted Police, involvement in 20
 - International Emergency Economic Powers Act, 198
 - international enforcement of the EEA, 179–80. *Also see* diplomatic issues in international EEA enforcement; jurisdiction over foreign defendants, obtaining
 - difficulties regarding, 179
 - extraterritorial application, 180–82
 - Foreign Corrupt Practices Act, application to, 182
 - international comity and fairness, consideration of, 181
 - presumption against, 181
 - Federal Rules of Criminal Procedure, provisions of, 180
 - foreign intelligence threat, impact of, 181
 - International Emergency Economic Powers Act, provisions of, 198
 - sanctions, 197–99
 - Barack Obama imposition of, 198
 - Chinese military officers, indictment of, 197
 - North Korea, imposition on, 199
 - presidential options regarding, 198
 - purpose of, 198
 - INTERPOL, IP protection efforts of, 20
 - interstate or foreign commerce related to trade secrets, 89–96
 - interstate commerce
 - defined, 91–97
 - requirement, consideration of, 93
 - Trade Secrets Clarification Act, impact of, 90, 93
 - product, defined, 90–91, 96
 - investigations of EEA violations, 29. *Also see* border searches in EEA investigations; electronic surveillance in EEA investigations
 - key logger software, utilization of, 36
 - searches and seizures, 29–36
 - sting operations, 36–37
- J**
- jurisdiction over foreign defendants, obtaining, 182–92. *Also see* service of process
 - extradition, 182–84
 - dual criminality, concept of, 183
 - obstacles to, 183
 - politically motivated charges, consideration of, 183

K

key logger software use in EEA investigations, 36
Kohl, Herb, 5–7, 107

M

Mandatory Victims Restitution Act, 152
McCollum, Bill, 6–7
Mexican Revenue Service, IP protection efforts of, 20
Mitchell, Michael, 23
multiple prosecutions of trade secret theft cases, 169–76
 Double Jeopardy Clause, application to, 170
 double jeopardy protections inapplicability of, 172
 dual sovereignty doctrine
 application to, 170
 exceptions to, 172
 furtherance of justice, consideration of, 175
 preemption of state law, EEA provision regarding, 169
 two different sovereigns, violations involving, 170
 vindictive prosecutions, issues regarding, 174

N

National Intellectual Property Law Enforcement Coordination Council, 15
National Intellectual Property Rights Coordination Center, 14–17
 establishment of, 14
 investigations under, 16–17
 member agencies, 15
 purpose of, 14
 Strategic Plan, implementation of, 16–17

National Security Act of 1947, 7
National Security Cyber Specialists Network, 11
 purpose of, 11
National Stolen Property Act, 4

O

Obama Administration, trade secret theft, discouragement of, 19
Obama, Barack, 93, 198
offense level of crime, determining, 126–44. *Also see* amount of loss, determining; sentencing guidelines, U.S.
Omnibus Crime Control and Safe Streets Act, provisions of, 32

P

preemption of state law, EEA provision regarding, 169
Prioritizing Resources and Organization for Intellectual Property Act, 18, 51
private interests participation in EEA enforcement, 20–27
 internal investigations, benefits of, 21
 trade secret owners involvement with, 20–21
 trade secrets owned by others, protection of, 21–22
proprietary information loss, cost of, 3
punishing organizations for EEA violations, 154–56
 culpability score, consideration of, 155
 effective compliance plans, importance of, 155
 ethics programs, importance of, 155
 fines for, determining, 154–55
 monetary fines as criminal penalties, 154
U.S. Sentencing Guidelines application to, 155

- punishment for EEA violations. *Also see*
punishing organizations for EEA
violations; sentencing guidelines,
U.S.
- Economic Espionage Penalty Enhance-
ment Act, provisions of, 124–25
- forfeiture, 151–52
court discretion regarding, 151
mandatory facet of sentencing, 151
supplement to other punishments,
151
- Mandatory Victims Restitution Act,
provisions of, 152
- Prioritizing Resources and Organiza-
tion for Intellectual Property Act,
provisions of, 151
- restitution, 152–56
reimbursement, requirements for,
153
value of the property, payment for,
153
victim, defined, 152
victim's expenses, determining, 154
statutory maximums, 124
- U.S. Intellectual Property Enforcement
Coordinator, recommendations of,
124
- R**
- reasonable measures to keep information
secret, 55–61. *Also see* independent
economic value derived from secrecy
costs imposed by, 55
difficulties created by requirement, 60
failure to do so, consequence of, 56
reasonable steps, defined, 57
security measures, examples of, 57
- Reno, Janet, 13, 14
- research and development costs, 138–44
calculation of, 139–40
cost of project, tracking, 138
loss estimates, reasonableness of, 144
- U.S. Sentencing Commission, recom-
mendations regarding, 138
- response costs impact on loss determina-
tion, 133–36
civil litigation costs, consideration of,
135–36
- Computer Fraud and Abuse Act
provisions of, 133–34
- reverse engineering, 110–12
as defense to EEA charge, limitations
of, 112
- Defend Trade Secrets Act, impact of,
112
defined, 110
EEA provisions regarding, 111
- Rogers, Mike, 193
- Rogers, William, 170
- Royal Canadian Mounted Police, IP
protection efforts of, 20
- S**
- Schumer, Charles, 6
- sentencing guidelines, U.S., 125–50. *Also
see* aberrant conduct; abuse of
position of trust, impact of; amount of
loss, determining; sophisticated
means to perpetrate offense, impact;
use of special skills, impact of
foreign country involvement in trade
secret theft, 144–46
- Sentencing Guidelines' Application
Instructions, 126
- Sentencing Reform Act, provisions of,
125
- Sentencing Reform Act, 125
- service of process, 185–99
Federal Rule of Criminal Procedure 4,
application to, 185
jurisdictional gap, 185–91
overcoming, 191–92
means of service, revised requirements
for, 192
purpose of, 185

- service, procedures for, 185
- two requirements for effective service, 185
- sophisticated means to perpetrate offense
 - impact of, 149
 - proof of, 149
 - sentence adjustment for, 149
- specificity requirement in misappropriation prosecutions, 52–55
 - double jeopardy, pleading of, 52
 - fairly informing defendant, requirement for, 52
 - indictment, need for inclusion of particulars, 52
- Specter, Arlen, 5–7
- Strategy on Mitigating the Theft of U.S. Trade Secrets, 18–27
 - agencies involved with, 19
 - Obama Administration introduction of, 18
 - purpose of, 18

T

- Task Force on Intellectual Property Intellectual Property Enforcement Coordinator, cooperation with, 10
- purpose of, 10
- representatives to, 10
- trade secret defined, 49–52
 - criminal prosecutions under EEA, 51–52
 - EEA broad definition of, 49
 - forms of information covered by EEA, 50
 - general knowledge exclusion from, 103
 - information not protected by EEA, 52
 - information protected under the EEA, 50
- Uniform Trade Secrets Act definition of, 49

- trade secret, misappropriation of, 39–43.
 - Also see* reasonable measures to keep information secret; specificity requirement in misappropriation prosecutions; whoever statute provisions
- categories of, 39
 - economic espionage, 39
 - theft of trade secrets, 39
- Defend Trade Secrets Act, provisions of, 43
- EEA definition of misappropriation, breadth of, 42
- misappropriation, difficulties in defining, 41
- owner of trade secret, defining, 55
- prosecutions under EEA, 41–43
- receipt or possession of trade secrets, 43–44
 - prosecution for, 43
- Restatement (Third) of Unfair Competition, application of, 41
- reverse engineering, issues regarding, 42
- Uniform Trade Secrets Act, application to, 41
- trade secret owner, injury to, 86–89. *Also see* interstate or foreign commerce related to trade secrets
 - actual injury, issues regarding, 88
 - disadvantage, suffering of, requirement for, 86
 - trade secret definition, impact of, 87
- Trade Secrets Clarification Act, 90, 93, 95
- trade secrets, theft of, proof requirements for, 81. *Also see* trade secret owner, injury to
 - intent, proof of, 85–86
 - circumstantial evidence for, 85
 - intent to confer benefit, 82–86
 - intent to convert, 81–82

Treasury and Government Appropriations Act, 15

U

U.S. Department of Justice. *Also see* Task Force on Intellectual Property
Computer Crime and Intellectual Property Section, purpose of, 10
Computer Hacking and Intellectual Property coordinator, 10
enforcement of EEA, 9–12.
intellectual property theft, focus of, 9
international EEA enforcement, issues regarding, 193
National Security Cyber Specialists Network, 11
Task Force on Intellectual Property, establishment of, 10
trade secret theft, investigation of, 11
U.S. Intellectual Property Enforcement Coordinator, EEA penalties, recommendations regarding, 124
U.S. Sentencing Commission, trade secret theft, recommendations regarding, 138
U.S. Trade Representative, IP protection efforts of, 19

Uniform Trade Secrets Act, 17
independent economic value, provisions regarding, 62
trade secret defined, 49
trade secret misappropriation, application to, 41
trade secret theft, application to, 17
unjust enrichment in trade secret theft, 136–38
use of special skills, impact of, 146–50
sentencing adjustment for, 146
special skill, defined, 146

W

whoever statute provisions, 39–40
individuals, application to, 39
organization
application to, 39
defined, 39
penalties for EEA violations, 40
worker mobility, Economic Espionage Act
impact on, 13

Y

Yeltsin, Boris, 6