Federal Judge Confirms that Federal Trade Secret Statute Applies to Misappropriation that Occurs Overseas

Earlier this month, a Northern District of Illinois jury returned a verdict in favor of Motorola for over $700 million after a trial in which Motorola alleged that Hytera hired three engineers away from Motorola’s Malaysian office, and that those engineers stole and brought with them thousands of Motorola’s trade secret technical documents that Hytera used to develop a state-of-the-art digital radio that was functionally indistinguishable from Motorola’s. While the size of the verdict against Hytera is eye catching, another decision in that case concerning the application of the Defend Trade Secrets Act (DTSA) to activity occurring overseas emphasizes the value of the DTSA to companies with trade secret assets to protect.
During the trial, Hytera filed a motion to preclude Motorola from relying on extraterritorial damages, arguing that the DTSA did not have extraterritorial effect and all damages should be limited only to domestic applications of the statute. The court disagreed, holding that the DTSA may apply extraterritorially in a private cause of action under the statute if either of the following requirements are met:

1. the offender is a natural person who is a citizen or permanent resident alien of the United States, or an organization organized under the laws of the United States or a State or political subdivision thereof; or

2. an act in furtherance of the offense was committed in the United States.


In coming to this conclusion, the court undertook a lengthy application of the extraterritoriality analysis recently promulgated by the Supreme Court in RJR Nabisco, Inc. v. European Cmty., 136 S. Ct. 2090 (2016). First, the court addressed whether the presumption against extraterritoriality had been rebutted in the language of the statute. In finding that it had, the court explained that language in of the Economic Espionage Act (the existing federal criminal statute that the DTSA amended to create a private civil cause of action for trade secret misappropriation) stating that the “chapter also applies to conduct occurring outside of the United States,” applied to Section 1836 that creates the private right of action. The court further explained that the relevant section of the EEA, as modified by the DTSA, did not contain language limiting the private cause of action to domestic applicability. While other district courts had found that Section 1836’s private right of action applied extraterritorially without analysis, this court was the first to undertake an extraterritoriality analysis with respect to the DTSA and confirm the DTSA’s application to overseas conduct in civil actions brought under the statute in light of RJR Nabisco.

With the overseas application of the DTSA confirmed, companies would be wise to consider circumstances that might give rise to the DTSA’s application in this context. As always, companies should consider pro-active measures to protect their confidential business information to prevent theft of valuable trade secrets.

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