HYTER-RITORIALITY: THE PROPER EXTRATERRITORIAL SCOPE OF THE DEFEND TRADE SECRETS ACT

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ABSTRACT

In *Motorola Solutions v. Hytera Communications Corp.*, the Seventh Circuit held that a single "act in furtherance" of trade secret misappropriation in the United States exposes a misappropriator to liability for its worldwide conduct under the 2016 Defend Trade Secrets Act (DTSA)—even if the extraterritorial damages do not stem from the domestic act. This Note argues that the Seventh Circuit arrived at this result by misconstruing the statute and assigning identical meaning to two different terms: "offense" and "misappropriation." Interpreting the term "offense" to mean improper acquisition of trade secrets properly limits the extraterritorial application of the DTSA. Beyond a textual error, the Seventh Circuit's sweeping extraterritorial application of the DTSA also contravenes Congressional intent in enacting the statute. The legislative history of the DTSA presents a wealth of evidence that Congress understood the importance of extraterritorial protection for trade secrets but intended this protection to be much more limited in scope than what the Seventh Circuit's holding established.

TABLE OF CONTENTS

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I. INTRODUCTION

Imagine an Italian corporation illicitly copying trade secret files from a Spanish competitor's server in France, manufacturing products embodying the misappropriated trade secrets in Germany, and selling 60 percent of those products in the United Kingdom and the remaining 40 percent across other European markets. Ordinarily, a case involving conduct spanning multiple jurisdictions could raise complex legal questions—even for an experienced transnational litigator—about which nation's laws would protect the trade secret owner and which nation's courts would be amenable to hearing the dispute. Making the wrong choice about where to file a lawsuit or even waiting too long could result in the plaintiff losing out on some, most, or even all recoverable damages. If there were a single forum where that Spanish trade secret owner could recover for all its European losses, that would be the obvious choice. However, the Italian corporation's widely distributed conduct makes finding such a forum difficult, if one even exists. Yet, under current U.S. trade secret law, if the misappropriator also sold some misappropriated products in the United States, the Spanish trade secret owner could recover worldwide damages in American courts under American law. The owner could even, potentially, recover worldwide damages if the misappropriator failed to make any *sales* in the United States, but still marketed its products at U.S. trade

shows. In fact, they could *still* recover worldwide damages if the misappropriator merely registered for a trade show, even if it did not actually participate.

In *Motorola Solutions. v. Hytera Communications Corp.*, the Seventh Circuit held that the 2016 Defend Trade Secrets Act (DTSA) "does not require a completed act of misappropriation, nor does it impose a specific causation requirement" to impose extraterritorial liability.[1] The ruling in *Hytera* relied on § 1837(2) of Title 18,[2] which provides that Chapter 90—where the DTSA is codified—applies to conduct outside the United States if "an act in furtherance of the offense [is] committed in the United States."[3] This language comes from the Economic Espionage Act of 1996 (EEA), and, for decades, commentators have suggested that § 1837(2) could impose extraterritorial liability for acts as inconsequential as visiting websites or using email services hosted on servers located in America.[4]

Hytera's holding could impose global liability under American law if a foreign misappropriator so much as sends an email[5] or places a phone call[6] that touches the United States. If trade secrets protected under the DTSA are to align with other intellectual property (IP) rights, extraterritoriality under the DTSA should bear some resemblance to principles governing other federal IP regimes. Copyright, patent, and trademark laws are territorially limited and require a strong nexus between foreign and domestic conduct to impose extraterritorial liability.[7] The Seventh Circuit's decision in *Hytera* held that the "offense" required to invoke extraterritorial protection under § 1837(2) "in the context of the DTSA private cause of action, is the misappropriation."[8] However "offense" and "misappropriation" are distinct terms and should not be treated interchangeably. This Note argues that the text of the statute supports a narrower reading: "offense" should refer only to the improper

1. Motorola Sols., Inc. v. Hytera Commc'ns Corp. Ltd. (*Hytera II*), 108 F.4th 458 (7th Cir. 2024), *reh'g dismissed*, No. 22-2370, 2024 WL 4416886 (7th Cir. Oct. 4, 2024).

2. *Hytera II*, 108 F.4th at 486.

3. 18 U.S.C. § 1837(2).

4. *See* Robin J. Effron, *Secrets and Spies: Extraterritorial Application of the Economic Espionage Act and the Trips Agreement*, 78 N.Y.U. L. REV. 1475, 1513 (2003) (presenting a hypothetical where internet activity connected to servers in America can support prosecution for extraterritorial conduct under the EEA).

5. *See id.*

6. *See* United States v. Stewart, 878 F.2d 256 (8th Cir. 1989) (holding that a phone call, even routed through a jurisdiction, constitutes an act in furtherance committed within that jurisdiction).

7. *See infra* Section II.B.2.

8. *Hytera II*, 108 F.4th at 483 (quoting Motorola Sols., Inc. v. Hytera Commc'ns Corp. (*Hytera I*), 436 F. Supp. 3d 1150, 1163 (N.D. Ill. 2020), *aff'd*, 108 F.4th 458 (7th Cir. 2024)).

acquisition of trade secrets. This narrower reading—imposing civil liability for extraterritorial conduct only when a misappropriator commits an act in furtherance of the acquisition of trade secrets in the United States—better aligns with Congressional intent as reflected by the statute's legislative history. By confining the DTSA's scope to trade secret theft occurring in the United States, the statute can still protect the role and value of trade secrets in the American economy while also respecting the territorial limits of U.S. law and preventing American courts from becoming venues for foreign disputes.

Part II of this Note provides the necessary background information to understand the significant expansion of trade secret law under the Seventh Circuit's holding in *Hytera*. Part III discusses the facts of *Hytera*, the reasoning the district court and Seventh Circuit used in determining the extraterritorial scope of the DTSA, the arguments Hytera presented in its petition for certiorari, and the consequences of the Seventh Circuit's holding. Part IV argues that courts should interpret the DTSA with a much more limited extraterritorial application than the Seventh Circuit's holding in *Hytera* condones.

II. LEGAL BACKGROUND

The Seventh Circuit's ruling in *Hytera* dramatically expands extraterritorial liability under American trade secret law—this Part provides the necessary context to appreciate its overbreadth. Section II.A provides a brief historical overview of trade secret protection in the United States. Section II.B discusses the extraterritorial application of American law. Section II.C considers the breadth and flexibility of the "act in furtherance" concept as derived from criminal conspiracy law.

A. A BRIEF HISTORY OF TRADE SECRET PROTECTION IN THE UNITED STATES UNDER STATE AND FEDERAL LAW

Before the passage of the DTSA, trade secret protection in the United States lacked uniformity.[9] The EEA made trade secret theft a federal crime, but only state law provided a civil remedy for trade secret owners.[10] Congress understood the importance of a federal civil remedy when drafting the EEA, but believed the "proposal needed to be vetted on its own terms," rather than hastily added to a criminal statute.[11] After passing the EEA, however, Congress

9. *See* H.R. REP. NO. 114-529, at 4 (2016).

10. *See generally* Economic Espionage Act of 1996, Pub. L. No. 104-294 (the EEA, imposing criminal penalties in several sections, and only an injunction as a civil remedy).

11. *Trade Secrets: Promoting and Protecting American Innovation, Competitiveness and Market Access in Foreign Markets: Hearing Before the Subcomm. on Cts., Intell. Prop., and the Internet of the H.*

shifted its focus to other pressing issues and did not return to the creation of a federal civil remedy for trade secret misappropriation.[12] In the absence of a unified federal trade secret law, forty-nine states adopted the Uniform Trade Secrets Act (UTSA) to standardize trade secret protections.[13] While the UTSA aimed to provide uniform trade secret protection across states,[14] states were free to adopt, adapt, or amend the UTSA as they desired, undermining its goal of nationwide uniformity.[15] The DTSA was meant to address this deficiency by providing a federal remedy for trade secret misappropriation applicable in every state.[16] To that end, Congress enacted the DTSA as an amendment to Chapter 90 of Title 18, United States Code, originally the EEA.[17]

18 U.S.C. § 1836 created the long-awaited federal civil remedy for trade secret owners, allowing courts to grant injunctions to prevent misappropriation and award damages to plaintiffs for harm caused by misappropriation.[18] Section 1839 spells out the scope of the trade secret rights, using definitions for "trade secret" and "misappropriation" that are "substantively similar" to those found in the UTSA.[19] Section 1839(3) defines the term "trade secret" broadly, covering almost any information the owner keeps secret as long as the owner can derive value from its continued secrecy.[20] "Misappropriation" as defined by § 1839(5) means:

> (A) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

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Comm. on the Judiciary, 113th Cong. 8 (2014) [hereinafter *Hearing Before the House Judiciary Committee*].

12. *Id.*

13. MELVIN F. JAGER & BRAD LANE, TRADE SECRETS LAW § 3:29 (2024). As of November 2025, New York is the only state that has not adopted the UTSA.

14. *Why States Should Adopt the UTSA*, UNIF. L. COMM'N, https://www.uniformlaws.org/HigherLogic/System/DownloadDocumentFile.ashx?DocumentFileKey=f0fd9607-5912-9945-85e2-7cea5015447d&forceDialog=0 [https://perma.cc/XLF7-UGT5] (last visited May 4, 2025).

15. *See, e.g.*, R. Mark Halligan, *Protection of U.S. Trade Secret Assets: Critical Amendments to the Economic Espionage Act of 1996*, 7 J. MARSHALL REV. INTELL. PROP. L. 656, 670 (2008).

16. *See infra* Section IV.C.2.a.

17. *See* Defend Trade Secrets Act of 2016, Pub. L. No. 114-153.

18. 18 U.S.C. § 1836(b)(3).

19. Danielle A. Duszczyszyn, Ph.D & Daniel F. Roland, *Three Years Later: How the Defend Trade Secrets Act Complicated the Law Instead of Making It More Uniform,* FINNEGAN, https://www.finnegan.com/en/insights/articles/three-years-later-how-the-defend-trade-secrets-act-complicated-the-law-instead-of-making-it-more-uniform.html [https://perma.cc/B83K-QNJT] (last visited Dec. 20, 2024).

20. 18 U.S.C. § 1839(3).

> (B) disclosure or use of a trade secret of another without express or implied consent.[21]

The DTSA does not define the "use" of a trade secret. However, courts interpreting state laws modeled on the UTSA have relied on the Restatement of Unfair Competition, which asserts that "use" covers a broad range of conduct and includes "any exploitation of the trade secret" that is likely to harm the trade secret owner or enrich the misappropriator.[22] The Restatement (Third) of Unfair Competition explicitly names certain conduct as uses of trade secrets:

> [M]arketing goods that embody the trade secret, employing the trade secret in manufacturing or production, relying on the trade secret to assist or accelerate research or development, or soliciting customers through the use of information that is a trade secret (see § 42, Comment f) all constitute "use."[23]

A misappropriator necessarily acquires trade secret information by improper means,[24] meaning that any action taken with that information is also improper. This expansive definition of "use" strengthens trade secret protection by imposing liability on misappropriators for anything they do with information they should never have had in the first place.

In drafting the DTSA, Congress sought to modernize trade secret protection given the frequency of trade secret theft occurring "across state and international boundaries."[25] According to the International Trade Commission report *China: Effects of Intellectual Property Infringement and Indigenous Innovation Policies on the U.S. Economy*, U.S. businesses lost an estimated $1.1 billion due to Chinese trade secret misappropriation in 2009 alone.[26] Congress enacted the DTSA to uniformly protect American trade secret owners, but they took special care to highlight the threat of foreign misappropriation, stating:

> It is the sense of Congress that—
>
> (1) trade secret theft occurs in the United States and around the world;

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21. 18 U.S.C. § 1839(5).

22. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 40 cmt. c. For the proposition that some state trade secret laws derived their definition of "use" from this Restatement, see *Hytera I*, 436 F. Supp. 3d at 1164.

23. RESTATEMENT § 40 cmt. c.

24. *See* 18 U.S.C. § 1839(3).

25. *Hearing Before the House Judiciary Committee*, *supra* note 11, at 38.

26. China: Effects of Intellectual Property Infringement and Indigenous Innovation Policies on the U.S. Economy, Inv. No. 332-519, USITC Pub. 4226 (May 2011) (Final).

> (2) trade secret theft, wherever it occurs, harms the companies that own the trade secrets and the employees of the companies.[27]

The scope of remedies available under the DTSA for trade secret misappropriation occurring worldwide was at issue in *Hytera*. Title 18 expressly covers certain conduct outside of the United States—18 U.S.C. § 1837 provides that:

> This chapter also applies to conduct occurring outside the United States if—
>
> . . .
>
> (2) an act in furtherance of the offense was committed in the United States.[28]

This extraterritoriality provision was originally enacted with the EEA[29] and left unamended by the DTSA.[30] The statute does not, however, expressly define the terms "act in furtherance" or "offense," leaving the question of the proper extraterritorial bounds of the DTSA up to interpretation by the courts.[31]

B. THE PRESUMPTION AGAINST EXTRATERRITORIALITY URGES RESTRAINT IN APPLYING UNITED STATES LAW TO CONDUCT IN FOREIGN COUNTRIES

Section IV.B.2.a of this Note argues that the DTSA was designed to provide trade secrets the same level of legal protection afforded to copyrights, patents, and trademarks. Understanding where the DTSA fits into the federal intellectual property regime requires an understanding of how other intellectual property laws address domestic and extraterritorial infringement. Section II.B.1 covers the Supreme Court's jurisprudence on the presumption against extraterritoriality in American law. Section II.B.2 discusses how this presumption is applied to copyright, patent, and trademark law.

1. The Presumption as a Canon of Construction

Extraterritoriality refers to the application of a nation's law to conduct occurring outside its own borders.[32] The U.S. Supreme Court has long applied

27. Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, § 5.
28. 18 U.S.C. § 1837.
29. Economic Espionage Act of 1996, Pub. L. No. 104-294, § 1837.
30. *See* Defend Trade Secrets Act of 2016, Pub. L. No. 114-153.
31. *See* 18 U.S.C. § 1837.
32. William S. Dodge, *A Primer on Extraterritoriality*, TRANSNAT'L LITIG. BLOG, https://tlblog.org/a-primer-on-extraterritoriality/ [https://perma.cc/393T-XSGB] (last visited Dec. 20, 2024).

a presumption against the extraterritorial application of American law[33] on the principle that "United States law governs domestically but does not rule the world."[34] This does not mean that Congress lacks the power to enact legislation that applies extraterritorially. In fact, Congress has the power to extend U.S. laws beyond domestic borders.[35] The Restatement (Fourth) of Foreign Relations Law explains that nations may enact laws with extraterritorial effect if there is a "genuine connection" between the nation and the conduct implicated.[36] The presumption against extraterritoriality is simply a canon of statutory construction; it urges courts to ask not whether Congress has the *power* to give a statute extraterritorial effect, but rather whether it had the *intent* to do so.[37] While courts have historically proceeded with caution in extending U.S. law to foreign jurisdictions, they have lacked a single test to apply across different areas of law—until recently.[38]

In a series of four decisions, the Supreme Court has attempted to create a standardized extraterritoriality framework.[39] The first two cases, *Morrison v. National Australia Bank*[40] and *Kiobel v. Royal Dutch Petroleum Co.*,[41] marked a shift toward a "focus" test for determining whether a statute applies extraterritorially, but they did not establish a definitive rule for other cases.[42] In *RJR Nabisco v. European Community*, the Supreme Court formulated a two-step test for extraterritoriality.[43] In step one, the presumption against extraterritoriality can be rebutted if the language in the statute "gives a clear, affirmative indication that it applies extraterritorially."[44] If a statute fails step one, the court then looks to step two, where it "determine[s] whether the case

33. *See generally* William S. Dodge, *The New Presumption Against Extraterritoriality*, 133 HARV. L. REV. 1582 (2020).

34. Microsoft Corp. v. AT&T Corp., 550 U.S. 437, 454 (2007).

35. Steele v. Bulova Watch Co., 344 U.S. 280, 282 (1952) ("Congress in prescribing standards of conduct for American citizens may project the impact of its laws beyond the territorial boundaries of the United States.").

36. RESTATEMENT (FOURTH) OF FOREIGN RELS. L. § 407.

37. *See* Morrison v. Nat'l Austl. Bank Ltd., 561 U.S. 247, 255 (2010) ("This principle represents a canon of construction, or a presumption about a statute's meaning, rather than a limit upon Congress's power to legislate.").

38. *See* Dodge, *supra* note 33, at 1585–86.

39. *See* Timothy R. Holbrook, *Is There a New Extraterritoriality in Intellectual Property?*, 44 COLUM. J.L. & ARTS 457, 479–84 (2021).

40. *Morrison*, 561 U.S. at 247.

41. Kiobel v. Royal Dutch Petroleum Co., 569 U.S. 108 (2013).

42. Holbrook, *supra* note 39, at 481.

43. Dodge, *supra* note 33, at 1603; *see* RJR Nabisco v. Eur. Cmty., 579 U.S. 325 (2016).

44. *RJR Nabisco*, 579 U.S. at 337 (2016).

involves a domestic application of the statute . . . by looking to the statute's 'focus.'"[45]

In *WesternGeco LLC v. ION Geophysical Corp.*, the fourth and final case in the series, the Court for the first time reached the second step of the *RJR Nabisco* test and applied it to patent statutes.[46] There, defendant ION Geophysical Corp. ("ION") manufactured the components of plaintiff WesternGeco LLC's ("WesternGeco") patented system in the United States, before shipping them abroad for assembly.[47] WesternGeco sued to recover foreign lost profits under 35 U.S.C. § 271(f), but the Federal Circuit reasoned that § 271(f) did not apply extraterritorially.[48] After granting certiorari, the Court held that the case presented a permissible domestic application of the Patent Act.[49] The trial court examined damages under the general patent damages statute, 35 U.S.C. § 284, which provides patent owners compensation for infringement but does not itself define patent infringement.[50] The Court applied the *RJR Nabisco* test and determined the "focus" of § 284 was "the infringement," as defined by 35 U.S.C. § 271(f).[51] Section 271(f) defines infringement as the exportation of uncombined components of patented devices "in such manner as to actively induce the combination of such components outside of the United States."[52] The Court held that the recovery of foreign lost profits was a permissible domestic application of § 284, attaching liability to the domestic act of infringement defined by § 271(f).[53] Because § 271(f) defined infringement as the domestic act of exportation, the Court found the defendant liable for exportation and measured its liability by its foreign profits.[54]

2. *Application of the Presumption Against Extraterritoriality to Intellectual Property Law Requires a Strong Connection to Domestic Activity to Impose Liability for Extraterritorial Conduct*

The presumption against extraterritoriality, as established in *RJR Nabisco*, applies across all substantive areas of U.S. law. This Note, however, focuses on its application to intellectual property law and the differing extraterritorial

45. *Id.*
46. WesternGeco LLC v. ION Geophysical Corp., 585 U.S. 407 (2018).
47. *Id.*
48. *Id.*
49. *Id.*
50. *Id.* at 408.
51. *Id.* at 414–15.
52. 35 U.S.C. § 271(f)(1).
53. *WesternGeco*, 587 U.S. at 415–16.
54. *Id.* at 416.

scope of each intellectual property regime. Section II.B.2.a examines extraterritoriality in copyright law. Section II.B.2.b examines extraterritoriality in patent law. Section II.B.2.c examines extraterritoriality in trademark law.

a) Copyright's Predicate Act Doctrine Requires Domestic Infringement to Impose Extraterritorial Liability

Extraterritoriality in copyright law follows the "predicate act" doctrine, which allows a copyright holder to recover damages for foreign infringement only if the damage stems from a completed act of infringement committed within the United States.[55] In 1939, the Second Circuit created the predicate act doctrine and awarded damages for foreign screenings of a movie because the infringer had copied the film in the United States and the foreign damages necessarily stemmed from that domestic act of copying.[56] The predicate act doctrine likely survives the *RJR Nabisco* test, but few courts have rigorously applied the test.[57] The Seventh Circuit, in *Hytera II*, briefly referenced *RJR Nabisco* while addressing Motorola's copyright infringement claims but ultimately found no domestic act of infringement, devoting little analysis to the doctrine's continued validity.[58] In *Hytera I*, the district court ruled that the predicate act doctrine survived the Court's tetralogy of extraterritoriality decisions because the doctrine "holds similarities to the Supreme Court's recent analysis in *WesternGeco*" without further explanation.[59]

The D.C. Circuit has used the *RJR Nabisco* test in a few copyright cases, finding that the Copyright Act did not rebut the presumption against extraterritoriality.[60] The court has accordingly examined which types of border-crossing activities constitute a domestic act of infringement.[61] In *Spanski Enterprises, Inc. v. Telewizja Polska, S.A.*, the court held that although the infringer uploaded the copyrighted work in Poland, users in the United States accessed and viewed the content, creating liability for copyright infringement in the United States.[62] The D.C. Circuit distinguished *Spanksi* in *IMAPizza, LLC v. At Pizza Ltd.*, finding that downloading pictures from U.S. servers to U.K. computers was not U.S. copyright infringement because the legally

55. Holbrook, *supra* note 39, at 470.

56. Sheldon v. Metro-Goldwyn Pictures Corp., 106 F.2d 45, 52 (2d Cir. 1939), *aff'd*, 309 U.S. 390 (1940).

57. Holbrook, *supra* note 39, at 494.

58. *Id.*

59. *Hytera I*, 436 F. Supp. 3d at 1168.

60. *See* Spanski Enters., Inc. v. Telewizja Polska, S.A., 883 F.3d 904 (D.C. Cir. 2018); IMAPizza, LLC v. At Pizza Ltd., 965 F.3d 871 (D.C. Cir. 2020).

61. *Spanski*, 883 F.3d at 914; *IMAPizza*, 965 F.3d at 877.

62. *Spanski*, 883 F.3d at 914.

defined copying took place where the images became fixed, in the United Kingdom.[63] Both cases involved digital downloads of copyrighted content and concluded that infringement occurs in the country where the download took place—not in the country containing the server from which the copyrighted content was accessed.[64] Conversely, the district court in *Hytera I* found that the predicate act doctrine could apply where copyrighted software was downloaded from a U.S. server to a user in Malaysia, finding the infringing download to occur in the country of the server rather than the user.[65] While the Seventh Circuit ultimately reversed the district court's finding of domestic copyright infringement, it did so on factual grounds, holding Motorola failed to prove the downloads actually originated from a domestic server.[66] In fact, the Seventh Circuit expressly stated that U.S. copyright law can reach infringers downloading documents abroad, stating "[i]f a copyright owner hopes to prove infringement based solely on the illicit download of copyrighted material but has stored identical copies of that material in servers abroad, it must be prepared to show that the unauthorized download was made from a U.S.-based server."[67] Although the Seventh Circuit did not pass on the question of infringement by domestic users downloading from foreign servers, its conflict with the D.C. Circuit's holding that only the location of the user governs under the predicate act doctrine suggests the courts in *Hytera I* and *Hytera II* may have been overeager in imposing extraterritorial liability.

b) Patent Law Requires a Showing of Domestic Infringement Causing Extraterritorial Harm to Impose Extraterritorial Liability

Before the Supreme Court formulated the rule of extraterritoriality in *RJR Nabisco*, patent law was highly territorial.[68] While recent amendments to the Patent Act have expanded its extraterritorial protections,[69] the Supreme Court has historically held that "infringement of [a patent] right cannot be predicated [on] acts wholly done in a foreign country."[70] In *WesternGeco*, as briefly discussed, *supra*, Section II.A, the Supreme Court held that 35 U.S.C. § 271(f) allows for extraterritorial damages because it defines infringement as the domestic manufacture of components to be exported and assembled into a

63. *IMAPizza*, 965 F.3d at 877.

64. *See Spanski*, 883 F.3d at 907; *IMAPizza*, 965 F.3d at 874.

65. *Hytera I*, 436 F. Supp. 3d at 1168.

66. *Hytera II*, 108 F.4th at 475.

67. *Id.*

68. *See* Holbrook, *supra* note 39, at 472.

69. *See id.*; 35 U.S.C. § 271(f), (g); Timothy R. Holbrook, *Territoriality Waning? Patent Infringement for Offering in the United States to Sell an Invention Abroad*, 37 U.C. DAVIS L. REV. 701, 720–22 (2004).

70. Dowagiac Mfg. Co. v. Minn. Moline Plow Co., 235 U.S. 641, 650 (1915).

patented device.[71] The Court held that damages could be measured by foreign conduct, provided that liability stemmed from a domestic act of infringement.[72] More recently, however, the Federal Circuit expanded patent extraterritoriality in *Brumfield, Trustee for Ascent Trust v. IBG LLC*, holding that damages for extraterritorial sales are allowed under 35 U.S.C. § 271(a) if a plaintiff can show a domestic act of infringement connected to those foreign sales.[73] This is an expansion of extraterritoriality in patent law because § 271(a), unlike § 271(f), does not include the concept of exports in its definition of the term "infringement."[74] However, the Federal Circuit cabined its ruling by stressing that "causation is a necessary part" of the patent infringement inquiry.[75] A plaintiff must prove that extraterritorial damages were actually caused by the domestic infringement to recover any damages.

c) Trademark Requires a Domestic Use in Commerce Before Imposing Extraterritorial Liability

In *Abitron Austria GmbH v. Hetronic International, Inc.*, the Supreme Court resolved a circuit split over the extraterritorial scope of the Lanham Act.[76] Previously, all circuits applied a test based on *Steele*,[77] the seminal case on trademark extraterritoriality. The *Steele* test focused on whether the alleged infringement had a "substantial effect" on U.S. commerce, though circuits differed in the exact standards they applied.[78] In *Abitron*, the Court held that the Lanham Act applies only to domestic "use in commerce,"[79] but declined to define the "precise contours of that phrase."[80] Although the decision left ambiguity regarding where the territorial line should be drawn, it significantly narrowed extraterritoriality in trademark law. *Abitron* makes it more difficult for trademark owners to recover damages for acts of infringement committed abroad, as a "use in commerce" seems more territorially limited than an "effect on commerce."[81]

71. *WesternGeco*, 585 U.S. at 415.
72. *Id.*
73. Brumfield v. IBG LLC, 97 F.4th 853, 870–71 (Fed. Cir. 2024).
74. *See* 35 U.S.C. § 271(a), (f).
75. *Brumfield*, 97 F.4th at 877.
76. Abitron Austria GmbH v. Hetronic Int'l, Inc., 600 U.S. 412, 417 (2023).
77. *Steele*, 344 U.S. at 280.
78. *See* Holbrook, *supra* note 39, at 465.
79. *Abitron*, 600 U.S. at 415.
80. *Id.* at 428 n.6.
81. Joyce Liou & Jack William Haisman, *U.S. Supreme Court Eliminates Extraterritorial Applications of the Lanham Act*, MORRISON FOERSTER, https://www.mofo.com/resources/insights/230706-us-supreme-court-eliminates-extraterritorial-applications-lanham-act [https://perma.cc/T8MV-USJ2] (last visited Nov. 5, 2024).

C. CONSPIRACY LAW: THE "ACT IN FURTHERANCE"

The DTSA's extraterritoriality provision is derived from § 1837 of the EEA, which requires a domestic "act in furtherance of the offense" before allowing for extraterritorial application of U.S. trade secret law.[82] While neither the EEA nor the DTSA defines the term "act in furtherance," the "overt act in furtherance" is a familiar concept in criminal conspiracy law.[83] The principles of statutory interpretation suggest that Congress chose this language intentionally to import the same requirements to the domestic hook of the EEA and DTSA.[84]

In criminal conspiracy law, the "act in furtherance" is an umbrella term that captures a wide range of possible acts.[85] An overt act need not be unlawful, the substantive offense charged, or even an element of the substantive offense to create liability.[86] Courts have interpreted the term broadly, stating it may be "an act so near the completion of the offense as to constitute an attempt, or an act so remote as not to amount to an attempt; but at least it must be a step towards execution."[87] Supreme Court precedent has further clarified that an overt act must "manifest that the conspiracy is at work," distinguishing the conspiracy from both completed acts and mere ideas not yet put into action.[88]

A small selection of cases illustrates the breadth of the concept and its applications. In *In re Terrorist Bombings of U.S. Embassies in East Africa*, the Second Circuit upheld a conviction for conspiracy to bomb American embassies in Kenya and Tanzania.[89] The Second Circuit noted that the defendant had committed multiple overt acts in furtherance of this conspiracy, but only specifically mentioned perjury as an overt act sufficient to support the conviction.[90] With larger conspiracies and criminal organizations, like in the terrorist bombing case, it may be difficult to identify a single "step towards execution,"[91] but much easier to show that perjury, in keeping the plans under wraps, "manifest[s] the conspiracy is at work."[92]

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82. 18 U.S.C. § 1837(2).

83. *See generally Developments in the Law: Criminal Conspiracy*, 72 HARV. L. REV. 920 (1959).

84. ANTONIN SCALIA & BRYAN A. GARNER, READING LAW: THE INTERPRETATION OF LEGAL TEXTS 320 (2012).

85. CHARLES DOYLE, CONG. RSCH. SERV., R41223, FEDERAL CONSPIRACY LAW: A BRIEF OVERVIEW (2020).

86. *Id.*

87. Tillinghast v. Richards, 225 F. 226, 232 (D.R.I. 1915).

88. Yates v. United States, 354 U.S. 298, 334 (1957).

89. *In re* Terrorist Bombings of U.S. Embassies in E. Afr., 552 F.3d 93 (2d Cir. 2008).

90. *Id.* at 114.

91. *Tillinghast*, 225 F. at 232.

92. *Yates*, 354 U.S. at 334; *see In re Terrorist Bombings*, 552 F.3d at 114.

The act in furtherance can also act as a jurisdictional hook. In *United States v. Stewart*, the Eighth Circuit affirmed a conspiracy charge based on a phone call in furtherance of that conspiracy.[93] As part of a drug conspiracy, the defendant in Colorado called a North Dakota phone number, which automatically forwarded the calls to Minnesota.[94] The court held that venue was proper for the conspiracy charge in North Dakota because even though the calls originated from Colorado and were automatically rerouted to Minnesota, they still constituted acts in furtherance of the conspiracy in North Dakota.[95]

III. MOTOROLA V. HYTERA

Section III.A summarizes the factual and procedural history of the dispute between Motorola and Hytera. Section III.B analyzes the district court's opinion in *Hytera I* to understand how the court found a permissible extraterritorial application of the DTSA. Section III.C analyzes the Seventh Circuit opinion in *Hytera II*, highlighting the portions of the district court's opinion it affirmed and the areas where it expanded its reasoning in response to Hytera's arguments on appeal. Section III.D analyzes the arguments Hytera made in its petition for Supreme Court review.

A. FACTUAL AND PROCEDURAL HISTORY

The dispute between Motorola and Hytera began in the 2000s, during which time Hytera plainly acted in bad faith.[96] From the 1980s through the 2000s, Motorola developed and patented the standard software for digital mobile radio (DMR) products.[97] It also developed a high-end line of DMR products, which it protected as trade secrets, to differentiate its offerings from competing products using the same communications standard.[98] Hytera and Motorola were the two main global competitors in the two-way radio systems market.[99] Internal Hytera documents from 2006 show that Hytera struggled to develop its own line of high-end DMR products to compete with Motorola.[100] Rather than continuing to invest in its own research and development, Hytera opted to steal Motorola's trade secrets and incorporate them into its competing

93. *Stewart*, 878 F.2d 256 (8th Cir. 1989).
94. *Id.* at 257.
95. *Id.* at 258.
96. *Hytera II*, 108 F.4th at 468.
97. *Id.*
98. *Id.*
99. *Id.* at 469.
100. *Id.*

products.[101] In 2007, Hytera's president and CEO recruited a Motorola Malaysia engineer, offering him stock compensation worth roughly $2.5 million at Hytera's IPO.[102] After joining Hytera, this engineer facilitated the hiring of two other Motorola engineers, one of whom secretly began working for Hytera while still employed at Motorola.[103] Together, these two engineers downloaded more than ten thousand technical documents from Motorola's servers in Malaysia, including Motorola's proprietary DMR source code.[104] Hytera copied this source code directly into its own products, even preserving identical coding errors.[105] Between 2010 and 2014, Hytera launched a line of high-end DMR products that were "functionally indistinguishable" from Motorola's.[106] Hytera continued selling these high-end DMR products globally for years—including in the United States—and regularly attended trade shows in the United States to market its infringing products.[107]

In 2017, Motorola filed a lawsuit against Hytera in the Northern District of Illinois under the DTSA and Illinois Trade Secret Act, later amending its complaint to include claims under the Copyright Act as well.[108] Under the DTSA, Motorola sought damages for Hytera's worldwide sales beginning on May 11, 2016, the effective date of the DTSA.[109] The district court awarded a nine-figure damages award to Motorola under the DTSA, including $135.8 million in compensatory damages and $271.6 million in punitive damages.[110] On appeal in *Hytera II*, the Seventh Circuit affirmed this award and resoundingly endorsed the district court's DTSA analysis.[111] Notably, at least 80 percent of the damages award was based on Hytera's foreign sales.[112] The case marked the first time the Seventh Circuit—or any circuit court—directly addressed the extraterritorial scope of the DTSA.[113] While other courts have previously recognized the DTSA's extraterritorial reach, they have done so with minimal analysis. For example, in *Amyndas Pharmaceuticals*, the First Circuit noted in dicta that the DTSA, in both its text and legislative history, indicates

101. *Id.*
102. *Id.*
103. *Id.*
104. *Id.*
105. *Id.* at 469–70.
106. *Id.* at 470.
107. *Id.*
108. *Id.*
109. *Id.*
110. *Id.*
111. *See generally id.*
112. Brief for Defendant-Appellant at 41, *Hytera II*, 108 F.4th 458 (Nos. 22-2370, 22–2413), 2022 WL 17217059.
113. *Hytera II*, 108 F.4th at 480.

that "Congress was concerned with the theft of American trade secrets abroad and intended the DTSA to have extraterritorial reach."[114] Likewise, numerous district courts have also decided, without much analysis, that the DTSA applies extraterritorially.[115] Hytera petitioned the Supreme Court for certiorari, arguing this extraterritorial application of the DTSA conflicted with Supreme Court precedent interpreting Title 18.[116] The Supreme Court denied the petition.[117]

B. THE DISTRICT COURT FOUND HYTERA WAS LIABLE FOR ITS EXTRATERRITORIAL CONDUCT BECAUSE "OFFENSE" MEANS "MISAPPROPRIATION" UNDER THE DTSA

The Northern District of Illinois, in *Hytera I*, was the first to provide a thorough analysis of the DTSA's extraterritorial application.[118] While other district courts had assumed, without much discussion, that the DTSA applied extraterritorially,[119] the district court declined "to simply join the chorus" without its own analysis.[120] The court examined the text and legislative history of the DTSA to apply the *RJR Nabisco* test for extraterritoriality, ultimately finding that the DTSA overcomes the presumption against extraterritoriality.[121]

Proceeding through *RJR Nabisco*'s two-step framework, the district court found language in the statute that explicitly rebutted the presumption against

114. Amyndas Pharms., S.A. v. Zealand Pharma A/S, 48 F.4th 18, 35 (1st Cir. 2022).

115. *See, e.g.*, Luminati Networks Ltd. v. BIScience Inc., No. 2:18-CV-00483-JRG, 2019 WL 2084426, at *9–10 (E.D. Tex. May 13, 2019); Austar Int'l Ltd. v. AustarPharma LLC, No. CV198356KMMAH, 2019 WL 6339848, at *11 (D.N.J. Nov. 27, 2019); ProV Int'l Inc. v. Lucca, No. 8:19-CV-978-T-23AAS, 2019 WL 5578880, at *3 (M.D. Fla. Oct. 29, 2019); MACOM Tech. Sols. Inc. v. Litrinium, Inc., No. SACV19220JVSJDEX, 2019 WL 4282906, at *4 (C.D. Cal. June 3, 2019); Vendavo, Inc. v. Price f(x) AG, No. 17-CV-06930-RS, 2018 WL 1456697, at *3 (N.D. Cal. Mar. 23, 2018); Micron Tech., Inc. v. United Microelectronics Corp., No. 17-CV-06932-MMC, 2019 WL 1959487, at *8 (N.D. Cal. May 2, 2019).

116. Petition for Writ of Certiorari at 12, *Hytera Commc'ns Corp. v. Motorola Sols., Inc.*, 2025 WL 581667 (Feb. 24, 2025) (No. 24-725).

117. Hytera Commc'ns Corp. v. Motorola Sols., Inc., No. 24-725, 2025 WL 581667 (Feb. 24, 2025).

118. *Hytera I*, 436 F. Supp. 3d at 1159.

119. *See id.*; *see also Luminati*, 2019 WL 2084426, at *9–10 ("The DTSA 'applies to conduct occurring outside the United States if . . . an act in furtherance of the offense was committed in the United States.' 18 U.S.C. § 1837(2)."): *Austar Int'l Ltd.*, 2019 WL 6339848, at *11 (holding, with limited analysis, that the DTSA applies extraterritorially); *ProV Int'l Inc.*, 2019 WL 5578880, at *3 (same); *MACOM Tech. Sols. Inc.*, 2019 WL 4282906, at *4 (same); *Vendavo, Inc.*, 2018 WL 1456697, at *3 (same); *Micron Tech., Inc.*, 2019 WL 1959487, at *8 ("Micron has a substantial interest in trying the case in the United States, as federal law provides for jurisdiction over misappropriation occurring outside the United States, *see* 18 U.S.C. § 1837.").

120. *Hytera I*, 436 F. Supp. 3d at 1159.

121. *Id.* at 1157.

extraterritoriality.[122] The court held that § 1837, enacted with the original EEA in 1996, clearly rebuts the presumption against extraterritoriality where it states that "[t]his chapter also applies to conduct occurring outside the United States."[123] However, the court thought it necessary to devote more effort to the question of whether or not this extraterritoriality also extended to the private right of action created by the DTSA in § 1836.[124] Because Congress passed the DTSA to create a private right of action for trade secret misappropriation and not just to change an existing judicial interpretation of the EEA, the court felt "the chapter . . . should be read as a cohesive whole."[125] The court interpreted Congress's choice to leave § 1837 intact as an intent to create a private right of action to redress extraterritorial harms.[126] The court further cited language enacted in the DTSA to show that Congress expressly addressed trade secret theft occurring outside the United States, recognizing both the threat it posed and how it might be prevented in the text of the DTSA.[127]

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122. *Id.*
123. *Id.* at 1159.
124. *Id.*
125. *Id.* at 1158.
126. *Id.* at 1159.
127. *Id.* at 1159–60:

> Moreover, the actual law passed by Congress, Pub. L. 114-253, includes numerous references to extraterritorial conduct that were absent in the previous versions of the statute. For example, Pub. L. 114-153 states:
>
> It is the sense of Congress that—
>
> (1) trade secret theft occurs in the United States and around the world;
>
> (2) trade secret theft, wherever it occurs, harms the companies that own the trade secrets and the employees of the companies;
>
> (3) chapter 90 of title 18, United States Code (commonly known as the "Economic Espionage Act of 1996"), applies broadly to protect trade secrets from theft;
>
> . . .
>
> Additionally, Pub. L. 114-153, § 4(b) contains new reporting requirements for the Attorney General, absent in either the original EEA or in an earlier amendment in 2012, requiring the Attorney General prepare reports on a biannual basis about, inter alia:
>
> (1) The scope and breadth of the theft of the trade secrets of United States companies occurring outside of the United States.
>
> (2) The extent to which theft of trade secrets occurring outside of the United States is sponsored by foreign governments, foreign instrumentalities, or foreign agents.
>
> (3) The threat posed by theft of trade secrets occurring outside of the United States.

After establishing that § 1837, in principle, allowed for extraterritorial civil actions under § 1836, the court rejected Hytera's argument that "offense" only applied to criminal violations. Citing *Black's Law Dictionary*, the court determined that the term "offense" sometimes carries a "criminal connotation," but ultimately held that its definition as "a 'violation of the law' . . . encompasses a violation of a civil statute."[128] The district court then declared that "the misappropriation of a trade secret" constituted an offense under the DTSA, stressing that its conclusion was "clear through the plain language of the statute."[129]

The court then examined Hytera's conduct to see if it had committed a qualifying "act in furtherance" of its offense to impose extraterritorial liability under § 1837 and found that it did.[130] The parties focused their briefings on the acquisition of the trade secrets as the relevant offense,[131] but the court dismissed their arguments because the acquisition took place before the effective date of the DTSA.[132] Affirmatively holding that "offense" includes more than just acquisition, the court stressed that misappropriation can also be premised on a "theory of disclosure or use."[133] While the DTSA does not define the term "use," the court looked to decisions on state trade secret law imposing liability for "use" and the Restatement (Third) of Unfair Competition to support an interpretation that "any exploitation of the trade secret that is likely to result in injury to the trade secret owner or enrichment to the defendant is a 'use.'"[134] This includes "marketing goods that embody the trade secret."[135] The DTSA does not define the term "act in furtherance," but the district court adopted an interpretation from federal conspiracy law.[136] The court agreed with a Texas district court's holding in *Luminati Networks Ltd. v. BIScience Inc.*,[137] holding that an "act in furtherance of the offense of trade secret misappropriation . . . must 'manifest that the [offense] is at work.'"[138] The

(4) The ability and limitations of trade secret owners to prevent the misappropriation of trade secrets outside of the United States, to enforce any judgment against foreign entities for theft of trade secrets, and to prevent imports based on theft of trade secrets overseas.

128. *Id.* at 1162.
129. *Id.* at 1163.
130. *Id.*
131. *Id.*
132. *Id.* at 1163–64.
133. *Id.* at 1164 (internal quotations omitted).
134. RESTATEMENT (THIRD) UNFAIR COMPETITION § 40 cmt. c.
135. *Id.*; *Hytera I*, 436 F. Supp. 3d at 1165.
136. *Id.*
137. *Luminati*, 2019 WL 2084426, at *9.
138. *Id.* at *10 (quoting *Yates*, 354 U.S. at 334).

court determined that Hytera committed a qualifying act in furtherance of its "use" of Motorola's trade secrets by "advertis[ing], promot[ing], and market[ing] products embodying" those trade secrets "domestically at numerous trade shows."[139]

C. THE SEVENTH CIRCUIT HELD THE DTSA DOES NOT REQUIRE A SHOWING OF CAUSATION TO IMPOSE EXTRATERRITORIAL LIABILITY

On appeal, the Seventh Circuit fully endorsed the district court's reasoning and even expanded upon it to address Hytera's appellate counterarguments. As in the district court proceedings, Hytera again argued that the term "offense" encompassed only criminal violations.[140] On this point, Hytera raised interesting arguments on appeal, but only in the eleventh hour, and thus insufficiently developed its arguments to limit the extraterritorial application of the DTSA.[141] In challenging the district court's construction of the term "offense," Hytera's appellate brief emphasized that "Congress did not amend § 1837 or re-define its operative term 'offense.' Rather, it used a new term for the conduct prohibited by the DTSA: 'misappropriation.'"[142] Making a related point, Hytera cited *Kellogg Brown & Root Servs., Inc. v. United States ex rel. Carter*,[143] a case decided before the enactment of the DTSA, for the proposition that the term "offense," as used in Title 18, applied only to criminal conduct.[144] Hytera further argued that because Congress used "misappropriation" elsewhere in the DTSA, "the term 'offense' in § 1837 can only have been meant to refer to those acts that the Economic Espionage Act made criminal."[145] Hytera also argued that its "participation [in] U.S. trade shows certainly was not an 'act in furtherance' of . . . purely extraterritorial sales," suggesting that the DTSA's "act in furtherance" standard should require a showing of causation.[146] Additionally, Hytera made a policy argument that it would be "anomalous" for the DTSA to have such wide extraterritorial reach when other intellectual property regimes do not.[147]

The Seventh Circuit dismissed these arguments. The court agreed with the district court's construction that the "offense, in the context of the DTSA

139. *Hytera I*, 436 F. Supp. 3d at 1165.

140. Brief for Defendant-Appellant, *supra* note 112, at 53.

141. Plaintiffs' Response to Defendants' Motion to Preclude Motorola from Relying on Extraterritorial Damages at 1, *Hytera I*, 436 F. Supp. 3d 1150 (No. 17-cv-01973), 2019 WL 7839046.

142. Brief for Defendant-Appellant, *supra* note 112, at 53–54.

143. 575 U.S. 650 (2015).

144. Brief for Defendant-Appellant, *supra* note 112, at 20.

145. *Id.* at 53.

146. *Id.* at 60.

147. *Id.* at 55.

private cause of action, is the misappropriation of a trade secret."[148] It reached this conclusion based on the plain meaning of "offense," which "reach[es] both criminal and civil violations."[149] It then correctly noted that § 1837(2) does not impose a causation requirement through its "act in furtherance" standard.[150] The court drew out the proper bounds of an "act in furtherance" based on its origins in conspiracy law.[151] Because the DTSA imposes liability "for any foreign conduct related to 'the offense,'" the court concluded that the domestic act in furtherance need not directly cause extraterritorial harm to impose liability for extraterritorial conduct.[152] Thus, a single act in furtherance of misappropriation in the United States entitled Motorola to damages from Hytera's sales worldwide "regardless of where in the world the remainder of Hytera's illegal conduct occurred."[153] While Hytera's participation in United States trade shows was itself a completed act of misappropriation, the Seventh Circuit made sure to emphasize that "section 1837(2) does not *require* a completed act."[154] While the common law definition of an act in furtherance implies possible liability for conduct other than completed misappropriation, the Seventh Circuit's express confirmation here leaves little doubt that the DTSA can impose worldwide liability for conduct only tangentially connected to the United States.[155] The court also dismissed Hytera's arguments based on *Kellogg*.[156] While the Supreme Court in *Kellogg* held that the term "offense" only referred to criminal violations in Title 18, the Seventh Circuit reasoned that "[t]he Court's statement that the term was not used that way in [T]itle 18 was a description of [T]itle 18 in 2015, not a sweeping command that the word may never be used in [T]itle 18 to refer to a civil violation."[157] The court finally disposed with Hytera's policy argument because the "issue for [the court] is statutory interpretation, not the public policy choices."[158]

D. HYTERA RELIED MORE HEAVILY ON *KELLOGG* IN ITS PETITION TO THE SUPREME COURT

Hytera refreshed familiar arguments against the DTSA's extraterritoriality in its certiorari petition, but it changed its perspective on *Kellogg* to present a

148. *Hytera II*, 108 F.4th at 483 (quoting *Hytera I*, F. Supp. 3d at 1163).
149. *Id.*
150. *Id.* at 487.
151. *Id.*
152. *Id.*
153. *Id.* at 488.
154. *Id.* at 487 (emphasis added and omitted).
155. *See* Effron, *supra* note 4, at 1513.
156. *Id.* at 485.
157. *Id.* at 485–86.
158. *Id.* at 486

more compelling argument to limit the definition of "offense."[159] In its petition, Hytera argued that because *Kellogg* was decided before the enactment of the DTSA, Congress's failure to amend § 1837 incorporated *Kellogg*'s reading of "offense" into the DTSA.[160] Hytera reasoned that Congress did not "silently change[]" the meaning of the term "offense" by leaving § 1837 unamended.[161] Specifically, Hytera proposed that when Congress "enacted the DTSA against the backdrop of the one-year-old *Kellogg* decision, Congress had every reason to expect that courts would continue to read 'offense' in § 1837 to mean what it (undisputedly) had always meant."[162] Hytera also pointed to the fact that §§ 3 and 4 of the DTSA explicitly addressed the problem of extraterritorial trade secret theft (with solutions other than extraterritorial liability) to argue that it was improper to read implied extraterritorial application into other sections of the law.[163]

IV. THE PROPER EXTRATERRITORIAL REACH OF THE DTSA

This Part argues that courts should interpret the DTSA with a more limited extraterritorial effect, reading the term "offense" to extend only to trade secret acquisition and not to misappropriation under theories of disclosure or use. Section IV.A considers the negative consequences of the Seventh Circuit's holding in *Hytera II*. Section IV.B presents a textual argument that a proper construction of § 1837 distinguishes the terms "offense" and "misappropriation" such that the DTSA does not create a remedy for trade secret theft occurring abroad. Section IV.C examines the legislative intent of the DTSA to argue that Congress intended only to remedy extraterritorial injury resulting from domestic trade secret theft.

A. THE RULE OF *HYTERA* IMPOSES EXTRATERRITORIAL LIABILITY DISPROPORTIONATE TO THE DOMESTIC CONDUCT PROVIDING JURISDICTION

The Seventh Circuit's holding in *Hytera II* expands liability disproportionately to the domestic conduct providing jurisdiction. The court correctly applied the arguments before it, but such an expansive reading of the DTSA creates global liability for conduct minimally connected to the United States—perhaps a single act as innocuous as phone call or email to the United

159. Petition for Writ of Certiorari, *supra* note 116, at 12.
160. *Id.* at 13–14.
161. *Id.*
162. *Id.* at 14.
163. *Id.* at 17.

States.[164] The Seventh Circuit's statement that § 1837(2) does not require a completed act confirms the rule of *Hytera II* may impose worldwide liability for conduct that is not by itself wrongful. This sweeping interpretation also breaks trade secret law from other intellectual property regimes. For example, copyright and patent law require proof that a domestic act of infringement directly caused extraterritorial damage,[165] while trademark law requires a showing of domestic harm through domestic use in commerce.[166] By eliminating any causation inquiry to invoke extraterritoriality under the DTSA, the Seventh Circuit's holding places trade secret protection in a category of its own.

This broad extraterritoriality also lacks meaningful guardrails, potentially making the United States a magnet for international forum-shoppers seeking to litigate foreign trade secret disputes. Some commentators have suggested that personal jurisdiction and *forum non conveniens* doctrines sufficiently mitigate this problem,[167] but this is unconvincing. Because § 1837(2) already requires a domestic act connected to the misappropriation, courts can readily find specific jurisdiction over foreign defendants for their misappropriation, even with minimal U.S. contact.[168] While *forum non conveniens* dismissals may keep some foreign disputes out of American courts, the doctrine's discretionary nature means it is not a reliable or consistent solution for international forum-shopping. Instead, it may simply drive foreign litigants to specific states with plaintiff-friendly courts. The Texas Constitution, for example, requires that "[a]ll courts . . . be open, and every person . . . have remedy by due course of law."[169] Because *forum non conveniens* is discretionary, it will likely fail to keep some foreign disputes out of American courts, especially where state constitutional provisions favor access to judicial remedies.[170]

164. *See Stewart*, 878 F.2d at 258; *see also* Effron, *supra* note 4, at 1513 (hypothesizing that 18 U.S.C. § 1837(2) might be used to supply jurisdiction over foreign actors for conduct such as using American email services or accessing American websites).

165. *See supra* Sections II.B.2.a, b.

166. *See supra* Section II.B.2.c.

167. *See* Elizabeth A. Rowe & Giulia C. Farrior, *Revisiting Trade Secret Extraterritoriality*, 25 B.U. J. SCI. & TECH. L. 431, 449–50 (2019).

168. *See* Burger King Corp. v. Rudzewicz, 471 U.S. 462 (1985).

169. TEX. CONST. art. I, § 13.

170. *See* Chick Kam Choo v. Exxon Corp., 486 U.S. 140, 149 (1988) (proposing that international forum-shopping is okay in state courts, at least where the state court's *forum non conveniens* analysis is "significantly different" than that of federal courts).

B. THE STATUTORY TEXT LIMITS LIABILITY FOR EXTRATERRITORIAL CONDUCT TO CASES OF DOMESTIC ACQUISITION OF TRADE SECRETS

The DTSA's text does not create a remedy for extraterritorial harms resulting from extraterritorial trade secret theft. Section IV.B.1 presents a textual argument that the term "offense" should be construed as referring only to trade secret acquisition, distinguishing it from the general term "misappropriation." Section IV.B.2 explains why textual references to foreign trade secret theft do not support the conclusion that the DTSA provides a remedy for trade secret theft occurring abroad.

1. "Offense" Does Not Mean "Misappropriation" or "Violation of the Law"

The DTSA's language best supports a limited construction of § 1837(2), where the term "offense" means the acquisition of a trade secret, as distinct from "misappropriation," which extends to the acquisition, disclosure, and use of trade secrets. Throughout Chapter 90, Congress differentiates between "offense" and "misappropriation," implying that the two should not be read interchangeably.[171] The district court construed "offense" to include any misappropriation because, according to *Black's Law Dictionary*, "an 'offense' . . . is a 'violation of the law.'"[172] This construction, however, cannot stand. Section 1833 of Title 18, both as enacted in the EEA and as amended by the DTSA, refers to neither "offenses" nor "misappropriations," but rather to "violation[s] of law."[173] Congress chose to use three different terms in different sections of the statute, and it would be improper to read them with overlapping meanings.[174] "Violation of the law" is an umbrella term, but "offense" and "misappropriation" have a narrower scope as used in Title 18.

The term "offense" appears only in §§ 1831, 1832, and 1837 of Title 18.[175] Section 1831 is a criminal provision enacted by the EEA that proscribes only the acquisition of trade secrets and uses the term "offense" to refer only to the acquisition of trade secrets:

171. *See* SCALIA & GARNER, *supra* note 84, at 170 (on the "presumption of consistent usage" and its corollary that "where the document has used one term in one place, and a materially different term in another, the presumption is that the different term denotes a different idea").

172. *Hytera I*, 436 F. Supp. 3d at 1162.

173. 18 U.S.C. § 1833; *see* Economic Espionage Act of 1996, Pub. L. No. 104-294, § 1833; Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, § 1833.

174. *See* SCALIA & GARNER, *supra* note 84, at 170.

175. 18 U.S.C. §§ 1831, 1832, 1837.

> (a) In General.—Whoever, intending or knowing that **the offense** will benefit any foreign government, foreign instrumentality, or foreign agent, knowingly—
>
> (1) **steals**, or without authorization **appropriates**, **takes**, **carries away**, or conceals, or by fraud, artifice, or deception **obtains a trade secret**;
>
> (2) without authorization **copies**, **duplicates**, **sketches**, **draws**, **photographs**, **downloads**, **uploads**, **alters**, **destroys**, **photocopies**, **replicates**, **transmits**, **delivers**, **sends**, **mails**, **communicates**, or **conveys a trade secret**;
>
> (3) **receives**, **buys**, or **possesses a trade secret**, knowing the same to have been **stolen** or **appropriated**, **obtained**, or **converted** without authorization;
>
> (4) attempts to commit any **offense described in** any of **paragraphs (1) through (3)**; or
>
> (5) conspires with one or more other persons to commit any **offense described in** any of **paragraphs (1) through (3)**.[176]

Section 1832 is another criminal provision enacted by the EEA that proscribes the same conduct as § 1831 with a different intent requirement. It also uses the term "offense" only in reference to the acquisition of trade secrets:

> (a) Whoever, with **intent to convert a trade secret**, that is related to a product or service used in or intended for use in interstate or foreign commerce, to the economic benefit of anyone other than the owner thereof, and intending or knowing that **the offense** will, injure any owner of that trade secret, knowingly—
>
> (1) **steals**, or without authorization **appropriates**, **takes**, **carries away**, or conceals, or by fraud, artifice, or deception **obtains such information**;
>
> (2) without authorization **copies**, **duplicates**, **sketches**, **draws**, **photographs**, **downloads**, **uploads**, **alters**, **destroys**, **photocopies**, **replicates**, **transmits**, **delivers**, **sends**, **mails**, **communicates**, or **conveys such information**;
>
> (3) **receives**, **buys**, or **possesses such information**, knowing the same to have been **stolen** or **appropriated**, **obtained**, or **converted** without authorization;

176. 18 U.S.C. § 1831(a)(1)–(5) (emphasis added).

> (4) attempts to commit any **offense described in paragraphs (1) through (3)**; or
>
> (5) conspires with one or more other persons to commit any **offense described in paragraphs (1) through (3)**.[177]

Title 18 does not expressly define the term "offense" in any section, but §§ 1831 and 1832 are the only provisions that use the term "offense" to describe specific conduct.[178] In other words, the only conduct Congress directly references with the term "offense" in Title 18 is the improper acquisition of trade secrets.[179] By contrast, § 1836, which created the private right of action, authorizes suit and provides remedies for "misappropriation," not the "offense":

> (b) Private Civil Actions.—
>
> (1) In general.—
>
> An owner of a trade secret that is **misappropriated** may bring a civil action under this subsection
>
> . . .
>
> (3) Remedies.—In a civil action brought under this subsection with respect to the **misappropriation** of a trade secret, a court may—
>
> (A) grant an injunction—
>
> (i) to prevent any actual or threatened **misappropriation**
>
> . . .
>
> (B) award—
>
> (i)
>
> (I) damages for actual loss caused by the **misappropriation** of the trade secret; and
>
> (II) damages for any unjust enrichment caused by the **misappropriation** of the trade secret that is not addressed in computing damages for actual loss; or
>
> (ii) in lieu of damages measured by any other methods, the damages caused by the **misappropriation** measured by imposition of liability for a reasonable royalty.[180]

177. 18 U.S.C. § 1832(a)(1)–(5) (emphasis added).
178. *See* 18 U.S.C. §§ 1831–39.
179. *See id.*
180. 18 U.S.C. § 1836(b)(1), (3)(A), (B) (emphasis added).

When Congress enacted the DTSA in 2016, it defined "misappropriation" to include the improper acquisition, disclosure, and use of trade secrets,[181] but did not amend § 1837 to replace the term "offense" with "misappropriation."[182] These terms should thus have different meanings. This is not to say that Hytera was right in arguing that "offense" in § 1837 refers exclusively to criminal violations. Its reliance on *Kellogg* in its certiorari petition is misplaced. Hytera seems to rely on a presumption of legislative acquiescence, arguing Congress would have expected courts to continue interpreting "offense" in Title 18 consistently with the *Kellogg* decision.[183] The Seventh Circuit of course could not address these arguments directly in *Hytera II*, but nonetheless provided a basis that weakened Hytera's arguments in its certiorari petition. In *Hytera II*, the Seventh Circuit noted that the Supreme Court's reasoning in *Kellogg* was based, at least in part, on its failure to find any provision in Title 18 that labeled a civil wrong as an "offense."[184] The court speculated that, had the Supreme Court decided *Kellogg* after the enactment of the DTSA, the statute "would have provided the 'single provision of that title'" describing a civil wrong as an "offense."[185] Although Hytera argued in its certiorari petition that, with this holding, the Seventh Circuit concluded that "Congress *silently changed* the meaning of 'offense,'" this is not so.[186] The Seventh Circuit concluded that the Supreme Court did not use *Kellogg* to issue an authoritative interpretation of the term "offense," but rather to provide a descriptive account of how it had been used.[187] By enacting for the first time a robust civil remedy in Title 18, Congress changed the usage of the term "offense" and gave it a different scope.

Chapter 90 uses the term "offense" to include both civil and criminal wrongs, but not so broadly as to reach *any* civil or criminal wrongs. Rather, § 1832 describes "offense" using language that contemplates both civil and criminal wrongs, proscribing acquisition "with intent to convert a trade secret."[188] Although Chapter 90 of Title 18 does not define "conversion," it is a familiar concept in both criminal and tort law, meaning that § 1832 should carry "the cluster of ideas" attached to conversion.[189] *Black's Law Dictionary* defines conversion in both tort and criminal law as:

181. 18 U.S.C. § 1839(5).
182. *See* Defend Trade Secrets Act of 2016, Pub. L. No. 114-153.
183. *See* Petition for Writ of Certiorari, *supra* note 116, at 14.
184. *Hytera II*, 108 F.4th at 486.
185. *Id.*
186. Petition for Writ of Certiorari, *supra* note 116, at 13–14.
187. *Hytera II*, 108 F.4th at 485–86.
188. 18 U.S.C. § 1832(a).
189. Morissette v. United States, 342 U.S. 246, 263 (1952).

> The wrongful possession or disposition of another's property as if it were one's own; an act or series of acts of willful interference, without lawful justification, with an item of property in a manner inconsistent with another's right, whereby that other person is deprived of the use and possession of the property.[190]

Salmond on the Law of Torts further elaborates on the term, enumerating three ways in which someone can be "guilty of a conversion and liable in an action for trover—(1) by wrongly taking [property], (2) by wrongly detaining it, and (3) by wrongly disposing of it."[191] *Black's Law Dictionary* defines trover as "[a] common-law action to recover damages for the conversion of personal property, the damages generally being measured by the property's value."[192]

Supreme Court precedent on statutory interpretation holds that Congress "presumably kn[ew] and adopt[ed]" this long-established "cluster of ideas" from the common law when it included "intent to convert" in § 1832.[193] Thus, the "offense" required to invoke extraterritoriality under § 1837(2) can extend to the civil wrong of trade secret misappropriation, but only under a theory of acquisition, akin to tortious conversion. Courts should recognize Congress's deliberate decision to leave the language of § 1837 unamended and therefore assign materially distinct meanings to the materially different terms "offense" and "misappropriation."[194] The Supreme Court has repeatedly held that "where Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion."[195] Had Congress intended the DTSA to apply extraterritorially to *any* act in furtherance of misappropriation—including "acquisition," "disclosure," and "use"[196]—it could have: (1) amended § 1837(2) to require a domestic "act in furtherance of misappropriation," or (2) added a definition of "offense" to encompass misappropriation as "disclosure" or "use," as defined by § 1839.[197] Congress did not make these amendments when it enacted the DTSA, so courts should not infer such a dramatic expansion of extraterritorial reach without sufficient textual evidence.

190. *Conversion*, BLACK'S LAW DICTIONARY (12th ed. 2024).
191. *Id.* (quoting R.F.V. HEUSTON, *Salmond on the Law of Torts* 94 (17th ed. 1977)).
192. *Trover*, BLACK'S LAW DICTIONARY (12th ed. 2024).
193. *Morissette*, 342 U.S. at 263.
194. *See* SCALIA & GARNER, *supra* note 84, at 170.
195. Russello v. United States, 464 U.S. 16, 23 (1983) (citing United States v. Wong Kim Bo, 472 F.2d 720, 722 (5th Cir. 1972)).
196. 18 U.S.C. § 1839(5).
197. 18 U.S.C. § 1839(5)(B).

The district court in *Hytera I* may have considered the plain meaning of "offense" as a generic "violation of the law" to hold that "offense" and "misappropriation" mean the same thing. This construction, however, is incorrect. It cannot be a proper construction of the statute to ignore completely the choice of Congress to use "offense" in some sections, "violation of the law" in others, and "misappropriation" in others still by assigning the same meaning to each. Assigning the same meaning to both terms contradicts both the "presumption that identical words used in different parts of the same act are intended to have the same meaning,"[198] and its corollary that a "different term denotes a different idea."[199] Accordingly, the "offense" required by § 1837(2) should be interpreted as the same conduct described by §§ 1831 and 1832: the improper acquisition of a trade secret.[200] The district court's error was not in noting that an offense can be a civil violation, but in failing to consider that Congress intentionally distinguished between "offense" and "misappropriation."

At most, the potential overlap between these terms suggests that the statute is ambiguous as to what precisely is meant by "offense" in § 1837(2). Courts should thus look to the DTSA's legislative history for clarification rather than simply collapsing the distinct definitions of "offense," "violation of the law," and "misappropriation." "[C]lear evidence of congressional intent may illuminate ambiguous text,"[201] and Section IV.C.2 will argue that the DTSA's legislative history presents clear evidence that Congress intended a much more limited extraterritorial application of the statute than the Seventh Circuit's holding allows.[202]

2. *The Text of the DTSA Does Not Sufficiently Support the Creation of a Remedy for Trade Secret Theft Occurring Abroad*

The district court cited sections of Public Law 114–153 that impose neither civil liability nor criminal penalty to support its conclusion that Congress intended the DTSA to create a remedy for "trade secret theft 'wherever it occurs.'"[203] However, these sections are better understood as serving a purpose entirely separate from the DTSA's private right of action. While the text confirms that Congress was concerned about trade secret theft occurring abroad, it does not clearly establish that Congress intended the DTSA to

198. *See* Atl. Cleaners & Dyers v. United States, 286 U.S. 427, 433 (1932).
199. SCALIA & GARNER, *supra* note 84, at 170.
200. *See* 18 U.S.C. §§ 1831–32.
201. Milner v. Dep't of Navy, 562 U.S. 562, 572 (2011).
202. *See infra* Section IV.C.2.
203. *Hytera I*, 436 F. Supp. 3d at 1162 (citing Defend Trade Secrets Act, Pub. L. No. 114-153).

remedy or prevent such theft in foreign countries. The district court misread the statutory text, mistaking Congress's mere *acknowledgment* of the problem for the creation of a *remedy* addressing it.

To support its interpretation that Congress intended the DTSA to apply extraterritorially, the district court first cited § 5 of Public Law 114–153,[204] which states Congress's understanding that:

> (1) trade secret theft occurs in the United States and around the world;
>
> (2) trade secret theft, wherever it occurs, harms the companies that own the trade secrets and the employees of the companies;
>
> (3) chapter 90 of title 18, United States Code (commonly known as the "Economic Espionage Act of 1996"), applies broadly to protect trade secrets from theft.[205]

While this language does show that Congress was aware of the threat posed by foreign trade secret theft when drafting the DTSA, it does not necessarily establish that Congress intended the DTSA to solve this problem. Section IV.C.2, *infra*, will later argue that Congress's purpose in acknowledging foreign trade secret theft was distinct from creating an extraterritorial remedy.[206] Accordingly, § 5 should not be read as Congress declaring its intent to combat trade secret theft all around the world. Because § 5 declares the "sense" rather than the intent of Congress, its language is insufficient to overcome Congress's choice to draft § 1837(2) with a domestic acquisition requirement.[207]

The district court also cited § 4(b) of Public Law 114–153,[208] which requires the Attorney General to submit reports about a wide range of issues related to foreign trade secret theft.[209] A selection of key topics suggests that Congress did not expect the DTSA to remedy trade secret theft occurring outside the United States:

> the Attorney General . . . shall submit . . . a report on the following:
>
> (1) The scope and breadth of the theft of the trade secrets of United States companies occurring outside of the United States.
>
> . . .

204. *Hytera I*, 436 F. Supp. 3d at 1160.
205. Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, § 5(1)–(3).
206. *See infra* Section IV.C.2.
207. Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, § 5.
208. *Hytera I,* 436 F. Supp. 3d at 1160.
209. Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, § 4(b).

> (4) The ability and limitations of trade secret owners to prevent the misappropriation of trade secrets outside of the United States . . .
>
> (5) A breakdown of the trade secret protections afforded United States companies by each country that is a trading partner of the United States and enforcement efforts available and undertaken in each . . .
>
> . . .
>
> (7) Specific progress made under trade agreements and treaties, including any new remedies enacted by foreign countries, to protect against theft of trade secrets of United States companies outside of the United States.[210]

If "offense" were synonymous with "misappropriation," the DTSA would undermine part of its own purpose. Subsections (5) and (7) reference trade secret protections enacted by other countries,[211] and subsection (5) explicitly addresses the enforcement efforts available in foreign jurisdictions.[212] Reports on the enforcement of foreign trade secret law in foreign courts would have little value if U.S. courts could impose liability for foreign trade secret theft under the DTSA, as permitted by the holding in *Hytera II*. Hytera noted this in its petition for certiorari, suggesting that the "provision for ongoing factfinding . . . suggests that Congress did *not* expect the DTSA to be the last word—i.e., the complete solution to the problem of global trade secret theft."[213] Thus, this provision again shows that Congress was concerned about the problem of foreign trade secret theft, but did not intend the DTSA to create a universal remedy.

C. THE LEGISLATIVE HISTORY OF THE DTSA SHOWS CONGRESSIONAL INTENT TO PROVIDE A REMEDY FOR DOMESTIC TRADE SECRET THEFT CAUSING WORLDWIDE INJURY

The legislative history of the DTSA supports a narrow reading of the term "offense," such that only domestic acts in furtherance of the acquisition of trade secrets are sufficient to invoke the extraterritorial protection provided by § 1837(2). Section IV.C.1 demonstrates that Congress intended the DTSA to provide an adequate remedy when trade secrets were stolen within the U.S. and taken abroad. Section IV.C.2 demonstrates a complementary view that Congress did not intend the DTSA to provide a remedy for trade secret theft that originated outside the United States.

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210. *Id.*
211. *Id.* § 4(b)(5), (7).
212. *Id.* § 4(b)(5).
213. Petition for Writ of Certiorari, *supra* note 116, at 17.

1. Congress Intended the DTSA to Have Limited Extraterritorial Effect

The DTSA's legislative history confirms that Congress intended to provide a remedy for worldwide harm resulting from domestic trade secret theft but not for trade secret theft occurring abroad. Congressional committee reports are "the authoritative source for finding the Legislature's intent."[214] Committee reports on the DTSA demonstrate that Congress was aware of the threat of global trade secret misappropriation but intended to address only the theft or acquisition of trade secrets when it occurred in the territorial boundaries of the United States.[215] The House Judiciary Committee's report on the Trade Secrets Protection Act of 2014—the predecessor of the DTSA,[216] containing substantially similar language—emphasized the need for legislation to "keep a trade secret thief from boarding a plane and taking the secret beyond the reach of American law."[217] The Committee's 2016 report on the DTSA reiterated this concern.[218] Reports from both the House and Senate Judiciary Committee praised the DTSA's ability to "stop trade secrets from winding up being disseminated" and emphasized the urgency of a federal remedy for trade secret owners "fac[ing] threats . . . both at home and abroad."[219] These reports also both described the DTSA as "narrowly drawn legislation."[220] Taken together, these statements confirm that Congress was primarily concerned with providing a remedy for the harm that flowed from the domestic acquisition of trade secrets. In this "narrowly drawn" conception of the DTSA, it is unlikely that Congress ever imagined the sweeping extraterritoriality interpretation adopted in *Hytera II*.

Senate floor statements from the DTSA's sponsors and other legislators all echo the concern about foreign actors acquiring trade secrets in the United States and taking them abroad. Senator Amy Klobuchar, a DTSA cosponsor, spoke in favor of its passage, warning that advancements in technology had made trade secret theft "as easy as clicking a button or touching a screen," necessitating "21st century solutions" to protect American intellectual

214. Garcia v. United States, 469 U.S. 70, 76 (1984).

215. *See generally* H.R. REP. NO. 113-657 (2014); H.R. REP. NO. 114-529 (2016); S. REP. NO. 114-220 (2016).

216. *See* John Cannan, *A Legislative History of the Defend Trade Secrets Act of 2016*, IP WATCHDOG, https://ipwatchdog.com/2016/05/20/a-legislative-history-of-the-defend-trade-secrets-act-of-2016/id=69082/ [https://perma.cc/JV87-WDL9] (last visited Nov. 5, 2024).

217. H.R. REP. NO. 113-657, at 7 (2014).

218. H.R. REP. NO. 114-529, at 4 (2016).

219. H.R. REP. NO. 114-529, at 6 (2016); S. REP. NO. 114-220, at 15 (2016).

220. H.R. REP. NO. 114-529, at 6 (2016); S. REP. NO. 114-220, at 14 (2016).

property.[221] Perhaps the most illuminating parts of her statement were the examples she provided on the dangers of trade secret theft from her home state of Minnesota:[222] Cargill, a victim of trade secret theft, had secrets stolen by a former employee who gave them to a Chinese university.[223] By contrast, Valspar was not a victim of trade secret theft because the thief was caught before he could steal its trade secrets, but an employee had attempted to misappropriate $20 million worth of trade secrets in exchange for a high-ranking job at a Chinese company.[224] Senator Christopher Coons, another original cosponsor of the DTSA, shared a similar story about a rogue DuPont employee who leaked trade secrets to a Korean manufacturing rival, costing DuPont roughly $1 billion.[225] Senator Orrin Hatch, the DTSA's primary sponsor, spoke at length on the policy concerns motivating the passage of the DTSA and introduced a series of op-eds from American business leaders into the congressional record.[226] One such piece, published in the *Washington Times* by David Hirschmann, president and CEO of the Center for Capital Markets and Competitiveness at the U.S. Chamber of Commerce, explains that once thieves are "in possession of the trade secret, criminals . . . will typically flee the country to peddle these precious corporate assets to the highest bidder," making it "critical that the right tools are in place to ensure that American ideas and jobs are not stolen and sold overseas."[227]

House floor statements expressed similar ideas. Representative Robert Goodlatte emphasized that "creating a Federal civil remedy for trade secrets misappropriation . . . will help American innovators protect their intellectual property from criminal theft by foreign agents."[228] Representative Jerrold Nadler, the lead Democratic cosponsor of the bill, also spoke favorably about the DTSA's ability to respond to digital threats and address the shortcomings of state law, noting that state law was not "efficient or effective for incidents that cross State and, sometimes, international borders."[229] He further explained that "today, trade secrets can be loaded onto a thumb drive and mailed out of State or even sent electronically anywhere across the globe in an instant. . . . The need for a Federal solution is, therefore, clear."[230]

221. 114 CONG. REC. S1626 (2016) (statement of Sen. Amy Klobuchar).
222. *Id.*
223. *Id.*
224. *Id.*
225. 114 CONG. REC. S1630 (2016) (statement of Sen. Christopher Coons).
226. 114 CONG. REC. S1628 (2016) (statement of Sen. Orrin Hatch).
227. 114 CONG. REC. S1629 (2016) (statement of Sen. Orrin Hatch).
228. 114 CONG. REC. H2030 (2016) (statement of Rep. Robert Goodlatte).
229. 114 CONG. REC. H2033 (2016) (statement of Rep. Jerrold Nadler).
230. *Id.*

Statements from both legislators and business leaders during congressional hearings reveal the same concerns about the threat of foreign actors exploiting stolen U.S. trade secrets. In his introductory statement in the hearing *Trade Secrets: Promoting and Protecting American Innovation, Competitiveness and Market Access in Foreign Markets*, Representative Nadler expressed concern that state law remedies for misappropriation were insufficient because "[f]ormer employees and industrial spies are likely to carry or transfer secret information across State borders or overseas."[231] Richard Hertling, speaking on behalf of the Protect Trade Secrets Coalition, stressed that "foreign governments and firms were competing unfairly with U.S. competitors by stealing their trade secrets. Domestic firms were seeing their crown jewels stolen and taken overseas . . . . The remedy for this form of theft, however, remained entirely in the hands of State law."[232] Thaddeus Burns, Senior Counsel for Intellectual Property and Trade at General Electric, speaking on behalf of the Intellectual Property Owners Association (IPOA), supported a federal civil remedy because "State courts are not well suited to respond to the nature of trade secret theft today, which is increasingly likely to involve the movement of trade secrets across State and even international lines."[233] IPOA emphasized that "the increased digitization of critical data and increased global trade have made it easier than ever before to misappropriate vast quantities of data and transport it across state and international boundaries."[234]

In a Senate Judiciary Committee hearing on the DTSA, witnesses spoke not just about the threat of international trade secret theft, but also about how exactly the DTSA might or might not be able to address that threat.[235] Senator David Perdue specifically asked the witnesses how the DTSA could effectively address the extraterritorial threat of cyber espionage.[236] James Pooley, former Deputy Director General of the World Intellectual Property Organization, emphasized that federal courts are better equipped than state courts to handle international trade secret disputes:

231. *Hearing Before the House Judiciary Committee*, *supra* note 11, at 6.

232. *Id.* at 8.

233. *Id.* at 33.

234. *Id.* at 38.

235. *See generally Protecting Trade Secrets: the Impact of Trade Secret Theft on American Competitiveness and Potential Solutions to Remedy this Harm: Hearing on S.1890 Before the S. Comm. on the Judiciary*, 114th Cong. (2015), https://www.judiciary.senate.gov/committee-activity/hearings/protecting-trade-secrets-the-impact-of-trade-secret-theft-on-american-competitiveness-and-potential-solutions-to-remedy-this-harm (last visited May 4, 2025) [hereinafter *Hearing Before the Senate Judiciary Committee*].

236. *Id.* at 1:41:05.

> [Extraterritoriality] is one of the major reasons why we need to have federal courts looking at these issues. Much more of the theft that happens these days, whether it's cybersecurity, cyberespionage, or whether it's done by actors locally who then might leave, the fact is there's an international component to it. State court judges, in my experience over the years, have a hard time dealing with this. Federal judges deal with international issues, the jurisdiction of courts here for the consequences of acts done in another place, they've seen that many times. They understand what comity is and isn't. And so we can get much more predictable and effective relief in federal court.[237]

While not a legislator, Mr. Pooley was still intimately familiar with the DTSA, as he had helped draft the bill and had been credited as "instrumental" to its passage by a sponsoring senator.[238] He viewed the DTSA's primary advantage over state law in international trade secret disputes as its access to federal courts, rather than any substantive provision of the bill itself.[239] Professor Sharon Sandeen, an internationally recognized trade secret scholar, testified against the DTSA's passage. When asked the same question as Mr. Pooley, she expressed much less optimism about the bill's efficacy.[240] While Professor Sandeen was "very concerned" about international cyber-espionage, she "d[idn't] think [the] bill addresse[d]" it.[241]

Had legislators and commentators believed § 1837 to confer the broad extraterritorial protection affirmed in *Hytera II*, they would likely have sung the DTSA's praises in redressing extraterritorial trade secret theft. Instead, the legislative history emphasizes that the DTSA protects companies against thieves that flee the country with stolen information. Taken together, these statements indicate that Congress intended to remedy only extraterritorial harms stemming from the domestic acquisition of trade secrets.

2. *The Primary Goal of Congress Was Not to Create a Remedy for Extraterritorial Harms*

While plenty of statements in the DTSA's legislative history suggest that Congress intended some extraterritorial application, numerous others show that Congress was primarily concerned with providing effective remedies for domestic trade secret misappropriation and remained cognizant of the territorial limitations of its own legislative power. Section IV.B.2.a demonstrates that the DTSA's legislative history focuses primarily on domestic

237. *Id.* at 1:45:43.

238. JAMES POOLEY, https://pooley.com/ [https://perma.cc/D4UD-T5JA] (last visited Dec. 20, 2024).

239. *See Hearing Before the Senate Judiciary Committee*, *supra* note 235, at 1:45:43.

240. *See id.* at 1:45:03.

241. *Id.* at 1:45:03.

applications. Section IV.B.2.b reveals legislators' reluctance to enact a trade secret law with sweeping extraterritoriality provisions. Section IV.B.2.c highlights Congress's hope that nations would use the DTSA as a model for their own trade secret protections to demonstrate it did not intend the DTSA to supplant other nations' own trade secret law.

a) A Primary Goal of the DTSA Was to Improve Wholly Domestic Remedies

Section IV.B.2.a.i. demonstrates that the primary motivator of the DTSA was improving the effectiveness of remedies across state lines. Section IV.B.2.a.ii emphasizes that the DTSA meets the stated policy goal that trade secrets should enjoy similar levels of protection as other federal IP rights.

i) The DTSA Overcomes State Trade Secret Law's Ineffectiveness in Addressing Wholly Domestic Trade Secret Misappropriation

The House Judiciary Committee report on the DTSA mentions the risk of a thief "boarding a plane and taking the secret beyond the reach of American law."[242] It mentions this risk, however, in the context of courts acting across state lines to prevent the thief from fleeing in the first place, rather than allowing the victim of such theft to recover damages for the thief's actions after fleeing.[243] Both the House and Senate Judiciary Committee reports highlight that federal courts offer a more effective venue for victims seeking to "move quickly to Federal court, with certainty . . . to stop trade secrets from winding up being disseminated."[244]

Senator Orrin Hatch best explained this focus on domestic remedies in his statements on the Senate floor. He placed far greater emphasis on the need for a uniform federal remedy than on concerns about protection from foreign trade secret thieves. The "mixed bag of differing legal regimes" under state law forced plaintiffs to "wade through a quagmire of procedural hurdles in order to recover their losses . . . . Under a uniform Federal standard, the process would be far more efficient."[245] In Senator Hatch's view, state law was "woefully insufficient" to protect trade secret owners from "interstate trade secret theft."[246] A "uniform national law," however, and the powers of federal

242. H.R. REP. NO. 114-529, at 4 (2016).
243. *Id.*
244. *Id.* at 6; S. REP. NO. 114-220, at 15 (2016).
245. 114 CONG. REC. S1627 (2016) (statement of Sen. Orrin Hatch).
246. *Id.*

courts to act across state lines, would overcome the deficiencies that state trade secret laws could not.[247]

ii) Congress Intended the DTSA to Provide Protection in Line with Other Federal Intellectual Property Laws

The DTSA's legislative history shows Congress intended to give trade secrets similar legal protection as other federal IP rights, but not significantly more. The House Judiciary Committee's report on the 2014 Trade Secrets Protection Act—the precursor to the DTSA—stated that the bill's purpose was to allow "trade secret owners to protect their innovations by seeking redress in Federal court, just as owners of other forms of intellectual property, including copyrights, patents, and trademarks."[248] The Judiciary Committee's report on the DTSA in 2016 used exactly the same language.[249] The Senate Judiciary Committee's report on the DTSA stated a similar purpose: because trade secrets were "[u]nlike other types of intellectual property," being governed by state law, the DTSA would "allow trade secret owners to . . . seek[] redress in Federal court, bringing their rights into alignment with those long enjoyed by owners of other forms of intellectual property, including copyrights, patents, and trademarks."[250] Senator Hatch emphasized the need for parity across IP regimes, pointing out that trade secrets were "the only form of U.S. intellectual property where the owner d[id] not have access to a Federal civil remedy."[251]

The legislative history suggests that Congress intended the DTSA to bring trade secret protection up to the same federal protection standard enjoyed by other intellectual property regimes. This stated goal supports interpreting the DTSA's extraterritoriality provision similarly to those of other intellectual property regimes. On appeal, Hytera argued that "[i]t would be anomalous for private trade secret claims to reach extraterritorially when other intellectual-property rights generally do not."[252] While the Seventh Circuit correctly noted that "the issue for [the courts] is statutory interpretation, not the public policy choices,"[253] an assessment of just how "anomalous" the argued extraterritorial policy is could guide statutory interpretation through the lens of legislative intent.

247. *Id.*
248. H.R. REP. NO. 113-657, at 5 (2014).
249. H.R. REP. NO. 114-529, at 2 (2016).
250. S. REP. NO 114-220, at 2–3 (2016).
251. 114 CONG. REC. S1627 (2016) (statement of Sen. Orrin Hatch).
252. Brief for Defendant-Appellant, *supra* note 112, at 55.
253. *Hytera II*, 108 F.4th at 486.

Congress was explicit that the DTSA should fit with other federal intellectual property statutes. Copyright and patent law require domestic conduct to directly cause extraterritorial harm before awarding damages,[254] while trademark law requires a significant domestic connection through its "use in commerce" test before imposing extraterritorial liability.[255] Sweeping extraterritorial liability under the DTSA would place trade secret protection in a class of its own—contrary to Congress's intended congruence with other IP regimes. While courts should not twist the text of a statute to produce policy outcomes with which they agree, an examination of the DTSA's legislative history suggests that the Seventh Circuit's reading of the text in *Hytera II* contravenes Congress's own stated policy goals. This historical context weighs against the soundness of the Seventh Circuit's interpretation.

b) Legislative Discussions Reveal Hesitance About the Extraterritorial Application of American Trade Secret Law

The DTSA's legislative history reveals that Congress understood the territorial limitations of its own power and did not intend to draft a law that would regulate foreign trade secret disputes. While these statements are mostly found in congressional hearings—rather than more authoritative committee reports and floor statements—this is perhaps because legislators thought a sweeping extraterritorial application was so far out of the question that it did not merit serious discussion.

In the 2014 congressional hearing *Trade Secrets: Promoting and Protecting American Innovation, Competitiveness and Market Access in Foreign Markets*, David Simon, Senior Vice President for Intellectual Property at Salesforce, was asked directly about the appropriate extraterritorial scope of the statute. He cautioned against overbroad extraterritorial application, saying he did not think it would be good to go to the "extreme [of having] U.S. courts trying to tell Swiss watchmakers what they can do in Switzerland."[256]

Around the same time DTSA legislation was pending, Congress rejected a different trade secrets bill that contained much more explicit extraterritorial provisions than the DTSA. Senator Jeffry Flake of Florida introduced S.1770—the "Future of American Innovation and Research Act of 2013," or the "FAIR Act."[257] This bill contained language invoking extraterritorial application if a trade secret misappropriation "cause[d] or is reasonably anticipated to cause an injury [] within the territorial jurisdiction of the United

254. *See supra* Sections II.B.2.a, b.
255. *See supra* Section II.B.2.c.
256. *Hearing Before the House Judiciary Committee*, *supra* note 11, at 58.
257. S. 1770, 113th Cong. (2013).

States."[258] Even under this bill's broader standard, extraterritorial liability was tied to a domestic effects test, requiring the plaintiff to have sufficient connection to the United States.[259] Rejecting this bill suggests Congress may have been wary about enacting a trade secret law with too much extraterritorial reach. By contrast, the Seventh Circuit's reading of the DTSA in *Hytera II* imposes a looser standard, potentially allowing worldwide liability for actions as minor as a single email or phone call to the United States.

Congress understood the territorial limits of its legislative powers and chose to enact the DTSA in its present form, imposing liability for extraterritorial trade secret misappropriation only if the trade secret was acquired domestically.

c) The DTSA Was Meant to Model for Trade Secret Protection for Other Nations, Not to Supersede Their Laws

Legislators and business and IP professionals also spoke at length in congressional hearings about the importance of having strong, uniform trade secret protections in the United States—both as a bargaining tool for trade negotiations and as a model for other countries to improve their own trade secret protections.[260] Representative Howard Coble, Chairman of the House Subcommittee on Courts, Intellectual Property, and the Internet, praised the DTSA for "arm[ing] our trade negotiators with a model they could point other countries to and encourage them to follow."[261] Even before the DTSA's passage, the U.S.-Colombia Trade Promotion Agreement, which took effect in 2012, contained explicit trade secret protections.[262] However, David Simon highlighted the weakness of negotiating without a uniform federal law to reference, explaining that U.S. trade negotiators "can only seek the lowest common denominator of those state and federal laws."[263]

258. *Id.* § 3(c).

259. *See id.*

260. *See, e.g.*, *Hearing Before the House Judiciary Committee*, *supra* note 11, at 26–27 ("The lack of consistent protection means that the USTR is restricted in bilateral and multilateral negotiations from trying to improve foreign trade secret protection."); *id.* at 34 ("If the United States leads by example, however, we have an excellent opportunity to raise and harmonize the global framework for trade secret protection."); *id.* at 42 ("To date, the United States has not consistently received cooperation from international jurisdictions in protecting trade secrets in part because it does not have its own federal civil statute to reference in encouraging the adoption and enforcement of similar legislation by its treaty partners.").

261. *Id.* at 9.

262. *See* M. ANGELES VILLAREAL, CONG. RSCH. SERV., RL34470, THE U.S. COLOMBIA FREE TRADE AGREEMENT: BACKGROUND AND ISSUES 5 (2014).

263. *Hearing Before the House Judiciary Committee*, *supra* note 11, at 26.

Congress's intent to use the DTSA as a tool in trade negotiations explains why § 5 of Public Law 114–153 references extraterritorial conduct—even though Congress did not intend to create a remedy for such conduct.[264] By declaring its sense that "trade secret theft occurs in the United States and around the world,"[265] and that "trade secret theft, wherever it occurs, harms the companies that own the trade secrets and the employees of the companies,"[266] Congress created a stronger, and more sound position in negotiations to encourage U.S. trading partners to improve their own trade secret protections. The Attorney General's reporting requirements further emphasize this purpose. These reports must discuss "[s]pecific progress made under trade agreements and treaties, including any new remedies enacted by foreign countries, to protect against theft of trade secrets of United States companies outside of the United States."[267] They must also address "[i]nstances of the Federal Government working with foreign countries to investigate, arrest, and prosecute entities and individuals involved in the theft of trade secrets outside of the United States."[268] These sections of Public Law 114–153 demonstrate Congress's hope that other nations would use the DTSA as a model to improve their own trade secret laws and cooperate with U.S. authorities to stop trade secret theft. If the DTSA had the broad extraterritorial reach permitted by *Hytera II*, it would obviate the need for other countries to improve their own laws and frustrate Congress's intent to enact the DTSA as a gold standard for trade secret protection.

d) Even If Congress Did Not Intend the DTSA to Apply Extraterritorially, Its Text Requires Extraterritorial Application

Contrary to this Note, some argue that Congress did not intend for the DTSA to have any extraterritorial application at all. In the words of one commentator, the "foreign impact of the bills was documented by its supporters to be more indirect."[269] The legislative history is replete with statements that a federal remedy would allow trade secret owners to act fast—

264. *See supra* Section IV.B.2.

265. Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, § 5(1).

266. *Id.* § 5(2).

267. *Id.* § 4(b)(7).

268. *Id.* § 4(b)(6).

269. John Cannan, *A (Mostly) Legislative History of the Defend Trade Secrets Act of 2016*, https://www.aallnet.org/wp-content/uploads/2018/01/Vol-109-No-3-A-Mostly-Legislative-History-of-the-Defend-Trade-Secrets-Act-of-2016.pdf [https://perma.cc/2K2M-Q3QZ] (last visited Dec. 20, 2024).

before the thief is able to leave the country, rendering extraterritorial protection unnecessary.[270]

Congress may have intended to address the problem of international trade secret theft by implementing seizure remedies that could prevent the trade secret information from ever leaving the country's borders rather than by allowing recovery for damages in foreign countries.[271] Indeed, the committee reports from the Senate and House of Representatives devote much more analysis to the civil seizure provisions than any others and do not even include the words "extraterritorial" or "extraterritoriality" anywhere.[272] Without a committee report explicitly stating that Congress intended the DTSA to provide trade secret owners an extraterritorial remedy, the legislative history may be best understood as Congress's intent to enact strong domestic remedies that other countries could use as a model to improve their own laws. This argument ultimately fails because "we have not traveled, in our search for the meaning of the lawmakers, beyond the borders of the statute."[273] The text of § 1837 explicitly gives extraterritorial effect to all of Chapter 90, including the DTSA, when it states, "[t]his chapter also applies to conduct occurring outside the United States."[274]

Courts should not conclude Congress mistakenly gave the DTSA extraterritorial effect by failing to amend § 1837 simply because the legislative history does not expressly support the extraterritorial reach authorized by the text. As Justice Scalia observed, "[p]urpose sheds light only on deciding which of various *textually permissible meanings* should be adopted."[275] To the extent courts find it compelling that Congress did not extensively discuss the DTSA's extraterritorial bounds, they should use this silence as a guide for properly cabining its extraterritorial application to meritorious cases—not as a reason to disregard the textual grant of extraterritoriality.

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270. *See supra* Section IV.C.2.a.i.

271. *See* H.R. REP. NO. 113-657, at 7 (2014) ("[K]eep a trade secret thief from boarding a plane and taking the secret beyond the reach of American law."); 18 U.S.C. § 1836(b)(2).

272. *See* H.R. REP. NO. 113-657, at 10–12 (2014) (writing approximately one and a half pages analyzing civil seizure and less than one page analyzing new remedies); H.R. REP. NO. 114-529, at 9–13 (2016) (writing approximately two and a half pages analyzing civil seizure and slightly more than one page analyzing new remedies); S. REP. NO. 114-220, at 5–9 (2016) (writing approximately two and a half pages analyzing civil seizure and approximately one and a half pages analyzing new remedies).

273. United States v. Great N. Ry., 287 U.S. 144, 154 (1932).

274. 18 U.S.C. § 1837.

275. SCALIA & GARNER, *supra* note 84 (emphasis in original).

V. CONCLUSION

The Seventh Circuit's reading of the DTSA's extraterritoriality grant in *Hytera II* is overbroad, conflicting with both the statutory text and Congress's expressed intent. A more reasonable reading would limit "offense" to the acquisition of trade secrets, rather than extending it to all misappropriation. This narrower approach properly gives the two different terms "offense" and "misappropriation" two different meanings. Limiting extraterritoriality in this manner is also faithful to Congress's expressed intent in enacting the DTSA—focusing more on interstate than international misappropriation and encouraging other countries to improve their own trade secret protections rather than trying to impose American law worldwide. The Supreme Court denied review of the Seventh Circuit's holding, leaving other circuit courts the option to adopt a different application of extraterritoriality under the DTSA.

Allowing trade secret owners to recover foreign damages resulting from domestic trade secret theft is a sound policy that aligns with the DTSA's Congressional intent. Owners of other IP rights can recover foreign damages if they can show that domestic misconduct caused harm abroad. Congress intended for the DTSA to afford trade secret owners similar protection. Applying the DTSA to allow recovery of extraterritorial damages flowing from domestic trade secret theft is the soundest construction of the statute, compensating trade secret owners for domestic trade secret theft without imposing American law on disputes more appropriately resolved by foreign courts.