No. 24-725

In the Supreme Court of the United States

HYTERA COMMUNICATIONS CORPORATION LTD.,
Petitioner,

v.

MOTOROLA SOLUTIONS, INC. AND MOTOROLA SOLUTIONS MALAYSIA SDN. BHD.,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

BRIEF FOR INTELLECTUAL PROPERTY ACADEMY OF CHINESE ENTERPRISE, SHENZHEN SOFTWARE INDUSTRY ASSOCIATION, CHINA SOFTWARE INDUSTRY ASSOCIATION, AND TCL CSOT AS *AMICI CURIAE* SUPPORTING PETITIONER

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INTEREST OF *AMICI CURIAE*[1]

Founded in 2014 and formally known as Shenzhen Qichuang Intellectual Property Management Center, *amicus* Intellectual Property Academy of Chinese Enterprise (IPACE) is an enterprise intellectual property education and research institution based in Shenzhen, China. IPACE conducts research into the theory and practice of intellectual property management at the enterprise level and trains intellectual property managers for enterprises in China. IPACE is organized as a nonprofit public welfare organization registered in the Civil Affairs Bureau in China. Its members are enterprise intellectual property managers, and its leadership has high-level experience in legal and technical fields. In addition to training, education, and intellectual property management research, IPACE also serves as a community and professional organization of enterprise intellectual property managers.

IPACE research and training encompasses the entire process of intellectual property management, including litigation management. Its part-time teaching and research faculty includes the heads of intellectual property or legal affairs in significant Chinese enterprises.

Shenzhen Software Industry Association, founded in 1988, is one of the most influential

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[1] This brief was not authored in whole or in part by counsel for any party and no person or entity other than *amici curiae* or their counsel has made a monetary contribution toward the brief's preparation or submission. All parties have received timely notice of the filing of this brief.

organizations in the software industry. It comprises enterprises specializing in software development, system integration, and information services.

The association has been a cornerstone of support for the industry over the past 36 years, earning widespread acclaim. Its 4,000 member companies include Huawei Technologies Co., Ltd., Tencent Technology (Shenzhen) Co., Ltd., ZTE Corporation, Ant Group Co., Ltd. (Alibaba), vivo Mobile Communication Co., Ltd., Kingdee Software (China) Co., Ltd., Han's Laser Technology Industry Group Co., Ltd., China Merchants Bank International Technology Group Co., Limited, Ping An Insurance (Group) Company of China, Ltd., TCL Technology Group Corporation, Mindray Bio-Medical Electronics Co., Ltd., China Resources Network (Shenzhen) Co., Ltd., DiDi Technology (Shenzhen) Co., Ltd., and Bank of China Limited.

The China Software Industry Association (CSIA) was established in 1984. Its members include enterprises and individuals from various fields related to software, including research and development, sales, training, application, information system integration, information services, as well as intermediary services for the software industry such as consulting, market research, investment, and financing. Registered with the Ministry of Civil Affairs as a AAA-rated industry organization, it is the only national first-level social organization representing China's software industry with legal personality.

CSIA and its branches have more than 3,000 members. Members within the top 100 enterprises in China's software and information service industry

include Huawei Technologies Co., Ltd., Baidu Online Network Technology (Beijing) Co., Ltd., Chinasoft International Limited, Oracle (China) Software Systems Limited, Haier Group, Dahua Technology Co., Ltd., Yonyou Network Technology Co., Ltd., and 360 Digital Security Technology Group Co., Ltd. The membership also includes research institutions, colleges, and universities.

TCL China Star Optoelectronics Technology (TCL CSOT), established in 2009, is one of the world's leading companies developing new technologies and innovations in semiconductor display industry. TCL CSOT has 9 panel production lines and 5 module bases located in Shenzhen, Wuhan, Huizhou, Suzhou, Guangzhou, and India; total investment exceeds 260 billion RMB. TCL CSOT focuses on promoting the development of next-generation display technologies such as Mini LED, Micro LED, OLED, and inkjet-printed OLED.

Amici have a strong interest in maintaining the world's predominantly territory-based intellectual property regime. That nearly universal principle of law enables intellectual property managers to gauge their rights and liabilities predictably based on the location of the relevant assets and relevant conduct. Market participants should be able to tailor their conduct to local standards without fear of civil liability under the laws of other nation-states. Infringing the judicial and legislative sovereignty of other countries undermines the proper handling of cross-border disputes in the high-tech industry, and impairs the maintenance of a just, equal, and stable international economic and trade order.

This Court has rejected extraterritorial application of the other major forms of United States intellectual property law. Trade secret law should be no different.

INTRODUCTION AND SUMMARY OF ARGUMENT

The petition raises issues of paramount importance that affect businesses all over the world, and implicate both the foreign policy and the innovation policy of the United States. Intellectual property is property. Nations protect intellectual property interests within their territory just as they protect other property; indeed, the protection of property is one of the central aims of any government. For the most part, nations do not try to regulate the ownership or use of property in other jurisdictions, just as they do not generally try to regulate business or other private conduct that takes place in other nations. This constraint is necessary to the international order: different sovereigns define and protect property differently—differences that can be especially pronounced for intellectual property, and even more in the area of trade secrets.

This Court has long recognized a presumption against extraterritorial application of United States law. And the Court has squarely held that the presumption has not been overcome with respect to three of the four principal statutory protections for intellectual property. Thus, with extremely narrow, explicit exceptions, United States patent law does not reach beyond United States territory. *Microsoft Corp.* v. *AT&T Corp.*, 550 U.S. 437, 454-455 (2007). Neither does the United States law of copyright, *Impression*

Products, Inc. v. *Lexmark Int'l, Inc.*, 581 U.S. 360, 379 (2017), or trademarks, *Abitron Austria GmbH* v. *Hetronic Int'l, Inc.*, 600 U.S. 412, 428 (2023).

Countering this trend, the court of appeals erroneously overrode this presumption for civil actions under the Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, 130 Stat. 376 (DTSA), based on a statutory provision that applies only to criminal offenses. See Pet. 9-20, 26-27. That holding disregards the dividing line Congress drew between extra-territorial criminal prosecutions (which can proceed only on the initiative of an executive branch attuned to foreign relations) and private civil actions (which are subject to no such prudential limits).

As explained below, the decision below undervalued the presumption against extra-territoriality in permitting an inapplicable statutory provision to override it. The presumption serves important policy interests by avoiding conflicts with the law of other sovereigns regarding conduct that takes place in their sovereign territory.

Strict and consistent enforcement of the presumption against extraterritoriality is especially important for intellectual property statutes. International protections for intellectual property assume a territorial approach tempered by uniform minimum rights. Because developed and developing nations—and different nations in either category—may disagree on those rights' proper scope, Congress has properly hesitated to apply intellectual property statutes unilaterally beyond the Nation's borders. The few exceptions allowing extraterritorial application of

U.S. intellectual property law have been narrow, and this Court has construed them narrowly.

In addition, if the DTSA makes trade secrets the only intellectual property statute that can be enforced extraterritorially by private parties, trade secrets may further displace the constitutionally preferred patent and copyright systems.

Because the Seventh Circuit's decision erroneously resolved an issue of paramount importance, certiorari should be granted and the decision reversed.

REASONS FOR GRANTING THE PETITION

In construing federal statutes, this Court has long applied a "presumption against extraterritoriality," under which "federal laws will be construed to have only domestic application" unless statutory terms "clearly express[] congressional intent to the contrary." *RJR Nabisco* v. *European Community*, 579 U.S. 325, 335 (2016). In the decision below, the court of appeals weakened that presumption by permitting it to be overcome with respect to the civil actions authorized by the Defend Trade Secrets Act—not by a clear statement in the provision authorizing those actions, but by language in a prior enactment that extended extraterritorial application only to certain "offenses" under the chapter containing the DTSA. As the petition explains (at 12-13), immediately before the DTSA was enacted as part of Title 18, this Court had held that the word "offenses" in that Title applies "only to criminal charges" and not "also to civil claims." *Kellogg Brown & Root Services, Inc.* v. *United States ex rel. Carter*, 575 U.S. 650, 653, 660 (2015).

In attributing to Congress a choice it did not make, the Seventh Circuit's decision undermined the important policy benefits of limiting the extra-territorial reach of United States statutes. And the court of appeals did so in the critical context of intellectual property protection. This Court has strictly limited the extraterritorial application of the other major forms of intellectual property legislation. Trade secrets should be treated no differently. If anything, the policy basis for allocating enforcement to the law of the local sovereign is heightened as to trade secrets.

A. The Presumption Against Extraterritoriality Promotes Amicable International Relations.

Nations generally limit themselves to legislating within their own territory. "All legislation is prima facie territorial." *American Banana Co.* v. *United Fruit Co.*, 213 U.S. 347, 357 (1909) (Holmes, J.) (cleaned up), overruled in part on other grounds by *Continental Ore Co.* v. *Union Carbide & Carbone Corp.*, 370 U.S. 690 (1962). Thus, "the general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done." *Id.* at 356.

This Court continues to recognize that "[f]oreign conduct is generally the domain of foreign law," which "may embody different policy judgments about the relative rights" of different actors in a market. *Microsoft*, 550 U.S. at 455 (cleaned up). Thus, "courts should assume that legislators take account of the legitimate sovereign interests of other nations when they write American laws." *Ibid.* (cleaned up).

The presumption against extraterritoriality recognizes the "international consensus that a nation's law governs actions within its territorial jurisdiction." Antonin Scalia & Bryan A. Garner, *Reading Law: The Interpretation of Legal Texts* 268 (2012). These settled expectations shared by diplomats, legislators, and litigants have existed "[s]ince the rise of the nation-state." *Ibid.*

Strict application of the presumption helps avoid international friction and avoids ascribing to Congress a policy that would raise difficult issues of international law or might threaten international comity. In the international community, "the legality of extraterritorial regulation" has been "extremely controversial." Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 Va. J. Int'l L. 505, 546 (1997). The European Commission and other international actors recently made that clear in briefing before this Court. See, *e.g.*, *Abitron*, 600 U.S. at 428 (noting views of "Commission and other foreign *amici*" characterizing overseas application of Lanham Act as "meddling in extraterritorial affairs").

The presumption against extraterritoriality is rooted in the longstanding canon that federal statutes are to be construed, "[w]here fairly possible, * * * so as not to conflict with international law." Restatement (Third) of Foreign Relations Law § 114 (1987). Chief Justice Marshall announced early on that "an Act of Congress ought never to be construed to violate the law of nations if any other possible construction remains[.]" *Murray* v. *Schooner Charming Betsy*, 6 U.S. (2 Cranch) 64, 118 (1804).

Even where a conflict with the law of nations is unclear, a heavy presumption against extra-territoriality "reflects concerns of international comity insofar as it 'serves to protect against unintended clashes between our laws and those of other nations which could result in international discord.'" *Yegiazaryan* v. *Smagin*, 599 U.S. 533, 541 (2023) (quoting *Kiobel* v. *Royal Dutch Petroleum Co.*, 569 U.S. 108, 115 (2013)). As this Court explained, the principle of international comity "is the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens, or of other persons who are under the protection of its laws." *Hilton* v. *Guyot*, 159 U.S. 113, 163-164 (1895).

A strong presumption against extraterritoriality reflects appropriate consideration of the sovereign rights of other nations. Indeed, "[e]xtraterritorial lawmaking violates the right to external self-determination whenever it subjects" a nation "to uninvited foreign rule." Evan J. Criddle, *Extraterritoriality's Empire: How Self-Determination Limits Extraterritorial Lawmaking*, 118 Am. J. Int'l L. 607, 610-611 (2024). That is exactly what happens under circumstances, like those in this case, where foreign defendants are held liable under U.S. law—and liable to pay U.S. remedies—for conduct that took place in a foreign nation that has its own laws governing that conduct within its border.

B. Firm Application of the Presumption Against Extraterritoriality Ensures that the Political Branches Have Approved Any Intrusion Upon Foreign Sovereignty.

The presumption against extraterritoriality reflects fundamental American principles. The Nation was founded on the idea that governments "deriv[e] their just powers from the consent of the governed." The Declaration of Independence para. 2. The Founders did not claim the right to govern others without their consent, regardless of the form of government that might apply in other nations; on the contrary, the Declaration was a reaction to "uninvited foreign rule." Criddle, *supra*, 118 Am. J. Int'l L. at 610-611.

Consonant with those principles, Congress can "project the impact of its laws beyond the territorial boundaries of the United States" when it "prescrib[es] standards of conduct for American citizens," *i.e.*, those who have consented to be governed by the American government. *Steele* v. *Bulova Watch Co.*, 344 U.S. 280, 282 (1952). But the power to govern others acting beyond those boundaries cannot be based on consent—and thus is suspect. That is why the Court will not construe a statute to have extraterritorial effect unless "Congress has affirmatively and unmistakably instructed that the provision at issue should apply to foreign conduct." *Abitron*, 600 U.S. at 417-418 (cleaned up).

The presumption also strengthens the constitutional separation of powers. The Constitution vests powers over foreign policy in the two political branches. The Constitution grants the President

authority to make treaties with foreign nations, U.S. Const. art. II, § 2, cl. 2; and makes him or her Commander-in-Chief of the military, *id.,* cl. 1. The Constitution grants Congress the authority to advise and consent to the President's treaties, *id.* cl. 2; to declare war, *id.*, art. I, § 8, cl. 11; to raise and support armies and navies, *id.*, cls. 12-13; to regulate commerce among nations, *id.*, cl. 3; and to define offenses against the law of nations and to set punishments for them, *id.*, cl. 10.

In contrast, the attenuated foreign policy role for the judicial branch is confined to jurisdiction over certain cases involving foreign states and their citizens. *Id.,* art. III, § 2. Within that jurisdiction, the role of the judicial branch is only to say what the law is, not to "navigat[e] foreign policy disputes belong[ing] to the political branches." *Abitron*, 600 U.S. at 427 (second alteration in original) (quoting *Jesner* v. *Arab Bank, PLC*, 584 U.S. 241, 281 (2018) (Gorsuch, J., concurring)).

Such disputes arise whenever extraterritoriality is at issue. For example, granting American statutes extraterritorial effect runs the risk of "lightly giv[ing] foreign plaintiffs access to U.S. remedial schemes that are far more generous than those available in their home nations." *Yegiazaryan*, 599 U.S. at 552 (Alito, J., dissenting). And trying to avoid that by "favoring U.S. plaintiffs' access to American courts over that of foreign plaintiffs 'runs its own risks of generating international discord.'" *Id.* at 553 (quoting Court op., *id.* at 548). These are the types of foreign policy decisions that should be left to the political branches through a clear grant of extraterritorial effect in

circumstances defined in a statute enacted by Congress and signed by the President.

"[C]consistent application of the presumption 'preserv[es] a stable background against which Congress can legislate with predictable effects.'" *Id.* at 541 (majority opinion) (quoting *Morrison* v. *National Austl. Bank Ltd.*, 561 U.S. 247, 261 (2010)). "Having a statutory presumption that is often applied but sometimes ignored is retrograde. Legislators must know what to expect." Scalia & Garner, *supra,* at 272. If Congress wanted to alter this presumption, it could do so. Yet Congress has not "attempted to pass a general statute either abolishing the presumption against extraterritoriality or, more drastically, requiring a presumption in favor of extra-territoriality." Bradley, *supra*, 37 Va. J. Int'l L. at 557.

As a consequence, the Court should continue to apply the presumption against extraterritoriality vigorously. As Justice Scalia warned, "eliminating or watering down the presumption ultimately results in purposivism," where judicial preferences substitute for the judgment of the political branches. Scalia & Garner, *supra,* at 272.

Yet courts cannot gain relevant expertise in making the foreign policy decisions entrusted to the political branches because "the appropriate extraterritorial reach of federal statutes depends on information and policy distinctions not available to the courts." Bradley, *supra*, 37 Va. J. Int'l L. at 561. Strict application of the presumption against extra-territoriality ensures that those decisions are made by the legislature and executive, not the courts.

C. Certiorari Should Be Granted Because Extraterritorial Application of Trade Secret Protection Raises Significant, Recurring, and Important International Relations Concerns.

The international protection of intellectual property depends on multiple treaties and bilateral agreements, all of which are premised on principles of territoriality in enacting minimum standards for protecting intellectual property across international borders. By extending the reach of private DTSA actions to address conduct entirely in foreign states, and "[a]llowing recovery for foreign injuries in a civil * * * action, including treble damages," the decision below "presents the same danger of international friction" that this Court found sufficient to preclude extraterritorial application of civil RICO in *RJR Nabisco*, 579 U.S. at 348. That is enough to warrant this Court's prompt review.

1. International Protection of Intellectual Property Presumes That Each Nation's IP Laws Apply Only Within Its Own Territory.

The international protections for intellectual property are implemented through a complex web of multilateral and bilateral agreements and treaties. The "public international law regime concerning intellectual property rights" follows "a territorial approach to intellectual property laws," reflecting "two central principles": (1) "national treatment"; and (2) "minimum rights." Bradley, *supra*, 37 Va. J. Int'l L. at 547.

National treatment is a "rule of non-discrimination," where "foreign nationals [must] be given the same intellectual property protection in each signatory country as is available to the country's own citizens." *Ibid.* The principle of national treatment depends on the presumption that "each nation's intellectual property laws are assumed *not* to apply extraterritorially." *Id.* at 548. If they did apply beyond national borders, nations could undermine the entire public international law regime "by allowing right holders from countries with extraterritorial laws"—at least those with great intellectual property protection—"to receive more protection abroad than right holders from other countries." *Ibid.*

The "minimum rights" principle—which sets a floor but not a ceiling on protection—also depends on a presumption against extraterritoriality. Beyond the minimum, each nation is free to provide as much protection for intellectual property rights as it desires. But the effectiveness of each nation's choice about their laws' protective scope "would be undermined if other nations could override that choice through extra-territorial application of their own standards." *Id.* at 549.

These concerns are especially salient with respect to trade secret protection. Trade secret protection ultimately rests on a prohibition against conversion—"misappropriat[ion]," under the terms of the DTSA, 18 U.S.C. § 1836(b)(1). That conduct is more inherently territorial than the copying forbidden by other intellectual property statutes. Conversion, like theft, is fundamentally a local concern subject to local enforcement. "Foreign conduct is [generally] the

domain of foreign law, and in the area here involved, in particular, foreign law may embody different policy judgments about the relative rights of inventors, competitors, and the public in patented inventions." *Microsoft*, 550 U.S. at 455 (cleaned up); see *Abitron*, 600 U.S. at 417

And, like trademark law, trade secret law is "territorial" in that each country may grant trade secret protections and "police" misappropriation "within its borders." *Abitron*, 600 U.S. at 426. To apply U.S. law to "police allegations" of trade secret misappropriation occurring elsewhere "would be an unseemly act of meddling in extraterritorial affairs, given international treaty obligations that equally bind the United States." *Id.* at 428 (cleaned up). In this context, this Court's conclusion about trademark law applies equally in the context of trade secret protection: "United States law governs domestically but does not rule the world." *Ibid.* (quoting *Microsoft*, 550 U.S. at 454).

2. Certiorari Is Warranted Because Extraterritorial Application of Private DTSA Remedies Would Undermine International Relations.

This Court long ago recognized that extraterritorial application of the patent laws "would confer on patentees not only rights of property, but also political power, and enable them to embarrass the treaty-making power in its negotiations with foreign nations." *Brown* v. *Duchesne*, 60 U.S. (19 How.) 183, 197 (1856). The political branches have engaged in extensive foreign affairs activities related to intellectual property, including "the negotiation of

bilateral and multilateral international agreements * * *; the use of threatened trade sanctions * * *; and the resort to international dispute settlement procedures." Bradley, *supra*, 37 Va. J. Int'l L. at 562.

Yet "[e]xtraterritorial application" of intellectual property laws "may offend foreign governments and thus interfere with the negotiation of international agreements." *Ibid.* Such disagreements "may also conflict with U.S. foreign policy interests outside the area of intellectual property" and "with positions taken by the United States in international diplomacy or before international institutions." *Ibid.*

These interests and concerns fully apply to extraterritorial protection of trade secrets. Trade secrets are protected on the international stage by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Apr. 15, 1994). The TRIPS Agreement is "annexed" to the World Trade Organization, "meaning that any country wishing to join the WTO must become a signatory to TRIPS." Robin J. Effron, *Secrets and Spies: Extraterritorial Application of the Economic Espionage Act and the TRIPS Agreement*, 78 N.Y.U. L. Rev. 1475, 1482 (2003).

The minimum TRIPS standard for trade secrets requires members to "protect undisclosed information": preventing the unconsented disclosure, acquisition, or use of information that is "secret," "has commercial value because it is secret," and "has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret." The Sedona Conference, *Framework for Analysis on Trade Secret Issues Across*

International Borders: Extraterritorial Reach, 23 Sedona Conf. J. 909, 949 (2022). TRIPS also mandates that countries provide civil judicial procedures to enforce trade secret rights; judicial authorities who can require the production of evidence; and remedies that include injunctions, damages, and the seizure and destruction of infringing goods. *Id.* at 950.

These minimum standards, however, do not compel uniform results. Each element of trade secret protection within TRIPS "offers jurisdictions opportunities to tailor the law to their own conceptions of the proper balance between private and public interests." Rochelle Dreyfuss & Linda Silberman, *Misappropriation on a Global Scale: Extraterritoriality and Applicable Law in Transborder Trade Secrecy Cases*, 8 Cybaris 265, 279 (2017). These areas of flexibility include the breadth of information protected, the extent of secrecy required and what degree of "accessibility" renders information unprotectable, and what kind of conduct amounts to misappropriation. *Id.* at 280-284; see also Effron, *supra*, 78 N.Y.U. L. Rev. at 1498-1499.

At first, the TRIPS provision on trade secrets (*i.e.*, "undisclosed information") "was not widely implemented." Dreyfuss & Silberman, *supra*, 8 Cybaris at 270. But "as other countries have begun to protect trade secrets in the new millennium," however, "the need for the United States to apply its own law to police the world has diminished." *Id.* at 270-271. And this is so even when those implementations differ in emphasis as different sovereigns emphasize different innovation policies. "[C]ountries can, and do, take

different approaches to such questions as adjusting the balance between trade secrecy and patent rights, nourishing the public domain, protecting employee mobility, facilitating whistleblowers, and dealing with good faith users of misappropriated information." *Id.* at 271.

Developed nations tend to favor strong intellectual property protection and enforcement, while less-developed nations tend to favor less stringent protections. Every country will strike this balance differently, making "divergent policy choices and enact[ing] laws that differ in critical detail." *Id*. at 274. The DTSA may impose liability for "activities that other nations, both developed and developing, consider to be well within the boundaries of honest commercial practice." Effron, *supra*, 78 N.Y.U. L. Rev. at 1500.

Different sovereigns also may have "divergent views on defenses to trade secrecy actions." Dreyfuss & Silberman, *supra*, 8 Cybaris at 284. Depending on their assessment of the relative value of proprietary, secret technological development and the spread of know-how through an industry, nations may take different approaches to the availability and length of injunctions, and the measure (and potential enhancement) of money damages. See *id.* at 285; see Effron, *supra*, 78 N.Y.U. L. Rev. at 1495-1502, 1510-1515.

For example, China's changing and "nuanced approach" formerly mandated that some types of information cannot be considered a trade secret, including "customs of the industry, information that can be observed from inspection, and information in the published literature." Dreyfuss & Silberman,

supra, 8 Cybaris at 285-286. Chinese law also "appeared to require explicit confidentiality agreements" with employees while also "specif[ying] when ex-employees can use their former employer's customer lists." *Id.* at 286.[2] And when an employee who knew trade secrets left an employer, the new employer could be required to pay a "reasonable royalty to the owner of the trade secret." *Ibid*. This arrangement allowed the new employer to "exploit that knowledge for the benefit of society and build and improve upon it." *Ibid.* Although Chinese law no longer has all of these features, none were precluded by TRIPS; other nations may choose among these and other options that accord with their own innovation policies.

United States trade secret law has none of these features. Two nations' policies can coexist if both nations follow a territorial approach. But "clashes among national trade secrecy laws can easily occur" if the Seventh Circuit's view of civil DTSA extraterritoriality stands. *Id.* at 274.

Cross-border application of trade secret protections also raises practical difficulties for market participants. "[I]nformation that is accessible in one country" may "nonetheless be regarded as secret in another." *Id.* at 272. "[B]ecause the place of use may

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[2] "In China, * * * most employees are liable only if there is an explicit contract, but senior managing staff have a statutory duty to keep secrets." Dreyfuss & Silberman, *supra*, 8 Cybaris at 281 n.88 (citing Ping Xiong, *China's Approach to Trade Secrets Protection: Is a Uniform Trade Secrets Law in China Needed?*, *in* The Internet and the Emerging Importance of New Forms of Intellectual Property 256 (Susy Frankel & Daniel Gervais eds., 2016)).

not be foreseeable at the time that secrecy must be maintained or the information appropriated, this approach also poses problems for information developers and users." *Ibid.*

And "[a]llowing recovery for foreign injuries in a civil RICO action, including treble damages"—at issue under the DTSA—"presents the same danger of international friction" as conflicts over the conduct that gives rise to liability. *RJR Nabisco*, 579 U.S. at 348. Further complicating the issue, and increasing the possibility of conflict, developed nations "have routinely replaced TRIPS' multilateral approach with bilateral agreements that require signatory countries to enact domestic IP laws that provide protections exceeding those provided under TRIPS." Elizabeth A. Rowe & Daniel M. Mahfood, *Trade Secrets, Trade, and Extraterritoriality*, 66 Ala. L. Rev. 63, 82 (2014).

For all these reasons, the decision below presents important and recurring issues that should be decided definitively by this Court.

3. Certiorari is warranted because conferring extraterritorial scope on the private DTSA action would inappropriately advantage trade secret protection over the constitutionally favored patent and copyright.

In the United States, the protection of intellectual property is "traditionally * * * conceived of as a bargain between the state and the innovator." Effron, *supra*, 78 N.Y.U. L. Rev. at 1478. A U.S. patent was "not designed to secure to the inventor his natural right in his discoveries. Rather, it was a reward, an

inducement, to bring forth new knowledge." *Graham* v. *John Deere Co.*, 383 U.S. 1, 9 (1966). "The limited right of exclusivity gives the innovator the incentive to invest time and resources in research and development, and the disclosure and subsequent entry into the public domain allow the public and competitors to build upon that work in fostering newer and cheaper innovations." Effron, *supra*, 78 N.Y.U. L. Rev. at 1478.

Following this model, the Founders enshrined protections for patents and copyrights in the Intellectual Property Clause, U.S. Const. art. I, § 8, cl. 8, to "promote the Progress of Science and the useful Arts." See also Timothy R. Holbrook, *Is There a New Extraterritoriality in Intellectual Property?*, 44 Colum. J.L. & Arts 457, 461 (2021). Trade secrets make no appearance in the Constitution; in fact, "some would argue" that trade secrets "undermine[] this objective" of promoting scientific and commercial progress. Jacob Mackler, *Intellectual Property Favoritism: Who Wins in the Globalized Economy, the Patent or the Trade Secret?,* 12 Wake Forest J. Bus. & Intell. Prop. L. 263, 285 (2012).

Given this grounding in an incentive model of intellectual property, United States innovation policy "has traditionally viewed the social benefits of patent disclosure preferable to the secrecy inherent in the trade secret." *Id.* at 284-285. "Trade secrets alter th[e] balance" between the interests of the public and an inventor "because the rights holder never has to disclose" his invention or information "as long as the information remains secret and meets other judicial criteria allowing for the preservation of its secrecy."

Effron, *supra*, 78 N.Y.U. L. Rev. at 1479. Because it does not expire, trade secret protection provides no pathway to the public domain, whereas upon patent expiration "the information is available to the public for free use," including "the opportunity to take the advance in directions the inventor did not consider." Dreyfuss & Silberman, *supra*, 8 Cybaris at 277, 278.

For this reason, trade secrets may offer commercially attractive legal protections. They are "cheaper than patents, can last longer than the 20-year term of patent protection, and * * * cover[] intellectual contributions that are not advanced enough or sufficiently inventive to be considered patentable." *Id.* at 266. Other forces are driving a growing preference for protecting inventions through trade secrets. Modern business practices spread information around the globe as global supply chains proliferate. *Ibid.* The employees who staff those businesses now move between firms more than ever before. *Ibid.* And "developments in computer technology, robotics, and manufacturing create more situations where information can be feasibly protected by secrecy" while at the same time "mak[ing] it easier to take valuable information without authorization." *Ibid.*

"[B]roadening the scope of trade secret misappropriation to * * * extraterritorial actions * * * gives additional incentive to inventors to keep their innovation secret * * * [and] denies society the benefits of disclosure stemming from the patent system." *TianRui Grp. Co. Ltd.* v. *International Trade Comm'n*, 661 F.3d 1322, 1343 (Fed. Cir. 2011) (Moore, J., dissenting). "With a choice between two equally

effective protections, an innovator would no doubt choose the option not requiring disclosure of the fruits of his labor." Mackler, *supra*, 12 Wake Forest J. Bus. & Intell. Prop. L. at 286.

Those incentives would drastically increase if private civil enforcement of trade secret rights had extraterritorial scope unique among forms of intellectual property. As noted above (at 4-5), this Court has squarely held that the federal laws protecting every other form of intellectual property—patents, trademarks, and copyrights—lack extraterritorial effect. The decision below makes the Defend Trade Secrets Act an extraterritorial anomaly. This Court should grant review and reverse to harmonize the territorial scope of all forms of intellectual property.

D. Certiorari Should Be Granted Because Proper Application of the Presumption Against Extraterritoriality Precludes Extraterritorial Application of the Private Civil Action Under the DTSA.

Congress has shown its dependence on the presumption in the trade secrets context. When Congress drafted the Economic Espionage Act (EEA), it made its extraterritorial intent clear. Congress could have done the same in the Defend Trade Secrets Act, but "when Congress amended the EEA to include the civil provisions of the DTSA, it did not include specific language authorizing extraterritorial reach of the DTSA." Elizabeth A. Rowe & Giulia C. Farrior, *Revisiting Trade Secret Extraterritoriality*, 25 B.U. J. Sci. & Tech. L. 431, 443 (2019).

That should be sufficient to decide this case. The presumption against extraterritoriality remains in effect even in cases where Congress has created an exception permitting limited extraterritorial application of a statute. In those situations, the presumption is still "instructive in determining the *extent* of the statutory exception." *Microsoft*, 550 U.S. at 456. That requires a court to construe any exceptional extraterritoriality provisions narrowly, as this Court did in *Microsoft*, *id.* at 442, 454-455.

Of particular importance here, although "cases sometimes refer to whether the '*statute*' applies extraterritorially, * * * the two-step analysis applies at the level of the *particular provision* implicated," *Abitron*, 600 U.S. at 419 n.3 (emphases added)—here, the private civil action provided in the DTSA. In enacting *that* provision, Congress neither provided any specific authorization for extraterritorial application nor amended the EEA's provision allowing extraterritorial prosecution of "offenses" to encompass civil actions as well. See Pet. App. 236a-258a. And "the location of the conduct relevant to the focus," *Abitron*, 600 U.S. at 422—*i.e.*, where the defendant allegedly "misappropriated" the trade secret, 18 U.S.C. § 1836(b)(1)—further weighs against applying U.S. law to overseas misappropriation.

The DTSA is unusual in providing a civil action in the context of the criminal code. That calls for an especially high standard of clarity in assessing congressional intent to extend the action to extraterritorial conduct. A clear statement is all the more necessary before a court can apply a pre-existing extraterritoriality provision tied to different criminal

violations as a basis to infer extraterritorial reach for a new, free-standing civil cause of action that was located in a new and separate statutory section.[3] "Because of the territorial nature" of trade secret protection, "the probability of incompatibility with the applicable laws of other counties is so obvious that if Congress intended such foreign application it would have addressed the subject of conflicts with foreign laws and procedures." *Abitron*, 600 U.S. at 427 (cleaned up).

Contrary to the decision below, restricting the extraterritorial application of the DTSA to criminal actions accords with this Court's express solicitude about the reach—and potential overreach—of United States substantive law. Criminal prosecutions are brought by the executive branch, which has explicit constitutional responsibility for foreign affairs. Private plaintiffs have neither that responsibility nor the broader perspective that goes with it.

"Using civil law, as opposed to criminal law, to enforce a rather stringent trade secret measure puts the United States in the * * * controversial situation of a disconnect between" the DTSA "and another country's domestic trade secret law" and TRIPS itself. Robin J. Effron, *Trade Secrets, Extraterritoriality, and Jurisdiction*, 51 Wake Forest L. Rev. 765, 772 (2016). Without the "check imposed by prosecutorial discretion[,] * * * providing a private civil remedy for

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[3] The attenuated connection between the U.S. conduct on which the court of appeals relied—a U.S. trade show—and the foreign misappropriation, exploitation, and sales at issue underscores the error. "[T]he presumption would be meaningless if any domestic conduct could defeat it." *Abitron*, 600 U.S. at 419.

foreign conduct creates a potential for international friction beyond that presented by merely applying U.S. substantive law to that foreign conduct." *RJR Nabisco*, 579 U.S. at 346-347 (cleaned up). Such choices should be made by the executive branch, not by any private party perceiving itself to be injured.

CONCLUSION

The petition for a writ of certiorari should be granted and the decision of the Seventh Circuit reversed.

Respectfully submitted,

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