



Federal Trade Secrets Legislation Gains Momentum With House Committee's Approval of Bill

Client Advisories

10.16.2014

The Judiciary Committee of the U.S. House of Representatives recently approved the Trade Secrets Protection Act of 2014, [H.R. 5233](#) ("the bill"), and reported it without dissent for consideration by the full House. The bill creates a federal civil cause of action for trade secret misappropriation.

Like the U.S. Senate version of the legislation (see our [earlier advisory](#)), the bill would amend the Economic Espionage Act ("EEA"), which criminalizes actual and attempted trade secret thefts and conspiracies but does not provide a private civil remedy. The bill would amend the EEA to permit companies and individuals to file federal statutory claims to protect their trade secrets.

All 50 states have their own trade secrets law, and 48 have adopted some version of the Uniform Trade Secrets Act ("UTSA") model legislation, including New Jersey and Pennsylvania. Consequently, some commentators have questioned the need for additional federal legislation.

But the bill's primary sponsor, Republican George Holding of North Carolina, stated that "[t]he current patchwork within state and federal statutes is not enough to keep pace with organized trade secret theft, resulting in a loss of nearly \$100 billion which could mean 200,000 jobs."

"Trade secrets are an increasingly important form of intellectual property that have become more vulnerable to theft as a result of our globalized economy," Congressman Holding said after the Judiciary Committee's Sept. 17, 2014, voice vote in favor of the bill. "And as trade secret theft becomes more sophisticated, American laws need to keep pace to protect our businesses. This bipartisan bill will not only help job creators protect their trade secrets, but help grow our economy and create jobs."

The bill has garnered a bipartisan group of 21 co-sponsors, though no further action on the proposed legislation is expected until after the November elections.

Meanwhile, the Senate version of the legislation, the Defend Trade Secrets Act of 2014 (“DTSA”), [S.2267](#), has not moved from the Senate Judiciary Committee despite being introduced on April 29, 2014 - three months before the House bill. The Senate bill was, however, the subject of a hearing in May before the Subcommittee on Crime and Terrorism, at which business and industry representatives testified to the need for stronger laws.

“It is critical to the U.S. economy and necessary to protect jobs here that we take affirmative steps to strengthen our laws and further protect our invaluable trade secrets,” stated Peter L. Hoffman, Vice President, Intellectual Property Management for the Boeing Company.

We will continue to monitor the progress of federal trade secrets legislation and provide further updates as developments unfold.

Should you have any questions or wish to discuss the proposed legislation or other trade secret issue, please contact [Thomas A. Muccifori](#), founder and Chair of [Archer’s Trade Secret Protection and Non-Compete Group](#), at tmucciofri@archerlaw.com or (856) 354-3056, or any member of the Group at one of our offices listed below.

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