

Post-*TianRui*: A Survey of Trade Secret Litigation and Extraterritoriality in the ITC

By Mark Whitaker* and David Nathaniel Tan**

I. Introduction

In 2011, the Federal Circuit in *TianRui Grp. Co. v. Int'l Trade Comm'n* affirmed the International Trade Commission's ("ITC") authority to look to extraterritorial conduct of a respondent to determine whether that respondent misappropriated trade secrets under 19 U.S.C.A. § 1337 ("Section 337"). In 2016, the Defend Trade Secrets Act ("DTSA"), which created a federal cause of action for trade secret misappropriation, was made into law. The law is clear that the ITC can find a violation of Section 337 based on misappropriation of trade secrets conducted abroad. The DTSA adds yet another avenue to assert such claims. Yet the number of trade secret claims in the ITC, while growing, remains low.

This paper explores recent trends in trade secret misappropriation in the ITC and recommends best practices. Based on a survey of 16 recent ITC investigations with trade secret claims, a few trends appear. First, the ITC has consistently considered extraterritorial conduct as evidence of trade secret misappropriation under Section 337. Second, there is a growing acceptance of the DTSA as a basis for trade secret misappropriation claims in the ITC. Third, at least one Administrative Law Judge ("ALJ") has interpreted *TianRui* to require rejecting comity arguments in motions to terminate. This gradual expansion of the ITC's jurisdiction, coupled with a general increase in trade secret investigations in the ITC, indicates that companies should be prepared to bring or respond to trade secret misappropriation claims in this forum.

* Partner, Morrison & Foerster LLP

** Associate, Morrison & Foerster LLP

II. Extraterritoriality in the ITC: *TianRui Group Co. Ltd. v. International Trade Commission*

The ITC is a federal agency that is empowered, under Section 337 of the Tariff Act of 1930, to determine, *inter alia*, whether “[u]nfair methods of competition and unfair acts in the importation of articles . . . into the United States, or in the sale of such articles by the owner, importer, or consignee, the threat or effect of which is—

- (i) to destroy or substantially injure an industry in the United States;
- (ii) to prevent the establishment of such an industry; or
- (iii) to restrain or monopolize trade and commerce in the United States.”

19 U.S.C.A. § 1337 (a)(1)(A). Trade Secret misappropriation falls under this mandate.¹ Upon determination of a Section 337 violation, the ITC “shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States.”² The most common remedy is a Limited Exclusion Order (“LEO”), which prohibits the importation of the offending articles into the United States. Rarely, the ITC also issues General Exclusion Orders (“GEOs”), which prohibit any party from importing any offending article. Partly because of such effective remedies, the ITC has become a popular venue for companies who seek to protect their market share in the United States.

Despite Section 337’s focus on foreign *articles* being imported into the United States, it has been unclear until recently whether foreign *conduct* qualifies as evidence of an unfair method or an unfair act. The Federal Circuit answered this question in the affirmative in *TianRui Grp.*

¹ *TianRui Grp. Co. v. Int’l Trade Comm’n*, 661 F.3d 1322, 1326 (Fed. Cir. 2011).

² 19 U.S.C. § 1337 (d)(1).

Co. v. Int'l Trade Comm'n, 661 F.3d 1322, 1326 (Fed. Cir. 2011). In 2008, ITC ALJ Charneski issued an Initial Determination that certain *TianRui* respondents³ misappropriated Complainant Amsted's trade secrets relating to the manufacture of railway wheels.⁴ The ALJ based this determination on TianRui's conduct in China.⁵ The *TianRui* respondents appealed to the Federal Circuit, arguing *inter alia* that the ITC could not look to extraterritorial conduct in determining violations of Section 337. A divided Federal Circuit rejected this argument, holding that Section 337's prohibition on unfair methods of competition and unfair acts in the importation of articles into the United States "include[s] conduct that takes place abroad."⁶

TianRui, however, was not a universal win for trade secret misappropriation claims in the ITC. Because Amsted's trade secret misappropriation claim was founded on Illinois trade secret law, Amsted argued that the ITC could apply state law in determining trade secret misappropriation.⁷ The Federal Circuit disagreed, holding instead that "a single federal standard, rather than the law of a particular state, should determine what constitutes a misappropriation of trade secrets sufficient to establish an 'unfair method of competition' under section 337."⁸ At the time *TianRui* was decided, no Federal Trade Secret statute was in place. Yet the Federal Circuit declined to overturn the ITC's application of Illinois trade secret law, because, "[f]ortunately, trade secret law varies little from state to state and is generally governed by widely recognized

³ The complaint named four respondents: TianRui Group Company Limited of China; TianRui Group Foundry Company Limited of China (collectively "TianRui"); Standard Car Truck Company, Inc. of Park Ridge, Illinois (SCT); and Barber TianRui Railway Supply, LLC of Park Ridge, Illinois ("Barber").

⁴ *In the Matter of Certain Cast Steel Ry. Wheels, Certain Processes for Mfg. or Relating to Same & Certain Prod. Containing Same*, Initial Determination, USITC Inv. No. 337-TA-655 (Nov. 20, 2009) (not reviewed by Commission).

⁵ *Id.* at 15–29.

⁶ *TianRui* at 1334–35. *See also Sino Legend (Zhangjiagang) Chem. Co. v. Int'l Trade Comm'n*, 623 Fed. Appx 1016 (Fed. Cir. 2015) (Rule 36 affirmance).

⁷ *TianRui* at 1326–27.

⁸ *Id.* at 1327.

authorities such as the Restatement of Unfair Competition and the Uniform Trade Secrets Act.”⁹ *TianRui* left open the question of how to apply trade secret law for states that have not adopted the Uniform Trade Secrets Act (“UTSA”).¹⁰ Such concerns were resolved, however, with the passage of the federal DTSA in 2016.

The DTSA created a federal cause of action for the misappropriation of a trade secret.¹¹ The DTSA is, for the most part, modeled after the UTSA.¹² This provided the “single federal standard” that the Federal Circuit required of trade secret misappropriation claims brought before the ITC, tacitly strengthening the holding of *TianRui*. The ITC has become an even more attractive venue for litigants seeking injunction-equivalents against companies who misappropriated trade secrets overseas.

III. Trends in Trade Secret Litigation at the ITC

The ITC is and remains a popular venue for patent issues. Yet trade secret misappropriation claims have historically been, and to a large extent remain, a minority cause of action at the ITC.¹³ In 2013, Riley and Stroud noted that since 1972, the ITC has instituted only 41 investigations involving trade secrets. Riley and Stroud noted that “[o]nly a handful did not settle before a hearing, even fewer made it to a final determination, and only a small subset of

⁹ *Id.* at 1327–28.

¹⁰ At the time, at least Massachusetts, New York, North Carolina, and Texas had not enacted statutes modeled after the UTSA. V. Economides, *Tianrui Group Co. v. International Trade Commission: The Dubious Status of Extraterritoriality and the Domestic Industry Requirement of Section 337*, 61 Am. U. L. Rev. 1235, n. 18 (Apr. 2012).

¹¹ Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, 130 Stat. 376 (codified at 18 U.S.C.A. §§ 1832–1833, 1385–1836, 1838–1839, 1961 (West 2018)).

¹² D.S. Levine and S.B. Seaman, *The DTSA at one: An Empirical Study of the First Year of Litigation Under the defend Trade Secrets Act.*, 53 Wake Forest L. Rev., 106, p.118–120 (2018).

¹³ See N. Flechsig, *Trade Secret Enforcement after Tianrui: Fighting Misappropriation through the ITC*, 28 Berkeley Tech. L.J. at 455–57 (2013); see also *Certain Nut Jewelry and Parts Thereof*, Inv. No. 337-TA-229, USITC Pub. 1929 (Nov.1986); *Certain Processes for the Manufacture of Skinless Sausage Casings and Resulting Products*, Inv. No. 337-TA-148/169, USITC Pub. 1624 (Dec.1984) (“Sausage Casings”); *Certain Apparatus for the Continuous Production of Copper Rod*, Inv. No. 337-TA-52, USITC Pub. 1017, 1979 WL 33484 (Nov.1979).

those substantially comment on the law of trade secret violations at the ITC.”¹⁴ This averages to one investigation per year. In the decade following *TianRui*, the number of trade secret-related investigations at the ITC has increased by 80%.

Title (In the Matter of Certain):	Inv. No.	ALJ Assigned	Date of Institution
DC-DC Controllers and Products Containing the Same	698	Paul Luckern	01/05/2010*
Electric Fireplaces, Components Thereof, Manuals for Same, Certain Processes for Manufacturing or Relating to Same and Certain Products Containing Same	791/826	David Shaw	07/20/2011*; 1/19/2012
Rubber Resins and Processes for Manufacturing Same	849	Sandra Lord	6/26/2012
Paper Shredders, Certain Processes for Manufacturing or Relating to Same and Certain Products Containing Same and Certain Parts Thereof	863	Thomas Pender	1/25/2013
Robotic Toys and Components Thereof	869	Charles Bullock	2/11/2013
Opaque Polymers	883	Thomas Pender	6/21/2013
Crawler Cranes and Components	887	David Shaw	7/17/2013
Stainless Steel Products, Certain Processes for Manufacturing or Relating to Same, and Certain Products Containing Same	933	Theodore Essex	10/10/2014
Activity Tracking Devices, Systems, and Components Thereof	963	Sandra Lord	8/21/2015
Carbon and Alloy Steel Products	1002	Sandra Lord	6/2/2016
Amorphous Metal and Products Containing Same	1078	Thomas Pender	10/30/2017
Botulinum Toxin Products, Processes for Manufacturing or Relating to Same and Certain Products Containing Same	1145	David Shaw	3/6/2019
Bone Cements and Components Thereof	1153	Cameron Elliot	4/10/2019
Lithium Ion Batteries, Battery Cells, Battery Modules, Battery Packs, Components Thereof, and Production and Testing Systems and Processes Therefor	1159	Cameron Elliot	6/4/2019
Foodservice Equipment and Components Thereof	1166	Charles Bullock	7/3/2019

¹⁴ P. Andrew Riley & Jonathan R. K. Stroud, *A Survey of Trade Secret Investigations at the International Trade Commission: A Model for Future Litigants*, 15 COLUM. SCI. & TECH. L. REV. 41 at 63–64 (2013).

* Although instituted before *TianRui*, this investigation was ongoing when *TianRui* was decided.

Bone Cements and Bone Cement Accessories	1175	Cameron Elliot	9/23/2019
Balanced Armature Devices, Products Containing Same, and Components Thereof	1186	Sandra Lord	11/29/2019

Table 1: Trade Secret Investigations at the ITC Since 2012¹⁵

Based on these recent trade secret-related investigations, a few trends are noteworthy:

- a. **Extraterritorial conduct is indisputably a valid basis for trade secret misappropriation in the ITC.** In *Certain Crawler Cranes*, the Commission considered evidence of misappropriation in the fact that certain specifications were “translated into Chinese and sent to [respondent] in China.”¹⁶ In *Certain Foodservice Equipment*, Complainant relied on “misappropriated trade secrets from [respondent’s] facilities in China.”¹⁷ That investigation is still ongoing. In *Certain Botulinum Toxin Products*, the ITC found misappropriation from conduct occurring in South Korea based on a South Korean trade secret.¹⁸ Respondent Daewong appealed to the Federal Circuit, acknowledging that *TianRui* permits consideration of foreign conduct, but challenging the ITC’s jurisdiction as to a Korean—rather than a U.S.—trade secret.¹⁹
- b. **The DTSA is becoming recognized as a basis for a trade secret misappropriation claim in the ITC.** In the short period between *TianRui*

¹⁵ This table was generated from the United States International Trade Commission’s 337Info portal. <https://pubapps2.usitc.gov/337external/> (last accessed February 28, 2021). As Riley and Stroud noted, such information is difficult to track precisely due to inherent limitation in how the ITC tracks its own investigations. See n. 14, *supra*, at n. 109.

¹⁶ *In the Matter of Certain Crawler Cranes & Components Thereof*, Comm’n Opinion, USITC Inv. No. 337-TA-887 (May 6, 2015) at 56.

¹⁷ *In the Matter of Certain Foodservice Equip. & Components Thereof*, Opinion Remanding the Investigation, USITC Inv. No. 337-TA-1166 (Dec. 16, 2020).

¹⁸ *In the Matter of Certain Botulinum Toxin Prod., Processes for Mfg. or Relating to Same & Certain Prod. Containing Same*, Comm’n Opinion, USITC Inv. No. 337-TA-1145 (Jan. 13, 2021) at *7.

¹⁹ *Allergan v. International Trade Commission*, No. 21-1653, Dkt. 6 (Feb. 13, 2021).

and the passage of the DTSA, a few ITC investigations involved trade secret misappropriation claims. Those that did looked to the UTSA for guidance as to the legal standard of trade secret misappropriation. For example, in *Certain Rubber Resins*, Commission has relied on the UTSA for the legal standard of trade secret misappropriation.²⁰ So too did the Commission in *Certain Crawler Cranes*²¹ and ALJ Lord in *Certain Activity Tracking Devices*.²² More recent ITC opinions, however, acknowledged that “the Defend Trade Secrets Act of 2016” is also pertinent.²³

- c. **At least one ALJ has interpreted *TianRui* as requiring adjudication of trade secret misappropriation claims brought in the ITC.** For example, in *Certain Paper Shredders*, ALJ Pender invoked *TianRui* in denying denied respondents’ motion for partial termination of the investigation.²⁴ Respondents had argued that the doctrine of comity weighed in favor of terminating the instant investigation, as a parallel was pending before a Chinese court.²⁵ ALJ Pender rejected this argument, citing that, under

²⁰ *In the Matter of Certain Rubber Resins & Processes for Mfg. Same*, Comm’n Opinion, USITC Inv. No. 337-TA-849 (Feb. 26, 2014) at *4–5.

²¹ *In the Matter of Certain Crawler Cranes & Components Thereof*, Comm’n Opinion, USITC Inv. No. 337-TA-887 (May 6, 2015) at *22.

²² *In the Matter of Certain Activity Tracking Devices, Sys., & Components Thereof Initial*, Determination on Violation of Section 337 & Recommended Determination on Remedy & Bonding, USITC Inv. No. 337-TA-963 (Aug. 23, 2016) at *12.

²³ *In the Matter of Certain Bone Cements, Components Thereof & Prod. Containing the Same*, Comm’n Opinion, USITC Inv. No. 337-TA-1153 (Jan. 25, 2021) at *3; *In the Matter of Certain Digital Imaging Devices & Prod. Containing the Same & Components Thereof*, Second Action Request of Proposed Respondents, USITC Inv. No. 337-TA-1231 (Sept. 25, 2020); see also *In the Matter of Certain Botulinum Toxin Prod., Processes for Mfg. or Relating to Same & Certain Prod. Containing Same*, Comm’n Opinion, USITC Inv. No. 337-TA-1145 (Jan. 13, 2021) at *7.

²⁴ *In the Matter of Certain Paper Shredders, Certain Processes for Mfg. or Relating to Same & Certain Prod. Containing Same & Certain Parts Thereof*, Order No. 5: Denying Respondents Motion for Partial Termination of the Investigation as to Fellowes Claims of Misappropriation, USITC Inv. No. 337-TA-863 (July 19, 2013).

²⁵ *Id.* at *6.

TianRui, the investigation “necessarily involves issues of federal law,” and even went so far as to say that recommending termination “based upon international comity would be an abuse of my discretion.”²⁶

But not all ALJs have interpreted *TianRui* as unilaterally expanding the ITC’s jurisdiction. For example, ALJ Lord, in considering antitrust claims, relied on *TianRui* in terminating that investigation because complainant failed to plead a claim on which relief can be granted.²⁷ ALJ Lord rejected complainant’s argument that an already-instituted investigation cannot be terminated without “intervening events or information.”²⁸ ALJ Lord instead found that an investigation must be “resolved using the same substantive law that governs federal antitrust cases,” which requires pleading injury under federal antitrust law.²⁹ The Commission agreed, interpreting “[u]nfair methods of competition and unfair acts’ under section 337(a)(1)(A), when predicated on the Sherman Act, to require antitrust injury.”³⁰ ALJ Lord has applied the same reasoning to copyright³¹ and tortious interference with contract³² claims.

²⁶ *Id.* at *25.

²⁷ *In the Matter of Certain Carbon & Alloy Steel Prod.*, Order No. 38: Initial Determination Granting Respondents’ Motion to Terminate U.S. Steel’s Antitrust Claim Under 19 C.F.R. 210.21 &, in the Alternative, Under 19 C.F.R. 210.18, USITC Inv. No. 337-TA-1002 (Nov. 14, 2016) at *8.

²⁸ *Id.* at *4.

²⁹ *Id.* at *8.

³⁰ *In the Matter of Certain Carbon & Alloy Steel Prod.*, Comm’n Opinion, USITC Inv. No. 337-TA-1002 (Mar. 19, 2018) at *9.

³¹ *In the Matter of Certain Indus. Automation Sys. & Components Thereof Including Control Sys., Controllers, Visualization Hardware, Motion Control Sys., Networking Equip., Safety Devices, & Power Supplies*, Order No. 38: Denying Respondent Radwell Int’l, Inc.’s Motion for Termination of Copyright Infringement Claim, or, in the Alternative, Summary Determination of No Copyright Infringement, USITC Inv. No. 337-TA-1074 (July 12, 2018).

³² *In the Matter of Certain Indus. Automation Sys. & Components Thereof Including Control Sys., Controllers, Visualization Hardware, Motion Control Sys., Networking Equip., Safety Devices, & Power Supplies*, Order No. 30: Denying Respondent Radwell Int’l, Inc.’s Motion for Summary Determination of No Tortious Interference, USITC Inv. No. 337-TA-1074 (June 21, 2018); *see also In the Matter of Certain Foodservice Equip. & Components Thereof*, Order No. 23: Denying Complainants’ Motion for Summary Determination on Tortious Interference, USITC Inv. No. 337-TA-1166 (Mar. 30, 2020).

IV. Lessons and Recommendations

Post-*TianRui*, trade secret litigation in the ITC is on the rise. The introduction of a new federal trade secret “standard,” the DTSA, may lead to even further litigation. Bringing trade secret claims before the ITC instead of federal court comes with several benefits, including a speedy adjudication, the potential for an exclusion order enforced by U.S. Customs and Border Patrol, and the ability to rely on foreign conduct to establish misappropriation.³³ Pending the outcome of *Allergen v. ITC* at the Federal Circuit, the ITC’s jurisdiction may even extend to foreign trade secrets.

Regardless of whether a trade secret case is on the horizon, it is prudent to properly protect a company’s trade secrets and avoid misusing the trade secrets of others. Proper documentation is key, especially given the speed of trade secret misappropriation investigations at the ITC.³⁴ Based on recent trends, the threat—and appeal—of litigating at the ITC is likely to grow.

a. General Best Practices

Best Practice	Summary
Determine whether Trade Secret Protection is warranted	Patent and Copyright protection is incompatible with Trade Secret protection. Patents and copyright are public, whereas trade secrets remain private.
Create robust employment protocols and agreements protecting trade secrets	Implement a “clean entry, clean exit” strategy, and require annual certification of adherence to corporate compliance policies.
Establish physical, virtual, and cultural safeguards	Require badge access, implement up-to-date digital security protocols, and take care when permitting BYOD policies.

³³ See, e.g., P. Andrew Riley & Jonathan R. K. Stroud, *A Survey of Trade Secret Investigations at the International Trade Commission: A Model for Future Litigants*, 15 Colum. Sci. & Tech. L. Rev. 41 at 82–85 (2013).

³⁴ *Id.*

Have and comply with proper non-disclosure agreements in place	Ensure that access by partners, customers, and employees to confidential company information is covered by a non-disclosure agreement. Mark all confidential documents as such. Take care not to mishandle another company's trade secrets.
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Table 2: Summary of General Practices

For any company, the first step is to determine whether confidential information should be kept as a trade secret. In several industries, it may make more business sense to file patents or copyrights, for example, to create a robust and attractive intellectual property portfolio. With few exceptions, the decision to file a patent or copyright is incompatible with maintaining a trade secret. As a rule of thumb, patent protection tends to be more offensive, whereas copyright and trade secret protection tends to be more defensive. Patents and copyrights can also generate licensing revenue. By contrast, trade secrets have no expiration date and are ideal to protect information from ever being public.

Second, have robust employment protocols protecting the trade secrets. Critical here are robust employee agreements both during employment and after termination. Trade secret misappropriation is frequently traced back to employee misconduct, as recognized by the ITC in the earliest of trade secret investigations.³⁵ Accordingly, a “clean entry, clean exit” employment policy is recommended: ensure that no external trade secrets enter the company upon onboarding, and ensure that no internal trade secrets leave the company upon offboarding. Annual certification is also recommended.

³⁵ *Certain Floppy Disk Drives and Components Thereof*, Inv. No. 337-TA-203, USITC Pub. 1756 (Apr. 26, 1985) (Initial Determination) (“Surreptitious employees share certain habit patterns. They ‘plot’ with other employees who appear to be discontent.”)

Employment Agreement and Annual Certification of Compliance	<ul style="list-style-type: none"> •Provisions require employees to safeguard company confidential information; also to record and disclose their inventions, and to not use others' trade secrets •Require annual certification with Corporate Compliance Policy
Procedures for departing employees	<ul style="list-style-type: none"> •Exit meeting with manager •Employee Departure Form including certification acknowledging obligation not to divulge proprietary information •Exit survey for voluntary separation asking for future employment plans •Review computer usage in weeks' prior to departure to detect improper conduct
Procedures for onboarding employees	<ul style="list-style-type: none"> •Entrance interview with manager •Employee Onboarding Form including similar certification acknowledging no possession of proprietary information from previous employers

Figure 1. Basic Employee Security Measures

Third, establish physical, virtual, and cultural safeguards around company intellectual property. Physical safeguards include requiring badge access to specific areas, particularly for visitors, contractors, and employees working on different projects. Virtual safeguards include implementation of two-factor authentication, data encryption, and frequent password cycles. With the growing popularity of Bring Your Own Device (“BYOD”) policies, virtual safeguards are exceptionally important. Ensure that each personal device is compliant with the latest corporate security protocols and are subject to frequent re-certification. Having each BYOD employee register their device and sign a user agreement is also helpful. So, work to foster a culture of protecting company trade secrets.

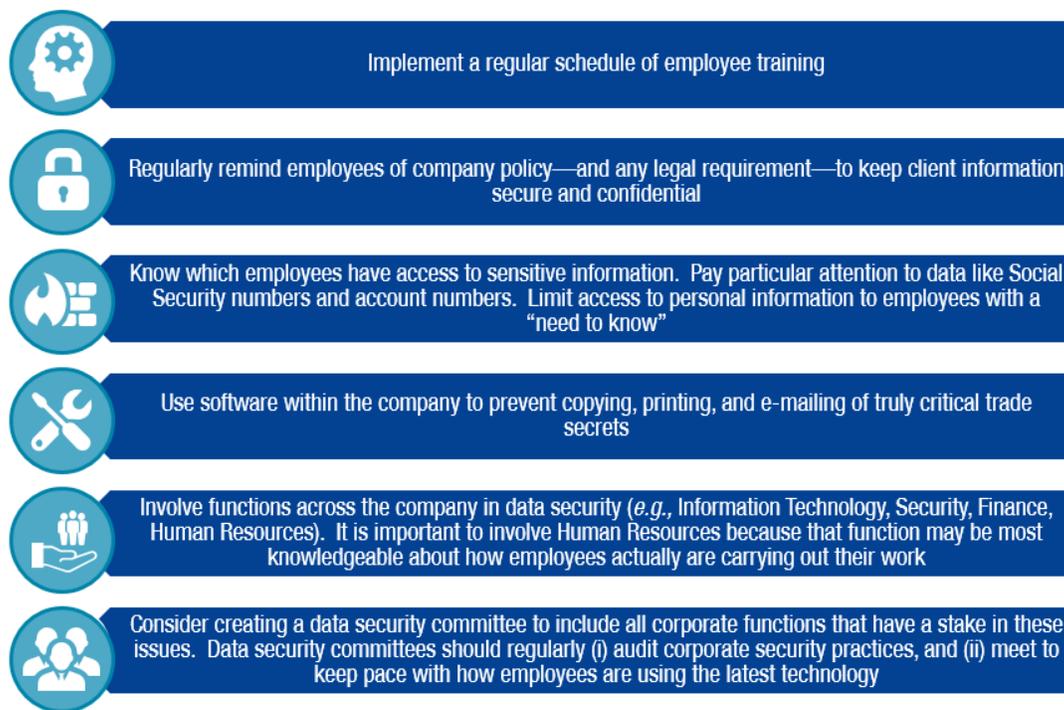


Figure 2. Exemplary Cultural Safeguards

Lastly, ensure that proper non-disclosure agreements with partners, customers, and employees are in place. Every time confidential company information is made accessible, such information should be protected by a corresponding agreement. Equally important is to mark every document containing confidential information as confidential, proprietary, and/or trade secret. Doing so can make establishing the trade secret status of certain documents a formality. Conversely, ensure that the company’s own employees are properly handling trade secrets belonging to other companies.

b. Best Practices for Complainants

Best Practice (Complainant)	Summary
Identify Scope of Trade Secrets	Start Broad and go Narrow. Be prepared to drop the number of trade secrets to ten or less.
Identify Trade Secret Protection Protocols and Agreements	Identify and seal any potential loopholes, such as gaps in non-disclosure agreements, omission in collecting all company property upon termination of employees, and

	failure to designate confidential and confidential-adjacent documents as trade secret.
Identify all avenues of public dissemination of the asserted trade secrets	Consider conferences, courses, blogs, social media, academic publications, press releases, patent applications, copyright applications, and discharged employees. Take down any unauthorized publications.
Prepare a damages model	Plan how to establish injury to a domestic industry; recall that the domestic industry need not itself practice the trade secret.
Filing the Complaint	Consider: (1) whether federal common law or the DTSA is a better basis for the complaint; (2) interactions between trade secret claims and other claims; and (3) alternative jurisdictions.

Table 3: Summary of Best Practices for Complainants

Should a company determine that litigation is warranted, several steps should be taken prior to bringing suit. First, consider defining the scope of their trade secrets. Complainants should think of defining their trade secrets broadly, with an eye toward narrowing the list during discovery. While certain states, such as California, require a particularized list prior to commencing discovery,³⁶ this is not currently a requirement for trade secret claims at the ITC. Instead, ALJs require an eventual narrowing of trade secrets prior to the close of discovery.³⁷ Accordingly, complainants should take advantage of the ITC’s less restrictive requirements to cast a wide net, with a goal of narrowing the trade secrets to around 10³⁸ by the time of trial. Such preparation will facilitate a rapid response to ALJ orders—a necessity in the fast-moving ITC.

³⁶ Cal. Civ. Proc. Code § 2019.210.

³⁷ See, e.g., *In the Matter of Certain Balanced Armature Devices, Prod. Containing Same, & Components Thereof, Order No. 21: Granting-in-Part & Denying-in-Part Respondents’ Motion to Strike Insufficiently Identified Alleged Trade Secrets & Limit the No. of Alleged Trade Secrets Asserted by Complainants*, USITC Inv. No. 337-TA-1186 (July 31, 2020).

³⁸ *Id.* at *4. (“Accordingly, Complainants shall identify no more than 10 trade secrets as representative of the alleged wholesale misappropriation by Respondents.”).

Second, identify all protocols and agreements relating to trade secret protection. It is critical to know how your company keeps the company's trade secrets safe, and, perhaps more importantly, identify any loopholes in such protections. Common loopholes include gaps in non-disclosure agreements, omission in collecting all company property upon termination of employees, and failure to designate confidential and confidential-adjacent documents as trade secret. To the extent possible, address any such loopholes prior to bringing suit, and consider updating protocols to cover the potential asserted trade secrets.

Third, identify all avenues of public dissemination of the asserted trade secrets. Addressing any such disclosure could take up valuable time during litigation or, worse, jeopardize the existence of the trade secrets themselves. Common avenues include conferences, courses, blogs, social media, academic publications, press releases, patent applications, copyright applications, and discharged employees. While intentional public disclosures cannot be taken back, knowledge of any public disclosure will help define the contours of the potential asserted trade secrets. Relatedly, any non-authorized publications should be addressed immediately. For example, request takedowns of sensitive documents uploaded in hosting websites such as Scribd.com, SlideShare.net, and Baidu.com.

Fourth, prepare a damages model. After exploring the viability of asserted trade secrets, begin crafting a strategy to establish harm. In the ITC, unlike in federal court, the harm must have the "threat or effect of," *inter alia*, destroying, substantially injuring, preventing establishment of, a domestic industry.³⁹ Alternatively, complainants can show that trade secret misappropriation restrains or monopolizes trade and commerce in the United States.⁴⁰ Yet "there is no express requirement in the general provision that the domestic industry relate to the

³⁹ 19 U.S.C. § 1337(a)(1)(A).

⁴⁰ *Id.*

intellectual property involved in the investigation.”⁴¹ In other words, while the misappropriation must harm the domestic industry, the domestic industry itself need not “practice the misappropriated trade secret in order for the Commission to be authorized to grant relief.”⁴²

Finally, consider how the complaint will be presented. Whether the complaint should invoke the federal common law of trade secrets under *TianRui* or the DTSA, for example, could depend on whether analogous fact patterns in other ITC investigations exist. Further, trade secret cases often involve torts such as breach of contract, patent claims, or copyright claims, which could synergize or complicate the trade secret claims. Finally, consider whether a parallel action could or should be brought in other forums, including foreign courts.

c. Best Practices for Respondents

Best Practice (Respondent)	Summary
Attack the basis of the claim	Identify as many weak points in the complainant’s case, such as the status of asserted trade secrets as actual trade secrets, to prevent them from proving their case.
Isolate the problem and the employees	Take appropriate actions against the employee(s) and prevent access to the sensitive information.
Consider traditional trade secret defenses	Because trade secret misappropriation in the ITC is based on federal common law, defenses used in federal courts generally apply.

Table 4: Summary of Best Practices for Respondents

If named as a respondent in a trade secrets investigation at the ITC, the first step is to attack the basis of the complainant’s case. For example, argue that the trade secrets have not been identified with reasonable particularity, or that the asserted trade secrets are not trade secret. While challenging the jurisdiction of the ITC may not be viable, challenging whether the

⁴¹ *Id.* at *1335.

⁴² *Id.*

misappropriation injures a United States domestic industry can be effective. Identifying as many weak points as possible can distract the complainant from proving its case.

Second, to the extent that the misappropriation occurred through employees' unauthorized conduct, isolate the problem and the employees. Determine whether such conduct was in violation of corporate policy or non-disclosure agreements. Take appropriate actions against the employee(s) and trace the permeation of the alleged misuse. Most importantly, wall off the sensitive information to prevent other employees from accessing them.

Third, because the ITC follows federal common law in adjudicating trade secret misappropriation claims, most traditional defenses to trade secret misappropriation under the UTSA or DTSA should be raised. For example, the ITC has rejected trade secret claims on the basis that the trade secrets (1) do not derive independent economic value,⁴³ or (2) were independently developed.⁴⁴ The latter is especially important as “[t]he duration of an order in a trade secret misappropriation case is set as the time it would have taken to independently develop the trade secrets.”⁴⁵

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Post-*TianRui*, the case load and jurisdiction of the ITC with respect to trade secret misappropriation cases continue to expand. The possibility of litigation in the ITC is a growing concern. Companies should prepare for such a scenario by understanding the ITC's unique remedies and jurisprudence. Best practices in trade secret protection should also be updated to accommodate for this possibility.

⁴³ *In the Matter of Certain Rubber Resins & Processes for Mfg. Same*, Comm'n Opinion, USITC Inv. No. 337-TA-849 (Feb. 26, 2014) at *14.

⁴⁴ *In the Matter of Certain Botulinum Toxin Prod., Processes for Mfg. or Relating to Same & Certain Prod. Containing Same*, Final Initial Determination, USITC Inv. No. 337-TA-1145 (July 6, 2020) at *137.

⁴⁵ *In the Matter of Certain Rubber Resins & Processes for Mfg. Same*, Comm'n Opinion, USITC Inv. No. 337-TA-849 (Feb. 26, 2014) at *43.