**Analysis and Technical Comments on HB 1523 and SB 1378**

Analysis:

 House Bill HB 1523 and SB 1378 are substantially identical, therefore reference is made herein the HB 1523. The bill significantly updates Florida’s Theft of Trade Secrets Act, Fla. Stat. 812.081 (herein “TTSA”, copy enclosed) which is a criminal statute. IP practitioners will note that civil liability under the TTSA is currently established under Fla. Stat. 772.11, Civil Remedy for Theft or Exploitation. For example, the TTSA defines an “article” and a “copy” and, in my opinion, generally refers to physical theft, although the definition of “copy” may extend the scope of the preexisting TTSA to electronically stored information (“ESI”) if one believes ESI is a “replica” or “other reproduction.”. Since criminal statutes are strictly construed by the courts, the application of the TTSA to ESI is questionable. Fla. Stat. 775.021 ("The provisions of this code and offenses defined by other statutes shall be strictly construed; when the language is susceptible of differing constructions, it shall be construed most favorably to the accused."); see also *United States v. Wiltberger*, 18 U.S. 76, 93 (1820) (“In criminal cases, a strict construction is always to be preferred; and if there be doubt, that is of itself conclusive.”).

 HB 1523 deletes the definition of “article” and “copy” and adds definitions for “endeavor”, and “obtain or use”. “Endeavor” is a term used in other Florida statues. Fla. Stat. 934.03 (wire intercept law) and Fla. Stat. 895.03 (Florida’s RICO act). “Obtain or use” in the bill explicitly cites to Fla. Stat. 812.012(3)(theft, robbery and related crimes). Therefore, caselaw construing these terms applies equally to HB 1523.

 HB 1523 also expands the scope of the Theft of Trade Secrets Act to foreign actors which is beyond the scope of this Technical Note, other than the small suggested deletion of “component” on Line 36.

 HB 1523’s definition of “trade secret” generally follows the earlier version of the TTSA’s definition, but adds, at lines 58-61 that the trade secret may be “tangible or intangible, and regardless of whether or how it is stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.” Line 58-61 (herein “LL 58-61”). In this manner, if passed into law, the improved definition of trade secret is broad enough to cover ESI.

 In the few court decisions on the TTSA, courts have broadly construed the older definition of trade secrets to cover ESI without much discussion of the terms “article” or “copy.” *Compass iTech, LLC v. eVestment All.*, LLC, 2017 WL 5153210, at \*4 (S.D. Fla. Aug. 11, 2017)(finding that a computer list of customers was a trade secret under the TTSA); see also *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. Hagerty*, 808 F. Supp. 1555, 1558 (S.D. Fla. 1992)(quoting Fla. Stat. § 812.081). It appears no one has argued that the TTSA was limited in scope.

 HB 1523 provides that it is unlawful to “It is unlawful for a person to willfully and without authorization, obtain or use, or endeavor to obtain or use, a trade secret, with the intent to either temporarily or permanently: (a) Deprive or withhold from the owner thereof the control or benefit of a trade secret; (b) Appropriate a trade secret to his or her own use or to 87 the use of another person not entitled to the trade secret.” LL 81-88. The bill also makes it unlawful for “A person who traffics in, or endeavors to traffic in, a trade secret that he or she knows or should know was obtained or used without authorization commits trafficking in trade secrets.” LL 96-100. Both violations are felonies. These enforcement clauses seem reasonable to me.

 HB 1523 has a civil enforcement provision at 812.012(7). “A person who owns a trade secret that is unlawfully obtained or used may bring a civil action to enjoin the continued improper use of such trade secret, and a court may require affirmative actions to protect the trade secret. Where exceptional circumstances render an injunction inequitable, a court may condition future use of the trade secret on the payment of a reasonable royalty for no longer than the period of time for which such use could have been prohibited.” LL 125-132. Compared to the FUTSA, Fla. Stat. 688.01, et seq., the bill generally follows the damages provisions of 688.04. “In lieu of damages measured by any other methods, the damages caused by misappropriation may be measured by imposition of liability for a reasonable royalty for a misappropriator’s unauthorized disclosure or use of a trade secret.” FUTSA 688.004(1).

 Interestingly, HB 1523 has a whistle blower provision which exempts certain disclosures. “A person may not be held criminally or civilly liable under this section for the disclosure of a trade secret when such disclosure is: (a) Made confidentially to an attorney, law enforcement officer, or other Federal, state, or local government official for the purpose of reporting or investigating a suspected violation of law; or (b) Made in a complaint or other document filed under seal in a lawsuit or other proceeding.” LL 133-141, Sec. 8, proposed.

 I do not believe that an analysis of foreign actor liability (see LL 33-39 and 101-115) is proper for the IP Committee.

Technical Comments on HB 1523 and SB 1378

 This is a technical paper from the certain members of the Intellectual Property Committee of the Business Law Section of the Florida Bar relating to HB 1523 and SB 1378. House Bill HB 1523 and SB 1378 are substantially identical; therefore reference will be made herein the HB 1523. The bill significantly updates Florida’s Theft of Trade Secrets Act, Fla. Stat. 812.081 which is a criminal statute. Currently, civil liability under Fla. Stat. 812.081 is established under Fla. Stat. 772.11, Civil Remedy for Theft or Exploitation.

 HB 1523’s definition of “trade secret” generally follows the earlier version of the TTSA’s definition, but adds, at lines 58-61 that the trade secret may be “tangible or intangible, and regardless of whether or how it is stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.” Line 58-61 (herein “LL 58-61”). In this manner, if passed into law, the improved definition of trade secret is appropriate. HB 1523 explicitly adds a civil action remedy.

HB 1523 also expands the scope of the Theft of Trade Secrets Act to foreign actors which is beyond the scope of this Technical Note. However, these members of the IP Committee suggest the following technical amendment:

In Line 36 in HB 1523, delete “component”.

REASON: When discussing agencies and foreign entities, the term “component” has little meaning.

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