



Mesmer & Deleault, PLLC
41 Brook Street, Manchester, NH 03104
Seacoast Office: One New Hampshire Ave., Suite 125
Portsmouth, NH 03801



Independence Day

“Tip of the Month”

The Defend Trade Secrets Act (DTSA)

The DTSA, signed into law in May 11, 2016, provides a procedure for trade secret owners to file civil lawsuits in federal court. This new law does not preempt (i.e. replace) any trade secret laws adopted by the individual States but is in addition to those laws. Any company possessing a trade secret related to a product or service used in, or intended for use in, interstate or foreign commerce can take advantage of the provisions of the DTSA.

Prior to the DTSA, trade secret owners could only bring lawsuits in state courts under state laws based on the Uniform Trade Secrets Act (UTSA). In many ways the DTSA and state laws based on the UTSA are similar. For example, the definitions of trade secrets and misappropriation are the same, as are the statutes of limitations (three years), and the remedies for theft (injunctive relief, compensatory damages). In many cases, it is a former employee or contractor who has stolen the company’s trade secret and may be planning to use the trade secret to compete against the former employer. The employer will want to stop this by getting an injunction against the former employee.

The DTSA, however, may be more favorable to trade secret owners than the UTSA. It provides for access to federal courts and for seizing stolen trade secrets without giving any notice to the defendant (the thief). This is a big change from the notice requirements of state laws based on the UTSA.

One key provision of the DTSA requires that a nondisclosure agreement (NDA) include an immunity provision from criminal or civil liability under any federal or state trade secret law if the disclosure is done pursuant to the exceptions and/or limitations listed in the DTSA. Most NDA’s in use today do not include this key provision. The DTSA requires employers to include the immunity provision in any contract or agreement with an employee that governs the use of a trade secret or other confidential information. This immunity provision should also be included in agreements for independent contractors.

Failure to include this key provision does not prevent filing in federal court under the DTSA, however, it does mean that the employer is prohibited from recovering exemplary (double) damages and attorney fees from the employee or independent contractor.

The DTSA also has some built-in protections for those accused of trade secret theft. For seizure of trade secrets without notice, there must be a hearing within seven days of the seizure order. At the hearing, the trade secret owner must prove the legal and factual basis for the order. The DTSA sets limits on injunctions against former employees, particularly when an employer seeks to prevent an ex-employee from entering into another employment relationship.

If you have any questions regarding The Defend Trade Secrets Act of 2016, then call the attorneys at Mesmer & Deleault today at 668-1971, or contact us by email at mailbox @ biz-patlaw.com.

Frank B. Mesmer, Jr.
Robert R. Deleault (USPTO Reg.)
Ross K. Krutsinger (USPTO Reg.)
Joshua N. Mesmer



(603) 668-1971
Fax (603) 622-1445
E-mail: mailbox@biz-patlaw.com
Website: www.biz-patlaw.com