Responses to Questions for the Record

U.S. House Committee on the Judiciary
Subcommittee on Courts, Intellectual Property, Artificial Intelligence, and the Internet
Hearing on "Protecting our Edge: Trade Secrets and the Global AI Arms Race"

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Below please find my responses to the questions from Chairman Issa.

Question Set 1:

Why is trade secret protection important to AI development compared to other types of IP protection, particularly in the context of U.S.-China competition?

Trade secrets are fundamental to AI development. Many of the advances in AI are not protectable using other forms of IP. For instance, consider a large set of training data that a company has built and customized to be particularly effective at allowing the creation of industry-leading AI models.

This set of training data is not patentable. It is also not something that can be trademarked. There may be some copyright protection associated with the training data, but copyright law is an ill-suited vehicle to use as a primary mechanism to protect information that is both secret and valuable. By contrast, trade secrets squarely protect this asset through a combination of criminal and civil statutes as well as contract law (used for NDAs).

While the foregoing example is based on training data, there are many other aspects of AI that are protectable as trade secrets, including hardware, software, and the internal company knowledge regarding algorithms gained over the process of developing AI systems.

Is the ability to reach extraterritorial conduct under the DTSA an important tool?

Whether or not the DTSA has extraterritorial reach is an open issue.[1] Federal statutes have a presumption against extraterritoriality, though that presumption can be rebutted. In July 2024, the Seventh Circuit concluded in *Motorola Solutions, Inc. v. Hytera Communications Corp. Ltd.*

[1] The statutory text codified under the DTSA states that the private right of action applies to a trade secret "related to a product or service used in, or intended for use in, interstate or foreign commerce." Defend Trade Secrets Act, 18 U.S.C. § 1836(b)(1). However, "foreign commerce" here refers to the use or intended use by the trade secret *owner*. The text of § 1836 does not specifically state whether damages can be recovered for sales in foreign commerce by an entity that has *misappropriated* a trade secret. By contrast, § 1837, which was codified under the Economic Espionage Act of 1996 (several decades before the DTSA), does expressly apply extraterritorially. Economic Espionage Act of 1996, 18 U.S.C. § 1837.

that the DTSA does indeed rebut the presumption, and therefore has extraterritorial reach.[2] (Hytera's subsequent *cert*. petition to the Supreme Court was denied.) Whether other federal appeals courts would reach a similar conclusion is unknown.[3]

If Congress wishes to remove the uncertainty regarding the statutory language of the DTSA, it could enact legislation to add text to § 1836 specifically stating that it applies extraterritorially. However, this is not a step that should be taken lightly. Among other issues, it would raise the question of why trade secrets should be treated differently from patents in this respect. It would also move down a path towards a world in which an increasing number of countries might assert extraterritorial jurisdiction regarding trade secret claims (and potentially other private causes of action), leading to a complex set of overlapping jurisdictional assertions.

Does the inability to assert U.S. patents extraterritorially, including in China, limit the usefulness of patents in the AI competition?

The jurisdiction-specific nature of patents is a fundamental aspect of the patent system, both here in the U.S. and elsewhere. 35 U.S.C. § 271 uses the following language to describe infringement: "Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent."

Measures aimed at making U.S. patents apply extraterritorially would create far more problems than they would solve. As an initial matter, this would require a change to 35 U.S.C. § 271. In addition, the U.S. is a "contracting state" under the Patent Cooperation Treaty, which provides a harmonized framework for inventors who apply for a patent in one contracting state to seek patent protection in the other PCT contracting states (which currently number well over 100).

Even if the U.S. were to modify 35 U.S.C. § 271 so that U.S. patents apply globally (which I think would be unadvisable) and withdraw from the PCT (which I also think would be unadvisable), there would be no feasible mechanism to effectively litigate allegations of infringement of U.S. patents in non-U.S. jurisdictions. Despite any U.S. assertions to the contrary, courts non-U.S. jurisdictions would likely refuse to recognize U.S. patents within their borders. In addition, attempting to use the U.S. court system to litigate allegations of overseas patent infringement would also be problematic. For instance, there would be no effective way for U.S. courts to effectively compel discovery from entities in countries unwilling to accept U.S. assertions of global patent scope. And even if these obstacles were somehow surmounted, we

[2] Motorola Sols., Inc. v. Hytera Commc'ns Corp. Ltd., 108 F.4th 458, 481 (7th Cir. 2024), *cert. denied*, 145 S. Ct. 1182 (2025) ("We agree with the district court, and we rely on its reasoning that section 1836 has extraterritorial reach subject to the restrictions in section 1837 under *RJR Nabisco*'s first step.").

[3] Two other circuit court decisions have obliquely addressed this issue: dmarcian, Inc. v. dmarcian Eur. BV, 60 F.4th 119 (4th Cir. 2023) and Amyndas Pharms., S.A. v. Zealand Pharma A/S, 48 F.4th 18 (1st Cir. 2022). However, neither the First Circuit in 2022 nor the Fourth Circuit in 2023 addressed DTSA extraterritoriality squarely. Recognizing this, the Seventh Circuit wrote in 2024 that "Whether the DTSA rebuts the presumption against extraterritoriality at the first step of the *RJR Nabisco* inquiry is a question of first impression for our circuit, and as far as we can tell, for any circuit." *Motorola Sols., Inc.*, 108 F.4th at 480.

would have to confront the inverse problem of claims that patents issued by non-U.S. governments are enforceable in the United States.

Is there a targeted way to balance the equities with respect to competing IPR that does not compromise American innovation?

I believe that the U.S. intellectual property system works very well. In fact, it is one of the reasons why we have such a robust innovation ecosystem, including with respect to AI. While there can in some instances be a form of competition between various IP rights (e.g., a company with a patentable invention might weigh whether or not to apply for a patent or retain it as a trade secret), I think that innovators are well positioned to consider these tradeoffs and develop an IP strategy that they believe is best for them. While AI raises many important and interesting IP questions, I am confident that the existing framework of IP laws is well suited to address them.

Question Set 2

Would weakening trade secret protection help or hurt the ability to advance a policy goal of preventing adversarial nations from getting access to the most advanced AI technology?

I do not believe trade secret protections should be weakened. Weakening those protections would make it easier for everyone (including but not limited to people in adversarial nations) to get unauthorized access to the most advanced and most valuable U.S. AI technology. I can think of no good policy reason to take this step (and there are plenty of reasons not to do so).

Why is relying on the patent system a less effective way to prevent an adversarial nation getting access to the most advanced AI technology?

By definition, patents require disclosure. The patent system is premised on the idea that an inventor discloses an invention in return for a time-limited right to exclude others from making, using, selling, offering to sell, or importing it. Of course, once an invention is disclosed, anyone in the world is able to learn about it.

If an inventor seeks patent protection only in the U.S., there is no effective way to stop an entity in another jurisdiction (including but not limited to an adversarial nation) from practicing the invention. If, through the PCT, the inventor seeks (and obtains) patent protection in other countries, including adversarial nations, that provides the possibility of filing a claim against an alleged infringer in any of those nations. However, that is an after-the-fact remedy that may in some instances have little chance of success, particularly in countries where U.S. litigants might be disfavored in legal proceedings.