are included in databases, more minorities are potential suspects, regardless of their actual guilt. We cannot allow this injustice to blossom in a free country where people are presumed innocent until proven guilty.

Mr. REICHERT of Virginia. Mr. Speaker, I think the chairman has the right to close, and I would yield him time if he has any concluding comments. He apparently doesn’t have any further comments.

I yield back the balance of my time.

Mr. SMITH of Texas. Mr. Speaker, I ask unanimous consent that all Members from Michigan (Mr. CONYERS) each will be granted 5 minutes to speak.

The Speaker pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. Speaker, S. 3642, the “Theft of Trade Secrets Clarification Act of 2012,” clarifies the scope of the Economic Espionage Act, EEA, and protects American jobs and businesses from theft. The EEA was enacted in 1996. The Senate unanimously passed S. 3642 in November.

The court concluded, “Goldman’s HFT system was neither ‘produced for’ nor ‘placed in’ interstate or foreign commerce,” despite evidence that it facilitated millions of proprietary trades and transactions each year.

Mr. SMITH of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 3642, the Theft of Trade Secrets Clarification Act of 2012, clarifies the scope of the Economic Espionage Act, EEA, and protects American jobs and businesses from the theft of their valuable trade secrets. I want to thank Senator LEAHY for his hard work on this piece of legislation.

Since 1996, the EEA has served as the primary tool the Federal Government uses to protect secret, valuable, commercial information from theft. The Second Circuit’s decision revealed a dangerous loophole that demands our attention. In response, the Senate unanimously passed S. 3642 in November. We need to act today to send this important measure directly to the President. We must also take action in response to the Second Circuit’s decision and ensure that we have appropriately adapted the scope of the EEA to the digital age.

I again thank Senator LEAHY for his leadership on this issue. I urge my colleagues to support the bill, and I reserve the balance of my time.

Mr. Speaker, S. 3642, the “Theft of Trade Secrets Clarification Act of 2012,” clarifies the scope of the Economic Espionage Act (EEA) and protects American jobs and businesses from the theft of their valuable trade secrets. I thank Senator LEAHY for his hard work on this bill.

Sergey Aleynikov was convicted for stealing source code for Goldman’s HFT system. Earlier this year, he was released from a federal penitentiary after serving only one year of an eight-year sentence.

I again thank Senator LEAHY for his leadership on this issue and I urge my colleagues to support this bill.

The SPEAKER pro tempore. Without objection, the gentleman from Virginia controls the time.

According to the Second Circuit Court of Appeals, he had accepted an offer in 2009, to become a senior executive at a Chicago-based startup that intended to compete against Goldman in the provision of high frequency trading (HFT) services.

The Appeals Court explained before his going-away party, Aleynikov encrypted and uploaded to a server in Germany more than 500,000 lines of source code for Goldman’s HFT system.

On June 2, 2009, Aleynikov flew to Chicago to attend meetings at Teza. He brought with him a flash drive and a laptop containing portions of the Goldman source code. When Aleynikov flew the following day, he was arrested by the FBI.

Aleynikov was convicted of violating the EEA and the National Stolen Property Act.

The court concluded, “Goldman’s HFT system was neither ‘produced for’ nor ‘placed in’ interstate or foreign commerce,” despite evidence that it facilitated millions of proprietary trades and transactions each year.

I think the chairman has the right to close. I would yield him time if he has any concluding comments. He apparently doesn’t have any further comments.
December 18, 2012

CONGRESSIONAL RECORD — HOUSE

There was no objection. Mr. SCOTT of Virginia. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 3642, the Theft of Trade Secrets Clarification Act, will help American businesses effectively protect their trade secrets. This legislation passed the Senate by unanimous consent last month and I am proud to support it today.

S. 3642 responds to a recent federal court decision that exposed a gap in federal law. In April of this year, the Second Circuit Court of Appeals held that the federal statute prohibiting the theft of trade secrets does not apply to computer source code in some circumstances.

In the Aleynikov case, the defendant, a computer programmer who worked for Goldman Sachs, electronically copied and remotely stored thousands of lines of source code from the company's internal, high-frequency trading system and then downloaded that code to his new employer's server after leaving Goldman Sachs.

The transfer of the source code would potentially save up to $10 million and 2 years of programmers' time for the new employer and would eliminate some of the competitive advantage Goldman Sachs achieved by developing their own trading program.

Federal law prohibits the conversion of a trade secret that is related to or included in a product that is produced or placed in interstate or foreign commerce. Because the code that was stolen is a component of an internal computer system, the court found that it is not covered by the statute because it is not produced for, or placed in, a product in interstate or foreign commerce.

S. 3642 would close the gap exposed in the Aleynikov case by clarifying that the statute applies to both products and services which are used in or intended for use in interstate or foreign commerce.

Congress needs to act quickly to enhance the ability of American businesses to safeguard the proprietary information they develop to gain a competitive advantage. This is particularly important as our country's economy is increasingly knowledge and service-based.

We must ensure that our statutes designed to prohibit the theft of trade secrets appropriately cover the range of intellectual property generated and used by our businesses.

This bill is an important step to accomplish this goal, and I commend the gentleman from Vermont, Senator LEAHY, and I urge my colleagues to support this legislation today so that it can be sent to the President's desk to be signed into law.

Mr. SMITH of Texas. Mr. Speaker, I yield back the balance of my time as well.

Ms. JACKSON LEE of Texas. Mr. Speaker, I rise today in support of S. 3642, the "Theft of Trade Secrets Clarification Act of 2012," a bill that simply clarifies a provision of the Economic Espionage Act.

These innovations add value to the overall business, even if they are not commercial end-products themselves. The language contained in this bill will fix the problem so that trade secret thieves cannot take advantage of the loophole in the Economic Espionage Act.

For that reason, I urge my colleagues to support S. 3642, the "Theft of Trade Secrets Clarification Act of 2012."

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. SMITH) that the House suspend the rules and pass the bill, S. 3642.

The question was taken. The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. SCOTT of Virginia. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered. The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

VIDEO PRIVACY PROTECTION ACT AMENDMENTS ACT OF 2012

Mr. GOODLATTE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6671) to amend section 210 of title 18, United States Code, to clarify that a video tape service provider may obtain a consumer's informed, written consent on an ongoing basis and that consent may be obtained through the Internet.

The Clerk read the title of the bill. The text of the bill is as follows:

H.R. 6671

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Video Privacy Protection Act Amendments Act of 2012".

SEC. 2. VIDEO PRIVACY PROTECTION ACT AMENDMENT.

Section 210(b)(2) of title 18, United States Code, is amended by striking subparagraph (B) and inserting the following: "(B) to any person with the informed, written consent (including through an electronic server in Germany, downloaded the code in New Jersey, and then took the code with him to his new job in Illinois, the Second Circuit found that the stolen trade secret was not part of a product that was produced for or placed in interstate commerce and, therefore, was not the subject of this criminal provision of the Economic Espionage Act.

Effective protection of intellectual property rights, including trade secrets, is essential for fostering innovation. Innovation typically requires substantial investment in education, research and development, and labor to bring a new idea to the marketplace.

The fact that the stolen computer code, which was proprietary, was not placed to be placed in interstate commerce should not preclude a guilty verdict from being rendered.

Businesses often spent time and money to develop their own proprietary software to be used internally; if others can steal their idea, it undermines the creator's ability to recover the cost of his or her innovative investment, and the incentive to innovate is reduced.

These innovations add value to the overall business, even if they are not commercial end-products themselves. The language contained in this bill will fix the problem so that trade secret thieves cannot take advantage of the loophole in the Economic Espionage Act.

For that reason, I urge my colleagues to support S. 3642, the "Theft of Trade Secrets Clarification Act of 2012."

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. SMITH) that the House suspend the rules and pass the bill, S. 3642.

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