


FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

7 11 2015

SENATE
S. B. No. 1312

RECEIVED BY 



Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The development of proprietary economic information is an integral part of a nation's commerce. Its development, protection and lawful exchange is essential to the competitiveness of critical segments of Philippine business and industry.

The theft, misappropriation and wrongful use of Philippine proprietary economic information by foreign governments and their agents or instrumentalities can cost our economy millions of pesos each year.

Existing laws do not give adequate protection to proprietary economic information. This bill seeks to prevent economic espionage. It also seeks to advance the development and lawful use of Philippine proprietary economic information by protecting such information from theft, wrongful destruction or alteration, misappropriation and conversion by foreign governments and their agents or instrumentalities.*



MIRIAM DEFENSOR SANTIAGO


* This bill was originally filed during the Thirteenth Congress, First Regular Session.

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1 AN ACT
2 DEFINING THE CRIME OF ECONOMIC ESPIONAGE
3 AND PROVIDING PENALTIES THEREFOR

4 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
5 *assembled:*

6 SECTION 1. *Short Title.* – This Act may be cited as the “Economic Espionage and
7 Protection of Proprietary Information Act.”

8 SECTION 2. *Statement of Policy.* – It is hereby declared the policy of the State to prevent
9 economic espionage and further the development and lawful use of Philippine proprietary
10 economic information.

11 SECTION 3. *Definition of Terms.* – As used in this Act, the term:

12 (A) “Foreign corporation, institution, or instrumentality” means any corporation, agency,
13 component, institution, association, instrumentality, or legal, commercial, or business
14 entity that is substantially owned, controlled, sponsored, commanded, managed,
15 patronized, dominated, or chartered by a foreign government or subdivision of a
16 foreign government;

17 (B) “Foreign agent” means any officer, employee, proxy, servant, delegate, or
18 representative of a foreign nation or government;

19 (C) “Person” means a natural person, corporation, agency, association, institution, or any
20 other legal, commercial, or business entity;

21 (D) “Proprietary economic information” means all forms and types of financial, business,
22 scientific, technical, economic, or engineering information including, but not limited
23 to data, plans, tools, mechanisms, compounds, formulas, designs, prototype,

1 processes, procedures, programs, codes or commercial strategies, whether tangible or
2 intangible and whether stored, compiled, or memorialized physically, electronically,
3 graphically, photographically, or in writing provided that the following concur:

4 (1) The owner thereof has taken reasonable measure to keep such information
5 confidential;

6 (2) The information is not available generally to, or accessible by, the public; and

7 (3) The information is not a matter of public concern.

8 (E) "Owner" means any *Filipino person or any Philippine Government* compound,
9 department, or agency in which, rightful legal, beneficial, or equitable title to, or
10 license in, proprietary economic information is reposes;

11 (F) "Filipino person" means –

12 (1) In the case of a natural person, a Philippine citizen or a permanent resident
13 alien; and

14 (2) In the case of artificial person, a Philippine Government or by Filipino
15 citizens or permanent resident aliens, or incorporated under Philippine laws.

16 (G) "Economic Espionage" is committed by any person who:

17 (1) Steals, wrongfully appropriates, takes, carries away, or conceals, or by fraud,
18 artifice, or deception obtains proprietary economic information;

19 (2) Wrongfully copies, duplicates, sketches, draws, photographs, downloads,
20 uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends,
21 mails, communicates, or conveys proprietary economic information;

22 (3) Being entrusted with, or having lawful possession or control of, or access to,
23 proprietary economic information, wrongfully copies, duplicates, sketches,
24 draws, photographs, downloads, uploads, alters, destroys, photocopies,
25 replicates, transmits, delivers, sends, mails, communicates, or conveys the
26 same;

27 (4) Receives, buys, or possesses proprietary economic information, knowing the
28 same to have been stolen or wrongfully appropriated, obtained, or converted;

1 (5) Attempts to commit any offense described in the preceding subparagraphs (1),
2 (2), (3) or (4);

3 (6) Wrongfully solicits another to commit any offense described in preceding
4 subparagraphs (1), (2), (3) or (4); or

5 (7) Conspires with one or more other persons to commit any offense described in
6 preceding paragraphs (1), (2), (3) or (4), and one or more of such persons do
7 any act to effect the object of the conspiracy, shall, except as provided in the
8 next subsection (B), be fined not more than 50% of the economic value of
9 such proprietary information or imprisoned for a period ranging from 15 or 25
10 years, or both.

11 SECTION 4. *Prohibited Acts; Penalties.* – Any natural or juridical person who commits
12 economic espionage as defined in the preceding Section, whether or not in the aid of foreign
13 nations, governments, corporations, institutions, or instrumentalities, shall be fined an amount
14 equivalent to the economic value of such proprietary information

15 The person mentioned in the preceding paragraph is presumed to have acted with intent to
16 injure any owner and benefit any foreign nation, government, corporation, institution or
17 instrumentality, unless proven otherwise.

18 If the offender is a corporation, any officer, director, or manager, or other person
19 occupying a position of authority and responsibility for the acquisition, use or management of
20 proprietary economic information for any corporation or other business or commercial entity
21 who knowingly permitted or failed to prevent the commission of any of the acts which constitute
22 economic espionage.

23 SECTION 5. *Forfeiture.* – Notwithstanding any provision of law to the contrary, any
24 person convicted of violation of this Act shall forfeit to the Philippine Government any property
25 constituting, or derived from any proceeds the person obtained, directly or indirectly, from the
26 commission of such violations; and any of the person's property used, or intended to be used, in
27 any manner or part, to commit, or to facilitate the commission of a violation of this Act.

1 The court, in imposing penalty on the offender for a violation of this Act, shall order that
2 the property described in paragraph (A) of this Section be forfeited in favor of the Philippine
3 Government.

4 SECTION 6. *Extra-Territoriality.* – Notwithstanding any provision of law to the
5 contrary, this Act applies to conduct occurring outside the territorial jurisdiction of the
6 Philippines if –

- 7 (A) The offender is a Filipino citizen or permanent resident of the Philippines;
- 8 (B) The victim of the offense is an “owner”, as defined in Section 3 of this Act, and the
9 offense was intended to have, or had, an effect in the Philippines; or
- 10 (C) The offender foreign corporation is conducting business in the Philippines through
11 agents or subsidiaries and has caused damage to the “owner” in the conduct of its
12 business abroad

13 SECTION 7. *Construction with Other Laws.* - This Act shall not be construed to pre-
14 empt or displace any other existing legal remedies, whether civil or criminal, for the
15 misappropriation or proprietary economic information.

16 SECTION 8. *Preservation of Confidentiality.* – In any prosecution under this Act, the
17 court shall preserve the confidentiality of alleged proprietary economic information by any
18 reasonable and lawful means including, but not limited to –

- 19 (A) The granting or protective orders in connection with discovery proceedings; and
- 20 (B) The holding of in-camera hearing, sealing relevant portions of the record, and the
21 ordering of any person involved in the proceedings not to disclose the alleged
22 proprietary economic information which is the subject of the offense may request the
23 prosecution to seek such protective action.

24 SECTION 9. *Non-Applicability of Lawfully Authorized Law Enforcement or*
25 *Intelligence Activities.* – Any act in which information is seized, taken, transported, transmitted,
26 or transferred pursuant to or in furtherance of any lawfully authorized investigative, protective,

1 or intelligence activity of a law enforcement agency of the Philippines or any of its political
2 subdivisions, shall not be deemed a violation of this Act.

3 SECTION 10. *Separability Clause.* – If any provision or part hereof, is held invalid or
4 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
5 valid and subsisting.

6 SECTION 11. *Repealing Clause.* – Presidential Decree No. 1602 is hereby amended and
7 any law, presidential decree or issuance, executive order, letter of instruction, administrative
8 order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby
9 repealed, modified or amended accordingly.

10 SECTION 12. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
11 publication in at least two (2) newspaper of general circulation.

12 Approved,