

Former Coca-Cola Scientist Charged Alongside Chinese Co-Conspirator for Conspiring to Steal Trade Secrets Worth More Than \$100 Million

FEBRUARY 21, 2019

On February 14, 2019, the Department of Justice obtained an indictment against former Coca-Cola scientist Xiaorong You of Lansing, Michigan and Liu Xiangchen of Shandong Province, China for conspiring to steal trade secrets regarding the expensive and difficult-to-develop formulations for bisphenol-A-free (BPA-free) coatings used to line soda cans. You is also charged with seven counts of theft of trade secrets valuing nearly \$120 million as well as one count of wire fraud.

In her role as Principal Engineer for Global Research for Coca-Cola from 2012 to 2017 and as a Packaging Application Development Manager for a Tennessee-based company until June 2018, You was one of a limited number of employees with access to valuable trade secrets relating to BPA-free technologies. The indictment alleges that You, Liu, and a third co-conspirator agreed to exploit trade secrets You obtained during her employment to benefit Liu's Chinese company, and to create a new Chinese company to compete directly with the American companies. In exchange for providing the stolen secrets, You allegedly was promised an ownership share of the new company and assistance in receiving "The Thousand Talents" award, described by the Department of Justice as a Chinese program used to solicit and reward the theft of United States trade secrets and intellectual property.

Assistant Attorney General of the National Security Division John Demers described the allegations against You as "an egregious, premeditated theft" that "exemplifies the rob, replicate, and replace approach to technological development." These charges mark the third major prosecution this year alleging theft of U.S. trade secrets for Chinese benefit—following a 10-count indictment against Huawei Technologies and charges against an engineer for a major cellphone carrier—and are the latest in the Justice Department's targeted China Initiative.

TIP: The United States government continues to pursue prosecutions of Chinese intellectual property theft and is sending a message that those who try to steal trade secrets from American companies could face criminal penalties in addition to civil sanctions.

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