

TRADE SECRET LITIGATION

The MIPLA CLE Stampede

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presented by

Professor Sharon K. Sandeen

Hamline University School of Law

*experience
excel*

The Stages of . . .

- GRIEF
 - DENIAL
 - ANGER
 - BARGAINING
 - DEPRESSION
 - ACCEPTANCE
- TRADE SECRET LITIGATION
 - SURPRISE
 - ANGER
 - DOOM & GLOOM
 - REALITY CHECK
 - FEAR
 - BARGAINING
 - IMPROVEMENT

SURPRISE

- PLAINTIFF

- I can't believe my long term employee, business partner, vendor, etc... would go to work for my competitor.
- I wonder if there is a way that I can stop him/her?

- DEFENDANT

- I can't believe my long term employer, business partner, customer, etc... would accuse me of doing anything wrong...after all I have done for them!
- I can't possibly be prevented from pursuing my calling, can I?

ANGER

- PLAINTIFF (after a discussion with an attorney)
 - I can't believe my long term employee, business partner, vendor, etc... would "steal" my trade secrets.
 - I can't believe I don't have any trade secrets.
- DEFENDANT (after being served with a cease and desist letter or a lawsuit)
 - How can I be sued after all I have done for my former employer, business partner, vendor. Etc?
 - What will my new employer think/do?
 - Do I have to hire a lawyer?

DOOM & GLOOM

- PLAINTIFF
 - In a motion for a temporary restraining order or preliminary injunction, plaintiff argues that its business will be ruined and the world will end unless defendant(s) is (are) stopped!
 - Plaintiff emphasizes the need to protect “property” from “theft.”
- DEFENDANT(S)
 - Defendant former employee responds by arguing that his/her livelihood will be impaired if plaintiff is granted preliminary relief.
 - Defendants emphasize the unfair competition that is occurring through plaintiff’s overreaching.

REALITY CHECK

- PLAINTIFF

- Wow...trade secret litigation sure costs a lot!
- I can't believe that we didn't do more to protect our trade secrets.
- Too bad we don't have any actual evidence that defendant took anything when he/she left.

- DEFENDANT(S)

- Whoops... I forgot that I took those items or documents.
- I didn't know anyone was watching me when I was downloading files.
- Too bad I (we) don't have insurance coverage.
- I didn't realize that my non-compete agreement was enforceable.

FEAR

- PLAINTIFF

- You mean I actually have to identify my trade secrets as part of the litigation?
- And...the defendants can conduct discovery into my business practices?
- Can I actually have damages awarded against me if I lose?
- Can I be sued for unfair competition?

- DEFENDANT

- You mean I can actually be enjoined from working in my profession?
- And....I can have a damage award rendered against me?
- And...it is a crime to misappropriate trade secrets?
- What if I invoke the Fifth Amendment?

BARGAINING

- The Prospects for Settlement
 - Was a TRO or PI granted?
 - Before or after discovery?
 - Physical documents taken vs. allegation of inevitable disclosure.
 - Insurance coverage for defendants?
 - The involvement (or non-involvement) of former employee's new employer.
 - Does evidence of actual damages exist?
 - Are there viable cross-claims?
 - Ulterior motives?
 - Is a trial necessary?

IMPROVEMENT

- PLAINTIFF

- IP audit.
- Trade secret protection plan and procedures, including improved education for employees.
- Increased consideration of patent, copyright and trademark protection.
- Better use of non-compete and confidentiality agreements.

- DEFENDANTS

- Better screening and in-take of new employees.
- Keep track of source of knowledge.
- Review/improve insurance coverage.
- Defensive patents.
- [Problem=new employer may do everything right and still be held vicariously liable?].

What if a trial is necessary?

- Court proceedings are open to the public. Thus, protective orders that worked during discovery are unlikely to work at trial.
- Reasonable attorney's fees available if position taken in bad faith or willful and malicious misappropriation shown.
- Related common law causes of action "displaced" according to section 7 of the UTSA.
- Injunctive relief is limited in time.