PART ONE
Important General Information
1 Purpose, Content, Organization

A. Three Purposes

The first purpose of this book is to expedite lawyers’ search for the best published cases supporting their arguments in claims under the Uniform Trade Secrets Act (UTSA), in state UTSA actions, and in federal actions under the Defend Trade Secrets Act (DTSA), where UTSA claims are often asserted.

The DTSA did not preempt state trade secret law under the UTSA, and many trade secret actions are still being brought in state courts under the UTSA; in those state court actions, judges are frequently required to consider any out-of-state UTSA cases that construe the same provisions of the UTSA that are at issue in such state actions. See Chapter 2, section B of this book.

UTSA claims are also being filed in most federal DTSA actions, and federal judges in those DTSA actions are also frequently required to consider any out-of-state UTSA cases that construe the same provisions of the UTSA that are at issue in such federal actions. See Chapter 2, section B of this book.

This book makes such out-of-state UTSA cases readily accessible, by, inter alia, organizing, analyzing, and synthesizing all of the 49 UTSA adopting states’ published cases (state and federal from 1979 to 2018) that construe the UTSA as to three important issues in trade secret litigation: (1) Is the information at issue a trade secret under the UTSA? (2) Did the defendant’s conduct constitute trade secret misappropriation under the UTSA? (3) Is the plaintiff entitled to an injunction, damages, and/or attorney’s fees under the UTSA? (These are called the Trade Secret Issues.)

Such out-of-state published UTSA cases are also readily accessible in this book, due to the unique organization of this book. Conceptually, this book is organized into six sections. Sections 1–4 cover the four elements of proof of a trade secret under the UTSA. Section 5 covers the elements of proof of misappropriation under the UTSA, and section 6 covers the issue of remedies under the UTSA. Each section begins with a detailed summary of the law as to that section, based on all of the 49 UTSA adopting states’ published cases (state and federal from 1979 to 2018) that construe the UTSA as to that section.

Each detailed summary of the law as to a specific section of this book is accompanied by (online for easy searching) detailed case synopses of all of the 49 UTSA adopting states’ published cases (state and federal from 1979 to 2018) that construe the UTSA as to the subject of that section. Each case synopsis contains the relevant facts of the case and quotes from the case as to the court’s analysis, with pincites (page number citations) as to such facts and quotes.
The case synopses as to each section in this book are organized by the type of information involved in the case (e.g., software, customer list, device) and by the industry group involved (e.g., computer industry, medical industry, investment industry). The case synopses within such information and industry groupings are further organized into groups of cases where the outcome was favorable to the trade secret owner, followed by cases where the outcome was unfavorable to the trade secret owner.

For example, in conceptual section 4 of the book (covering the issue of whether the trade secret owner made reasonable efforts to maintain the secrecy of the trade secret ["reasonable secrecy efforts"])) there are detailed case synopses of every published UTSA case from the 49 UTSA adopting states where the court found that reasonable secrecy efforts were made as to software, followed by detailed synopses of every published UTSA case from the 49 UTSA adopting states where the court found that reasonable secrecy efforts were not made as to software.

The second purpose of this book is to facilitate the uniform construction of the UTSA, pursuant to section 8 of the UTSA, which states that “[t]his Act shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this Act among states enacting it.”

This book will facilitate the uniform construction of the UTSA due to the readily accessible out-of-state UTSA cases in this book. Due to the unique organization of this book, lawyers and judges can easily review the rulings of other courts in the 49 UTSA adopting states as to the provisions of the UTSA that are at issue in their action and as to the type of alleged trade secret in their action.

Moreover, because most federal courts are looking to UTSA cases to interpret the DTSA, this book will further one of the important purposes of the DTSA: to create uniform federal trade secret law. As stated in the legislative history of the DTSA, “This . . . legislation will provide a single, national standard for trade secret misappropriation with clear rules and predictability for everyone involved” (emphasis added). Senate and House Judiciary Committee Reports, pp. 14, 6, respectively.

The third purpose of this book is to teach trade secret law under the UTSA. This book will facilitate an understanding of trade secret law under the UTSA because it organizes detailed case synopses into groups of cases where courts found that the same type of information (e.g., software, device, customer list) was a trade secret under one set of facts and was not a trade secret under another set of facts.

B. First 40 Years of Published UTSA Cases

This book organizes, analyzes, and synthesizes the first 40 years of published cases under the UTSA (state and federal cases from 1979 through 2018) that construe the UTSA as to the Trade Secret Issues. (See the bolded, defined term “Trade Secret Issues,” above.)

Although unpublished cases are sometimes good teachers of UTSA law, this book analyzes only published cases. Some states publish their state trial court cases, but this book does not analyze such cases.
C. Scope of Published Cases

This book analyzes only cases involving the alleged misappropriation of a trade secret, where a claim is made under a state trade secret statute that is identical to or substantially similar to the UTSA (hereinafter **UTSA Claim**). As to such cases, this book analyzes only that portion that considers one or more of the Trade Secret Issues.

With rare exception, this book does not consider:

- cases considering motions that challenge the pleading of UTSA Claims, such as demurrers, motions for judgment on the pleadings, or federal motions to dismiss under F.R.C.P. Rule 12(b)(6); such cases are not the best teachers of Trade Secret Issues in UTSA Claims due to lenient pleading standards;
- cases considering Trade Secret Issues in requests for information under the Freedom of Information Act or under the public records statutes of various states; such cases are not the best teachers of Trade Secret Issues in UTSA Claims because the courts in such cases must consider policies that are not relevant to UTSA Claims;
- cases involving disputes unrelated to trade secret misappropriation, such as products liability cases where objections are made to discovery seeking what is allegedly a trade secret; such cases are not the best teachers of Trade Secret Issues in UTSA Claims because the courts in such cases must consider policies that are not relevant to UTSA Claims;
- cases evaluating whether certain information is a trade secret, in the process of evaluating whether there has been a breach of a nondisclosure agreement that prohibits disclosure of “trade secrets” or “confidential” information, or cases evaluating the enforcement of noncompete agreements where there must be a “legitimate business interest,” such as the protection of trade secrets; and
- cases evaluating trade secret status in the context of nondisclosure or noncompete agreements, which may not be the best teachers of Trade Secret Issues in UTSA Claims because information that qualifies as a trade secret in such cases may not qualify as a trade secret under noncontractual UTSA Claims. See Fleming Sales Co. v. Bailey, 611 F. Supp. 507, 511 (N.D. Ill. 1985) (applying Indiana law) (“[T]he right to impose contractual restraints does not render the same knowledge ’trade secrets’ in the absence of such restraints”) (emphasis in original). Moreover, due to the contractual nature of nondisclosure or noncompete agreement claims, they may, to some degree, receive greater solicitude than noncontractual UTSA Claims. For example, in California, there appears to be greater solicitude for claims for interference with contract than for claims for interference with prospective economic advantage. See, e.g., Quelimane Co. v. Stewart Title Guaranty Co., 19 Cal. 4th 26, 55 (1998). In Florida, there is a presumption of irreparable harm for the breach of an enforceable restrictive covenant (Fla. Stat. § 542.335(1)(j) (2003)), while there is no such presumption for UTSA Claims.
D. Synopses of Cases

As stated above, the legal principles in the cases in this book are described (1) in detailed summaries of the law as to the conceptual sections of the book outlined above and (2) in detailed synopses of the cases (online for easy searching) that set forth the relevant facts and court language of each case. These detailed case synopses contain “pincites” or page number citations as to the relevant facts and court language in the opinion, so attorneys and judges may use them in their work.

The case synopses accompanying this hard copy book are available in a searchable PDF document, which may be accessed online. See the section below titled “Suggestions for Finding Online Case Synopses.”

Those online case synopses are organized first by the Trade Secret Issues (see the bolded, defined term “Trade Secret Issues” above) addressed by the case and then, within each Trade Secret Issue, by the type of information (e.g., software, device, customer list) and the type of industry involved in the case (e.g., automobile industry, medical industry). The case synopses within such information and industry groupings are further organized into groups of cases where the outcome was favorable to the trade secret owner, followed by cases where the outcome was unfavorable to the trade secret owner. Some synopses do not fit neatly into such favorable or unfavorable groupings, in which case the same synopsis will appear in both the favorable and unfavorable groups. The same case synopsis will often appear more than once in this book, once in an industry group category (e.g., medical industry information) and again in one or more information type categories (e.g., device, formula, etc.).

The industry groups of case synopses may not contain all relevant case synopses as to that industry. Hence, when looking for relevant case synopses/cases, the reader should not rely solely on an industry grouping of case synopses; the reader should also review case synopses as to the type of information involved in the reader’s case. For example, if the reader is handling a case involving a customer list in the automobile industry, the reader should review not only the synopses in the automobile industry category but also the case synopses in the customer list category.

Each case synopsis has a unique number; case synopses as to the same issue have numbers within the same series of numbers. For example, the case synopses as to the issue of whether the alleged trade secret constitutes information and is described with sufficient specificity are numbered 1000–1999. The case synopses as to the issue of whether the alleged trade secret has independent economic value from being secret are numbered 2000–3999. The case synopses as to the issue of whether the trade secret owner used reasonable efforts to maintain the secrecy of the trade secret are numbered 4000–4999. The case synopses as to the issue of whether the trade secret was misappropriated are numbered 5000–5999. The case synopses as to the issue of the appropriate remedy for the misappropriation are numbered 6000–9500: (1) injunctions, 6000–6999; (2) actual damages, 7000–7499; (3) unjust enrichment damages, 7500–7999; (4) reasonable royalty damages, 8000–8499; (5) exemplary damages, 8500–8999; and (6) attorney’s fees, 9000–9500.

To help the reader recall specific case synopses, each case synopsis has a short name or nickname that appears at the beginning of the case synopsis, just below the synopsis
number. The nickname usually corresponds to the type of products/services involved in the action. The same nickname is used for all case synopses arising from an individual action. For example, as to an individual action, there may be several cases and case synopses. There may be (1) a case as to a ruling on a motion for preliminary injunction for which there are three separate case synopses in this book as to the issues of trade secret status, misappropriation, and remedies; and (2) a case as to a ruling on a motion for summary judgment for which there are two separate case synopses in this book as to the issues of trade secret status and misappropriation. The same nickname is used for the three case synopses concerning the preliminary injunction and the two case synopses concerning the motion for summary judgment.

Each case synopsis ends with the legal citation for the case, followed by a list of any other Trade Secret Issues (see the bolded, defined term “Trade Secret Issues” above) that are analyzed by the case and discussed in other synopses.

E. Suggestions for Finding Online Case Synopses

As stated above, the case synopses accompanying this hardcopy book are online in a searchable PDF document, which may be downloaded online. Here are some suggestions for finding case synopses of interest.

First, please read the text above, under the heading “Synopses of Cases.”

1. Finding a Case Synopsis for a Specific Case Cited in the Book

To find the synopsis of a specific case cited in this book (Case Synopsis), search the online PDF document using the number of the Case Synopsis, which appears at the end of the legal citation for that specific case. Sometimes that synopsis number will be the same number as the page number(s) of pincites for other cases, and the search results will include all those pincites or a message that says, “there are too many results to show.” In such case, add the words “Synopsis No.” before the case synopsis number in the search request, to eliminate the pincites from the search results.

If the specific case mentioned above analyzes any Trade Secret Issues other than the issue addressed by the Case Synopsis (Other Trade Secret Issues), the Case Synopsis will identify such Other Trade Secret Issues in the last sentence of the Case Synopsis, following the legal citation for the case. To find the synopses as to such Other Trade Secret Issues, search the online PDF document using the word(s) directly below the synopsis number of the Case Synopsis, which are referred to as the Case Synopsis nickname. The synopses that you find by searching for that nickname will identify such Other Trade Secret Issues in the first paragraph of such synopses.

If the specific case of interest analyzes multiple types of information as to such Other Trade Secret Issues, there will usually be multiple, separate synopses as to each type of information analyzed. For example, if the plaintiff claims misappropriation of three trade secrets, which constitute three different types of information (e.g., customer list, device, formula), there will usually be three separate synopses setting forth the court’s analysis of whether each type of information constitutes a trade secret. To find the synopses as to such multiple types of information, search for the Case Synopsis’s nickname. The
synopses that you find by searching for that nickname will usually identify, in the first paragraph of the synopsis, the type of information analyzed as to the trade secret issue addressed by the synopsis.

2. Finding Case Synopses as to One of the Six Trade Secret Issues Covered in This Book

See the online Table of Contents for Online Case Synopses (TOC). The TOC organizes the online case synopses by the six trade secret issues covered in this book, which correspond to the issues addressed in Chapters 4, 5, 6, 7, 8, and 9. Chapter 4: Does the alleged trade secret constitute “information,” and is it described with sufficient specificity? Chapter 5: Is the alleged trade secret not generally known and not readily ascertainable by proper means? Chapter 6: Does the secrecy of the alleged trade secret give it independent economic value? Chapter 7: Did the trade secret owner make reasonable efforts to keep the alleged trade secret a secret? Chapter 8: Did the defendant’s conduct constitute misappropriation? Chapter 9: Is the plaintiff entitled to an injunction, damages, or attorney’s fees?

Within each of the six issues above, the TOC organizes the synopses as to the industry involved in the case and the different types of information involved in the case. Within such information and industry groups, the synopses are further organized into groups of synopses where the outcome was favorable to the trade secret owner, followed by synopses where the outcome was unfavorable to the trade secret owner.

To find the case synopses as to one of the six trade secret issues above, see the part of the TOC covering the issue of interest and do a search of the online PDF document using the words of the heading identifying the industry or type of information of interest plus the group of lowercase letters that is exactly two spaces to the right of such heading, which is referred to as the Tag. Be sure to use all of the words of the heading but not the number of the heading (e.g., A1, A2, B1, B2, etc.), and be sure that the Tag comes after the words of the heading and that there are exactly two spaces between the words of the heading and the Tag. The search will not work if there is anything other than two spaces between the words of the heading and the Tag.

The case synopses include verbatim quotes from the cases as to the courts’ rationale for their rulings, including the courts’ rationale for rejecting certain arguments by the parties. To find the courts’ discussion as to such rejected arguments, search the online PDF document using the word “rejected.”

F. Particular Words Used

In this book, the word “plaintiff” (or counterclaimant) refers to the alleged trade secret owner, and the word “defendant” (or counterdefendant) refers to the alleged trade secret misappropriator, unless otherwise indicated. The words “plaintiff” and “defendant” are often used in the singular, although there may be multiple plaintiffs and defendants in the case. The words “former employee” usually refer to the former employee of the
plaintiff who left the plaintiff’s employ and is being sued by the plaintiff for trade secret misappropriation.

The words “reasonable secrecy efforts” are used to refer to the provision in Section 1 of the UTSA requiring “efforts that are reasonable under the circumstances to maintain [the] secrecy” of the trade secret.

G. Case Lists

The Case Lists at the end of this book begin with a State-by-State Case Listing, which lists the cases in this book by state, followed by a Cumulative Case List, listing all cases in this book.

H. Case Citations and Block Quotations

The case citations and block quotations in this book follow the rules of The Blue Book: A Uniform System of Citation (20th ed. 2015). This book sometimes provides more citation information than required by The Blue Book to help counsel comply with the particular citation rules of their state.

I. Missing Cases

If this book omits any relevant published UTSA cases, or contains any errors, please notify the author at jph@hustonfirm.com.
2
Important General Information about the Uniform Trade Secrets Act

A. UTSA Preemption

A thorough discussion of preemption under the Uniform Trade Secrets Act (UTSA) is beyond the scope of this book. However, it is important to know that many courts have held that claims under the UTSA preempt common law claims based on trade secret misappropriation, such as claims for conversion, breach of fiduciary duty, and breach of the duty of loyalty.

UTSA preemption is based on section 7 of the UTSA, which states:

(a) Except as provided in subsection (b), this Act displaces conflicting tort, re-stitutionary, and other law of this State providing civil remedies for misappropriation of a trade secret.

(b) This Act does not affect: (1) contractual remedies, whether or not based upon misappropriation of a trade secret; (2) other civil remedies that are not based upon misappropriation of a trade secret; or (3) criminal remedies, whether or not based upon misappropriation of a trade secret.

There are different interpretations of UTSA section 7 among the states that have adopted the UTSA. For example, some courts hold that UTSA claims preempt common law claims only after the existence of a UTSA trade secret has been proven. Other courts appear to hold that merely pleading a UTSA claim causes preemption to arise.


California did not adopt section 7(a) of the UTSA, but California courts have held that UTSA preemption exists in California on general preemption principles. K.C. Multimedia, Inc. v. Bank of America Tech. & Operations, Inc., 171 Cal. App. 4th 939 (Ct. App. 2009).

The important point is that counsel should determine the nature of UTSA preemption in the relevant jurisdiction.
B. Courts Consider Out-of-State UTSA Cases Pursuant to Section 8 of the UTSA

Section 8 of the UTSA provides: “This Act shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this Act among states enacting it.”

Many states that adopted the UTSA, adopted section 8 of the UTSA, and their courts have indicated that they consider out-of-state UTSA cases pursuant to the uniformity goals of the UTSA. E.g., Hoffmann-La Roche, Inc. v. Yoder, 950 F. Supp. 1348, 1358 n.22 (S.D. Ohio 1997) (“The Court agrees that uniformity is a primary goal of the Uniform Trade Secrets Act, and to that end the Court considered the out-of-state case law cited by Plaintiff.”); Optic Graphics, Inc. v. Agee, 87 Md. App. 770, 783, 591 A.2d 578, 585 (Ct. App. 1991) (“The purpose of the Act is ‘to codify and clarify the existing common law of trade secrets, and to minimize substantive differences among the adopting states by expressly requiring uniform construction’” (citing Note, Maryland Uniform Trade Secrets Act, 49 Md. L. Rev. 1056 (1990)); Thola v. Henschell, 140 Wash. App. 70, 79, 164 P.3d 524, 528 (Ct. App. 2007) (“The goal of achieving uniformity among UTSA-enacting jurisdictions and the absence of Washington law requires that we survey other jurisdictions that have addressed the scope of vicarious liability under the UTSA”); Bondpro Corp. v. Siemens Power Generation, Inc., 463 F.3d 702, 704 (7th Cir. 2006) (Wisconsin) (“[T]he Uniform Trade Secrets Act is to ‘be applied and construed to make uniform the law relating to misappropriation of trade secrets among states enacting substantially identical laws.’ And so, ‘decisions by other jurisdictions [than Wisconsin] on questions involving the UTSA are to be given careful consideration’”) (quoting Minuteman, Inc. v. Alexander, 147 Wis. 2d 842, 434 N.W.2d 773, 779–80 (1989)) (citation omitted).

Some states that adopted the UTSA, did not adopt section 8 of the UTSA, but some of those states have statutes indicating an intent to interpret uniform acts uniformly. E.g., Pennsylvania, 1 Pa.C.S. § 1927 (“Statutes uniform with those of other states shall be interpreted and construed to effect their general purpose to make uniform the laws of those states which enact them.”); North Dakota, N.D. Cent. Code, § 1-02-13 (“Any provision in this code which is a part of a uniform statute must be construed as to effectuate its general purpose to make uniform the law of those states which enact it.”).

C. Some Pre-UTSA Law Still Applies in UTSA Cases

Many UTSA cases still refer to the Restatement (First) of Torts § 757, comment b (1939) (Restatement), in determining whether the information at issue is a trade secret. The Restatement states that

[s]ome factors to be considered in determining whether given information is one's trade secret are:

1. the extent to which the information is known outside of [the claimant's] business;
2. the extent to which it is known by employees and others involved in the [claimant's] business;
(3) the extent of measures taken by [the claimant] to guard the secrecy of the information;
(4) the value of the information to the [claimant] and to his competitors;
(5) the amount of effort or money expended by [the claimant] in developing the information;
(6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

Restatement (First) of Torts § 757, comment b (1939) (words in brackets by author—not in original).

The most common approach to using the six factors of the Restatement is set forth in Learning Curve Toys, Inc. v. Playwood Toys, Inc., 342 F.3d 714, 722 (7th Cir. 2003) (Illinois) (Synopsis No. 2417). In that case, the appellate court stated:

[W]e do not construe the foregoing factors as a six-part test, in which the absence of evidence on any single factor necessarily precludes a finding of trade secret protection. Instead, we interpret the common law factors as instructive guidelines for ascertaining whether a trade secret exists under the Act. The language of the Act itself makes no reference to these factors as independent requirements for trade secret status, and Illinois case law imposes no such requirement that each factor weigh in favor of the plaintiff. In this respect, Illinois law is compatible with the approach in other states. Courts from other jurisdictions, as well as legal scholars, have noted that the Restatement factors are not to be applied as a list of requisite elements.

342 F.3d at 722 (citation omitted).


D. History of the UTSA