

TABLE OF CONTENTS

PREFACE TO THE THIRD EDITION	V
PREFACE TO THE SECOND EDITION	VII
PREFACE TO THE FIRST EDITION	IX
A WORD ABOUT THE MATERIALS IN THIS CASEBOOK	XIII
ACKNOWLEDGMENTS	XV
TABLE OF CASES	XXIX
Chapter 1. Introduction	1
A. Trade Secret Law Today	1
Waymo LLC v. Uber Technologies, Inc.	3
Clorox Co. v. S.C. Johnson & Son, Inc.	16
B. The Theories, Origins, and Evolution of Trade Secret Law	21
The Technical Trade Secret Quadrangle: A Survey	22
1. The Emergence of the Common Law of Trade Secrecy (1800 to 1939)	23
2. The Restatement (First) of Torts	24
Working Knowledge and the Rise of Corporate Intellectual Property, 1800–1930	25
Restatement (First) of Torts	27
3. The Uniform Trade Secrets Act	28
4. The Defend Trade Secrets Act of 2016 and the EU Trade Secrets Directive	30
C. Special Issue: Are Trade Secrets Property and Why Does It Matter?	30
1. Du Pont v. Masland	31
2. Ruckelshaus v. Monsanto Co.	32
3. Alderson v. U.S.	34
4. Why Does a Property Characterization Matter?	35
Notes	38
Chapter 2. What Can Be a “Trade Secret”?	43
A. Introduction	43
B. Definitions of a Trade Secret	44
Lyn-Flex West, Inc. v. Dieckhaus	46
C. What Is Protectable?	51
Del Monte Fresh Produce Company v. Dole Food Company, Inc.	52
Religious Technology Center v. Netcom On-Line Communication Services, Inc.	55
Altavion, Inc. v. Konica Minolta Systems Laboratory Inc.	60

D.	Special Issue: How Does Trade Secret Law Interact with Federal Patent and Copyright Laws?	67
	Kewanee Oil Co. v. Bicron Corp.	69
	BondPro Corporation v. Siemens Power Generation, Inc.	79
	Computer Associates International, Inc. v. Altai, Inc.	82
	Notes	86
Chapter 3. Public Availability and Secrecy		91
A.	Introduction	91
B.	Exploring the Meaning of “Generally Known” and “Readily Ascertainable”	93
	Rohm and Haas Co. v. Adco Chemical Co.	95
	Peggy Lawton Kitchens, Inc. v. Hogan	100
	Hutchison v. KFC Corporation	101
	Editions Play Bac, S.A. v. Western Pub. Co., Inc.	104
	Pawelko v. Hasbro, Inc.	110
C.	Protection of Technical Versus Business Information	115
	Pyro Spectaculars North, Inc. v. Souza	117
	Cellular Accessories for Less, Inc. v. Trinitas LLC	125
D.	Internet Disclosures and Public Availability	128
	Contributory Negligence, Technology, and Trade Secrets	129
	Religious Technology Center v. Netcom On-Line Communication Services, Inc.	130
	Religious Technology Center v. Lerma	132
E.	Special Issue: Where Is the Dividing Line Between a Trade Secret and One’s General Skill & Knowledge?	135
	SI Handling Systems, Inc. v. Heisley	136
	Tempo Instrument, Inc. v. Logitek, Inc.	138
	The General Knowledge, Skill, and Experience Paradox	141
	Notes	142
Chapter 4. The Economic Value Requirement of Trade Secrecy		145
A.	Introduction	145
	Uniform Trade Secrets Act	146
	Trade Secret Subject Matter	147
B.	Applying the Economic Value Requirement	148
	Electro-Craft Corp. v. Controlled Motion, Inc.	149
	Religious Technology Center v. Netcom On-Line Communication Services, Inc.	155
	Yield Dynamics, Inc. v. Tea Systems Corporation	157
	Buffets, Inc. v. Klinke	165
	Taylor v. Babbitt	169
C.	The Drafting History of the Economic Value Requirement of the UTSA	174
	The Evolution of Trade Secret Law and Why Courts Commit Error When They Do Not Follow the Uniform Trade Secrets Act	175

D.	The Economic Value Requirement of the DTSA	177
	Expertconnect, L.L.C. v. Fowler	177
E.	Special Issue: What Are Idea Submission Cases and Do They Differ from Trade Secret Cases?	182
	Daktronics, Inc. v. McAfee	183
	Reeves v. Alyeska Pipeline Service Co.	186
	Notes	195
Chapter 5. Reasonable Efforts to Maintain Secrecy		199
A.	Introduction	199
B.	Applying the Reasonable Efforts Requirement	201
	Rockwell Graphic Systems v. DEV Industries, Inc.	201
	Vendavo, Inc. v. Long	207
	Yellowfin Yachts, Inc. v. Barker Boatworks, LLC	212
C.	Reasonableness and Confidential Relationships	217
	Incase Inc. v. Timex Corp.	220
	Learning Curve Toys, Inc. v. PlayWood Toys, Inc.	223
	Vesta Corp. v. Amdocs Mgmt., Ltd.	235
D.	Special Issue: What Are Reasonable Efforts in a Digital and Work from Home World?	240
	Contributory Negligence, Technology and Trade Secrets	241
	RATs, TRAPs, and Trade Secrets	242
	QSRSOft, Inc. v. Restaurant Technology, Inc.	244
	Lost in the Cloud: Information Flows and the Implications of Cloud Computing for Trade Secret Protection	250
	Notes	251
Chapter 6. The Meaning of Misappropriation: Improper Means		253
A.	Introduction	253
	Uniform Trade Secrets Act	254
B.	The Meaning and Limits of “Improper Means”	254
	Pioneer Hi-Bred Int’l v. Holden Foundation Seeds, Inc.	257
	E.I. duPont deNemours & Co. v. Christopher	262
	Bonito Boats, Inc. v. Thunder Craft Boats, Inc.	267
	Chicago Lock Co. v. Fanberg	271
	Faiveley Transport Malmo AB v. Wabtec Corp.	276
	The Law and Economics of Reverse Engineering	279
C.	Special Issue: What Is the Difference Between Competitive Intelligence and Corporate Espionage?	281
	MicroStrategy Inc. v. Business Objects, S.A.	283
	Notes	295
Chapter 7. Misappropriation: Disclosure or Use in Breach of a Duty of Confidentiality		299
A.	Introduction	299
B.	Relationships Giving Rise to a Duty of Confidentiality	300
	Restatement (Third) of Unfair Competition	301

1.	Fiduciary and Trust Relationships	303
2.	The Employment Relationship	303
	Town & Country House & Homes Service, Inc. v. Evans	305
	Shatterproof Glass Corp. v. Guardian Glass Co.....	308
3.	Independent Contractors	310
	Hicklin Engineering, L.C. v. Bartell	311
4.	Other Business Relationships	314
	Kamin v. Kuhnau	315
5.	Arm's-Length Transactions	318
	Burten v. Milton Bradley Co.....	319
C.	Evidence of Actual or Threatened Misappropriation: Disclosure or Use.....	324
	Mangren Research and Development Corp. v. National Chemical Co., Inc.	326
	ScentSational Technologies, LLC v. PepsiCo, Inc. et al.	331
	Morton v. Rank America, Inc.....	340
D.	Special Issue: What Happens When Trade Secrets Are Acquired by a Third-Party?	342
	DVD Copy Control Association Inc. v. Bunner.....	346
	Notes	352
 Chapter 8. Protecting Trade Secrets in the Employment		
	Context	357
A.	Introduction	357
B.	Restrictive Covenants	359
	When Trade Secrets Become Shackles: Fairness and the Inevitable Disclosure Doctrine	361
	Campbell Soup Co. v. Desatnick	363
	Edwards v. Arthur Andersen LLP	371
C.	The Inevitable Disclosure Doctrine.....	375
	PepsiCo, Inc. v. Redmond	377
	Whyte v. Schlage Lock Co.....	386
	Archer Daniels Midland Company v. Sinele	395
D.	Special Issue: Who Owns Trade Secrets Created by an Employee?	403
	Restatement (Third) of Unfair Competition.....	404
	Northern Electric Co., Inc. v. Torma.....	407
	Ingersoll-Rand Co. v. Ciavatta	413
	Notes	423
 Chapter 9. Litigation Tactics and Defenses		425
A.	Introduction	425
B.	The Life-Cycle of a Trade Secret Case	425
	1. Seeking Preliminary Relief.....	426
	2. The Initial Pleadings.....	428
	3. From Discovery to Trial	428
	4. The Trial	429
	5. The Post-Trial Phase.....	430

C.	Motions to Dismiss	430
	Plastronics Socket Partners Limited v. Highrel Incorporated	430
D.	Attacking Plaintiff's <i>Prima Facie</i> Case	434
E.	Asserting Affirmative Defenses	436
1.	Statute of Limitations	437
	Uniform Trade Secrets Act	437
	Epstein v. C.R. Bard, Inc.	438
	Cadence Design Systems, Inc. v. Avant! Corp.	442
2.	UTSA Section 7: Displacement of Ancillary State Claims	447
	Uniform Trade Secrets Act	448
	BlueEarth Biofuels, LLC v. Hawaiian Elec. Co., Inc.	449
3.	Violation of the First Amendment.....	457
	Ford Motor Company v. Lane	458
4.	Whistleblower Defense.....	466
F.	Protecting Trade Secrets Before, During, and After Trial	468
	Uniform Trade Secrets Act	469
	Citizens First Nat. Bank of Princeton v. Cincinnati Ins. Co.	470
	Cohen v. Trump	473
G.	Special Issue: What Can a Defendant Do if the Plaintiff Fails to Identify Its Trade Secrets with Specificity?	476
	Nilssen v. Motorola, Inc.	477
	Notes	482
Chapter 10. Remedies for Trade Secret Misappropriation.....		487
A.	Introduction	487
B.	Remedies Under the UTSA and the DTSA.....	488
	The Uniform Trade Secrets Act.....	490
1.	Preliminary Injunctive Relief.....	491
	SI Handling Systems, Inc. v. Heisley.....	492
	First W. Capital Mgmt. Co. v. Malamed.....	498
	Abba Rubber Co. v. Seaquist	503
2.	<i>Ex Parte</i> Civil Seizure Order Under the DTSA.....	508
	Blue Star Land Servs. v. Coleman	508
3.	“Permanent” Injunctive Relief.....	511
	General Electric Co. v. Sung.....	512
4.	Monetary Relief: Damages, Exemplary Relief and Attorney's Fees.....	516
	Roton Barrier, Inc. v. Stanley Works	517
	Gemini Aluminum Corp. v. California Custom Shapes, Inc.....	522
5.	Award of Reasonable Royalties	527
	LinkCo, Inc. v. Fujitsu Ltd.....	528
	Unpacking Trade Secret Damages	533
C.	Special Issue: How Long Should an Injunction Last?.....	534
	MicroStrategy Inc. v. Business Objects, S.A.	537
	Notes	544

Chapter 11. Managing Trade Secrets in the U.S. and Abroad.....	547
A. Introduction	547
B. Managing Threats from Employees	548
Maximum Security: How to Prevent Departing Employees from Putting Your Trade Secrets to Work for Your Competitor	550
C. External Threats: Technology and People.....	556
D. Dealing with the Government	558
Striking a Balance: When Should Trade-Secret Law Shield Disclosures to the Government?.....	559
Food Marketing Institute v. Argus Leader Media	561
Secrecy and Unaccountability: Trade Secrets in Our Public Infrastructure	569
Ruckelshaus v. Monsanto Co.....	571
E. Special Issue: How Are Trade Secrets Protected in Other Countries?.....	576
1. The TRIPS Agreement	577
The Limits of Trade Secret Law: Article 39 of the TRIPS Agreement and the Uniform Trade Secrets Act on Which It Is Based.....	577
The TRIPS Agreement	578
2. Extraterritorial Application of U.S. Law	580
Motorola Solutions, Inc. v. Hytera Communications Corp. Ltd. ...	581
BP Chemicals Ltd. v. Formosa Chemical & Fibre Corporation ...	592
TianRui Group Co. Ltd. v. International Trade Commission.....	597
3. The EU Trade Secrets Directive.....	604
4. The Enforcement of Trade Secret Rights.....	605
Notes.....	606
 Chapter 12. Criminal Consequences for Trade Secret	
Misappropriation.....	611
A. Introduction	611
B. Criminal Trade Secret Actions Under State Law	612
Schalk v. State of Texas	613
Clark v. State.....	621
C. Background of the Economic Espionage Act	623
RATs, TRAPs, and Trade Secrets.....	624
D. Overview of the Economic Espionage Act of 1996.....	625
United States v. Hsu	630
United States v. Nosal	636
United States v. O'Rourke	647
United States v. Hanjuan Jin.....	652
E. Special Issue: Can a Defendant in a Trade Secret Case (Criminal or Civil) “Plead the Fifth”?	655
Heddon v. State of Florida.....	656
Notes	661

**Appendix A. The “New” Economic Espionage Act, as Amended by
the Defend Trade Secrets Act of 2016 667**

**Appendix B. Directive (EU) 2016/943 of the European Parliament
and of the Council 683**