



Litigating a Defend Trade Secrets Act Claim: The Defense Perspective

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A Plaintiff's Fallacy

- Having confidential information is the same thing as having a trade secret.
- A trade secret has two essential qualities:
 - Information has value because others do not know it.
 - Owner takes reasonable steps to maintain its secrecy.
- A solid defense attacks both elements – and both are usually subject to attack.

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Defending Against Trade Secret Claims

- Attack Trade Secret Status
- Quarantine Problems
- Plan to Prevent the Next Lawsuit

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Attacking Trade Secret Status

- Information is not confidential to plaintiff.
- Information lacks value.
- Information is not adequately protected.

Attacking Secrecy – Define the Playing Field

- Use complaint as starting point for identifying the trade secrets in issue.
- Working from the complaint, make targeted discovery requests:
 - With respect to the allegation that D downloaded technical materials, (a) identify each aspect of such materials that P contends constitutes a Trade Secret; (b) state the factual basis for such contention and identify all persons who have knowledge or information regarding the factual bases; (c) state whether there are persons not employed by P who possess, have knowledge of, or otherwise have access to the information that P contends is a Trade Secret and identify all such persons.*
- Formulate a corresponding document request.

Attacking Secrecy – Client Interview

- Resume information:
 - How long at Pro Tech? Previous experience in industry? Bring any clients? Know information from other sources (such as working for a client)?
- Industry information:
 - How does industry work? E.g., are new contracts put out to bid? What information comes from client in bid package?
 - What information is generally known about competitors? About clients?
 - What information is available in industry publications?

Attacking Secrecy – New Employer Information

- What information is available to the new employer?
- What pre-existing client relationships does it have?
- What information would clients give to new employer if asked?

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Attacking Secrecy – Old Employer Information

- What information is available on Pro Tech's website?
 - Press releases; financial statements; investor presentations; product guides; customers.
- What information is disclosed on LinkedIn profiles of key witnesses?
- What information is shared with customers?
- What information does Pro-Tech request when recruiting laterals?
- What positions has company taken as a defendant?

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Attacking Value

- Information has a shelf life.
 - Pricing and cost data often grow stale quickly.
 - Contract terms expire.
 - Product specifications change.
- Some information is valuable only to owner or is useless to others.
 - Union vs. non-union shops
 - Methods of competition

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Attacking Steps to Protect Secrecy

- Explore extent to which company limits access to information among employees.
- Explore company policies on employee use of information outside of office.
- Explore use and terms of confidentiality agreements with third-parties.
- Explore failures to follow procedures or enforce policies and agreements.

Quarantine Problems

- Explore and establish a reasonable explanation for why records were taken.
- Demonstrate that records have not been used.
- Be proactive in collecting, returning, and purging records (but make sure to work with opposing counsel).
- Prove that information in records is unusable without current access.

Prevention is the Best Defense of All

- Sensitive hires should be orchestrated.
- New employee should be instructed to leave all records behind.
- Former employer's materials in personal possession should be returned.
- Electronic records on personal computers should be collected, downloaded to a disk, given to former employer, and deleted.
- Document instructions given to employee and representations of compliance with them.
- For particularly high profile hires, consider reaching out to old employer.



Thank you

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