

→ Trade Secrets

Sheppard Mullin's Trade Secrets team assists clients to protect and maximize the value of their trade secrets and related assets that can drive their success. Trade secret protection is more important than ever given increased workforce mobility and industrial espionage, as well as the advent of technology that makes misappropriation easier than it used to be. The loss of a trade secret can undermine a business' competitive advantage. We advise clients on "best practices" to avoid misappropriation and on how to mobilize to enforce their rights in the face of threatened misappropriation.

We also defend clients against claims of misappropriation, unfair competition and related claims that have the potential to shut down their business. We understand that successfully defeating such claims as quickly as possible can be critical to the client's business. We advise our clients how to reduce the risk of such claims and to resolve them efficiently when they are asserted.

Our trade secret lawyers span many practice areas including: Intellectual Property, Litigation, Labor & Employment, International Trade and Corporate/Transactional. The broad-based substantive expertise of our team makes our trade secrets practice your best weapon – both offensively and defensively. We stand ready to assist our clients, on a moment's notice, with critical trade secret disputes regardless of the context in which they arise.

The substantive trade secret subject matters that we handle for our clients are varied and include:

- Customer information
- Product designs, formats, formulas and processes and manufacture methods
- Technology
- Personnel information
- Marketing and product pricing information

Complicated, technical trade secret information is not a problem for our attorneys, who have experience in a range of technologies, including:

- Pharmaceuticals
- Software
- Biologics
- Food products
- Electronics
- Aeronautics
- Industrial manufacturing

- Polymers
- Finance
- Diagnostics and interdisciplinary technologies such as personalized medicine and medical devices

We serve clients in numerous industries, including:

- Technology
- Life sciences
- Entertainment and media
- Food & beverage
- Automotive
- Heavy equipment
- Healthcare
- Financial services
- Hospitality and leisure
- Fashion
- Retail
- Manufacturing
- Aerospace and defense
- Marketing and sales
- Education
- Energy

Counseling and Advice

We help clients assess the most effective way to protect their assets, whether as trade secrets or under patent and copyright protection. We also partner with our clients to:

- Develop trade secret protection policies and employee training programs
- Conduct trade secret audits; prepare NDAs and restrictive covenants for various transactions (e.g., mergers, purchases/sales, technology transfers, joint ventures and strategic alliances)
- Prepare confidential information and invention assignment agreements for employees and contractors
- Negotiate trade secret licenses, research, collaboration and development agreements, and other commercial agreements involving the use, creation and ownership of trade secrets
- Conduct on-site training programs
- Advocate on behalf of clients to persuade government agencies not to release trade secret information to the public

Litigation

Our seasoned litigators routinely prosecute and defend trade secret misappropriation and related claims, such as breach of nondisclosure agreements (NDAs) and/or restrictive covenants, unfair competition and breach of fiduciary duty, among others. We have successfully represented clients in state and federal courts across the country, as well as before the International Trade Commission. We are adept at obtaining restraining orders and injunctions and at defending against requests for injunctive relief by our clients' adversaries. We understand the importance of safeguarding our clients' proprietary information during litigation, and we employ strategies that prevent information from falling into the public domain and competitors' hands and that maintain our clients' competitive edge. We pursue strategies that protect our clients internationally, including extraterritorial application of U.S. trade secret laws.

Experience

Litigation

Our attorneys handle trade secret cases in state and federal courts across the country. Representative matters include:

- Persuaded Ninth Circuit to reverse summary judgment against client of its claim for misappropriation of trade secrets related to its system for tracking securities trading on the grounds that (1) a reasonable jury could have found information that the client had identified as trade secrets were in fact trade secrets and (2) trial court should have permitted client an opportunity to take discovery before ruling on the summary judgment motion.
- Representing scientific research plaintiff in action against biopharmaceutical company for fraud, breach of contract and misappropriation of trade secrets related to medical compound development.
- Defeated effort in Delaware Chancery Court by biotech company to enjoin client's use of lentiviral vectors in clinical trials for cancer treatment based on claim that use by both companies of common manufacturer violated plaintiff's contractual exclusivity with manufacturer and purportedly enabled client to misappropriate plaintiff's claimed trade secrets.
- Prosecuted state court action in Maryland to protect trade secrets and enforce non-competition agreement in connection with genetic therapy techniques.
- Represented one of the world's largest frozen food manufacturers for the alleged misappropriation of trade secrets contained in frozen food products. Obtained dismissal with prejudice of the complaint, which sought millions of dollars in damages. Decision was affirmed on appeal, and recovered an attorney's fees award in favor of our client.
- Defended trade secret misappropriation enforcement case in federal court in Delaware involving snack food product formulation information.
- Represented national manufacturing company in an unfair competition, trade secret, and employee raiding case, which resulted in a preliminary injunction in favor of client against a former employee and competitor.
- Represented financial management firm in jury trial in multi-million dollar trade secret, unfair competition, and corporate raiding case. The jury returned a defense verdict, finding no liability.
- Successfully defeated motion for temporary restraining order filed against our client, a national insurance broker, and two of its newly hired employees for enforcement of restrictive covenants and claims of trade secret misappropriation with less than twenty-four hours' notice, such that the court denied every aspect of the proposed temporary restraining order.

- Obtained consent judgment for aerospace company in trade secret case against misappropriator shortly after deposing defendant.
- Represented prime defense contractor against a subcontractor's claims for trade secret misappropriation and breach of contract related to certain weapons systems. Case settled favorably on the eve of trial.
- Represented geospatial solutions provider in trade secrets misappropriation case, which resulted in a widespread temporary restraining order sidelining departing employees and preventing misappropriation.
- Represented office supply manufacturer in a three-month jury trial in which a competitor sought damages for trade secret misappropriation and unfair competition. The jury returned a defense verdict, finding no misappropriation. The case settled on appeal.
- Represented national healthcare company in a non-compete and trade secret case, which resulted in a temporary restraining order against our client's former employee and competitor.
- Secured an indefinite temporary restraining order on behalf of a national security services firm against five defendants prohibiting the use or disclosure of confidential information and imposing strict prohibitions on solicitation of employees and customers in a restrictive covenant and trade secrets case.
- Obtained restraining order on behalf of client against competitor and former employee prohibiting solicitation of employees and customers in a restrictive covenant and trade secrets case.
- Secured complete and immediate dismissal of declaratory judgment action against client by competitor and five former employees seeking declaration that restrictive covenants were unenforceable.
- Successfully dissolved *ex parte* temporary restraining order issued against client and newly hired employee for enforcement of a restrictive covenant.
- Obtained temporary restraining order and preliminary injunction against former employee and competitor on behalf of a national security services firm in a non-compete case.
- Represented national software development company in a non-compete and employee raiding case, which resulted in a temporary restraining order and preliminary injunction against the client's former employees and competitor.
- Obtained temporary restraining order and preliminary injunction against client's former executives and their current employer on behalf of a publicly traded homewares retailer in a trade secrets case.
- Represented finance company in federal court proceeding against former employee and competitor for misappropriation in connection with methods, processes and pricing strategies for regulatory compliance software product.
- Successfully resolved trade secret misappropriation and non-competition enforcement claims by private, for-profit education provider.
- Represented entertainment business in an arbitration between its employee and his former employer which claimed the employee misappropriated its trade secret information for our client's business. The matter settled favorably for our client and its employee.

Counseling and Advice

We routinely counsel clients on issues outside of litigation. Matters have included:

- Advised client of potential measures they could implement to reduce the risk of misappropriation of its trade secret information.

- Offered strategy recommendations to client to reduce likelihood that the other member of its failed joint venture would assert misappropriation claims against it.
- Proposed modifications to a client's standard NDA to better protect the client's trade secrets and to limit unwarranted misappropriation claims against the client.
- Advised client how to decrease the risk of misappropriation claims by a competitor in connection with the client's acquisition of a business that sold the competitor's products.
- Overhauled client's employee materials (form employee agreement, employee handbook) to improve the client's ability to enforce its trade secret rights.
- Guided client in its response to a competitor's incorrect assertion that the client misappropriated the competitor's confidential information to obtain a customer's business.
- Develop trade secret protection programs, including
- Advised client of potential measures they could implement to reduce the risk of misappropriation of its trade secret information.
 - Policies and practices to protect confidential information, such as security measures to prevent "hacking" into electronic files;
 - Screening processes to ensure that competitive hires do not violate the rights of prior employers;
 - Assessment of legal risks of proposed competitive hires, and strategies for avoiding disputes;
 - Training managers to enforce company policies to protect confidential information;
 - Educating employees about the importance of protecting the company's trade secrets, including how to protect them and monitor for perceiving misappropriation;
 - Use of appropriate restrictive covenants and NDAs;
 - Exit protocols to reinforce with departing employees their continuing legal obligations; and
 - Responding to perceived or potential misappropriation.
- Advised on "best practices" to address concern that a misappropriation claim may be asserted (e.g., implement "clean room" and reverse engineering protocols).
- Counseled client on appropriate remediation and other potential responses to the discovery of a potential misappropriation incident (e.g., an employee used a former employer's trade secrets).
- Advocate on behalf of clients to persuade government agencies not to release trade secret information to members of the public who requested access.