

Getting The Remedy Just Right: Making Sure That “Equitable” Relief Really Is (December 2017)

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Getting the Remedy Just Right: Making Sure That “Equitable” Relief Really Is

by

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Trade secrets disputes often begin with an urgent request for equitable relief designed to prevent third parties from learning a trade secret that is allegedly galloping away from the legal “barn” the trade secret owner has built to protect it. The focus is on “rounding up” the trade secret and installing affirmative measures to protect it NOW before its competitive value to the owner is effectively destroyed.

Once the trade secret at risk is identified to the court’s satisfaction, some disputes are brought to an early end by an order directing that physical embodiments of the specified information at issue must be returned or destroyed and any digital embodiments of the information “remediated” in a forensically sound manner. In some such cases the parties are able to agree, or the court is confident in finding, that without the continued possession of the identified trade secrets the defendant will be unlikely to be able to use and exploit the trade secrets without authorization. An order prohibiting the disclosure of the specific information can help solidify this practical relief.

In many more cases, however, the issues are more complicated: such judicially ordered measures may not be shown to be clearly warranted at an early stage because of hotly contested evidentiary disputes, may come too late, or may not fully resolve the problem. Plaintiff may ask the court to grant interim equitable remedies not only to prevent the unauthorized disclosure of trade secrets but also to prevent the defendant from engaging in activities claimed to be likely to result in the unauthorized “use” (and accompanying further disclosure) of trade secrets that are argued to be at actual or “threatened” risk. Such requests may extend to requests for restrictions on activities of former employees or former business partners or orders preventing defendants from bidding on or performing particular business on the theory that such activities will necessarily compromise the secrets. Defendants may counter that the information claimed to be at issue is not a trade secret at all, that defendants have independently developed the same or better information or that the information is useless to defendants, that the alleged risks are imagined, not real and that plaintiff’s requests for relief are vague, punitive and overreaching. They may urge that plaintiff’s request for injunctive relief is actually an effort to persuade the court to stifle legitimate competition.

The more the parties differ in their assessments of what has happened and is likely to happen, the more challenging resolving a request for an “equitable” remedy becomes. The better the parties and the court understand the nature of the information at issue and the facts and character of any legally wrongful risk, the better they can work to develop clear, nuanced, workable orders to prevent both the improper transfer or disclosure of information and the improper use of the information to seize an unfair “lead time” advantage at plaintiff’s expense without unduly burdening other legitimate interests.

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All equitable relief is, almost by definition, not alike—it must be tailored to the dispute at hand. Yet as commentators have noted in evaluating the laws of equity more generally, “equity is not whim” and equitable remedies must always be gauged against the purposes of the underlying substantive law. Trade secrets law in the United States has long placed special emphasis on helping courts and litigants arrive at dispute-specific equitable remedies that allow the trade secrets plaintiff to protect its hard won legitimate lead time, often with some breathing room, in the face of an improper attack by defendant without affording the plaintiff an overreaching informational monopoly or imposing overly broad restraints on defendant without evidence of continuing improper acts.

This paper focuses on the flexibility that equitable remedies in trade secrets disputes can afford courts and litigants in fashioning relief that is “fair” in the context of the particular dispute at various phases in the life span of the dispute. We offer parties, advocates, and courts ideas to consider in framing appropriate non-monetary, or equitable, relief and questions to focus on in assessing any such relief. By definition, we cannot offer “one size fits all” equitable relief. The issue is highly fact intensive. We do offer factors for courts, advocates, and parties to consider in thinking through what equitable relief may be appropriate in recurring contexts. We invite an ongoing dialogue directed to arriving at ways to evaluate what facts matter and assess and prioritize appropriate equitable relief for particular cases.

1. The Legal Landscape

Neophytes often assert that the whole object of trade secrets litigation is to obtain an order backed by the power of contempt saying simply “don’t use or disclose trade secrets.” But in fact there is no “one size fits all” equitable remedy in trade secrets cases and carefully calibrating the relief to the facts at hand, clearly defining the trade secrets at issue, and considering both “affirmative” and “prohibitory” relief as well as other equitable remedies may lead to a more effective remedy for both plaintiff and defendant at each stage of the dispute.

While the Defend Trade Secrets Act (“DTSA”)² has attracted much of the most recent press on trade secrets law, both the Uniform Trade Secrets Act (“UTSA”) and earlier Restatements in the field³ actually provide a more detailed discussion of potential equitable remedies in trade secrets disputes and the rich case law interpreting these tools provides a valuable resource. Thus, for example, the UTSA provides, like the DTSA, that “actual or threatened misappropriation may be enjoined,” but goes on to discuss the proper duration of an injunction: “Upon application to the court, an injunction shall be terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional reasonable period of time in order to eliminate commercial advantage that otherwise would be derived from the misappropriation.”⁴ The DTSA lacks this durational language saying simply that an injunction may be entered to “prevent any actual or threatened misappropriation...on such terms as the court deems reasonable.”⁵

² Pub.L. 114-153, enacted May 11, 2016, codified at 18 U.S.C. § 1836, *et seq.*

³ Restatement (First) Torts (1938) § 757 *et seq.*; Restatement (Third) of Unfair Competition (1995).

⁴ UTSA § 2(a).

⁵ DTSA § 3(A)(i). Note that as a general principle of civil procedure, the Supreme Court has recognized that the court issuing an injunction retains jurisdiction to modify or dissolve an injunction. *See System Fed’n No. 91, Ry. Employees Dept. v. Wright*, 364 U.S. 642 (1961). The DTSA also offers the possibility of *ex parte*

The UTSA and the DTSA both provide that “In appropriate circumstances, affirmative acts to protect a trade secret may be compelled by court order.”⁶ This possibility can afford both courts and litigants substantial flexibility in developing, for example, auditing and monitoring procedures to ensure that the intent of an equitable order is carried out whether at a preliminary or permanent stage.

The DTSA includes limitations, discussed below, on the court’s ability to issue injunctions preventing persons from entering into an employment relationship or placing conditions on employment, echoing a public interest in avoiding undue restraints on the ability of employees to change jobs articulated in many cases decided under the UTSA and state law.

While many believe that injunctions prohibiting further use or disclosure of trade secrets are to be “presumed” as a remedy in trade secrets disputes based on the oft-cited refrain--and practical reality--that “a trade secret once lost is gone forever,” case law emphasizes that injunctive relief in general is an *extraordinary remedy* and that a request for injunctive relief must be tested against the requirements of Federal Rule of Civil Procedure 65,⁷ including in trade secrets disputes.⁸ An injunction should not unnecessarily restrict the use of information that is outside the scope of the trade secret.⁹ Further, an order concerning trade secrets, like other injunctive relief, must be clear on its face and not vague and ambiguous to be enforceable. The requirement for clarity is particularly pronounced in the trade secrets context where the claimed trade secret may be difficult to differentiate from an employee’s “general

seizure orders in extraordinary circumstances. While such a remedy can be viewed as a form of injunctive relief, the detailed requirements for obtaining such an order are outside the equitable relief more typically sought in trade secrets disputes and we do not focus on that remedy here.

⁶ DTSA § 3(A)(ii); UTSA § 2(c).

⁷ See, e.g., *eBay v. MercExchange, LLC*, 547 U.S. 388 (2006), where the United States Supreme Court clarified that entry of a permanent injunction is not to be “presumed” in patent and copyright cases and that the party seeking the injunction must satisfy the requirements of Federal Rule of Civil Procedure 65. This holding was followed by the Supreme Court’s decision in *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008), that a preliminary injunction is “an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief,” generally, by establishing that movant is likely to succeed on the merits, that absent injunctive relief, movant will suffer irreparable harm, the balance of equities does not disfavor granting an injunction, and public interest concerns do not outweigh the interests advanced by issuance of the injunction. *Id.* at 20.

⁸ See, e.g., *Faively Transport Malmo AB v. Wabtec Corp.*, 559 F. 3d 110, 118 (2d Cir. 2009) (holding that the court erred in finding a presumption of irreparable harm where plaintiff had not shown that defendant had any incentive or intention to wrongly disclose the trade secret, and indeed defendant had an interest in preventing other third parties from learning it, and under the specific facts presented any improper use could be fully compensated); *Fres-Co Sys. USA, Inc. v. Hawkins*, No. 16-3591, 2017 WL 2376568, at *3 (3d Cir. June 1, 2017) (citing *Winter* as providing the proper framework for assessing requests for preliminary injunctive relief in trade secrets cases and finding that while evidence supporting an “inevitable disclosure” claim may satisfy the requirement to show that absent an injunction plaintiff will suffer irreparable harm, the other factors must be satisfied as well; remanding decision granting preliminary injunction under the DTSA and Pennsylvania Uniform Trade Secrets Act for the trial court to assess likelihood of success on the merits, the balance of the equities, and the public interest).

⁹ See, e.g., *Sigma Chemical Co. v. Harris*, 794 F.2d 381 (8th Cir. 1986), *American Can Co. v. Mansukhani*, 742 F.2d 314 (7th Cir. 1984).

skill, knowledge, training and experience,”¹⁰ or from information as to which either party has asserted patent protection.¹¹

2. Distinguishing Between Using Forensics Specialists in Discovery Activities and as Part of Affirmative Measures to Protect Trade Secrets at Various Phases of a Trade Secrets Dispute

Many trade secrets exist in digital form. This fact can both present a challenge to protecting trade secrets and provide useful tools for controlling and logging access to trade secrets and for detecting and in gathering evidence of misappropriation. For example, the party wishing to avoid misappropriation of trade secrets in digital form may be able to put enterprise systems in place to monitor, track and control trade secrets proactively. An example is source control software which, among other things, can be used to manage confidential software code during the development lifecycle. Such systems track user activity and log what modules of source code have been checked out—potentially raising a red flag of misappropriation or at the least of failure to follow internal guidelines before misappropriation is complete.

Such systems can also be a rich source of information in the event that misappropriation is suspected including, for example, by providing evidence concerning the state of plaintiff’s protected information at particular points in time including records of access, downloading and transfer. These and other tools such as mining e-mail message archives or forensically analyzing computer hard drives for suspicious activity can enable a trade secret owner to build a compelling case of copying, downloading, or transmission from its own files even before filing a lawsuit and receiving evidence from the opposing party. Hence, increasingly some types of trade secrets cases begin with plaintiff presenting the adversary and the court with detailed forensics reports describing how information is maintained within the plaintiff organization and using activity logs to show unusual computer activity—accessing, copying, downloading and transmitting protected information or even running internet searches on provocative topics such as “how to remove documents and cover my tracks”—in relevant time periods. Such evidence can help a plaintiff establish a strong case of misappropriation even before the formal discovery process is underway and can enable the plaintiff to frame narrow discovery requests to seek to fill in evidentiary “gaps” on an expedited basis.

Armed with such reports and tools, plaintiffs sometimes seek to go further and pursue an early order directing defendant to “turn over” specified digital storage devices or digital data to a forensics expert, whether court-appointed or otherwise, to “remove” any trade secrets.

Such a request may confuse “discovery” with “remediation” and may leave the forensics expert without meaningful supporting guidance on appropriate next steps. **Discovery, whether expedited or otherwise, requires a party to preserve relevant evidence in a forensically sound manner and to review and produce for use in litigation responsive non-privileged information reasonably calculated to lead to admissible evidence. Equitable relief may include affirmative measures to quarantine or “remediate” specified information so that it is no longer reasonably accessible for use. While the two processes may have some overlap and may both benefit from the participation of forensics specialists, they are not the same thing and are subject to different rules and legal**

¹⁰ See, e.g., Restatement (3d) of Unfair Competition, § 42, comment d.

¹¹ See, e.g., *Composite Marine Propellers, Inc. v. Van Der Woude*, 962 F. 2d 1263, 1266 (7th Cir. 1992); cited in *Big Vision Private Ltd. v. E.I. du Pont de Nemours & Co.*, 1 F. Supp. 3d 224, 261 (S.D.N.Y. 2014); *aff’d* 610 Fed. App’x 69 (2d Cir. 2015).

considerations. Both courts and parties need to distinguish between these two important but different activities.

In addition to complying with preservation and discovery obligations, parties to trade secrets disputes may find that it makes sense to agree on early measures for working with a forensics specialist, whether court appointed or agreed upon, to perform searches for particular information the parties agree to be at issue and to segregate or otherwise render that specified information “inaccessible” for ordinary use by a defendant. Such a process, if completed early, may resolve or narrow the ultimate dispute. In appropriate cases courts may order such relief as an affirmative measure to protect trade secrets, as further discussed below. Such an order is a form of equitable relief.

However, some plaintiffs try to obtain such relief “through the back door” under the guise of taking discovery or through an early request that a forensics expert must remove all “trade secrets” from digital devices a defendant uses even before there is clarity as to what information is claimed to constitute a trade secret of plaintiff or a finding that the information actually is a trade secret. Plaintiff may demand that defendant “turn over” (as opposed to simply preserving for further discovery and use in the case) a digital copy of all of the contents of particular devices to plaintiff or its experts. Such requests, whether styled as requests for “expedited discovery” or as requests for equitable relief, should be recognized as being different from ordinary discovery and as invoking the equitable powers of the court. They presuppose that the parties agree on (or that defendant does not contest) what information constitutes a trade secret, that the forensics specialist has sufficient knowledge to identify trade secrets at issue and that there will not be disputes over whether particular information should be removed or provided to the trade secret owner. These predicates may not be true. Moreover, where the defendant has legitimate objections to producing personal or privileged information, information belonging to third parties or implicating their rights, or information not reasonably calculated to lead to admissible evidence—objections it would be permitted to raise in discovery—requesting that the court enter an order directing the “turn over” of “trade secrets” or of an image of entire drives, may run roughshod over the defendant’s (and third party’s) rights to assert proper objections to discovery requests all in the name of “emergency equitable relief.” An important alternative less likely to be contested or to require extensive argument and evidence may be an order directing the forensic preservation of images of particular devices for use in later review. Thereafter the parties can work together to devise or, on an appropriate evidentiary record, the court can order, affirmative early “remediation” measures.

When considering how best to make effective use of forensics specialists, whether court-appointed, independent, or otherwise in trade secrets disputes throughout the life cycle of trade secrets cases, courts and litigants need to consider the interplay of discovery rules and rules for injunctive relief and to distinguish between “discovery” and “affirmative measures to protect trade secrets.”

We do not here probe the wide variety of discovery orders that a court might want to consider in a trade secrets dispute, including potentially appointing a special discovery master to resolve particular objections. Rather, we raise for discussion points parties and the court will likely want to consider in framing useful interim or permanent orders directing **affirmative measures to preserve, locate, quarantine, and, as a remedial matter, “remediate,” or soundly remove, particular information.**

A useful order granted under the court's equitable powers would likely address at least the following issues:¹²

- Is the exercise to be a Preservation and Examination Process or a “Remediation” Process (“affirmative measures to protect trade secrets”) to be completed prior to the conclusion of the lawsuit?
- Who Will Perform What Work?

Who is to conduct the forensics review—an independent expert, a court-appointed expert, or a party-appointed expert? Who will pay the forensics fees? May party-appointed experts also be involved in the process? How is the work of any expert appointed in a court order to be integrated with other forensics inspection that may be occurring or that may have occurred relating to the same dispute? If an expert other than a party-appointed expert is involved, what is the communication protocol? For example, who directs the work, and how much transparency should there be when the expert is provided confidential information necessary to perform the work but unrelated to ultimate findings? To whom does the expert direct questions related to process, access and/or permissions, or if questionable files are encountered?

- Scope of Investigation
 - What devices and computer systems are to be inspected? Personal devices of individual defendants? Phones? Flash drives? Cloud storage?
 - What about family devices?
 - Should corporate devices, computer systems or shared drives of corporate defendants, or of new employers that are not parties to the dispute, be inspected? How will third parties be notified that files in which they may have an interest may be subject to review and remediation under the order? How will third party objections to inspections of particular devices be addressed? What working groups or individuals working for a defendant entity may have computers that need to be inspected?
 - Should files, or fragments of files, stored on hard drives that are deleted but otherwise still accessible with forensics software be included in the inspection process? Do parties fully understand how searching areas outside “reasonably

¹² While many courts have issued orders directing parties to provide documents or copies of digital files to the requesting party as part of the discovery process, a smaller number of publicly available orders have established an early process for identifying and properly removing trade secrets as an affirmative measure for remedying misappropriation. In *Free Country, Ltd. v. Drennen*, No. 16-cv-8746 (JSR) (S.D.N.Y. Dec. 5, 2016) a case brought under both the DTSA and New York's common law, for example, the court ordered defendant to permit inspection and documentation of his Dropbox account and devices by a neutral forensic expert leading to the expert's removal of specifically identified information originating with plaintiff under a detailed step-by-step protocol reflected in two detailed orders available as docket entries 19 (filed November 22, 2016) and 42 (filed March 2, 2017). The “remediation” process is described in a decision available at *Free Country, Ltd. v. Drennen*, 2016 WL 7635516, at *7 (S.D.N.Y. Dec. 30, 2016).

accessible” files might impact the forensic analysis and findings as well as the related cost?

- Should backup media that is set to be overwritten during the normal course of business be inspected? Or is it sufficient to simply put an agreement in place and allow the overwriting process to either be suspended during the course of the litigation or self-remediate?
 - How does synchronization affect the scope of investigation? E-mail, texting and other accounts are now easily synchronized between different devices, sometimes even unknown to users. A personal account that would be otherwise considered “out of scope” because it is outside the custody and control of the defending party may now become a target for investigation/remediation because it has been synchronized to a company device.
 - Will inspections need to be reattempted over the course of a dispute as new investigative tools become available? Enterprise systems and personal devices are getting more varied and complex, and the forensic tools designed to preserve and analyze digital data are evolving, although sometimes not fast enough to keep up. Because of this, it is becoming increasingly difficult to track, sequester and remediate all devices on the same timetable over the course of a dispute.
- Trade Secret Definition
 - The key to most trade secrets litigation is defining what information is a “trade secret” at issue and distinguishing it from information that is generally known or that defendant is legitimately entitled to possess.
 - What should the forensics expert be looking for? Plaintiff may contend that particular information is a trade secret, but is it? Does defendant agree? Has the court made a determination? Will the parties agree to a “without prejudice” segregation or quarantine of information or will the issue of what information is involved need to be subject to an interim court determination?
 - Who will “teach” the forensics expert about the trade secret? Is it only a matter of looking for specific words or are broader concepts involved? Who will be the “umpire” for any disputes—the parties, in the first instance, or the court?
 - How is the expert supposed to identify any such information? How specific is the definition? Can the trade secret be limited to exact filenames? Unique key words or phrases? Hash values? Even so, highly targeted definitions do not always yield targeted results. An exact match on any of these criteria does not necessarily mean the trade secret has been identified, as these could easily be and regularly are false-positive hits such as when information is acquired from legitimate sources or is developed independently. What about fragments or excerpts of the trade secret?
 - A broad direction—“quarantine all information containing plaintiff’s name in text or in the metadata” (or transmitted via plaintiff’s e-mail account)—may be both over and under-inclusive: trade secrets are not always labeled with

plaintiff's name and some documents emanating from plaintiff may be publicly circulated, for example. E-mails sent from plaintiff's e-mail account may include valuable secrets or simple personal updates of no consequence, such as "I'll be late picking up our son from soccer practice." On the other hand, trade secret information may have been copied into new documents not containing indicia of origin.

- Methodology

- Is word searching appropriate? If so, how will the word strings be arrived at, on what timetable, and subject to what review by the parties or by the court?
- How will documents that were independently developed by the defendant be identified and segregated for ongoing use?
- What types of tools will be used for the search? Certain tools such as existing document management systems may already be in place, and could be an efficient and viable search option. They may, however, also lack some of the features required to find targeted files, depending on how the trade secret is defined.
- How should a defending party's company confidential, proprietary or privileged data be handled during the process? Is there a protocol in place to allow for a defending party to withhold data? Must the defending party provide information about the data withheld (such as volume, date range, or identifying information)? Is there ever a scenario that might necessitate the production of the complete forensic image?
- What report is the expert obligated to make, and to whom? Here it should be noted that the forensics expert may frequently not be in a position to assess whether information has been "misused" or not—only whether it exists and where.
- What is to be done with information that is located that appears to be at issue in the case?
- To the extent trade secret information is found, what exactly should be done with it? Will there be "interim rulings" on what is to be done with identified data? If information is to be "purged," (with a forensic copy preserved for use in the litigation) what process should be followed, keeping in mind there are varying levels of deletion depending on where the targeted information is found (e.g. e-mail, cloud-based storage systems, computer hard drives, etc.). If the information is to be quarantined, is it easier to move the file to a quarantined location or to simply require the party owning the device to take the device out of service and set it securely aside? Sometimes the latter is necessary if securely deleting the file from its original location is difficult or not practically possible.
- If, there is an allegation that information has already been intermingled, the task may become much more one of gathering evidence for merits discovery than entering an order directing early equitable relief to prevent harm. A

forensics expert is unlikely to be able to “unscramble” information without judicial guidance in a manner that will be satisfactory to both the parties and the court.

3. Can Early Equitable Relief (Whether Voluntary or Court-Ordered) Directed to Quarantining or Eradicating Particular Trade Secrets End the Dispute?

Some defendants have been able to defeat requests for injunctive relief limiting or prohibiting particular activities in the future and even obtain dismissal of disputes by voluntarily taking early proactive measures to quarantine information at issue that originated with plaintiff. *See, e.g., Delphi Automotive PLC v. Absmeier*, No. 15-CV-13966, 2016 WL 787137 (E.D. Mich. Mar. 1, 2016)¹³ (denying an activity injunction where upon learning of the dispute, defendant voluntarily retained a computer forensic company to quarantine digital files alleged to be at issue in a manner to make them inaccessible to defendant and any other third party and transferred the drives at issue to plaintiff); *American Airlines, Inc. v. Imhof*, 620 F. Supp. 2d 574, 582 (S.D.N.Y. 2009) (denying activity injunction where upon being sued defendant worked with counsel to recover and quarantine all files at issue). Forensics “remediation” taking place outside actual litigation must be well-documented (potentially including retention of a forensics image retained by the forensics specialist for use in the event of litigation if the obligation to preserve relevant documents has been triggered), however, to prevent a finding that the purported “remediation” actually constituted “spoliation” by destroying relevant evidence that might bear on the question of whether particular information was transferred to others. *See, e.g., Panera, LLC v. Nettles*, No. 4:15-cv-1181-JAR, 2016 WL 4124114 (E.D. Mo. Aug. 3, 2016) (finding that defendant’s resetting of computer to “factory state” and deletion of documents gave rise to a strong inference of irreparable harm).

Early forensic inspection and remediation orders carried out under court supervision have also been useful in leading to early resolution or at least in obviating the need for further interim injunctive relief. In *Free Country v. Dreenan*, for example, after the court-appointed forensics expert determined one of the defendants had transferred nearly 50,000 files from plaintiff to his computers and cloud storage but was able to remove these files within a matter of days pursuant to the court-ordered protocol, the court declined to enter injunctive relief restricting the defendant from soliciting plaintiff’s customers because it “was not persuaded that [defendant] could have memorized gigabytes of data concerning Free Country’s past, present, and future business in such a short period of time.” *Free Country*, 2016 WL 7635516, at *7 (S.D.N.Y. Dec. 30, 2016).¹⁴ The court left open, however, the possibility that if plaintiff detected evidence that trade secret information was being misused it could apply for injunctive relief to enjoin the misappropriation or threatened misappropriation at that time. *Id.* The case was resolved not long thereafter. As described above, the court’s orders directing forensic examination were specific and gave the forensics expert and the parties specific guidance as to the object of the forensic review and remediation process.

¹³ The court granted injunctive relief to enforce a narrowed version of the individual’s non-compete agreement. *See* decision at 2016 WL 1156741 (E.D. Mich. Mar. 24, 2016) (modifying order granting injunction as to non-compete agreement).

¹⁴ To the same effect, *see* injunction order in *Williams-Sonoma Direct, Inc. v. Arhaus, LLC*, 109 F. Supp. 3d 1009 (W.D. Tenn. 2015) (denying broad activity restriction where defendants were able to argue that due to prior court ordered forensics quarantine activities the defendants no longer had access to any of the trade secrets an employee had taken, finding that any information that the individual retained in his head was unlikely to constitute trade secret information that needed protecting).

The issue that the court left open in *Free Country* illustrates that appropriate relief must be case specific and that early “remediation” efforts may not always end the dispute. Further discovery may be essential. Examples of questions that may need to be explored include:

- Why were files taken or retained? Were files taken out of ignorance or retained innocently or is the fact that gigabytes of information were downloaded or transferred revealing of potentially ongoing bad intent? Did third parties, such as a new employer, request or direct the retention or taking of files—or direct that they be segregated and not used or accessed?
- What does early forensic review suggest about whether the information has been accessed or shared with others or used? How the information was transferred – whether it was forwarded using personal e-mail accounts vs. restored from a backup archive with other innocuous files, for example -- may also show or bear on intent.
- Is there evidence that the files that were taken have been integrated into other files? How difficult will it be to “disentangle” the files?
- The focus on digital data should not lead the parties to overlook whether non-digital information, including trade secrets that are reasonably remembered, is at risk.

Testimonial and document discovery may be essential to resolve such issues, notwithstanding early efforts to reduce the ongoing risk. A plaintiff’s “reward” for engaging in efforts to establish an early protocol for limiting harm should not be a denial of further relief where warranted, nor should a defendant’s “reward” for cooperation at an early stage be further burdensome and expensive discovery demands that are not reasonably calculated to lead to further meaningful information.

Courts and parties may want to build into forensic review protocols a case management conference after completion of the initial review to arrive at a plan for identifying open issues and structuring a reasonable sequence of specific discovery to attempt to resolve them. Early forensics review will not resolve every trade secrets dispute. Well-tailored review may, however, help both sides and the court assess the scope of the problem and the need for further relief and limit, if not eliminate, ongoing harm.

4. Equitable Relief Restraining Particular Activities by Former Employees: Enjoining “Inevitable Disclosure” or “Threatened Misappropriation” of Trade Secrets

Ordering affirmative measures to preserve, inventory, quarantine or “remediate” information alleged to be a trade secret is only one of the affirmative measures courts may take to prevent or remedy misappropriation. Under the Uniform Trade Secrets Act and common law, some courts applying state law had ordered so-called “inevitable disclosure” injunctions on either a preliminary or permanent basis prohibiting individuals who are not bound by non-compete agreements from accepting employment with a particular competitor (even absent having signed a non-compete agreement) or from engaging in particular activities for a competitor because the particular employment has been shown to present the risk that it will be virtually “inevitable” that the employee will use or disclose the former employer’s trade secrets in the new job. While many of these “inevitable disclosure” injunctions were entered only after a showing that the employee has engaged in “bad acts” found to threaten misappropriation of trade secrets,¹⁵ or used “inevitable disclosure” language to enforce negotiated non-compete agreements,¹⁶ or permitted the individual at the center of the dispute to assume some role with the new organization but with restrictions,¹⁷ a few rare cases prohibited employees from accepting *any* employment within a particular division of a specific competing organization for a limited period of time solely based on the sensitivity of the information the individual knew.¹⁸

The DTSA, however, prohibits courts from entering an injunction to “prevent a person from entering into an employment relationship.” It also provides that injunctions shall not conflict with applicable state law prohibiting restraints on the practice of a lawful profession trade or business. Further, it expressly requires that “conditions placed on such employment shall be based on evidence of threatened misappropriation and not merely on the information the person knows.”¹⁹ While presenting *evidence* of why misappropriation in a particular context is *actually* threatened, rather than simply speculation based on unsupported conjecture, has always been good practice and courts applying state law have increasingly demanded “facts not fears” in support of a request for an order limiting

¹⁵ See, e.g., *Bimbo Bakeries USA, Inc. v. Botticella*, 613 F. 3d 102 (3d Cir. 2010); *PepsiCo, Inc. v. Redmond*, 54 F. 3d 1262 (7th Cir. 1995).

¹⁶ See, e.g., *Verizon Communications, Inc. v. Pizzirani*, 462 F. Supp. 2d 648, 658 (E.D. Pa. 2006).

¹⁷ See, e.g., *Nat’l Starch and Chemical Corp. v. Parker Chemical Corp.*, 530 A. 2d 31, 21 N.J. Super. 158 (N.J. Super. Ct. 1987) (prohibiting employee from working to develop a specific adhesive whose secret formula he could recite from memory but permitting him to engage in the other 95% of his intended job).

¹⁸ See *Valspar Corp. v. VanKuren*, No.12-095, 2012 WL 3245477 (W.D. Pa. 2012) (after receiving extensive testimony regarding defendant’s knowledge of plaintiff’s trade secrets and pre-departure activities raising “red flags,” concluding that Valspar had established that disclosure was “sufficiently likely” to warrant the injunctive relief requested and enjoining employee from continuing to be employed by or receive wages from the new company, requiring plaintiff to continue paying him salary and benefits); *Avery Dennison Corp. v. Finkle*, No. CV010757706, 2002 WL 241284 (Conn.Super. Feb. 1, 2002) (enjoining Finkle from continuing employment with Bic in any capacity dealing with the manufacture, product development or engineering of writing instruments and enforcing former employer’s commitment to pay him two-thirds of his base pay during the injunction period).

¹⁹ 18 U.S.C. § 1836(b)(3)(A)(i)(1)(I) and (II).

employment activities,²⁰ the DTSA expressly makes this best practice a condition for securing employment activity restraints under the DTSA.

Based on the statutory language of the DTSA, some have asserted that the so-called “inevitable disclosure doctrine” or scenario cannot give rise to an injunction under the DTSA. In fact, however, some courts have allowed for certain applications of the inevitable disclosure doctrine to DTSA claims, finding that establishing evidence that might suggest “inevitable disclosure” can establish “threatened misappropriation,” which can be enjoined under the DTSA. Moreover, the legislative history of the DTSA evidences that Congress was well aware of “inevitable disclosure” injunctions. The Senate Report for the DTSA notes that some “courts have found, based on the information possessed by the employee alone, that an injunction may issue to enjoin a former employee from working in a job that would inevitably result in the improper use of trade secrets.”²¹ The Senate Report on the DTSA further reveals that while some Senators were concerned over the importance of employee mobility, “if a State’s trade secrets law authorizes additional remedies, those State-law remedies will still be available.”²²

In any event, regardless of whether the “inevitable disclosure” or “threatened misappropriation” or “affirmative acts to protect trade secrets” nomenclature is used, it is likely that courts will continue to be presented with requests for injunctive or other equitable relief concerning ongoing activities of former employees who are alleged to have misappropriated trade secrets, whether under the DTSA or state law, or whose proposed activities threaten to place them at risk, and accordingly we offer some factors to be considered in evaluating such requests.

In its first year of operation, in a number of cases brought under the DTSA plaintiffs who have presented a strong evidentiary showing of the need to restrict particular employment activities have secured injunctive relief enjoining particular employment activities, including, notably, in California (which by statute prohibits the use of non-compete agreements other than in connection with the sale of business). In *Waymo LLC v. Uber Technologies, Inc.*, No. C 17-00393 WHA, 2017 WL 2123560 (N.D. Cal. May 15, 2017), for example, the court was persuaded to enter an order preventing former Waymo employee Anthony Levandowski from performing activities relating to Light Detection and Ranging (“LiDAR”) technology for driverless cars at his new employer, Uber. The court found that plaintiff had shown that before leaving employment with Waymo, Levandowski had downloaded 14,000 digital files which he did not return, told a colleague he planned to “replicate” Waymo technology, sold his new company to Uber for \$630 million, and became head of Uber’s driverless car program. At the time of the preliminary injunction hearing, the evidence did not show that Uber had taken steps to prevent Levandowski from bringing or using Waymo information to Uber, as it had done with other employees. The court found that the misuse of information from Waymo might be virtually untraceable and that separating it out at the end of trial would not be simply difficult but a “bone

²⁰ See, e.g., *Avery Dennison Corp. v. Juhasz*, 924 F. Supp. 2d 893, 910 (N.D. Ohio 2013) (holding that claims that neither the former employee or the new employer can be trusted not to use the former employer’s trade secrets or that “it is impossible to believe [that the former employee] won’t use the Confidential Information or trade secrets he was exposed to” in a new job are “not sufficient” to establish a likelihood of success on the merits absent any evidence to support a claim of actual or threatened misappropriation).

²¹ S. Rep. No. 114-220 at 9 (2016). <https://www.congress.gov/congressional-report/114th-congress/senate-report/220/1>.

²² *Id.*

crushing” exercise. While acknowledging that Waymo had “overreached” in claiming trade secrets protection too broadly, the court found that plaintiff had offered adequate evidence of threatened misappropriation and entered an injunction preventing Levandowski, who was not a party to the litigation, from working on Uber’s LiDar technology, while permitting Uber to continue its development work.

For the same case (*Waymo LLC v. Uber Technologies, Inc.*), Judge William Alsup issued a tentative jury instruction on October 24, 2017 illustrating the important tensions between protecting employee mobility on one hand and employer trade secrets on the other. Judge Alsup noted that between jobs and employers, an “engineer cannot be expected to delete such on-the-job practical lessons from his or her memory and will remain free under the law to use those practical lessons to the same extent as skill and know-how otherwise known in the field.”²³ However, the “engineer cannot [...] go further in his new job with a new employer and misappropriate specific engineering solutions developed by his prior employer, even those developed by him or her, where such specific solutions qualify as a trade secret.”²⁴ Judge Alsup concluded that the determination of “whether the engineer has misappropriated a trade secret versus merely used practical lessons from his prior employment” is for the jury to decide in each case.²⁵

Waymo v. Uber and other DTSA cases granting activity injunctions have focused on the quality of the *evidence* the trade secret owner was able to present in support of the claim for relief rather than simple “speculation.” As in earlier “inevitable disclosure” cases decided under the UTSA and common law, key factors weighed by the courts in considering injunctive relief have included the following:

- “bad acts” by the employee defendant evidencing a lack of sensitivity to the need to protect trade secrets, including the wrongful acquisition or retention of an employer’s confidential information and refusal to return it,²⁶

²³ Further Tentative Jury Instruction, *Waymo LLC v. Uber Technologies, Inc.*, No. C 17-00393 WHA, at ¶ 2 (N.D. Cal. Oct. 24, 2017).

²⁴ *Id.*

²⁵ *Id.*

²⁶ See, e.g., *Waymo v. Uber*; *First Western Capital Mgmt. Company v. Malamed*, No. 16-CV-1961-WJM-MJW, 2016 WL 8358549 (D. Colo. Sept. 30, 2016) (where the court found that defendant had secretly procured and retained a confidential list of plaintiff’s customers and their account information without authorization, denied that the printout contained trade secrets, claimed he could use public sources or “his own memory” to recreate a similar list, and was “demonstrably loose” with secret information in court even after being remind by his own counsel not to do so and based on the opportunity to observe defendant’s demeanor in court, the court found that “a real threat exists” that, absent an injunction, defendant would use the trade secrets and that defendant “at a minimum, remembers trade secret information, even if he does not possess any trade secrets in physical or digital form.” The court found sufficient evidence that defendant would use plaintiff’s trade secrets to develop his own business to constitute “evidence of threatened misappropriation” as required by the DTSA and granted the requested preliminary injunction prohibiting defendant from soliciting or competing for the business of specific customers to prevent threatened misappropriation of trade secrets). Cf. *Molon Motor and Coil Corp. v. Nidec Motor Corp.*, No. 16 C 03545, 2017 WL 1954531 (N.D. Ill. May 11, 2017) (finding that plaintiff had stated a claim for misappropriation under the DTSA and denying a motion to dismiss where, among other things, plaintiff alleged that the employee defendant had downloaded trade secrets prior to resigning in violation of his former employer’s corporate practices and commenced employment in a directly competing position and plaintiff did

- lies or evidence that the employee lacked credibility,²⁷
- the value and sensitivity of specific information alleged to be at risk,
- the degree of overlap in the former and proposed position²⁸ and the employee’s potential decision-making authority and reporting structure in the proposed new position,
- whether safeguards had or had not been put into place by the hiring employer or the employee to guard against misappropriation,
- evidence that the employee has actually misused trade secrets,²⁹ and

not allege efforts by the new employer to guard against receiving plaintiff’s trade secrets; recognizing, however that “To be sure, going forward, Molon ultimately will bear the burden of *proving*—not just alleging—enough facts such that disclosure is not premised on a mere unsubstantiated fear...”).

²⁷ Where the court found that plaintiff’s former employees who had left to form a new organization included a member that was “not credible,” had “demonstrated a propensity for making surreptitious copies of the relevant data,” and “nearly every aspect of [defendant’s] original story was either false or materially incomplete, forcing [defendant] into explanations that smack of one trying to escape a lie,” the court concluded that it “simply cannot trust [defendant’s] representations that no further copies exist,” and granted a preliminary injunction prohibiting the former employee from, among other things, accepting business from a specific organization where after resigning defendant had been in possession at least for a few weeks of plaintiff’s computer files containing “sensitive information, such as internal pricing and competition strategies,” which defendant did not challenge were trade secrets. *Engility Corp. v. Daniels*, No. 16-cv-2473-WJM-MEH, 2016 WL 7034976, at *9 (D. Colo. Dec. 2, 2016). In ordering this relief, the court found that the requested injunction was supported by evidence and appropriate and permitted under the DTSA notwithstanding the fact that the individual, a government contractor, was not bound by a non-solicitation agreement. *Id.*, at *11.

²⁸ See, e.g., *Fres-Co Sys. USA, Inc. v. Hawkins*, No. 16-3591, 2017 WL 2376568, at *6 (3d Cir. June 1, 2017) (finding that the trial court was well within its discretion to conclude that absent an injunction the employee would likely use his confidential knowledge to Fres-Co’s detriment, given the overlap (if not identity) in work for the prior and future employer, but remanding for findings on plaintiff’s likelihood of success on the merits and balance of the hardships; plaintiff asserted claims under both the DTSA and Pennsylvania’s Uniform Trade Secrets Act).

²⁹ See, e.g., *T&S Brass and Bronze Works, Inc. v. Slanina*, No. 6:16-03687-MGL, 2017 WL 1734362 (D. S.C. May 4, 2017) (granting activity restriction prohibiting defendants from entering into an employment relationship for the purpose of developing, manufacturing or selling any food disposal systems without leave of court and upon such conditions as the court might impose where court found that defendants had actually misappropriated trade secrets). Cf. *Henry Schein, Inc. v. Cook*, No. 16-cv-03166-JST, 2016 WL 3418537 (N.D. Cal. June 22, 2016) (on plaintiff’s application for a preliminary injunction, the court continued an injunction prohibiting the defendant from directly or indirectly accessing, using, disclosing or making available to others any of plaintiff’s confidential, proprietary, or trade secrets documents, data or information, but denied a request that she be prohibited from soliciting or accepting business from certain of plaintiff’s customers, finding that plaintiff had not established that such an order was necessary to protect its trade secrets or presented evidence that defendant had misused trade secrets, notwithstanding evidence of downloading of digital files before leaving).

- whether less restrictive means of protecting trade secrets, such as ordering forensic remediation of the secrets,³⁰ altering the employee’s reporting structure for a period of time or removing the employee from some but not all tasks³¹ can minimize the risk of misappropriation.

Many of these factors call for credibility assessments. Credibility can frequently be assessed best by the court through receiving live testimony. **That fact may suggest that in evaluating requests for activity restrictions directed to employees, both courts and attorneys may want to consider whether a “live” evidentiary hearing will be necessary as to some, if not all, contested issues of fact.** In reviewing an order granting an injunction preventing an employee from engaging in certain post-employment activities, the Third Circuit remanded for further findings and observed, “While we have stopped short of requiring an evidentiary hearing prior to ruling on a preliminary injunction motion, we have suggested that a trial court should conduct an evidentiary hearing when ‘consideration of the injunction motion evidently was influenced in some significant degree by credibility issues and factual disputes,’” (citations omitted)” *Fres-Co Sys. USA, Inc. v. Hawkins*, No. 16-3591, 690 Fed. Appx. 72 (3d Cir. 2017). Since the DTSA expressly requires “evidence” to support activity restrictions, it may be that the parties and the court will conclude that evidentiary hearings may be appropriate in assessing such requests where credibility is at issue.

³⁰ *Free Country*, 2016 WL 7635516, at *7 (S.D.N.Y. Dec. 30, 2016) (denying activity injunction where forensics review had resulted in the deletion of 50,000 files from defendant’s computer, contents included much information not likely to be a trade secret, and defendant was unlikely to “have memorized gigabytes of data concerning Free Country’s past, present and future business in such a short period of time”). This holding is consistent with some cases under common law and the UTSA; *see, e.g., Williams-Sonoma Direct, Inc. v. Arhaus, LLC*, No. 14-cv-02727, 2015 WL3777568 (W.D. Tenn. June 18, 2015) (UTSA case denying preliminary injunction prohibiting former employee who did not have a non-compete agreement from continuing to work for a competitor and competitor’s employees from engaging in particular activities, finding that that the balance of the hardships favored defendants where defendants no longer had access to the trade secrets, there was no evidence of ongoing use of the information, and “stripped of its minutiae much of the information [the] employee was likely to remember” was “of the type that one would find in any business school class on supply chain management” 2015 WL 3777568, at *13); *Boston Scientific Corp. v. Lee*, No. 13-cv-13156, 2014 WL1946687 (D. Mass. May 14, 2014) (UTSA case denying activity restraint where the evidence showed that defendant had retained over 300,000 pages of documents but that any harm to plaintiff would be averted by an injunction ordering the return of the material he had retained).

³¹ An example of another approach to guarding against misappropriation by former employees is to “firewall” the employees - that is, to prohibit those employees from continuing work on specific projects, which would threaten the misappropriation of trade secrets. This “firewall” remedy is being explored in an ongoing defense contractors case, *Peraton Inc. v. Raytheon Co.*, No. 1:17-cv-00979 (E.D. Va. 2017). Through an order granting Plaintiff’s Motion to Compel, Defendant Raytheon is required to provide supplemental responses to discovery requests pertaining to allegations that Raytheon breached a teaming agreement, causing \$25 million in damages and necessitating that a “firewall” be applied to over two dozen of its employees. The plaintiff claims firewalling is required under the DTSA and the Virginia Uniform Trade Secrets Act to prevent misappropriation. The two companies had made a joint bid for government contracts and in the process signed nondisclosure agreements. Plaintiff Peraton seeks to prevent the roughly 25 employees from participating in Raytheon’s competing bid for the same government contracts. Court documents outline that Raytheon employees had access to Peraton’s pricing information, strategies, and other key business documents, which the Raytheon employees took when they walked away from the teaming agreement.

5. Orders Requiring Safeguards/Verifications by Transferring Employees

Activity restrictions are not, of course, the only equitable remedies that may be used to ensure that former employees do not place trade secrets at ongoing risk. In some circumstances, for example, courts have entered orders requiring a hiring company to direct employees to sign a specific undertaking not to retain, disclose or use specified information. *See, e.g., Huawei Technologies Co., Ltd. v. Motorola, Inc.*, No 11-cv-497, 2011 WL 612722 (N.D. Ill. Feb. 22, 2011).

Other orders have required employees to retain detailed records of their activities for review by either designated representatives of the hiring organization, by plaintiff, or by third parties. Thus, in *Amphenol Corp. v. Paul*, Civ. No. 3:12CV543 (AVC), 2012 WL 5471857 (D. Conn. Nov. 9, 2012), for example, the court declined to enjoin an employee's proposed employment with an organization that was competitive with only some lines of business of the former employer but entered an order requiring Paul and his new employer to undertake certain affirmative acts to protect Amphenol's trade secrets including

- distributing a written memorandum reminding senior leaders and managers of Paul's ongoing obligations and of the limitations on his activities
- designating an information technology professional to search the new employer's computer systems for evidence that Paul had uploaded Amphenol data to the system
- implementing a word-filter to "fire wall" Paul from knowledge of certain competitive activities and communications
- restricting the physical locations in which Paul would be permitted to work for the new employer; and
- requiring certifications of compliance from Paul and his new employer.

A variety of "verification" mandatory injunctions have been found to be appropriate in particular circumstances. In *Cook Medical Inc. v. Griffin*, No. 1:08-cv-188-SEB-JMS, 2008 WL 858996 (S.D. Ind. March 25, 2008), for example, the court required the individual defendants to maintain a contemporaneous diary of contacts they made in the two-year period following their departure from Cook with all customers or potential customers and submit them for review by an official from their new employer, Endologix, and required Endologix to carefully supervise and review the activities of any new hire who had worked at Cook in the preceding two years. In *Int'l Bus. Mach., Corp. v. Johnson*, No. 09 Civ. 4826 (KMK) (S.D.N.Y. June 4, 2009), *vacated by* 629 F. Supp. 2d 321 (S.D.N.Y. June 26, 2009) the court allowed the defendant to commence his employment at competitor Dell but prevented him from advising anyone at Dell on any matter concerning Dell business strategy or IBM business strategy. It further required the defendant to maintain a daily log of his activities, and to make a weekly certification that he was complying with the order.³²

In *Intel Corp. v. Broadcom Corp.*, No. CV 788310, 2000 WL 33260713 (Cal. Sup. June 20, 2000), in light of a showing that Broadcom had hired a number of former Intel employees into positions that threatened to compromise Intel's trade secrets, the court entered a preliminary injunction preventing Broadcom from hiring one of plaintiffs' former employees and requiring that the Broadcom

³² The order was subsequently vacated when the court found that IBM had failed to establish a reasonable likelihood of success on its claim that Johnson was bound by a non-compete agreement.

individuals with supervisory responsibility over other former employees of the plaintiffs undergo trade secret training. The training was to be conducted by an outside law firm at Broadcom's expense, and was to cover, among other things the definitions of "trade secret" and "misappropriation" under California law; the legal obligations of Broadcom and its employees not to use or induce the use of the plaintiffs' or any third party's trade secrets; the civil and criminal penalties for misappropriation; and proper steps to avoid using the plaintiffs' trade secrets. To ensure compliance with the injunction, the plaintiffs were entitled to depose the former employees. Ten days prior to those depositions Broadcom was required to produce all e-mails, calendar appointments, telephone messages, drafts, and other documents that refer or relate to any of the plaintiffs' products or employees, or any of Broadcom's development efforts in these areas. The arrangement was reportedly terminated on a joint request of the parties after six months.

Such orders illustrate the flexibility trade secrets law can facilitate in crafting appropriate remedies to prevent parties or remedy misappropriation.

6. Tailoring Permanent Injunctive Relief to the Particular Dispute

Some commentators and judges have noted that parties sometimes appear to "run out of steam" when it comes to thinking about final remedies, including equitable remedies, and simply request "form" orders.

From the aggrieved party's point of view, boilerplate injunctions simply prohibiting the use or disclosure of particular trade secrets rarely take full advantage of the flexibility offered by courts sitting in equity because they do not operationalize what the enjoined party must and may do and what specific conduct is to be prohibited. Injunction orders lacking in detail may wind up necessitating future trips to court while parties debate whether specific conduct is permitted or prohibited. Moreover, simple "don't use or disclose" injunctions do not build in verification procedures, which, while not warranted in every dispute, may be particularly appropriate where the misappropriator has been proven to be untrustworthy.

The party found liable for actual or threatened misappropriation will want to work to ensure that any ongoing equitable remedy ultimately imposed is no broader or more onerous than appropriate for the particular dispute. Clarity will be essential. From the defending party's point of view, a "don't use or disclose" injunction may be both vague and more restrictive than is necessary to adequately protect the trade secret owner's interests, particularly where the defendant has engaged in independent development work. To the extent that defendant is shown to have made its own independent contributions, either before or after the misappropriation, it will want to look for ways to "carve out" the tainted from the untainted work and carve out from the injunction restrictions on using the independent information. *See, e.g., Revolution Retail Systems, LLC v. Sentinel Technologies, Inc.*, No. 10605-VCP, 2015 WL 661601 (Del. Ch. Oct. 30, 2015), *order clarified* at 2015 WL 6776198 (Del. Ch. Nov. 5, 2015) (enjoining sale, marketing and operating of a particular cash management system exceeding particular performance specifications the court had found to be achievable only by reason of the misappropriation but excluding from its scope the sale of lower quality systems that had not been "tainted" by misappropriation). Periodic affirmations of compliance may bolster the effectiveness of narrower restraints.

Both sides may want to consider that in particular cases the rights of third parties may need to be protected by allowing particular activities, such as the fulfillment of particular contracts, to continue (potentially with corresponding payments to the trade secrets owner in some amount with respect to these "carveouts").

The critical point is that both winners and losers at the liability phase of the suit should devote careful attention to the wording of any injunction or other equitable relief, considering factors such as

- is the definition of the “information” at issue clear?
- where (geographically) and in what media does the information at issue reside?
- what retrieval efforts need to be undertaken to recapture trade secrets and prohibit their further use?
- if some trade secrets appear to have “migrated” to the new employer’s computer system, how did that come about and is there a high degree of confidence that the information has been or can be removed at reasonable expense?
- what preventive measures, if any, were put in place by the defending party to minimize the chance of trade secret information from coming over with new hires? have they proved to be adequate? can further measures be reasonably installed (such as changing the reporting structure or making some refinements to the job functions or walling off access to particular computer systems)?
- what proactive measures, if any, were conducted after defending party learned of the misappropriation? did they reduce or largely eliminate the ongoing risk?
- how will the party to be enjoined give assurances that any forensics retrieval/remediation efforts are complete and that he or she has not used any information at issue, even in remembered form?
- what notices may need to be given to third parties in connection with the retrieval process or the performance of any injunction?
- if the information at issue is properly retrieved, will ongoing injunctive relief restraining particular activities also be necessary? should any activity restrictions be reduced?
- what specific activities, if any, are particularly likely to lead to use or disclosure of the trade secrets and should be specifically prohibited?
- what activities, if any, should be expressly permitted and carved out from the injunction (such as, for example, providing service to specific third parties whose own business will be disrupted by the injunction or continuing work that the litigation has shown was independently developed)?
- how long did it take the trade secrets owner to develop the information at issue? have others already developed similar information? is there reason to believe that it would take less time to develop similar information now than it took the trade secrets owner?
- to what extent, if any, has the misappropriation given the defending party an unfair “headstart”? how long is an appropriate “lead time” during which specific future activity should be enjoined?

- what is the time value of the information at issue, and are there natural end points for the injunction (*e.g.*, the date of a new product launch; the date of a key industry trade show; the date that a particular bid will be awarded: the date of the election of a board of directors, etc.)?
- to what extent do others in the industry appear to be independently developing information similar to the trade secrets at issue?
- does such development impact the likely duration of any “headstart”?
- is there a need for verification of compliance? is there evidence that the party to be restricted has disobeyed court orders or discovery requests? how is compliance defined and at what point has the defending party met its obligations? does verification need to be made by an independent third party or can it be satisfied by periodic certifications under oath or other means? who is an appropriate neutral party to monitor compliance? may the prospective compliance monitor have been involved as an expert in earlier phases of the dispute?
- to what extent has the party defending the trade secrets claim independently developed or is currently independently developing information relating to the trade secret which it should remain free to use or license?

and

- how likely is the defending party to conduct (and adhere to) “clean room” procedures to attempt to independently develop functionally similar information in the future? how will compliance be tested?

Embedded in many of these questions is an important underlying issue—**how long should any permanent injunction be?** Trade secrets disputes often focus on the fact that knowledge of a trade secret can shortcut the misappropriator’s development efforts, saving time and enabling it to gain business earlier than otherwise would have been the case. Turning back this time advantage is the object of many trade secrets remedies, both financial and equitable. While the Uniform Trade Secrets Act incorporates express language anticipating that an injunction shall terminate upon application to the court “when the trade secret has ceased to exist,” the injunction “may be continued for an additional reasonable period of time in order to eliminate commercial advantage that would otherwise be derived from the misappropriation.” This “extra period,” often called the “headstart” or “lead time” period can be an important factor in arriving at the period for which any damages are to be paid and during which equitable relief will remain in place. The DTSA does not incorporate the UTSA language regarding the proper duration of injunctive relief but does require that the injunction be granted on “such terms as the court deems reasonable,” opening the door for defendant to present evidence that the injunction is no longer warranted or should be modified.

Many of the factors referenced above may help the court initially frame the proposed duration of injunctive relief. In some cases the proper duration will be obvious—through the next sales cycle, until a specific contested bid is awarded, or, possibly, until a patent disclosing the trade secret is issued (although even in such a case if the defendant obtained an unfair advantage through misappropriation of the information at issue before public disclosure a “lead time” injunction may be warranted even after others are free to use the information).

The various orders discussed below illustrate some of the ways advocates and courts have crafted “non-standard” injunctions or other equitable relief of varying durations at the end of a dispute to attempt to address the needs of particular cases. They should not be viewed as a template that practitioners should always follow in future cases—the whole point of these injunctions is that they were addressed to specific disputes. Some of the orders discussed below were subsequently vacated, often on consent. Rather, they illustrate the variety of the tools courts, often persuaded by thoughtful advocates, have used in fashioning non-traditional, case-specific orders and may offer useful jumping off spots for those drafting future orders.

A. Orders Directing the Retrieval/Return/Remediation of Misappropriated Secrets that May be Subject to Misuse

While it may seem to go without saying that one of the remedies a trade secrets plaintiff will typically want to obtain is the retrieval and return or destruction of trade secrets, this “obvious” relief is not self-executing, particularly in a digital era. As described above, early court-directed removal/remediation efforts may reduce substantial risk. At the end of litigation, however, further remediation efforts may have been shown to be necessary. Litigants and the court, together with forensics experts will need to focus on where the information exists—*e.g.*, in computer files, in third party files, in plant or equipment designs, in data repositories—and how it can be retrieved or “eradicated” (or rendered not reasonably accessible). Where willful misappropriation has been shown or there are other indicia that the party defending the trade secrets claim may not be appropriately savvy or vigilant, specific orders operationalizing retrieval or eradication measures may be appropriate.

In *Huawei Technologies Co., Ltd. v. Motorola, Inc.*, No 11-cv-497, 2011 WL 612722 (N.D. Ill. Feb. 22, 2011), for example, Huawei persuaded the court that that if Motorola Solutions, which had been Huawei’s joint venture partner, was allowed to freely transfer equipment and personnel to Nokia Siemens as part of a sale of Motorola’s wireless infrastructure business, Huawei’s trade secrets would likely be disclosed to Nokia Siemens, its competitor.

Huawei proposed that the parties institute a monitor and audit system to ensure that Motorola did not transfer Huawei confidential information to Nokia Siemens. Additionally, Huawei proposed an exit interview and new hire process for Motorola and Nokia Siemens to make relevant personnel aware of the prohibition on continued possession and use of Huawei confidential information. Huawei also proposed that third party vendors be used to ensure that electronically stored materials were wiped clean of specified Huawei confidential information before being transferred to Nokia Siemens.

The court largely accepted Huawei’s proposals. It issued an injunction that among other things prevented the disclosure of certain specified Huawei confidential information to Nokia Siemens; required that prior to the transfer of any records that might contain Huawei confidential information, Motorola and Nokia Siemens retain a forensic expert to inspect the records and ensure that confidential information was removed so that it could not be recovered; required Nokia Siemens to maintain auditable records of any service it performed on Motorola systems that included Huawei products, assign an employee to periodically audit those records, and allow Huawei to audit those records on a monthly basis; and required that all Motorola employees who transferred to Nokia Siemens would be required to sign an undertaking not to retain, disclose, or use Huawei confidential information. Huawei

was ordered to post a \$500,000 bond to pay administrative and vendor costs in the event that the court determined that Motorola had been wrongfully enjoined.³³

Specialized Technology Resources, Inc., v. JPS Elastomerics Corp., No. HSCV200700200, 2011 WL 1366584 (Mass. Super. Feb. 10, 2011), *aff'd* 957 N.E. 2d 1116 (Mass. App. Ct. 2011) (“STR”) presented the problem of how to retrieve not simply documents but physical equipment embodying the trade secrets at issue. In *STR*, the court found that the defendants had willfully misappropriated the plaintiff’s secrets for manufacturing low-shrink EVA solar encapsulant products, a kind of resin that can be used as sheeting for solar heating products. After entering an award of damages and ordering disgorgement of unjust gains, the court entered a production injunction, discussed below, prohibiting defendants from manufacturing solar encapsulant products for five years. To ensure that defendant would not retain the information at issue for later use or transfer it to others, the court further ordered that a contractor acceptable to STR be engaged at the defendants’ expense to dismantle the defendant’s production line, which had incorporated STR’s trade secrets, in a manner that would not expose the trade secrets to further dissemination. The order further required that the contractor be subject to an express confidentiality agreement endorsed by the court.

Neither order is a “typical” injunction order. Both orders described above were highly intrusive into the defendants’ operations where the court found such aggressive measures were warranted in light of the proof offered in evidentiary hearings or at trial. Other disputes will likely require different “eradication” and retrieval processes. The key point is that even the “simplest” of remedies—“return the information at issue”— may warrant crafting dispute-specific provisions.

B. Orders Enjoining Specific Activities That May Place Trade Secrets at Risk, Either to Prevent Use of Trade Secrets or to Remedy an Improper Headstart

Injunction orders frequently specify particular activities in which the party defending against claims of misappropriation must not engage. Some are relatively straightforward, of the form, “do not use or disclose the XYZ formula” at all, or for a specified purpose. Other activity restrictions may require that the defendant shall not engage in particular activities that are determined to be likely to put the trade secrets at risk (such as submitting a bid on a particular project or engaging in or overseeing research to solve a particular known manufacturing problem addressed by the trade secrets at issue). A critical issue in such disputes will be how to frame the restraint so that it is broad enough to be effective but not so broad, or of such an extended duration, as to give the trade secrets owner a judicially approved competitive windfall. Key issues in crafting any activity injunctions will be to

- define what information is not to be used,
- define what specific activities are prohibited,
- evaluate whether there should be exceptions,
- determine whether the restriction is designed to remedy an improper headstart or to prevent one from occurring;
- consider the appropriate duration of the restraint, which may be measured by such factors as how long it took the party owning the trade secret to develop the trade secrets

³³ Within months after the injunction was entered Huawei and Motorola entered a settlement dismissing the lawsuit and terminating the injunction.

at issue, how long the information is likely to be useful, how long it is likely to take third parties to legitimately develop the same or similar information, and how far along the defendant had gotten in independently developing the information prior to the misappropriation; and

- (potentially) include procedures for the enjoined party to use in seeking for the injunction to be revised or terminated.³⁴

C. Production Injunctions: Lead Time Injunctions in the Manufacturing Context

A finding of sweeping misconduct can merit extensive equitable relief to remedy and eliminate the unfairly gained “headstart.” *Specialized Technology Resources, Inc., v. JPS Elastomerics Corp.*, No. HSCV200700200, 2011 WL 1366584 (Mass. Super. Feb. 10, 2011) (“STR”), discussed above, provides one such example.

After ordering a damages award requiring defendant to disgorge its profits gained through the misappropriation, the court further determined that an injunction should restrain the defendants from misappropriating and using the plaintiff’s process, formula, or other trade secrets, including those substantially derived from the plaintiff’s processes, in the future. *STR*, at *16. To operationalize this injunction, after finding that STR had shown that the trade secret processes at issue were inextricably intertwined with defendant’s processes for manufacturing the products at issue, the court concluded that defendants could not continue to compete in the market for a period of time without continuing to use the plaintiff’s trade secrets. “[W]here a trade secret process is inextricably connected to the manufacture of the product, the court may enjoin against the manufacture of the product itself rather than against the mere use of the product.” *STR*, at *17. Finding that no credible evidence showed that defendants would be able to independently create low-shrink EVA by using only publicly available information, the court granted a production injunction that prohibited defendants from manufacturing *any* low-shrink EVA products for five years.

The court observed that it could have imposed an injunction of indefinite duration to be lifted only when the defendants established that they had independently developed their own manufacturing process, but chose a definite time period instead. The court instead chose to limit the injunction to five years because the evidence showed that this was how long it had taken STR to develop the processes at issue—essentially, the lead time that JPS had improperly seized. *Cf., General Electric Co. v. Sung*, 843 F. Supp. 776, 780-81 (D. Mass. Jan. 4, 1994) (holding that a production injunction was appropriate because the misappropriated process was fully integrated into the plant and the misappropriating parties could not be expected to unlearn the plaintiff’s technology, but ordering a seven year production injunction even though it had taken plaintiff ten years to develop its technology and processes regarding the manufacture of industrial high grade diamonds. Technological advances and the greater public availability of information relevant to designing the designing the process since the time that plaintiff had developed its technology had reduced the lead time value of plaintiff’s information).

Production injunctions are drastic remedies and as such are rare. They should not be sought or imposed lightly. In considering such orders, the parties and the court will want to focus on factors including

³⁴ Some injunctions do not specify a termination date but permit the enjoined party to seek to terminate the injunction on appropriate showings; other injunctions are silent on a termination date but under law the enjoined party may seek under principles of equity to terminate the injunction when it is no longer necessary or due to changed circumstances (such as a showing of *bona fide* independent development activities).

- the value of the trade secret;
- the extent to which information at issue has already become intertwined with the production process;
- the ease or difficulty of removing the information from the processes in place at the defendant;
- the extent to which publicly known or non-misappropriated information is also part of the process;
- the extent to which plaintiff’s trade secrets have become generally known;
- the extent of similar processes or products in the market (and thus the availability of substitute techniques);
- the value and role of the misappropriated information as a part of the overall production process;
- the extent to which the information at issue is being independently developed by third parties and the apparent rate of such development;
- the likely period of “head start” gained through the misappropriation taking into account the public availability of relevant information or advances in technology;
- the trustworthiness of the trade secret defendant;
- whether the individuals who had engaged in the misappropriation remain employed by or in service to the defendant organization;
- evidence of willfulness;

and

- whether less restrictive verification techniques may be available to ensure no further misappropriation.

Parties faced with evidence of egregious past conduct will likely present very different proposed orders directed to preventing ongoing or future harm. Both parties will need to focus on presenting and justifying case-specific details in light of factual findings of misconduct.

D. “Production” or “Lead Time” Injunctions in a Sales and Marketing Context

Production injunctions are most frequently seen in the manufacturing context, but need not be limited to that area. A decision applying a similar concept to the sales and marketing context should remind the advocate in trade secrets cases that the appropriate remedy is not necessarily a function of the type of information at issue.

In *Allergan, Inc. v. Merz Pharmaceuticals, LLC*. No. SACV 11-446 AG (ex), 2012 WL 781705 (C.D. Cal. March 9, 2012), Allergan, the market leader in prescription drugs, including Botox® and Botox Cosmetic® for use for cosmetic and medical indications, discovered that Merz, a competitor which had recently received FDA approval to market a competing botulinum toxin, Xeomin®, had hired a number of Allergan’s sales employees. During discovery Allergan confirmed its suspicions that there had in fact been extensive misappropriation of confidential Allergan sales strategies and data and that such information had been fully integrated into Merz’s marketing plans, in some cases with the knowledge and encouragement of Merz executives.

In a bench trial the court found that Merz had obtained highly valuable Allergan confidential information which had effectively provided Merz with the ability to design a roadmap to compete with Allergan’s products. Merz did not have to expend the time and effort and experience the trial and error that it otherwise would have been required to in order to compete with Allergan and gain market share. Armed with Allergan’s trade secrets, by the time of trial, only a few months after it had begun to offer the Xeomin product for sale, Merz had already gained an 8% market share of the U.S. facial aesthetics market for botulinum toxins. Allergan’s internal projections prior to the misappropriation had been that Merz would not have made such inroads for approximately 15 months.

Finding that the defendants had used and would likely continue to use Allergan confidential information and could not be trusted to comply with less restrictive court orders, the court entered an injunction prohibiting Merz from selling Xeomin in the relevant market for ten months (*except to certain third parties*, as to which the court found that such relief would pose a particular hardship). This “lead time injunction” thus sought to put Merz and Allergan in the same position that they would have been, according to Allergan’s internal projections, absent the misuse of Allergan’s trade secrets.³⁵

E. Monitors and Certifications Outside the Employee Context

The use of trade secrets, whether by the trade secret owner or by the misappropriator, is typically shielded from view. A frequent lament, therefore, of successful trade secrets plaintiffs is, “how can I be sure that the defendant will not cheat and violate the injunction order?”

Sometimes the proof will be revealed in the marketplace. But in some cases, the nature of the secret is such that detection of continued unauthorized use will be difficult or impossible. Plaintiff may find it appropriate to request continuing supervision, either by the court or by a specified, usually independent, monitor.

Such an approach is by no means the norm. Installing a monitoring program imposes added burdens on courts as well as on parties. Factors that might lead a trade secrets plaintiff (and, on occasion, a trade secrets defendant) to consider such an approach might include, among other things, the following:

- what is the value of the information at issue?
- is future breach extremely difficult to detect (such as might be the case with certain manufacturing processes, for example)?

³⁵ Based on the evidence of misappropriation presented at trial, the court also ordered extensive post-trial “remediation” procedures to retrieve and delete misappropriated documents from the Merz computer system and required detailed certifications and reports of compliance.

- is significant specialized expertise necessary to detect breach/misappropriation?
- are the distinctions between permissible and impermissible activity relatively subtle, raising the specter of significant continued litigation (with or without monitoring)?
- can the subtleties be adequately explained to a potential compliance monitor or will frequent returns to the court be necessary?³⁶
- is the defendant itself developing information that may bear some legitimate similarities to the trade secrets at issue?
- has the defendant been found to be untrustworthy and unable to police itself?
- are the individuals who have been found to be untrustworthy still engaged as employees or consultants to the defendant organization?

Upon a showing that these and other factors point to the need for a monitor, some courts have entered orders retaining or permitting continued oversight.³⁷ However, other courts have found that the appointment of a third-party monitor to ensure compliance with an order is an extraordinary remedy which may not be warranted, particularly in the context of an ongoing litigation in which the parties have ongoing obligations in discovery and to the court.³⁸

Any use of a third party monitor, just like use of a forensics expert retained to identify and/or remediate trade secret information in the first place, will require clear direction and guidance on scope and methodology. In many cases, the scope of the monitoring effort should be commensurate with the initial forensic investigation, but not always. Further discovery may have expanded the scope of the

³⁶ *Cf., e.g., Solutec Corp., Inc. v. Agnew*, 88 Wash. App. 1067 (Wash. Ct. App. 1997) (unpublished decision) (affirming injunction that was by its terms somewhat broader than absolutely necessary given the parties' prior inability to work together under narrower interim injunctions; the parties had previously been "in and out of court" multiple occasions and experienced earlier difficulties in monitoring compliance with narrower injunctions).

³⁷ *See, e.g., Epic Systems Corp. v. Tata Consultancy Svcs., Ltd.*, No. 14-cv-748-wmc, 2016 WL 1696912 (W.D. Wisc. April 27, 2016) (after a jury verdict in excess of \$700 million, subsequently reduced to \$420 million, 2017 WL 4357993 (Sep't. 29, 2017), entering a permanent injunction prohibiting defendants from using misappropriated information to develop new products and appointing a monitor to conduct periodic unannounced visits to defendants' facilities for a two year period after trial who would have "unfettered" access to monitor development of competing products and granting monitor authority to interview defendants' employees and access defendants' electronic devices and to report any evidence of violations; the court subsequently clarified that except by leave of court the monitor should not disclose the substance or outcome of its ongoing investigation except to specify the tasks undertaken and specific evidence of any violations, *Id.* at *10); *PLC Trenching Co., LLC v. Newton*, No. 6:11-CV-0515 (GTS/DEP), 2012 WL 1155963 (N.D.N.Y. Apr. 6, 2012) (permitting plaintiff to directly monitor defendants' compliance with an injunction by making announced or unannounced inspections of defendants' facilities because defendants had willfully violated a prior injunction).

³⁸ *See Williams-Sonoma Direct, Inc. v. Arhaus, LLC*, 109 F. Supp. 3d 1009, 1024 (W.D. Tenn. 2015); *Pryo Spectaculars North, Inc. v. Souza*, 861 F. Supp. 2d 1079, 1098 (E.D. Cal. Mar. 21, 2012) (denying plaintiff's request for a monitor to ensure a former employee's compliance with a preliminary injunction, noting that the procedure would be unnecessarily expensive and not warranted at the preliminary injunction stage where the discovery process would be a sufficient way to monitor compliance with the injunction).

compliance task. Any injunction order should clarify whether employees and sources of data that were not part of the early forensics review should be included or excluded from the monitoring effort.

Depending on the resolution of the dispute—was there a significant damages award, has certain information ceased to be a trade secret, were many of the alleged trade secrets found not to be trade secrets at all—it may be impossible or unreasonable in light of the anticipated expense vs. anticipated reduction of risk to expect that the monitoring effort will be as robust or thorough as the initial forensic review. On the other hand, evidence of egregious or continued willful misappropriation may warrant robust long term compliance procedures as part of an equitable remedy.

7. Balancing the Hardships

Under Rule 65 as interpreted by the courts, in granting injunctive relief the court must consider and balance the hardships of the party to be enjoined versus the party seeking relief. Some cases may offer the potential for “counterbalances.” Where the request is for injunctive relief that may limit an individual’s employment options, for example, one way the court can help balance hardships may include imposing an obligation on the party seeking the injunction to compensate the employee during the period of the injunction. In some cases employers will offer such compensation to bolster their request for relief.³⁹

In cases involving corporate defendants, where granting the injunction may have the practical effect of putting the defendant out of business, that fact does not necessarily warrant denial of injunctive relief, but is a factor that should be considered.⁴⁰ The contrary—that without an injunction plaintiff is likely to go out of business—should also be considered.

8. The Public Interest

³⁹ See, e.g., *Ayco Company, L.P. v. Feldman*, 2010 WL 4286154 (N.D. N.Y. Oct. 22, 2010) (enforcing ninety-day non-compete agreement where former employer stipulated in court that it would pay employee his base salary if an injunction issued); *Estee Lauder v. Batra*, 430 F. Supp. 2d 158, 182 (S.D.N.Y. 2006) (“Here the risk of Batra’s loss of livelihood is entirely mitigated by the fact that Estee Lauder will continue to pay Batra his salary of \$375,000 per year for the duration of the ‘sitting out’ period”); *Avery Dennison Corp. v. Finkle*, No. CV0101757706, 2002 WL 241284, at * 3, n. 13 (Conn. Super. Feb. 1, 2002) (“Implicit in the decision of the court is the order that Donald Finkle be so compensated. Noncompliance by the plaintiff with this contractual provision [to pay two-thirds of Finkle’s base monthly salary] will be grounds for an immediate review by the court of the continued propriety of the temporary injunction as well as possible sanctions by the court”); *Aetna Retirement Services, Inc. v. Hug*, No. CV 970479974S, 1997 WL 396212, at *11 (Conn. Super. June 18, 1997), conditioning grant of injunction on former employer’s representation in court that it would pay Hug the pro rata portion of his \$210,000 base salary during the period of restraint).

⁴⁰ See, e.g., *CardiAq Valve Technologies, Inc. v. Neovasc, Inc.*, No. 14-cv-12405-ADB, 2016 WL 6465411, at * 7 (D. Mass. Oct. 31, 2016), *aff’d* 2017 WL 3833209 (Fed. Cir. Sep’t. 1, 2017) (observing that granting the injunction could result in defendant’s going out of business and finding, as discussed below, that this result could affect the public’s access to a potentially beneficial new heart valve technology); *Agilent Technologies, Inc. v. Kirkland*, C.A. No. 3512 (VCS), 2010 WL 610725 (Del. Ch. Feb. 18, 2010) (denying an injunction seeking product developed through use of trade secrets off the market where the product also incorporated original work by defendants and the injunction would effectively put the defendant entity out of the particular market and court found that money damages would fairly compensate plaintiff).

Under Rule 65, courts being asked to consider imposing injunctive relief must consider the public interest. Too often this factor is “glossed over” in presentations to the court. A number of recent disputes show that it should not be.

In the context of requests for injunctive relief limiting the activities of former employees, one public interest factor courts often consider is the impact of the proposed relief on the individual employee (this is also part of the analysis balancing the hardships of the respective parties) and on the ability for employees to move between organizations. The challenge is giving clear and enforceable guidance as to where the line between general knowledge and experience and trade secrets is to be drawn—a recurring challenge in trade secrets disputes.

Courts evaluating how to fashion injunctive relief to prevent the future use of a misappropriated trade secret must also consider the impact preventing a particular competitor from using particular information will have on the public interest. Where the trade secret pertains to public health and has been the subject of some modification by the party found to have engaged in misappropriation, a court may be reluctant to impose injunctive relief that would have the effect of removing a product from the market or from further development that could benefit the health of particular citizens whose needs may not be met by plaintiff’s product. A recent example of such a conclusion may be found in *CardiAq Valve Technologies, Inc. v. Neovasc, Inc.*, 2016 WL 6465411, at * 7, declining to grant an injunction prohibiting defendant from continuing to develop a heart valve based on a finding that the public would also be disserved by the injunction where neither plaintiff nor defendant’s valve had been approved for sale and it was impossible to know which device would ultimately be approved. “The proposed 18-month suspension would be duplicative of the monetary relief, and is not warranted given the uncertainty in the [heart valve] market, the impact the injunction would have on Neovasc, and the public’s interest in having access to a potentially life-saving technology.” *Cf. Agilent v. Kirkland*, 2010 WL 610725, at * 31, denying permanent injunction barring sale of defendant’s product made through use of plaintiff’s trade secrets in part based on impact to the public which had come to rely on defendant’s product and that might suffer commercial harm if the product was no longer available.

The law does not, however, impose a *per se* ban on granting injunctions to prevent the sale of health-related products found to have been developed through misappropriation of trade secrets. Whether injunctive relief is warranted requires a fact-specific analysis. *See, e.g., Merck & Co., Inc. v. SmithKline Beecham Pharmaceuticals Co.*, No. C.A. 15443-NC, 1999 WL 669354 (Del. Ch. 1999), *aff’d* 746 A. 2d 277 (Del. Supr. 2000) (granting injunction prohibiting defendant from marketing vaccine in the United States or Canada for three years after FDA approval that had been developed through misappropriation of trade secrets where for regulatory reasons vaccine would likely be substantially identical to that offered by plaintiff organization).

9. A “Least Means” Test for Arriving at a Reasonable Equitable Remedy?

Injunctive relief is extraordinary relief. In other areas of law, courts have been cautioned that in deciding relief, if a less drastic remedy is sufficient to redress the injury there should be no recourse to the additional and extraordinary relief of an injunction.⁴¹ To what extent does that admonition apply when the harm to be avoided or redressed is the disclosure and use of information that its owner intends

⁴¹ *See, e.g., Monsanto Co. v. Geertson Seed Farms*, 561 U.S. 139, 165 (2010) (holding, after *Winter*, when reviewing a decision enjoining the planting of genetically altered alfalfa until a government agency prepared an environmental impact statement, that if a less drastic remedy is sufficient to redress respondents’ injury, “no recourse to the additional and extraordinary relief of an injunction was warranted” (citing cases)).

to be kept as a secret? Are less restrictive measures appropriate at the beginning of a case or where the alleged secret is of limited value or where there is uncertainty as to the contours of the trade secret or where a jury has awarded significant damages to compensate the trade secrets owner for the “head start” the trade secrets provided? Will more restrictive measures be appropriate where misappropriation has been found to be willful? The answers to some of these questions may seem to be intuitive in some instances; more complex in others. A key for courts and litigants alike to bear in mind in grappling with this issue is that there are many kinds of equitable relief available in the trade secrets arena and that equitable relief is not binary but a continuum of options.

10. A Total “Equitable” Remedy

In *Agilent Technologies, Inc. v. Kirkland*, 2010 WL 610725, at *24, the Chancery Court fashioned a remedy awarding plaintiff damages for a three year “head start” period plus an additional period during which defendants would continue to enjoy an increased market share because of their earlier misappropriation, together with its attorney’s fees, and requiring the defendants to return company’s property and to cease research on confidential information they had wrongly removed. The court denied a request for a permanent injunction against the sale of products made in part through the misuse of trade secrets. In describing this remedy, the court held,

The remedy is not one comprised of severable parts. Instead, the balance of monetary and injunctive relief it reflects is designed to come as a single equitable remedial package. If one were to, for example, be less generous in awarding monetary damages, the remedial calculus, in my view, would require a more stringent injunction pulling [defendant’s] product off the market for at least a year. Given that cases of this kind present a variety of uncertainties at the remedial stage about what might have happened had the defendants not breached their contractual duties and not stolen trade secrets, the remedy I implement necessarily involves some degree of imprecision and depends on assumptions that are arguable. The law recognizes this reality by enabling trial courts to shape remedies that bear a reasonable relationship to the breach and the factual record, and that impose the burden of uncertainties on the wrongdoers.

While then-Vice Chancellor Leo Strine wrote this decision sitting as a member of a court of chancery, his summary offers guidance for any court considering equitable relief in a trade secrets dispute: fashioning a “total” remedy (which in federal courts may include a jury decision on the financial component of any award) requires a balancing of the role of financial and equitable elements of relief as well as the interests of the public and the parties to arrive at a final remedy to provide just relief.

CONCLUSION

Crafting appropriate equitable relief in a trade secrets dispute challenges courts and litigants to focus on the factual details and concerns a particular dispute presents. Not every trade secret is of equal value; not every retention of documents and digital data is innocent, or malevolent; and not every “potential” risk to trade secrets is one that must be regulated through affirmative injunctive relief if lesser precautions are likely to be successful. Experts, particularly forensics specialists, can be useful to the court and litigants in investigating what has occurred and in removing trade secrets from places where they do not belong, but only if the trade secrets at issue are clearly defined, the expectations for the expert’s work are reasonable and clear, and the needs of the particular dispute are articulated and addressed. Such close attention to the special circumstances of the specific dispute, use of evidentiary hearings on contested issues as warranted by the facts, and creativity in fashioning remedies to meet

the needs of the particular dispute can help ensure that “equitable” remedies are in fact equitable to the parties and to the public.