Published on *The National Law Review* https://natlawreview.com

Trade Secret Misappropriation: Tell Me Your Secret Before I Tell You Whether I Have It

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In trade secret misappropriation cases, a number of courts have held that plaintiffs **must sufficiently identify their trade secrets before discovery concerning those trade secrets can commence**. *See, e.g., United Servs. Auto. Ass'n v. Mitek Sys., Inc.*, 289 F.R.D. 244, 248 (W.D. Tex. 2013) (collecting cases), aff'd, No. CIV.A. SA-12-CA-282, 2013 WL 1867417 (W.D. Tex. Apr. 24, 2013).

While courts typically fashion the requirement in the context of deciding a discovery dispute (i.e. a plaintiff moving to compel to receive desired discovery from a defendant or a defendant moving for a protective order to avoid responding to a plaintiff's broad discovery requests), some state legislatures have even codified the requirement. See, e.g., Cal. Civ. Proc. Code § 2019.210 ("In any action alleging the misappropriation of a trade secret . . . , before commencing discovery relating to the trade secret, the party alleging the misappropriation shall identify the trade secret with reasonable particularity . . . .").

Cases and commentaries have identified several policies underlying such a requirement, including: (1) preventing "'fishing expeditions' to discover the trade secrets of a competitor;" (2) assisting in determining the relevancy of the information sought by a plaintiff; (3) making it possible for defendants to mount a defense (i.e. the defendant must know what it is that the plaintiff is claiming was allegedly misappropriated); and (4) ensuring that the plaintiff cannot "mold its cause of action around the discovery it receives." *Switch Commc'ns Grp. v. Ballard*, No. 2:11-CV-00285-KJD, 2012 WL 2342929, at *4 (D. Nev. June 19, 2012) (citing *DeRubeis v. Witten Techs., Inc.*, 244 F.R.D. 676, 680-81 (N.D. Ga. 2007)); see also Charles Tait Graves & Brian D. Range,*Identification of Trade Secret Claims in Litigation: Solutions for A Ubiquitous Dispute*, 5 Nw. J. Tech. & Intell. Prop. 68, 68-101 (2006) (providing an excellent overview of the topic, identifying twelve policy considerations relating to vague trade secret allegations, and providing a model interrogatory for defendants to use to request a precise identification of plaintiffs' alleged trade secrets).

While courts have said that plaintiffs must identify their trade secrets with "reasonable particularity," this merely begs the question of what "reasonable particularity" means. "'Reasonable particularity has been defined as a description of the trade secrets at issue that is sufficient to (a) put a defendant on notice of the nature of the plaintiff's claims and (b) enable the defendant to determine the relevancy of any requested discovery concerning its trade secrets.'" *BioD, LLC v. Amnio Tech., LLC*,

No. 2:13-CV-1670-HRH, 2014 WL 3864658, at *5 (D. Ariz. Aug. 6, 2014) (quoting *Hill v. Best Med. Int'l, Inc.*, No. CIV.A 09-1194, 2010 WL 2546023, at *3 (W.D. Pa. June 24, 2010)).

While there is still room to dispute whether this test has been met in any given case, the majority of cases indicate that plaintiffs often fall short in identifying their alleged trade secrets. This is especially true when plaintiffs claim as their trade secret a method or combination of otherwise generally known information. *See, e.g., BioD*, 2014 WL 3864658, at *6 ("[P]laintiffs' identification of their trade secrets to date has been much too vague and general. . . . Plaintiffs must explain how the combination of much of what appears to be generally known information can constitute a trade secret."); *Switch*, 2012 WL 2342929, at *5 (determining that defendant would not be required to further respond to plaintiff's discovery requests until plaintiff provided "a description of its alleged trade secrets with reasonable particularity," ruling that plaintiff "must specifically describe what particular combination of components renders each of its designs novel or unique, how the components are combined, and how they operate in unique combination"); *DSM Dyneema, LLC v. Thagard*, No. 13 CVS 1686, 2014 WL 5317770, at *7 (N.C. Super. Oct. 17, 2014) ("Plaintiff cannot claim that a method or process is a trade secret at this stage of the litigation 'without identifying the steps in the process and explaining how those steps make [the] method or process unique.'" (quoting BioD, 2014 WL 3864658, at *6)).

The moral of the story: be prepared to identify with particularity your alleged trade secret before expecting to obtain discovery.

National Law Review, Volume IV, Number 329