

**PRESENTED AT**

28<sup>th</sup> Labor and Employment Law Institute

August 25-26, 2017

San Antonio, TX

**Navigating the New Bermuda  
Triangle:  
Trade Secrets Under TUTSA,  
DTSA and Other Law**

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# The Bermuda Triangle of Trade Secrets

- **Texas Uniform Trade Secrets Act (TUTSA) (2013);**
- **Federal Defense of Trade Secrets Act (DTSA) (May 11, 2016);**
  - **Most theft occurs across state lines**
- **Contract and other states' common law (TUTSA preempts Texas common law, save contract) (choice of law analysis).**

# Key Issues

- **Jury Charges differ (main issue);**
- **Discovery Rules differ;**
- **Seizure possible now under DTSA (if “the end is near”);**
- **Definition of trade secret expanded under DTSA;**
- **Different statutes of limitations;**
- **Inevitable Disclosure issues;**
- **Whistleblower protections under DTSA and forfeiture of atty fees/damages**
- **Regional differences since acts are so new and courts creating precedent**

## The Dalmatia Case (p. 33)

- 18 day trial;
- First Jury award under DTSA;
- Also prevailed under PA state law (like TUTSA);
- \$500,000 verdict, **BUT BEING APPEALED;**
- Jury charge failed to delineate which law was violated;
- Jury found no willfulness under state statute;
- Award not segregated

# Federal vs. State Court- Generally

- **How are cases assigned to courts when injunctive relief is sought?**
- **Which is faster, Federal or State Court?**
- **Which forum has more experience with claims involving intellectual property?**

# Federal vs State Court – Specific Issues

## Pleading requirements (p. 6-7)

- Must get past 12(b)(6) motion;
- Special exceptions;
- Tex. Prac. & Rem. Code 134A.006

## Discovery rules (p. 7-8; 10-13)

- **Some federal courts require Pre-discovery ID of trade secrets;**
  - Ensures “well investigated claims” proceed and prevent acquisition of trade secrets through meritless litigation
- Can get same effect in Texas through FRCP 16(c)(2)(L)
- FRCP 26(a)-expedited discovery allowed, but not req’d (p. 10);
- TRCP 191.1 (p. 12) (allows expedited discovery);
  
- **Are Federal or State Courts More Familiar With Certain Claims or Remedies?**

# Choosing The Relief To Seek

- **TRO, Injunction & Form Of Order (P. 16-17)-must be specific enough for defendant to know what not to do;**
- **Bond requirement (p. 13)**
  - **If litigant overreaches, Judges often react**
  - **Can affect whether injunction occurs b/c client can't afford**
  - **If don't hold court, lose bond**
- **DTSA Seizure (p. 28)**
  - **Mission Capital (the "end was near")**
  - **Deep Down-chose not to**
  - **Magnesita-more than one way to skin a cat-Rule 65**

# Protecting Trade Secrets In Litigation

- **Sealing (p. 14-16)**
  - **Can't “unring the bell”**
- **Protective Orders (p. 14-16)**
- ***In Camera* Hearings (p. 14-16)**
- **Applicable rules of evidence and procedure**
  - **TRCE 507, Rule 76a**
  - **18 U.S.C. §1835**
  - **FRCP 26(c)(1)**
  - **TUTSA 134.006 (p. 9, 14-16)**



# NOTABLE TUTSA CASES

- ***Baxter* (p. 18)** [elevator case; customer list not a trade secret because it was generally known or available; rejecting pre-TUTSA case law]
- ***Stover* (p. 20)** (6 paths to TUTSA liability including where employee acquires information through proper means but then misappropriates it)
- ***Medic Alert* (p. 26)** (TUTSA preemption depends on whether other claim involves different facts, not different elements)
- ***In re MI, LLC* (p. 15)** (TXSCT: corporate rep can be excluded from hearing to protect trade secret under TUTSA 134.006A)

# TUTSA Amended May 19, 2017

- **134A.006(b):** codified ruling in *MI, LLC* creating presumption that party can participate in trial but allowing court to exclude party where factors outweigh presumption:
  - Value of trade secret
  - Degree of competitive harm to disclosure
  - Degree to which defense would be impaired
- **134A.002(6)** broadening definition of trade secret similar to DTSA
- Limited threatened misappropriation-if the order does not prohibit a person from using general knowledge, skill, and experience that person acquired during employment.

# DTSA Cases and Provisions

- 18 USC § 1839(3) (p. 30) (broad definition of trade secret)
- 3 year statute of limitations
- Personal jurisdiction (p. 33) Gold Medal Prods.
- *Waymo v. Uber* (p. 30) might cover all of the Bermuda Triangle issues since Uber bought the biz
- Whistleblower Protection
  - Immunity if believed violation of law and disclosed to gov't
  - Notice of this provision must be in any contract
  - Forfeits right to atty fees and exemplary damages
- Customer list cases (p. 31)
- Seizure cases (p. 28-29)

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