
2010 MIDWEST INTELLECTUAL PROPERTY INSTITUTE

Trade Secrets -- A Judicial Perspective



Keith S. Moheban, Moderator

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Minnesota CLE Center

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Trade Secrets – A Judicial Perspective

Hon. Donovan W. Frank,
United States District
Court, District of
Minnesota

Hon. Robert H. Lynn (Ret.),
Hennepin County District
Court

Hon. Janet N. Poston,
Hennepin County District
Court



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Trade Secret Litigation . . .

is alive and well



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HP sues Mark Hurd to protect trade secrets

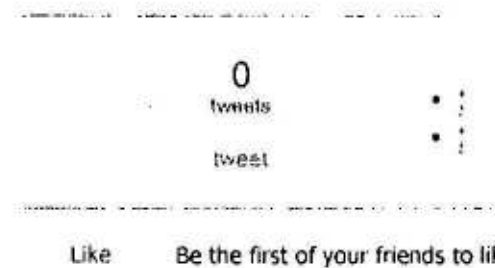
September 08, 2010 | By Benny Evangelista, Chronicle Staff Writer



Mark Hurd, chairman and chief executive officer of Hewlett-Packard Co., awaits his turn to testify before a hearing of the House Committee on Energy and Commerce in Washington, D.C. Thursday, September 28, 2006. Hewlett-Packard executives were rebuked by lawmakers for allowing a probe of boardroom leaks that spiraled into potentially illegal spying. Photographer: Chris Kleponis/Bloomberg News.

Credit: Chris Kleponis

designed to protect HP's trade secrets and confidential information," HP spokesman Hani Durz statement. "HP intends to enforce those agreements."



(09-08) 13:20 PDT — The saga of for Hewlett-Packard Co. chief executive Hurd took another twist Tuesday when Palo Alto firm filed suit to keep him from taking its trade secrets to rival Oracle

HP filed the breach of contract lawsuit 1/2 hours after Oracle Chief Executive Larry Ellison announced that he had Hurd as a co-president. Hurd is also Oracle's board of directors.

"Mark Hurd agreed to and signed agreements

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Ex-Valspar Worker Admits to Stealing Trade Secrets From U.S. Paint Maker

By Andrew M. Harris - Sep 1, 2010 3:03 PM CT



A former Valspar Corp. employee admitted to stealing trade secrets from the paint maker with plans to take them to a new employer in China.

David Yen Lee, 54, of Jersey City, New Jersey, pleaded guilty today to theft of a trade secret with intent to economically benefit someone other than its owner before U.S. District Judge Robert Gettleman in Chicago.

“Guilty, sir,” he told the judge.

According to court papers, Lee, who holds a doctorate in chemistry, worked as a technical director at the Wheeling, Illinois, facility of Minneapolis-based Valspar from 2006 to 2009, when he left to take a job in Shanghai with Osaka, Japan-based Nippon Paint Co. Nippon Paint wasn’t a defendant in the case.

When he was arrested in March 2009, Lee had a pocket-size computer “thumb drive” containing Valspar data in his possession, federal agents said. The information he took is worth \$7 million to \$20 million, Assistant U.S. Attorney Jessica Romero told Gettleman today.

Lee, whose crime is punishable by as long as 10 years in prison and a \$250,000 fine, is scheduled to be sentenced on Nov. 23. The U.S. will recommend a sentence of about 5 1/2 years, Romero said. Lee, who is free on bail, and his lawyer, Daniel Rubenstein, declined to comment after the hearing.

The case is U.S. v. Lee, 09cr290, U.S. District Court, Northern District of Illinois (Chicago).

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Surveyor faces theft of trade secrets, data charges

A well-known Park Rapids surveyor faces felony theft charges in a case that has elements of competitive espionage to it

Thomas Michael Miller, 64, has been charged with downloading the database of Arro Land Surveyors, LLC, his former employer and other information to Lindow Surveying & Mapping LLC, where he is now employed as a consultant.

The local office is called Arro of Park Rapids, LLC.

Miller faces two counts of computer theft in a case being characterized in David and Goliath terms.

Miller is a fixture at Hubbard County Board of Adjustment and Planning Commission meetings, where his projects and clients are well respected by those boards and the County Board of Commissioners, with which he has done business on a regular basis on his own projects.

The allegedly purloined proprietary information is valued at \$165,000. Miller also faces a felony charge of theft of trade secrets.

"Espionage? I don't think it's quite that romantic," said Miller's attorney Aaron Morrison of Minneapolis, a member of a local bar.

"Mr. Miller, of course denies doing anything wrong," Morrison said. "He didn't do anything wrong here and we'll wait to see what happens. In the end there will be a different spin to it than what's in the complaint."

Morrison said there is a "tremendous history" between the rival companies. Founder Kevin Lindow left Arro in February.

John Zacher, part owner of Arro, said the information allegedly stolen is a gold mine for an upstart competing business.

"Having all that information, all the information that was on our computers, the customer lists and things like that, yeah,"



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What kind of trade secret cases are in Minnesota courts today?

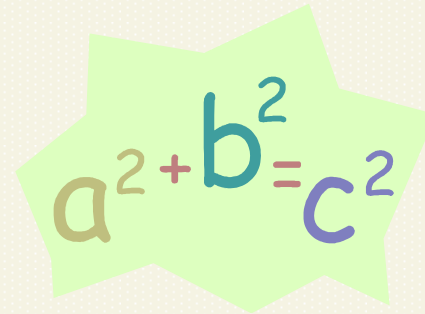
- most related to non-competition cases?
- how many “customer information” cases as opposed to other types of cases?
- how much criminal prosecution?
- how many make it to trial?

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Are Some Types of Trade Secrets More Accepted as Valuable?

- Formulas
- Manufacturing Processes
- Research and Development Data
- Business Plans
- Customer Information
- Profit and Margin Data



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What Are Accepted as “Reasonable Efforts” to Maintain Secrecy?

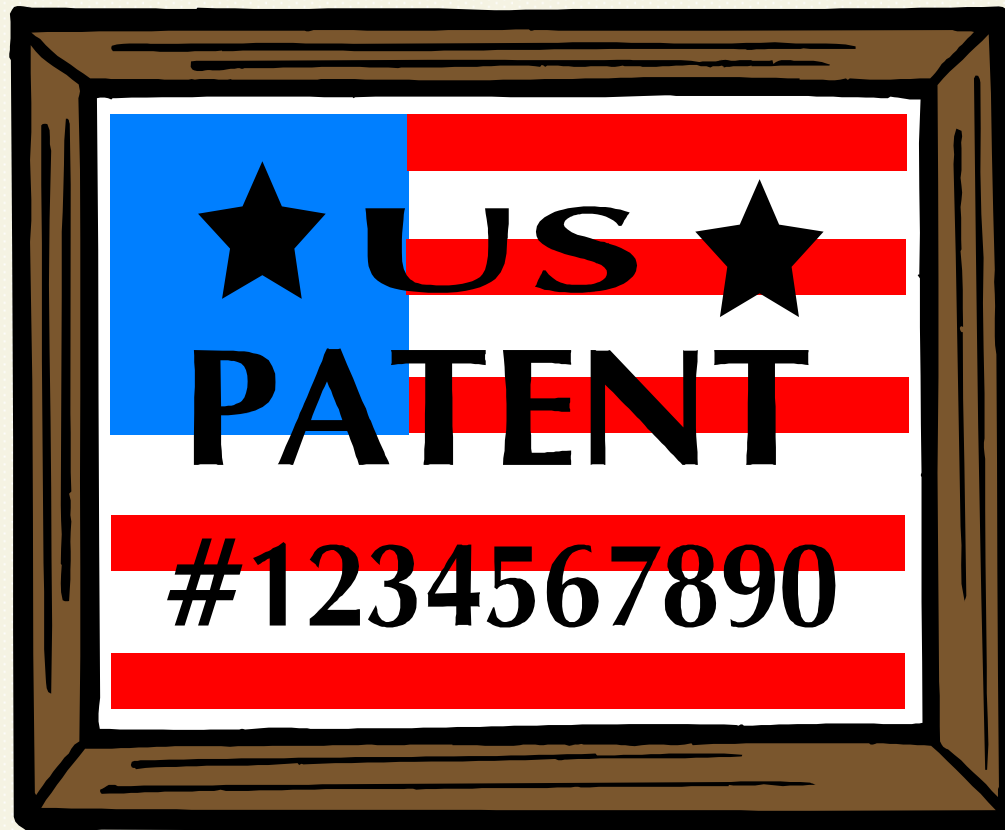
- Confidentiality Agreements
- Restriction to “Need to Know”
- Physical Security (safes, encryption)
- Trade Secrets Policies
- Monitoring and Tracking (check out)
- Training
- Enforcement



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If it was really valuable it would be patented?



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Inevitable Disclosure

Practical Reality vs. Proof of Harm

Do we need a “smoking gun?”



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How difficult is the damages assessment in a trade secrets case?

- Lost profits assessments
- Stipulated contract damages
- Future lost profits
- Exemplary damages

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What makes a good witness in your courtroom?



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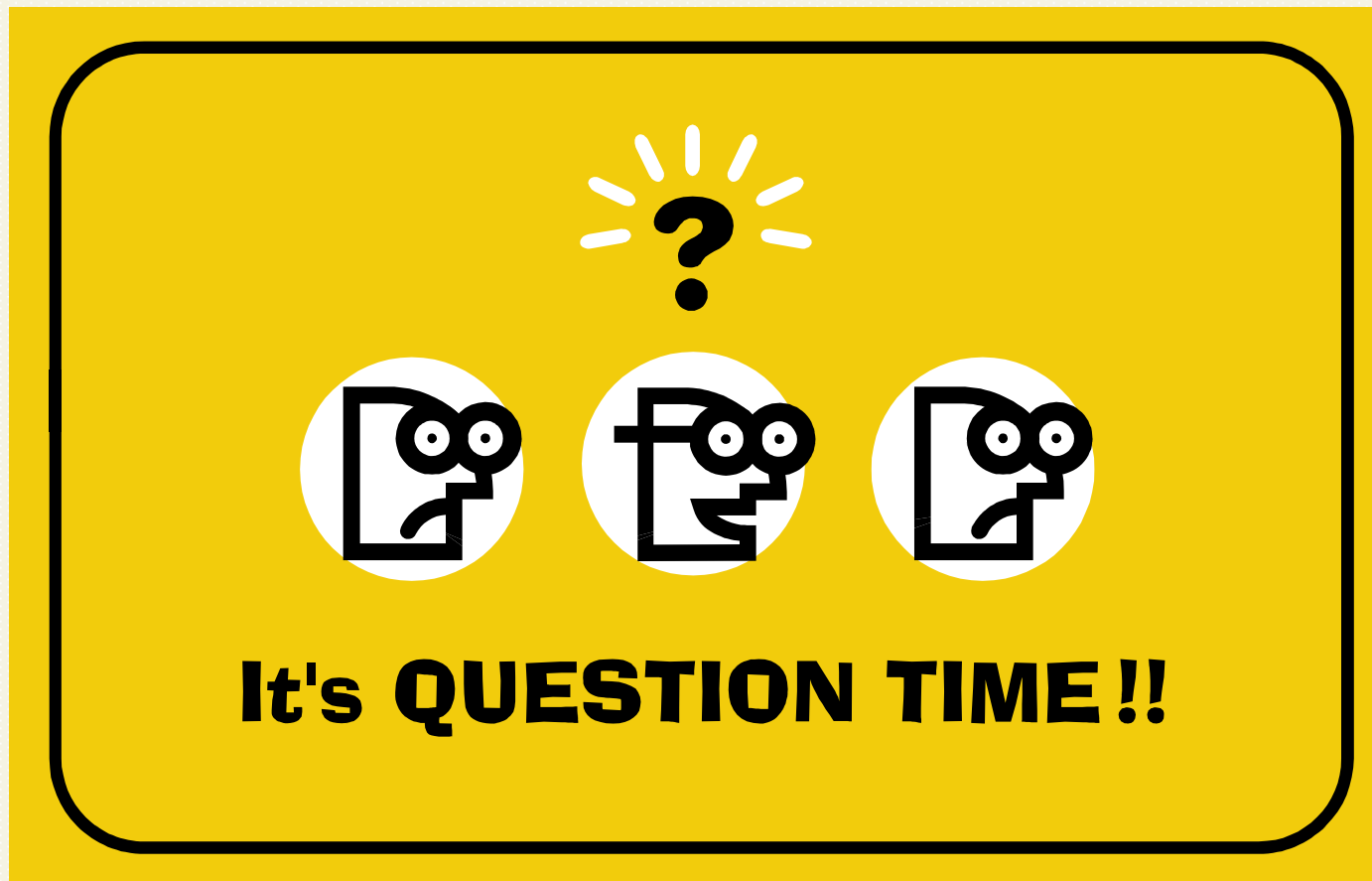
What makes a good advocate in your courtroom?



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Audience Questions?



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Thank You

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